

**NOTICE OF A REGULAR MEETING
OF
THE FRIEDMAN MEMORIAL AIRPORT AUTHORITY**

***PLEASE TAKE NOTICE** that a regular meeting of the Friedman Memorial Airport Authority shall be held Wednesday, January 9, 2013 at 5:30 p.m. at the **old Blaine County Courthouse Meeting Room**, Hailey, Idaho. The proposed agenda for the meeting is as follows:*

**AGENDA
January 9, 2013**

- I. APPROVE AGENDA**
- II. OATH OF OFFICE** ACTION
- III. PUBLIC COMMENT (10 Minutes Allotted)**
- IV. FMAA FINANCIAL STATEMENTS & OTHER FINANCIAL INFORMATION
YEAR ENDED SEPTEMBER 30, 2012 – Attachment #1** ACTION
- V. UNFINISHED BUSINESS**
 - A. Airport Solutions
 - 1. Chairman Report DISCUSSION
 - 2. Blaine County Report DISCUSSION
 - 3. City of Hailey Report DISCUSSION
 - 4. Airport Manager Report DISCUSSION
 - 5. Communications Director Report
 - a. Coffee Talk DISCUSSION
 - b. Airport Tour DISCUSSION
 - 6. Existing Site
 - a. Talking Points for Moving Forward - Attachment #2 DISCUSS/DIRECT/ACTION
 - b. Plan to Meet 2015 Congressional Safety Area Requirement DISCUSS/DIRECT/ACTION
 - 7. Retain/Improve/Develop Air Service
 - a. FSVA Report DISCUSS/DIRECT
 - B. Legal Counsel Request for Qualification (RFQ)
 - C. Instrument Procedures Feasibility Study DISCUSS/DIRECT
 - D. IFLYSUN.com DISCUSS/DIRECT
- VI. APPROVE FRIEDMAN MEMORIAL AIRPORT AUTHORITY MEETING MINUTES OF:**
 - A. December 4, 2012 Regular Meeting - Attachment #3 ACTION
- VII. NEW BUSINESS**
 - A. Election of Vice-Chairman ACTION
 - B. Election of other Offices if Necessary ACTION
- VIII. AIRPORT STAFF BRIEF**
 - A. Noise Complaints
 - B. Parking Lot Update
 - C. Profit & Loss, ATCT Traffic Operations Count and Enplanement Data – Attachments #4 - #6
 - D. Review Correspondence – Attachment #7
 - E. Fly Sun Valley Alliance Update – Attachments #8, #9
 - F. Airport Weather Interruptions
 - G. Operations Brief
 - H. Employee of the Quarter – Attachment #10
 - I. Auto Rental Concession Lease – Attachment #11 - #13
- IX. PUBLIC COMMENT**
- X. ADJOURNMENT**

**IV. FMAA FINANCIAL STATEMENTS & OTHER FINANCIAL INFORMATION
YEAR ENDED SEPTEMBER 30, 2012 – Attachment #1**

Attachment #1 is the draft *Friedman Memorial Airport Authority Financial Statements and Other Financial Information for the Year Ended September 30, 2012*. Pages 3 – 8 of the Financial Statements are the *Management Discussion and Analysis (MD&A)* letter prepared by Staff.

Mr. Brad Hodges, Simmons and Clubb and Ms. Laurie Harberd, Rexroat, Harberd & Associates will be available to present and answer any questions the Board may have. Simmons and Clubb have prepared the audit and Rexroat, Harberd & Assoc. prepared the financial statements.

BOARD ACTION: 1. Approve the draft financial statements and direct Staff/Auditor to finalize for distribution to appropriate government agencies.

V. UNFINISHED BUSINESS

A. Airport Solutions

1. Chairman Report

This item is on the agenda to permit a Chairman report if appropriate.

BOARD ACTION: 1. Discussion

2. Blaine County Report

This item is on the agenda to permit a County report if appropriate.

BOARD ACTION: 1. Discussion

3. City of Hailey Report

This item is on the agenda to permit a City report if appropriate.

BOARD ACTION: 1. Discussion

4. Airport Manager Report

This item is on the agenda to permit an Airport Manager report if appropriate.

BOARD ACTION: 1. Discussion

5. Communications Director Report

a. Coffee Talk

BOARD ACTION: 1. Discussion

b. Airport Tour

BOARD ACTION: 1. Discussion

6. Existing Site

a. Talking Points For Moving Forward

Airport Staff and the FAA have developed a "Talking Points for Moving Forward" document. The document is a collaborative effort between Staff and the FAA to prepare a path forward based on Board discussion and action last month, as well as preliminary discussions with the FAA since the Board meeting. Attachment #2 – is included as that possible path forward.

BOARD ACTION: 1. Discuss/direct/action

b. Plan to Meet 2015 Congressional Safety Area Requirement

Comments on the Technical Analysis report were received from the FAA following the December meeting. These comments and the Board's direction from that meeting were discussed during a conference call with FAA personnel on December 17th. Comments regarding the report received from the FAA were not substantial, and final completion of the document is underway.

Discussions with the FAA since the last FMAA meeting have been focused on the next steps in the process. Based on those conversations and direction provided by FMAA at the December meeting, FAA and Staff have developed some "Talking Points", which are intended to represent a possible path forward. These points are summarized as follows:

- The EIS was suspended by the FAA in August 2011 for two reasons: 1) Wildlife concerns and 2) Funding concerns at both the FAA and local levels.
- The FAA and FMAA are agreeable to moving forward with a dual-path approach, with a new airport as the long term solution and improvements to the existing airport to meet standards in the medium term.

- Next steps at the existing airport include:
 - Update the ALP to reflect improvements necessary to meet RSA standards
 - Pursue Modifications of Standards where full C-III standards cannot be met, assuming a maximum wingspan of 100 feet and maximum aircraft weight of 95,000 pounds.
 - Pursue Alternative 6 from the Technical Analysis Report as the basis of improving the airport to meet standards, emphasizing projects to meet RSA standards by the end of Calendar Year 2015.
 - Complete a planning effort to consider elements of Alternative 7 to determine land acquisition and other improvements necessary to replace parking and other capacity lost during construction of Alternative 6.
 - Pursue NextGen technology to improve reliability and safety at the existing airport, including potential RNAV approaches.
- Next steps regarding the replacement airport include:
 - FAA will continue to assist the FMAA with a siting study to identify a suitable site for the new airport.
 - Because the new airport is now seen as a long-term solution and because any environmental determination from the EIS would expire before construction of the airport is reality, the EIS should be terminated at this time, but technical information gathered as part of the EIS process will be made available to assist with a siting study.

These Talking Points are presented as a draft path forward and Staff and Consultants request Board input and direction regarding this document and next steps. Dave Mitchell of T-O Engineers will be at the meeting to present the talking points and discuss the document. Based on this document and the direction received from FMAA and the FAA, it seems clear that work must begin immediately to develop a strategy for completing the necessary RSA projects and to begin design of at least one project for completion in 2013. An outline strategy to begin this process and the associated professional services required will also be

presented at the meeting for Board discussion and direction.

BOARD ACTION: 1. Discuss/direct

7. Retain/Improve/Develop Air Service

a. FSVA Report

This item is on the agenda to permit a report if appropriate.

BOARD ACTION: 1. Discuss/direct

B. Legal Counsel Request for Qualification (RFQ)

Mr. Luboviski has delayed his decision to fully retire and will be available to provide Legal Services to the Board for at least another year.

BOARD ACTION: 1. Discuss/direct

C. Instrument Procedures Feasibility Study

A kick-off meeting for this project was held via conference call on December 20th. During that meeting, Airport Manager and the consultant team discussed the goals for the study, available information and the project schedule. The site visit and analysis is currently scheduled for the week of February 11, 2013, with a final report due in late March. The report should be available for Board review at the April meeting.

BOARD ACTION: 1. Discuss/direct

D. iflysun.com

www.iflysun.com has taken flight!! In September, the Board approved Staff's request to proceed with the combined website development project. For the last four months, Staff has been working in close partnership with Marketing by Design of Boise to produce the new Airport website and it is finally ready to go live! The website is scheduled to go live on January 9, 2013 and a tour of the website will be presented to the Board at the meeting.

BOARD ACTION: 1. Discuss/direct

VI. APPROVE FRIEDMAN MEMORIAL AIRPORT AUTHORITY MEETING MINUTES OF:

A. December 4, 2012 Regular Meeting - Attachment #3

BOARD ACTION: 1. Action

VII. NEW BUSINESS

A. Election of Vice-Chairman

This item was placed on the agenda to facilitate action that the Board determines appropriate.

BOARD ACTION: 1. Action

B. Election of other Offices if Necessary

This item was placed on the agenda to facilitate action that the Board determines appropriate.

BOARD ACTION: 1. Action

VIII. AIRPORT STAFF BRIEF

A. Noise Complaints:

LOCATION	DATE	TIME	AIRCRAFT TYPE	INCIDENT DESCRIPTION	ACTION TAKEN
Chantrelle	12/6	6:50 pm	Stage III Jet	Loud Arrival	Research demonstrated that this was a normal approach to the Airport. Caller was contacted by the Ops Chief.
Chantrelle (2 calls)	12/7	6:10 am	Stage III Jet	Loud Departure	Research demonstrated that this was a normal departure. Both callers were contacted by the Ops Chief.
Hailey (4calls)	1/1/13	9:45 am	Stage II Jet	Extremely loud approach from the North over Hailey	**See below for incident details. All callers were contacted and provided an explanation.

** This event took place on New Year's Day. The Airport and the Valley were experiencing dramatic ceiling conditions (fog/cloud banks leading to extremely reduced approach minimums) that were forcing many aircraft to approach the airport from the north, which was clear. At the time of this event, the low-lying fog/cloud bank had quickly migrated north and was covering better than half of the Airport. At the same time, a corporate jet, featuring Stage II engines, was approaching the Airport from the North, over Hailey. The pilot in command asked the tower for current visibility observations and was told they had diminished to approximately 100' at the Airport. The pilot in command then elected to abort his approach to the airport and depart the airspace. This aborted approach resulted in him rapidly accelerating to climb out of the valley. With the Stage II engines on his aircraft, the accelerated climb out noise was significant, thus drawing the attention of at least four Hailey residents who called the Airport Noise Abatement Line.

B. Parking Lot Update

The Car Park Gross/Net Revenues

Month	FY 2011 Gross	FY 2011 Net	FY 2012 Gross	FY 2012 Net	FY 2013 Gross	FY 2013 Net
November	\$15,987.25	\$6,939.80	\$12,294.99	\$4,303.25	\$12,152.00	\$4,130.00

C. Profit & Loss, ATCT Traffic Operations Count and Enplanement Data - Attachments #4 - #6

Attachment #4 is Friedman Memorial Airport Profit & Loss Budget vs. Actual through October 2012. Attachment #5 is 2001 - 2012 ATCT Traffic Operations data comparison by month. Attachment #6 is 2012 Enplanement, Deplanement and Seat Occupancy data. The following revenue and expense analysis is provided for Board information and review:

October 2011/2012

Total Non-Federal Revenue	October, 2012	\$211,410.43
Total Non-Federal Revenue	October, 2011	\$208,970.70
Total Non-Federal Revenue	FY '12 thru October	\$211,410.43
Total Non-Federal Revenue	FY '11 thru October	\$208,970.70
Total Non-Federal Expenses	October, 2012	\$227,679.45
Total Non-Federal Expenses	October, 2011	\$220,972.16
Total Non-Federal Expenses	FY '12 thru October	\$227,679.45
Total Non-Federal Expenses	FY '11 thru October	\$220,972.16
Net Income to include Federal Programs	FY '12 thru October	\$-45,781.91
Net Income to include Federal Programs	FY '11 thru October	\$-48,243.92

D. Review Correspondence - Attachment #7

Attachment #7 is information included for Board review.

E. Fly Sun Valley Alliance Update – Attachments #8, #9

Attachment #8 is the November 12, 2012 Fly Sun Valley Alliance Meeting Minutes. Attachment #9 is the December 10, 2012 Fly Sun Valley Alliance Meeting Agenda.

F. Airport Weather Interruptions

December, 2012

Airline	Flight Cancellations	Flight Diversions
Horizon Air		12 Wx
SkyWest	No Response	

Wx: Weather

Mech: Mechanical

G. Operations

All of the Surplus Property items have been appropriately disposed now. Surplus property netted \$ 34,475.04.

H. Employee of the Quarter – Attachment #10

Mr. Rick Baird, Friedman Memorial Airport Manager, was selected as the Friedman Memorial Airport Employee of the 3rd Quarter, 2012. Customer service, knowledge of the airport, responsibility, flexibility and professionalism are among the qualities in the selection process. Rick was nominated for his longevity as the Airport Manager, being approachable, excellent to work with and interacts well with Airport tenants and customers. It is a pleasure to have Rick the Manager of the Friedman Memorial Airport Team and to announce his nomination and selection as Employee of the Quarter.

I. Auto Rental Concession Lease - Attachment #11 – #13

The Auto Rental Concession Leases with Overland West dba Hertz and Avis Rent-A-Car are scheduled to expire April 30, 2013. These leases were entered into in March, 2006 and have been amended/extended on two separate occasions. The latest extension was completed in March, 2012 when the Board elected to offer extensions to the existing agreements. At that time, the Board also rejected a request by Enterprise Rent-A-Car to reinstate their on-airport concession agreement. The Board made this decision based on economic factors which could have resulted in reduced concession revenues. Staff was asked to reevaluate the bid process prior to the lease expirations in 2013.

Staff has reviewed the documents utilized during the 2006 auto rental selection process and has attached them for Board review. They are as follows:

Attachment #11 Notice to Bidders
Attachment #12 Proposal
Attachment #13 Auto Rental Concession Lease

If the Board would like to proceed with an auto rental concessionaire selection/bid process, Staff will be prepared to include this item on the February agenda. Specific items the Board will be asked to provide guidance on will be the number of proposals that will be accepted, the selection process schedule and whether or not the Board will allow multi or dual branded proposals.

Based on previous selection process, Staff anticipates a selection process schedule can be completed as follows:

Proposed 2013 Selection Process Schedule

Publish/Distribute Notice to Bidders – February 13th & 27th
Pre-Bid Conference – February 27th
Proposals Due – March 14th

IX. PUBLIC COMMENT

X. ADJOURNMENT

DRAFT

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

FINANCIAL STATEMENTS
AND
OTHER FINANCIAL INFORMATION

September 30, 2012

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INDEPENDENT AUDITOR'S REPORT

To the Board
Friedman Memorial Airport Authority
Hailey, Idaho

We have audited the accompanying financial statements of Friedman Memorial Airport Authority as of and for the years ended September 30, 2012 and 2011, as listed in the table of contents. These financial statements are the responsibility of the Friedman Memorial Airport Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Friedman Memorial Airport Authority as of September 30, 2012 and 2011, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our reports dated January 9, 2013, on our consideration of Friedman Memorial Airport Authority's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Friedman Memorial Airport Authority's financial statements as a whole. The statement of revenue, expenditures and changes in net assets – budget and actual and the reconciliation of budgetary basis to GAAP are not a required part of the financial statements. The statement of revenue, expenditures and changes in net assets – budget and actual and the reconciliation of budgetary basis to GAAP are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Simmons and Clubb
Certified Public Accountants
Boise, Idaho

January 9, 2013

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Management's Discussion and Analysis

The following Management's Discussion and Analysis (MD&A) of the Friedman Memorial Airport Authority's (the Authority) financial performance provides an introduction to the financial statements for the fiscal year ended September 30, 2012. The information contained in the MD&A should be considered in conjunction with information contained in the Authority's financial statements.

Friedman Memorial Airport is located in the City of Hailey, within Blaine County. Blaine County is located in central Idaho, in an area known as the Wood River Valley. The Big Wood River runs from north to south between the Smoky, Pioneer and Boulder Mountains. Friedman Memorial Airport is located immediately south of the central business district of Hailey and approximately two miles north of the City of Bellevue. State Highway 75 runs directly adjacent to the east side of the Airport, southeast to northwest through the cities of Bellevue and Hailey, with Ketchum/Sun Valley 11 miles to the north and Twin Falls 75 miles to the south.

For the last six years, the Authority has been working in partnership with the FAA (Federal Aviation Administration) to improve air service and safety to the Wood River Valley by siting and constructing a replacement airport. In August, 2011, the Authority encountered a significant impediment to this effort. The FAA, after what was described as "thoughtful deliberation and analysis", indefinitely suspended any further work on the draft environmental impact statement (DEIS). That decision resulted from new data arising from the study, suggesting significant, higher-than-anticipated project costs and problematic impacts to wildlife. The purpose of this suspension was to gather community input and technical information in order for the Authority to make the best informed decisions about a future replacement airport and allow for investigation, with cooperation from air carriers and the FAA, into any possible shorter term solutions meeting as many FAA design standard as possible and for increased reliability at the existing airport while a permanent solution is explored.

Accordingly, the Authority initiated a public process of discussions with the community to determine the community's preference moving forward. That determination was what came to be known as a "Dual Path Forward", which represented the community's desire to identify any possible short-term mitigation available at the existing site, while continuing the endeavor of identifying a mechanism for the ultimate goal of a replacement airport at another site. At the FAA's direction, the Authority conducted an Airport Alternatives Technical Analysis to identify all conceivable configurations and permutations that could be implemented at the existing airport site. This draft analysis was essentially completed at the end of fiscal year 2012. Early in fiscal year 2013 the Authority will begin discussion with the FAA on the relationship between the "Dual Path Forward" and the Airport Alternatives Technical Analysis.

Overview of the Financial Statements

The Authority's financial statements are prepared on the accrual basis in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB). The Authority is structured as a single enterprise fund with revenues recognized when earned, not when received. Expenses are recognized when incurred, not when paid. See the notes to the financial statements for a summary of the Authority's significant accounting policies.

Following this MD&A are the basic financial statements of the Authority, together with the notes, which are essential to a full understanding of the data contained in the financial statements. The Authority's

basic financial statements are designed to provide readers with a broad overview of the Authority's finances.

The *Statements of Net Assets* present information on all the Authority's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of the Authority's financial position.

The *Statements of Revenue, Expenses and Changes in Net Assets* present information showing how the Authority's net assets changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenue and expenses are reported in this statement for some items that will result in cash flows in future periods.

The *Statements of Cash Flows* relates to the flows of cash and cash equivalents. Consequently, only transactions that affect the Authority's cash accounts are recorded in this statement. A reconciliation is provided at the bottom of the *Statements of Cash Flows* to assist in understanding the difference between cash flows, operating activities and operating income.

In addition to the basic financial statements and accompanying notes, this report also presents the *Schedule of Revenue, Expenditures and Changes in Net Assets Budget Basis* and the *Reconciliation of Budgetary Basis to GAAP*.

Financial Position Summary

The changes in net assets over time serve as a useful indicator of the Authority's financial position. The Authority's assets exceeded liabilities by \$38 million as of September 30, 2012, a decrease of \$1.2 million from September 30, 2011.

A condensed summary of the Authority's financial position at September 30 is shown below.

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>% Change 2012/2011</u>	<u>% Change 2011/2010</u>
ASSETS:					
Current Assets	5,805,084	5,844,570	6,194,991	-0.7%	-5.7%
Capital Assets	<u>32,872,962</u>	<u>33,847,683</u>	<u>32,278,047</u>	-2.9%	4.9%
Total Assets	<u>38,678,046</u>	<u>39,692,253</u>	<u>38,473,038</u>	-2.6%	3.2%
LIABILITIES:					
Current Liabilities	471,115	264,548	429,131	78.1%	-38.4%
Noncurrent Liabilities	<u>157,664</u>	<u>159,553</u>	<u>135,459</u>	-1.2%	17.8%
Total Liabilities	<u>628,779</u>	<u>424,101</u>	<u>564,590</u>	48.3%	-24.9%
NET ASSETS:					
Invested in capital assets	32,872,962	33,847,683	32,278,047	-2.9%	4.9%
Restricted	5,580.00	.00	.00	N/A	0%
Unrestricted	<u>5,170,725</u>	<u>5,420,469</u>	<u>5,630,401</u>	-4.5%	-3.7%
Total Net Assets	<u>38,049,267</u>	<u>39,268,152</u>	<u>37,908,448</u>	-3.1%	3.6%
Total Liabilities & Net Assets	<u>38,678,046</u>	<u>39,692,253</u>	<u>38,473,038</u>	-2.6%	3.2%

The largest portion of the Authority's net assets is invested in capital assets (e.g. land, buildings, improvements and equipment). No outstanding debt is attributable to these assets. The Authority uses its capital assets to provide services to its aviation partners, passengers and fixed-base operators. This requirement includes the obligation to preserve and maintain airport facilities in a safe and serviceable condition and includes the responsibility to operate the aeronautical facilities and common use areas for the benefit of the public. Consequently, these assets are not available for future spending.

The Authority's unrestricted net assets are available to meet current and future obligations. The Authority anticipates that these funds will be needed to pay future capital expenditures and maintain adequate levels of working capital.

The Authority's restricted assets represents an amount required to be set aside as a performance bond by a communications use lease with the Bureau of Land Management. These funds are restricted as they must be held for the duration of the lease which terminates on December 31, 2031.

The noncurrent liability decreased due to a decrease in accrued compensated absences.

Summary of Operations and Changes in Net Assets

Aircraft operations for the fiscal year ending September 30, 2012 decreased approximately 4.9% from 30,194 to 28,713. Staff attributes this decline to continued unstable economic factors, weather and decreased flight schedules.

Enplaned passengers for the fiscal year ending September 30, 2012 decreased approximately 3.6% for the same period from 52,803 to 50,910. Horizon Air enplanements increased by 12.6% while SkyWest Airlines experienced an 11.5% decrease. The increases/decreases are primarily attributed to adjustments made to flight schedules and seats available. Other factors include weather/reliability issues and economic factors.

A condensed summary of the Authority's revenue, expenses and changes in net assets for the fiscal year ending September 30 is shown below.

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>% Change 2012/2011</u>	<u>% Change 2011/2010</u>
Operating Revenue	2,199,031	2,227,328	1,999,623	-1.3%	11.4%
Operating Expenses	<u>3,713,175</u>	<u>3,701,028</u>	<u>3,602,801</u>	.3%	2.7%
Operating (income/loss)	-1,514,144	-1,473,700	-1,603,178	-2.7%	8.1%
Non Operating Revenue					
(Expenses)	143,319	412,175	213,713	-65.2%	92.9%
Capital Contributions	<u>151,940</u>	<u>2,421,229</u>	<u>2,171,075</u>	-93.7%	11.5%
Changes in net assets	-1,218,885	1,359,704	781,610	-189.6%	74%
Beginning net assets	<u>39,268,152</u>	<u>37,908,448</u>	<u>37,126,838</u>	3.6%	2.1%
Ending net assets	<u>38,049,267</u>	<u>39,268,152</u>	<u>37,908,448</u>	-3.1%	3.6%

Operating revenue decreased 1.3% from the prior fiscal year. Highlights of the revenues are as follows:

- Air Carrier Landing Revenue decreased 15.8%. This is primarily due to the decrease in flight schedules. Other contributing factors include customer patterns, economic factors and reliability.
- Automobile rental revenue increased approximately 6%. Auto rental representatives have indicated the economic factors are improving for them and that they also benefit from passengers opting to rent a vehicle instead of participating in the airline busing operations. Additionally, Enterprise Rent A Car Co. of Utah offered off-airport service for four months in 2012. The auto rental concession leases are scheduled to expire on April 30, 2013.
- Terminal Auto Parking Revenue decreased 17.1% primarily due to the allowable deduction of federal, state, county or municipal taxes and/or credit and fees charged to Concessionaire by the card issuers. This allowance has been available during the term of the lease; however, the concessionaire was not exercising the option until this fiscal year.
- Ground Transportation permit revenue decreased 19.2% and can be attributed to the loss of two ground transportation service companies and fewer vehicle permits being issued.
- Rents, fees, commissions and leases decreased approximately 3.5%. The decrease is a combination of decreased air carrier and transient landing fees and hangar land lease rent equalization. The rent equalization decrease is reflective of a hangar donation made in 2011. It should also be noted that the annual land lease adjustments (CPI) were slightly lower than those used in the previous fiscal year.
- Tiedown fees decreased 8.5%. This decrease is attributed to hangar rental or acquisition availability and again, economic factors.

Operating expenses increased .3% over the prior fiscal year. Highlights of expenses are as follows:

- Travel decreased 18.4%. This decrease is related to Travel that was anticipate in fiscal year 2012 to support the ongoing EIS. Obviously most of the anticipated travel did not take place once the EIS was suspended by the FAA.
- Office/Computer Supplies decreased 34.3%. This decrease is due to line item allocations of the acquisition of software, computer and office equipment in fiscal year 2012.
- Dues/Membership/Publications decreased 23.5%. This decrease is attributed to fewer public notices related to meetings, workshops and policy amendments.
- Education/Training-ARFF decreased 27.9%. This decrease is the result of expenses associated with an ARFF training conference in fiscal year 2011.
- Service Provider – Internet/ISP decreased 30.8%. This decrease is due to the upgrades and the modifications made to the airport's broadband service in fiscal year 2011.

- Professional Services IT increased 95.3%. This increase is attributed to the expenses associated with the installation of needed upgrades and repairs made to computer equipment and software in fiscal year 2012.
- Contracts-FMAA increased 31.3%. This increase is due to change in size from five to seven airport governing board members.
- Supplies/Equipment–Deicer increased 24.7%. This increase is attributed to a large order of deice fluid in fiscal year 2012 to avoid a price increase.

Comparison of Budget and Actual Results

No amendments were made to the Authority's *Budgeted Revenue, Expenses and Changes in Net Assets* during the fiscal year ending September 30, 2012. A summary of operating revenue and expenses based on the actual budgetary basis is shown below.

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Total Operating Revenue	2,182,957	2,199,031	16,074
Total Operating Expenses	<u>2,079,395</u>	<u>2,047,814</u>	<u>-31,581</u>
Operating Income (loss)	<u>103,562</u>	<u>151,217</u>	<u>47,655</u>

Actual results reported above may differ from the actual results as reported in the *Statement of Revenue, Expenses and Changes in Net Assets* for the following reasons:

1. Accruals of compensated absences are not budgeted.
2. Depreciation is a non-cash item and therefore not budgeted.
3. Passenger Facility Charges (PFC) are budgeted based on receipts but may be deferred for GAAP.
4. Interest earned on PFCs are budgeted as interest but reportable as PFC revenue for GAAP.
5. Capital asset purchases are budgeted but are an asset instead of an expense for GAAP.

The Authority's budget philosophy is to conservatively estimate revenue while, at the same time, making certain that budgeted operating expenses are not understated. The fiscal year 2012 budget process was a direct reflection of the economy and the Authority's conscientious approach to estimating revenues and expenses.

Capital Acquisitions and Construction Activities

The increase to *Buildings and Improvements* includes the installation of heat tape to the terminal roof and the replacement of the terminal floor coverings

The increase to *Airfield and General Improvements* includes installation of a generator at the air traffic control tower, an air traffic control switching system and the installation of a remote control to the beacon for the air traffic controllers use.

The increase to *Office Equipment* includes the acquisition of audio/visual equipment for the training room, security/administration/operations computer equipment/software upgrades and telephone equipment.

There was an increase to *Maintenance Equipment/Vehicles* which is related to the acquisition of an avionics transceiver, a metal cutting banksaw, a plow setup for the plow truck and Weedmaster.

During fiscal year 2011, the FAA suspended the Environmental Impact Study (EIS) Phase I/II. At the end of fiscal year 2012, this study remained to be in a suspended status. This project is reflected under *Construction in Progress*.

Long-term Liabilities

The only long-term liability is for compensated absences, which represents vacation, comp time and 25% of sick leave, which has been accrued but will be paid in future periods as used or on termination of employment. The total liability at September 30, 2012, was \$157,664. The total liability decrease is related to the amount of vacation time used. Currently, the Authority has no other long-term debt outstanding nor are there any plans to incur any long-term debt.

Requests for Information

This financial report is designed to provide the Authority's Board, management, investors, creditors and customers with a general view of the Authority's net assets and results of operations. Questions concerning any information contained in this report may be directed to the Airport Manager, P.O. Box 929, Hailey, ID 83333.

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FRIEDMAN MEMORIAL AIRPORT AUTHORITY

**STATEMENTS OF NET ASSETS
ENTERPRISE FUND
September 30, 2012 and 2011**

ASSETS	<u>2012</u>	<u>2011</u>
Current Assets:		
Cash and cash equivalents	\$ 5,432,961	\$ 5,650,150
Operating accounts receivable	191,847	132,247
Due from other governments	78,314	39,776
Interest receivable	968	1,144
Prepaid expenses	3,884	4,399
Restricted cash and cash equivalents:		
BLM	5,580	-
Passenger Facility Charges	91,530	16,854
Total Current Assets	<u>5,805,084</u>	<u>5,844,570</u>
Noncurrent Assets:		
Capital assets:		
Land	6,712,067	6,712,067
Construction in progress	8,017,410	7,671,572
Airfield, buildings, equipment, improvements, plans and studies	39,575,929	39,251,347
	<u>54,305,406</u>	<u>53,634,986</u>
Accumulated depreciation	(21,432,444)	(19,787,303)
Total Capital Assets	<u>32,872,962</u>	<u>33,847,683</u>
 Total Assets	 <u>\$ 38,678,046</u>	 <u>\$ 39,692,253</u>
LIABILITIES		
Current Liabilities:		
Trade accounts payable	\$ 108,739	\$ 26,326
Payable City of Hailey	14,065	27,553
Accounts payable for capital improvements	163,511	122,013
Accrued payroll and benefits	3,403	3,280
Customer deposits	7,300	2,800
Accrued compensated absences	82,567	65,722
Deferred revenue - Passenger Facility Charges	91,530	16,854
Total Current Liabilities	<u>471,115</u>	<u>264,548</u>
Noncurrent Liabilities:		
Long-term accrued compensated absences	<u>157,664</u>	<u>159,553</u>
Total Liabilities	<u>628,779</u>	<u>424,101</u>
NET ASSETS		
Invested in capital assets	32,872,962	33,847,683
Restricted net assets	5,580	-
Unrestricted net assets	<u>5,170,725</u>	<u>5,420,469</u>
Total Net Assets	<u>38,049,267</u>	<u>39,268,152</u>
 Total Liabilities and Net Assets	 <u>\$ 38,678,046</u>	 <u>\$ 39,692,253</u>

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

**STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
ENTERPRISE FUND**

For the Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating Revenue:		
Airlines	\$ 171,072	\$ 185,462
Automobile rental	381,889	360,251
Auto parking	70,711	85,277
Rents, fees, commissions and leases	1,274,265	1,320,415
Fuel flowage fees	177,287	149,254
Other operating revenue	<u>123,807</u>	<u>126,669</u>
Total Operating Revenue	<u>2,199,031</u>	<u>2,227,328</u>
Operating Expenses:		
Employee wages, benefits and taxes	1,169,218	1,128,519
Supplies	101,429	106,147
Utilities	76,357	82,657
Services and contracts	486,109	371,704
Repairs and maintenance	98,970	92,055
Insurance	61,073	64,910
Other operating expense	69,614	69,739
Depreciation	<u>1,650,405</u>	<u>1,785,297</u>
Total Operating Expenses	<u>3,713,175</u>	<u>3,701,028</u>
Operating Income (Loss)	<u>(1,514,144)</u>	<u>(1,473,700)</u>
Nonoperating Revenue (Expenses):		
Passenger Facility Charges	131,824	196,755
Interest income	11,495	15,420
Contribution income	<u>-</u>	<u>200,000</u>
Total Nonoperating Revenue and (Expenses)	<u>143,319</u>	<u>412,175</u>
Income (Loss) before Capital Contributions	<u>(1,370,825)</u>	<u>(1,061,525)</u>
Capital Contributions	<u>151,940</u>	<u>2,421,229</u>
Change in Net Assets	<u>(1,218,885)</u>	<u>1,359,704</u>
Total Net Assets, Beginning of Year	<u>39,268,152</u>	<u>37,908,448</u>
Total Net Assets, End of Year	<u><u>\$ 38,049,267</u></u>	<u><u>\$ 39,268,152</u></u>

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

**STATEMENTS OF CASH FLOWS
ENTERPRISE FUND**

For the Years Ended September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 2,143,931	\$ 2,208,155
Cash payments for employees' services and benefits	(1,154,139)	(1,107,925)
Cash payments to suppliers for goods and services	(824,112)	(778,760)
Net cash provided (used) by operating activities	<u>165,680</u>	<u>321,470</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(634,186)	(3,269,606)
Grants and other amounts received for the purchase of capital assets	113,402	2,903,040
Passenger facility charges received for the purchase of capital assets	206,500	213,609
Net cash provided (used) by capital and related financing activities	<u>(314,284)</u>	<u>(152,957)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipts of interest	11,671	15,445
Net cash provided (used) by investing activities	<u>11,671</u>	<u>15,445</u>
Net increase (decrease) in cash and cash equivalents	<u>(136,933)</u>	<u>183,958</u>
Balances - beginning of the year	<u>5,667,004</u>	<u>5,483,046</u>
Balances - end of the year	<u><u>\$ 5,530,071</u></u>	<u><u>\$ 5,667,004</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	<u>\$ (1,514,144)</u>	<u>\$ (1,473,700)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,650,405	1,785,297
Non-cash transactions		(65,040)
Change in assets and liabilities:		
(Increase) decrease in trade accounts receivable	(59,600)	48,027
(Increase) decrease in prepaid expenses	515	(444)
Increase (decrease) in accounts payable trade	68,925	3,936
Increase (decrease) in accrued payroll and benefits	123	178
Increase (decrease) in customer deposits	4,500	2,800
Increase (decrease) in accrued compensated absences	14,956	20,416
Total Adjustment and Changes	<u>1,679,824</u>	<u>1,795,170</u>
Net cash provided (used) by operating activities	<u><u>\$ 165,680</u></u>	<u><u>\$ 321,470</u></u>

NONCASH TRANSACTIONS:

During the year ended 9/30/11, the Authority received property valued at \$270,000 which was allocated between \$200,000 as a contribution and \$70,000 as hangar fees.

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2012

Note 1. Summary of Significant Accounting Policies

1-A. Organization and Reporting Entity

Organization

Effective October 1, 1994, Blaine County, Idaho and the City of Hailey, Idaho entered into a Joint Powers Agreement creating the Friedman Memorial Airport Authority for the purpose of operating and managing airport activities in Blaine County, Idaho. The Authority is a public entity of the State of Idaho and therefore the Authority's income is exempt from Federal and Idaho income taxes. The Authority is governed by a seven-member board with three members representing Blaine County, three members representing the City of Hailey and one member who is unanimously selected by the other four members. The Authority has hired employees to provide for the day-to-day operations and management.

Pursuant to the Joint Powers Agreement, all buildings, improvements, facilities, equipment, and personal property used by the Authority were conveyed by Blaine County and the City of Hailey to the Authority for use and benefit of the Authority, and title thereof shall be held by the Authority. Upon termination of this Agreement, title to all buildings, improvements, facilities, equipment and personal property held by the Authority shall vest jointly in Blaine County and the City of Hailey.

Reporting Entity

Generally accepted accounting principles require government financial statements to include the primary government and its component units. Component units of a governmental entity are legally separate entities for which the primary government is considered to be financial accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the combined financial statements to be misleading or incomplete. The primary government is considered to be financially accountable if it appoints a majority of an organization's governing body and imposes its will on that organization. The primary government may also be financially accountable if an organization is fiscally dependent on the primary government, regardless of the authority of the organization's governing board.

Based on the application of the criteria set forth by the Governmental Accounting Standards Board, management has determined that the Authority does not have component units. Accordingly, the accompanying financial statements include only the operations of the Friedman Memorial Airport Authority.

1-B. Measurement Focus, Basis of Accounting

The Friedman Memorial Airport Authority's financial statements have been prepared using the accrual basis of accounting. Under this method, revenue and receivables are recognized when services are provided and expense and liabilities are recorded at the time goods and services are received.

The Authority's accounting policies conform to generally accepted accounting principles applicable to proprietary funds of governmental units. Proprietary funds use the economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the statement of net assets.

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2012

Note 1. Summary of Significant Accounting Policies (continued)

1-B. Measurement Focus, Basis of Accounting (continued)

Proprietary operating revenue, such as charges for services, result from exchange transactions associated with the principal activity of the operating unit. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as interest or capital contributions, result from nonexchange transactions or ancillary activities. Nonexchange transactions, in which the Authority gives (or receives) value without directly receiving (or giving) value in exchange, include grants, donations and passenger facility charges (PFC's). Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. PFC's along with related interest earnings are recorded as deferred revenue until authorized for matching payments on construction projects under an FAA approved Application to Use. Once authorized to use, PFC receipts are recognized and recorded as nonoperating revenue in the year collected.

The Authority applies all applicable pronouncements of the Financial Accounting Standards Board (FASB) issued on or before November 30, 1989, that are not in conflict with applicable GASB pronouncements.

1-C. Assets, Liabilities and Equity

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash in bank accounts and funds deposited in the State Treasurer's Local Government Investment Pool. Because the State Treasurer's Local Government Investment Pool is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is deemed to be a cash equivalent. These funds are carried at cost which is not materially different than fair value.

Accounts Receivable

Based upon past experience, uncollectible receivables are deemed immaterial by management and no allowance has been provided.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Capital Assets

Capital assets are stated at cost. Donated capital assets are recorded at their estimated fair market value when received. Only assets with a value over \$1,500 are capitalized. The Authority does include the cost of all infrastructure assets in capital assets. Assets held under capital leases are recorded at the lower of fair market value or the present value of future lease payments and amortized over the estimated life of the asset. Depreciation is calculated by the straight-line method over the estimated useful life of the depreciable property as follows:

Building and improvements	4 to 50 years
Airfield and general improvements	4 to 25 years
Office equipment	2 to 10 years
Maintenance equipment and vehicles	2 to 20 years
Assessments, plans and studies	4 to 20 years

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2012

Note 1. Summary of Significant Accounting Policies (continued)

1-C. Assets, Liabilities and Equity (continued)

Restricted Cash – BLM

This cash represents an amount required to be set aside as a performance bond by a communications use lease with the Bureau of Land Management. These funds are restricted as they must be held for the duration of the lease which terminates on December 31, 2031.

Restricted Cash – Passenger Facility Charges Funds

This cash represents Passenger Facility Charges (PFC) collections based on an approved FAA application to "impose" such charges on enplaned passengers at the Airport. These funds are restricted to funding designated capital projects.

Use of Restricted Resources

The Authority's policy is to first apply restricted resources when an eligible expenditure is made for which both restricted and unrestricted net assets are available.

Budget

The Airport is required by state law to adopt an annual budget. The budgetary basis is accrual but differs from the basis of accounting used for the financial statements in the following ways:

1. Accruals of compensated absences are not budgeted.
2. Depreciation is a non-cash item and therefore not budgeted.
3. Passenger Facility Charges (PFC) are budgeted based on receipts but may be deferred for GAAP.
4. Interest earned on PFCs is budgeted as interest but reportable as PFC revenue for GAAP.
5. Capital asset purchases are budgeted but are reported as an asset instead of as an expense for GAAP.

Compensated Absences

All employees receive 96 hours of sick leave per year with no maximum accrual. Vacation is received based on years of service. Those having one to two years of service receive 80 hours of vacation annually and the hours received increase 8 hours per year for every two years of service. Compensated absences consist of accrued vacation, comp time and 25% of accrued sick leave that would be paid upon termination of employment.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimated.

1-D. Subsequent Events

Management has evaluated subsequent events through January 9, 2013, the date on which financial statements were available to be issued.

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2012

Note 2. Deposits and Investments

The following is a reconciliation of the Authority's deposit and investment balances as of September 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Cash on hand	\$ 50	\$ 50
Bank deposits	97,203	89,416
Repurchase agreement	238,999	544,674
State of Idaho Local Government Investment Pool	<u>5,193,819</u>	<u>5,032,864</u>
	<u>\$ 5,530,071</u>	<u>\$ 5,667,004</u>

The Authority invests in the State of Idaho Local Government Investment Pool. These funds can be liquidated at cost as needed and are carried at cost which is not materially different than fair value. The invested amounts at year end are as listed above.

Deposit and Investment Policy

The Authority's Investment Policy limits investments to interest-bearing accounts through approved and chosen financial institutions and the State of Idaho Local Government Investment Pool. The accounts are to be reviewed monthly by the Board's financial review committee.

Credit Risk

The Authority's investment policy limits investment choices to interest-bearing accounts at approved banks or the State of Idaho Local Government Investment Pool. As of September 30, 2012 and 2011, the Authority's deposits and investment had the following credit ratings:

<u>Investment</u>	<u>2012</u> <u>Fair Value</u>	<u>2011</u> <u>Fair Value</u>	<u>Credit</u> <u>Rating</u>
Mountain West Savings	\$ 91,623	\$ 89,416	None
Mountain West Certificate of Deposit	5,580	0	None
Mountain West repurchase agreement	238,999	544,674	None
State of Idaho Local Government Investment Pool	5,193,819	5,032,864	None

Investment by the Authority in State of Idaho Local Government Investment Pool is considered unclassified as to credit risk because they are not evidenced by securities that exist in physical or book entry form. The type of investments allowed is regulated by *Idaho Code* and oversight is provided by the Idaho State Treasurer's Office.

Custodial Credit Risk

The Authority's investment policy does not limit the amount of deposits in approved and chosen financial institutions.

As of September 30, 2012, the carrying amount of the Authority's bank deposits was \$336,202 and the respective bank balances totaled \$376,657. The Authority's deposits at September 30, 2012, were covered by \$250,000 of insurance from the Federal Depository Insurance Corporation and \$280,388 of collateral. None of these deposits were unsecured or uninsured. The securities serving as collateral are held in the name of the financial institution and not that of the Authority.

As of September 30, 2011, the carrying amount of the Authority's bank deposits was \$634,090 and the respective bank balances totaled \$647,997. The Authority's deposits at September 30, 2011, were covered by \$250,000 of insurance from the Federal Depository Insurance Corporation and \$575,582 of collateral. None of these deposits were unsecured or uninsured. The securities serving as collateral are held in the name of the financial institution and not that of the Authority.

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2012

Note 2. Deposits and Investments (continued)

Concentration Credit Risk

The Authority's investment policy does not place limits on amounts invested in any one issuer. Pooled investments and investments issued or explicitly guaranteed by the U.S. Government are not considered a concentration credit risk. On September 30, 2012, the Authority did not have 5% or more of its deposits and investments with one issuer. On September 30, 2011, the Authority did have 5% or more of its deposits and investments with the following issuer:

Mountain West repurchase agreement	<u>2011</u> 9.6 %
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Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The Authority's investment policy limits their investments and deposits to interest-bearing accounts at approved and chosen financial institutions. The Authority had the following deposits and investments as of September 30, 2012 and 2011:

<u>Investment</u>	<u>2012</u> <u>Fair Value</u>	<u>Weighted</u> <u>Average</u> <u>Duration</u>	<u>2011</u> <u>Fair Value</u>	<u>Weighted</u> <u>Average</u> <u>Duration</u>
Repurchase agreement	\$ 258,999	1 day	\$ 544,674	1 day
Investment pool	5,193,819	121 days	5,032,865	114 days
Certificate of Deposit	5,580	3 years 16 days	-	-
Demand deposits	81,623	not applicable	89,416	not applicable

Note 3. Capital Assets

Capital asset activity for the year ended September 30, 2012, was as follows:

	<u>Balance</u> <u>9/30/2011</u>	<u>Increase</u>	<u>Decrease</u>	<u>Transfer</u>	<u>Balance</u> <u>9/30/2012</u>
Nondepreciable capital assets:					
Land	\$ 6,712,067	\$	\$	\$	\$ 6,712,067
Construction in progress	7,671,572	355,996		(10,157)	8,017,411
Depreciable capital assets:					
Buildings and improvements	6,949,110	89,455			7,038,565
Airfield and general improvements	26,274,696	173,773		10,157	26,458,626
Office equipment	100,585	43,621	(5,264)		138,942
Maintenance equipment & vehicles	3,802,186	12,839			3,815,025
Assessments, plans & studies	2,124,770				2,124,770
	53,634,986	675,684	(5,264)	0	54,305,406
Accumulated depreciation	(19,787,303)	(1,650,405)	5,264		(21,432,444)
	<u>\$ 33,847,683</u>	<u>\$ (974,721)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 32,872,962</u>

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2012

Capital asset activity for the year ended September 30, 2011, was as follows:

	Balance 9/30/2010	Increase	Decrease	Transfer	Balance 9/30/2011
Nondepreciating capital assets:					
Land	\$ 6,712,067	\$	\$	\$	\$ 6,712,067
Construction in progress	5,266,585	2,453,123		(48,136)	7,671,572
Depreciating capital assets:					
Depreciating capital assets:					
Buildings and improvements	6,676,161	272,949			6,949,110
Airfield and general improvements	26,218,928	55,768			26,274,696
Office equipment	87,018	13,567			100,585
Maintenance equipment & vehicles	3,194,524	559,526		48,136	3,802,186
Assessments, plans & studies	2,124,770				2,124,770
	50,280,053	3,354,933	0	0	53,634,986
Accumulated depreciation	(18,002,006)	(1,785,297)			(19,787,303)
	<u>\$ 32,278,047</u>	<u>\$ 1,569,636</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 33,847,683</u>

Note 4. Accounts Receivable

The Airport manager, under the direction of the Airport, charges fees and rents for parking (aircraft and automobiles), landing of aircraft, fuel flowage, hangars and concession commissions. Landing fees are based on the weight of the aircraft while parking fees are based on the class and weight of each aircraft. Auto parking is on a commission basis. The Airport clerk posts these charges on a regular basis and bills each user.

Based upon past experience, uncollectible receivables are deemed immaterial by management.

The Authority's uncollected accounts as of September 30, 2012 and 2011, are as follows:

	2012	2011
Current	\$ 191,277	\$ 108,969
30-60 days	253	12,193
60-90 days	194	(34)
90 days and over	123	11,119
	<u>\$ 191,847</u>	<u>\$ 132,247</u>
Government grants receivable	<u>\$ 78,314</u>	<u>\$ 39,776</u>

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2012**

Note 5. Long-term Liabilities

Changes in long-term obligations for the year ended September 30, 2012, are as follows:

	<u>Balance at 10/01/2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 9/30/2012</u>	<u>Amount due within 1 year</u>
Compensated absences	\$ 159,553	\$	\$ 1,889	\$ 157,664	\$ -

Changes in long-term obligations for the year ended September 30, 2011, are as follows:

	<u>Balance at 10/01/2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 9/30/2011</u>	<u>Amount due within 1 year</u>
Compensated absences	\$ 135,459	\$ 24,094	\$ -	\$ 159,553	\$ -

Note 6. Pension Plan

The Authority adopted a Simplified Employee Pension Plan (SEP) which became effective January 1, 1998. Vesting in the plan is immediate and all employees whose compensation exceeds \$450 and have performed services in at least one of the immediately preceding 5 years receive contributions. Plan contributions were \$97,111 for the year ended September 30, 2012, and \$92,655 for the year ended September 30, 2011.

Note 7. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the Authority purchases commercial insurance. There has been no significant reduction in insurance coverage in the current year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Note 8. Concentrations

The Authority enters into contracts with service providers at the Airport. Because of physical space limitations at the airfield, there are limited facilities available for service providers. During the current year, there were two airlines that provide scheduled commercial service, one fuel supplier, one fixed-base operator, one gift shop, one car park and two rental car agencies.

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2012**

Note 9. Lease Revenue

The Airport leases its property to commercial airlines, car rental companies, concessionaires, fixed base operators who service the airline industry and hanger operations. The airlines have annual renewal dates and some concessionaires are month to month. The long-term leases can only be terminated by buying out the lease and vary from 3 to 20 years. Some of these leases are increased annually by an inflation factor based on the CPI. These inflation rates are unknown and have not been included in amounts calculated. The net book value of property held for operating lease as of September 30, 2012, is \$563,333, not including the value of the land leased by hangar owners/operators. No allocation of land values between leased and utilized land has been done. The projected lease revenue at current rates is as follows:

<u>Year Ended</u> <u>September 30</u>	
2013	\$ 813,421
2014	580,783
2015	573,283
2016	570,282
2017	182,175
2018 to 2022	681,992
2023 to 2027	297,053
2028 to 2032	-
Total	<u>\$ 3,698,979</u>

Note 10. Passenger Facility Charges

Passenger Facility Charges (PFC) at the rate of \$4.50 per enplaned passenger have been imposed by the Authority under a Federal Aviation Administration (FAA) approved application effective January 1, 2014 until the later of collecting \$527,500 or January 1, 2016. The total amount has been approved for use.

PFC revenue is used as matching funds for capital projects funded with Airport Improvement Project funds. There was deferred revenue of \$16,854 at September 30, 2011 and \$91,530 at September 30, 2012.

The following schedule shows the amounts collected and expended:

	<u>2012</u>		<u>2011</u>	
	<u>Receipts</u>	<u>Expenditures</u>	<u>Receipts</u>	<u>Expenditures</u>
PFC 07-06-C-00-SUN	\$ -	\$ -	\$ 89,683	\$ -
PFC 11-07-C-00-SUN	206,500	131,824	123,926	178,932
PFC 12-08-C-00-SUN	-	-	-	-

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2012**

Note 11. Capital Contributions

During the years ended September 30, 2012 and 2011, the Authority received the following capital contributions:

	<u>2012</u>	<u>2011</u>
Federal grants	\$ 131,940	\$ 2,401,229
State grants	20,000	20,000
Other sources	<u>-</u>	<u>-</u>
	<u>\$ 151,940</u>	<u>\$ 2,421,229</u>

Note 12. Commitments

The Authority had three open grants from the U.S. Department of Transportation Airport Improvement Program (AIP) as of September 30, 2012. A summary of these projects is as follows:

Project Description

AIP 37	Conduct 90-day study of alternatives at current site
AIP 03	Conduct environmental study for replacement airport for Friedman Memorial Airport, Hailey, Idaho (Phase 3)
AIP 04	Conduct environmental study for replacement airport for Friedman Memorial Airport, Hailey, Idaho (Phase 4)

	<u>Total Budget</u>	<u>Federal Awards</u>	<u>Expenditures to date</u>
AIP 37	\$ 253,046	\$ 237,230	\$ 62,203
AIP 03	477,629	453,000	429,914
AIP 04	<u>2,631,579</u>	<u>2,500,000</u>	<u>1,543,247</u>
	<u>\$ 3,362,254</u>	<u>\$ 3,190,230</u>	<u>\$ 2,035,364</u>

Note 13. Contingencies

The 2004 Master Plan adopted by the Friedman Memorial Airport (FMA) and accepted by the FAA on August 12, 2004, concluded that a new airport is the best long-term solution for aviation safety and for meeting the air transportation needs of the Wood River Valley and surrounding communities. The FMA agreed that new airport issues would be addressed in various future feasibility studies. Conclusions also indicated that interim improvements would need to be made to the current facility. Both safety and capacity improvements will continue to be made to FMA at the current site so that it may continue to function at the highest levels. AIP 32 thru AIP 04 are all projects developed to implement the 2004 Master Plan vision and to search for a new airport location to resolve aviation safety and air transport needs and to make interim improvements to FMA while the relocation is studied and implemented. On August 22, 2011, the FAA notified the Airport Authority that the Replacement Airport EIS was suspended indefinitely due to increased anticipated costs and potential impacts to wildlife. Specifically, the FAA was concerned that the replacement airport project may not be affordable for either the FAA or the local community. The FAA will now allow the Friedman Memorial Airport Board time to identify, in discussions with the community, what viable options should be further explored at the current site. They will also provide technical guidance to the Airport Authority and the community while the FAA and the Airport Authority respectively plan the next steps.

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2012

Note 14. Related Party Transactions

The City of Hailey, Idaho is one of the entities that created the Authority by entering into a Joint Powers Agreement. The Authority contracts with the City of Hailey for certain security services and reimburses the City for the cost of these services. The Authority also pays the City of Hailey for sewer, water and garbage collection at the same rates as other customers. Other services may also be contracted for at comparable rates as others are charged. The amounts paid for these services is as follows:

	<u>2012</u>	<u>2011</u>
Security services	\$ 160,292	\$ 160,292
Utilities	9,009	8,316

The amount due to the City of Hailey at September 30, 2012, is \$14,065 and was paid within 30 days.

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SUPPLEMENTARY INFORMATION

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN
NET ASSETS - BUDGET AND ACTUAL
For the Year Ended September 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary</u>	<u>Positive</u>
			<u>Basis</u>	<u>(Negative)</u>
Operating Revenue:				
Airlines	\$ 189,900	\$ 189,900	\$ 171,072	\$ (18,828)
Automobile rental	348,000	348,000	381,889	33,889
Auto parking	92,500	92,500	70,711	(21,789)
Rents, fees, commissions and leases	1,248,957	1,248,957	1,274,265	25,308
Fuel flowage fees	168,600	168,600	177,287	8,687
Other operating revenue	135,000	135,000	123,807	(11,193)
Total Operating Revenue	<u>2,182,957</u>	<u>2,182,957</u>	<u>2,199,031</u>	<u>16,074</u>
Operating Expenses:				
Employee wages, benefits and taxes	1,182,885	1,182,885	1,154,262	28,623
Supplies	113,500	113,500	101,429	12,071
Utilities	93,810	93,810	76,357	17,453
Services and contracts	419,850	419,850	486,109	(66,259)
Repairs and maintenance	108,000	108,000	98,970	9,030
Insurance	68,150	68,150	61,073	7,077
Other operating expense	93,206	93,200	69,614	23,586
Total Operating Expenses	<u>2,079,395</u>	<u>2,079,395</u>	<u>2,047,814</u>	<u>31,581</u>
Operating Income	<u>103,562</u>	<u>103,562</u>	<u>151,217</u>	<u>47,655</u>
Nonoperating Revenue and (Expenses):				
Passenger Facility Charges	205,000	205,000	206,282	1,282
Interest income	14,000	14,000	11,713	(2,287)
Contribution income	-	-	-	-0-
Total Nonoperating Revenue and (Expenses)	<u>219,000</u>	<u>219,000</u>	<u>217,995</u>	<u>(1,005)</u>
Capital Contributions	<u>3,660,000</u>	<u>3,660,000</u>	<u>151,940</u>	<u>(3,508,060)</u>
Capital Expenditures	<u>4,386,082</u>	<u>4,386,082</u>	<u>3,084,933</u>	<u>1,301,149</u>
Change in Net Assets	<u>\$ (403,520)</u>	<u>\$ (403,520)</u>	<u>\$ (2,563,781)</u>	<u>\$ (2,160,261)</u>

FRIEDMAN MEMORIAL AIRPORT AUTHORITY
RECONCILIATION OF BUDGETARY BASIS TO GAAP
For the Year Ended September 30, 2012

	<u>Actual Budgetary Basis</u>	<u>GAAP Basis</u>	<u>Difference</u>	<u>Number of Explanation</u>
Operating Revenue:				
Airlines	\$ 171,072	\$ 171,072	\$ 0	
Automobile rental	381,889	381,889	0	
Auto parking	70,711	70,711	0	
Rents, fees, commissions and leases	1,274,265	1,274,265	0	
Fuel flowage fees	177,287	177,287	0	
Other operating revenue	123,807	123,807	0	
Total Operating Revenue	<u>2,199,031</u>	<u>2,199,031</u>	<u>-</u>	
Operating Expenses:				
Employee wages, benefits and taxes	1,154,262	1,169,218	14,956	1
Supplies	101,429	101,429	0	
Utilities	76,357	76,357	0	
Services and contracts	486,109	486,109	0	
Repairs and maintenance	98,970	98,970	0	
Insurance	61,073	61,073	0	
Other operating expense	69,614	69,614	0	
Depreciation	-	1,650,405	1,650,405	2
Total Operating Expenses	<u>2,047,814</u>	<u>3,713,175</u>	<u>1,665,361</u>	
Operating Income	<u>151,217</u>	<u>(1,514,144)</u>	<u>(1,665,361)</u>	
Nonoperating Revenue and (Expenses):				
Passenger Facility Charges	206,282	131,824	(74,458)	3, 4
Interest income	11,713	11,495	(218)	4
Total Nonoperating Revenue and (Expenses)	<u>217,995</u>	<u>143,319</u>	<u>(74,676)</u>	
Capital Contributions	<u>151,940</u>	<u>151,940</u>	<u>-</u>	
Capital Expenditures	<u>329,845</u>	<u>-</u>	<u>329,845</u>	5
Change in Net Assets	<u>\$ 191,307</u>	<u>\$ (1,218,885)</u>	<u>\$ (1,410,192)</u>	

1. Accruals of compensated absences are not budgeted.
2. Depreciation is a noncash item and therefore not budgeted.
3. Passenger facility charges (PFC) are budgeted based on receipts but may be deferred for GAAP.
4. Interest earned on PFCs is budgeted as interest but reportable as PFC revenue for GAAP.
5. Capital asset purchases are budgeted but are reported as an asset instead of as an expense for GAAP.

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OTHER INFORMATION

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board
Friedman Memorial Airport Authority
Hailey, Idaho

We have audited the financial statements of Friedman Memorial Airport Authority as of and for the year ended September 30, 2012, and have issued our report thereon dated January 9, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Friedman Memorial Airport Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses, as defined above. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Friedman Memorial Airport Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board, management, and the Federal Aviation Administration and is not intended to be and should not be used by anyone other than those specified parties.

Simmons and Clubb
Certified Public Accountants
Boise, Idaho

January 9, 2013

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FRIEDMAN MEMORIAL AIRPORT AUTHORITY

PASSENGER FACILITY CHARGE

September 30, 2012

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board
Friedman Memorial Airport Authority
Hailey, Idaho

We have audited the financial statements of Friedman Memorial Airport Authority as of and for the year ended September 30, 2012, and have issued our report thereon dated January 9, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of Friedman Memorial Airport Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Friedman Memorial Airport Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses, as defined above. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Friedman Memorial Airport Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board, management, and the Federal Aviation Administration and is not intended to be and should not be used by anyone other than those specified parties.

Simmons and Clubb
Certified Public Accountants
Boise, Idaho

January 9, 2013

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD
HAVE A DIRECT AND MATERIAL EFFECT ON THE PASSENGER FACILITY CHARGE PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE**

To the Board
Friedman Memorial Airport Authority
Hailey, Idaho

Compliance

We have audited the compliance of Friedman Memorial Airport Authority with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide), that could have a direct and material effect on its passenger facility charge program for the year ended September 30, 2012. Compliance with the requirements of laws and regulations applicable to its passenger facility charge program is the responsibility of Friedman Memorial Airport Authority's management. Our responsibility is to express an opinion on Friedman Memorial Airport Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about Friedman Memorial Airport Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides reasonable basis for our opinion. Our audit does not provide a legal determination of Friedman Memorial Airport Authority's compliance with those requirements.

In our opinion, Friedman Memorial Airport Authority complied, in all material respects, with the requirements referred to above that are applicable to its passenger facility charge program for the year ended September 30, 2012.

Internal Control over Compliance

Management of Friedman Memorial Airport Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations applicable to the passenger facility charge program. In planning and performing our audit, we considered Friedman Memorial Airport Authority's internal control over compliance with requirements that could have a direct and material effect on the passenger facility charge program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with the Guide. Accordingly, we do not express an opinion on the effectiveness of the Friedman Memorial Airport Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of the passenger facility charge program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of the passenger facility charge program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal controls over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined above.

Schedule of Expenditures of Passenger Facility Charges

We have audited the financial statements of Friedman Memorial Airport Authority as of and for the year ended September 30, 2012, and have issued our report thereon dated January 9, 2013. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of passenger facility charges is presented for purposes of additional analysis as specified in the Guide and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the Board, management, and the Federal Aviation Administration and is not intended to be and should not be used by anyone other than those specified parties.

Simmons and Clubb
Certified Public Accountants
Boise, Idaho

January 9, 2013

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

**SCHEDULE OF PASSENGER FACILITY CHARGES COLLECTED AND EXPENDED – CASH BASIS
For the Year Ended September 30, 2012**

<u>Description</u>	<u>Application Number</u>	<u>Total Grant Award</u>	<u>Accrued (Deferred) PFC Revenue 9/30/11</u>	<u>Cash Received 10/1/11 thru 9/30/12</u>	<u>Expenditures</u>	<u>Accrued (Deferred) PFC Revenue 9/30/12</u>
<u>U.S. Department of Transportation</u>						
Passenger Facility Charge	11-07-C-00-SUN	\$ 505,918	\$ (16,854)	\$ 206,500	\$ 131,824	\$ (91,530)
Passenger Facility Charge	12-08-C-00-SUN	<u>527,500</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total		<u>\$ 1,033,418</u>	<u>\$ (16,854)</u>	<u>\$ 206,500</u>	<u>\$ 131,824</u>	<u>\$ (91,530)</u>

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The accompanying notes are an integral part of this schedule.

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

**Notes to Schedule of Passenger Facility Charges Collected and Expended
For the Fiscal Year Ended September 30, 2012**

Note 1. Basis of Presentation

The accompanying schedule of passenger facility charges collected and expended is presented on the cash basis of accounting. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of the financial statements.

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FRIEDMAN MEMORIAL AIRPORT AUTHORITY
PASSENGER FACILITY CHARGES SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2012

Findings Relating to Passenger Facility Charges

There are no audit findings for the year ended September 30, 2012.

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FRIEDMAN MEMORIAL AIRPORT AUTHORITY
PASSENGER FACILITY CHARGES SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2012

Prior Year Findings to Passenger Facility Charges

There are no audit findings for the year ended September 30, 2011.

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**TALKING POINTS for Moving Forward
Friedman Memorial Airport (KSUN); Hailey, Idaho
Date: January 4, 2013**

BACKGROUND

After thoughtful deliberation the Friedman Memorial Replacement Airport EIS was suspended in August 2011 for two major reasons:

- issues related to wildlife and
- concerns that the project may not be affordable at this time.

Moving forward, FAA and FMAA are agreeable to a two-pronged approach:

- Interim solution: upgrade the existing airport to comply with airport design standards and request modification to standards (MOS), and
- Long-term solution: proceed with plans for a replacement airport.

NEXT STEPS

Existing airport

1. Update the FMA ALP so that the correction of the existing airport Runway Safety Area (RSA) standard can be accomplished by the statutory deadline of 2015.
2. Pursue a Modification to Standards process for C-III airport design standards (i.e., Runway Object Free Area, Taxiway Object Free Area, Runway to Taxiway separation, Runway Centerline to Aircraft Parking). The airport shall be limited to C-III aircraft with a maximum of 100-foot wingspans and maximum certified takeoff weights of 95,000 pounds.
3. Pursue Alternative 6 as the preferred alternative from the Technical Analysis Report as the basis for improving the existing airport to meet C-III airport design standards. Complete a planning effort in the near future to consider elements of Alternative 7 in order to determine land acquisition and other requirements related to lost capacity at the airport.
4. Pursue Nextgen technology to improve reliability and safety at the existing airport, including potential RNAV approaches.

Replacement airport

1. FAA rules require significant progress be initiated within five years of an EIS Final Decision or the determination expires. Because the FMAA now considers the construction of a new airport to be a long-term solution with no significant progress anticipated within the five year period, FMAA will consider requesting termination of the EIS.
2. FAA will assist the FMAA with a siting study to identify a suitable site for the construction of a replacement airport and use, wherever possible, the technical information gathered during the EIS.

**MINUTES OF A REGULAR MEETING ATTACHMENT #3
OF THE
FRIEDMAN MEMORIAL AIRPORT AUTHORITY***

**December 4, 2012
5:30 P.M.**

IN ATTENDANCE:

BOARD MEMBERS: Chairman – Tom Bowman, Vice-Chairman – Martha Burke, Secretary – Susan McBryant, Board – Lawrence Schoen, Angenie McCleary, Don Keirn, Ron Fairfax

FRIEDMAN MEMORIAL AIRPORT STAFF: Airport Manager – Rick Baird, Emergency/Operations Chief – Peter Kramer; ASC/Special Projects Coordinator/Executive Assistant – Steve Guthrie, Administrative Assistant/Alternate Airport Security Coordinator – Roberta Christensen, Administrative Assistant/IT Systems Maintenance Coordinator – April Dieter, Administrative Assistant – Cecilia Vega

AIRPORT LEGAL COUNSEL: Luboviski, Wygle, Fallowfield & Ritzau – Barry Luboviski;

CONSULTANTS: T-O Engineers – Dave Mitchell, ANTICIPATE – Candice Pate

AIRPORT TENANTS/PUBLIC: Len Harlig, BCPA – Jim Perkins; Glass Cockpit Aviation – John Strauss; Atlantic Aviation – Mike Rasch; Blaine County Commissioner – Jacob Greenberg; City of Sun Valley – Nils Ribi; City of Bellevue – Dave Hattula; Donna Serrano, Bonnie Leighton, Evan Stelma, Bob Crosby, Charles Matthiesen, Ed Jenkins, Dennis Beckley, Justin Maddux, Tom Winn, Steve & Sheryl Schouengerdt, Richard Fassino, Janet Duffy

CALL TO ORDER:

The meeting was called to order at 5:33 p.m. by Chairman Bowman.

I. APPROVE AGENDA

The agenda was approved as presented.

II. PUBLIC COMMENT

No public comment was made.

III. UNFINISHED BUSINESS

A. Airport Solutions

1. Chairman Report

Chairman Bowman briefed the Board that he and Airport Manager Baird attended the District 26 State Legislator's meeting and presented an Airport status update to the Representatives.

2. Blaine County Report

Board Member Schoen reported that the Blaine County Commissioners have composed a response to the Alternatives Analysis of 2012 which is included as Minutes Attachment #1.

3. City of Hailey Report

Board Member McBryant reported that the City of Hailey has reviewed the FMAA Agenda for the evening and given input to help the Board form how to discuss and debate different issues regarding the Alternatives Analysis.

4. Airport Manager Report

a. USCTA Policy Board Meeting – January 2013

Airport Manager Baird briefed the Board that he will be attending the annual USCTA Policy Board Meeting in January.

b. Network USA 2013 – March 2013

Airport Manager Baird reported that he has registered to attend the Network USA Conference and briefed the Board on the purpose and goals for the event.

5. Communications Director Report

a. Coffee Talk

Communications Director Pate reported that the Coffee Talk in Bellevue was again successful. She reported that the meeting at the Ketchum Rotary Club was well-attended and a lot of interest from the group was received.

b. Airport Tour

Ms. Pate reported that the November Airport Tour was also successful and well-attended by several of the same individuals who attended the Coffee Talk in Bellevue.

6. Existing Site

a. Board Guidance to Staff on Alternatives Technical Analysis (See Brief)

Engineer Mitchell briefed the Board on the status of the Alternatives Technical Analysis.

Chairman Bowman suggested that the Board give guidance to Staff regarding the submittal of a response to the FAA on the Alternatives Technical Analysis.

Board Member Schoen briefed the Board on the County's perspective and response regarding the Alternatives Analysis (Minutes Attachment #1).

Vice-Chairman Burke briefed the Board that the City has discussed the Alternatives Analysis and agreed that Alternatives #1 through #5 should not be considered and the Board should continue to follow the dual path forward throughout this process.

Board Member Keirn commented that one of the reasons Alternative #5 cannot be supported by the City is due to the possibility that extending the runway could eliminate the 95,000 pound weight limit which would allow 737s to land at the Airport, which is not in the City's best interest.

Board Member Fairfax commented that restarting and completing the EIS would require a significant amount of funding and time, which means that the Airport will still remain at its current site for several years. He suggested that the Airport move forward with the alternative that will best serve the community for the next 20 to 25 years. Board Member Fairfax briefed the Board that he supports Alternatives #4 through #7 and gave a detailed explanation of why he supports those alternatives.

Board Member Schoen commented that the goal is to develop a solution for the near term that meets the community's air service needs and minimizes the impacts to the surrounding community.

Board Member McBryant suggested that the Board form a motion that communicates how the Board wants to move forward with the process and what they would like to convey to the FAA as a Board.

Chairman Bowman opened the Alternative Analysis discussion for public comment.

City of Bellevue representative, Dave Hattula, commented that it is important to maintain the dual-path forward no matter how far in the future a replacement airport can become a reality. He commented that Bellevue feels that Alternatives #1 through #4 should not be considered. Mr. Hattula encouraged the Board to maintain that perspective and be financially mindful through this process.

Tom Winn expressed thanks for the City of Hailey's consideration of Bellevue's perspective on the process.

John Strauss suggested that the Board consider the impact of any additional studies in its process of deciding which path to move forward with.

The Board discussed how to convey the different perspectives of the City, County and Independent Member in the Board's response to the FAA regarding the Alternatives Analysis and the question of whether or not to request that the EIS be restarted immediately.

MOTION:

Made by Board Member Schoen to adopt the following guidance to Staff and Airport Consultants in addressing the improvements to Friedman Memorial Airport as conveyed in the language in the draft Blaine County Response to the Alternatives Analysis of 2012 (Minutes Attachment #1), with the following modifications:

- ***That the Board achieves the December 2015 RSA deadline if possible.***
- ***That the Board will follow Blaine County's and Hailey's Guiding Principles.***
- ***That the document reflects Blaine County's support, in general principle, of Alternatives 5, 6 and 7, the City of Hailey's support, in general principle, of Alternatives 6 and 7 and the Independent Member's support, in general principle, of Alternatives 4 through 7.***
- ***That Staff, at the appropriate time, will bring the Board a document directed to the FAA that would reflect the Board's request to restart the EIS at such time as the Board determines.***

Seconded by Vice-Chairman Burke.

Board Member McBryant voted in opposition to Board Member Schoen's motion as the City of Hailey is adamant that the EIS be restarted immediately.

The Board discussed the City's request to restart the EIS immediately rather than at the Board's discretion and agreed that the motion should reflect that it is the City's desire to restart the EIS immediately.

MOTION:

Made by Board Member Schoen to substitute for the pending motion the following:

To adopt the following guidance to Staff and Airport Consultants in addressing the improvements to Friedman Memorial Airport conveyed in the language in the draft Blaine County Response to the Alternatives Analysis of 2012 (Minutes Attachment #1), with the following modifications:

- ***That the Board achieves the December 2015 RSA deadline if possible.***
- ***That the Board will follow Blaine County's and Hailey's Guiding Principles.***
- ***That the document reflects Blaine County's support, in general principle, of Alternatives 5, 6 and 7, the City of Hailey's support, in general principle, of Alternatives 6 and 7 and the Independent Member's support, in general principle, of Alternatives 4 through 7.***
- ***That the document reflects that the City of Hailey representatives desire that the EIS process be restarted immediately.***

Seconded by Vice-Chairman Burke.

PASSED UNANIMOUSLY

Board Member McBryant asked if the document will be renamed to the Friedman Memorial Airport Authority Response to the Alternatives Analysis of 2012.

Chairman Bowman ensured that the document's title will be altered as requested.

6. Retain/Improve/Develop Air Service

a. FSVA Report

No report was given.

B. Joint Powers Agreement Property Transfer Update (See Brief)

Attorney Lubovski commented that there are no updates to report. He commented that, to his knowledge, both deeds are in the possession of the County Chief Deputy Prosecutor and City of Hailey Attorney.

Chairman Bowman suggested that the motion include that the transfer is in the best interest of the public.

Attorney Lubovski agreed with Chairman Bowman's suggestion and recommended the Board also authorize the Chair to execute the Deed.

MOTION:

Made by Board Member Schoen to declare that the Joint Powers Agreement Property Transfer is in the best interest of the public and authorize the Chair's execution of the Deed. Seconded by Board Member McBryant.

PASSED UNANIMOUSLY

C. FMAA Bylaws (See Brief)

MOTION:

Made by Board Member McCleary to approve the Amended and Re-stated Bylaws of the Friedman Memorial Airport Authority Board of Commissioners. Seconded by Board Member McBryant.

PASSED UNANIMOUSLY

D. Legal Counsel Request for Qualifications (RFQ) (See Brief)

The Board agreed that the selection committee for the Legal Counsel Request for Qualifications include Airport Manager Baird, Attorney Luboviski, Board Member Fairfax, Board Member Keirn and Board Member Schoen with Board Member Keirn serving as Chair for the committee and Airport Manager Baird and Attorney Luboviski as technical advisors.

E. Surplus Property Disposition

Airport Manager Baird briefed the Board that Staff conducted a closed-bid auction in November to dispose of Airport Surplus Property. He reported that the 1989 John Deere Loader, 1988 GMS C-30 Service Truck and Tiger Manufacturing Loader Attachment did not sell and suggested that the Board authorize Staff to advertise these items as for sale at a fixed price/OBO in the local media.

MOTION:

Made by Board Member Fairfax to authorize Staff to advertise as for sale: the 1989 John Deere Loader, 1988 GMC C-30 Service Truck and Tiger Manufacturing Attachment, at a fixed price or best offer. Seconded by Vice-Chairman Burke.

PASSED UNANIMOUSLY

**IV. APPROVE FMAA
MEETING MINUTES**

A. November 6, 2012 Regular Meeting (See Brief)

The November 6, 2012 Friedman Memorial Airport Authority Meeting Minutes were approved as presented.

MOTION:

Made by Board Member McCleary to approve the November 6, 2012 Friedman Memorial Airport Authority Regular Meeting Minutes as presented. Seconded by Board Member Schoen.

PASSED UNANIMOUSLY

V. NEW BUSINESS

A. Instrument Procedures Feasibility Study Proposal (See Brief)

Airport Manager Baird briefed the Board on the purpose and goals of the Instrument Procedures Feasibility Study and suggested that the Board consider proceeding with the study.

The Board discussed the timing of the study and how it would correspond with the Alternatives Analysis.

MOTION:

Made by Board Member McBryant to authorize Staff to proceed with the Instrument Procedures Feasibility Study and complete negotiations for Consultant Services, Scope of Work Agreement and associated fees with T-O Engineers and for the Chair to sign and execute the appropriate documents after Staff and Legal Counsel review. Seconded by Board Member McCleary.

PASSED UNANIMOUSLY

B. January 2013 Meeting Date

The Board discussed the rescheduling of the January 2013 Board Meeting.

MOTION:

Made by Board Member Schoen to move the January 1st, 2013 Friedman Memorial Airport Authority Regular Board Meeting to January 9, 2013. Seconded by Board Member Keirn.

PASSED UNANIMOUSLY

C. Snow Removal Equipment Acquisition (See Brief)

Airport Manager Baird briefed the Board regarding the acquisition of an additional snow broom. He asked the Board to discuss the proposal to acquire this snow removal equipment.

The Board discussed technical aspects and timing of Airport Manager Baird's proposal in relation to the introduction of regional jets at the airport.

MOTION:

Made by Vice-Chairman Burke to authorize Staff to proceed with the Snow Removal Equipment Acquisition and complete negotiations for consultant services with T-O Engineers, submit the Grant Application, secure appropriate City of Hailey and Blaine County supporting resolutions and authorize the Chair to sign and execute appropriate documents after appropriate Staff and Legal Counsel review. Seconded by Board Member Schoen.

PASSED UNANIMOUSLY

VI. AIRPORT STAFF BRIEF

A. Noise Complaints

B. Parking Lot Update

C. Profit & Loss, ATCT Traffic Operations Count and Enplanement Data (See Brief)

D. Review Correspondence (See Brief)

E. Fly Sun Valley Alliance Update (See Brief)

F. Airport Weather Interruptions

G. Operations Brief

VII. PUBLIC COMMENT

Board Member McBryant asked if the Blaine County Commissioners had an update for the Board regarding Chairman Bowman's retirement.

Board Member McCleary answered that the Blaine County Commissioners have not yet determined whether January 2013 will be Chairman Bowman's last meeting or if he will continue as the Chairman of the FMAA.

VIII. EXECUTIVE SESSION – I.C. §67-2345 (1)(a)

MOTION:

*Made by Board Member McCleary to enter Executive Session under Idaho code I.C. §67-2345 (1)(a).
Seconded by Vice-Chairman Burke.*

ROLL CALL VOTE:

<i>Board Member Fairfax</i>	YES
<i>Board Member Schoen</i>	YES
<i>Board Member McBryant</i>	YES
<i>Chairman Bowman</i>	YES
<i>Vice-Chairman Burke</i>	YES
<i>Board Member McCleary</i>	YES
<i>Board Member Keirn</i>	YES

PASSED UNANIMOUSLY

IX. ADJOURNMENT

The November 6, 2012 Meeting of the Friedman Memorial Airport Authority was adjourned at approximately 7:44 p.m.

Susan McBryant, Secretary

* Additional resources/materials that should be reviewed with these meeting minutes include but are not limited to the Friedman Memorial Airport Authority Board Packet briefing, the PowerPoint presentation prepared for this meeting and any referenced attachments.

December 4, 2012

Blaine County Response to the Alternatives Analysis of 2012

The Blaine County Commission supports a short term planning effort for Friedman Memorial Airport, in cooperation with the FAA, which results in a reconfiguration that:

- Achieves the December 2015 RSA deadline;
- Maintains the current (2012) airfield net capacity;
- Allows for future flexibility;
- Makes efficient use of assets;
- Avoids alternatives with the highest cost and highest social and environmental impacts. These types of impacts are reflected in Alternatives 1 – 4.
- Follows Blaine County's Strategic Airport Plan (also known as The Guiding Principles)

FMAA will make resources available to staff and consultants to achieve this public planning effort.

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Accrual Basis

Friedman Memorial Airport
Profit & Loss Budget vs. Actual (Combined)

October 2012

	Oct 12	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
4000-00 - AIRCARRIER				
4000-01 - Aircarrier - Lease Space	7,043.37	84,600.00	-77,556.63	8.3%
4000-02 - Aircarrier - Landing Fees	4,024.80	92,000.00	-87,975.20	4.4%
4000-03 - Aircarrier - Gate Fees	100.00	1,200.00	-1,100.00	8.3%
4000-04 - Aircarrier - Utility Fees	30.00	7,600.00	-7,570.00	0.4%
4010-05 - Aircarrier -'11 PFC Application	10,085.89			
Total 4000-00 - AIRCARRIER	21,284.06	185,400.00	-164,115.94	11.5%
4020-00 - TERMINAL AUTO PARKING REVENUE				
4020-01 - Automobile Parking - Terminal	6,554.90	70,000.00	-63,445.10	9.4%
Total 4020-00 - TERMINAL AUTO PARKING REVENUE	6,554.90	70,000.00	-63,445.10	9.4%
4030-00 - AUTO RENTAL REVENUE				
4030-01 - Automobile Rental - Commission	19,067.44	325,000.00	-305,932.56	5.9%
4030-02 - Automobile Rental - Counter	671.36	7,300.00	-6,628.64	9.2%
4030-03 - Automobile Rental - Auto Prkng	11,590.00	29,000.00	-17,410.00	40.0%
4030-04 - Automobile Rental - Utilities	0.00	500.00	-500.00	0.0%
4030-05 - Automobile Rental - Off. Airpt.	0.00	40,000.00	-40,000.00	0.0%
Total 4030-00 - AUTO RENTAL REVENUE	31,328.80	401,800.00	-370,471.20	7.8%
4040-00 - TERMINAL CONCESSION REVENUE				
4040-01 - Terminal Shops - Commission	0.00	3,500.00	-3,500.00	0.0%
4040-02 - Terminal Shops - Lease Space	726.43	8,500.00	-7,773.57	8.5%
4040-03 - Terminal Shops - Utility Fees	0.00	600.00	-600.00	0.0%
4040-10 - Advertising - Commission	1,861.23	33,000.00	-31,138.77	5.6%
4040-12 - Terminal ATM	9.30			
Total 4040-00 - TERMINAL CONCESSION REVENUE	2,596.96	45,600.00	-43,003.04	5.7%
4050-00 - FBO REVENUE				
4050-01 - FBO - Lease Space	17,219.60	229,466.00	-212,246.40	7.5%
4050-02 - FBO - Tiedown Fees	8,049.60	230,000.00	-221,950.40	3.5%
4050-03 - FBO - Landing Fees - Trans.	10,521.25	215,000.00	-204,478.75	4.9%
4050-04 - FBO - Commission	797.47	20,000.00	-19,202.53	4.0%
Total 4050-00 - FBO REVENUE	36,587.92	694,466.00	-657,878.08	5.3%
4060-00 - FUEL FLOWAGE REVENUE				
4060-01 - Fuel Flowage - FBO	9,624.24	172,000.00	-162,375.76	5.6%
Total 4060-00 - FUEL FLOWAGE REVENUE	9,624.24	172,000.00	-162,375.76	5.6%
4070-00 - TRANSIENT LANDING FEES REVENUE				
4070-02 - Landing Fees - Non-Comm/Gov't	278.64	500.00	-221.36	55.7%
Total 4070-00 - TRANSIENT LANDING FEES REVENUE	278.64	500.00	-221.36	55.7%
4080-00 - HANGARS REVENUE				
4080-01 - Land Lease - Hangar	73,284.39	493,707.00	-420,422.61	14.8%
4080-02 - Land Lease - Hangar/Trans. Fee	60.00			
4080-03 - Land Lease - Hangar/Utilities	119.13	1,400.00	-1,280.87	8.5%
4080-20 - Land Lease - Government Revenue	1,711.13			
Total 4080-00 - HANGARS REVENUE	75,174.65	495,107.00	-419,932.35	
4090-00 - TIEDOWN PERMIT FEES REVENUE				
4090-01 - Tiedown Permit Fees (FMA)	15,905.00	17,000.00	-1,095.00	93.6%
Total 4090-00 - TIEDOWN PERMIT FEES REVENUE	15,905.00	17,000.00	-1,095.00	
4100-00 - POSTAL CARRIERS REVENUE				
4100-01 - Postal Carriers - Landing Fees	734.63	8,500.00	-7,765.37	8.6%
4100-02 - Postal Carriers - Tiedown	2,970.00			
Total 4100-00 - POSTAL CARRIERS REVENUE	3,704.63	8,500.00	-4,795.37	

ATTACHMENT #4

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Accrual Basis

Friedman Memorial Airport
Profit & Loss Budget vs. Actual (Combined)

October 2012

	Oct 12	Budget	\$ Over Budget	% of Budget
4110-00 - MISCELLANEOUS REVENUE				
4110-06 - Misc. - Security-Prox. Cards	17,220.00	27,000.00	-9,780.00	63.8%
Total 4110-00 - MISCELLANEOUS REVENUE	17,220.00	27,000.00	-9,780.00	63.8%
4120-00 - GROUND TRANSP. PERMIT REVENUE				
4120-01 - Ground Transportation Permit	0.00	16,000.00	-16,000.00	0.0%
4120-02 - GTSP - Trip Fee	240.00			
Total 4120-00 - GROUND TRANSP. PERMIT REVENUE	240.00	16,000.00	-15,760.00	1.5%
4400-00 - TSA				
4400-02 - Terminal Lease	754.47			
Total 4400-00 - TSA	754.47			
4520-00 - INTEREST INCOME				
4520-05 - Interest Income - '11 PFC	17.93			
4600-00 - Interest Income - General	996.52	14,000.00	-13,003.48	7.1%
Total 4520-00 - INTEREST INCOME	1,014.45	14,000.00	-12,985.55	7.2%
Total Income	222,268.72	2,147,373.00	-1,925,104.28	10.4%
Gross Profit	222,268.72	2,147,373.00	-1,925,104.28	10.4%
Expense				
EXPENDITURES				
"A" EXPENSES				
5000-01 - Salaries - Airport Manager	10,616.90	127,403.00	-116,786.10	8.3%
5010-00 - Salaries - Contracts/Finance Adm	7,528.93	82,500.00	-74,971.07	9.1%
5010-01 - Salaries - Office Assist.	13,852.08	163,812.58	-149,960.50	8.5%
5020-00 - Salaries - ARFF/OPS Chief	7,650.31	82,500.00	-74,849.69	9.3%
5030-00 - Salaries - ARFF/OPS Specialist	26,817.24	302,723.84	-275,906.60	8.9%
5040-00 - Salaries-ASC/Sp.Prjct/Ex. Assi	5,438.08	59,190.96	-53,752.88	9.2%
5050-00 - Salaries - Temp.	0.00	15,000.00	-15,000.00	0.0%
5050-02 - Salaries - Merit Increase	0.00	20,721.82	-20,721.82	0.0%
5060-01 - Overtime - General	0.00	2,000.00	-2,000.00	0.0%
5060-02 - Overtime - Snow Removal	0.00	10,000.00	-10,000.00	0.0%
5060-04 - OT - Security	0.00	2,500.00	-2,500.00	0.0%
5100-00 - Retirement	8,348.01	100,815.67	-92,467.66	8.3%
5110-00 - Social Security/Medicare	5,347.26	66,428.93	-61,081.67	8.0%
5120-00 - Life Insurance	166.26	2,000.00	-1,833.74	8.3%
5130-00 - Medical Insurance	12,645.81	155,000.00	-142,354.19	8.2%
5160-00 - Workman's Compensation	0.00	15,000.00	-15,000.00	0.0%
Total "A" EXPENSES	98,410.88	1,207,596.80	-1,109,185.92	8.1%
"B" EXPENDITURES				
"B" EXPENSES - ADMINISTRATIVE				
6000-00 - TRAVEL EXPENSE	0.00	15,000.00	-15,000.00	0.0%
6010-00 - SUPPLIES/EQUIPMENT EXPENSE				
6010-01 - Supplies - Office	653.68	13,500.00	-12,846.32	4.8%
6010-03 - Supplies - Computer	97.00			
Total 6010-00 - SUPPLIES/EQUIPMENT EXPE...	750.68	13,500.00	-12,749.32	5.6%
6020-00 - INSURANCE				
6020-01 - Insurance - Liability	16,500.00	18,500.00	-2,000.00	89.2%
6020-02 - Insurance - Public Officials	13,925.00	13,600.00	325.00	102.4%
6020-03 - Insurance-Bldg/Unlic.Veh./Prop	30,393.00	29,600.00	793.00	102.7%
6020-04 - Insurance - Licensed Vehicles	5,353.00	5,900.00	-547.00	90.7%
6020-05 - Insurance - Crime	625.00	550.00	75.00	113.6%
Total 6020-00 - INSURANCE	66,796.00	68,150.00	-1,354.00	98.0%

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Accrual Basis

Friedman Memorial Airport
Profit & Loss Budget vs. Actual (Combined)

October 2012

	Oct 12	Budget	\$ Over Budget	% of Budget
6030-00 - UTILITIES				
6030-01 - Utilities - Gas/Terminal	127.22	13,000.00	-12,872.78	1.0%
6030-02 - Utilities - Gas/Maintenance	238.78	8,500.00	-8,261.22	2.8%
6030-03 - Utilities - Elect./Runway&PAPI	501.13	6,000.00	-5,498.87	8.4%
6030-04 - Utilities - Elec./Office/Maint.	596.62	9,000.00	-8,403.38	6.6%
6030-05 - Utilities - Electric/Terminal	774.84	7,500.00	-6,725.16	10.3%
6030-06 - Utilities - Telephone	1,010.39	17,000.00	-15,989.61	5.9%
6030-07 - Utilities - Water	54.43	1,200.00	-1,145.57	4.5%
6030-08 - Utilities - Garbage Removal	652.61	6,000.00	-5,347.39	10.9%
6030-09 - Utilities - Sewer	142.80	1,500.00	-1,357.20	9.5%
6030-10 - Utilities - Elec./Sewer	14.14	500.00	-485.86	2.8%
6030-11 - Utilities - Electric/Tower	279.90	4,000.00	-3,720.10	7.0%
6030-12 - Utilities - Elec./Brdfrd.Hghl	21.05			
6030-15 - Utilities - Elec/AWOS	0.00	900.00	-900.00	0.0%
6030-16 - Utilities - Elec. Wind Cone	10.69	210.00	-199.31	5.1%
6030-17 - Utilities - Elec.- Rosenberg	5.34			
6040-01 - Service Provider - Weather	3,883.00	3,700.00	183.00	104.9%
6040-02 - Service Provider - Term. Music	70.38	1,000.00	-929.62	7.0%
6040-03 - Service Provider - Internet/ISP	450.00	7,500.00	-7,050.00	6.0%
6040-04 - Service Provider - AWOS NADN	0.00	2,000.00	-2,000.00	0.0%
6040-05 - Service Provider - ISP/Terminal	150.00	2,000.00	-1,850.00	7.5%
6040-06 - Service Provider - SSI Movement	0.00	8,035.00	-8,035.00	0.0%
Total 6030-00 - UTILITIES	8,983.32	99,545.00	-90,561.68	9.0%
6050-00 - PROFESSIONAL SERVICES				
6050-01 - Professional Services - Legal	1,825.20	27,500.00	-25,674.80	6.6%
6050-02 - Professional Services - Audit	0.00	25,000.00	-25,000.00	0.0%
6050-03 - Professional Services - Engineer	0.00	27,000.00	-27,000.00	0.0%
6050-04 - Professional Services - ARFF	0.00	2,000.00	-2,000.00	0.0%
6050-05 - Professional Services - Gen.	494.04			
6050-07 - Professional Services - Archite	53.00	1,000.00	-947.00	5.3%
6050-08 - Professional Services - Securit	0.00	4,000.00	-4,000.00	0.0%
6050-10 - Prof. Svcs.-IT/Comp. Support	570.00	12,000.00	-11,430.00	4.8%
6050-11 - Professional Services - Wildlif	0.00	2,000.00	-2,000.00	0.0%
6050-12 - Prof. Serv.- Planning Air Serv.	995.00	32,000.00	-31,005.00	3.1%
6050-13 - Prof. Serv.-Website Des. & Maint	0.00	6,500.00	-6,500.00	0.0%
6050-14 - Professional Services - EA	8,093.61			
Total 6050-00 - PROFESSIONAL SERVICES	12,030.85	139,000.00	-126,969.15	8.7%
6060-00 - MAINTENANCE-OFFICE EQUIPMENT				
6060-01 - Maint.-Office Equip./Gen.	0.00	10,000.00	-10,000.00	0.0%
6060-04 - Maintenance - Copier	8,282.00			
Total 6060-00 - MAINTENANCE-OFFICE EQUIP...	8,282.00	10,000.00	-1,718.00	82.8%
6070-00 - RENT/LEASE OFFICE EQUIPMENT				
6070-01 - Rent/Lease - Office Equip./Gen	0.00	1,500.00	-1,500.00	0.0%
6070-03 - Rent/Lease - Copier	55.82	4,000.00	-3,944.18	1.4%
Total 6070-00 - RENT/LEASE OFFICE EQUIPM...	55.82	5,500.00	-5,444.18	1.0%
6080-00 - DUES/MEMBERSHIPS/PUBLICATIO...				
6080-01 - Dues/Memberships/Publications	3,451.79	15,000.00	-11,548.21	23.0%
6080-02 - Membership - Internet/Website	154.00			
6080-04 - Airport Marketing	20.00	15,000.00	-14,980.00	0.1%
Total 6080-00 - DUES/MEMBERSHIPS/PUBLIC...	3,625.79	30,000.00	-26,374.21	12.1%
6090-00 - POSTAGE				
6090-01 - Postage/Courier Service	0.00	2,700.00	-2,700.00	0.0%
Total 6090-00 - POSTAGE	0.00	2,700.00	-2,700.00	0.0%

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Accrual Basis

Friedman Memorial Airport
Profit & Loss Budget vs. Actual (Combined)

October 2012

	Oct 12	Budget	\$ Over Budget	% of Budget
6100-00 - EDUCATION/TRAINING				
6100-01 - Education/Training - Admin.	0.00	30,000.00	-30,000.00	0.0%
6100-03 - Education/Training - ARFF	815.03			
6100-05 - Education - Neighborl Flight	195.00			
Total 6100-00 - EDUCATION/TRAINING	1,010.03	30,000.00	-28,989.97	3.4%
6110-00 - CONTRACTS				
6110-02 - Contracts - FMAA	2,800.00	33,600.00	-30,800.00	8.3%
6110-03 - Contracts - SVA/Fee Collection	4,900.00	58,800.00	-53,900.00	8.3%
6110-05 - Contracts - Janitorial	0.00	10,000.00	-10,000.00	0.0%
6110-06 - Electronic Filing System	1,150.00	13,800.00	-12,650.00	8.3%
6110-08 - Contracts - Eccles Tree Lights	0.00	30,000.00	-30,000.00	0.0%
6110-09 - Contracts - Website	0.00	350.00	-350.00	0.0%
6110-10 - Online Email Server Access	2.00	2,000.00	-1,998.00	0.1%
6110-11 - Contracts -Security CMS	0.00	42,500.00	-42,500.00	0.0%
Total 6110-00 - CONTRACTS	8,852.00	191,050.00	-182,198.00	4.6%
6120-00 - PERMITS				
6120-01 - Permits - General	0.00	100.00	-100.00	0.0%
Total 6120-00 - PERMITS	0.00	100.00	-100.00	0.0%
6130-00 - MISCELLANEOUS EXPENSES				
6130-01 - Misc. - General	251.80	6,500.00	-6,248.20	3.9%
6140-00 - Bank Fees	46.70	1,000.00	-953.30	4.7%
Total 6130-00 - MISCELLANEOUS EXPENSES	298.50	7,500.00	-7,201.50	4.0%
Total "B" EXPENSES - ADMINISTRATIVE	110,684.99	612,045.00	-501,360.01	18.1%
"B" EXPENSES - OPERATIONAL				
6500-00 - SUPPLIES/EQUIPMENT-ARFF/OPER...				
6500-01 - Supplies/Equipment - General	28.83	10,000.00	-9,971.17	0.3%
6500-02 - Supplies/Equipment - Tools	23.06			
6500-04 - Supplies/Equipment - Janitorial	891.79			
6500-05 - Supplies/Equipment - Deice	0.00	15,000.00	-15,000.00	0.0%
6500-06 - Supplies/Equipment - ARFF	0.00	5,000.00	-5,000.00	0.0%
Total 6500-00 - SUPPLIES/EQUIPMENT-ARFF/...	943.68	30,000.00	-29,056.32	3.1%
6510-00 - FUEL/LUBRICANTS				
6510-02 - Fuel	4,349.04	50,000.00	-45,650.96	8.7%
Total 6510-00 - FUEL/LUBRICANTS	4,349.04	50,000.00	-45,650.96	8.7%
6520-00 - VEHICLES/MAINTENANCE				
6520-01 - R/M Equipment - General	203.04	27,000.00	-26,796.96	0.8%
6520-19 - R/M Equip. '02 Ford F-150 PU	372.76			
Total 6520-00 - VEHICLES/MAINTENANCE	575.80	27,000.00	-26,424.20	2.1%
6530-00 - ARFF MAINTENANCE				
6530-01 - ARFF Maint. General	0.00	5,000.00	-5,000.00	0.0%
Total 6530-00 - ARFF MAINTENANCE	0.00	5,000.00	-5,000.00	0.0%
6540-00 - REPAIRS/MAINTENANCE - BUILDING				
6540-01 - R/M Bldg. - General	0.00	29,000.00	-29,000.00	0.0%
6540-02 - R/M Bldg. - Terminal	3,994.38			
Total 6540-00 - REPAIRS/MAINTENANCE - BUI...	3,994.38	29,000.00	-25,005.62	13.8%
6550-00 - REPAIRS/MAINTENANCE - AIRSIDE				
6550-01 - R/M - General	0.00	15,000.00	-15,000.00	0.0%
6550-02 - R/M - Airfield	180.70			
6550-05 - R/M - Grounds	95.00			
Total 6550-00 - REPAIRS/MAINTENANCE - AIR...	255.70	15,000.00	-14,744.30	1.7%

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Accrual Basis

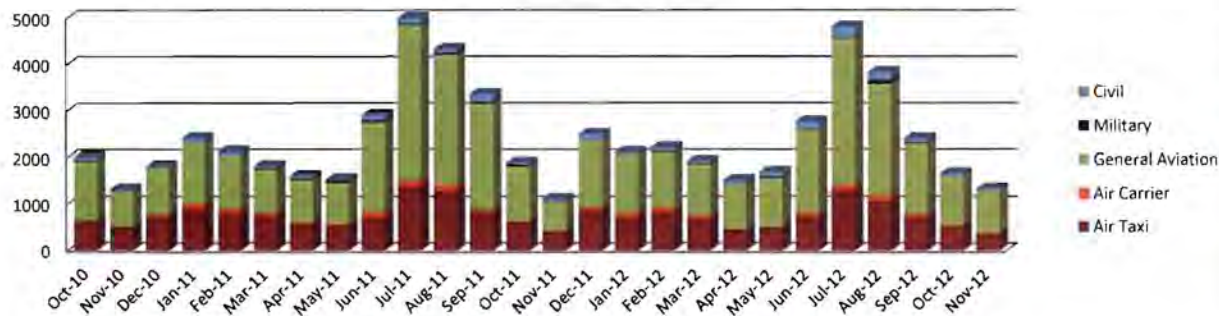
Friedman Memorial Airport
Profit & Loss Budget vs. Actual (Combined)

October 2012

	Oct 12	Budget	\$ Over Budget	% of Budget
6560-00 - SECURITY EXPENSE				
6560-01 - Security	3,514.98	20,000.00	-16,485.02	17.6%
Total 6560-00 - SECURITY EXPENSE	3,514.98	20,000.00	-16,485.02	17.6%
6570-00 - REPAIRS/MAINT.-AERONAUTICAL E...				
6570-01 - R/M Aeronautical Equip - NDB/DME	2,100.00	22,000.00	-19,900.00	9.5%
6570-04 - R/M Aeron. Equip. - AWOS/ATIS	2,850.00			
Total 6570-00 - REPAIRS/MAINT.-AERONAUTI...	4,950.00	22,000.00	-17,050.00	22.5%
Total "B" EXPENSES - OPERATIONAL	18,583.58	198,000.00	-179,416.42	9.4%
Total "B" EXPENDITURES	129,268.57	810,045.00	-680,776.43	16.0%
"C" EXPENSES				
7000-00 - MISC. CAPITAL EXPENDITURES				
7000-01 - Contingency	0.00	50,000.00	-50,000.00	0.0%
7000-05 - Computer Equipment/Software	0.00	25,600.00	-25,600.00	0.0%
7000-06 - Asphalt Repair	0.00	12,700.00	-12,700.00	0.0%
7000-08 - ATC Equipment	0.00	6,600.00	-6,600.00	0.0%
7000-26 - Acquisition - Licensed Vehicles	0.00	43,000.00	-43,000.00	0.0%
7000-30 - Tires	0.00	13,500.00	-13,500.00	0.0%
7000-36 - Drivers Training Software	7,125.00			
Total 7000-00 - MISC. CAPITAL EXPENDITURES	7,125.00	151,400.00	-144,275.00	4.7%
7537-00 - AIP '37 EXPENSE				
7537-01 - AIP '37 - FMA Altern. Analysis	25,927.00			
7537-02 - AIP '37 - Non-Eligible	1,462.25			
Total 7537-00 - AIP '37 EXPENSE	27,389.25			
8000-00 - Replacement Airport				
8000-04 - Public Outreach	4,667.88			
8000-07 - General	313.60			
Total 8000-00 - Replacement Airport	4,981.48			
9000-00 - PFC EXPENSE				
9000-03 - PFC '12 - SRE Equipm/Sec. Impr	875.45			
Total 9000-00 - PFC EXPENSE	875.45			
Total "C" EXPENSES	40,371.18	151,400.00	-111,028.82	26.7%
Total EXPENDITURES	268,050.63	2,169,041.80	-1,900,991.17	12.4%
Total Expense	268,050.63	2,169,041.80	-1,900,991.17	12.4%
Net Ordinary Income	-45,781.91	-21,668.80	-24,113.11	211.3%
Net Income	-45,781.91	-21,668.80	-24,113.11	211.3%

ATCT Traffic Operations Record

Month	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
January	3,622	3,893	3,912	2,600	3,028	2,787	4,547	2,520	2,070	2,379	2,408	2,098			
February	4,027	4,498	3,073	3,122	3,789	3,597	3,548	2,857	2,244	2,647	2,117	2,205			
March	4,952	5,126	3,086	4,097	3,618	2,918	4,677	3,097	2,145	2,709	1,813	1,921			
April	2,494	3,649	2,213	2,840	2,462	2,047	2,581	2,113	1,724	1,735	1,604	1,513			
May	3,905	4,184	2,654	3,282	2,729	2,134	1,579	2,293	2,280	1,891	1,533	1,693			
June	4,787	5,039	4,737	4,438	3,674	3,656	5,181	3,334	2,503	3,019	2,898	2,761			
July	6,359	8,796	6,117	5,910	5,424	5,931	7,398	4,704	4,551	5,005	5,004	4,810			
August	6,479	6,917	5,513	5,707	5,722	6,087	8,196	4,570	4,488	4,705	4,326	3,823			
September	3,871	4,636	4,162	4,124	4,609	3,760	4,311	2,696	3,376	3,128	3,359	2,396			
October	3,879	3,656	3,426	2,936	3,570	3,339	3,103	2,134	2,145	2,012	1,886	1,658			
November	3,082	2,698	2,599	2,749	2,260	2,912	2,892	1,670	1,901	1,309	1,114	1,325			
December	3,401	2,805	3,247	3,227	2,722	3,834	2,699	1,848	2,272	1,811	2,493				
Totals	50,858	55,897	44,739	45,032	43,607	43,002	50,712	33,836	31,699	32,350	30,555	26,203			

Operations
(Cumulative)ATCT Operations Change
(current month vs. same month last year)

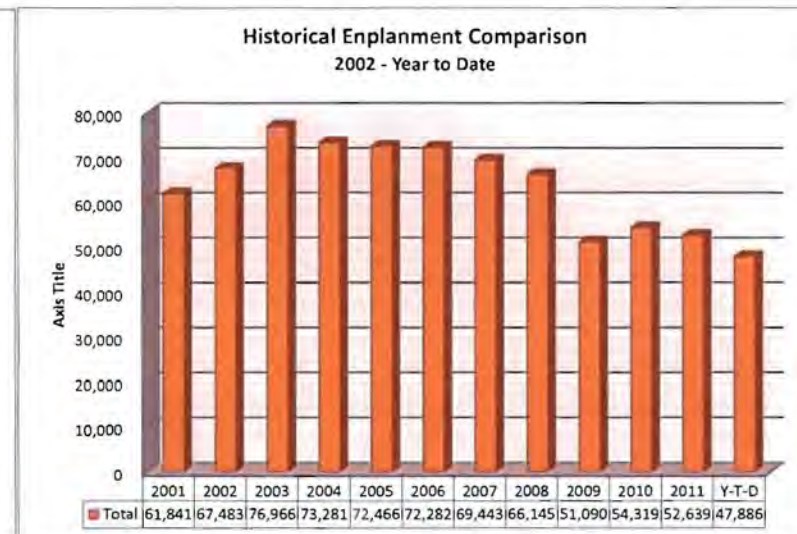
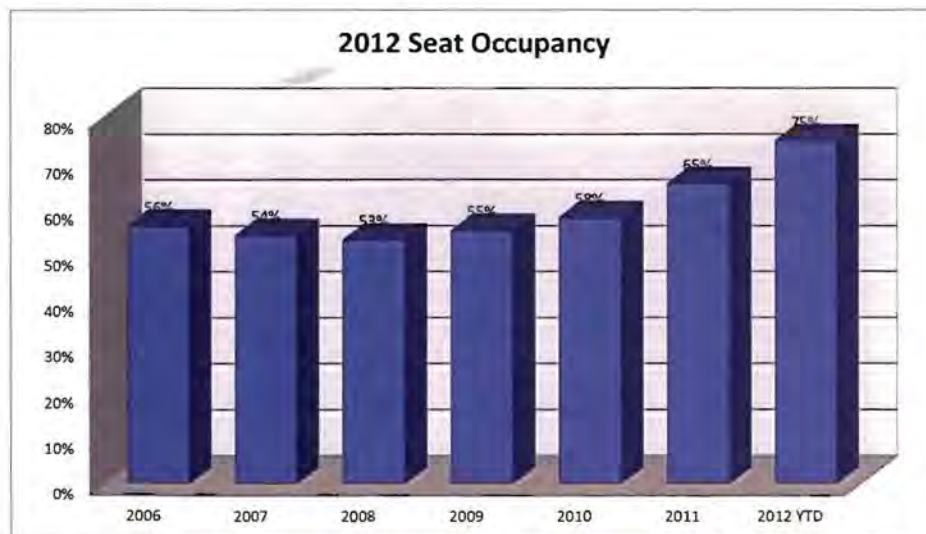
	2012	2011	% Change
Air Taxi	372	416	-11%
Air Carrier	0	0	0%
General Aviation	896	631	42%
Military	9	4	125%
Civil	48	63	-24%
Total	1325	1114	19%

**Friedman Memorial Airport
November 2012**

2012 Seat Occupancy												
Date	Horizon			SkyWest			Seat Occupancy Monthly Percentages				Seat Occupancy Annual Totals	
	Departure Flights	Seats Occupied	Percent Occupied	Departure Flights	Seats Occupied	Percent Occupied	Current Month Total % Occupied	Prior Month Total % Occupied	M-T-M % Change	Y-T-D % Occupied	Current Total Seats Y-T-D	Prior Total Seats Y-T-D
Jan-12	57	3,990	73%	109	3,270	73%	73%	66%	11%	73.4%	7,260	8,660
Feb-12	41	2,870	99%	126	3,780	60%	77%	66%	16%	75.0%	13,910	16,530
Mar-12	48	3,360	80%	122	3,660	77%	79%	71%	11%	76.2%	20,930	22,950
Apr-12	0	0	0%	90	2,700	80%	80%	61%	30%	76.6%	23,630	26,820
May-12	0	0	0%	91	2,730	72%	72%	48%	49%	76.1%	26,360	31,680
Jun-12	36	2,520	57%	133	3,990	64%	61%	46%	32%	73.2%	32,870	41,400
Jul-12	62	4,340	82%	184	5,520	66%	73%	70%	5%	73.2%	42,730	52,370
Aug-12	59	4,130	81%	171	5,130	78%	79%	79%	1%	74.3%	51,990	63,340
Sep-12	32	2,240	72%	131	3,930	81%	78%	74%	5%	74.6%	58,160	68,910
Oct-12	0	0	0%	120	3,600	75%	75%	72%	3%	74.6%	61,760	72,540
Nov-12	0	0	0%	81	2,430	74%	74%	75%	-0.5%	74.6%	64,190	74,910
Totals	335	23,450	78%	1,358	40,740							

Note: 70 Seats per plane 30 Seats per plane Legend: Y-T-D = Year-To-Date Y-T-Y = Year-To-Year

2010 Deplanements



FRIEDMAN MEMORIAL AIRPORT ENPLANEMENT COUNT
November 2012

2012 Enplanements													
Date	Horizon					SkyWest					Current Y-T-D	Prior Y-T-D	Y-T-Y % Change
	Revenue	Non- Revenue	Total	Prior Year Month	M-T-M % Change	Revenue	Non- Revenue	Total	Prior Year Month	M-T-M % Change			
Jan-12	2,859	73	2,932	2,660	10%	2,326	69	2,395	3,072	-22%	5,327	5,732	-7.1%
Feb-12	2,782	57	2,839	2,419	17%	2,161	104	2,265	2,791	-19%	10,431	10,942	-4.7%
Mar-12	2,598	88	2,686	1,466	83%	2,749	78	2,827	3,095	-9%	15,944	15,503	2.8%
Apr-12	0	0	0	0	0%	2,068	83	2,151	2,366	-9%	18,095	17,869	1.3%
May-12	0	0	0	302	-100%	1,858	116	1,974	2,050	-4%	20,069	20,221	-0.8%
Jun-12	1,336	90	1,426	2,012	-29%	2,468	90	2,558	2,488	3%	24,053	24,721	-2.7%
Jul-12	3,472	91	3,563	3,455	3%	3,520	142	3,662	4,213	-13%	31,278	32,389	-3.4%
Aug-12	3,304	44	3,348	3,873	-14%	3,894	90	3,984	4,754	-16%	38,610	41,016	-5.9%
Sep-12	1,568	45	1,613	508	218%	3,045	131	3,176	3,604	-12%	43,399	45,128	-3.8%
Oct-12	0	0	0	0	0%	2,576	107	2,683	2,626	2%	46,082	47,754	-3.5%
Nov-12	0	0	0	0	0%	1,733	71	1,804	1,768	2%	47,886	49,522	-3.3%
Totals	17,919	488	18,407	17,865	3%	28,398	1,081	29,479	34,774	-15%			
Legend for Chart:						Y-T-D = Year-To-Date				Y-T-Y = Year-To-Year			

Legend for Chart:

Y-T-D = Year-To-Date

Y-T-Y = Year-To-Year

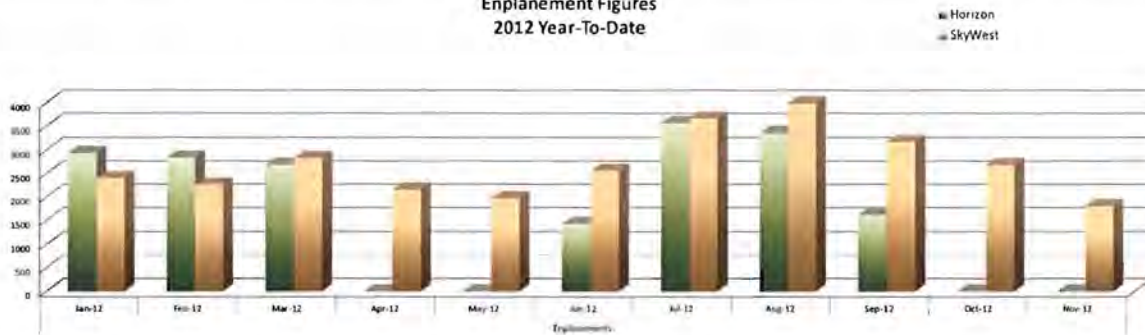
2012 Deplanements													
Date	Horizon					SkyWest					Current Y-T-D	Prior Y-T-D	Y-T-Y % Change
	Revenue	Non-Revenue	Total	Prior Year Month	M-T-M % Change	Revenue	Non-Revenue	Total	Prior Year Month	M-T-M % Change			
Jan-12	2,188	71	2,259	1,933	17%	1,604	75	1,679	2,123	-21%	3,938	4,056	-2.9%
Feb-12	3,002	59	3,061	2,464	24%	2,172	88	2,260	2,666	-15%	9,259	9,186	0.8%
Mar-12	2,428	78	2,506	1,422	76%	2,335	69	2,404	2,878	-16%	14,169	13,486	5.1%
Apr-12	0	0	0	0	0%	1,813	78	1,891	1,868	1%	16,060	15,354	4.6%
May-12	0	0	0	274	-100%	1,959	98	2,057	2,266	-9%	18,117	17,894	1.2%
Jun-12	1,760	94	1,854	2,360	-21%	2,653	86	2,739	3,028	-10%	22,710	23,282	-2.5%
Jul-12	3,821	90	3,911	3,709	5%	3,672	147	3,819	4,494	-15%	30,440	31,485	-3.3%
Aug-12	3,629	71	3,700	3,662	1%	3,448	102	3,550	4,327	-18%	37,690	39,474	-4.5%
Sep-12	1,195	41	1,236	461	168%	2,547	116	2,663	3,075	-13%	41,589	43,010	-3.3%
Oct-12	0	0	0	0	0%	2,286	92	2,378	2,248	6%	43,967	45,258	-2.9%
Nov-12	0	0	0	0	0%	1,697	71	1,768	1,761	0.4%	45,735	47,019	-2.7%
Totals	18,023	504	18,527	18,334	1%	26,186	1,022	27,208	33,530	-19%			
Legend for Chart						Y-T-D = Year-To-Date				Y-T-Y = Year-To-Year			

Legend for Chart:

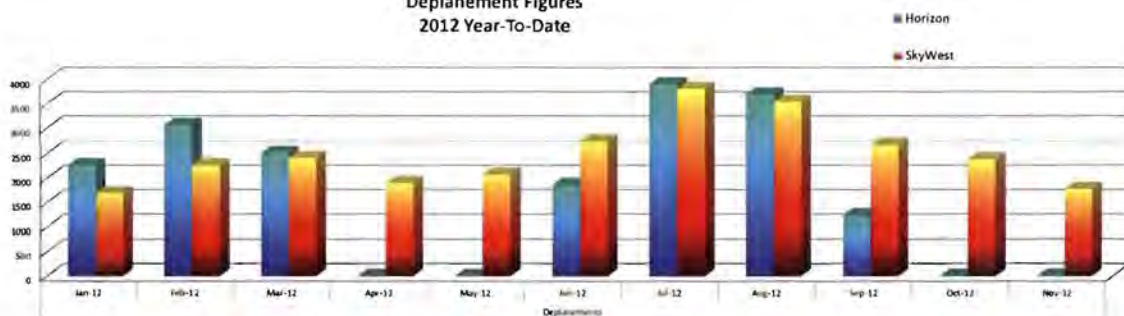
Y-T-D = Year-To-Date

Y-T-Y = Year-To-Year

Enplanement Figures
2012 Year-To-Date



Deplanement Figures
2012 Year-To-Date



Airfares for Christmas travel up from last year .

ATTACHMENT #7

Charisse Jones, USA TODAY

Christmas fares are up about 5% year over year, but travelers can save by flying on the holiday or the day before.



(Photo: Mary Altaffer, AP file)

4:57PM EST November 27, 2012 - Travelers flying to several top destinations this Christmas can expect to pay roughly 8% more than they did last year. And if they take off the Saturday before the holiday and return the Saturday after, the fare could be as much as 27% higher.

That's according to Christmas and New Year holiday forecasts from travel booking site Orbitz and comparison site Kayak.

Fares over New Year's are roughly 5% higher than last year, says Orbitz, which looked at ticket prices and hotel rates for the most popular holiday spots booked on its website.

Christmas travel will generally cost more. For instance, it'll cost \$406, on average, to travel to New York -- the website's second-most-popular destination after Orlando -- for Christmas, compared with \$371 for the New Year.

Hotel rates also are up in some cities. The average daily room rate in Los Angeles for Christmas is 10% higher than last year, and a New Year's stay will cost, on average, 14% more a day. But in the popular vacation spot of San Juan, Puerto Rico, daily room rates are averaging 12% lower than last Christmas, and four of Orbitz' top 10 destinations have average hotel costs of under \$150 a day.

Higher airfares and room rates aren't deterring travelers, however.

"People are willing to pay higher prices when they're getting to see their family over the holidays," says Jeanenne Tornatore, senior travel editor for Orbitz.com. "It's also a time of year when people use their vacation days before they lose them at the end of the year."

Orbitz says the busiest days to fly over the Christmas holiday will be Dec. 22, 23 and 26. They're also among the most expensive days to fly. Kayak says that travelers could pay up to 27% more if they start their trip on Dec. 22 and return the following Saturday.

Travelers can conserve cash by traveling during the week or on the holidays. Leaving home on Christmas Day, for instance, and coming back on Friday, Dec. 28, could save fliers 21%, says Kayak spokeswoman Jessica Casano-Antonellis.

A New Year's Eve departure, and return on Thursday, Jan. 3, could save travelers 29% in airfare, she says.

Another way to save: "I always recommend looking at hotel and airfare packages," Tornatore says. "You'll find cheaper overall travel prices if you bundle."

THE HILL



House to hold hearing on TSA's impact on commerce

By Keith Laing - 11/28/12 02:11 PM ET

The House Transportation and Infrastructure Committee will hold a hearing on Thursday to review the Transportation Security Administration's (TSA) impact on commerce in the U.S.

The hearing is part of an ongoing series of investigations into TSA since Republicans took control of the House in 2010.

Officials with the Transportation Committee said Wednesday that the last hearing would determine if TSA's airport security procedures were hampering economic activity in the U.S.

"As the TSA develops and implements its screening procedures, it has a direct impact on the experience of aviation passengers and the movement of goods by air," the committee said in a statement announcing the hearing. "If people are unwilling to fly or are flying less frequently, or if commerce is impeded by delays or service interruptions because of TSA screening procedures, the result is lost revenue for the commercial aviation industry."

The committee said it was important to know TSA's impact on the business of flying because aviation "contributes roughly five percent to the United States' gross domestic product," meaning "any loss of revenue for the aviation industry impacts the United States economy."

Acting Homeland Security Inspector General Charles Edwards and Government Accountability Office Director of Homeland Security and Justice Issues Steve Lord will testify at the hearing. Lawmakers on the Transportation Committee will also hear testimony from International Air Transportation Association Director of Security and Travel Facilitation Ken Dunlap, Association of

Flight Attendants President Veda Shook and Consumer Travel Alliance Director Charlie Leocha.

TSA Administrator John Pistole is listed on the meeting advisory as an invited guest, but his attendance has not been confirmed.

Source:

<http://thehill.com/blogs/transportation-report/tsa/269893-house-to-hold-hearing-on-tsas-impact-on-commerce>

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Bloomberg

Cheaper, Better Air Traffic Control

By the Editors - Nov 28, 2012

As U.S. President [Barack Obama](#) and lawmakers scavenge for mutually acceptable spending cuts in order to strike a budget deal by Jan. 1, here's an easy one: The \$10 million a year wasted on overstaffed and unneeded Federal Aviation Administration facilities.

A Bloomberg News investigation this month found that one-third of FAA-staffed airport towers and radar rooms don't handle enough traffic to justify [round-the-clock operations](#). They should be closed at night.

FAA guidelines allow a tower or radar room to be closed if flight volume is less than four landings or takeoffs an hour for five straight hours. At such low-traffic airports -- think Ypsilanti, [Michigan](#), or Huntington, [West Virginia](#) -- pilots can land safely without tower assistance. In an [internal FAA survey](#) obtained under the Freedom of Information Act, the agency identified 102 towers and local radar rooms -- out of 294 total -- that meet the criterion for partial closings yet operate round-the-clock regardless.

The wasteful staffing has been compounded by an order last year from Transportation Secretary Ray LaHood requiring each tower to have at least two controllers on overnight duty. LaHood's order was a knee-jerk response to reports of sleeping air-traffic controllers. The Bloomberg investigation concluded that 23 of 27 facilities ordered to add a second overnight controller didn't have enough traffic to justify nighttime operations at all.

Congressional Protection

Why such waste? After all, \$10 million is still real money, and frittering it away hardly breeds confidence in the FAA. Lawmakers of both parties, defending local interests, jobs and unions, have systematically blocked the FAA's requests to close towers or merge radar rooms. At least 50 U.S. airports each handled more than 2,000 airline flights in 2010 without any tower at all.

Worse, the zombie towers divert resources from the FAA's plans for a \$42 billion overhaul of U.S. air-traffic control that would switch from the current radar-based system to a satellite-controlled one known as [NextGen](#). That spending is already imperiled by last year's sequestration agreement -- the spending cut component of the so-called fiscal cliff -- under which the FAA's \$15.9 billion

budget would be cut by \$1 billion next year unless Congress and the Obama administration reach a deal to avoid it.

Legislation passed in February creates the air-traffic equivalent of the Defense Base Closure and Realignment Commission, a process for designating which facilities should be closed, merged or relocated without political interference. But the legislation, which requires the assent of both industry and labor, shows no sign of achieving its goal anytime soon.

In the long term, lawmakers should consider broader changes. One good place to look for ideas is the successful private-public air-traffic systems in Australia, Canada and the U.K. NATS Holdings Ltd., which operates at 15 airports in the U.K. and at Gibraltar, is 49 percent government-owned, with stakes held by a consortium of U.K. airlines, employees and a private airport operator. Over the past decade, it has consolidated resources based on need and efficiency. By setting local politics aside, the system has even managed to post profits. That may be too much to expect for the vastly larger FAA. But the agency can certainly do better than to throw money away.

Read more opinion online from Bloomberg View. Subscribe to receive a daily e-mail highlighting new View editorials, columns and op-ed articles.

Today's highlights: the editors on why global imbalances will return if governments can't reform; Caroline Baum wonders why we're not talking about entitlement reform; Margaret Carlson on the plot to stop Susan Rice; Ezra Klein on using the fiscal cliff as an opportunity; Jonathan Mahler on Ohio State's perfect season that doesn't count; Shikha Dalmia on why Canada's immigration quotas would work in the U.S.

To contact the Bloomberg View editorial board: view@bloomberg.net.

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CORPORATE NEWS

Industry Fights New-Pilot Mandates

BY ANDY PASZTOR
AND JACK NICAS

Airline-industry officials are stepping up efforts to fight more-stringent training rules for new pilots, saying congressional mandates could lead to a nationwide shortage of commercial aviators.

Industry leaders, who made their case Wednesday on Capitol Hill, object to a law that requires at least 1,500 hours of flying—six times the current minimum—before pilots can take the controls of scheduled flights on cargo or passenger planes.

Lawmakers bolstered training requirements in an effort to enhance safety, but with the rules set to kick in next August, industry leaders increasingly are expressing their concerns to legislators and regulators alike. As a start, they want Congress to call for a study by the Government Accountability Office to determine the scope and timing of the looming shortage of fresh pilots just as the industry braces for thousands of mandatory retirements of older ones.

Meanwhile, associations representing mainline and regional carriers, which dispute the benefits of the new pilot training mandates, are pushing for relief. They argue that without some sort of fix, the result will aggravate the already dwindling supply of commercial aviators, leaving smaller airlines understaffed and smaller cities without essential air services.

The pending rules “could actually harm safety” by further



Victor Tapia, a Fresno, Calif., flight instructor, said he has spent \$55,000 pursuing his ATP license, and he worries he will have to spend even more.

shrinking the pipeline of would-be pilots, said Roger Cohen, president of the Regional Airline Association. In an interview, Mr. Cohen said his group isn't lobbying directly to delay or amend the law, but nevertheless wants to make sure lawmakers understand the impact of the 1,500-hour mandate on the coming pilot shortage.

The campaign seeks to prod the Federal Aviation Administration to issue a final rule granting flight-time credits to military pilots and graduates of aviation universities, sharply reducing experience requirements for those new hires.

The FAA declined to comment.

As a fallback, though, some airline representatives have signaled they may need congressional action if the FAA fails to act in time, according to industry and labor officials.

Meanwhile, some pilots-union officials have argued against reopening congressional debate. The push and pull over new rules highlights challenges of improving the safety of air travel while minimizing financial impacts on an economically fragile industry.

Over the past decade, regional or commuter airlines—which fly

shorter routes on behalf of major carriers—experienced numerous safety lapses, some stemming from undertrained and overworked pilots.

After the 2009 Colgan Air crash that killed 50 people near Buffalo, N.Y., Congress increased training and experience requirements for all airline pilots. In 2010, lawmakers ordered that by August 2013 all airline co-pilots must hold an Air Transport Pilot license—the industry's highest certificate—which requires 1,500 hours of flight experience and is currently required only for captains.

Congress also mandated

training to cope with adverse weather conditions. In response, the FAA has proposed a rule that, among other things, requires ATP-license candidates to hone their skills in a flight simulator, something that hasn't been part of traditional training programs for student pilots and could cost aviators in training upwards of \$10,000.

From their first ride with an instructor to securing all the licenses needed to fly jetliners, training already can cost some pilots as much as \$150,000. By contrast, some regional airlines pay starting co-pilots about

\$20,000 a year.

Victor Tapia, a 27-year-old flight instructor in Fresno, Calif., said he has already spent \$55,000 pursuing his ATP license, and now he worries he will have to spend even more on simulator time. “That's just outrageous,” Mr. Tapia said. “Most pilots here live day to day, paycheck to paycheck.”

Jason Blair, executive director of the National Association of Flight Instructors, said there aren't enough non-airline jobs for all the aviators in training to gain 1,500 hours of experience. More applicants will be vying for the few jobs—flight instructors, crop dusters, charter pilots—and will hold onto them longer. Some will be driven to rent planes to amass hours, but that cost “is extremely prohibitive,” he said. “We'll probably see people not pursuing the profession unless we find a better way for them to do it.”

Regional airlines, which operate roughly half of all U.S. airline flights, are bound to feel any shortage first, because they hire many of their pilots out of flights schools and traditionally serve as the first recruiting stop to fill openings at major carriers.

Industry leaders argue the pending rules won't enhance safety because they focus on the quantity, rather than quality of training. Students “are just going to get flight time rather than quality flight time,” focusing merely on “driving around the sky,” says Tim Brady, dean of aviation at the Florida campus of Embry-Riddle Aeronautical University.

Airports feeding region's economy

Impact is up by 69% since 1994, study finds

By [Steve Wartenberg](#)

The Columbus Dispatch • Wednesday November 28, 2012 5:23 AM

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The economic impact of central Ohio's three airports has jumped since the middle of the past decade, according to a study released yesterday.

A big increase in visitor spending, the opening of an intermodal facility at Rickenbacker Airport and the effects of inflation were given as reasons for the increase in impact.

The area's three airports — Port Columbus, Rickenbacker and Bolton Field — and surrounding businesses supported about 54,000 jobs and pumped \$6.6 billion into the area's economy in 2011, according to the study, released by the Columbus Regional Airport Authority. The employment number at the three airports was up

28 percent from 1994, when the last study was done, while economic impact jumped 69 percent.

"This study details what we have always known, ... (The airports) are vital components of our region's economic engine," Franklin County Commissioner Paula Brooks said in a statement.

According to the study, the three airports combine to support about 38,000 jobs, while 16,000 more are attributed to the intermodal terminal, foreign trade zone and logistics park at Rickenbacker. An intermodal terminal is a transportation hub that allows for shipping containers to be switched from various forms of transportation.

The intermodal terminal, which opened in 2008, added 409 full-time jobs and

\$50 million in economic impact, said David Whitaker, the authority's vice president of business development. Spending per visitor rose to \$674, up from \$450 in the previous report.

NetJets also has increased its economic impact by about \$185 million annually since 2004, Whitaker said.

"What this means is, we continue to be a significant economic driver for the region," he said. "We're proud of that and want to continue to enhance the impact of the airport with additional air services that lead to economic growth." Port Columbus accounts for the majority of the airport jobs, about 33,500, according to the study. The airport is also responsible for \$3.7 billion annually in economic impact. Included in the Port Columbus numbers are nearby businesses such as NetJets and Lane Aviation.

The number of passengers at Port Columbus has not grown significantly since 2004's 6.2 million. The total stood at 6.4 million in 2011, Whitaker said. The authority is working aggressively to add flights to cities such as San Francisco, San Diego and Seattle, which are not served with nonstop flights, and to add direct flights overseas, he said.

The study was conducted by CDM Smith and followed guidelines established by the Federal Aviation Administration. "There's often skepticism by the public about the validity of economic-impact studies," said Bill LaFayette, owner of Regionomics, a local economic-consulting firm. "Why are they taking credit for the jobs created at the hotels by the airport? It seems unreasonable, until people realize those jobs wouldn't exist if people didn't have convenient air connections to come into Columbus."

swartenberg@dispatch.com



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US congressman slams TSA

By *cboynton*

Created 2012-11-29 15:11

By [Aaron Karp](#) ^[1]



US House of Representatives Transportation and Infrastructure Committee chairman John Mica (R-Fla.) blasted the Transportation Security Administration for skipping a Thursday House hearing on aviation security.

Mica, who is nearing the end of his tenure as committee chairman ^[2], has long been a TSA critic, saying the agency has moved beyond the scope Congress intended when it created TSA in 2001 (with Mica playing a key role in drafting the legislation). Clearly angered by the decision of TSA administrator John Pistole ^[3] to decline to testify at Thursday's hearing or send a deputy, Mica voiced strong criticism of the agency.

"The administrator of TSA is stonewalling our committee," he said at the opening of the hearing. "We created TSA and he refuses to work with us ... They don't want to respond to us, they just want to expand the bureaucracy it seems."

Mica pointed to "meltdowns in several airports," including allegations of TSA employees stealing from passengers at Honolulu ^[4] and Newark ^[5] airports, and said, "The passenger is now at risk from TSA of having personal effects pilfered ... This is our front line of security and it's a weak line when the passengers are at risk from TSA screeners ... We have the flying public dramatically inconvenienced, I think almost violating their civil rights ... We need to be closing down TSA as we know it."

Explaining his decision not to testify, Pistole said the committee does not formally oversee TSA. The House also has a Homeland Security Committee.

Pistole said in a statement that House rules "state that the Transportation and Infrastructure Committee has no jurisdiction over the Transportation Security Administration." He added that TSA "will continue to work with its committees of jurisdiction to pursue effective and efficient security solutions" and noted that "TSA witnesses have testified at 38 hearings and provided 425 briefings for members of Congress" since January 2011.

Photo: Congressman John Mica

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Aspen travelers seeing fewer airline seats

Fuller planes and higher fares likely

 Janet Urquhart
 The Aspen Times
 Aspen, CO, Colorado

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Sunday, December 2, 2012

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ENLARGE

Passengers board a recent United Express flight in Aspen. The jet has been repainted to reflect United's merger with Continental. Airline mergers are a factor in reduced service in many markets, according to a local resort official. Janet Urquhart / The Aspen Times

ASPEN — With Frontier Airlines out of Aspen's air-service picture, the overall number of airline seats coming into the Aspen-Pitkin County Airport this winter will be down 20 percent. That said, there is room to move as many passengers in and out of the resort as there was last season.

At times of peak demand, however, there will be fewer overall seats available to the traveler.

Last winter, 60 percent of the overall seats offered by three carriers were filled, according to Bill Tomcich, president of the reservations agency Stay Aspen Snowmass and the resort's liaison to the airline industry. Aspen can match last winter's enplanements — the number of people who boarded a commercial aircraft — even with this season's fewer seats.

"We can absolutely drive the same number of enplanements in Aspen with just a 75 percent load factor," he told the Aspen Chamber Resort Association board of directors in October.

"In years past, we've run load factors as high as 79 percent in Aspen," he said last week.

With United and American offering service to Aspen this winter, but with the loss of low-cost competitor Frontier, Tomcich is predicting both higher fares and higher "load factors," a reference to the number of seats that are filled.

The Aspen market, he added, is not alone in seeing a reduction in airline capacity and, quite simply, airlines, given the number of mergers that have occurred in recent years within the industry.

The Eagle County Regional Airport, which serves Vail, has seen the number of commercial carriers flying in drop from five to three as a result of mergers, Tomcich noted.

Aspen lost service by Frontier in the wake of its merger with Midwest Express after the two carriers were acquired by Republic Airlines. Frontier's ultimate departure was no surprise.

"We were ripe for a correction in terms of airline capacity," Tomcich told the ACRA board.

In Aspen, travelers may notice the United Express jets have a new look. The tails of the aircraft are being repainted with the Continental Airlines globe, reflecting the merger of Continental and United.

United will continue to provide the bulk of local air service with up to 23 flights per day, Tomcich said, including eight to 11 connections with Denver, plus connections with Chicago, Houston, Los Angeles and San Francisco. Its service ramps up Dec. 19.

American will resume service for the winter on Dec. 13, with single daily connections to both Dallas and Los Angeles on American Eagle.

While Aspen has lost seats, the resort's total airline capacity is down only 11 percent from its five-year average, according to Tomcich. He says "only" because that decrease is less than what other resorts have experienced.

"Our seat loss compared to other regional mountain resorts...there's nobody who has less than an 11 percent decline in the five-year average," he told the ACRA board.

Tomcich said he will soon issue his annual breakdown of daily flights and total seat capacity into Aspen for the winter season, but told the ACRA directors: "It paints a decent picture as opposed to a bleak picture."

Aspen, incidentally, continues to enjoy airline service without offering revenue guarantees — a practice other resort markets, including Vail and Steamboat Springs, employ to attract commercial service. In essence, the resorts come up with the funds to guarantee an airline a certain level of revenue.

Pitkin County Commissioner George Newman recently noted the Montrose Regional Airport had attracted service by low-cost carrier Allegiant Air, asking local airport aviation director Jim Elwood if the airline had been approached about service to Aspen.

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Allegiant doesn't use aircraft that can fly in and out of Aspen, Elwood explained, and the carrier was attracted to Montrose with revenue guarantees — a deal that involved both the Telluride Tourism Board and Crested Butte Mountain Resort, the Denver Post reported recently.

With service from just two carriers — United and American — this winter, Tomcich said the two airlines may realize profits that bode well for the resort's future. Higher fares and load factors could translate into revenues that entice the carriers into expanding their service the following winter. In addition, a lucrative market stands a better chance of attracting another airline, he said.

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AMERICAN ASSOCIATION OF AIRPORT EXECUTIVES
2012



DECEMBER 5,

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Study Assesses Economic Impact Of Columbus Airports	Boeing Projects Favorable Aircraft Financing In 2013
Illinois' Abraham Lincoln Airport Releases Impact Report	ANTN Dicast Offers Two Affordable Training Solutions
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NextGen Technology Deployed in Western Colorado

FAA and the Colorado DOT (CDOT) announced the activation of NextGen technology to assist pilots during inclement weather around Montrose Regional Airport in western Colorado.

The system, known as Wide Area Multilateration (WAM), is a NextGen technology that tracks aircraft using a network of small sensors deployed in remote areas. Aircraft transponders receive and send back signals to these sensors. System computers immediately analyze those signals and determine the aircraft's precise location.

The WAM deployment around Montrose is part of the Colorado Surveillance Project, which is a partnership between FAA and CDOT, which began providing radar-like service to the mountain communities of Craig, Hayden, Steamboat Springs and Rifle in 2009. FAA and the state of Colorado are scheduled to complete the project by deploying WAM around Durango, Gunnison and Telluride in summer 2013.

"We are constantly looking for ways to improve efficiencies," said CDOT Aeronautics Division Director David Gordon. "Partnering with FAA on applying this new and

CALL FOR NATIONAL AIRPORTS CONFERENCE 2013 PROGRAM COMMITTEE MEMBERS

AAAE members interested in participating as part of the program planning committee for the 2013 National Airports Conference (NAC) are invited to email barbara.cook@aaae.org. Committee member responsibilities include monthly conference phone calls to set the theme and session topics, handling moderator duties, and participating in a sponsorship drive. One non-mandatory in-person committee meeting will be held during AAAE's annual conference in Reno, which is scheduled for May 19-22.

improved surveillance will translate into more efficient flight paths, saved time, reduced fuel burn and enhanced economic benefits to our mountain resort communities and airports." CDOT's division of aeronautics paid for the sensor site preparation and the system's equipment, power and telecommunications, according to the announcement. FAA maintains and operates the system.

Study Assesses Economic Impact Of Columbus Airports

The Columbus Regional Airport Authority and its three airports — Port Columbus International, Rickenbacker International and Bolton Field — as well as select businesses located at Rickenbacker Inland Port account for more than 54,000 jobs, \$1.8 billion in annual payroll and \$6.6 billion in total annual economic output, according to a new study.

According to the study, the three airports support 38,374 jobs through direct and multiplier impacts, more than \$1.3 billion in payroll and more than \$4.6 billion in total output annually. This represents a significant increase over the findings in the 2004 Regional Airports Economic Impact Study. Specifically, employment has increased 28 percent, annual payroll has increased 68 percent and annual output has increased 69 percent.

In addition to the three airports, the study also considered select off-airport, non-aviation related businesses located within Rickenbacker Inland Port with direct ties to the airport authority. When including off-airport impacts resulting from the Rickenbacker Global Logistics Park, Foreign-Trade Zone #138 and Norfolk Southern Rickenbacker Intermodal Terminal, the total impact increases to 54,172 jobs, \$1.8 billion in annual payroll and \$6.6 billion in total annual output.

"We are energized by the growing impact of our aviation system assets on Central Ohio," said Elaine Roberts, A.A.E., president and CEO of the Columbus Regional Airport Authority. "It's our mission through investments such as the Port Columbus Terminal Modernization Program to develop our airports in a manner that maximizes regional economic growth."

Illinois' Abraham Lincoln Airport Releases Impact Report

Illinois' Abraham Lincoln Capital Airport accounts for \$563.6 million in overall total impact, according to a new study released by the state's DOT.

The total economic impact is a combination of direct economics from on-airport business revenues, payrolls, capital expenditures, and off-airport visitor spending at locations such as hotels, tourist attractions and restaurants combined with an economic multiplier, or the re-sending of those monies into the state economy, according to the airport.

The study, which reviewed airport operations in 2010, found that the airport's total economic impact also included 4,797 jobs and \$212.5 million in total payroll.

The complete study details, including the executive summary, technical report and

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AAAE/SC Chapter AAEE Loretta Scott, A.A.E. Accreditation/Certification Academy
March 10 - 16, 2013 | The Colony, TX

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January 23 - 25, 2013 | San Diego, CA

Southwest Chapter AAEE Accreditation Final Interview Workshop
January 26, 2013 | Monterey, CA

Southwest Chapter AAEE Airport Management Short Course
January 27 - 30, 2013 | Monterey, CA

AAAE/SC Chapter AAEE Loretta Scott, A.A.E. Accreditation/Certification Academy
January 27 - February 2, 2013 | Houston, TX

Regional ACE Operations Review Course-San Francisco
February 4 - 7, 2013 | San Francisco, CA

ACC/AAAE Airport Planning, Design and Construction Symposium
February 6 - 8, 2013 | New Orleans, LA

ARFF Training Alliance/AAAE Seventh Annual Joint ARFF Chief's & Leadership School
February 19 - 22, 2013 | Newport Beach, CA

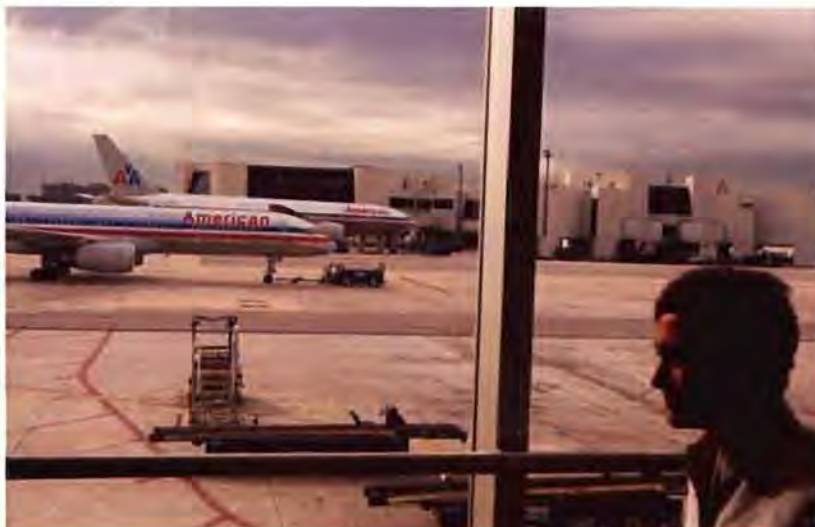
South Central Chapter AAEE Annual Conference and Exposition
March 2 - 5, 2013 | Houston, TX

24th Annual AAEE/Southeast Chapter AAEE Airport Finance & Administration Conference
March 3 - 6, 2013 | Destin, FL



Airports: Where the Jobs Are

ERIC JAFFE 7:42 AM ET COMMENTS



As our Richard Florida pointed out in a series of posts last spring, airports play a "substantial role" in the economic growth of American cities. Their ability to facilitate the movement of goods and people may influence urban development as much as highways, railroads, and seaports did in previous centuries. They may also rival nearby central cities as anchors of employment, according to new research.

This insight comes courtesy of John Kasarda, co-author of the 2011 book *Aerotropolis*, and his University of North Carolina colleague Stephen Appold, in a [recent issue](#) of *Urban Studies*. Appold and Kasarda analyzed employment patterns around the 25 largest passenger airports in the United States. They report "substantial" job concentration within 2.5 miles of these airports — about half that found within 2.5 miles of corresponding central business districts.

In 2009, about 3.1 million jobs were located within 2.5 miles of the 25 major airports, write Appold and Kasarda. Expanding out to 5 miles meant 7.5 million jobs, and expanding to 10 miles meant 19 million. Those figures represent about 3, 7, and 17 percent of all U.S. employment. Meantime wages made up even greater shares of the national average (3.4, 8, and 22 percent, respectively), "indicating that employment near the major airports is relatively well-paid."

On any given day, an average of 26,000 people work a job that directly serves one of the top-25 airports — a figure "comparable with that in many major central business districts," report the researchers. (Atlanta International's 56,000 daily workers are enough to define it as a central city by Census standards.) Four of the 25 airports created enough employment within 2.5 miles to *populate* their own metro areas. (In the case of Las Vegas, that total nears 300,000 workers.)

The findings generalize a jobs impact near airports found in recent *individual studies* of metro areas. Appold and Kasarda say the trend held even for airports located a considerable distance from their corresponding city centers, suggesting they've become "employment clusters of their own." About 450,000 jobs exist within 5 miles of Chicago O'Hare (14 miles from the Loop), 395,000 within that range of Dallas-Fort Worth (12 miles from the cities), and 240,000 that close to Dulles International (20 miles from Washington, D.C.).

Somewhat surprising about these airport-employment clusters is that they're sustained by far more than just transport and service workers. Jobs in a number of sectors typically associated with central business districts — finance and insurance, science and technical services, administrative services, even company management — are over-represented near airports, according to Appold and Kasarda's findings. Overall employment growth within 2.5 miles of the top 25 airports exceeded the national average from both 1995 to 2002 and 2002 to 2009. That type of growth creates social needs of its own:

As airports become major employment centres in and of themselves, their employees require a place to live and the full range of urban services, exerting a further influence on urban form.

The takeaway for Appold and Kasarda is that airports serve as very capable employment anchors. Exactly why they do so isn't entirely clear; it may be, as some have stated, that airports are essentially becoming cities of their own. Whatever the reason, the researchers believe that as air travel increases in the coming years — it's "expected to double" in the next three decades — area job growth will do the same.

Of course, that expectation will turn on *pressing concerns* facing the air industry that aren't addressed in this paper. Implementation of the NextGen aviation system, essential to continued growth in the sector, is lagging behind schedule. Even with NextGen in place, at least 14 major American airports will be so limited by their physical size that they might fail to meet demand. For airports to continue their substantial role in the growth of both cities and jobs, they must first meet some substantial challenges.

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Keywords: Atlanta, Chicago, Las Vegas, Employment, Airports, Aerotropolis



Eric Jaffe is a contributing writer to The Atlantic Cities and the author of *The King's Best Highway: The Lost History of the Boston Post Road, the Route That Made America*. He lives in New York. [All posts](#)

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GULF COAST

Business Review

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Ready for Takeoff

By Denise Kalette | Editor/Tampa Bay - Thursday, December 06, 2012

Steven Santo's darkest day as a CEO was the day he grounded his aircraft company's fleet of 54 private planes and furloughed nearly all of his 500 employees.

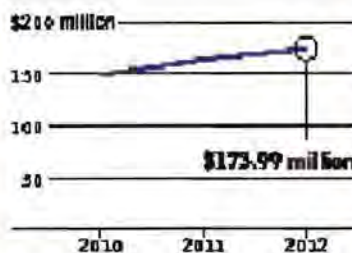
It was late October, and Clearwater-based Avantair Inc., which flies executives and other passengers across the country, was facing fallout from an incident that had sparked an investigation by the National Transportation Safety Board. Weeks earlier, a part had fallen from one of its planes in flight. One of the firm's signature Piaggio twin turboprops took off from Camarillo, Calif., to pick up two passengers in San Diego, and fly them to Henderson, Nev.

The plane landed safely in Nevada, but the crew was startled to find that the tail's left elevator was missing — a part that helps a plane climb or descend. Workers at the Camarillo airport spotted the elevator near a runway, the NTSB revealed in its preliminary report, and although no passengers or crew were harmed, the plane was substantially damaged.

Avantair quickly halted its flights and inspected each aircraft, says Santo, a commercially rated pilot who does not fly professionally. "We didn't find anything wrong," he says, and the flights resumed. But then the NTSB delivered costly news. "They told us that the reuse of a bolt that holds the elevator on could cause it to lose its locking capability and roll off."

AVANTAIR REVENUES

Year	Revenues	Change
2010	\$149 million	—
2011	\$163.89 million	9.99%
2012	\$173.99 million	6.16%



Source: Avantair

What had been an incident affecting a single plane suddenly burgeoned into a company-wide problem, with implications for pilot and passenger safety and for the company's finances. Clearly, all the reused bolts needed to be replaced, says Santo. But should the company do it gradually, a plane or two at a time, or all at once? And, beyond the bolts, could Avantair have further issues, potentially involving safety or compliance with federal regulations? Santo needed to find out.

Still, grounding the whole fleet would cost millions and disrupt the 6,000 monthly flight hours of planes dispatched from Avantair's control center in a private terminal at St. Petersburg-Clearwater International Airport.

And 1,000 passengers, many of them CEOs and middle managers, were counting on their scheduled flights for business or leisure trips. Most of the passengers had a financial stake in the planes, since Avantair sells fractional ownership of the Piaggio Avanti, in an approach similar to selling timeshares at a resort. The company also leases planes and provides service for less frequent fliers.

"It was a very painful decision," says Santo. "It wasn't a decision that was made in 10 minutes. We made that decision over maybe a 24-hour period." He talked with managers and with the board of directors, but ultimately, the choice fell to the CEO.

Santo, who founded Avantair predecessor company Skyline Aviation Services in 1998, and Executive Vice President Kevin McKamey are the largest shareholders at Avantair.

Santo ordered the entire fleet to stand-down, for as long as it took to examine and fix each aircraft. He used the downtime to scrutinize the company operation for systemic problems, and to find ways to restore confidence in the fleet's safety. "We should build in some more safety systems while we're down," he determined. "We did that, in concert with the [Federal Aviation Administration]."

Management broke the news of the stand-down to pilots in groups. "Our pilots are all over the country, so you really can't get them all together in a room," the CEO explained, as he overlooked the flashing screens of the operations center. "There's well over 200 of them, so we did a phone conference, and told them we'd work our tail off to get everybody back as soon as we could."

When the planes stood down, the operations center, normally buzzing with rows of dispatchers, chief pilots and weather specialists studying the flight screens — went dark. Out in the marketplace, Avantair stock (symbol: AAIR) fell, and remains weak, closing at about 12 cents Dec. 4, down from \$1.33 in January.

In the larger picture of Avantair's finances, the company posted a net loss of \$1.34 million attributable to common stockholders (5 cents per share) on revenues of \$42.87 million in its first quarter of fiscal 2013, ended Sept. 30.

That compares with a net loss of \$2.55 million for stockholders (10 cents a share) in the same quarter of fiscal 2012, on revenues of \$42.97 million, according to the company's filings with the Securities and Exchange Commission. The number of revenue-generating flight hours during the first quarter of 2012 also dropped, by 0.2%.

Bold steps

Although the California-to-Nevada flight did not result in an accident, the airline was fortunate, says Bruce Landsberg, president of the Aircraft Owners and Pilots Association, a general aviation group based in Frederick, Md. "It's highly unusual to have a piece fall off an airplane and not have it go out of control and crash."

Santo needed to take strong forward-looking safety measures to reassure his investors. He retained Nick Sabatini, former associate administrator for aviation safety at the FAA, to conduct an internal review of Avantair's aircraft and maintenance operations. And he hired David Cann, a 22-year FAA official, as the company's new senior vice president of safety, quality and compliance.

At the FAA, Cann's unit developed new oversight technology. "They wrote specialized systems that could really internally track exactly what was going on at an airline, and foresee any problems that could arise in the future, and correct them before they can come back," Santo says.

Santo may find common ground in turning to former government officials for help. An attorney with a J.D. from St. Johns School of Law, he served as an assistant district attorney in New York in the 1990s, working in the major crimes unit.

Now, however, his efforts center on helping Avantair bounce back. His planes are flying again, and the dispatchers are back at the 24-hour control center in Clearwater. The three-week stand-down cost at least \$2 million, and final costs aren't yet tallied. But the company still faces the task of convincing investors that it is on solid footing, and that it has resolved any potential maintenance or safety issues.

Sabatini, reached at his office in Washington, D.C., says Avantair's steps showed a strong commitment to safety by voluntarily grounding its planes and surrendering its flight certificate. The FAA later returned the company's certificate, Sabatini points out. "That is the strongest vote of confidence anyone could get—when the FAA returns your certificate."

Earlier storms

This is not the first time Santo has been compelled to restore confidence in a time of crisis. During the recession that began in 2008 and forced many companies out of business, corporate travel budgets were slashed across the country.

With its sleek, \$7 million Piaggio Avanti planes that offer club cabins, leather seats, and a private restroom, the aircraft might seem a tough sell to CEOs facing a struggling economy. But Avantair actually gained investors and passengers during the recession as it focused on retaining its fractional owners.

Santo set about ensuring that the corporate leaders who were his clients would find value in flying Avantair's craft. He concentrated on service and pitched time savings to convince the CEOs that investing in the Piaggio would provide them with a competitive advantage not available on commercial airlines.

"If you own multiple stores in multiple locations, you're not going to be able to cover them on the commercial airlines—at least in a short period of time. You may be lucky to hit one a day," says Santo. "We have owners that go out and hit five locations in a day, and they're back home for dinner with their family."

The convenience of avoiding lengthy commercial airport lines to check baggage or submit to scanners comes at a price. With a fractional, one-sixteenth ownership in a Piaggio, the management fee costs about \$11,000 a month to fly 50 hours, says Santo, or \$2,600 an hour. The plane holds eight people, but with just six, the cost is about \$400 an hour per person, or \$800 for an average, two-hour flight, comparable to the cost of some first-class commercial flights.

The company bought a new plane about two months ago, and in the past year-and-a-half has purchased six planes, representing an investment of \$42 million.

As he faces the future, Santo recalls what worked during the recession: "We said, if we can just keep our folks that we have now, we'll be fine. What kept them was killing them with service. What kept them was becoming something that they didn't want to give up."

The Washington Post

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Lawmaker calls for suspending privatization of airport screening operations

By [Joe Davidson](#), Published: December 11

The top Democrat on the House Homeland Security Committee wants the Obama administration to halt

privatization of airport security screening operations until the costs and any benefits can be determined.

Rep. Bennie G. Thompson (D-Miss.) said a Government Accountability Office report “shows that under the current system, it is impossible to accurately measure any system cost-savings or efficiencies by moving to the SPP [Screening Partnership Program] model.” He urged John Pistole, administrator of the Transportation Security Administration, “to refrain from approving additional SPP airports until the costs and possible benefits can be accurately assessed and we can more closely monitor the program.”

Through the Screening Partnership Program, airports can apply to the TSA to use privately employed security screeners instead of those working for the federal government. Most of the 16 airports that use private screeners are small, community-based facilities. Six others are in the process of converting to private screeners.

Pistole did not have any comment on Thompson’s request. The agency, however, said it “will produce semi-annual reports evaluating SPP airport performance against the performance of TSA as a whole.”

Privatizing more of the TSA workforce has been an ongoing objective of House Republicans.

In response to a GAO statement that “TSA has not issued guidance to assist airports with completing [SPP] applications and information on how the agency will assess them,” Rep. Mike D. Rogers (R-Ala.), chairman of the House Homeland Security transportation subcommittee, said: “TSA continues to undermine the SPP and the use of private sector screeners at airports. As a result, TSA remains bogged down in managing a bloated federal workforce that lacks customer-oriented solutions to security, which the private sector is better suited to develop and implement.”

USPS early-out savings?

The U.S. Postal Service plan to reduce expenditures by offering retirement incentives demonstrates that USPS officials are looking everywhere they can to save a few bucks.

But that’s all they will save through the early-out program offered to American Postal Worker Union (APWU) members.

If 20,000 workers accept the offer, the Postal Service says it will save about \$630 million this fiscal year. About 25,500 have taken the retirement incentives, according to APWU, so the final dollar figure should be higher.

But, as postal officials realize, the number would have to be a lot higher to make a significant difference for an agency that lost \$15.9 billion in fiscal 2012.

“To really save the Postal Service, Congress has to get rid of the requirement to prefund retiree health benefits,” said APWU spokeswoman Sally Davidow. “That’s what’s killing the Postal Service.”

Under the incentive program, eligible full-time employees who voluntarily retire or resign will get \$15,000 in two payments; \$10,000 on May 24, 2013, and \$5,000 on May 23, 2014. The deadline for taking the offer was Dec. 3; most of those employees will leave by Jan. 31, 2013. Part-timers and a relatively small number of other full-timers have until Jan. 4 to sign up; they would leave the Postal Service on Feb. 28.

Since 2000, the Postal Service has cut the number of career employees by one-third, from 787,538 to

524,000.

Gage's outgoing gift

John Gage is gone as president of the American Federation of Government Employees, but not forgotten.

Certainly not by Community Services for Autistic Adults and Children (CSAAC). Gage, who did not run for reelection, decided that donations to CSAAC would be better than a rubber chicken dinner to honor his work.

So far, about \$70,000 has been collected.

"I was really pleased," Gage said, adding that the amount collected from individuals and AFGE locals "was much more" than he expected.

Gage said he chose CSAAC because his son, Patrick McGillicuddy, 21, is a residential client of CSAAC.

According to [CSAAC's Web site](#), the organization's mission is "to enable individuals with autism to reach their highest potential and contribute as confident individuals to their community." It provides programs for individuals from early childhood through retirement.

"It's a really unique charity," Gage said.

Ian Paregol, CSAAC's executive director, declined to comment through a spokeswoman, because he wanted the news to be released first in the organization's newsletter.

Previous columns by Joe Davidson are available at wapo.st/JoeDavidson.

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December 13, 2012

Mayor Haemmerle and
Hailey City Council

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BY: FILE Mayor, CC, HD, NW

This is a statement of clarification of my position at the December 4, 2012 FMAA meeting regarding Option #5 of the Technical Study and the comment made by Board Member Martha Burke ("Unfortunately we agree with you. We are not being allowed to compromise") in response to Board Member Larry Schoen's argument that Option #5 may prove to have acceptable elements and should be considered.

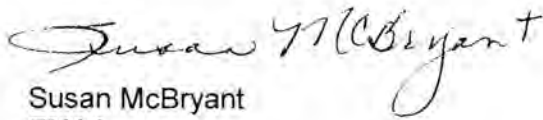
I *did not* agree that certain elements of Option #5 may prove acceptable for consideration and do not believe it was Martha Burke's intent to include me in her comment.

I oppose consideration of Option #5 for the following reasons:

- 1 – By unanimous vote the Hailey City Council instructed their FMAA Board representatives to support Options #6 & #7 only.
- 2 - The concept of design Option #5 is to extend the useable runway pavement significantly beyond the current airport boundary, which would change (increase) the type and size aircraft that can fly into Friedman, and grow the useable airfield "outside the fence". This is in opposition of City of Hailey's guiding principles.

I believe that the only acceptable element of Option #5 is the acquisition of land to replace land currently housing structures that would need to be relocated to accommodate design. Land acquisition for that purpose is part of and can be discussed when considering design Options #6 and #7.

I regret the discussion that evening didn't allow me the opportunity to articulate my position.


Susan McBryant
FMAA



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Report: Business Aircraft To Fuel GA Growth

December 24, 2012

By Mary Grady,
Contributing editor

A year-end report and forecast from the Aerospace Industries Association is upbeat on the prospects for the general aviation industry in 2013 and beyond. "While the last few years have been a challenging time for general aviation, including a major bankruptcy [[Hawker Beechcraft](#)] in this sector," says the report ([PDF](#)), "the market is still much larger than it was a decade ago, and there are few doubts that growth will resume as the world economy recovers." Moderate growth is expected for 2013, according to the AIA analysis. The five-year forecast shows that nearly 80 percent of those looking to purchase GA aircraft between 2013 and 2017 will do so in the latter part of that period, with larger business jets leading sales.



The bigger jets will comprise 40 percent of all GA deliveries over the next 10 years, AIA said, with markets growing in Asia and the Middle East. China could account for 20 percent of all global business jet deliveries, up from today's 7 percent, by 2020, AIA said. Light and medium business jets face a tougher market, and "remain an area of concern." The key market drivers for the civil aircraft market in 2013, the report concluded, will continue to be the price of fuel and the health of the domestic and international economies.

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December 17, 2012

Mayor Haemmerle
Hailey City Council

I apologize for my recent comments made during the Dec. 4, 2012 FMAA meeting and the subsequent fallout they caused. I realize my credibility and effectiveness have been severely compromised.

I therefore tender my resignation from the FMAA effective immediately.

Since the late 1980's I have been involved in the effort to move the airport away from the valley communities to a location that would continue to support our aviation needs and economic viability. I wish my successor success in achieving this goal.

A handwritten signature in black ink, appearing to read "Martha Burke". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Martha Burke
Hailey City Council
Vice Chairman FMAA

Printer Friendly Copy | The Detroit News

detroitnews.com

December 31, 2012

Local airports mean jobs

Many months back, when many Americans were closely following the devastating fallout of the Deepwater Horizon oil spill, Michigan was grappling with a natural disaster of our own, as a pipeline crossing the Talmadge Creek ruptured, causing more than 800,000 gallons of heavy crude oil to flow into our waterways. The spill flowed downstream into the Kalamazoo River, threatening to continue into Lake Michigan and harm the health and safety of our citizens and wildlife.

During this time, many of our first responders and local community leaders, such as the Coast Guard Auxiliary, the uniformed civil component of the U.S. Coast Guard, jumped into action, using boats and small aircraft to survey the area, transport key people and supplies, and aid in the clean-up and ongoing recovery.

The truth is that on a day-to-day basis, much of our public safety relies on our state's crucial network of airports and aircraft. With the most expansive freshwater coastline in the U.S., we rely heavily on small planes and helicopters to support search and rescue on water and land. These aircraft also facilitate law enforcement, fire fighting, and organ and blood transport.

Local airports are also engines of economic growth and commerce for communities throughout Michigan and across the country. Take the local case of Ventra Evert LLC, a manufacturing company located out of Evert that utilizes the Evert Municipal Airport for "just-in-time" delivery of critically needed components and parts to automobile manufacturers. In addition, the airports and aircraft used by Ventra and other local businesses support jobs and economic activity throughout the state as well. For example, Evert Municipal alone accounts for \$518 million of economic activity, and Ventra supports more than 800 local area jobs that would not exist if wasn't for the local airport.

Throughout the state, Michigan's 235 airports play an important role in the economic output and prosperity of area communities. Although these benefits are often overlooked by the bureaucrats and politicians in Washington, D.C., some of whom would propose additional taxes on these aircraft operators and businesses, more than \$10 billion of Michigan's economy comes from aviation-related activities, and almost 40,000 jobs from the state's aerospace industry. These jobs range from mechanics, to technicians, and even the management and administration of the airports.

Aviation is also helping to create jobs for the future of Michigan. For example, Davis High School in Detroit has an aviation education program that allows students to learn about the aviation field. Some even have the opportunity to walk out with their private pilot certificate, helping to create jobs and train our state's next generation of pilots.

Fortunately, here at home, our state and local leaders have demonstrated their appreciation of general aviation in the state of Michigan. Gov. Rick Snyder declared September to be "Michigan Aviation Month," coinciding with the Michigan Aviation Association's annual Michigan Air Tour. We at the Michigan Aviation Association encourage our leaders to continue to raise awareness about this crucial form of transportation, and we look forward to continuing to work with these leaders to raise awareness about these airports and aircraft, which will help to support our operators and companies like Ventra across the state to grow and prosper.

Bob Shafer is the outgoing president of the Michigan Aviation Association, and a member of the Alliance for Aviation Across America.

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Huerta confirmed as FAA head

By BURGESS EVERETT
1/1/13 7:43 PM EST

After shaking a hold from Sen. Jim DeMint, the FAA finally has a long-term leadership solution after its previous administrator stepped down following a drunken driving arrest more than a year ago.

Michael Huerta was confirmed by the Senate amid dozens of presidential nominations approved by the chamber after weeks of quiet negotiations over the session-ending package. Huerta has served as acting administrator since the arrest and subsequent resignation of Randy Babbitt in December 2011.

Ensuring Huerta will lead FAA for five years his confirmation comes at a critical time as the sprawling agency grapples with increasingly congested skies and moves away from an inefficient, point-to-point navigation system to a modern system called NextGen projected to save fuel and ease delays. Huerta was brought into the FAA as point man for the effort, and Washington aviation groups praised his ascension as key to replacing decades-old aviation infrastructure.

The South Carolina senator blocked Huerta's ascension from acting administrator this summer due to concerns over Huerta's labor policies. DeMint also hoped to allow Mitt Romney a chance to select a leader for the important post had Romney won because, DeMint said, "you certainly don't want to give someone a five-year term at the beginning of a president who we hope will have a little different philosophy." The tactic was familiar: Senate Democrats held George W. Bush's pick for the FAA through the 2008 election, which allowed Obama to eventually select and confirm Babbitt for the job.

But after Obama's reelection, DeMint stepped away from his hold and soon announced his resignation from the Senate for the Heritage Foundation. Absent the fiery DeMint's opposition, Huerta was able to slip through the end of session along with other nominees who have drawn scrutiny. That list includes newly minted **Federal Trade Commission member Joshua Wright** (<http://www.politico.com/story/2012/12/ftc-nominee-joshua-wright-to-recuse-himself-from-google-cases-84487.html>), who faced some controversy because of his prior writing about Google, as well as another term for FCC Commissioner Mignon Clyburn, an important Democratic vote at the agency.

Tony Romm contributed to this report.

CHRISTOPHER ELLIOTT

Advocate. Author. Journalist.

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The TSA wants to be everywhere in 2013 — here's why we shouldn't let it

January 2, 2013

When the Minnesota Vikings faced off against the Green Bay Packers last weekend in Minneapolis, the big story wasn't that the Vikings defeated the Pack to secure a wildcard berth.

It was, strangely, the TSA.

That's right, the agency assigned to protect America's transportation systems was patrolling the Metrodome. Nathan Hansen, a North St. Paul, Minn., attorney, snapped a few photos of the agents before the game, and [broadcast them on Twitter](#).

"I don't think any federal law enforcement agency needs anything to do with a football game," he told me yesterday.

Turns out the TSA goes to NFL games and political conventions and all kinds of places that have little or nothing to do with air travel. It even has a special division called VIPR — an unfortunate acronym for Visible Intermodal Prevention and Response team — that conducts these searches.

Few people know that \$105 million of their taxpayer dollars are going to fund 37 VIPR teams in 2012, whose purpose is to "augment" the security of any mode of transportation. They don't realize that these [VIPR teams](#) can show up virtually anytime, anywhere and without warning, subjecting you to a search of your vehicle or person.

That's not a fringe observation, by the way. Even [the most mainstream news outlets](#) have reported on the problems of these random checkpoints. And it's being observed by [mainstream news personalities](#), not just [consumer advocates](#) with a long list of grievances from their constituents.

But almost no one noticed when the Department of Homeland Security signaled its intent to broaden the scope of its off-airport searches even more in 2013. Buried deep in the Federal Register in late November was [a notice that could dramatically shift the focus of transportation security](#). It involves the government's efforts to "establish the current state of security gaps and implemented countermeasures throughout the highway mode of transportation" through the Highway Baseline Assessment for Security Enhancement (BASE) program.

As far as I can tell, TSA is just asking questions at this point. "Data and results collected through the Highway BASE program will inform TSA's policy and program initiatives and allow TSA to provide focused resources and tools to enhance the overall security posture within the surface transportation community," it says in the filing.

But they wouldn't be wasting our money asking such questions unless they planned to aggressively expand VIPR at some point in the near future. And that means TSA agents at NFL games, in subways, and at the port won't be the exception anymore — they will be the rule.

Still, some will argue, what's wrong with that? After all, VIPR teams were formed in response to the 2004 Madrid train bombings, and shouldn't we play it safe?

VIPR may be limited to a few men and women in uniform with dogs, patrolling a sold-out stadium or convention center for now. But it's not hard to imagine the next step, to a permanent presence with full-body scans and pat-downs. It's a scene straight out of a dystopian novel, and a direct affront to the Fourth Amendment values we take for granted in the United States.

On another level, there's this: The TSA was created mainly to safeguard our airports from another 9/11 attack. Being scanned or interrogated by an airport screener at a ballgame makes about as much sense as getting pulled over for speeding by a National Guardsman rattling down the Interstate in an Abrams tank. You would pull over for him, sure — but you would also have a lot of questions.

If VIPR teams are somehow more effective than the highway patrol or the local police at stopping terrorists — and I'm open to that possibility — then the Department of Homeland Security should show us that evidence. In the absence of that, we're left to assume that the VIPR agents have [the requisite 120 hours of training](#) required of other agents, and that they are little more than warm bodies that will deter petty criminals from running cigarettes across a state line.

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As we start 2013, the TSA is asking the wrong questions. Instead of being a solution in search of a problem, it should be trying to slim down, get smarter about the way it screens airline passengers, and leaving the rest to the well-trained professionals they will never be able to replace.

If we don't say something about the TSA's uncontrollable spread into almost every aspect of the American travel experience, we could one day soon find ourselves answering to someone in a paramilitary blue uniform whenever we set foot outside our door.

That's not the America you want to live in, is it?

Should the TSA expand VIPR?

- ☐ Yes.
- ☐ No.

Vote

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Discussion

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Amy Alkon • 3 hours ago

Those of you who have been so polite about your Fourth Amendment rights being yanked away, and those who have seen no reason to squeal when others' rights are yanked from them -- well, we have you to thank.

Will you finally complain about the rights violation when you are stopped on your way to the supermarket, despite there being no evidence that you are part of a plot any more sinister than having milk for your coffee in the morning?

10 ^ v . Reply . Share



Bill → Amy Alkon • 2 hours ago

Rights yanked away like the Patriot Act did? Just wondering?

3 ^ v . Reply . Share



cjr001 • 4 hours ago

TSA can't get the job done at airports. so, yeah, why not not get the job done anywhere?

And I'd love for somebody - with a straight face - to tell me what an NFL game has to do with transportation. Because it doesn't. It never has, never will.

TSA. Coming soon to a mall, theater, school, and private business near you!

6 ^ v . Reply . Share



Ed Boston → cjr001 • 3 hours ago

The football needs to be screened for air travel. Duh! *grin*

3 ^ v . Reply . Share



FLY SUN VALLEY ALLIANCE BOARD MEETING MINUTES

Monday, November 12, 2012 , 8:00am, Sun Valley Resort

Board Members Present: Eric Seder, Dick Fenton, Peter Scheurmier, Jack Sibbach, , Maurice Charlat, Tim Silva, Arlene Schieven , Rick Baird , Martha Burke , Lisa Horowitz, Michelle Griffith. Staff: Carol Waller.

Board Members Absent: Deb Fox, Patrick Buchanan, Wally Huffman

TOPIC DISCUSSED:

New Board Member: Jacob Greenberg has been appointed as Blaine County Commissioner representative to FSVA Board of Directors. VOTE: Eric moved to approve, Jack seconded – all in favor. The Board welcomed Jacob and look forward to his active participation as a ex-officio member of the board.

Consent Items:

- October Minutes: Peter moved to approve, Jack seconded VOTE: All in favor
- Oct FY12 YTD Financials: Jack moved to approve, Peter seconded VOTE: All in favor
- Board Nominating Committee: Eric appointed Dick, Jack and Michelle to present board with a recommended 2013 board and officer slate at December board meeting.

Committee Reports:

1. Funding Committee

Long-Term Funding/1% for Air Initiative: Board discussed the Nov 6 election and the close vote, which passed by 61.5% in Sun Valley and came close to passing in Ketchum (57.9%) and Hailey (58.7%). Next steps were also discussed.

2. Programs/Fundraising

- **Air Support Ski Pass Program:** \$127,500 in pass sales to date to 38 businesses, slightly less than last year.
- **Realtors to Air:** Response has been fantastic, over \$61,000 in commitments made to date by 187 realtors in 16 firms. Board discussed launching a similar Business for Air program in the near future.

Air Service Initiatives/Research/Promotions:

- Alaska Airlines MRG performance update from Mead & Hunt: Summer final report showed a significant decrease in MRG payout compared to summer 2011 due to adjusted schedule and combined market contract.
- Alaska Airlines Winter 2012-13 Service:
 - Flights will start Dec 14 and end March 31. More favorable terms were successfully negotiated for the MRG contract.
 - Alaska has launched a 20% discount winter fare offer and all parties (AS,FSVA, SVMA, SVR) are promoting it.
 - Boarding Pass deals for AS winter SUN passengers – all parties will continue to promote. FSVA has created Boarding Pass deal signage for airport counters, provided info for Horizon Air magazine, etc.
- Air Service Marketing Update: SVMA & SVR continuing their winter marketing campaigns.
- Airport Update: Rick noted that FAA had provided approval for SkyWest to fly RJs at Friedman but it was not known when SkyWest would plan to start doing so. FMAA and airport owners are currently reviewing potential options for airport improvements to bring it closer into compliance with FAA standards for C-III aircraft.
- Research:
 - FSVA is continuing to reach out to BOI airport to get SUN question into their air passenger surveys, as this is key to better understanding BOI leakage from our visitors/second homeowners.
 - Work has begun on winter SUN air passenger research project which will start in December.
 - Rocky Mountain Air Service News: (compilations of articles related to air service in competitive set) provided.

Monthly Directors Report: Provided for review.

Respectfully Submitted, Carol Waller, FSVA Director

FLY SUN VALLEY ALLIANCE 2011 BOARD OF DIRECTORS

2013 FLY SUN VALLEY BOARD OF DIRECTORS LIST						
Term Expires	NAME	BUSINESS/AFFILIATION	Joined	Email Address	PHONE	MOBILE
2013	Deb Fox	ResortQuest/Lodging - AT LARGE	2008	dsfox@resortquest.com	726-5601	720-6340
2013	Dick Fenton	MDF Realtors/Real Estate - AT LARGE	2008	dfenton@mdfrealtors.com	726-3317	720-0386
2013	Patrick Buchanan	State Farm Ins/Hailey Chamber Rep	2011	patrick@5binsurance.com	928-7888	721-1405
2013	Michelle Griffith	City of Sun Valley Councilmember	2012	svmichelleski@gmail.com		721-7949
2013	Wally Huffman	Consultant to SV Resort - AT LARGE	2012	whuffman@sunvalley.com	622-2105	
2014	Maurice Charlat	Consultant - AT LARGE	2008	mmcmec@cox.net	726-4092	720-0957
2014	Jacob Greenberg	Blaine County Commission Rep	2012	jgreenberg@co.blaine.id.us	788-5500	721-0440
2014	Lisa Horowitz	City of Ketchum Rep	2010	lhhorowitz@ketchumidaho.org	726-7801	727-7097
2014	Peter Schuermier	Avis/Transportation - AT LARGE	2010	petersunvalley@gmail.com		720-6400
2014	Arlene Schieven	SV Marketing Alliance Rep	2011	arlene@visitsunvalley.com	725-2110	309-0969
2015	Eric Seder	SV Shutters&Shades/WREP - AT LARGE	2010	svshutters@cox-internet.com	726-9592	720-4718
2015	Jack Sibbach	Sun Valley Resort Rep	2008	jsibbach@sunvalley.com	622-2183	720-0150
2015	Martha Burke	City of Hailey Council/FMAA Board	2010	burkefamily203@cox.net	788-3144	720-2682
2015	Rick Baird	FMAA Rep	2008	rick@flyfma.com	788-9003	720-1830
2015	Tim Silva	Sun Valley Resort - AT LARGE	2012	tsilva@sunvalley.com	622-2104	
BOARD MEMBERS = 15; 10 VOTING, 5 EX-OFFICIO						
BLUE/BOLD INDICATES VOTING MEMBER						
Executive Committee 2013						
	NAME	OFFICE HELD				
	Eric Seder	President				
	Jack Sibbach	Vice-President				
	Dick Fenton	Treasurer/Secretary				
	Maurice Charlat	Past President				
	STAFF					
	Carol Waller	Director		carol@flysunvalleyalliance.com	720-3965	
note: FSVSA incorporated on 8-22-2007 so full year board terms began in 2008.						

CURRENT FSVA BY-LAWS – PROPOSED CHANGES IN RED

ARTICLE 1. Board of Directors

1. **Number and Tenure.** The Board of Directors shall consist of up to sixteen (16) Directors, as fixed from time to time by the Board of Directors. In addition, the Board of Directors, by majority vote of a quorum, may appoint ex-officio, non-voting members who shall not be counted for the purpose of determining a quorum, but who shall be permitted to participate in deliberation for informative purposes. Membership on the Board of Directors shall be representative of various governmental and business entities of the Wood River Valley. To avoid the appearance of a conflict of interest those members of the Board of Director of this corporation, appointed by government entities, shall serve in an ex officio non-voting capacity. ~~To ensure accountability,~~ government entities are encourage to first look to elected officials to service, then to appointed officials or paid staff before appointing an interested citizen not then serving in government.

The mayors of the Cities of Sun Valley, Ketchum, Hailey, Bellevue and Carey may each, and are hereby requested, to appoint, with the advice and consent of the respective City Council's or Board of Alderman, one Member of the Board of Directors; Blaine County, by vote of a majority of the Board of County Commissioners, may, and is hereby requested, to appoint one Member of the Board of Directors; ~~Sun Valley Marketing Alliance,~~ the Hailey Chamber of Commerce and the Bellevue Chamber of Commerce may, and are hereby requested, by vote of the majority of their Boards of Directors, to appoint one Member each to the Board of Directors; Sun Valley Company by authorized representative, may, and are hereby requested to, appoint one Member to the Board of Directors, and Sun Valley Aviation, by authorized representative, may, and is hereby requested to, appoint one Member to the Board of Directors. The initial members of the Board of Directors shall appoint, by majority vote, up to ~~eight (8)~~ at-large members to serve on the Board of Directors. In the event any of the requested represented entities, listed above, elects not to so appoint a member of the Board of Directors, the initial members of the Board of Directors may, by majority vote, appoint a member that they believe will best represent the interests of that entity.

The Board of Directors of this organization recognizes the importance of the Friedman Memorial Airport Authority and knowledge of air travel related issues possessed by members of its Board of Directors. Therefore, the Board of Directors makes special invitation to the Friedman Memorial Airport Authority, by vote of the majority of its Board of Directors to nominate one ex-officio Member to this Board of Directors who shall be appointed to this Board as a non-voting, but participating member of the Board as discussed in the above paragraph numbered 2.

The Directors shall be divided into three groups, the first group consisting of ~~five (5)~~ Directors, the second group consisting of ~~five (5)~~ Directors, and the third group consisting of the remaining, last appointed Directors. The terms of the Directors in the first group shall expire at the second annual meeting of the Board of Directors following the Corporation's creation; the terms of the Directors' for the second group shall expire at the third annual meeting of the Board of Directors; and the terms of the Directors in the third group shall expire at the fourth annual meeting of the Board of Directors. Upon expiration of the initial staggered terms, Directors shall be elected, ~~or reelected~~ for terms of three (3) years to succeed those whose terms expire. ~~A Director may serve a maximum of 4 terms, for a total of 12 years.~~ The ex-officio Board positions will be considered in the term rotation, along with voting directors.

2. **Officers.** The officers of the Corporation shall be a President, a ~~Secretary/Treasurer~~, and such other officers as may be elected in accordance with the provisions of this Article. The Board of Directors may elect or appoint such other officers, including one or more Vice Presidents, Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed, from time to time, by the Board of Directors. The same person may hold any two or more offices.

3. **Secretary/Treasurer.** If required by the Board of Directors, the ~~Secretary/Treasurer~~ shall give a bond for the faithful discharge of his or her duties in such sum and with such surety or sureties as the Board of Directors shall determine. He or she shall have charge and custody of and be responsible for all funds and securities of the Corporation; receive and give receipts for moneys due and payable to the Corporation from any source whatsoever, and deposit all such moneys in the name of the Corporation in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of these Bylaws; and in general perform all the duties incident to the office of

Secretary/Treasurer and such other duties as from time to time may be assigned to him or her by the President or by the Board of Directors. In the event that the President, and Vice President are unavailable to Chair a meeting of the Board of Directors, then the Treasurer shall Chair said meeting, and during said meeting hold all power and authority otherwise vested in the President. The **Secretary/Treasurer** shall keep the minutes of the meetings of the Board of Directors in one or more books provided for that purpose; see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; be custodian of the Corporate records; keep a register of the post office address of each Director which shall be furnished to the **Secretary/Treasurer** by such Director; and in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him or her by the President or by the Board of Directors.



Monthly Director's Report November, 2012

1. TRANSPORTATION SERVICES

AIR SERVICE PROGRAM

- Received/reviewed Alaska Airlines booking/MRG final report for summer 2012, advance bookings for winter.
- Ongoing communication/work with airlines, M&H consultant re: booking & enplanement reports, analysis, etc
- Ongoing work w/consultants, FMA re: airfare monitoring reports, registration for Network USA air service forum, discussions with airlines regarding enhanced service opportunities, etc.
- Attended various meetings re: air service with local officials, FMAA, etc.
- Invited to serve as panelist on Idaho Business Review "Air Forum" in Boise on 12/4
- Updated FSVA website as needed with information on fall/winter airline schedules, promotions, etc.
- Pursued sponsorship/promo opportunities for community & AS : SV Nordic Festival, SV Film Festival

2. FUNDING

STATE/LOCAL FUNDING OPTIONS:

- Continued follow-up/communications with legal counsel, board, stakeholders

AIR SUPPORT TRANSFERABLE SKI PASS PROGRAM (2012-13)

- Continued promotion of program through all available outlets: Enewsletters, email, direct sales, etc. Processed payments and follow up confirmations with businesses/orgs and SVC.
 - **Results: Sold passes to 39 businesses/orgs = \$130,100**

REALTORS FOR AIR PROGRAM:

- Continued working w/SVBR and SVR to promote, track & coordinate benefits for participating real estate offices.
 - **Results to Date: \$65,000+ received in pledges from 187 realtors in 16 offices.**

BUSINESS FOR AIR PROGRAM:

- Began discussing model for new program for broader business community

FSVA COMMUNITY SKI DAY – date set for Jan 20, 2013; working on plans

ACCESS SUN VALLEY CARD

- Answered customer and business questions; discussing ideas for program alterations

3. BOARD/ADMIN BUSINESS

- Developed/compiled/distributed all materials for monthly Board Packets; prepared minutes from meeting(s). Prepared Monthly Report. Reviewed Financials, approved invoices/signed & processed checks, reviewed payables list, presented to President for review/approval. Made deposits as needed.

4. RESEARCH/OTHER

- Continued work on compiling/tracking relevant comparative data and information of air service re: SUN and within competitive set of ski resorts.
- Followed up with Boise airport management on air passenger survey (ie including final destination questions to better track in/outbound traffic to/from Sun Valley through BOI)
- Compiled monthly issue of FSVA Rocky Mtn Air Services News, and distributed to key stakeholders.
- Began work with RRC Associates re: upcoming winter air passenger surveys.

Oakland and Phoenix into Montrose all winter. "To the extent that we on this side of the divide can start to come together, we are going to be able to do some great things."

The Telluride-Montrose Regional Air Organization deal with Allegiant adds 10,000 incoming seats to the region and makes Montrose one of the few mountain airports with a bump in arriving seats for the winter. Last year, Telluride needed gap funding to meet rising revenue guarantees for major airlines flying into Montrose. Without the additional \$500,000 in funding, the number of arriving passengers was expected to drop by 25 percent, meaning 11,000 fewer visitors to Telluride and Montrose. This year, Telluride-area tourism boosters again went knocking on doors, raising \$650,000 to fund a revenue guarantee deal with Allegiant Air. The Telluride-Montrose Regional Air Organization found a rare partner for the Allegiant Air program in Crested Butte Mountain Resort. While the Gunnison-Crested Butte Tourism Association and the Gunnison Valley Rural Transportation Authority declined to join the partnership, Crested Butte Mountain Resort saw the benefits of sharing flights into Montrose.

Crested Butte ski area pioneer Ralph Outlaw Walton forged the first-ever airline guarantee program at the Gunnison airport in 1985, triggering a now ubiquitous program across regional airports that serve ski areas. Today, about 45 percent of Crested Butte's ski vacationers arrive through that airport, thanks to direct flights from Denver, Houston and Dallas. Last year the resort committed \$1.7 million toward the airline guarantee program and this year the number of passenger seats arriving at the Gunnison airport is around 35,000. That compares to around 90,000 in the early 1990s.

The \$399 pass deal with Telluride includes half-off discounts for passholders at each resort and works as a united front to counter the Winter Park-Copper Mountain-Steamboat team as well as the Vail Resorts Epic Pass front of Vail, Beaver Creek, Breckenridge, Keystone and Arapahoe Basin. "I think we will see more partnership potential with more southwest Colorado resorts for sure," said Crested Butte Mountain Resort's head of marketing and sales, Scott Clarkson.

Aspen, with its four ski areas and spread of second homes, has never needed to guarantee airlines a certain level of revenue in order to lure consistent winter flights. Even so, Frontier's departure from regional service left the Aspen airport with fewer seats incoming than last season. But the upwards of 1,600 seats a day — on 20 to 25 direct flights a day from Denver, Chicago, Houston, Los Angeles and San Francisco — keeps a steady stream of vacationers pouring into the Roaring Fork Valley.

Vail Resorts and community businesses in the Vail Valley are supporting 211,763 seats arriving at Eagle County Airport this season, with 10 daily flights and additional weekend flights arriving from nine cities. The Eagle Air Alliance — a group of 30 to 40 Eagle County businesses — focuses mostly on spring, summer and fall flights, leaving Vail and Beaver Creek ski areas to carry most of the weight for winter flights, said Kent Myers, an Avon-based air travel consultant who works with the Eagle Air Alliance.

And summer is getting easier. American Airlines this summer dropped its need for a revenue guarantee to fly into Eagle. Still, Myers said, airline consolidation, changing airline fleets and rising fuel costs is elevating the bottom line of revenue guarantees. "Eight, nine years ago, it cost half a million for a daily flight. Today, it's a million," said Myers, of the revenue guarantee for a season-long daily flight. "We are trying to expand into a larger funding group. We need to."

United Offers a Lift (Nonstop) to Jackson Hole

Nov 27, 2012 By MONICA DRAKE, NY Times

For skiers in the Northeast who don't have a private jet at their disposal, getting to Jackson Hole can be a daylong journey that involves two, possibly three, layovers. For some, the prodigious powder of the Jackson Hole Mountain Resort isn't enough to overcome the bother of getting to the mountain from the East Coast. United Airlines may change that. The carrier is offering daily nonstop flights to Jackson Hole from Newark Dec. 19 to Jan. 2, and flights every Saturday from Feb. 9 to March 30, according to the resort.

"Hopefully these new direct flights, combined with one of the air-inclusive travel packages we offer, will open up affordable opportunities for travelers in New York, New Jersey and Connecticut," Edye Smith, general manager of Jackson Hole Central Reservations, said in a statement. Ms. Smith added in an interview that a current airfare, lodging and lift ticket package offers a \$200 discount per person through Dec. 31.

The expansion in service comes as carriers have given travelers to Jackson Hole Airport new options, among them United's nonstop from San Francisco, and Delta's direct flights from Minneapolis this winter.

Pocatello airport using government grant for bigger planes

November 7, 2012 Idaho Business Review....by Brad Iverson-Long

The Pocatello Regional Airport ranks sixth in the state in passengers in the state. Fifty-seat jets have replaced the 30-seat turboprops that used to take off every day from Pocatello Regional Airport, thanks to a \$500,000 grant from the U.S. Department of Transportation. The jets take off every morning for Salt Lake City and land every night. The airport used the \$500,000 grant to give SkyWest Airlines, the only carrier that flies out of Pocatello, a minimum revenue guarantee. The guarantee reduces the airline's risk in deploying the larger jets to one of Idaho's less frequented airports.

Under the minimum revenue guarantee, if SkyWest loses money on the jet service from Pocatello to Salt Lake City, the airline will get grant money to cover the difference. Since flights started in June, the grant money hasn't been touched, said airport manager David Allen, who said the airport may not pay out to the airline in the next three months. That's the goal. "I'd much prefer not spending taxpayer money if we don't have to," Allen said. Allen said the larger jets can be more comfortable for fliers, but also are good for the airport's future, since airlines are shifting away from smaller, turboprop planes. "The 30-seat aircraft are going away eventually," Allen said, saying fuel prices and aging fleets are causing airlines to shift to larger planes, a trend that could amplify. "And major airlines are getting rid of the 50-seat airlines, because they're not making money when they're full. ... A few years down the line, 70-seat aircrafts are going to be the minimum."

Pocatello received its Small Community Air Service Development grant last year. The airport is also spending \$80,000 on local marketing for its Salt Lake City service, encouraging travelers to fly from Pocatello rather than drive two and a half hours to the Utah airport. The Pocatello airport is highlighting its advantages over the Salt Lake airport, including shorter security lines and free parking, Allen said, adding that fares are regularly cheaper than when flying out of Idaho Falls. Half of the \$500,000 federal grant is being used for a revenue guarantee for the one roundtrip jet flight. Allen said the airline might add another jet flight.

Twin Falls received a similar grant this year and is going to start working out a similar arrangement with SkyWest in coming months. A spokeswoman for SkyWest would not comment on the airline's agreements with the airports. SkyWest also flies into Lewiston, Boise, Hailey and Idaho Falls under connections with United Airlines and Delta Air Lines.

The Pocatello airport had 21,500 passengers in 2011, up 3 percent from 2010, but far less than the passenger traffic in Idaho Falls or Twin Falls. Allen said he's seen double-digit increases this year, thanks in part to the jet service. Allen said the airline would like to add flights to other cities, especially Boise and Denver, but airlines across the country are cutting back on shorter routes. Matthew Hunter, president and CEO of the Greater Pocatello Chamber of Commerce, said the business community would like the Boise flight. "People would like to be able to fly to Boise, but we've trained people to drive since there aren't any flights," Hunter said.

The Pocatello Regional Airport also recently wrapped up most of a \$4.6 million rehabilitation to the secondary runway. Funding for that work, which started in June, came from the Federal Aviation Administration. Allen said the project included improved grading and grooved asphalt that will have better drainage, which will prevent slick or dangerous conditions, especially during cold weather. "It really is a great runway," Allen said. "The old one literally was from the World War II design."

Small airports gamble with revenue guarantees

November 13, 2012 By ALAN SCHER ZAGIER, Associated Press

COLUMBIA, Mo. (AP) — Road-weary travelers forced to drive two hours to St. Louis or Kansas City to catch big-city flights were ecstatic when Delta Airlines announced plans to expand service at a regional airport in central Missouri. University of Missouri officials in Columbia, where the airport is located in the heart of the state, eagerly awaited the new Columbia-Atlanta route. Their excitement was short-lived.

Weeks after city leaders boasted in mid-October about luring American Airlines to Columbia with a two-year, \$3 million revenue guarantee, Delta quickly decided to pull out of the market, saying it could no longer operate in Columbia at a competitive disadvantage. The Atlanta-based airliner held firm after Columbia floated a deal similar to its pact with American, partly because the city had first committed its available incentives to American.

From northern California to the Florida Keys, the airline courtship and subsequent break-up is both familiar and cautionary to local elected officials and business brokers who say that airlines are increasingly insisting on local government subsidies before they will expand service to smaller cities and rural areas. "We wanted a level playing field," Delta spokesman Anthony Black said of the Columbia deal, which would have required the airliner to provide larger jets and wouldn't have started until 2014.

In Texas, Fort Worth-based American Airlines recently agreed to revive commercial service at the Jack Brooks Regional Airport in Nederland, which had been dormant since United Airlines closed its regional jet service, Colgan Airlines, over the summer. The return required a \$1.5 million guarantee from local governments in Port Arthur, Beaumont and other coastal Gulf of Mexico communities in a region where two larger airports sit just 90 miles away in Houston. "I don't think it would have happened without" the guarantee, said Mark Rantala, executive director of the Nederland Economic Development Corp., which helped broker a deal that assures the airline at least receives minimum profits if it doesn't fill enough seats. "There are enough places where they can build traffic where they don't have to take the risk."

Rantala and his Missouri counterparts emphasized that their contracts differ from the taxpayer-backed federal guarantees under the national Essential Air Service program, which since 1978 has subsidized flights to more than 100 communities from Muscle Shoals, Ala., to Laramie, Wyo., along with dozens of remote Alaskan towns. Republicans in Congress last year targeted the program for elimination, but it survived budget negotiations. Still, local boosters acknowledge the risk. Three hundred miles from Columbia, the University of Illinois quickly lost both money and air service after a 2011 deal with Vision Air for twice-weekly flights from Champaign-Urbana to Punta Gorda, Fla., collapsed at the university-operated regional airport. The flights were available for just three weeks.

Columbia Mayor Bob McDavid said the city was told by its airport consultant that a "\$1 million guarantee gets you on a list, \$2 million might get you a phone call and a \$3 million guarantee could get you a deal."

McDavid said the city has lost innumerable corporate investments due to its inadequate air service. Until 2010, when Delta added limited jet service through Memphis, Tenn., it had been a decade since Columbia passengers could travel on bigger planes on now-defunct Ozark Airlines, which offered flights to Chicago and Dallas. The city is ponying up \$1.2 million toward the revenue shortfall fund, with the local Chamber of Commerce providing \$600,000 and county government another \$500,000. The University of Missouri is also shelling out \$500,000, with neighboring Cole County and Jefferson City, the state capital, each pledging \$100,000. In return, American is bringing two daily nonstop flights to and from Dallas/Fort Worth, and one daily nonstop route to Chicago O'Hare International Airport on 50-seat regional passenger jets, starting in mid-February. The city will also waive two years of landing fees and facility rents, valued at \$250,000, and chip in \$400,000 of free advertising through a deal with a local broadcaster.

American spokesman Matt Miller declined comment, citing a company policy of not discussing its revenue guarantees. Columbia's air-service links to the southeastern United States aren't completely severed. In November, Frontier Airlines will begin offering twice-weekly flights to Orlando, Fla., on 138-seat jets. Mike Boyd, a Colorado-based aviation consultant who previously worked with Columbia but wasn't a part of the Delta and American negotiations, said the city still came out ahead despite Delta's departure. "It's the only airport I know where airlines are falling over themselves to get there," said Boyd, adding that United Airlines was also interested in a Chicago connection. "I think other cities would kill to get into this situation. "If American comes to you and says, 'I want to fly to your community,' the city can't say, 'We don't want you,'" he continued. "You have to take what you get, and accept the consequences."



FLY SUN VALLEY ALLIANCE BOARD OF DIRECTORS MEETING
Monday, December 10, 8:00am – 10:00am – AIRPORT TRAINING ROOM

AGENDA:

1. Consent Items:

- Approval of Nov Meeting Minutes *(attached)*
- Approval of Nov financials *(attached)*
- Nominating Committee board & officer slate for 2013 *(attached)*
- Proposed Revision of FSVA Board ByLaws re: Board terms & seats *(attached)*
- Monthly meeting date - change to 2nd Thursday, 8-10am?

2. Committee Reports:

Funding Committee:

- YES TO AIR update

Other Programs:

- Air Support Ski Pass program – \$130,100 sales; 39 businesses; slight decrease from last year
- Realtors for Air Program – \$65,000+ in commitments to date; 187 realtors and 16 offices
- Businesses for Air Program – working on plans for Jan launch
- Ski for Air Service Day: Sunday, Jan 20; planning underway

3. Air Service Initiatives/Research/Promotion

- Winter YTD Booking report *(attached)*
- Potential New service update
- Air Service Marketing Update;
 - Promotion of service for winter –Jack & Arlene
- Airport update – Rick
- Research – BOI and SUN Air Pax surveys
- Dec 4 Air Service Forum in Boise on 12/4 – recap
- Network USA airline forum in March

Executive Session

Other attachments:

- Nov Director Report
- Dec Rocky Mtn Air Service News



November 27, 2012

Lisa Emerick

Friedman Memorial Airport

PO Box 929

Hailey, ID 83333

Dear Lisa,

I would like to nominate Rick Baird for employee of the third quarter, 2012. I cannot fully list the many benefits Rick brings to the airport. His interaction is extensive not only for the customers but for the tenants. Rick is excellent to work with and is very approachable. It is time this twenty two-year veteran employee of Friedman Memorial Airport be recognized by the tenants of Friedman.

Michael T. Rasch, General Manager

Atlantic Aviation – Sun Valley

NOTICE TO BIDDERS

Sealed bids addressed to the FRIEDMAN MEMORIAL AIRPORT AUTHORITY for the lease of facilities for three exclusive on-airport automobile rental concessions located on Friedman Memorial Airport will be received by the Friedman Memorial Airport Authority at the Office of the Manager, Friedman Memorial Airport, Hailey, Idaho until 2:00 p.m., March 15, 2006, then publicly opened and read. Any bid received after closing time will be returned unopened.

The Lease is for a term of three (3) years. The facilities to be leased include a customer service counter area in the Airport Terminal consisting of approximately 98 square feet and 15 car-parking stalls in the Airport Terminal lot. In addition, each successful bidder shall have the option to rent additional car parking stalls in the Airport's overflow lot. The bid which contains the highest minimum annual guarantee shall be given the first opportunity to select a counter space and stall locations. The remaining counter spaces and stall locations shall be selected by the remaining bidders with the second highest bidder selecting second and the third highest bidder selecting third.

The Lease may be examined and bidding documents may be obtained at the Office of the Manager, Friedman Memorial Airport, Hailey, Idaho. The documents will be available beginning February 8, 2006.

A pre-bid conference will be held on February 15, 2006, at 2:00 p.m., at the Office of the Manager, Friedman Memorial Airport, Hailey, Idaho. Amendments to the Lease may be made after the pre-bid conference and, if so, said amendments will be available at the Office of the Manager beginning February 22, 2006.

A cashier's check, certified check, bank money order, or bank draft on a state or national bank in the amount of (5%) of the bid for the minimum annual guarantee made payable with out recourse to the Friedman Memorial Airport Authority, or a bid bond in the same amount from a reliable corporate surety authorized to do business in the State of Idaho and acceptable to the Friedman Memorial Airport Authority, must accompany each bid as a guaranty that the bidder, if successful, will enter into the Lease. The Friedman Memorial Airport Authority reserves the right to retain any check, bank money order, bank draft, or bid bond as liquidated damages in the event the bidder withdraws its bid after the bids are opened and before official rejection of the bid by the Friedman Memorial Airport Authority or, if successful in securing the award of the Lease, the successful bidder fails to enter into the Lease.

The Friedman Memorial Airport Authority reserves the right to reject any and all bids and to waive any informalities in the bidding.

FRIEDMAN MEMORIAL AIRPORT
AUTHORITY

By: _____
Richard R. Baird
Airport Manager

Advertise: February 8, 2006
February 15, 2006
February 22, 2006

PROPOSAL

TO: Manager
Friedman Memorial Airport

FOR: Facilities for an On-Airport Automobile
Rental Concession
Friedman Memorial Airport
Hailey, Idaho

BY: Name of Bidder: _____
Address: _____

Telephone: _____

Hereinafter called Bidder, a corporation or business
organized and existing under the laws of the State of
Idaho, doing business as _____

_____.

To Whom It May Concern:

Pursuant to the Notice to Bidders, the undersigned bidder having examined the Auto Rental Concession Lease and the customer service counter areas, and the parking stalls, hereby binds itself on acceptance of this proposal by the Friedman Memorial Airport Authority to execute the Auto Rental Concession Lease for the minimum annual guarantee amount stated below, to-wit:

Minimum annual guarantee of:

_____ (\$_____).

(Amounts are to be shown in both words and figures. In case of a discrepancy, the amount shown in words shall govern.)

The Bidder understands that the Friedman Memorial Airport Authority reserves the right to reject any and all bids and to waive any informalities in the bidding. The Bidder agrees this bid shall be good and may not be withdrawn for a period of thirty (30) days after the scheduled closing time for receiving bids.

Within ten (10) days of the receipt of the written "Notice of Award", the bidder shall execute the formal Auto Rental Concession Lease. The bid security attached, in the sum of five percent (5%) of the minimum annual guarantee (\$_____), is to become the property of the Friedman Memorial Airport Authority in the event the Lease is not executed, as liquidated damages for the delay and additional expense caused thereby.

Respectfully submitted,

By: _____

Title: _____

Address: _____

Dated: _____

Receipt is hereby acknowledged of a copy of the Notice to Bidders and a copy of the Auto Rental Concession Lease.

FRIEDMAN MEMORIAL AIRPORT

AUTO RENTAL CONCESSION LEASE

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AUTO RENTAL CONCESSION LEASE

This Concession Lease is made this ____ day of _____, 2006, between the **FRIEDMAN MEMORIAL AIRPORT AUTHORITY**, Blaine County, Idaho (hereinafter referred to as "Lessor") and _____ with its principal office at _____ and operating out of Friedman Memorial Airport (hereinafter referred to as "Concessionaire").

WITNESSETH:

WHEREAS, Lessor operates Friedman Memorial Airport located in the City of Hailey, State of Idaho (hereinafter called the "Airport") and,

WHEREAS, Concessionaire is engaged in the operation of an automobile rental business and is prepared, equipped and qualified to supply an adequate number of late model automobiles in good mechanical condition and appearance for the operation of an automobile rental business at said Airport at rates comparable to those generally prevailing in the Hailey area, and

WHEREAS, ground transportation of passengers arriving at or departing from the Airport is an essential service to said passengers and to other patrons of the Airport, and,

WHEREAS, it is the intent and desire of the Lessor that air passengers shall have available to them their choice of varied types of ground transportation services, any one of which at their option they shall have the right to select and use, and,

WHEREAS, it is the desire of Lessor to make available to air passengers as a portion of said ground transportation at said Airport an automobile rental business, operated and conducted by Concessionaire, and,

NOW, THEREFORE, the parties agree as follows:

ARTICLE I

PREMISES

A. DESCRIPTION OF DEMISED PREMISES.

Concessionaire is hereby granted the use of the following-described areas as shown for demonstrative purposes on Exhibits A and B attached hereto and made a part hereof during the lease term, subject to the terms and conditions hereinafter set forth:

1. Customer service counter area in the terminal consisting of approximately 98 square feet.
2. Availability of up to fifteen car parking stalls in the terminal parking lot.
3. Availability of additional car parking stalls in the Lessor's overflow lot to be leased by separate agreement for \$30.00 per month for each stall.

The Concessionaire making the highest minimum annual guarantee bid shall be given the first opportunity to select a counter space and stall locations. The bidder making the second highest minimum annual guarantee shall have next choice of stall and counter location. The remaining stall and counter locations shall be chosen by the next highest minimum annual guaranteed bid. Counter locations, after initial selection, will not be changed throughout the term of this Lease.

No maintenance or servicing of any vehicles shall be performed in the car parking stall area, or anywhere on Airport property, without written approval of the Airport Manager.

B. RENT FOR COUNTER SPACE AND STALL LOCATIONS.

1. For the use of the counter space in the terminal the rent will be \$200.00 per month.
2. For the use of car parking stalls in the terminal lot the rent will be \$35.00 per stall per month.
3. The first monthly payment shall be due on the first day of June 2006 and a like payment on the first day of each month thereafter for thirty-six (36) months, subject to changes as provided in paragraph 4, below. If the rent due is not received within ten (10) days of the due date then interest of eighteen percent (18%) per annum will be charged on the unpaid amount.

4. The counter space and parking stall rent shall be adjusted annually for inflation through the term of this Lease as set forth below. The computation of the adjustment of the annual rent shall be based upon the cost-of-living index as shown by the column in the "Consumer Price Index, All Items Index" for the Pacific Cities and United States City Average for all urban consumers, Class West-B/C, published monthly in the "Monthly Labor Review" of the United States Department of Labor, and as also found in the "Economic Indicators" published by the United States Government Printing Office for the Joint Economic Committee by the Council of Economic Advisors, or if this Index is discontinued, a successor index. The basic index number shall be that index number for August, 2006. The sums set forth in paragraphs 1 and 2, above, shall be increased or decreased by the percentage increase or decrease shown by the index at August of each year as compared to the basic index as set forth above. The first adjustment shall be made for June 1, 2007.

C. DESCRIPTION OF PRIVILEGES, USES AND RIGHTS. Lessor hereby grants to Concessionaire the following privileges, uses and rights, all of which shall be subject to the terms, conditions and covenants hereinafter set forth and all of which shall be exclusive in common with two other automobile rental concessionaires on the Airport.

1. The right, license and privilege to operate an automobile rental service at the Airport for the purpose of renting automobiles to airline passengers and such other persons who may request such service at the Airport.

2. The right of ingress to and egress from the demised premises over and across public roadways serving the passenger terminal building by Concessionaire, its agents, and servants, patrons and invitees, suppliers of service and furnishers of material. Said right shall be subject to such rules and regulations as now or may hereafter have application at the Airport.

3. The right to install (or cause to be installed) and operate appropriate signs on the demised premises, provided that such installation shall be subject to the prior written approval of the Lessor.

D. CONDITIONS OF GRANTING LEASE. The granting of this Lease and its acceptance by Concessionaire is conditioned upon the following covenants:

AUTO RENTAL CONCESSION LEASE/3

1. That no functional alteration of the premises or functional change in the uses of such premises shall be made which shall substantially adversely affect the use by Concessionaire of the demised premises, without the specific consent of the Concessionaire herein.

2. That the right to use said public Airport facilities in common with others authorized so to do shall be exercised only subject to and in accordance with the laws of the United States of America and the State of Idaho, and all rules and regulations of Lessor now in force or hereafter adopted.

3. That the concession granted by this Lease is NOT an exclusive concession and that Lessor shall have the right to deal with and perfect arrangements with a total of three Concessionaires for engaging in like activity at the Airport; however, any automobile rental concession granted by Lessor during the term of this Lease shall be subject to the terms of this Lease except for the amount of the minimum annual rental.

4. That Concessionaire is prohibited from transacting rental car business at any other point on the Airport unless written permission is obtained from Lessor, which permission, if given, shall require strict observation of all applicable provisions of this Lease.

ARTICLE II

INSTALLATIONS BY LESSOR AND CONCESSIONAIRE

A. TERMINAL BUILDING SPACE.

1. **Installations by Lessor.** In the terminal building Lessor will provide: Space of 98 square feet on the west wall.

2. **Installations by Concessionaire.** In the same terminal building area concessionaire shall provide:

a. All leasehold improvements not provided by Lessor including, but not limited to, display cabinets, interior partitions, additional lighting fixtures, decorations and all other fixtures, equipment and supplies.

b. All signs, equipment, furniture, furnishings and fixtures necessary in the proper conduct of Concessionaire's business.

c. Any improvements, facilities, signs, decorations, fixtures, equipment, supplies and cabinets furnished by Concessionaire shall be in keeping with the general decor of the terminal building and shall be subject to the written approval of Lessor prior to installation.

B. APPROVAL OF PLANS AND CONSTRUCTION. Prior to installation of any improvements in its exclusive space, Concessionaire shall submit to Lessor final plans and specifications, layout and architectural renderings for said improvements, which upon written approval by Lessor shall become a part thereof. Concessionaire shall make payment promptly, as due, to all persons supplying labor or materials for the prosecution of the work provided in making such installation and shall not permit any lien or claim to be filed or prosecuted against the Lessor on account of any labor or material furnished.

C. ALTERATIONS, ADDITIONS OR REPLACEMENTS. Following any installations by Concessionaire, as hereinabove set forth, Concessionaire shall make no alterations, additions or replacements without written approval of Lessor. Concessionaire shall likewise obtain prior approval from Lessor before installing, at its own expense, any equipment which requires new electrical or plumbing connections or changes in those installed on the premises as of the date of occupancy thereof.

ARTICLE III

OBLIGATIONS OF CONCESSIONAIRE

A. HOURS OF OPERATION. Concessionaire shall remain open for such periods during each day and such days during each week as may be necessary to meet reasonable demands of the traveling public and shall provide at least one person on duty one-half (1/2) hour after operations of the scheduled air carriers at the Airport and during the periods when passengers are leaving or arriving for the purpose of being bussed to or from the Twin Falls and/or Boise Airports as a result of weather-related diversions. Coverage for such diversion periods may be provided by personnel representing all or some of the automobile rental concessionaires; however, such pooling of coverage shall be subject to Lessor's approval. In the event that Lessor determines, in its sole discretion, that Lessee's failure to have at least one person on duty for the period beginning one-half (1/2) hour before commencement of operations by the scheduled air carriers at the Airport has contributed to congestion and/or

inefficiency in the Terminal parking lot, Lessor shall give Lessee notice and Lessee shall immediately begin providing such morning coverage.

B. TYPE OF OPERATION. Concessionaire shall furnish service on a fair, reasonable and non-discriminatory basis to all users of the Airport. Service shall be prompt, courteous and efficient and shall be reasonably adequate to meet the demands for said service on the Airport and shall maintain and make available a sufficient number of automobiles at the Airport for reasonably adequate public service each day of the year. Concessionaire shall maintain and operate the concession in a first-class manner and shall keep the premises in a safe, clean, orderly and inviting condition at all times, satisfactory to Lessor.

C. NON-DISCRIMINATION. The Concessionaire assures that it will undertake an affirmative action program as required by 14 CFR Part 152, Subpart E, to insure that no person shall on the grounds of race, creed, color, national origin or sex be excluded from participating in any employment activities covered in 14 CFR Part 152, Subpart E. The Concessionaire assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this subpart. The Concessionaire assures that it will require that its covered sub-organizations provide assurances to the Concessionaire that they similarly will undertake affirmative action programs and that they will require assurances from their sub-organizations, as required by 14 CFR Part 152, Subpart E, to the same effect.

Lessor shall notify Concessionaire in the event that regulations are issued by the U.S. Department of Transportation (DOT) implementing Section 511(h) of the Airport and Airway Improvement Act (AAIA) of 1982, as amended. Following such notification, Concessionaire shall be required to take all necessary and reasonable steps to achieve a disadvantaged business enterprise (DBE) goal of six percent (6%) throughout the remaining term of this Lease. The goal shall be measured as a percentage of the total estimated annual gross receipts earned by the concessions. The DBE participation may be in the form of any legal arrangement meeting the eligibility standards in 49 CFR Part 23 and shall be counted toward the goal as set forth in those regulations.

Concessionaire shall be required to comply with other appropriate provisions of 49 CFR Part 23 implementing Section 511(h) of the AAIA.

AUTO RENTAL CONCESSION LEASE/6

Concessionaire shall submit such reports as may be required by Lessor in the form specified by Lessor for the purpose of demonstrating compliance with this section.

D. PERSONNEL. Concessionaire shall at all times retain an active, qualified, competent, and experienced manager to supervise the concession operations and be authorized to represent and act for Concessionaire. Concessionaire shall be required to properly uniform or dress its attendants and employees; they shall be clean, courteous, efficient and neat in appearance at all times. Concessionaire shall not employ any person(s) in or about the concession premises who shall use improper language or act in a loud, boisterous or otherwise improper manner. Concessionaire shall maintain a close check over attendants and employees to insure the maintenance of high standards of service to the public, the performance of such obligations to be determined at the sole discretion of Lessor, which discretion shall not be unreasonably exercised. Concessionaire shall re-assign any employee whose conduct Lessor reasonably determines is detrimental to the best interests of the Airport.

E. LAWS, ORDINANCES, ETC. Concessionaire shall observe and obey all laws, ordinances, regulations and rules of federal, state, municipal governments and Lessor which may be applicable to its operation at the Airport.

F. QUALITY OF RENTAL AUTOS. Concessionaire shall at all times maintain at its own cost and expense all its rental automobiles in good operating order and free from known mechanical defects; said automobiles shall be kept in a clean, neat and attractive condition inside and out. Concessionaire shall at no time use automobiles whose year model is more than two years older than the current year model.

G. AUTO RENTAL RATES. Concessionaire's auto rental rates shall be fair, reasonable and not unjustly discriminatory. Concessionaire may make such reasonable and non-discriminatory discounts to volume purchasers as may be allowable under governing statutes.

H. SOLICITATION AND CONDUCT. Concessionaire shall prohibit its agents, servants and employees from engaging in any form of solicitation of its auto rental services on or about the Airport. Concessionaire, its agents, servants and employees shall so conduct said auto rental business on the Airport to maintain a friendly and cooperative, though competitive, relationship with other companies engaged in like business on said Airport;

AUTO RENTAL CONCESSION LEASE/7

Concessionaire shall not engage in open public disputes, disagreements or conflicts which would tend to deteriorate the quality of the auto rental service of Concessionaire or its competitors or which would be incompatible to the best interests of the public at the Airport. Lessor shall have the right to resolve all such disputes, disagreements, or conflicts; and its determination thereof or the manner in which Concessionaire shall thereafter operate shall be binding upon Concessionaire.

I. COST OF AUTO RENTAL OPERATIONS. Concessionaire shall bear at its own expense all cost of operating the concession and shall pay in addition to rental, all other costs connected with the use of the demised premises and facilities, including but not limiting the generality hereof, insurance, any and all taxes, and all permits and licenses required by law.

J. MAINTENANCE. Concessionaire, shall, at its sole cost and expense, maintain the demised premises and every part thereof in good order and repair (including carpet), and in good and safe condition; shall repair all damages caused by its employees, patrons, or its operation of said services; shall maintain and repair all equipment on said premises; and shall repaint its own leased space when reasonably deemed necessary by Lessor, such repainting to require the prior approval of the Lessor. Concessionaire will not permit the accumulation on the demised premises of rubbish, debris, trash, waste material or anything detrimental to health or unsightly or likely to create a fire hazard, but will make prompt disposition thereof. Lessor shall be the sole judge of the quality of maintenance and upon written notice by Lessor to Concessionaire, Concessionaire shall be required to perform whatever maintenance Lessor reasonably deems necessary. If said maintenance is not undertaken by Concessionaire within ten (10) days after receipt of written notice, Lessor shall have the right to enter on the demised premises and perform the necessary maintenance, the cost of which shall be borne and paid by Concessionaire as additional rent due hereunder.

K. GASOLINE AND REPAIR SERVICES. Concessionaire shall not sell gasoline, repair services or related services on the Airport; however, this paragraph shall not be deemed to include gasoline in gas tanks or billing to customers for repair of damages to rented vehicles.

L. **PUBLIC ADDRESS SYSTEM.** Concessionaire shall permit the installation in its premises of the Airport public address system, and the reception thereon of flight announcements and other information, if Lessor deems such installation necessary.

M. **VENDING MACHINES.** Concessionaire shall neither install nor operate vending machines and coin-operated amusement machines and devices.

N. **ENCUMBRANCES.** Concessionaire shall not encumber the demised premises by mortgage, pledge, lien or otherwise.

O. **UTILITIES.** Concessionaire shall promptly pay any charges for sewer, water, gas, electricity, telephone and all other charges for utilities which may be furnished to the demised premises at Concessionaire's order or consent.

P. **LIENS.** Concessionaire agrees to pay, when due, all sums of money that become due for, or purport to be for, any labor, services, materials, supplies, utilities, furnishings, machinery or equipment which have been furnished or ordered with Concessionaire's consent to be furnished to or for the Concessionaire in, upon, or about the premises herein leased, which may be secured by any mechanic's, materialmen's or other lien against the premises herein leased or Lessor's interest therein, and will cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, provided that the Concessionaire may in good faith contest any mechanic's or other lien filed or established, and in such event may permit the item so contested to remain undischarged and unsatisfied during the period of such contest.

Q. **FIRE PREVENTION.** Concessionaire shall exercise due and reasonable care and caution to prevent and control fire on the premises and to that end shall install suitable fire extinguishers throughout the premises in accordance with rules and regulations as set forth by the appropriate local fire control officials.

R. **TERMINAL AREA PARKING.** At no time shall Concessionaire park, stage or leave running any of its automobiles in any area of the Airport other than in its assigned parking stalls.

ARTICLE IV

OBLIGATIONS OF LESSOR

Lessor shall maintain the structure of the terminal building, the roof and outer walls. Lessor shall furnish heat, lights and janitorial service in the terminal building; however, Lessor shall not furnish janitorial services in or upon the demised premises and Lessor shall not be liable for any damage to property not caused by the negligence of the Lessor and shall not be liable or required to maintain watchmen or other security officers upon the specific premises. Lessor shall provide snow plowing service for Concessionaire's parking stalls; however Concessionaire shall make said stalls available for snow plowing pursuant to a schedule to be provided by Lessor.

ARTICLE V

TERM OF LEASE

The term of this Lease shall be for a period of three (3) years commencing on the 1st day of June, 2006 and ending with the 31st day of May, 2009.

ARTICLE VI

FEES AND RENTALS

A. CONCESSIONAIRE FEE AND MINIMUM RENTAL.

1. Concessionaire shall pay on a monthly basis to Lessor for the rights and privileges herein granted a fee of ten percent (10%) of all gross receipts for the month as hereinafter defined, or one-twelfth (1/12) of the minimum annual rental in the sum of \$_____, whichever sum is greater.

B. DEFINITION OF GROSS RECEIPTS. "Gross Receipts" shall mean all monies paid or payable to Concessionaire for all sales and services authorized under this lease excepting only those items specifically set forth below under "Exclusions." Gross receipts shall include but not by definition be necessarily limited to the following:

1. The aggregate amount of all contracts written by and all monies paid or payable to Concessionaire for all sales and rentals made and services performed at the Airport, and all monies paid or payable for sales, rentals, services and exchanges made and performed as a result of passengers arriving by air as commercial or private passengers at the Airport.

2. The market value of all exchanges of goods.
3. All monies paid or payable for sales, rentals, services and exchanges performed for customers whose business originates at the Airport.
4. The total sum whether fully retained by Concessionaire or not, for rentals of vehicles owned, controlled or operated by persons other than Concessionaire including, but not limited to, rentals of foreign cars locally and one-way.
5. All monies paid or payable to Concessionaire for one-way rentals.
6. Credits given to customers for such things as deposits, and out-of-pocket purchases for gas, oil or emergency services, regardless of where made.

All of the above listed transactions are included whether for cash, credit or otherwise of any kind, name and nature, and regardless of when or whether paid for or not.

EXCLUSIONS. Gross Receipts shall exclude the following:

1. Charges to Concessionaire's customers for repairs to automobiles damaged by such customer.
2. Monies collected from such customers for federal, state, county or municipal taxes now in effect, or hereafter levied, and,
3. Uncollected items resulting from theft, conversion, illegal use of Concessionaire's automobiles, unless and until charges against such customers who have illegally used said automobiles are collected.
4. All inter-city drop fees.
5. Fees received by Concessionaire for the elimination of customers' liability to Concessionaire for damages, commonly referred to as loss damage waiver.
6. Charges to the customer for refueling services.
7. Concession fees as defined by and paid pursuant to this Lease which are separately stated on the rental contract.

C. TIMING AND AMOUNT OF PAYMENTS. One-twelfth (1/12) of the minimum annual rental or 10% of each month's gross receipts, whichever is greater, as set out above shall be due and payable to Lessor on or

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before the first (1st) day of the following calendar month of each and every month during the lease term. Any rentals and/or fees not received within ten (10) days of the due date shall bear interest at the rate of eighteen percent (18%) per annum. Concessionaire understands and agrees that the monthly computation of percentage rent may result in a sum being paid annually that is in excess of ten percent (10%) of Lessee's annual gross receipts.

D. RECORDS OF CONCESSIONAIRE. With respect to business done by it hereunder, Concessionaire shall have available at the Airport true and accurate accounts, records, books and data, which shall show all the gross receipts, as defined hereinabove, of said business upon and within said Airport. Concessionaire agrees to operate its business upon the Airport so that a duplicate rental agreement invoice, serially numbered, shall be issued with each sales or transaction, whether for cash or credit. Concessionaire further agrees to have available at the Airport reasonable books and records as Lessor may request. The duplicate rental agreement, invoices, and all other books and records of Concessionaire, as aforesaid, shall be open for inspection by authorized representatives of Lessor at all times reasonable during business hours. Concessionaire shall submit to Lessor a detailed statement showing gross receipts from the operation of the auto rental concession for the preceding calendar month on or before the twentieth (20th) day of each calendar month. These reports shall show such reasonable detail and breakdown as may be required by Lessor. Within sixty (60) days following the end of each fiscal year of operation of the concession, Concessionaire shall submit to Lessor a statement of gross receipts from the concession for the preceding year of operation, such statement to be attested to by the owner and to be accompanied by Concessionaire's payment covering any deficiency between payments made during the year of previous operation and payments due for such month of operation. Concessionaire at its own expense shall supply all record forms in a reasonable type, style and form satisfactory to Lessor.

E. AUDIT. For the purposes of determining accuracy of reporting gross receipts, Lessor may make a spot test audit and base its findings for the entire period upon such spot test; provided, however, that such spot test shall include at least twenty-five per cent (25%) of the total time of the period being audited. In addition if the Concessionaire has one or more additional outlets within a 180 mile radius of the airport outlet, then for purposes of the audit and spot checks mentioned above, the Concessionaire agrees to allow a full and complete audit of the

additional outlets, said audit to be at the time the audit or spot check is made of the Airport outlet. In addition, Lessor shall have the right during any one fiscal year of the Agreement to authorize two audits of Concessionaire's records pertaining to the concession. Such audits may be undertaken by a reputable firm of independent certified public accountants. The cost of such audits, including travel costs and per diem expenses of the auditors, are borne by Lessor, unless the results of such audits reveal an underpayment of more than three (3%) percent between the gross receipts reported in accordance with Paragraph D and the gross receipts as determined by audit for any twelve month period. In case of such discrepancy, the full cost of the audit shall be borne by Concessionaire.

ARTICLE VII

INDEMNIFICATION AND INSURANCE

A. INDEMNIFICATION. Lessor shall stand indemnified by Concessionaire as herein provided. Concessionaire is and shall be deemed to be an independent contractor and operator responsible to all parties for its respective acts and omissions, and Lessor shall in no way be responsible therefore. In the use of the Airport, in the erection or construction of any improvements thereon, and in the exercise or enjoyment of the privileges herein granted, Concessionaire shall indemnify and save harmless the Lessor, the City of Hailey, Blaine County and their respective officials, servants, agents and employees from any and all claims, actions and losses that proximately result to the Lessor because of any negligence on the part of the Concessionaire. Said indemnity shall include all expenses, including attorneys' fees and court costs incidental to the investigation and defense of any of said claims, actions or losses.

B. INSURANCE.

The Concessionaire shall at its expense, procure and keep in force at all times during the term of this Lease, insurance written by an insurer satisfactory to the Lessor, insuring the Concessionaire, the Lessor, Blaine County and the City of Hailey against all costs, loss, liability and expense on account of injury or death of a person or persons or damage to or destruction of property caused by or connected with Concessionaire's use of the Airport with a combined bodily injury and property damage liability limit of not less than \$1,000,000 per occurrence.

The comprehensive general public liability and property damage insurance shall name Concessionaire, the Lessor, Blaine County and the City of Hailey as parties insured and the Lessor shall be furnished with a Certificate to the effect that such insurance shall not be changed or canceled without thirty (30) days prior written notice to the Lessor. The Certificate of Insurance shall be delivered to Lessor prior to the commencement of this Agreement and annually thereafter throughout the term of this Agreement.

In the event that Lessor shall amend the minimum required amount of insurance to be carried by Airport tenants as found in the Minimum Standards for the Airport or as amended or a successor document, the required insurance amounts in this paragraph shall be adjusted to comply with these minimum requirements.

ARTICLE VIII

DAMAGE OR DESTRUCTION OF PREMISES

If the premises leased to Concessionaire under the terms of Article I, Paragraph A herein are partially damaged by fire, explosion, the elements, the public enemy, or other casualty, but not rendered untenable, the same will be repaired with due diligence by Lessor at its own cost and expense. If the damage shall be so extensive as to render such premises untenable, but capable of being repaired in thirty (30) days, the same shall be repaired with due diligence by Lessor at its own cost and expense, and the rent payable herein shall be paid proportionately to the time of such damage and thereafter cease until such time as the premises are fully restored. In the event said premises are completely destroyed by fire, explosion, the elements, the public enemy or other casualty, or so damaged that they will remain untenable for more than thirty (30) days, Lessor shall be under no obligation to repair and reconstruct the premises, and rent payable hereunder shall be paid proportionately to the time of such damage or destruction and shall thenceforth cease until such time as the premises may be fully restored. If within twelve (12) months after the time of such damage or destruction said premises shall not have been repaired or reconstructed, Concessionaire may give Lessor written notice of cancellation of the Agreement in its entirety as of the date of such damage or destruction.

ARTICLE IX

TERMINATION OF AGREEMENT, CANCELLATION

BY CONCESSIONAIRE AND ASSIGNMENT

A. TERMINATION. This Lease shall terminate at the end of the full term hereof, and Concessionaire shall have no further right or interest in any of the land or improvements hereby demised except as provided in Article X.

B. CANCELLATION BY CONCESSIONAIRE. This Lease shall be subject to cancellation by Concessionaire upon one or more of the following events:

1. The permanent abandonment of the Airport as an air terminal.
2. The lawful assumption by the United States Government or any authorized agency thereof, of the operation, control, or use of the Airport, or any substantial part or parts thereof, in such a manner as substantially to restrict Concessionaire for a period of at least ninety (90) days from operating thereon.
3. Issuance by any court of competent jurisdiction of an injunction in any way preventing or restraining the use of the Airport, and the remaining in force of such injunction for a period of at least ninety (90) days.
4. The default by Lessor in the performance of any covenant or agreement herein required to be performed by Lessor and the failure of Lessor to remedy such default for a period of at least sixty (60) days after receipt from Concessionaire of written notice to remedy the same.
5. The complete destruction of the premises as outlined in Article VIII.

C. ASSIGNMENT AND TRANSFER. Concessionaire shall not assign, transfer, or sublease all or any part of its rights and/or premises hereunder without the written approval of Lessor.

ARTICLE X

DEFAULT

A. EVENTS OF DEFAULT.

1. **Default in Rent.** Failure of Concessionaire to pay any rent or other charge within thirty (30) days after written notice by Lessor of such failure.

2. **Default in Other Covenants.** Failure of the Concessionaire to comply with any term or condition or fulfill any obligations of this Lease (other than the payment of rent or other charges) within thirty (30) days after written notice by Lessor specifying the nature of the default with reasonable particularity. If the default is of such nature that it cannot be completely remedied within the 30-day period, this provision shall be complied with if the Concessionaire begins correction of the default within the 30-day period and thereafter proceeds with reasonable diligence and in good faith to affect the remedy as soon is practicable.

3. **Insolvency.** Insolvency of Concessionaire; assignment by Concessionaire for the benefit of creditors; filing by Concessionaire of a voluntary petition in bankruptcy; an adjudication that Concessionaire is bankrupt or the appointment of a receiver of the properties of Concessionaire; filing of an involuntary petition of bankruptcy and failure of Concessionaire to secure a dismissal of the petition within thirty (30) days after filing; attachment of or the levying of execution of the leasehold interest and failure of the Concessionaire to secure discharge of the attachment or release of the levy of execution within ten (10) days.

4. **Abandonment.** Failure of the Concessionaire for fifteen (15) days or more to occupy the property for one or more of the purposes permitted under this Lease unless such failure is excused under other provisions of this Lease.

5. **Repetitive Defaults.** Notwithstanding anything to the contrary contained in the foregoing default clause, the parties hereto agree that if the Concessionaire shall have defaulted in the performance of any (but not necessarily the same) terms or conditions of this Lease for three or more times during any 12 month period during the term hereof, then such conduct shall, at the election of the Lessor, represent a separate event of default which cannot be cured by the Concessionaire. Concessionaire acknowledges that the purpose of this provision is to

prevent repetitive defaults by the Concessionaire under the Lease which work a hardship upon the Lessor and deprive the Lessor of the timely performance by the Concessionaire hereunder.

B. REMEDIES ON DEFAULT. In the event of a default, the Lessor at its option may terminate the Lease by notice in writing by certified mail to Concessionaire, the notice may be given before or within thirty (30) days after the running of the grace period for default and may be included in a notice of failure of compliance. If the property is abandoned by Concessionaire in connection with the default, termination shall be automatic and without notice.

1. Damages. In the event of termination on default, Lessor shall be entitled to recover immediately, without waiting until the due date of any future rent or until the date fixed for expiration of the Lease term, the following amount as damages:

(a) Any excess of (a) the value of all of Concessionaire's obligations under this Lease including the obligation to pay rent from the date of default until the end of the term or the end of the fiscal year September 30th, whichever comes first, over (b) the reasonable rental value of the property for the same period figured as of the date of the default.

(b) The reasonable costs of re-entry and reletting, including without limitation the cost of any cleanup, refurbishing, removal of Concessionaire's property and fixtures, or any other expense occasioned by Concessionaire's failure to quit the premises upon termination and to leave them in the required condition, any remodeling cost, attorney's fees, court costs, broker commissions and advertising cost.

(c) The loss or reasonable rental value from the date of default until a new tenant has been, or with the exercise of reasonable efforts, could have been secured.

2. Re-entry after Termination. If the Lease is terminated for any reason, Concessionaire's liability to Lessor for damages shall survive such termination, and the rights and obligations of the parties shall be as follows:

(a) Concessionaire shall vacate the property immediately, remove any property of Concessionaire, including any fixtures which Concessionaire is required to remove at the end of the lease term, perform any cleanup, alterations or other work required at the end of the term, and deliver all keys to Lessor.

(b) Lessor may re-enter, take possession of the Leased Premises and remove all persons or property by legal action or by self help with the use of reasonable force and without liability for damages.

3. Reletting. Following re-entry or abandonment, Lessor may relet the Leased Premises and in that connection may: (1) make any suitable alterations or refurbish the Leased Premises, or both, or change the character or use of the Leased Premises, but Lessor shall not be required to relet for any use or purpose (other than that specified in the Lease) which Lessor may reasonably consider injurious to the Leased Premises, or to any tenant which Lessor may reasonably consider objectionable, (2) re-let all or any part of the Leased Premises, alone or in connection with other properties, for a term longer or shorter than the term of this Lease, upon any reasonable terms and conditions, including the granting of some rent free occupancy or other rent concession.

ARTICLE XI

ABATEMENT OF MINIMUM ANNUAL GUARANTEE

A. Long Term. In the event that one of the following conditions exists during the term hereof, the minimum annual guarantee hereinabove provided for shall be abated for the period of time the condition continues to exist:

1. If for any reason, the number of passengers deplaning on scheduled airline flights at the airport during any period of sixty (60) consecutive days, shall be less than fifty percent (50%) of the number of such deplaning passengers in the same period during the preceding calendar year;

2. If the operation of Concessionaire's car rental business at the airport through no fault of its own is affected by significant disruptions in the supply of automobiles, gasoline or other goods necessary for the operation therefor, and which results in a fifty percent (50%) decrease in Concessionaire's gross revenues (as defined hereunder) compared to the same period during the preceding calendar year for a period of at least sixty (60) consecutive days.

B. Short Term. If the Airport is closed by Lessor for the purpose of construction for any period of eleven (11) consecutive days or more, the minimum annual guarantee herein above provided for shall be adjusted as follows:

1. If Concessionaire has been a lessee at the Airport previously, the minimum annual guarantee, as defined in Paragraph VI. A. 1. above, for the month or months during which the closure occurs shall be decreased by the same percentage as the Concessionaire's gross receipts, as defined in Paragraph VI. B above, for the subject month or months decreased from the Concessionaire's average gross receipts for the same period for the previous three (3) years. (For purposes of example only: assume the Airport is closed for construction for eleven (11) consecutive days in March, 2007 and the Concessionaire's gross receipts for March, 2007 are \$10,000. The Concessionaire's gross receipts in March, 2004 were \$15,000; in March, 2005 were \$20,000; and in March, 2006 were \$25,000. The average gross receipts from March for the three previous years are the sum of \$20,000. The minimum annual guarantee for March, 2007 shall be reduced by 50%. Therefore, if one-twelfth (1/12) of the minimum annual guarantee was \$1,000, then the amount due would be \$500.)

2. If Concessionaire has not been a lessee at the Airport previously, the minimum annual guarantee, as defined in Paragraph VI. A. 1. above, for the months or month during which the closure occurs shall be decreased by the same percentage as the total of all three previous of the Concessionaires' gross receipts, as defined in Paragraph VI.B above, for the subject month or months decreased from the total of all three previous Concessionaires' average gross receipts for the same period for the previous three years. (For purposes of example only: assume the Airport is closed for construction for eleven (11) consecutive days in March, 2007 and the gross receipts for new lessee Concessionaire for March, 2007 is \$10,000. The gross receipts for all three previous Airport Concessionaires in March, 2004 were \$15,000; in March, 2005 were \$20,000; and in March, 2006 were \$25,000. The average gross receipts for March for the three previous years for all three previous Concessionaires are the sum of \$20,000. The minimum annual guarantee for March, 2007 for a Concessionaire without a three year revenue history with the Airport shall be reduced by 50%. Therefore, if one-twelfth (1/12) of the minimum annual guarantee was \$1,000, then the amount due would be \$500.)

During the period of the abatement, Concessionaire will continue to pay to the Commission the ten percent (10%) concession fee and the Commission will return to Concessionaire a just proportion of any minimum annual guarantee payment which may have been prepaid.

ARTICLE XII

REDELIVERY

Concessionaire shall make no unlawful or offensive use of said premises and will at the expiration of the term hereof or upon any sooner termination, without notice, quit and deliver up said premises to Lessor peaceably, quietly and in as good order and condition, reasonable use and wear thereof excepted, as the same now are or may hereafter be improved by Concessionaire or Lessor.

ARTICLE XIII

HOLDING OVER

In the event Concessionaire shall hold over and remain in possession of the premises herein leased after the expiration of this Agreement without any written renewal thereof, such holding over shall not be deemed to operate as a renewal or extension of said Agreement but shall create only a tenancy from month to month upon the terms contained herein which may be terminated at any time by Lessor.

ARTICLE XIV

GENERAL PROVISIONS

A. CONFLICTS BETWEEN CONCESSIONAIRES. In the event of a conflict between Concessionaire and any other Lessee or Concessionaire in the Terminal Building as to the services to be sold by respective Concessionaires or Lessees, Lessor shall decide which services may be sold by each Concessionaire or Lessee and Concessionaire and Lessee agree to be bound by such decision.

B. INSPECTION. Lessor, by its officers, employees, agents and representatives, shall have the right at all reasonable times to enter upon the demised premises for the purpose of inspecting same, for observing the performance by Concessionaire of its obligations hereunder, and for the doing of any act which Lessor may be obligated or have the right to do under this Lease.

C. ATTORNEY'S FEES. In the event a dispute should arise between the parties regarding the interpretation or enforcement of this Lease, the prevailing party in such dispute shall be entitled to recover from the other party its reasonable attorneys' fees and costs incurred in such dispute, whether or not a lawsuit is ever filed, and in any appeals and bankruptcy proceedings.

D. NON-WAIVER. Any waiver by Lessor or any breach of covenants herein contained to be kept and performed by Concessionaire shall not be deemed as a continuing waiver and shall not operate to bar or prevent Lessor from declaring a forfeiture for any succeeding breach either of the same or other condition or covenant.

E. INDEPENDENCE OF AGREEMENT. It is understood and agreed that nothing herein contained is intended or should be construed as in any way creating or establishing a relationship of co-partners between the parties hereto, or as constituting the Concessionaire as the agent, representative or employee of the Lessor for any purpose or in any manner whatsoever. Concessionaire is to be and shall remain an independent contractor with respect to all services performed hereunder.

F. QUIET ENJOYMENT. Lessor agrees that Concessionaire, upon payment of rent and all other charges and upon observation of the terms of this Lease, shall lawfully and quietly hold, occupy, and enjoy the demised premises during the full term of this Lease without hindrance or molestation from Lessor or anyone claiming by, through or under Lessor. Lessor's agreement is subject, however, to Concessionaire holding and enjoying said premises under conditions which may reasonably be anticipated in connection with the operation of aircraft or an Airport.

G. INVALID PROVISIONS. In the event any covenant, condition or provision herein contained is held to be invalid by any court of competent jurisdiction, the invalidity of such covenant, condition or provision shall in no way affect any other covenant, condition or provisions herein contained; provided that the invalidity of such covenant, condition or provision does not materially prejudice either Lessor or Concessionaire in its respective rights and obligations contained in the valid covenants, conditions or provisions herein.

H. PARAGRAPH HEADINGS. The paragraph headings contained herein are for convenience in reference and are not intended to define or limit the scope of any provision of this agreement.

I. NOTICES. Notices to Lessor provided for herein shall be sufficient if sent by registered mail, postage prepaid, addressed to:

Friedman Memorial Airport Authority
P.O. Box 929
Hailey, Idaho 83333

and notices to Concessionaire, if sent by registered mail, postage prepaid, addressed to:

or to such other addresses as the parties may designate to each other in writing from time to time. In addition, Concessionaire shall at all times during this Lease provide Lessor with the name and off-duty phone number of its local manager.

J. SUCCESSORS AND ASSIGNS. All of the terms, covenants and agreements herein contained shall be binding upon and shall inure to the benefit of successors and assigns to the respective parties hereto.

K. WARRANTIES/GUARANTIES. Lessor makes no warranty, guaranty or averment of any nature whatsoever of the physical condition of the Lease Premises, and it is agreed that the Lessor will not be responsible for any loss, damage or cost which may be incurred by Concessionaire by reason of any such physical condition.

L. SPONSOR'S ASSURANCE SUBORDINATION. This Lease shall be subordinate to the provisions of any existing or future agreement between the Lessor and the United States relative to the operation or maintenance of the Airport, the execution of which has been or may be required as a condition precedent to the expenditure of federal funds for the development of the Airport.

M. IDAHO LAW. This Lease shall be construed and enforced under the laws of the State of Idaho.

N. PRESUMPTION. This Agreement or any section thereof shall not be construed against any party due to the fact that said Agreement or any section thereof was drafted by said party.

O. AMENDMENT. No amendment of this Lease shall be effective unless the amendment is in writing, signed by each of the parties.

IN WITNESS WHEREOF, the parties have hereunto set their hands this ____ day of _____, 2006.

LESSOR:
FRIEDMAN MEMORIAL AIRPORT AUTHORITY

By _____
Martha Burke, Chairman

CONCESSIONAIRE:

By _____

STATE OF IDAHO)
County of Blaine) ss.

On this ____ day of _____, in the year 2006, before me, a Notary Public for the State of Idaho, personally appeared, MARTHA BURKE, known or identified to me to be the Chairman of the Friedman Memorial Airport Authority that executed the said instrument, and acknowledged to me that such Friedman Memorial Airport Authority executed the same.

Notary Public for Idaho
Residing at: _____
My commission expires: _____

STATE OF _____)
County of _____) ss.

On this ____ day of _____, in the year 2006, before me, a Notary Public for the State of _____, personally appeared _____, known or identified to me to be the _____ of the corporation that executed the instrument or the person who executed the instrument on behalf of said corporation, and acknowledged to me that such corporation executed the same.

Notary Public for _____
Residing at: _____
My commission expires: _____