
Posted on Sun, Oct. 23, 2005

Pentagon program costing taxpayers millions in inflated prices

AUREN MARKOE and SETH BORENSTEIN
Knight Ridder Newspapers

WASHINGTON - The Pentagon paid \$20 apiece for plastic ice cube trays that once cost it 85 cents. It paid a supplier more than \$81 apiece for coffeemakers that it bought for years for just \$29 from the manufacturer.

That's because instead of getting competitive bids or buying directly from manufacturers like it used to, the Pentagon is using middlemen who set their own prices. It's the equivalent of shopping for weekly groceries at a convenience store.

And it's costing taxpayers 20 percent more than the old system, a Knight Ridder investigation found.

The higher prices are the result of a Defense Department purchasing program called prime vendor, which favors a handful of firms. Run by the Defense Logistics Agency (DLA), the program is based on a military procurement strategy to speed delivery of supplies such as bananas and bolts to troops in the field.

Military bases still have the option of getting competitive bids, but the Pentagon has encouraged them to use the prime vendor system. At the DLA's main purchasing center in Philadelphia, prime vendor sales increased from \$2.3 billion in 2002 to \$7.4 billion in the fiscal year that ended Sept. 30.

The Defense Department touts the program as one of its "best practices" and credits it with timely deliveries that have eliminated the need for expensive inventories and warehousing. For purchases under the food prime-vendor program alone, DLA claimed a savings of \$250 million in five years.

Those savings would have happened even without turning to the prime vendor program, competing suppliers say. For years, most suppliers have offered goods on an as-needed basis so that the military doesn't need to store them in costly warehouses.

Knight Ridder chose to examine just one aspect of military purchasing - food equipment - but the prime vendor program is being used increasingly for everything the Pentagon buys.

"There is nothing prime about the program. In fact, it's very expensive," said Keith Ashdown, vice president of the Washington-based nonprofit Taxpayers for Common Sense. "They have reduced competition and now we're seeing them pay higher prices."

In response, DLA warned that comparing prime vendor and non-prime vendor prices - as Knight Ridder did - is "extremely difficult" because shipping, installation and special modifications to items may result in higher charges.

Though DLA officials refused to be interviewed for this story, they did answer some questions by e-mail.

DLA said that price comparisons "do not take into account the large investment, infrastructure and manpower savings the government realizes from its prime vendor program." Others say these are savings that would be realized in any event, as long as the government bought from suppliers, prime or non-prime, willing to deliver just in time.

In thousands of purchases of food service equipment items, Knight Ridder found massive markups. The case of a special 7-foot refrigerator-freezer for airplanes illustrates the problem.

MGR Equipment Co. of Inwood, N.Y., which makes the unit, charged DLA \$17,267 in 2003 for each one. That's the price that MGR president Gerald Ross said he charges everyone.

In September 2004, prime vendor Lankford Sysco Food Services Inc. sold the government nine MGR refrigerators for \$32,642.50 apiece - a markup of 89 percent. The government paid \$138,445 extra, when all prices were adjusted for inflation into 2005 dollars.

"We'd like to see the government get the best pricing, but we get the same amount regardless of whether we sell to (a prime vendor) or whatever," Ross said. "The government is aware of this. They're aware they're paying a premium for going through prime vendors."

Lankford Sysco didn't respond to three phone calls for comment.

The markups upset Charles Jones, president of Commercial Marketing Co., a Columbia, S.C., vendor cut out of the prime vendor program. He sells kitchen equipment, but because of the prime vendor program, his sales are limited to just a few bases.

"What value is this prime vendor program adding? Zero," Jones said. "We think it's a crooked deal."

Another government agency, the General Services Administration, has its own purchasing system that the military can use. And it's cheaper.

Jones and Eagle Marketing of Houston, a vendor not in the prime system, compared the DLA's prime vendor prices with how much the GSA pays for the same food service equipment. The DLA's prime vendor prices were 39 percent higher.

Eagle President Paul Fellencer sends letters to potential military customers touting the lower prices he charges. For example, Fellencer pointed out in one letter that the DLA bought a warming oven for \$2,089. "If this item had been purchased through a GSA contract, you would have paid only \$1,727!" he said.

The Virginia-based DLA is the largest of the military's combat support departments. The agency "supplies almost every consumable item America's military services need to operate," according to its brochure. That amounted to \$31 billion in sales in the budget year that ended Sept. 30. At DLA's lead supply center, in Philadelphia, nearly 60 percent of sales were through the prime vendor program.

Knight Ridder Newspapers conducted a computer database analysis of prices charged by a small segment of prime vendors and how much the DLA paid for the same items from companies outside the prime vendor program. The database comprised 122 separate food equipment items purchased by the DLA between 1996 and 2005. In all, 2.37 million pieces of equipment were involved, costing the government a total of \$37 million.

Prices were tracked using a database run by Bidlink, an Ohio company that monitors government purchases.

The average prime vendor price - when adjusted for inflation - was higher for 102 of the 122 items. Even with this small sample of purchases, Knight Ridder found the government spent \$1.2 million more than it needed to by using the prime vendor system.

A few examples illustrate how the system can cost taxpayers more than necessary:

In August 2003, the Defense Department paid \$20.23 each for two ice cube trays from prime vendor Lankford Sysco. A month earlier, Lankford Sysco charged the department \$15 apiece for two ice cube trays. But in July 2002, the Defense Department bought 171 of the one ice cube trays from Appliance Parts Distributors - not a prime vendor; the price was 85 cents each.

Before the prime vendor program started for food service equipment in 1999, the Defense Department bought coffeemakers from West Bend for \$28.96 apiece, which, when adjusted for inflation, would now cost \$33. But in March 2003 - just four years after getting the \$29 coffeemakers - Lankford Sysco billed the Defense Department \$81.24 for each West Bend coffeemaker.

This January, the Pentagon bought nine charcoal grills from the biggest of the prime vendors, Gill Marketing, paying \$290 apiece. The same grill 29 months earlier cost \$145 from a non-prime vendor. On average, taxpayers paid \$227 in current inflation-adjusted dollars for the grill when the Pentagon used prime vendors, but only \$132, when adjusted for inflation, when it bought competitively.

One manufacturer who previously sold directly to the government but now sells to the prime vendors said the system doesn't make sense.

"I resent it as a taxpayer," said the firm's chief executive, who spoke on the condition of anonymity for fear of losing business. "Before we'd sell it to them (the Defense Department) at a hell of a lot less money. I don't make that money on it. Dietary (one of the prime vendors) is making money hands over fist. ... It makes no sense."

A second manufacturing CEO, who also asked not to be identified for the same fear of losing what little business is left, called it "three-card Monte economics." A third company president said the "prime vendor program is mismanaged; the costs are way, way too high."

In June, DLA announced that it had awarded the prime vendor food contracts to four companies: Dietary Equipment of Columbia, S.C.; Gill Marketing Inc. of Phoenix; JAL Enterprises of Hampton, Va.; and FEM Food Equipment Marketing Inc. of Rockville, Md.

Officials at Dietary, Gill, JAL and Lankford Sysco, which had been a prime vendor until this summer, either declined to speak with Knight Ridder for this story or didn't respond to repeated requests for interviews. FEM is a new prime vendor, so the database analysis didn't include purchases from FEM.

Dietary Equipment President Wade Hampton Oliver Jr. said in a letter last week that price isn't the only factor to consider in the prime vendor program.

"The prime vendor system in part replaced thousands of Department of Defense officials and allowed the closing of many Department of Defense supply depots," Oliver wrote.

Defenders of the prime vendor program highlight its speed: Fast deliveries eliminate the need for stocking and warehousing, shifting those costs to manufacturers and vendors. The DLA borrowed these cost-saving strategies from the private sector, which successfully experimented with the consolidation of supply chains in the 1980s.

It's not only the DLA and its prime vendors who extol the program. Their praise is echoed on military bases across the nation.

Fort Jackson in Columbia, S.C., has used a prime vendor for food since 1994 and Dietary as its prime vendor for food service equipment since 1999.

"The program is very effective," said Michael Heckman, a civilian who places the orders for the base. "We've got a good choice of brands."

base frequently compares prices, he said. While prime vendor prices often reflect small markups, "it's nothing that would make you not want to use the prime vendor."

But critics of the program say the advantages offered by prime vendors are overstated.

"Once the order gets here, we can turn it around as fast or faster than the prime vendor," Eagle's Fellencer said.

Rep. James Clyburn, D-S.C., called for an investigation of the program.

"Can Congress do anything? Yes. Will Congress do anything? No," he said.

Tom Schatz, president of the Washington-based, nonprofit Citizens Against Government Waste, said: "It's supposed to save money, and it's well-intentioned but doesn't do what it's supposed to. People figure out how to take advantage of it."

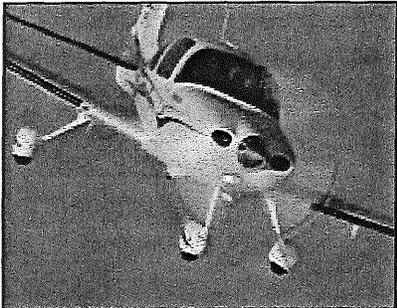
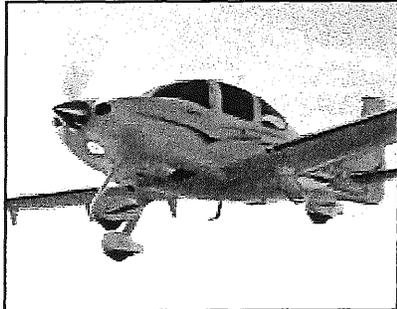
Knight Ridder special correspondent Ely Portillo contributed to this report.

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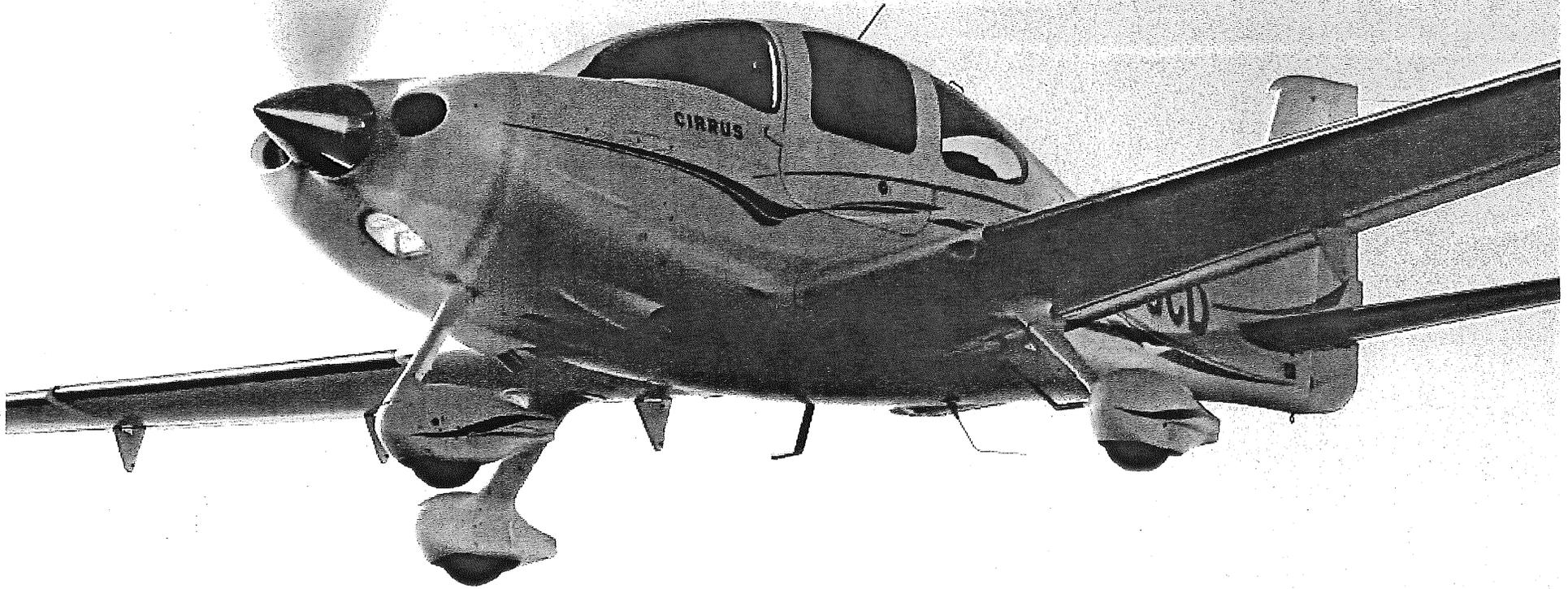
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No matter what you want, there's a Cirrus SR model just waiting for you.

| SPECIFICATIONS | SRV-G2 | SR20-G2/GTS | SR22-G2/GTS |
|-------------------------------------|-----------------|--------------------|--------------------|
| PERFORMANCE | | | |
| takeoff | 1341 ft | 1341 ft | 1020 ft |
| takeoff [50' object] | 1958 ft | 1958 ft | 1575 ft |
| climb rate | 900 ft/min | 900 ft/min | 1400 ft/min |
| stall speed w/flaps | 56 KIAS | 56 KIAS | 59 KIAS |
| cruise speed [75% power] | 150 KTAS | 156 KTAS | 185 KTAS |
| cruise range w/reserve | 634 nm | 733 nm | 700 nm |
| maximum range | 865 nm | 882 nm | over 1000 nm |
| landing ground roll | 1014 ft | 1014 ft | 1140 ft |
| landing over 50' object | 2040 ft | 2040 ft | 2325 ft |
| ENGINE | | | |
| manufacturer | Continental | Continental | Continental |
| model | IO-360-ES | IO-360-ES | IO-550-N |
| horsepower | 200 | 200 | 310 |
| PROPELLER | | | |
| diameter | 76" | 76" | 78" |
| description | 2 blade | 2 blade | 3 blade |
| speed | constant | constant | constant |
| SPECIFICATIONS | | | |
| length | 26' | 26' | 26' |
| height | 8'6" | 8'6" | 8'7" |
| wingspan | 35'7" | 35'7" | 38'6" |
| wing area | 135 sq ft | 135 sq ft | 144.9 sq ft |
| cabin length | 130" | 130" | 130" |
| cabin width | 49" | 49" | 49" |
| cabin height | 50" | 50" | 50" |
| landing gear | fixed, tricycle | fixed, tricycle | fixed, tricycle |
| DESIGN WEIGHTS & LOADING | | | |
| maximum gross wt. | 3000 lbs | 3000 lbs | 3400 lbs |
| standard empty wt. | 2050 lbs | 2070 lbs | 2250 lbs |
| useful load | 950 lbs | 930 lbs | 1150 lbs |
| useful fuel capacity | 56 gal/336 lbs | 56 gal/336 lbs | 81 gal/486 lbs |
| full fuel payload | 614 lbs | 594 lbs | 664 lbs |

CIRRUS DESIGN CORPORATION

Project Overview... St. Paul, MN 11.18.05



THE MIND OF AN ENGINEER. THE HEART OF A PILOT.™



PROJECT UPDATE & OVERVIEW

Corporate Overview

Local Impact

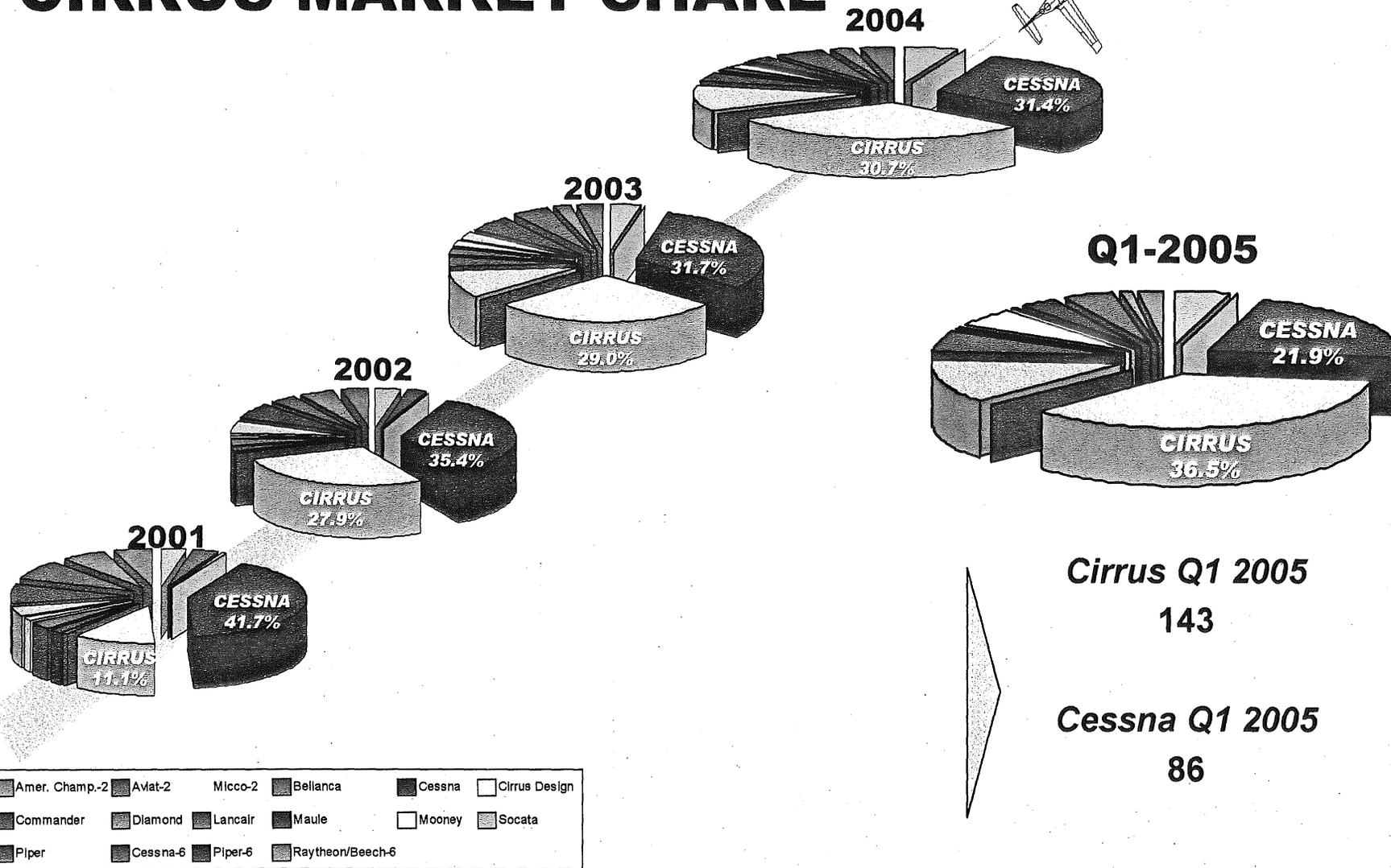
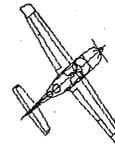
Expansion Overview

Public Policy Issue Discussion

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CIRRUS MARKET SHARE



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CIRRUS PHILOSOPHY

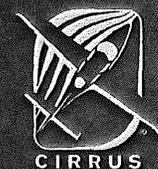
The Value Equation:

Deliver the highest quality aircraft available in class, at reasonable cost, incorporate best available safety technology...

changes the entire GA industry and equals...

CUSTOMER VALUE!

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Cirrus Products



SR22



SR20



SRV

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Superior Products – Enhanced Comfort

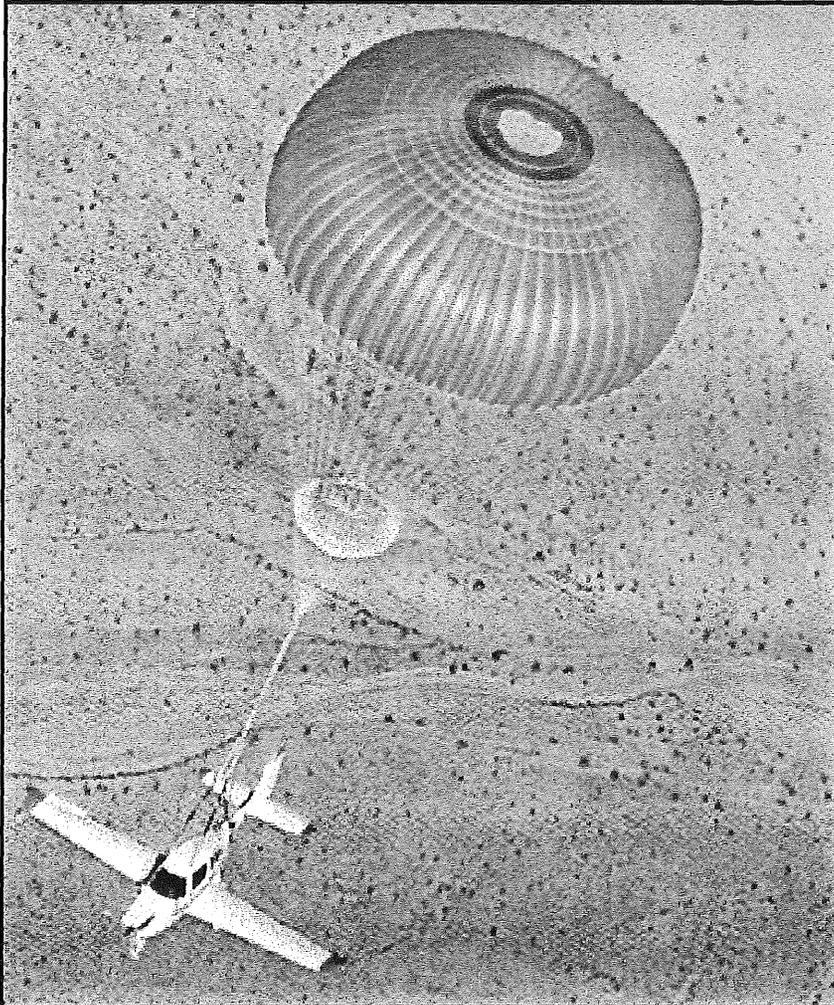


- Interior resembles a modern luxury car
- Cockpit features superior headroom and legroom
- Exceptional visibility from any seat in the cabin
- Ergonomically designed controls

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Superior Products – Unparalleled Safety



- Avionics provide enhanced situational awareness
- Wing design to enhance stall behavior
- Composite structure provides greater structural integrity
- Each aircraft is equipped with a Cirrus Airframe Parachute System (“CAPS”)

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Local Impact: Duluth

June COPA migration brings 325 guests to Duluth for a three day event.

July & August Cirrus hosted our annual "Supplier Symposium" 140 suppliers visit Duluth for a three day session.

Constant supplier and vendor negotiations.

Results in local economies?

Customer Deliveries (additional local impact)

500 aircraft deliveries – Average of 1.5 guests per delivery – Average of four days in delivery and training

3,000 Room nights in local lodging

400 to 500 car rentals

8,000 to 9,000 meals

Other entertainment / tourism options for guests

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Local Impact: Duluth

- Purchased Products (Local – Twin Ports)
 - \$13,250,000 in 2004
 - Goods & Services for inclusion into SR20 and SR22 Aircraft
 - Does not include CDC payroll
- Purchased Products (Local – State of Minnesota)
 - \$31,500,000 in 2004
 - Goods & Services for inclusion into SR20 and SR22 Aircraft
 - Does not include CDC payroll
- Payroll Calculation for CDC Duluth
 - \$33,500,000 in 2004

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EXPANSION OVERVIEW: 5 YEAR GROWTH PLAN

Facility Expansion:

15.5 M

| | | |
|--------------------------------------|-------------|------|
| West Production | 40K (sq/ft) | 7.0M |
| Delivery/Service Facility (Site 102) | 15K | 2.0M |
| East Production | 10K | 1.5M |
| R&D Facility | 35K | 5.0M |

Labor Pool:

| | Grand Forks | Duluth | Enterprise |
|------|-------------|--------|------------|
| 2004 | 259 | 750 | 1009 |
| 2005 | 332 | 850 | 1182 |
| 2009 | 609 | 1300 | 1909 |

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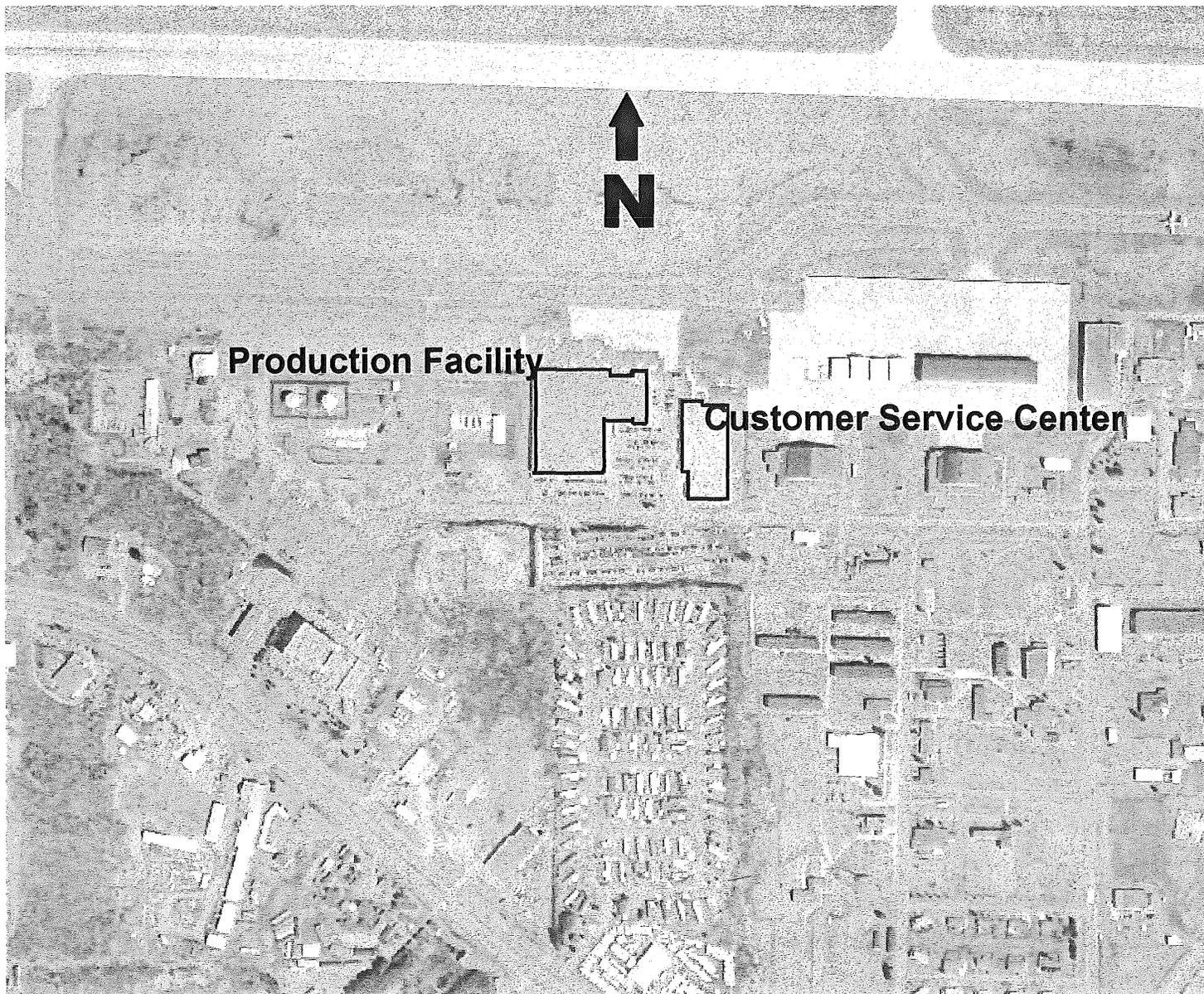




**Customer Service Center
Production Facility**

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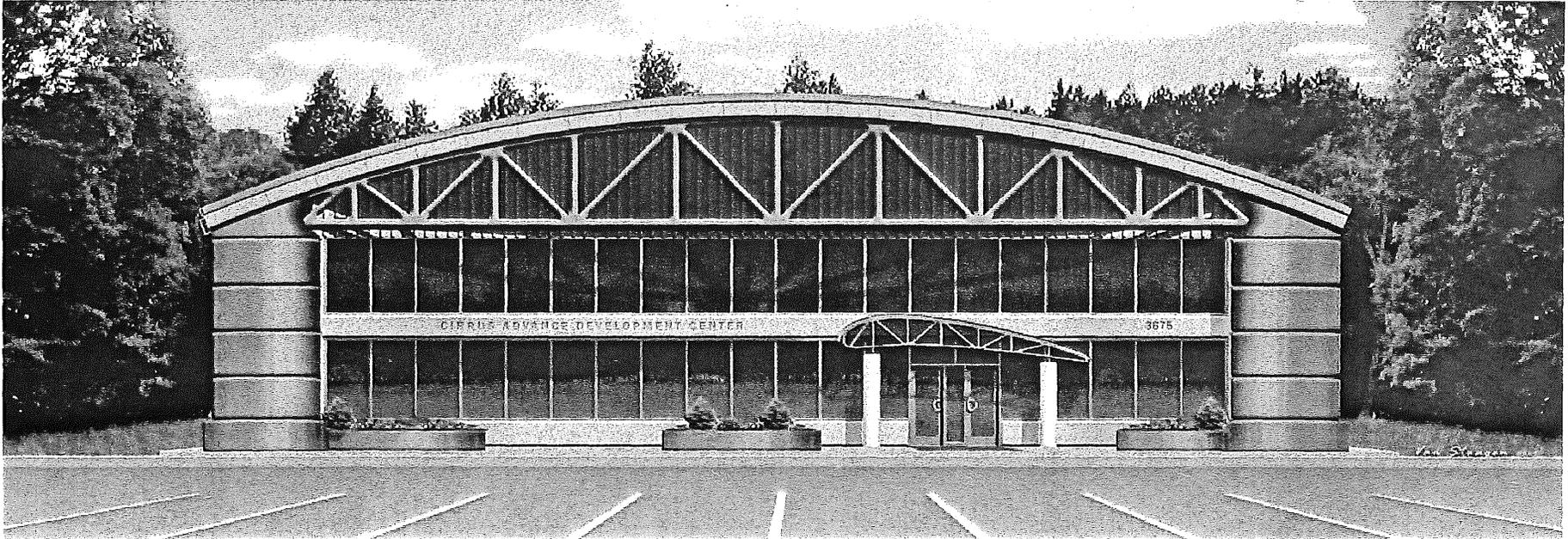
**Reroute Airport Road
Additional Parking**

New Highway Access

**SIGNALIZED
INTERSECTION**

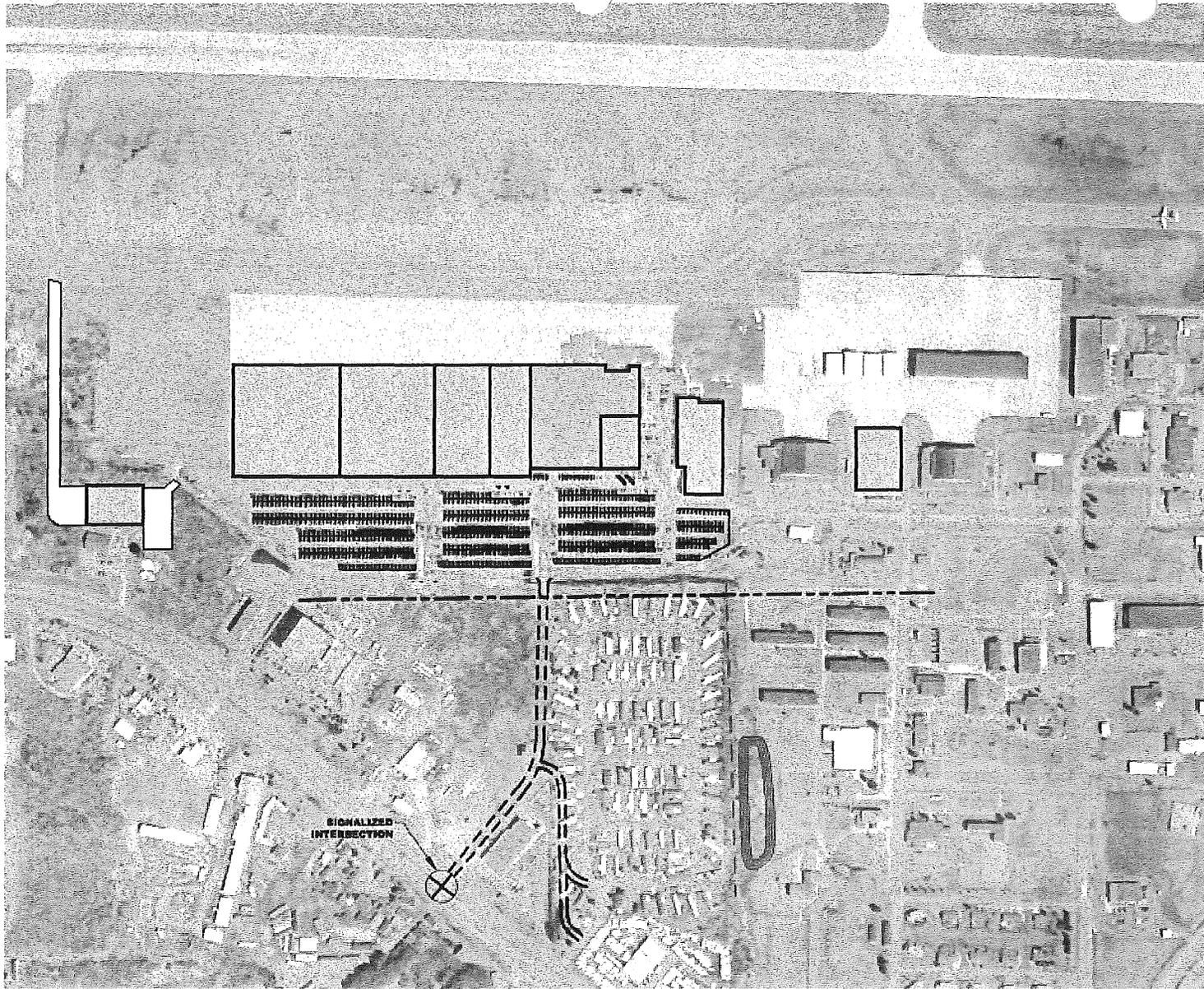
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STEVE MURPHY

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E-Mail: sen.steve.murphy@senate.mn



Senate

State of Minnesota

October 17, 2005

Jim Nobles, Legislative Auditor
Room 140, 658 Cedar Street
Saint Paul, MN 55155

Dear Mr. Nobles:

As Chair of the Senate Transportation Committee, I have been monitoring the bidding procedures used by the Department of Transportation to purchase a new aircraft for the state. I understand your office has opened an investigation into the handling of this purchase. I am writing to document my concerns and to let you know I wholeheartedly support this investigation.

I am concerned about at least two aspects of the acquisition process used by Mn/DOT in this situation: the structuring of the bid for a single aircraft; and the changes made in product specifications to remove a potential vendor from the competition -- a vendor which had, up to that point, worked extensively with Mn/DOT employees to assure that its aircraft met Mn/DOT's aircraft capability needs.

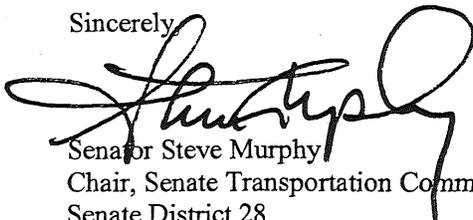
Mn/DOT's handling of this transaction has financial implications for the state. The aircraft purchased was twice as expensive as a similar aircraft which, according to Mn/DOT's own employees, met the agency's specifications. Alarming, this unnecessary expense was incurred at a time when the Legislature was in the middle of contentious negotiations over budget cuts necessitated by the state's general fund deficit. The process used in this transaction has also seriously alienated a Minnesota company with a long history of investment and growth in our state.

The documents I have seen thus far lead me to conclude that the wording on the bid request may have been manipulated to benefit a particular vendor and that circulation of the bid request may have been designed to reduce the potential number of bidders.

The procedures used by Mn/DOT on this contract urgently need your attention and I am pleased you are moving forward on an investigation. I am especially interested to know whether, in your opinion, Mn/DOT's actions complied with the intent and letter of Minnesota law with respect to the bidding of public contracts and whether the procedures used in this instance constitute an isolated event or a common practice at the agency.

I thank you in advance for your help on this important matter.

Sincerely,



Senator Steve Murphy
Chair, Senate Transportation Committee
Senate District 28



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75 Rev. Dr. Martin Luther King, Jr. Blvd.
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E-Mail: sen.steve.murphy@senate.mn



Senate

State of Minnesota

October 18, 2005

Dana B. Badgerow, Commissioner
Department of Administration
200 Administration Building
50 Sherburne Ave.
St. Paul, MN 55155

Dear Commissioner Badgerow,

On Monday, October 24, 2005, at 1:00 pm, in room G-15 of the State Capitol, I am holding a meeting of the Senate's Transportation Committee to investigate the recent purchase of a Beechcraft Airplane by the Department of Transportation. Because of your Department's important role in the bidding process used to acquire this plane, I am asking that you and your staff that were involved in this bid be present at the hearing to discuss the details of how this transaction was handled. The meeting may last until 4:00 pm, and I would request that you plan to make yourself available throughout the entire hearing.

Because of how vital you and your staff's input will be in this discussion, I hope that you can respond to this request no later than Thursday, October 20, 2005, at noon.

Thank you for your attention to this matter.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read 'Steve Murphy'.

STEVE MURPHY
Senator, 28th District
Chair, Senate Transportation Committee



October 6, 2005

Senate
State of Minnesota

Jim Nobles, Legislative Auditor
Room 140
658 Cedar Street
Saint Paul, MN 55155

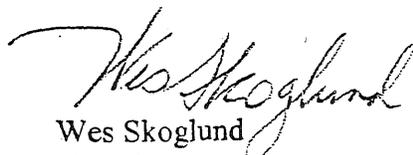
Dear Mr. Nobles:

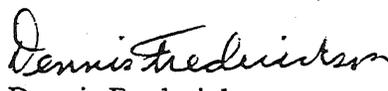
We recently met with William King, the Vice President of Business Administration with Cirrus Design Corporation, based in Duluth. He brought to our attention a bidding process undertaken by the Department of Transportation's Office of Aeronautics that Mr. King thought raised questions.

In July, 2005, the Office of Aeronautics was seeking bids for a new aircraft for the State of Minnesota. The project specifications stated that the aircraft "must have an airframe with no current limitations on its service life." (See Utility Aircraft Specifications, line 1.6, attached) A life limitation is a Federal Aviation Administration (FAA) regulation placed on all new aircraft. All aircraft certified since 1968 are required to be tested to prove a specific life limitation. However, the aircraft ultimately purchased by the Office of Aeronautics was certified in 1947, and thus has not been tested for life limitation. The aircraft purchased by the Office of Aeronautics is the only aircraft on the market that can claim "no current limitations on its service life," because under the FAA regulations, it is not required to be tested.

We request that the Office of the Legislative Auditor conduct an investigation into the Office of Aeronautics bidding process to determine if the bid specifications were designed so that only one aircraft could meet them.

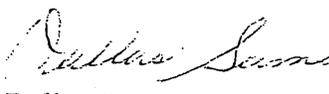
Sincerely,


Wes Skoglund
State Senator


Dennis Frederickson
State Senator


LeRoy Stumpf
State Senator


Thomas Bakk
State Senator


Dallas Sams
State Senator

Attached: Letter to Sen. Lanseth from William King
Specifications Document

-Utility Aircraft Specifications (pg. 16-18)

Bid Timeline-- Floyd Gutowski, Regional Sales Mgr., Cirrus Design

October 3, 2005

Honorable Senator Keith Langseth
Wilmar, MN

Dear Senator Langseth,

I have taken the time to give you an overview of the recent offensive actions of the State of Minnesota, Department of Aeronautics. The purpose of this letter is to give you the snap-shot version of events that led to our comments below. I trust that you will find a more receptive audience in Saint Paul than we have. We remain mystified as to why there has been absolutely no action on the part of the State, and as such our frustration continues to grow. As you review the following comments, please feel free to contact me with any questions.

OVERVIEW:

The State of Minnesota's actions during their recent aircraft acquisition have greatly offended and infuriated the Cirrus Design Corporation. Although we had clearly met all of the specifications to bid this aircraft, the Department of Aeronautics intentionally "played games" with the bidding process to prevent us from being able to participate. This disgraceful behavior on the part of the State constitutes fraudulent "bid-rigging." I should think the Governor, and more specifically, the Lieutenant Governor (who serves as the Commissioner of Transportation) would be ashamed of their behavior.

In addition to the Department of Aeronautics' illegal handling of the bid, members of Governor Pawlenty's staff, who were clearly advised of the matter three days before the bid letting, failed to take action to halt the proceedings. They disregarded the information, proceeded to open the bids and award the contract, knowing full well that the process had been rigged to keep Cirrus Design from being able to bid, after agreeing we met the specifications in the first place.

To make things worse, we personally contacted the Commissioner of Aeronautics, Ray Rought, prior to the bid date, and questioned him regarding the legitimacy of the process. Commissioner Rought explained that the Department had received more funding from the Legislature than they actually thought they would, and as such, decided to purchase a more expensive aircraft. They then narrowly re-constructed the specifications to allow them to replace one of their aircraft with a new Beechcraft Bonanza (an aircraft known for high quality -like the Cirrus-but of lesser value when measured by the cost against the mission requirements originally specified). Simply said, it is a very good aircraft but considerably more expensive with fewer features, and does not meet - or for that matter come close to meeting - the current FAA-certification requirements. Yet it was those very certification requirements (limitations to life of an airframe) the Department used to keep us from being able to bid. To those who know about such things, this is an absolutely outrageous and obvious abuse of a public bidding process. Shame on them!

The story of Alan and Dale Klapmeier growing this business from 35 employees in 1993, when we moved from Central Wisconsin to Duluth is truly phenomenal. Over the past twelve years, we have overcome immense odds and fought the commerce battle to the best of our abilities to

position ourselves as a leader, not just within the industry, but as a quality corporate citizen. We have always anticipated having to face intense competition to be the leaders in this tough industry, but never anticipated having to fight our own home team crowd.

This battle has come at a cost that is actually hard to define. We at Cirrus Design find ourselves at a loss for words to express our dismay at the lack of integrity displayed by those that clearly know better. We are now over two months beyond this terrible event with the State, and have yet to have either the Governor, or anyone actually associated with this issue, make there way to Duluth to meet with us and explain what happened in Saint Paul, in spite of our having made the request.

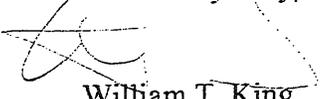
How does this translate in terms of our future? While we realize that good business decisions are not made in haste, we wait to see what comes of this issue in the long term. We believe in Duluth, but find ourselves intensely frustrated and disappointed. This recent event leaves a bitter taste in the mouth of everyone on our senior management team.

We are aware that in business there are always those who cheer for your demise. It is terribly hard, however, to hear such cheering coming from inside our own state capital! The lack of reasonable (or *any* for that matter) response, now nearly ten weeks after the damage is done, leaves that very impression. This is a black eye for the State of Minnesota and a blow to one of its own upstanding businesses.

--- End of statement ---

Again, thank you for your continued support of our project. We remain open to discussing any or all of this information as you may see fit.

Yours very truly,



William T. King
Vice President Business Administration
Cirrus Design Corporation
4515 Taylor Circle
Duluth, MN 55811

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Senate

State of Minnesota

October 18, 2005

Matt Kramer, Commissioner
Minnesota Department of Employment and Economic Development
1st National Bank Building
332 Minnesota Street, Suite E200
St. Paul, MN 55101-1351

Dear Commissioner Kramer,

On Monday, October 24, 2005, at 1:00 pm, in room G-15 of the State Capitol, I am holding a meeting of the Senate's Transportation Committee to investigate the recent purchase of a Beechcraft Airplane by the Department of Transportation. Because of the effects this purchase had on a Minnesota-based company, I am asking that you and your selected staff be present at the hearing and prepared to answer committee member's questions regarding Cirrus Design. The meeting may last until 4:00 pm, and I would request that you plan to make yourself available throughout the entire hearing.

Because of how vital you and your staff's input will be in this discussion, I hope that you can respond to this request no later than Thursday, October 20, 2005, at noon.

Thank you for your attention to this matter.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read 'Steve Murphy'.

STEVE MURPHY
Senator, 28th District
Chair, Senate Transportation Committee



STEVE MURPHY

Senator 28th District
306 State Capitol Building
75 Rev. Dr. Martin Luther King, Jr. Blvd.
St. Paul, MN 55155-1606

Phone: (651) 296-4264
Fax: (651) 225-7561
E-Mail: sen.steve.murphy@senate.mn



Senate

State of Minnesota

October 17, 2005

The Honorable Carol Molnau
Lt. Governor/Commissioner of Transportation
Minnesota Department of Transportation
395 John Ireland Blvd.
Saint Paul, Minnesota 55155-1899

HAND-DELIVERED

Dear Commissioner Molnau:

The Senate Transportation Committee has rescheduled the hearing about the bidding process used by Mn/DOT in its recent purchase of an aircraft for the agency. The hearing has been rescheduled for **Monday, October 24, 2005 at 1:00 P.M. in Room 15 of the State Capitol.**

I ask that you attend this hearing in its entirety and that you be personally prepared to answer questions about the airplane purchase. Members of the Committee believe that you, as the leader of the agency, are in the best position to answer our questions.

Committee members would also like to ask questions of Mn/DOT staff members who worked directly with Cirrus Design Corporation on the design requirements and capabilities for the aircraft purchase, including Ray Rought, Jack Lynch, Steven Hurvitz, Duane Dunconson and Larry Myking.

Clearly, the process used for purchasing the Beechcraft Bonanza raises important issues with respect to how Mn/DOT handles its major purchases. It is my hope that you share and understand our concerns and that any prior commitments which you have can be rescheduled to accommodate the Monday hearing.

Thank you for your attention to this matter. Members of the Committee look forward to asking questions and discussing this issue with you on the 24th.

Thank you.

Sincerely,

Senator Steve Murphy, Chair
Senate Transportation Committee



Technical Data



Bonanza G36 Weight Statement

Design Weights

| | | |
|-------------------------------|-----------|-------------|
| Max. Ramp Weight | 3,663 lb. | (1,662 kg.) |
| Max. Takeoff Weight | 3,650 lb. | (1,656 kg.) |
| Max. Landing Weight | 3,650 lb. | (1,656 kg.) |
| Max. Zero Fuel Weight * | 3,509 lb. | (1,592 kg.) |
| Fuel Capacity | 444 lb. | (201 kg.) |

**Calculated weight based on MTOW minus fuel required to fly 1.5 hours at HSC.*

Weight Breakdown

| | | |
|-----------------------------|-----------|-------------|
| Basic Empty Weight ** | 2,480 lb. | (1,125 kg.) |
| 1 pilot | 170 lb. | (77 kg.) |

| | | |
|------------------------------|-----------|-------------|
| Basic Operating Weight | 2,650 lb. | (1,202 kg.) |
|------------------------------|-----------|-------------|

Typical Options:

| | | |
|------------------------|--------|----------|
| Prop De-ice | 5 lb. | (2 kg.) |
| Air Conditioning | 65 lb. | (30 kg.) |

| | | |
|--|------------------|--------------------|
| Typically Equipped Basic Operating Weight | 2,720 lb. | (1,234 kg.) |
|--|------------------|--------------------|

| | | |
|------------------------------------|-----------|-----------|
| Max. Payload (without pilot) | 959 lb. | (435 kg.) |
| Useful Load (without pilot) | 1,113 lb. | (505 kg.) |

*** Basic Empty Weight includes standard interior, avionics, unusable fuel and oil*

Technical Data



Specifications and Performance

Characteristics

| | |
|----------------------------|------------------|
| Seating (Crew + Pax) | 1 + 4 / 5 |
| Wing Loading | 20.2 lb./sq. ft. |
| Power Loading | 12.17 lb./SHP |
| Noise: Takeoff | 76.7 dBA |

External Dimensions

| | | |
|--------------|--------------|-----------|
| Length | 27 ft. 6 in. | (8.38 m) |
| Height | 8 ft. 7 in. | (2.62 m) |
| Span | 33 ft. 6 in. | (10.21 m) |

Engines

| | |
|---------------------------|----------------------|
| Manufacturer | Teledyne-Continental |
| Model | IO-550-B |
| Output | 300 hp |
| Inspection Interval | 1,700 hrs. |

Weights

| | | |
|--|-----------|-------------|
| Max Ramp | 3,663 lb. | (1,662 kg.) |
| Max Takeoff | 3,650 lb. | (1,656 kg.) |
| Max Landing | 3,650 lb. | (1,656 kg.) |
| Max Zero Fuel | 3,509 lb. | (1,592 kg.) |
| Typically Equipped Basic Operating | 2,720 lb. | (1,234 kg.) |

Payload / Capacities

| | | |
|------------------------------------|------------|-----------|
| Max Payload (without pilot) | 959 lb. | (435 kg.) |
| Useful Load (without pilot) | 1,113 lb. | (505 kg.) |
| Max Fuel Capacity | 444 lb. | (201 kg.) |
| (1 US gal = 6.0 lb./US gal.) | 74 US gal. | |
| Fuel w/max payload | 154 lb. | (70 kg.) |

Technical Data

Beechcraft
*BONANZA*⁶³⁶

Specifications and Performance (continued)

Cabin Dimensions

| | | |
|--------------|--------------|----------|
| Length | 12 ft. 7 in. | (3.84 m) |
| Height | 4 ft. 2 in. | (1.27 m) |
| Width..... | 3 ft. 6 in. | (1.07 m) |

Cabin Volume

| | | |
|-----------------------|-------------|--------------|
| Cockpit | 36 cu. ft. | (1.02 cu. m) |
| Passenger Cabin | 101 cu. ft. | (2.86 cu. m) |
| (including baggage) | | |
| Total Volume..... | 137 cu. ft. | (3.88 cu. m) |

Technical Data



Specifications and Performance (continued)

Airport Performance

| | | |
|--|-----------|-----------|
| Takeoff Field Length | | |
| Max. TO Wt., SL, ISA..... | 1,913 ft. | (583 m) |
| Max. TO Wt., 5,000 ft. elevation, 25°C | 4,145 ft. | (1,263 m) |

Landing Distance

| | | |
|--------------------------------|---------|---------|
| Max Landing Wt., SL, ISA | 950 ft. | (290 m) |
| Vapproach | 79 kt | |

Climb Performance (Max Takeoff Weight)

| | | |
|--------------------------------|-----------------|-------------|
| Time to Climb / Altitude | 14 min / FL 100 | |
| Climb Rate | 1,230 fpm | (375 m/min) |
| Climb Gradient..... | 626 ft/ nm | (103 m/km) |

Ceilings

| | | |
|----------------|------------|-----------|
| Certified..... | 18,500 ft. | (5,639 m) |
|----------------|------------|-----------|

Cruise Performance

High Speed Cruise (25 In. Hg (or Full Throttle) @ 2,500 RPM

| | | |
|-----------------|----------------|-------------|
| 6,000 ft | 176 kt/203 mph | (326 km/hr) |
| 8,000 ft | 174 kt/200 mph | (322 km/hr) |
| 10,000 ft | 171 kt/197 mph | (317 km/hr) |

Normal Speed Cruise (23 In. Hg (or Full Throttle) @ 2,300 RPM

| | | |
|-----------------|----------------|-------------|
| 6,000 ft | 165 kt/190 mph | (306 km/hr) |
| 8,000 ft | 167 kt/192 mph | (309 km/hr) |
| 10,000 ft | 163 kt/188 mph | (302 km/hr) |

Long Range Cruise (21 In. Hg (or Full Throttle) @ 2,100 RPM

| | | |
|-----------------|----------------|-------------|
| 6,000 ft | 144 kt/166 mph | (267 km/hr) |
| 8,000 ft | 149 kt/171 mph | (276 km/hr) |
| 10,000 ft | 153 kt/176 mph | (283 km/hr) |

Technical Data



Specifications and Performance (continued)

Maximum Range at Various Altitudes and Speeds (1 pilot + 2 passengers – VFR)

High Speed Cruise (25 In. Hg (or Full Throttle) @ 2,500 RPM

| | | |
|-----------------|---------------|------------|
| 6,000 ft | 671 nm/772 sm | (1,243 km) |
| 8,000 ft | 714 nm/822 sm | (1,322 km) |
| 10,000 ft | 751 nm/864 sm | (1,391 km) |

Normal Speed Cruise (23 In. Hg (or Full Throttle) @ 2,300 RPM

| | | |
|-----------------|---------------|------------|
| 6,000 ft | 737 nm/848 sm | (1,365 km) |
| 8,000 ft | 747 nm/860 sm | (1,383 km) |
| 10,000 ft | 775 nm/892 sm | (1,435 km) |

Long Range Cruise (21 In. Hg (or Full Throttle) @ 2,100 RPM

| | | |
|-----------------|-----------------|------------|
| 6,000 ft | 919 nm/1,058 sm | (1,702 km) |
| 8,000 ft | 924 nm/1,063 sm | (1,711 km) |
| 10,000 ft | 917 nm/1,055 sm | (1,698 km) |

Maximum Range Performance (VFR reserves)

Executive Payload (1 pilot + 4 passengers)

| | | |
|---------------------|---------|-------------|
| Range | 463 nm | (857 km) |
| Average Speed | 140 kt. | (259 km/hr) |
| Trip Fuel | 220 lb. | (100 kg.) |

Ferry (1 pilot only)

| | | |
|---------------------|---------|-------------|
| Range | 922 nm | (1,708 km) |
| Average Speed | 140 kt. | (259 km/hr) |
| Trip Fuel | 403 lb. | (183 kg.) |

Mission Performance (1 pilot + 3 passengers)

200 nm mission

| | | |
|--------------------|--------------|----------|
| Flight Time | 1 hr. 11 min | |
| Trip Fuel | 130 lb. | (59 kg.) |
| Flight Level | FL 060 | |

500 nm mission

| | | |
|--------------------|--------------|-----------|
| Flight Time | 2 hr. 54 min | |
| Trip Fuel | 304 lb. | (138 kg.) |
| Flight Level | FL 060 | |

Cirrus Design Corporation Public Support

| AGENCY | CONTACT NAME | ASSISTANCE PROVIDED | FINANCIAL ASSISTANCE |
|------------------------------------|-----------------------------------|---|----------------------|
| Congressional Delegation | Congressman Oberstar Office | Funding Cirrus Drive/ROW/Controlled intersection on Hwy 53 | \$1,700,000 |
| | Senator Coleman, Dayton Office | Expedite processing of Dept. of Defense ROE and 2013 lease termination | |
| Air National Guard | Brig General Jon Trost - St. Paul | ROE (Right of Entry) and expedited lease termination for CD expansion | |
| | Colonel Denny Shields - St. Paul | | |
| | Colonel Frank Stokes - Duluth | | |
| | Lt. Com Gary Niemi - Duluth | | |
| Air National Guard - Air Force | Jack Gilbertson - Wash. DC | Mr. Gilbertson is project manager for all ANG sites with contamination | |
| U.S. EDA | Jack Arnold | Funding of public infrastructure: Airport Road, Site 102 | \$900,000 |
| DEED | Meredith Udoibok | Contamination Investigation and Clean up Grants | \$83,846 |
| | Lowell Johnson | Greater MN Business Development Infrastructure Grant | \$500,000 |
| | Carol Pressley-Olson | Minnesota Investment Fund | \$500,000 |
| Minnesota Pollution Control Agency | Jane Mosel, Project Mgr. | Issue Letter of Closure to ANG/DOD | |
| | | Approve Remedial Action Plans for west/east site expansion and site 102 | |

Cirrus Design Corporation Public Support

| | | | |
|---------------------------------|---------------------------------|---|-------------|
| MN-Department of Transportation | Roberta Dwyer | Construction of controlled intersection HWY 53 and Cirrus Drive | |
| St. Louis County | Barb Hayden, Planning Director | Funding - CDBG, Permits | \$1,469,000 |
| | Marcus Hall, Public Works Dir. | Road construction/engineering | |
| City of Duluth / DEDA | Tom Cotruvo, Business Dev. | Funding (TIF, 1200 Fund, CDBG, redevelopment loan fund) | \$2,000,000 |
| | Mike Metso, City Engineer | Public Infrastructure/utility planning, permits, construction | |
| | Bob Bruce, Planning Director | Permits and planning | |
| Duluth Airport Authority | Brian Ryks, Exec. Director | Negotiate amendments to lease with Cirrus Design | |
| | | Fund/construct Cirrus new access to runway | |
| City of Hermantown | Lynn Lander, City Administrator | Road construction planning/funding/permits | |

Senate Transportation Committee Hearing

Room G-15, State Capitol

Monday, October 24, 2005

- Company:** Cirrus Design Corporation
- Product:** Cirrus SR22-G2 The world's best-selling single engine four-seat airplane.
- Locations:** Duluth - Manufacturing, assembly, sales, administration, research and development. Manufacturing facilities in Grand Forks, ND
- Employment:** Total employment 1,100 (800 in Duluth) additional 220 as a result of this expansion
- Project:** 100,000 sq. ft. expansion including production, office and airplane storage space. \$20,000,000 investment
- Issues:** Investigate extent of contaminates in soil or ground water on former Air Force/National Guard site. Determine and implement an acceptable remediation action plan based on the findings.
- Obtaining appropriate authorizations from state and federal agencies to proceed with expansion project. Including Right of Entry, lease agreement, development agreement, permits, etc.
- Secure financial assistance from various agencies for infrastructure costs relating to; soil corrections, site preparation, storm water retention ponds, wetland mitigation, parking lots, road and street improvements.

Department of Employment and Economic Development

1st National Bank Building • 332 Minnesota St., Suite E200 • St. Paul, MN 55101-1351 • USA
651-297-1291 • 800-657-3858 • Fax 651-296-5287 • TTY/TDD: 651-296-3900 • www.deed.state.mn.us

An equal opportunity employer and service provider.

State Owned Aircraft in Minnesota

| N # | Year | Make | Model | Operator | City | Airport |
|----------------------------|------|------------|-----------------------|------------------------------------|--------------|--|
| 112SP | 1981 | CESSNA | 182R SKYLANE II | MN Dept Public Safety State Patrol | St Paul | St. Paul Downtown-Holman Field |
| 114SP | 1981 | CESSNA | 182R SKYLANE II | MN Dept Public Safety State Patrol | St Paul | Mankato Regional-Sohler Field |
| 115SP | 1972 | BELL | OH58A | MN Dept Public Safety State Patrol | St Paul | Cloquet-Carlton County |
| 117SP | 1981 | BELL | 206L-1 VFR LONGRANGER | MN Dept Public Safety State Patrol | St Paul | St. Paul Downtown-Holman Field |
| 118SP | 1978 | CESSNA | 182R SKYLANE II | MN Dept Public Safety State Patrol | St Paul | St. Paul Downtown-Holman Field |
| 119SP | 1996 | BELL | 206L-4 LONGRANGER IV | MN Dept Public Safety State Patrol | St Paul | St. Paul Downtown-Holman Field |
| 141SP | 1976 | BEECH | B80 QUEEN AIR | MN Dept Public Safety State Patrol | St Paul | St. Paul Downtown-Holman Field |
| 3246E | 1982 | CESSNA | 182R II SKYLANE | MN Dept Public Safety State Patrol | St Paul | St. Paul Downtown-Holman Field |
| 5897E | 1983 | CESSNA | 182R SKYLANE II | MN Dept Public Safety State Patrol | St Paul | St. Paul Downtown-Holman Field |
| 9923E | 1985 | CESSNA | 182R SKYLANE B | MN Dept Public Safety State Patrol | St Paul | Cloquet-Carlton County |
| Ten Aircraft Total | | | | | | |
| 263NR | 1985 | BOMBARDAIR | CL-215 1A10 | MN DNR - Forestry Division | Grand Rapids | Grand Rapids/Itasca Co-Gordon Newstrom Fld |
| 37250 | 1977 | CESSNA | 310 | MN DNR - Enforcement | Brainerd | New Ulm Municipal |
| 105NR | 1980 | CESSNA | A185F SKYWAGON | MN DNR - Enforcement | Brainerd | Bemidji Regional Airport |
| 125NR | 1972 | BELL | OH58A | MN DNR - Enforcement | Brainerd | Brainerd-Crow Wing County Regional |
| 135NR | 1968 | BELL | OH58C | MN DNR - Enforcement | Brainerd | Brainerd-Crow Wing County Regional |
| 205NR | 1981 | CESSNA | A185F | MN DNR - Enforcement | Brainerd | Grand Rapids/Itasca Co-Gordon Newstrom Fld |
| 605NR | 1985 | CESSNA | A185F SKYWAGON A | MN DNR - Enforcement | Brainerd | Brainerd-Crow Wing County Regional |
| 705NR | 2000 | AMERICAN | CHAMPION 8GCBC SCOUT | MN DNR - Enforcement | Brainerd | Grand Rapids/Itasca Co-Gordon Newstrom Fld |
| 266NR | 1987 | BOMBARDAIR | CL-215 1A10 | MN DNR - Forestry Division | Grand Rapids | Grand Rapids/Itasca Co-Gordon Newstrom Fld |
| 527NR | 1965 | CESSNA | U206 SUPER SKYWAGON | MN DNR - Forestry Division | Grand Rapids | Grand Rapids/Itasca Co-Gordon Newstrom Fld |
| Ten Aircraft Total | | | | | | |
| 14MN | 1978 | BEECH | A36 BONANZA | MN Dot Office of Aeronautics | St Paul | St. Paul Downtown-Holman Field |
| 16MN | 1978 | BEECH | A36 BONANZA | MN Dot Office of Aeronautics | St Paul | St. Paul Downtown-Holman Field |
| 55MN | 1981 | BEECH | C90 KING AIR | MN Dot Office of Aeronautics | St Paul | St. Paul Downtown-Holman Field |
| 70MN | 1993 | BEECH | B200 KING AIR | MN Dot Office of Aeronautics | St Paul | St. Paul Downtown-Holman Field |
| Four Aircraft Total | | | | | | |

“Single Source Justification Form” (dated 6-21-05) for Office of Aeronautics proposed purchase of Cirrus SR22/GTS.

Sent to Dept. of Administration by Office of Aeronautics. Does not include required “Agency Head or Agency Head Delegate Signature.”

GOODS AND SERVICES

SINGLE SOURCE JUSTIFICATION FORM

This form is to be used when an agency believes an acquisition is a single source and the acquisition dollar amount is above \$2,500. The Agency Head or Agency Head Delegate must sign if the acquisition is over \$5,000. If the acquisition's estimated dollar amount is over the delegated authority for local purchase (ALP) of the certified buyer or \$25,000, whichever is lower, the form must be submitted for approval to: Department of Administration, Materials Management Division, 112 Administration Building, 50 Sherburne Avenue, St. Paul, MN 55155, Fax number 651.297.3996. The signed form must be retained in the purchasing file.

| | |
|--|---|
| DEPARTMENT NAME Mn/DOT | DIVISION NAME / Office Aeronautics |
| PROPOSED CONTRACT VENDOR Company: Cirrus Design Corporation Address: 4514 Taylor Circle Duluth, MN 55811 Telephone: 1-888-750-9926 Web Address: www.cirrusdesign.com Contact: Floyd Gutowski E-mail: fgutowski@cirrusdesign.com | NEED IDENTIFIED (date) Ongoing since 1998 |
| | REQUESTED DELIVERY DATE ASAP |
| | QUOTED PRICE \$ 468,590.00 plus tax |

DESCRIPTION OF GOODS OR SERVICE REQUIRED:

One Cirrus SR22-GTS Aircraft with air conditioning. This also includes three CSIP flight training slots and the tail number painted on the plane. (Aeronautics to provide tail number)

SINGLE SOURCE CATEGORY (Check applicable box, attach documentation or provide explanation below.)

- | | |
|--|--|
| <input type="checkbox"/> Legislation or appropriation mandates use of contract vendor (Legislation attached) <input type="checkbox"/> Mailing lists, subscriptions or media advertising <input type="checkbox"/> Warranty voided if service provided by other contract vendor <input checked="" type="checkbox"/> Other | <input type="checkbox"/> Software license renewals, additions, or upgrades available from only one source <input type="checkbox"/> Brand compatibility available from only one source (no other distributors) <input type="checkbox"/> Other proprietary situation |
|--|--|

THIS PROCURMENT IS A SINGLE SOURCE BECAUSE (attach additional page if needed):

Cirrus Design is the only aircraft manufacturer building a composite aircraft with all the amenities needed, including a Ballistic Recovery System (BRS) parachute emergency safety device, that fall within our budget.

NOTE: The following are unlikely to be sufficient single source justifications:

- ◆ Personal or agency preference for a product or vendor
- ◆ Agency perception that the vendor is the best qualified (this should be determined through a competitive process)
- ◆ Lack of agency planning resulting in limited time to conduct a competitive procurement
- ◆ Past or existing relationship with the vendor
- ◆ Special incentive or deal offered (can be assessed in open and competitive solicitation)
- ◆ Agency convenience

SEARCH

Minnesota Statute § 16C.02 subdivision 18 states: "Single source" means an acquisition where, **after a search**, only one supplier is determined to be reasonably available for the required product, service, or construction item.

A search was conducted consisting of: (check all that apply)

- Market research
- Other vendors contacted
- Public notice given, list
- Other

RESULTS

AFTER THE SEARCH...

- no alternatives were identified
- no alternatives were deemed acceptable because (explain below):

Describe the search from above in-detail:

All single engine aircraft that could possibly meet the needs of our mission were evaluated. Based on necessary amenities and cost, the Cirrus SR22/GTS was the only aircraft completely filling the operational needs, pricing and safety requirements of this office.

PRICE

Minnesota Statute § 16C.10 subdivision 1 states: The solicitation process described in this chapter is not required when there is clearly and legitimately only a single source for the goods and services and the commissioner has determined that the price has been fairly and reasonably established.

Price has been fairly and reasonably established by:

- Comparison to previous comparable purchases from a different vendor
- Independent estimate

- Comparison to public sector contract pricing
- Discount off published catalog pricing
- Market survey
- Other, explain:

Describe methodology and results (attach any written supporting data, e.g., survey or market analysis):

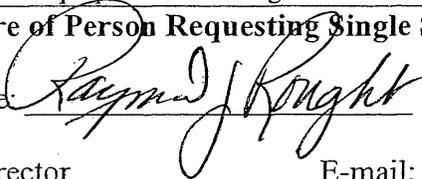
Aircraft are only sold new by the factories, which limits price comparison other than the quote. All aircraft were priced from inquiries from factories. Cirrus was by far the lowest price, (\$109,000.00 less for a base production model), and they discounted the aircraft by 1.5% and provided 3 instructor pilot training modules at a cost of \$1800.00 per module. This is two more than normal. This includes as standard equipment a BRS parachute system in case of catastrophic failure.

CERTIFICATIONS

I certify:

- 1) I recognize that state law requires the use of competitive solicitations unless exempted by law. I have reviewed the information and materials relevant to this procurement of goods and services, and am requesting approval of an exception to the competitive process for the reasons described;
- 2) the price to be paid to the proposed single source vendor is fair, reasonable, and provides the best value to the State of Minnesota; and
- 3) this request for an exception to the competitive solicitation process is not the result of inadequate advance planning or for purposes of securing the services of a preferred vendor.

Signature of Person Requesting Single Source Status or ALP Certified Buyer (Required)

Signature:  Fax Number: 651/296-1828 Date: 6-21-05
Title: Director E-mail: ray.rought@state.mn.us Phone Number: 651/296-3046

2. Agency Head or Agency Head Delegate Signature (Agency Head or Agency Head Delegate must sign if the single source request is over \$5,000.)

Signature: _____ Fax Number: _____ Date: _____
Title: _____ E-mail: _____ Phone Number: _____

3. Dept. of Administration or ALP Certified Delegate Signature (ALP Certified Buyers can approve only up to their delegated authority, but not to exceed \$25,000. All other requests must be signed by the appropriate MMD staff.)

- Approved. You are given a one-time special delegation to process this Single Source acquisition.
- Approved. Please send an Open Market Requisition (OMR) to MMD to process.
- Not Approved. Reason: _____

Signature: _____ Date: _____

Title: _____ E-mail: _____ Phone Number: _____

Sole Source Purchase Addendum

The following procedures were used in making the decision to justify the purchase of a Cirrus SR22/GTS Aircraft.

An inventory of all desired needs, requirements and specifications were listed. Using this inventory, all aircraft that could potentially fit the requirements were further scrutinized.

These are some of the criteria included:

Composite construction

Glass instrument panel (Most advanced type of computerized navigational instrument display System)

Ballistic Recovery System (Aircraft Parachute)

Speeds in excess of 180 Knots

TCAS (Traffic Collision Avoidance System)

TAWS (Terrain Awareness Warning System)

Weeping Wing (De-icing capabilities)

Flight Director (For IFR flight)

Cruise Speed in excess of 185 Knots

Prices for these aircraft were determined by review of the most current Aircraft Bluebook Price Digest Volume dated Summer 2005, Vol. 05-2. This is the most recognized authority on aircraft costs available.

From this review, it was found that the most economical aircraft meeting are needs was the Cirrus SR22-G2/GTS.



FAX

Office of Aeronautics
 Mail Stop 410
 222 E. Plato Blvd.
 St. Paul, MN 55107-1618

Office tel: 651.296. _____

Fax: 651.297.5643

No. of pages to follow: 2

Date: 6/24/05

To: MARY JO KOSKI
 Company/Org: ADMIN
 From: STEVE HURVITZ
 Subj/Ref: ATTACHED
 Fax #: 297-3996 Phone: _____

MATERIALS MGMT DIV
 OFFICE ADMINISTRATION
 DEPT OF TRANSPORTATION
 2005 JUN 24 A 9:41

Message: _____

PRICING & SPECIFICATIONS

OPTIONS & PRICING

| | WEIGHT | PRICE |
|--|-------------------|------------------|
| SRV-G2 | BASE PRICE | \$169,800 |
| Cirrus Airframe Parachute System* [CAPS] | | STANDARD |
| TCM IO-360-ES, 200 hp | | STANDARD |
| Primary Flight Display [PFD] | | STANDARD |
| EX3000C Multi-Function Display [MFD] | | STANDARD |
| GMA 340 Audio Panel | | STANDARD |
| GNC 420 GPS/COM | | STANDARD |
| GTX 327 Transponder | | STANDARD |
| Cross Country Package | 10 | \$16,500 |
| Style Package | 18 | \$8,600 |
| Dual Alternator System | 7 | \$2,500 |
| 3-Blade Propeller | 23 | \$3,450 |
| Front Wheel Fairing | 3 | \$1,610 |

SR20-G2

| | WEIGHT | PRICE |
|--|-------------------|------------------|
| SR20-G2 | BASE PRICE | \$236,700 |
| Cirrus Airframe Parachute System* [CAPS] | | STANDARD |
| TCM IO-360-ES, 200 hp | | STANDARD |
| Primary Flight Display [PFD] | | STANDARD |
| EX3000C Multi-Function Display [MFD] | | STANDARD |
| GMA 340 Audio Panel | | STANDARD |
| GNS 430/250XL, Autopilot 55SR | | STANDARD |
| GTX 327 Transponder | | STANDARD |
| EX3000C Multi-Function Display [MFD] | 1 | \$2,995 |
| GNS 430/420, Autopilot 55SR ¹ | — | \$4,415 |
| GNS 430/430, Autopilot 55X ¹ | — | \$17,645 |
| 3-Blade Propeller | 23 | \$3,450 |
| Leather Interior | 9 | \$3,395 |

SR22-G2

| | WEIGHT | PRICE |
|--|-------------------|------------------|
| SR22-G2 | BASE PRICE | \$334,700 |
| Cirrus Airframe Parachute System* [CAPS] | | STANDARD |
| TCM IO-550-N, 310 hp, 8-point mount | | STANDARD |
| Primary Flight Display [PFD] | | STANDARD |
| EX5000C Multi-Function Display [MFD] | | STANDARD |
| GMA 340 Audio Panel | | STANDARD |
| GNS 430/420, Autopilot 55SR | | STANDARD |
| GTX 327 Transponder | | STANDARD |
| GNS 430/430, Autopilot 55X | — | \$19,890 |
| Ice Protection | 30 | \$19,950 |
| Platinum Engine | — | \$4,750 |

ADDITIONAL OPTIONS (includes GTS/medical)

| | | |
|--|----|----------|
| Weather DataLink™ [XM ¹] | 2 | \$7,490 |
| Real-Time Lightning Information [Stormscope ¹] | 8 | \$9,795 |
| WX Package ¹ [Stormscope & XM] | 10 | \$13,995 |
| Traffic Information [SkyWatch ¹] | 13 | \$21,500 |
| Engine & Fuel Monitoring™ [EMax ¹] | 7 | \$5,985 |
| One Approach Plates™ [CMx ¹] | 0 | \$3,600 |
| Enhanced Ground Proximity Warning™ [KGP-560] | 2 | \$11,500 |
| Flight Director ¹ | 0 | \$1,395 |
| Polished Spinner ¹ | — | \$595 |
| Tailwind Advantage TIER 1 | — | \$12,500 |
| Tailwind Advantage TIER 2 | — | \$7,500 |

WARRANTY

| | |
|--|---------|
| extended three year | \$4,895 |
| extended three year including avionics | \$5,995 |

SR20 GTS (includes all factory-installed options)

| | | |
|-----------------|-------------------|------------------|
| SR20 GTS | BASE PRICE | \$336,100 |
|-----------------|-------------------|------------------|

SR22 GTS (includes all factory-installed options)

| | | |
|-----------------|-------------------|------------------|
| SR22 GTS | BASE PRICE | \$445,100 |
|-----------------|-------------------|------------------|

SPECIFICATIONS

PERFORMANCE

| | SRV-G2 | SR20-G2/GTS | SR22-G2/GTS |
|-------------------------|------------|-------------|--------------|
| takeoff | 1341 ft | 1341 ft | 1020 ft |
| takeoff (60' object) | 1958 ft | 1958 ft | 1575 ft |
| climb rate | 900 ft/min | 900 ft/min | 1400 ft/min |
| stall speed with flaps | 54 KIAS | 54 KIAS | 59 KIAS |
| cruise speed (75 power) | 150 KTAS | 156 KTAS | 185 KTAS |
| cruise range w/reserve | 634 nm | 733 nm | 700 nm |
| maximum range | 865 nm | 882 nm | over 1000 nm |
| landing ground roll | 1014 ft | 1014 ft | 1140 ft |
| landing over 50' object | 2040 ft | 2040 ft | 2325 ft |

ENGINE

| | SRV-G2 | SR20-G2/GTS | SR22-G2/GTS |
|--------------|-------------|-------------|-------------|
| manufacturer | Continental | Continental | Continental |
| model | IO-360 ES | IO-360 ES | IO-550 N |
| horsepower | 200 | 200 | 310 |

PROPELLER

| | SRV-G2 | SR20-G2/GTS | SR22-G2/GTS |
|-------------|----------|-------------|-------------|
| diameter | 76" | 78" | 78" |
| description | 2 blade | 2 blade | 3 blade |
| speed | constant | constant | constant |

SPECIFICATIONS

| | SRV-G2 | SR20-G2/GTS | SR22-G2/GTS |
|--------------|-----------------|-----------------|-----------------|
| length | 26' | 26' | 28' |
| height | 8' 6" | 8' 6" | 8' 7" |
| wingspan | 35' 7" | 36' 7" | 38' 6" |
| wing area | 135 sq ft | 135 sq ft | 144.9 sq ft |
| cabin length | 130" | 130" | 130" |
| cabin width | 49" | 49" | 49" |
| cabin height | 50" | 50" | 50" |
| landing gear | fixed, tricycle | fixed, tricycle | fixed, tricycle |

DESIGN WEIGHTS & LOADING

| | SRV-G2 | SR20-G2/GTS | SR22-G2/GTS |
|----------------------|----------------|----------------|----------------|
| maximum gross wt | 3000 lbs | 3000 lbs | 3400 lbs |
| standard empty wt | 2050 lbs | 2070 lbs | 2250 lbs |
| useful load | 950 lbs | 930 lbs | 1150 lbs |
| usable fuel capacity | 56 gal/336 lbs | 56 gal/336 lbs | 81 gal/486 lbs |
| full fuel payload | 614 lbs | 594 lbs | 664 lbs |

CIRRUS AIRCRAFT FINANCE

As with any major purchase, it's easiest to think in terms of monthly expenditures when deciding to buy. Contact the finance professionals at Cirrus Finance to help determine which option is best for you

Our finance options include:

- Up to 90% financing on loans
- Up to 20-year amortization
- Fixed rate, ARM's and balloon loans

Our knowledgeable Cirrus Finance staff can be reached at 218.788.3833 or e-mail finance@cirrusdesign.com.

For more information call CIRRUS at 1.888.750.9926.

*Factory-installed options refers to any/all options available on the Aircraft Order Form appropriate for the model ordered. Items base aircraft. Upgrade to EX5000C required. Only available with 2-blade propeller. Not available on SRV-G2. Requires 55X Autopilot, not available on the SRV-G2. Prices shown are for United States only unless otherwise specified.

CIRRUS AIRCRAFT ORDER

order date

model/position no

PURCHASER INFORMATION

DELIVERY DATE

DELIVERY LOCATION

CIRRUS DESIGN CORPORATION
4515 Taylor Circle
Duluth, Minnesota USA 55811

CIRRUS AGREES TO Build a CIRRUS aircraft to customer's order and make that aircraft available, for customer pickup, on delivery date [as stated in Section 6.01]

Conduct a flight on delivery date demonstrating that all aspects of the aircraft are in working order

Ensure that the aircraft has a valid FAA "Certificate of Airworthiness" and to transfer clear title to customer on delivery date

CUSTOMER AGREES TO Inform CIRRUS of any changes to the aircraft described above no later than 90 days before Delivery Date.

Make any interim payments on, or prior to, 90 days before Delivery Date

Arrange to purchase and pickup aircraft on Delivery Date either in person or by using CIRRUS' standard power of attorney form

Schedule changes to the Delivery Date at least 90 days in advance. Delay of more than ten business days from Delivery Date will result in additional charges.

AUTHORIZED SERVICE INFORMATION

Yes! Please notify the Authorized Service Center (ASC) in my area of my new CIRRUS ownership.

I prefer to be notified by the Authorized Service Center via
 FAX E-MAIL PHONE MAIL

CREDIT CARD PAYMENT

PURCHASER AGREEMENT

| | | |
|--|-----------|----|
| <input type="checkbox"/> SRV-G2™ | \$189,900 | \$ |
| <input type="checkbox"/> Cross Country Package | \$16,500 | |
| <input type="checkbox"/> Style Package | \$6,600 | |
| <input type="checkbox"/> Dual Alternator | \$2,500 | |
| <input type="checkbox"/> 3-Blade Propeller | \$3,450 | |
| <input type="checkbox"/> Front Wheel Faring | \$1,610 | |

| | | |
|--|-----------|----|
| <input type="checkbox"/> SR20-G2™ | \$236,700 | \$ |
| <input type="checkbox"/> MFD upgrade [EX5000C] | \$2,995 | |
| <input type="checkbox"/> GNS 430/420, 55SR* | \$4,415 | |
| <input type="checkbox"/> GNS 430/430, 55X* | \$17,845 | |
| <input type="checkbox"/> 3-Blade Propeller | \$3,450 | |
| <input type="checkbox"/> Leather Interior | \$3,395 | |

| | | |
|---|-----------|----|
| <input type="checkbox"/> SR22-G2™ | \$334,700 | \$ |
| <input type="checkbox"/> GNS 430/430, 55X | \$13,890 | |
| <input type="checkbox"/> Ice Protection | \$19,950 | |
| <input type="checkbox"/> Platinum Engine | \$4,750 | |

| | | |
|--|----------|--|
| <input type="checkbox"/> ADDITIONAL OPTIONS [excludes GTS models] | | |
| <input type="checkbox"/> Weather Datalink* [XM] | \$7,490 | |
| <input type="checkbox"/> Lightning Information [Stormscope*] | \$9,795 | |
| <input type="checkbox"/> WX Package* [Stormscope* & XM] | \$13,995 | |
| <input type="checkbox"/> Traffic Information [Skywatch*] | \$21,500 | |
| <input type="checkbox"/> Engine & Fuel Monitor* [EMax*] | \$5,985 | |
| <input type="checkbox"/> Approach Plates* [CMax*] | \$3,600 | |
| <input type="checkbox"/> Ground Proximity Warning* [KGP-660*] | \$11,500 | |
| <input type="checkbox"/> Flight Director* | \$1,395 | |
| <input type="checkbox"/> Polished Spinner* | \$585 | |
| <input type="checkbox"/> Tailwind Advantage TIER 1 | \$12,500 | |
| <input type="checkbox"/> Tailwind Advantage TIER 2 | \$7,500 | |

| | | |
|---|---------|--|
| <input type="checkbox"/> WARRANTY | | |
| <input type="checkbox"/> Extended 3 rd year | \$4,995 | |
| <input type="checkbox"/> Extended 3 rd year including avionics | \$5,995 | |

SR20-GTS™ [includes all factory installed options] \$336,100 \$

SR22-GTS™ [includes all factory installed options] \$445,100 \$

| | | |
|---------------------|----|--|
| total value | \$ | |
| deposit with order | \$ | |
| interim payments* | \$ | |
| balance on delivery | \$ | |

EXTERIOR COLOR _____ INTERIOR COLOR _____

SELLER AGREEMENT

Cirrus Design Corporation



Factory installed options refers to any/all options available on the Aircraft Order Form appropriate for the model ordered. *from base aircraft. *upgrade to EX5000C required. *only available with 3-blade propeller. *not available on SRV-G2. *Requires dual autopilot, not available on the SRV-G2. *Downside and interim payments are non-refundable except as noted on reverse side hereof. The order terms of purchase on Seller only when accepted by a duly empowered representative of Seller. Purchaser by its signature agrees that the terms and conditions on the reverse side hereof and the actions attached are a part of the agreement. Prices shown are for United States only unless otherwise specified.

MaryJo Bruski

From: Roy Kill [Roy.Kill@dot.state.mn.us]
Sent: Wednesday, June 29, 2005 10:54 AM
To: Maryjo.Bruski@state.mn.us
Cc: Kevin Gray; Larry Schmitz; Pam Tschida; Brenda.Willard@state.mn.us
Subject: RQ 1024272

Mary Jo it has been decided that DOT does NOT want to buy the plane as a single source purchase. DOT would like the purchase to be made using the competitive bidding process.

DOT will be furnishing you with the specifications for the plane. If you have any questions please contact Pam Tschida 296-3261 or myself
215-1983

Thanks
Roy

Roy Kill
Assistant Director
Materials Management
Roy.kill@dot.state.mn.us
Phone 651 215-1983
Pager 612 610-4674
Fax 651 297-7880

June 29, 2005, memo from Larry Myking, director, Aviation Operations Section to Raymond Rought, director, Mn/DOT Office of Aeronautics, subj.: Replacement Aircraft.

Para. #5: We understand that the Cirrus is not to be a replacement for either of the Bonanzas. I want to reiterate the point that all of the Aviation Representatives and myself, the professionals who operate and maintain our single engine aircraft, understand many of the reasons for wanting to acquire an additional Cirrus aircraft for the office. Not a one of us believe it is a wise choice as a replacement for either of our two Bonanzas.



Minnesota Department of Transportation

Memo

Office of Aeronautics
Mail Stop 410
222 East Plato Boulevard
St. Paul, MN 55107-1618

Office Tel: (651) 296-8056
Fax: (651) 297-5643

June 29, 2005

To: Raymond J Rought
Director

From: Larry Myking
Director, Aviation Operations Section

Subject: Replacement Aircraft

We went through our records for the last fiscal year and found the maintenance costs for both Bonanzas totaled \$71,000. This included \$20,000 for upholstery. During this next biennium they will probably be due for painting, and during the biennium after that they will be due for engine overhaul. The \$71,000 is probably a good average annual cost for the two aircraft.

After talking with the Raytheon Service Center, we find that there is no reason to believe that the maintenance costs are going to increase more with the age of the aircraft. The service center said that we have maintained the aircraft in an outstanding manner that has helped preserve these assets and probably resulted in overall lower long-term maintenance costs.

The Bonanza's are in compliance with the AD requiring inspection for Spar Web Cracking. We, and the service center that has done the work, don't think our aircraft have had the web-cracking problem. The AD requires inspection every 500 hrs. The inspection requires about 4 hrs. labor. If a cracking is detected, the repair requires 3 wks. down-time and about 150 hrs. labor. If repaired, then the next inspection required is after an additional 1500 hrs. The service center said that it is not a common problem and that they have done many inspections and "haven't fixed a crack in 6 or 7 years."

The American Bonanza Society says that "Beechcraft spar web cracking has been a known problem for well over a decade; in that time there has been no aircraft failure or mishap attributed to carry-through spar web cracking; service histories suggest that, at least to date, current AD requirements are satisfactorily detecting and addressing cracks, and preventing virtually all growth and/or recurrence of spar web cracking..."

We understand that the Cirrus is not to be a replacement for either of the Bonanzas. I

want to reiterate the point that all of the Aviation Representatives and myself, the professionals who operate and maintain our single engine aircraft, understand many of the reasons for wanting to acquire an additional Cirrus aircraft for the office. Not a one of us believe it is a wise choice as a replacement for either of our two Bonanzas.

Our office has operated "less expensive" single engine aircraft in the past. That did not prove to be a wise investment.

We paid more for the Bonanzas, but have been able to successfully meet our needs with them as evidenced by the fact that we have operated them for 27 yrs., putting more than **1,200,000 miles** on each of them. That is the equivalent of over **48 times around the world** for each aircraft doing Office of Aeronautics business.

These assets have served us well and proven to be an essential component in accomplishing our mission. They are aging and we believe it is time to implement an aircraft replacement plan. We think the prudent plan would be to replace 16MN first because of it's accident history, and then plan to replace 14MN during the succeeding biennium. If we were to make the choice today, given our expertise, that choice would be two more Bonanzas to serve us through the next two decades.

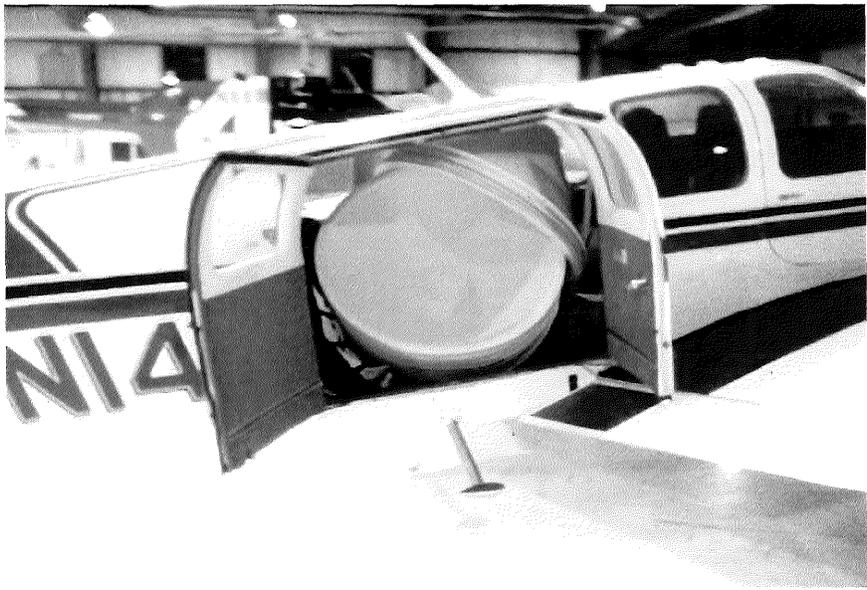
Cc: Steve Hurvitz



Side and rear views of Bonanza 16MN, 2005.



The utility capability of the Bonanza is shown in the following photos as 50, full sized runway marker cones, are held in the rear cargo area of 14MN, just prior to take off.





Cirrus SR 22 left side view



Cirrus close-up of passenger and cargo doors



Cirrus right front view



Cirrus Front full span view



Cirrus left side view

Formal RFB for replacement plane purchase issued 7-18-05, with corrective addendum issued 7-19-05. (7-18-05 RFB included error in title that did not match the issued specifications.)



**STATE OF MINNESOTA
ADDENDUM**

ADMINISTRATION

**REQUEST FOR QUOTATION
(This is not a Purchase Order)**

SOLICITATION NO: 2018743

PAGE NO: 1

ADDENDUM NO: 1

REQN. NO. : 1024272
REQR. AGENCY : MNDOT AERONAUTICS
AGENCY REQ. NO. :
DATE ISSUED : 07/18/05

VENDOR NUMBER :
VENDOR PHONE :

CONTACT NAME : MARY JO BRUSKI
CONTACT PHONE : (651) 296-3772
CONTACT FAX NO : (651) 297-3996
TDD NO. : (800) 627-3529-

NEW CIRRUS SR22-GTS AIRCRAFT

***** DRAFT SOLICITATION *****

RETURN SOLICITATIONS TO:

**MMD
MARY JO BRUSKI
112 ADMINISTRATION BLDG
50 SHERBURNE AVE
ST PAUL, MN 55155**

REVISED OPEN DATE AND TIME:

DATE: 07/25/05 TIME: 02:00 PM

SCOPE OF ADDENDUM

THE FOLLOWING CHANGES ARE HEREBY ADDED TO AND MADE A PART OF
(INVITATION TO BID NUMBER 2018743)

ALL REFERENCES TO "NEW CIRRUS SR22-FTS AIRCRAFT" SHOULD BE DELETED AND
REPLACED WITH "NEW UTILITY SINGLE ENGINE AIRCRAFT".

PAGE 13: NEED DATE OF 07/25/05 SHOULD BE REPLACED WITH 11/30/05.

PAGE 13:
FIRST TRADE-IN OFFER THE NUMBER N414N SHOULD BE REPLACED WITH N14MN.
SECOND TRADE-IN OFFER THE NUMBER N416MN SHOULD BE REPLACED WITH N16MN
SECOND TRADE-IN OFFER THE SECOND PRICE LINE SHOULD BE DELETED.

THIS ADDENDUM MUST BE SIGNED AND RETURNED WITH THE RFB RESPONSE.
FAILURE TO DO SO WILL RESULT IN REJECTION OF THE RFB RESPONSE.

*****END-OF-ADDENDUM*****

AUTHORIZED SIGNATURE

DATE



STATE OF MINNESOTA
SOLICITATION

ADMINISTRATION

REQUEST FOR QUOTATION

(this is not a Purchase Order)

SOLICITATION NO: 2018743

PAGE NO: 1

NEW CIRRUS SR22-GTS AIRCRAFT

REQN. NO. : 1024272
REQR. AGENCY : MNDOT AERONAUTICS
AGENCY REQN. NO. :
DATE ISSUED : 07/18/05

CONTACT NAME : MARY JO BRUSKI
CONTACT PHONE : (651) 296-3772
CONTACT FAX NO. : (651) 297-3996
TDD NO. : (800) 627-3529
E-MAIL : MARYJO.BRUSKI@STATE.MN.US

VENDOR INFORMATION (PLEASE PRINT OR TYPE)

VENDOR NUMBER: _____

NAME: _____

ADDRESS: _____

CITY: _____ STATE: _____ ZIP: _____

EMAIL: _____

PHONE: _____ FAX: _____

TOLL FREE: _____

RETURN SOLICITATIONS TO:

MMD
MARY JO BRUSKI
112 ADMINISTRATION BLDG
50 SHERBURNE AVE
ST PAUL, MN 55155

MUST BE RECEIVED NO LATER THAN:
DATE: 07/25/05 TIME: 02:00 PM

SOLICITATION RESPONSE INSTRUCTIONS

1. Read the entire solicitation including all terms, conditions, and specifications. All attached terms, conditions, and specifications apply to any subsequent award. Complete all applicable areas.
2. Solicitation responses must contain the signature of an authorized agent empowered to bind the Vendor in a contract.
3. Solicitation responses must be submitted on this form unless otherwise stated in the solicitation.
4. For a "no response", return only this page signed and marked "no response". Failure to respond may result in being removed from the Vendor's list.
5. Delivery must be FOB destination. Freight charge to be included in unit price unless otherwise stated in the solicitation.
6. Solicitation responses will be considered to be in strict compliance with the specifications and the Vendor will be held responsible therefore; unless the Vendor clearly indicates any deviation from the specifications.
7. The State of Minnesota reserves the right to reject any or all solicitation responses or portions thereof; to waive any irregularities or informalities in solicitation responses received; and to cancel the solicitation if it is considered to be in the State's best interest.
8. Solicitation responses submitted are irrevocable offers for 60 days following submission deadline date unless otherwise stated in the solicitation terms. Solicitation responses may be modified or withdrawn prior to the time and date set forth above. After the time set forth above, no solicitation responses may be withdrawn or modified.
9. Prices must be submitted in United States currency.
10. Do NOT include sales tax in your pricing; the State of Minnesota holds Direct Pay Permit 1114 and pays tax directly to the Department of Revenue.

TO BE COMPLETED BY VENDOR

DELIVERY CAN BE MADE _____ DAYS OR _____ WEEKS AFTER RECEIPT OF ORDER.

PAYMENT TERMS: _____ (DISCOUNTS OFFERED FOR LESS THAN 30 DAYS WILL NOT BE CONSIDERED IN MAKING AN AWARD).

VENDOR'S QUOTATION REFERENCE NUMBER, IF ANY: _____

VENDOR CONTACT PERSON: _____ PHONE: _____
FAX: _____

We certify that we have not, either directly or indirectly, entered into any agreement or participated in any collusion or otherwise taken any action in restraint of free competition; that no attempt has been made to induce any other person or firm to submit or not to submit a solicitation response; that this solicitation response has been independently arrived at without collusion with any other vendor, competitor, or potential competitor; that this solicitation response has not been knowingly disclosed prior to the opening of solicitation responses of any other vendor or competitor; and that the above statement is accurate under penalty of perjury.

COMPANY NAME (TYPE OR PRINT) _____

AUTHORIZED SIGNATURE _____ DATE _____

MAILING ADDRESS (IF DIFFERENT THAN ABOVE) _____

NAME AND TITLE (TYPE OR PRINT) _____

JURISDICTION AND VENUE: This solicitation and the Contract, amendments and supplements thereto, shall be governed by the laws of the State of Minnesota. Venue for all legal proceedings arising out of the Contract or breach thereof shall be in the State or federal court with competent jurisdiction in Ramsey County, Minnesota.

LAWS AND REGULATIONS: Any and all services, articles or equipment offered and furnished must comply fully with all local, State, and federal laws and regulations, including M.S. 181.59 prohibiting discrimination.

ASSIGNMENT: The Contract Vendor shall not sell, transfer, assign, or otherwise dispose of the Contract or any portion hereof or of any right, title, or interest herein without the prior written consent of the State's authorized agent. Such consent shall not be unreasonably withheld. The Contract Vendor shall give written notice to the State's authorized agent of such a possibility at least 30 days prior to the sale, transfer, assignment, or other disposition of the Contract. Failure to do so may result in the Contract Vendor being held in default. This consent requirement includes reassignment of the Contract due to a change in ownership, merger, or acquisition of the Contract Vendor or its subsidiary or affiliated corporations. This section shall not be construed as prohibiting the Contract Vendor's right to assign the Contract to corporations to provide some of the services hereunder. Notwithstanding the foregoing acknowledgment, the Contract Vendor shall remain solely liable for all performance required and provided under the terms and conditions of the Contract.

INDEMNIFICATION AND HOLD HARMLESS. The Contract Vendor shall indemnify, protect, save and hold harmless the State, its representatives and employees, from any and all claims or causes of action, including all legal fees incurred by the State arising from the performance of the Contract by the Contract Vendor or its agents, employees, or subcontractors. This clause shall not be construed to bar any legal remedies the Contract Vendor may have with the State's failure to fulfill its obligations pursuant to the Contract. The State's liability is governed by the Minnesota Tort Claims Act, Minn. Stat. § 3.736 and other applicable laws.

PUBLICITY: The responder shall not make any representation of the State's opinion or position as to the quality or effectiveness of the product and/or services that are the subject of the Contract without the prior written consent of the State's Acquisition Management Specialist. "Representations" include, but are not limited to publicity, advertisements, notices, press releases, reports, signs, and similar public notices.

DEFAULT: A State purchase order constitutes a binding Contract. All commodities furnished will be subject to inspection and acceptance by the requisitioning entity after delivery. No substitutions or cancellations are permitted without approval of the State contracting Agency. Back orders, defaults in promised delivery, or failure to meet specifications in the purchase order and/or the solicitation authorize the State contracting Agency to cancel the award or any portion of it, purchase elsewhere, and charge the full increase, if any, in cost and handling to the defaulting responder. A Contract Vendor may be removed from the State's vendor list or suspended from receiving awards for consistent failure to comply with the terms and conditions of the Contract, or for failure to pay the State for the cost incurred on defaulted Contracts.

STATE AUDIT: The books, records, documents, and accounting procedures and practices of the Contract Vendor and its employees, agents, or subcontractors relevant to the Contract must be made available to and subject to examination by the Legislative Auditor and/or the State Auditor for a minimum of six years after the end of the Contract.

PAYMENT: Minn. Stat. 16A.124 requires payment within 30 days following receipt of an undisputed invoice, merchandise or service whichever is later. Terms requesting payment in less than 30 days will be changed to read "Net 30 days."

GOVERNMENT DATA PRACTICES ACT: The Contract Vendor and the State must comply with the Minnesota Government Data Practices Act, Minn. Stat. Ch. 13, as it applies to all data provided by the State to the Contract Vendor and all data provided to the State by the Contract Vendor. In addition, the Minnesota Government Data Practices Act applies to all data created, collected, received, stored, used, maintained, or disseminated by the Contract Vendor in accordance with this contract that is private, nonpublic, protected nonpublic, or confidential as defined by the Minnesota Government Data Practices Act, Ch. 13.

In the event the Contract Vendor receives a request to release the data referred to in this article, the Contract Vendor must immediately notify the State. The State will give the Contract Vendor instructions concerning the release of the data to the requesting party before the data is released. The civil remedies of Minn. Stat. 13.08, apply to the release of the data referred to in this article by either the Contract Vendor or the State.

The Contract Vendor agrees to indemnify, save, and hold the State of Minnesota, its agent and employees, harmless from all claims arising out of, resulting from, or in any manner attributable to any violation of any provision of the Minnesota Government Data Practices Act, including legal fees and disbursements paid or incurred to enforce this provision of the Contract. In the event that the Contract Vendor subcontracts any or all of the work to be performed under the Contract, the Contract Vendor shall retain responsibility under the terms of this paragraph for such work.

HAZARDOUS SUBSTANCES: To the extent that the goods to be supplied to the State by the Contract Vendor contain or may create hazardous substances, harmful physical agents or infectious agents as set forth in applicable State and federal laws and regulations, the Contract Vendor must provide the State with Material Safety Data Sheets regarding those substances. A copy must be included with each delivery.

ENVIRONMENTALLY RESPONSIBLE PURCHASES: Wherever practicable, the State encourages environmentally responsible purchasing.

DATES: Dates are listed in the sequence of month/date/year. Times shown are based on the Central Time Zone, USA.

FEDERAL DEBARMENT: By submission of its response, the vendor certifies that neither it nor its principals is presently debarred or suspended by any Federal department or agency; or if the amount of this response is equal to or in excess of \$100,000, that neither it nor its principals nor its subcontractors receiving subawards equal to or in excess of \$100,000 is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency. If unable to certify to any of the statements in this certification, the responder must attach an explanation to its response.

** SEALED BID (REQUEST FOR BID):
FAX RESPONSES WILL NOT BE ACCEPTED.
SEALED RESPONSES MUST BE DELIVERED TO:
STATE OF MINNESOTA
MATERIALS MANAGEMENT DIVISION
50 SHERBURNE AVENUE, ROOM 112
ST. PAUL, MN 55155-1490

AND TIME-STAMPED NO LATER THAN 2:00 PM ON THE DATE SET,
AT WHICH TIME BIDS WILL BE PUBLICLY OPENED. IN THE CASES WHERE THERE
WILL ALSO BE A REVERSE AUCTION FOR THE SOLICITATION, THERE WILL BE NO
PUBLIC OPENING.

** INDEMNIFICATION AND HOLD HARMLESS:
THE RESPONDER SHALL INDEMNIFY, SAVE AND HOLD THE STATE, ITS
REPRESENTATIVES AND EMPLOYEES, HARMLESS FROM ANY AND ALL CLAIMS OR
CAUSES OF ACTION, INCLUDING ALL ATTORNEYS' FEES INCURRED BY THE STATE
ARISING FROM THE PERFORMANCE OF THE CONTRACT BY THE RESPONDER OR
RESPONDER'S AGENTS, EMPLOYEES, OR SUBCONTRACTORS. THIS CLAUSE SHALL
NOT BE CONSTRUED TO BAR ANY LEGAL REMEDIES THE RESPONDER MAY HAVE WITH
THE STATE'S FAILURE TO FULFILL ITS OBLIGATIONS PURSUANT TO THE
CONTRACT.

* NOTICE TO RESPONDERS:
PURSUANT TO MINN. STAT, 270.66, MINNESOTA CONTRACT VENDORS ARE
REQUIRED TO PROVIDE THEIR MINNESOTA TAX IDENTIFICATION NUMBER (OR
AND FEDERAL EMPLOYER IDENTIFICATION NUMBER (OR SOCIAL SECURITY
NUMBER).
NON-MINNESOTA CONTRACT VENDORS ARE REQUIRED TO PROVIDE THEIR
FEDERAL EMPLOYER I.D. NUMBER (OR SOCIAL SECURITY NUMBER) ONLY.
THIS INFORMATION MAY BE USED IN THE ENFORCEMENT OF FEDERAL AND STATE
TAX LAWS. SUPPLYING THESE NUMBERS COULD RESULT IN ACTION TO REQUIRE
A CONTRACT VENDOR TO FILE TAX RETURNS AND PAY DELINQUENT STATE TAX
LIABILITIES. THESE NUMBERS WILL BE AVAILABLE TO FEDERAL AND STATE
TAX AUTHORITIES AND STATE PERSONNEL INVOLVED IN THE PAYMENT OF
STATE OBLIGATIONS.

* ADDENDA TO THE SOLICITATION:
CHANGES TO THE SOLICITATION WILL BE MADE BY WRITTEN ADDENDUM.
ANY ADDENDUM ISSUED WILL BECOME PART OF THE SOLICITATION. EACH
RESPONDER MUST FOLLOW THE DIRECTIONS ON THE ADDENDUM. ALL
REQUESTS FOR CLARIFICATION MUST BE DIRECTED TO THE CONTACT PERSON.
ONLY CHANGES MADE VIA ADDENDUM WILL BE VALID.

* PRICES/ALTERATIONS:
FOR EACH PRODUCT OR SERVICE, A UNIT PRICE AND A TOTAL FOR THE QUANTITY
MUST BE STATED. IN CASE OF ERROR IN THE EXTENSION, THE UNIT PRICE
PREVAILS. AN ALTERATION OR ERASURE OF ANY PRICE CONTAINED IN THE
RESPONSE THAT IS USED IN DETERMINING THE LOWEST RESPONSIBLE RESPONSE
MAY BE REJECTED UNLESS THE ALTERATION OR ERASURE IS CROSSED OUT AND
THE CORRECTION IS ADJACENT THERETO AND INITIALED BY THE PERSON
SIGNING THE BID. THIS INCLUDES, BUT IS NOT LIMITED TO CORRECTION
FLUID AND TYPEWRITER CORRECTION TAPE.

*** SPECIFICATIONS:**

RESPONSES WILL BE HELD TO STRICT COMPLIANCE WITH THE SPECIFICATIONS. IF A RESPONSE DEVIATES FROM THE SPECIFICATIONS, THE DEVIATION MUST BE CLEARLY NOTED. WHEN BRAND NAME OR MANUFACTURERS' NUMBERS ARE STATED IN THE SPECIFICATIONS, THEY ARE INTENDED TO ESTABLISH A STANDARD ONLY AND ARE NOT RESTRICTIVE UNLESS THE SOLICITATION STATES: "NO SUBSTITUTE". RESPONSES WILL BE CONSIDERED ON OTHER MAKES, MODELS, OR BRANDS HAVING COMPARABLE QUALITY, STYLE, AND PERFORMANCE CHARACTERISTICS. ALTERNATE EQUIPMENT IS SUBJECT TO APPROVAL AND MUST BE AVAILABLE FOR DEMONSTRATION. SAMPLES MAY BE REQUIRED PRIOR TO AWARD. ALTERNATE RESPONSES OFFERING LOWER QUALITY WILL NOT BE CONSIDERED. ALL SPECIFICATIONS ARE FOR NEW EQUIPMENT UNLESS OTHERWISE NOTED IN THE SOLICITATION. RESPONDERS MUST CLEARLY INDICATE IF THEY ARE OFFERING OTHER THAN NEW EQUIPMENT. THE STATE RESERVES THE RIGHT TO REJECT ANY OR ALL RESPONSES THAT ARE NOT AN APPROVED EQUAL.

*** DELIVERY:**

THE SOLICITATION SHOWS THE EXPECTED DELIVERY DATE TO THE REQUISITIONING AGENCY. IF THE RESPONDER CANNOT MEET THE STATED DELIVERY DATE, AN ALTERNATE DELIVERY SCHEDULE MAY BE OFFERED. THE USE OF AN ALTERNATE DELIVERY OFFER MAY BECOME A FACTOR IN THE AWARD.

*** TG/ED VENDOR PREFERENCE:**

IN ACCORDANCE WITH MINN. STAT. 16C.16, SUBDS. 6 AND 7, ELIGIBLE CERTIFIED TARGETED GROUP (TG) VENDORS WILL RECEIVE A 6 PERCENT PREFERENCE AND CERTIFIED ECONOMICALLY DISADVANTAGED (ED) VENDORS WILL RECEIVE A 6 PERCENT PREFERENCE, EXCEPT FOR CONSTRUCTION WHICH WILL RECEIVE A 4 PERCENT PREFERENCE, ON THE BASIS OF AWARD FOR THIS SOLICITATION. THE PREFERENCE IS APPLIED ONLY TO THE FIRST \$500,000 OF THE RESPONSE TO THE SOLICITATION. ELIGIBLE TG BUSINESSES MUST BE CURRENTLY CERTIFIED BY THE MATERIALS MANAGEMENT DIVISION PRIOR TO THE OPENING DATE AND TIME.

TO VERIFY TG/ED CERTIFICATION REFER TO THE MATERIALS MANAGEMENT DIVISION'S WEBSITE AT WWW.MMD.ADMIN.STATE.MN.US UNDER "VENDOR INFORMATION, DIRECTORY OF CERTIFIED TG/ED VENDORS."

TO VERIFY TG ELIGIBILITY FOR PREFERENCE REFER TO MATERIALS MANAGEMENT DIVISION'S WEBSITE UNDER "VENDOR INFORMATION, TARGETED GROUPS ELIGIBLE FOR PREFERENCE IN STATE PURCHASING" OR CALL THE DIVISION'S HELP LINE AT 651-296-2600. FOR TTY/TDD COMMUNICATION CONTACT THE DIVISION THROUGH THE MINNESOTA RELAY SERVICE AT 1-800-627-3529.

*** SOLICITATION RESULTS:**

RESPONDERS SHOULD ALLOW A MINIMUM OF TWO WEEKS AFTER THE SCHEDULED OPENING BEFORE REQUESTING THE RESULTS. THERE ARE THREE WAYS FOR A VENDOR TO OBTAIN RESULTS:

1. VISIT THE OFFICE ISSUING THE SOLICITATION. FOR SOLICITATIONS THAT ARE RETURNED TO THE DEPARTMENT OF ADMINISTRATION (MATERIALS MANAGEMENT DIVISION), VISIT THE OFFICE MONDAY THROUGH FRIDAY BETWEEN 8:30 AM AND 11:30 AM (OR BY APPOINTMENT). FOR SOLICITATIONS ISSUED BY OTHER AGENCIES, PLEASE CALL THE CONTACT

SHOWN ON THE SOLICITATION TO ARRANGE AN APPOINTMENT.

2. SEND A SELF-ADDRESSED STAMPED ENVELOPE WITH EACH SOLICITATION. INFORMATION WILL BE SENT TO RESPONDERS APPROXIMATELY TWO WEEKS AFTER THE AWARD.
3. CALL THE OFFICE ISSUING THE SOLICITATION. FOR SOLICITATIONS THAT ARE RETURNED TO THE DEPARTMENT OF ADMINISTRATION (MATERIALS MANAGEMENT DIVISION), CALL THE HELPLINE AT 651.296.2600. FOR SOLICITATIONS ISSUED BY OTHER AGENCIES, PLEASE CALL THE CONTACT SHOWN ON THE SOLICITATION. TABULATIONS WILL NOT BE GIVEN OVER THE TELEPHONE; ONLY THE VENDOR RECEIVING THE AWARD AND TOTAL PRICE WILL BE GIVEN.

* COPYRIGHTED MATERIAL WAIVER:

THE STATE RESERVES THE RIGHT TO USE, REPRODUCE, AND PUBLISH RESPONSES IN ANY MANNER NECESSARY FOR STATE AGENCIES AND LOCAL UNITS OF GOVERNMENT TO ACCESS THE RESPONSES INCLUDING BUT NOT LIMITED TO, PHOTOCOPYING, STATE INTRANET/INTERNET POSTINGS, BROADCAST FAXING, AND DIRECT MAILING. IN THE EVENT THAT THE RESPONSE CONTAINS COPYRIGHTED OR TRADEMARKED MATERIALS, IT IS THE RESPONDER'S RESPONSIBILITY TO OBTAIN PERMISSION FOR THE STATE TO REPRODUCE AND PUBLISH THE INFORMATION, REGARDLESS OF WHETHER THE RESPONDER IS THE MANUFACTURER OR RESELLER OF THE PRODUCTS LISTED IN THE MATERIALS. BY SIGNING ITS RESPONSE, THE RESPONDER CERTIFIES THAT IT HAS OBTAINED ALL NECESSARY APPROVALS FOR THE REPRODUCTION AND/OR DISTRIBUTION OF THE CONTENTS OF ITS RESPONSE AND AGREES TO INDEMNIFY, PROTECT, SAVE AND HOLD THE STATE, ITS REPRESENTATIVES AND EMPLOYEES HARMLESS FROM ANY AND ALL CLAIMS ARISING FROM THE VIOLATION OF THIS SECTION AND AGREES TO PAY ALL LEGAL FEES INCURRED BY THE STATE IN THE DEFENSE OF ANY SUCH ACTION.

* ENVIRONMENTAL CHARACTERISTICS FOR REPORTING PURPOSES:

THE STATE DESIRES TO PURCHASE ENVIRONMENTALLY RESPONSIBLE GOODS AND SERVICES WHERE PRACTICABLE. TO IDENTIFY THESE PRODUCTS AND REPORT THE PURCHASING RESULTS, THE STATE MUST KNOW THE ENVIRONMENTALLY RESPONSIBLE CHARACTERISTICS OF THE GOODS AND SERVICES OFFERED. USING THE LIST OF ENVIRONMENTAL CODES BELOW, SPECIFY WHICH LINE ITEMS HAVE ENVIRONMENTALLY RESPONSIBLE CHARACTERISTICS AND ENTER THE APPROPRIATE ENVIRONMENTAL CODE.

THE ENVIRONMENT CODES ARE:

EE = ENERGY EFFICIENT
EM = REMANUFACTURED
LT = LESS TOXIC
RE = REPAIR
PB = PLANT BASED
US = USED
RB = REBUILT
WC = WATER CONSERVING
RC = RECYCLED CONTENT (POST-CONSUMER _____ %)
RK = REDUCED PACKAGING
MU = MULTIPLE CODES (SPECIFY: _____)
TO = OTHER (SPECIFY: _____)

FOR ENVIRONMENTAL CODE DEFINITIONS SEE THE WEB SITE AT:
WWW.MMD.ADMIN.STATE.MN.US/ENVIRONCODES1.HTM

ENTER THE APPROPRIATE ENVIRONMENTAL CODE FOR EACH ITEM OFFERED, EITHER AFTER THE DESCRIPTION OF THE ITEM OR AFTER THE PRICE.

IF ALL GOODS AND SERVICES OFFERED ARE THE SAME ENVIRONMENTAL CODE, ENTER IT HERE: _____

IF NONE OF THE ITEMS BEING OFFERED HAVE ENVIRONMENTAL CHARACTERISTICS, PLEASE CHECK HERE _____ AND INITIAL HERE: _____

MERCURY: AS PER MINNESOTA STATUTES, THE STATE CANNOT BUY MERCURY IN THERMOMETERS AND CERTAIN OTHER PRODUCTS. PLEASE CERTIFY BELOW IF YOUR PRODUCT DOES OR DOES NOT CONTAIN MERCURY. THE ACTUAL PRODUCT SPECIFICATION WILL STIPULATE IF MERCURY IS PROHIBITED.

DOES YOUR PRODUCT CONTAIN MERCURY? YES _____ NO _____

IF YES, LIST THE COMPONENTS THAT CONTAIN MERCURY: _____

* ORGANIZATIONAL CONFLICTS OF INTEREST:

THE RESPONDER WARRANTS THAT, TO THE BEST OF ITS KNOWLEDGE AND BELIEF, AND EXCEPT AS OTHERWISE DISCLOSED, THERE ARE NO RELEVANT FACTS OR CIRCUMSTANCES WHICH COULD GIVE RISE TO ORGANIZATIONAL CONFLICTS OF INTEREST. AN ORGANIZATIONAL CONFLICT OF INTEREST EXISTS WHEN, BECAUSE OF EXISTING OR PLANNED ACTIVITIES OR BECAUSE OF RELATIONSHIPS WITH OTHER PERSONS:

A CONTRACT VENDOR IS UNABLE OR POTENTIALLY UNABLE TO RENDER IMPARTIAL ASSISTANCE OR ADVICE TO THE STATE;

THE CONTRACT VENDOR'S OBJECTIVITY IN PERFORMING THE WORK IS OR MIGHT BE OTHERWISE IMPAIRED; OR

THE CONTRACT VENDOR HAS AN UNFAIR COMPETITIVE ADVANTAGE.

THE CONTRACT VENDOR AGREES THAT IF AN ORGANIZATIONAL CONFLICT OF INTEREST IS DISCOVERED AFTER AWARD, AN IMMEDIATE AND FULL DISCLOSURE IN WRITING SHALL BE MADE TO THE ASSISTANT DIRECTOR OF THE DEPARTMENT OF ADMINISTRATION'S MATERIALS MANAGEMENT DIVISION THAT SHALL INCLUDE A DESCRIPTION OF THE ACTION THE CONTRACT VENDOR HAS TAKEN OR PROPOSES TO TAKE TO AVOID OR MITIGATE SUCH CONFLICTS. IF AN ORGANIZATIONAL CONFLICT OF INTEREST IS DETERMINED TO EXIST, THE STATE MAY, AT ITS DISCRETION, CANCEL THE CONTRACT. IN THE EVENT THE CONTRACT VENDOR WAS AWARE OF AN ORGANIZATIONAL CONFLICT OF INTEREST PRIOR TO THE AWARD OF THE CONTRACT AND DID NOT DISCLOSE THE CONFLICT TO THE AMS, THE STATE MAY TERMINATE THE CONTRACT FOR DEFAULT. THE PROVISIONS OF THIS CLAUSE SHALL BE INCLUDED IN ALL SUBCONTRACTS FOR WORK TO BE PERFORMED, AND THE TERMS "CONTRACT," "CONTRACT VENDOR," AND "AMS" MODIFIED APPROPRIATELY TO PRESERVE THE STATE'S RIGHTS.

* STATE EMPLOYEE PARTICIPATION:

IN COMPLIANCE WITH MINN. STAT. 16C.09, THE AVAILABILITY OF THIS CONTRACTING OPPORTUNITY IS BEING OFFERED TO STATE EMPLOYEES. THE STATE WILL EVALUATE THE RESPONSES OF ANY STATE EMPLOYEE, ALONG WITH THE OTHER RESPONSES TO THE SOLICITATION.

PRICING OFFERED IN RESPONSE. PRICES LISTED IN YOUR RESPONSE TO THIS SOLICITATION MUST TAKE INTO CONSIDERATION ALL INHERENT COSTS OF PROVIDING THE REQUESTED GOODS AND/OR SERVICES. THE RESPONDER AGREES TO PAY ANY AND ALL FEES, INCLUDING, BUT NOT LIMITED TO: DUTIES, CUSTOM FEES, PERMITS, BROKERAGE FEES, LICENSES AND REGISTRATIONS. THE STATE WILL NOT PAY ANY ADDITIONAL CHARGES BEYOND THE PRICE(S) LISTED IN THE RESPONSE, UNLESS OTHERWISE PROVIDED FOR BY LAW OR EXPRESSLY ALLOWED BY THE TERMS OF THE SOLICITATION.

INQUIRIES. DIRECT ALL CORRESPONDENCE, INQUIRIES, LEGAL QUESTIONS, GENERAL ISSUES, OR TECHNICAL ISSUES REGARDING THIS SOLICITATION TO THE CONTACT NAME ON PAGE 1 OF THE SOLICITATION.

EXCEPTIONS

THE RESPONDER MUST STATE IF UNITS PROPOSED ARE IN STRICT COMPLIANCE WITH THE SPECIFICATIONS: _____ YES _____ NO
IF NO, THE RESPONDER MUST LIST ON THE FOLLOWING LINES ALL EXCEPTIONS TO THE SPECIFICATIONS. IF EXCEPTIONS ARE NOT LISTED, THE RESPONDER WILL BE HELD IN STRICT COMPLIANCE WITH THE SPECIFICATIONS.

CERTIFICATION REGARDING DEBARMENT, SUSPENSION, INELIGIBILITY AND VOLUNTARY EXCLUSION--LOWER TIER COVERED TRANSACTIONS

INSTRUCTIONS FOR CERTIFICATION:

1. BY SIGNING AND SUBMITTING THIS PROPOSAL, THE PROSPECTIVE LOWER TIER PARTICIPANT (VENDOR) IS PROVIDING THE CERTIFICATION SET OUT BELOW.
2. THE CERTIFICATION IN THIS CLAUSE IS A MATERIAL REPRESENTATION OF FACT UPON WHICH RELIANCE WAS PLACED WHEN THIS TRANSACTION WAS ENTERED INTO. IF IT IS LATER DETERMINED THAT THE PROSPECTIVE LOWER TIER PARTICIPANT KNOWINGLY RENDERED AN ERRONEOUS CERTIFICATION, IN ADDITION TO OTHER REMEDIES AVAILABLE TO THE FEDERAL GOVERNMENT, THE DEPARTMENT OR AGENCY WITH WHICH THIS TRANSACTION ORIGINATED MAY PURSUE AVAILABLE REMEDIES, INCLUDING SUSPENSION AND/OR DISBARMENT.
3. THE PROSPECTIVE LOWER TIER PARTICIPANT SHALL PROVIDE IMMEDIATE WRITTEN NOTICE TO THE PERSON TO WHICH THIS PROPOSAL (RESPONSE) IS SUBMITTED IF AT ANY TIME THE PROSPECTIVE LOWER TIER PARTICIPANT LEARNS THAT ITS CERTIFICATION WAS ERRONEOUS WHEN SUBMITTED OR HAD BECOME ERRONEOUS BY REASON OF CHANGED CIRCUMSTANCES.
4. THE TERMS COVERED TRANSACTION, DEBARRED, SUSPENDED, INELIGIBLE, LOWER TIER COVERED TRANSACTION, PARTICIPANT, PERSON, PRIMARY COVERED TRANSACTION, PRINCIPAL, PROPOSAL, AND VOLUNTARILY EXCLUDED, AS USED IN THIS CLAUSE, HAVE THE MEANING SET OUT IN THE DEFINITIONS AND

COVERAGES SECTIONS OF RULES IMPLEMENTING EXECUTIVE ORDER 12549. YOU MAY CONTACT THE PERSON TO WHICH THIS PROPOSAL IS SUBMITTED FOR ASSISTANCE IN OBTAINING A COPY OF THOSE REGULATIONS.

5. THE PROSPECTIVE LOWER TIER PARTICIPANT AGREES BY SUBMITTING THIS RESPONSE THAT, SHOULD THE PROPOSED COVERED TRANSACTION BE ENTERED INTO, IT SHALL NOT KNOWINGLY ENTER INTO ANY LOWER TIER COVERED TRANSACTION (SUBCONTRACT EQUAL TO OR EXCEEDING \$100,000) WITH A PERSON WHO IS PROPOSED FOR DEBARMENT UNDER 48 CFR PART 9, SUBPART 9.4, DEBARRED, SUSPENDED, DECLARED INELIGIBLE, OR VOLUNTARILY EXCLUDED FROM PARTICIPATION IN THIS COVERED TRANSACTION, UNLESS AUTHORIZED BY THE DEPARTMENT OR AGENCY WITH WHICH THIS TRANSACTION ORIGINATED.

6. THE PROSPECTIVE LOWER TIER PARTICIPANT FURTHER AGREES BY SUBMITTING THIS PROPOSAL THAT IT WILL INCLUDE THIS CLAUSE TITLED "CERTIFICATION REGARDING DEBARMENT, SUSPENSION, INELIGIBILITY AND VOLUNTARY EXCLUSION--LOWER TIER COVERED TRANSACTIONS," WITHOUT MODIFICATION, IN ALL LOWER TIER COVERED TRANSACTIONS AND IN ALL SOLICITATIONS FOR LOWER TIER COVERED TRANSACTIONS.

7. A PARTICIPANT IN A COVERED TRANSACTION MAY RELY UPON A CERTIFICATION OF A PROSPECTIVE PARTICIPANT IN A LOWER TIER COVERED TRANSACTION THAT IT IS NOT PROPOSED FOR DEBARMENT UNDER 48 CFR PART 9, SUBPART 9.4, DEBARRED, SUSPENDED, INELIGIBLE, OR VOLUNTARILY EXCLUDED FROM COVERED TRANSACTIONS, UNLESS IT KNOWS THAT THE CERTIFICATION IS ERRONEOUS. A PARTICIPANT MAY DECIDE THE METHOD AND FREQUENCY BY WHICH IT DETERMINES THE ELIGIBILITY OF ITS PRINCIPALS. EACH PARTICIPANT MAY, BUT IS NOT REQUIRED TO, CHECK THE LIST OF PARTIES EXCLUDED FROM FEDERAL PROCUREMENT AND NONPROCUREMENT PROGRAMS.

8. NOTHING CONTAINED IN THE FOREGOING SHALL BE CONSTRUED TO REQUIRE ESTABLISHMENT OF A SYSTEM OF RECORDS IN ORDER TO RENDER IN GOOD FAITH THE CERTIFICATION REQUIRED BY THIS CLAUSE. THE KNOWLEDGE AND INFORMATION OF A PARTICIPANT IS NOT REQUIRED TO EXCEED THAT WHICH IS NORMALLY POSSESSED BY A PRUDENT PERSON IN THE ORDINARY COURSE OF BUSINESS DEALINGS.

9. EXCEPT FOR TRANSACTIONS AUTHORIZED UNDER PARAGRAPH 5 OF THESE INSTRUCTIONS, IF A PARTICIPANT IN A COVERED TRANSACTION KNOWINGLY ENTERS INTO A LOWER TIER COVERED TRANSACTION WITH A PERSON WHO IS PROPOSED FOR DEBARMENT UNDER 48 CFR PART 9, SUBPART 9.4, SUSPENDED, DEBARRED, INELIGIBLE, OR VOLUNTARILY EXCLUDED FROM PARTICIPATION IN THIS TRANSACTION, IN ADDITION TO OTHER REMEDIES AVAILABLE TO THE FEDERAL GOVERNMENT, THE DEPARTMENT OR AGENCY WITH WHICH THIS TRANSACTION ORIGINATED MAY PURSUE AVAILABLE REMEDIES, INCLUDING SUSPENSION AND/OR DEBARMENT.

CERTIFICATION REGARDING DEBARMENT, SUSPENSION, INELIGIBILITY AND VOLUNTARY EXCLUSION -- LOWER TIER COVERED TRANSACTIONS

(1) THE PROSPECTIVE LOWER TIER PARTICIPANT CERTIFIES, BY SUBMISSION OF THIS PROPOSAL, THAT NEITHER IT NOR ITS PRINCIPALS IS PRESENTLY DEBARRED, SUSPENDED, PROPOSED FOR DEBARMENT, DECLARED INELIGIBLE, OR VOLUNTARILY EXCLUDED FROM PARTICIPATION IN THIS TRANSACTION BY ANY FEDERAL DEPARTMENT OR AGENCY.

(2) WHERE THE PROSPECTIVE LOWER TIER PARTICIPANT IS UNABLE TO CERTIFY TO ANY OF THE STATEMENTS IN THIS CERTIFICATION, SUCH PROSPECTIVE PARTICIPANT SHALL ATTACH AN EXPLANATION TO THIS PROPOSAL.

HUMAN RIGHTS COMPLIANCE

IF YOUR RESPONSE TO THIS SOLICITATION IS IN EXCESS OF \$100,000, PLEASE COMPLETE THE INFORMATION REQUESTED BELOW TO DETERMINE WHETHER YOU ARE SUBJECT TO THE MINNESOTA HUMAN RIGHTS ACT (MINNESOTA STATUTES 363.073) CERTIFICATION REQUIREMENT, AND TO PROVIDE DOCUMENTATION OF COMPLIANCE IF NECESSARY.

IT IS YOUR SOLE RESPONSIBILITY TO PROVIDE THIS INFORMATION AND - IF REQUIRED - TO APPLY FOR HUMAN RIGHTS CERTIFICATION PRIOR TO THE DUE DATE AND TIME OF THE BID OR PROPOSAL AND TO OBTAIN HUMAN RIGHTS CERTIFICATION PRIOR TO THE EXECUTION OF THE CONTRACT.

HOW TO DETERMINE WHICH SECTIONS TO COMPLETE ON THIS FORM:
ON ANY SINGLE WORKING DAY WITHIN THE PAST 12 MONTHS, IF YOUR COMPANY:

1. EMPLOYED MORE THAN 40 FULL-TIME EMPLOYEES IN MINNESOTA - COMPLETE SECTIONS A AND D.
2. DID NOT EMPLOY MORE THAN 40 FULL-TIME EMPLOYEES IN MINNESOTA, BUT DID EMPLOY MORE THAN 40 FULL-TIME EMPLOYEES IN THE STATE WHERE YOU HAVE YOUR PRIMARY PLACE OF BUSINESS - COMPLETE SECTIONS B AND D.
3. DID NOT EMPLOY MORE THAN 40 FULL-TIME EMPLOYEES IN MINNESOTA OR IN THE STATE WHERE YOU HAVE YOUR PRIMARY PLACE OF BUSINESS - COMPLETE SECTIONS C AND D.

*SECTION A - FOR COMPANIES WHICH HAVE EMPLOYED MORE THAN 40 FULL-TIME EMPLOYEES WITHIN MINNESOTA ON ANY SINGLE WORKING DAY DURING THE PREVIOUS 12 MONTHS.

YOUR RESPONSE WILL BE REJECTED UNLESS YOUR BUSINESS:

- HAS A CURRENT CERTIFICATE OF COMPLIANCE ISSUED BY THE MINNESOTA DEPARTMENT OF HUMAN RIGHTS (MDHR)
- OR -
- HAS SUBMITTED AN AFFIRMATIVE ACTION PLAN TO THE MDHR, WHICH THE DEPARTMENT RECEIVED PRIOR TO THE DATE AND TIME THE RESPONSES ARE DUE.

CHECK ONE OF THE FOLLOWING STATEMENTS IF YOU HAVE EMPLOYED MORE THAN 40 FULL-TIME EMPLOYEES IN MINNESOTA ON ANY SINGLE WORKING DAY DURING THE PREVIOUS 12 MONTHS:

- WE HAVE A CURRENT CERTIFICATE OF COMPLIANCE ISSUED BY THE MDHR. PROCEED TO SECTION D. INCLUDE A COPY OF YOUR CERTIFICATE WITH YOUR RESPONSE.
- WE DO NOT HAVE A CURRENT CERTIFICATE OF COMPLIANCE. HOWEVER, WE SUBMITTED AN AFFIRMATIVE ACTION PLAN TO THE MDHR FOR APPROVAL, WHICH THE DEPARTMENT RECEIVED ON _____ (DATE) AT _____ (TIME). (IF YOU DO NOT KNOW WHEN THE DEPARTMENT RECEIVED YOUR PLAN, CONTACT THE DEPARTMENT.) WE ACKNOWLEDGE THAT THE PLAN MUST BE APPROVED BY THE MDHR BEFORE ANY CONTRACT OR AGREEMENT CAN BE EXECUTED. PROCEED TO SECTION D.
- WE DO NOT HAVE A CERTIFICATE OF COMPLIANCE, NOR HAS THE MDHR RECEIVED AN AFFIRMATIVE ACTION PLAN FROM OUR COMPANY. WE

ACKNOWLEDGE THAT OUR RESPONSE WILL BE REJECTED.
PROCEED TO SECTION D. CALL THE MDHR FOR ASSISTANCE.

PLEASE NOTE: CERTIFICATES OF COMPLIANCE MUST BE ISSUED BY THE MINNESOTA DEPARTMENT OF HUMAN RIGHTS. AFFIRMATIVE ACTION PLANS APPROVED BY THE FEDERAL GOVERNMENT, A COUNTY, OR A MUNICIPALITY MUST STILL BE REVIEWED AND APPROVED BY THE MINNESOTA DEPARTMENT OF HUMAN RIGHTS BEFORE A CERTIFICATE CAN BE ISSUED.

*SECTION B - FOR COMPANIES WHICH HAVE NOT HAD MORE THAN 40 FULL-TIME EMPLOYEES IN MINNESOTA BUT HAVE EMPLOYED MORE THAN 40 FULL-TIME EMPLOYEES ON ANY SINGLE WORKING DAY DURING THE PREVIOUS 12 MONTHS IN THE STATE WHERE THEY HAVE THEIR PRIMARY PLACE OF BUSINESS.

YOU MAY ACHIEVE COMPLIANCE WITH THE MINNESOTA HUMAN RIGHTS ACT BY CERTIFYING THAT YOU ARE IN COMPLIANCE WITH APPLICABLE FEDERAL AFFIRMATIVE ACTION REQUIREMENTS.

CHECK ONE OF THE FOLLOWING STATEMENTS IF YOU HAVE NOT EMPLOYED MORE THAN 40 FULL-TIME EMPLOYEES IN MINNESOTA BUT YOU HAVE EMPLOYED MORE THAN 40 FULL-TIME EMPLOYEES ON ANY SINGLE WORKING DAY DURING THE PREVIOUS 12 MONTHS IN THE STATE WHERE YOU HAVE YOUR PRIMARY PLACE OF BUSINESS:

- WE ARE NOT SUBJECT TO FEDERAL AFFIRMATIVE ACTION REQUIREMENTS. PROCEED TO SECTION D.
- WE ARE SUBJECT TO FEDERAL AFFIRMATIVE ACTION REQUIREMENTS, AND WE ARE IN COMPLIANCE WITH THOSE REQUIREMENTS. PROCEED TO SECTION D.

*SECTION C - FOR THOSE COMPANIES NOT DESCRIBED IN SECTION A OR B.

CHECK BELOW. YOU ARE NOT SUBJECT TO THE MINNESOTA HUMAN RIGHTS ACT CERTIFICATION REQUIREMENTS.

- WE HAVE NOT EMPLOYED MORE THAN 40 FULL-TIME EMPLOYEES ON ANY SINGLE WORKING DAY IN MINNESOTA OR IN THE STATE OF OUR PRIMARY PLACE OF BUSINESS WITHIN THE PREVIOUS 12 MONTHS. PROCEED TO SECTION D.

*SECTION D - FOR ALL COMPANIES

BY SIGNING THIS STATEMENT, YOU CERTIFY THAT THE INFORMATION PROVIDED IS ACCURATE AND THAT YOU ARE AUTHORIZED TO SIGN ON BEHALF OF THE RESPONDER.

NAME OF COMPANY: _____
 AUTHORIZED SIGNATURE: _____
 PRINTED NAME: _____
 TITLE: _____
 DATE: _____ TELEPHONE NUMBER: _____

FOR FURTHER INFORMATION REGARDING MINNESOTA HUMAN RIGHTS REQUIREMENTS, CONTACT:
MINNESOTA DEPARTMENT OF HUMAN RIGHTS, COMPLIANCE SERVICES SECTION.

QHS/PCX

MAIL: 190 EAST 5TH STREET, SUITE 700
ST. PAUL, MN 55101

METRO: 651.296.5663

TOLL FREE: 800.657.3704

FAX: 651.296.9042

TTY: 651.296.1283

WEBSITE: WWW.HUMANRIGHTS.STATE.MN.US

EMAIL: EMPLOYERINFO@THERIGHTSPLACE.NET

AWARD--GENERAL

AWARD WILL BE MADE TO THE LOWEST RESPONSIBLE VENDOR MEETING ALL
TERMS, CONDITIONS, AND SPECIFICATIONS.

BID BOND INFORMATION

NO BID BOND INFORMATION FOR THIS SOLICITATION

PERFORMANCE BOND INFORMATION

NO PERFORMANCE BOND INFORMATION FOR THIS SOLICITATION

RETAINAGE INFORMATION

NO RETAINAGE PERCENT WILL BE WITHHELD

PRICE SHEET

SOLICITATION NUMBER: 2018743

PAGE NO: 13

VENDOR NUMBER:

UNLESS SPECIFIED OTHERWISE BELOW:

SHIP TO: MNDOT AERONAUTICS
222 E PLATO BLVD
MS 410
ST PAUL, MN 55107

NEED DATE: 07/15/05

| LINE | DESCRIPTION | QUANTITY | UNIT | UNIT PRICE | AMOUNT |
|-------|--|--------------|------|------------|--------|
| 00001 | <p>COMMODITY CODE: 150-01-000000 NEW CIRRUS SR22-GTS AIRCRAFT. MUST BE A 2006 MODEL, SINGLE ENGINE AIRCRAFT. FAA CERTIFIED IN BOTH THE NORMAL AND UTILITY CATEGORIES. DOOR DOORS FOR PASSENGER AND CARGO LOADING. MINIMUM OF FOUR SEATS. AIRFRAME MUST HAVE NO CURRENT LIMITATIONS ON ITS SERVICE LIFE. AS PER ATTACHED SPECIFICATIONS. OR APPROVED EQUAL. SPECIFY MANUFACTURER AND MODEL NO:</p> <hr/> <p>TRADE-IN OFFER: THE STATE RESERVES THE RIGHT TO ACCEPT OR REJECT ANY TRADE-IN OFFER. QUANTITY: ONE 1978 MODEL YEAR BEECHCRAFT A36 BONANZA, N414N. THE STATE HAS OWNED AND OPERATED THIS AIRCRAFT SINCE IT WAS NEW. AS PER ATTACHED SPECIFICATIONS TRADE-IN OFFER: \$ _____</p> <p>BONANZA, N416MN. THE STATE HAS OWNED AND OPERATED THIS AIRCRAFT SINCE IT WAS NEW. AS PER ATTACHED SPECIFICATIONS TRADE-IN OFFER: \$ _____ TRADE-IN OFFER PRICE: \$ _____ EACH DO NOT INCLUDE TRADE-IN OFFER PRICE IN ABOVE PURCHASE PRICE OF NEW AIRCRAFT. THE STATE WILL ONLY TRADE-IN ONE AIRCRAFT. THE STATE RESERVES THE RIGHT TO DETERMINE WHICH AIRCRAFT MAY BE TRADED-IN.</p> <p>IF A TRADE-IN OFFER IS ACCEPTED, THE STATE WILL ARRANGE FOR PROPER TRANSFER AND AVAILABILITY OF THE AIRCRAFT WITHIN 30 DAYS AFTER DELIVERY OF NEW AIRCRAFT.</p> <p>RESPONDERS MAY INSPECT THE DESIGNATED TRADE-IN AIRCRAFT PRIOR TO BIDDING. PLEASE CONTACT MR. LARRY MYKING, MN/DOT OFFICE OF AERONAUTICS, PLEASE CALL 651.296.8056 FOR AN APPOINTMENT.</p> <p>SUBMITTALS: THE RESPONDER SHALL PROVIDE THE PRICE OF THE AIRCRAFT AS EQUIPPED. THE RESPONDER SHALL ALSO PROVIDE THE</p> | 1 TC 1 | EACH | | |

C/S/PRC

PRICE SHEET

SOLICITATION NUMBER: 2018743

PAGE NO: 14

VENDOR NUMBER:

UNLESS SPECIFIED OTHERWISE BELOW:

**SHIP TO: MNDOT AERONAUTICS
222 E PLATO BLVD
MS 410
ST PAUL, MN 55107**

NEED DATE: 07/15/05

| LINE | DESCRIPTION | QUANTITY | UNIT | UNIT PRICE | AMOUNT |
|------|--|----------|------|------------|--------|
| | <p>PRICE (ANY ANY DISCOUNTS) FOR EACH OF THE DESIRED OPTIONS UNDER ITEM 10 AS PER THE ATTACHED SPECIFICATIONS. THIS SHALL BE PROVIDED AS AN ATTACHMENT TO THE RFB.</p> <p>TWO COMPLETE SETS OF THE RFB SHALL BE PROVIDED WITH THE RFB RESPONSE. MANUFACTURER'S LITERATURE AND SPECIFICATIONS:</p> <p>TWO SETS OF DETAILED MANUFACTURER'S LITERATURE AND SPECIFICATIONS SHALL BE PROVIDED WITH THE RFB RESPONSE.</p> <p>QUESTIONS REGARDING THIS RFB MUST BE ADDRESSED TO MARY JO BRUSKI. PHONE: 551.296.3772.</p> <p>----- LAST ITEM -----</p> | | | | |
| | SOLICITATION TOTAL | | | | |

CHSR

7/14/2005

UTILITY AIRCRAFT SPECIFICATIONS

1. General Specifications
 - 1.1. Aircraft must be a 2006 model year, deliverable by 11/30/2005.
 - 1.2. Must be a single-engine aircraft.
 - 1.3. Must be FAA certificated in both the normal and utility categories.
 - 1.4. Must have double doors for passenger and cargo loading.
 - 1.5. Must have a minimum of 4 seats.
 - 1.6. Must have an airframe with no current limitations on its service life.
2. Avionics
 - 2.1. Must have fully integrated avionics glass panel flight deck.
 - 2.2. Dual high definition color LCD displays.
 - 2.3. Dual IFR certified GPSs.
 - 2.4. Dual nav-com transceivers.
 - 2.5. Mode S transponder with traffic information service.
 - 2.6. Audio/Marker system.
 - 2.7. Terrain awareness and warning system (TAWS).
 - 2.8. Three axis gyro based autopilot.
 - 2.9. XM satellite weather.
3. Cockpit Instruments
 - 3.1. Standby airspeed indicator.
 - 3.2. Standby altitude indicator.
 - 3.3. Standby electronic attitude indicator with battery backup.
 - 3.4. Flight hour recorder.
4. Systems and Controls
 - 4.1. Fully functioning dual controls including rudder pedals and brakes on the copilot's side.
 - 4.2. Parking brake.
 - 4.3. Dual static air ports.
5. Engine and Propeller
 - 5.1. Engine rated at 300 horsepower or greater
 - 5.2. 3 bladed propeller.
6. Electrical System
 - 6.1. 28 volt, 100 amp Alternator.
 - 6.2. Standby alternator, with at least 20 amp Capacity.
 - 6.3. External power receptacle.
7. External Lights
 - 7.1. Landing light.
 - 7.2. Taxi light.
 - 7.3. Wing tip and tail navigation light.
 - 7.4. Anti-collision red flashing light on tail.
 - 7.5. Bottom mounted white oscillating beacon.
 - 7.6. Wing tip and tail strobe lights.
8. Cabin
 - 8.1. Air conditioner.

- 8.2. Fresh air ventilation system.
- 8.3. Pilot's openable storm window.
- 8.4. Cabin fire extinguisher.
- 9. Performance
 - 9.1. Minimum useful load of approximately 1000 lbs.
 - 9.2. 140 kts IAS or higher maneuvering speed.
 - 9.3. 150 kts IAS minimum extension speed for approach flaps and landing gear (if equipped with retractable gear).
 - 9.4. A cruise speed at 20 deg. rich of peak EGT, on a standard day at 8000' MSL of at least:
 - 9.4.1. 167 kts TAS at recommended cruise power settings.
 - 9.4.2. 174 kts TAS, maximum recommended cruise speed.
 - 9.5. Maximum demonstrated cross-wind component of at least 17 kts.
 - 9.6. Service ceiling of at least 18,000' MSL.
- 10. Desirable Options
 - 10.1. Retractable landing gear.
 - 10.2. TKS Weeping Wing ice protection system certified for flight into known icing conditions.
 - 10.3. The trade-in aircraft listed and selected under number 12. below has an "N" number assigned to the State of Minnesota. We may desire to have the vendor remove that "N" number and obtain and repaint a different "N" number on the aircraft selected for trade-in.
- 11. Desirable Delivery Date and Location
 - 11.1. The state would prefer delivery in Minnesota before November 1, 2005.
- 12. Trade-in
 - 12.1. The state has two 1978 Model Year Beechcraft A36 Bonanzas, N14MN, and N16MN. One of these two aircraft will be traded-in on the new aircraft.
 - 12.2. The state will arrange for proper transfer and availability of the aircraft listed below and selected for trade-in within 30 days after delivery and acceptance of the aircraft specified.
 - 12.3. The state has owned and operated these aircraft since new.
 - 12.4. N14MN Specifications
 - 12.4.1. Damage History
 - 12.4.1.1. No damage history.
 - 12.4.2. New Platinum engine installed in 2000.
 - 12.4.3. Continental IO-550-B 300 hp with 1100 total time since new.
 - 12.4.4. Hartzell 3 bladed propeller.
 - 12.4.5. Total time on the airframe is 6910 hrs.
 - 12.4.6. Annual inspection completed July 2005.
 - 12.4.7. New leather interior in 2005, except for the 5th and 6th seats.
 - 12.4.8. JPI engine monitor.
 - 12.4.9. Dual Garmin 530s.
 - 12.4.10. Ryan TCAD.
 - 12.4.11. KFC 150 Auto pilot.
 - 12.4.12. WX-500 Storm Scope.
 - 12.4.13. ADF.

- 12.4.14. Garmin Mode S Transponder.
- 12.4.15. Sandel EHSI.
- 12.5. N16MN Specifications
 - 12.5.1. Damage History
 - 12.5.1.1. Nose gear damaged and repaired.
 - 12.5.1.2. Aircraft was flipped over into a snowbank and repaired.
 - 12.5.2. New Platinum engine installed in 2000.
 - 12.5.3. Continental IO-550-B 300 hp with 1156 total time since new.
 - 12.5.4. McCaulley 3 bladed propeller.
 - 12.5.5. Total time on the airframe is 6814 hrs.
 - 12.5.6. Annual inspection completed July 2005.
 - 12.5.7. New leather interior in 2005, except for the 5th and 6th seats.
 - 12.5.8. JPI engine monitor.
 - 12.5.9. Dual Garmin 530s.
 - 12.5.10. Ryan TCAD.
 - 12.5.11. KFC 150 Auto pilot.
 - 12.5.12. WX-500 Storm Scope.
 - 12.5.13. ADF.
 - 12.5.14. Garmin Mode S Transponder.
 - 12.5.15. Sandel EHSI.

13. Price Breakdown

- 13.1. The vendor's price breakdown should show the price of the new aircraft as equipped. The aircraft must meet the minimum specifications listed here, but may contain additional equipment not listed in these specifications.
- 13.2. The vendor's price breakdown should show the trade-in allowance for each of the aircraft in 12.4. and 12.5. above. The state will only be trading one of the aircraft. The state reserves the right to and will make the decision as to which of the aircraft it will be trading.
- 13.3. The vendor's price should also show the price (and any discounts) for each of the desired options under item 10 above. If any of these options are included in the price indicated under 13.1. above, the breakdown should clearly show that fact.
- 13.4. The state may or may not purchase any of the desired options included under 10. above.

**Senate Counsel, Research,
and Fiscal Analysis**

G-17 STATE CAPITOL
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Senate

State of Minnesota

TO: Senator Steve Murphy

FROM: Bonnie Berezovsky, Senate Counsel (651/296-9191) *BB*

DATE: October 21, 2005

RE: Appropriation questions regarding MnDOT purchase of airplane

The airplane recently purchased by the Commissioner of Transportation was acquired without a specific legislative appropriation, by using funds remaining in the state airports fund at the end of the biennium.

Allowable uses of money in state airports fund

*Noted
purchase*

The state airports fund is established in Minnesota Statutes, section 360.017. Money in the fund can be used:

- to acquire, construct, improve, maintain, and operate airports and air navigation facilities;
- to assist municipalities in constructing, improving, or maintaining airports and air navigation facilities;
- to assist municipalities in initiating, enhancing, and marketing scheduled air service at their airports;
- to promote interest and safety in aeronautics through education and information; and
- to pay salaries and expenses of MnDOT related to aeronautic planning, administration, and operation.

Statutory language does not clearly allow use of the state airports fund to purchase an airplane.

Governor's requested reduction of FY2005 state airports fund appropriation

In the Governor's 2006-07 biennial budget request to the Legislature, he proposed reducing the FY2005 airport development and assistance portion of the aeronautics appropriation by \$1.9 million, thereby deferring airport construction projects. This proposal was made because

MnDOT budget forecasts showed the state airports fund revenues would not otherwise support current funding levels for the 2006-07 biennium. The Governor proposed this reduction in order to maintain base level spending in the next biennium. The Legislature enacted the Governor's proposed reduction at Laws of Minnesota 2005 First Special Session, Chapter 6, article 1, section 2, subdivision 2, paragraph (a)(1).

The Governor's biennial budget request describes the Aeronautics budget as follows:

"The Airport Development and Assistance portion of the Aeronautics budget is used to fund construction grants, maintenance grants, air service grants, the maintenance of navigational aid systems, and the Pinecreek Airport. The Aviation Support and Services portion of the Aeronautics budget is used for salaries, operating expenses and maintenance of the state's aircraft."

Legislative oversight of previous purchases and sale of Department of Transportation airplanes

In 1993, the Legislature appropriated \$2.7 million to the Commissioner of Transportation to replace a state airplane. Of that amount, \$1.62 million was from the trunk highway fund, and \$1.08 million was from the state airports fund. *Kij Ai*

In 1997, the Legislature appropriated \$400,000 to the Commissioner of Transportation from the general fund to refurbish a federal surplus jet airplane for state ownership and use.

In 2001, the Legislature directed the Commissioner of Transportation to seek a federal waiver to allow the sale of the airplane purchased in 1997. Any proceeds from the sale of the airplane were to be deposited in the general fund.

In 2005, the Commissioner of Transportation purchased an airplane. This purchase was not requested by the Governor in his budget; it was not included in any transportation budget bill; and no money was appropriated by the Legislature for this purpose.

BB:cs

W. McKinley

Presentation to Senate Committee on Transportation:

October 24, 2005

Room #15 State Capitol

Chairman Murphy and Members of the Committee;

First, I want to thank you for allowing me the privilege of addressing you today on this important issue. In this brief presentation I will address four significant points. But before I begin to address these issues I want to stress a point of clarification. This issue began three months ago, on July 22nd, when I was made aware of a problem regarding a very strange bidding issue. Our Regional Sales Manager for Minnesota advised me of the salient details in a brief conversation that I found entirely hard to believe. The next couple of hours proved to be stranger still. As we spoke it became obvious that a public bidding process had been terribly compromised.

Upon learning of the compromised process we contacted the Administration, in advance of the opening of the bids, and advised them that we believed the bidding process had been compromised and that the bid should not be opened. We learned on the following Monday, July 25th that the bid was in fact opened and awarded. We have made numerous contacts with members of the Administration, including members of the Department of Aeronautics. The responses received to date have left us frustrated and questioning how this chain of events and evidence can be excused as appropriate. To date we have not initiated any contacts with any elected officials nor media representatives. In fact, it was not until October 4th that we were contacted by elected representatives that had learned through their own means of the bidding irregularities and requested that we meet with them to discuss what happened. All of our initiatives pertaining to resolution of this issue have been exclusively contained to Administration members.

My four points are as follows;

Point one.

The Minnesota Department of Aeronautics plays a very important role in the safe and efficient management of the regional airports within the State of Minnesota. They manage and maintain important infrastructure in and around airports that the flying public relies upon every day for safe navigation on the highways in the sky. There is a tremendous amount of commerce that relies upon efficiency of aviation. Aeronautics is a critically important department dedicated to effectively carrying out this mission every day. Within the department there are numerous professionals that remain dedicated to their important specific missions. My comments are not intended, and should in no way, reflect poorly upon the many dedicated individuals that work so very hard to manage our

airports. We use these airports virtually every day. We travel throughout the entire country and can assure you that the airports in Minnesota are as well-managed as any in the entire country. Much of that credit belongs to the Department of Aeronautics.

Point two.

I have heard media reports that question the validity and appropriateness of the Department of Aeronautics purchasing a new aircraft for their use. It is absolutely appropriate that the department replace its aging fleet of aircraft. The aircraft that is being replaced is a 1978 Beechcraft Bonanza. This aircraft, while having served the department needs for many years, should be replaced. We do not have the State Patrol driving 1978 squad cars, nor maintain roads with 1978 maintenance vehicles, yet we put our aeronautics department in 1978 aircraft and fly our state officials thousands of feet in the air for hundreds of hours per year. These vehicles are well maintained, and of very high quality. Nonetheless, they are aging and in need of replacement. To the point, nothing lasts forever, and aircraft are no exception to that rule. Further, I would urge the Department of Transportation to consider a replacement program not unlike that of other critical state transportation vehicles.

Point three.

While the purchase of the new aircraft was conducted under inappropriate circumstances, it is nonetheless a very high quality aircraft. It is regarded in the market as one of the higher quality products and we have no objection to the purchase of this product, were it not for the process followed by the department in its acquisition. We are at least pleased that the aircraft purchased is one that we know will serve the department well. Again, our comments are not intended to reflect poorly on the Beechcraft products, nor the selling agents involved in the transaction. We hold Beechcraft and its products in high esteem. There isn't a pilot I know of that wouldn't speak positively about this aircraft. Our issues are not with Beechcraft, nor Elliot Aviation, the dealer involved in this transaction. Elliot aviation is a respected part of the aviation community.

The Department of Transportation's Administration was recently quoted in a television report as having stated that the purchased aircraft was selected because it was the "bigger and beefier-aircraft that met the state's specifications". Clearly this was either an ill-informed opinion, or a ridiculous attempt of trying to cover up an altogether convoluted process. The purchased aircraft, while a very competent aircraft is neither "beefier" (whatever that means) nor "bigger". We are not here however to address the merits of the aircraft purchased. We are here to address a much more serious matter.

Point four.

Some have asked why this is such a significant issue to us at Cirrus Design. This is truly a simple issue. This bid process lacked integrity and this behavior simply cannot be tolerated. This is not about us feeling "misled", nor losing a single sale, as some have complained. The real issue before you today is found in the inappropriate PROCESS

followed by the Department of Aeronautics in the bid and purchase of this new state asset. We don't care if the inappropriate asset purchases involved aircraft, automobiles, copy machines, or pencils... This behavior is unacceptable, and we are here to call the process into question.

Over the months preceding this transaction we had been invited to demonstrate that our aircraft met, or exceeded, the required mission of the Department of Aeronautics. I do not know if other aircraft manufacturers were invited to participate in this evaluation process or not. I do know however that in every case our aircraft was demonstrated it was found to be capable of the mission placed before it. At no time was the aircraft found to be incapable of meeting a single test placed upon it by the department. Yet, when the time came to bid the aircraft we were unable to secure the bidding documents from the department until we finally demanded that the department release them to us, and then learned why we they were avoiding providing them to us. It was upon receipt of the bid documents that we found that the "last minute changes" to the specifications had been redefined to exclude virtually every aircraft with the exception of the purchased aircraft.

Within Minnesota State Statutes provision is made for "sole source purchase" of products and services. These provisions are in place to accommodate a purchase where the needs are so specific, or so time-sensitive, that the asset is not able to be competitively bid (Section 16C.10). In those specific cases the appropriate Commissioner is required to make a finding that the asset cannot be competitively bid, and assure or certify that a fair and marketable price is established to protect the interests of the taxpayer. **All other asset purchases are required to meet the stringent standard of a public process to assure the integrity of the competitive bid that protects the interests of the Taxpayers of this State.**

The integrity of the process is found in identifying the mission, or needs, of an asset and defining them sufficiently to provide adequate guidance to prospective bidders. The problem arises in that the decision makers of the department made a selection of an aircraft, for whatever reason, and subsequently abused the process of competitive bidding to make the purchase.

The specifications as finally published reflect an attempt to single-source purchase the new aircraft by abusing the public bidding regulations (statutes). Further, the published specifications lack the very basic integrity of reflecting the current safety standard for certified aircraft. **The published specifications actually use the current FAA safety standards to disqualify competitive bidders.** The use of a - current - safety - standard, a current safety standard of a Federal Agency, to restrict competitive bids of other manufacturers, is simply unconscionable. This is by any definition a flagrant abuse of the system.

To be absolutely clear, bid specification 1.6, stipulates that the aircraft:

"Must have an airframe with no current limitations on its service life".

In 1968 the Federal Aviation Administration (FAA) revised the rules for certifying aircraft. In so doing they required aircraft seeking certification to meet a standard dealing with the concern over life limitations, in recognition of the physical reality that nothing mechanical lasts forever. Every aircraft certified under the controlling FAA's Federal Aviation Regulation (FAR part 23) since 1968 has been tested and certified to a "life limitation". This regulation certifies that the airframe is capable of safe flight for a specified minimum period of time. In the case of all Cirrus aircraft, and virtually every other current design – of which there are many, they are certified to 12,000 flight hours. This is not to say that the aircraft is not safe beyond the certified 12,000 hours; merely that the aircraft would have to be subjected to additional testing or specific periodic inspection to assure its safe performance.

The purchased aircraft has not been certified to this standard. This single issue does not however necessarily make that aircraft unsafe. It simply means that the minimum extent of its life is undefined by testing to this same standard. To portray, or insinuate, any undefined limited life is the same as having a limitless life, is simply ridiculous. Every mechanical product has a life limitation; the only question is whether or not it has been defined by testing. More to the point, however, is that by the inclusion of this specification the department has stipulated that they absolutely will not accept, nor even consider, the purchase of any aircraft certified since 1968, and thus, manipulated the bid!

As you review the balance of the specifications, it becomes painfully clear, that they are construed to conform to the specific features of only one aircraft option; the purchased aircraft. In our review, we were not able to identify any other single aircraft that would have qualified as a responsive bidder. In short, the combination of items listed in the specifications coupled with the lack of responsible distribution of documents, as evidenced by the submission of but one single bid, effectively resulted in the sole-source acquisition of the purchased aircraft. Clearly, the resulting acquisition is a violation of the intent, if not the letter, of the law.

In Conclusion;

If you predetermine the outcome of a public bid process by irresponsible manipulation of regulations, and,

if you intentionally avoid providing bid documents in a responsible manner to those requesting them, and,

if you intentionally go about so narrowly defining the remaining "specifications" such that there is but one possible responsive bid...

you can call it whatever you want... but the bid is by definition... "rigged". They can sugar-coat it, redefine it, make up stories about it, even regret it, but there is no other word for it! This bid was, in my opinion, rigged!

Frankly, it shouldn't have taken three months for this issue to receive the attention it deserved from the Department of Transportation. Further, we know many of the members of this important department and believe that those that know of this chain of events would be outraged by this egregious behavior. Further still, every taxpayer of this state, individual and businessperson alike, should be sitting here today demanding an answer for this outrageous abuse of the bidding process. And further still, every single bureaucrat trying to defend this abuse of the bidding process should be ashamed.

So why was it important to us to make these points? What do we want to happen as a result of our taking on this difficult argument? Our sincere hope is that we have shed a very bright light on a defective process sufficient to assure that this behavior is never again allowed to take place in Minnesota.

Thank you for your gracious attention. I will be happy to address any questions you may have.

State aircraft purchases since 1999

DNR purchase of used airplane

Posting date: 9/29/05
Closing date: 10/11/05
Awarded: 10/13/05
Price: \$229,000

Notice posted and sent to 7 vendors, 2 responded

Aircraft bid: Used Cessna 185F Aircraft

Specs included: "1981 or newer Cessna model 185F Skywagon with no more than 1500 hours total time on the airframe, no more than 200 hours on a factory new Continental IO-520D engine, and no more than 400 hours since major overhaul of the propeller."

MnDOT purchase of new utility aircraft

Posting date: 7/18/05; corrected posting same day (changing title from "New Cirrus SR22-FTS Aircraft" to "New Utility Single Engine Aircraft" and amending delivery date from 7/25/05 to 11/30/05)
Closing date: 7/25/05
Awarded: 7/26/05
Price: \$633,914 with trade-in

Notice posted and sent to 12 vendors, 1 responded

Aircraft bid: New Utility Single Engine Aircraft

Specs included: "Must be a 2006 model, single engine aircraft. FAA certified in both the normal and utility categories. Double doors for passenger and cargo loading. Minimum of 4 seats. Airframe must have no current limitations on its service life. As per attached specifications or approved equal."

Public Safety purchase of new helicopter

Posting date: 10/22/04
Closing date: 11/5/04
Awarded: 11/9/04
Price: \$1,619,000

Notice posted and sent to 1 vendor (believed to be a single source), 1 responded

Aircraft bid: Helicopter, Factory New 2004 Bell/Textron 407

Specs included: "The helicopter must be a factory new Bell 407, with no substitutes allowed." [The "no substitutes" requirement was to ensure standardization of the Public Safety fleet which was essential for pilot proficiency and fleet maintenance needs.]

DNR purchase of used airplane

Posting date: 6/21/01

Closing date: 7/9/01

Awarded: 7/10/01

Price: \$219,195

Notice posted and sent to 11 vendors, 1 responded

Aircraft bid: Used airplane

Specs included: "One used 1981 Cessna, Model 185 Skywagon aircraft with no more than 600 hours total on the airframe."

DNR purchase of used firefighting aircraft

Posting date: 10/30/00

Closing date: 11/15/00

Awarded: 12/1/00

Price: \$6,000,000 for 2 planes

Notice posted and sent to 1 vendor (believed to be a single source), 1 responded

Aircraft bid: Used fire fighting fixed wing amphibious aircraft

Specs included: "Two used CL 215 fire fighting fixed wing amphibious aircraft powered by Powers and Whitney R2800 engines. These aircraft must be newer than 1984 and both be the same type and model."

DNR purchase of new airplane

Posting date: 2/4/00

Closing date: 2/18/00

Awarded: 2/22/00

Price: \$132,700

Notice posted and sent to 3 vendors, 2 responded

Aircraft bid: Airplane for Camp Ripley

Specs included: "New model year 2000 American Champion aircraft, model Scout CS"

Public Safety purchase of helicopter

Posting date: 9/23/99

Closing date: 10/13/99

Awarded: 10/18/99

Price: \$1,000,000

Notice posted and sent to 5 vendors, 3 responded

Aircraft bid: Helicopter for MN State Patrol Aviation

Specs included: "Bell helicopter Textron B206 L-4, 1996 or newer. Less than 200 hours total time on aircraft and all components."

BEFORE THE STATE OF MINNESOTA SENATE TRANSPORTATION COMMITTEE

**IN THE MATTER OF THE
PURCHASE OF A STATE
AIRCRAFT FOR USE BY MNDOT**

) **REVIEW OF PROCEDURE AND**
) **STIPULATIONS FOR PURCHASE BY**
) **SENATE TRANSPORTATION**
) **COMMITTEE. SENATOR STEVE**
) **MURPHY - CHAIRMAN**

DIRECT TESTIMONY OF

E. CRAIG MORRIS

OCTOBER 24, 2005

INDEX OF TESTIMONY

| | |
|---|-----------|
| I. IDENTIFICATION OF WITNESS | 2 |
| II. PURPOSE..... | 4 |
| III. EXECUTIVE SUMMARY | 5 |
| IV. EXPERIENCE WITH AIRCRAFT UNDER REVIEW..... | 6 |
| V. OPERATIONAL QUESTIONS CONCERNING AIRCRAFT | 7 |
| VI. CONCLUSION | 12 |

I. IDENTIFICATION OF WITNESS

Q. PLEASE STATE YOUR NAME, OCCUPATION AND BUSINESS ADDRESS.

A. My name is E. Craig Morris. I am employed by Qwest Corporation as a Senior Staff Advocate in charge of regulatory compliance. I also manage MorrisAir. MorrisAir provides consulting services to general aviation companies pursuant to aircraft acquisition, aircrew training and safety, FAA certification and compliance, business development. My business address is 16412 7th St. Lane South, Lakeland, Minnesota 55043. Some of my clients include:

- TAG Aviation
- North Star Aviation
- The former Regent Aviation Flight Department
- MT Prop
- Flight Ventures

Q. PLEASE REVIEW YOUR WORK EXPERIENCE, PRESENT RESPONSIBILITIES AND EDUCATION.

A. I am a life long resident of Minnesota with over 30 year's telecommunications and aviation management leadership experience. I currently provide expert testimony in State and FCC proceedings regarding telecommunications product, pricing and litigation issues. In addition, I am experienced in aviation operations, having served in the 934th Tactical Airlift Group - USAF. I have also flown as a flight crew member served as Assistant Director of Operations for an aviation charter company.

My company, *MorrisAir*, provides aviation consulting services in the areas of business planning, certification, operational safety, compliance, and aircrew training. As a public official I have served as a Mayor, City Council member and two term appointee to the Metropolitan Council. I earned BA degrees in Public Administration and Business Economics at the University of St. Thomas, and Master of Science and Master of Business Administration degree from St. John's University.

**Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE MINNESOTA
LEGISLATURE**

- A. Yes, I have previously testified on matters concerning metropolitan governance, the status of aviation and matters between the years of 1991 and 1993.

II. PURPOSE

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

- A. The purpose of my testimony is to provide answers as an objective third party, to some of the questions raised by the process in which MNDOT has sought to acquire an aircraft. That aircraft, while for the purpose of serving as a utility and facilities monitoring aircraft, is an asset that has some risk associated with it. My testimony will provide additional perspective without any vested interest in the final outcome or decision by the state, relative to the awarding of a purchase contract for said aircraft.

III. EXECUTIVE SUMMARY

My testimony provides an objective third party opinion about the process and some of the factors used by MNDOT to describe its requirements for a single engine utility aircraft. The current process has resulted in several questions and, or concerns being raised about the adequacy and fairness of the provisions identified in the RFP by MNDOT. My testimony demonstrates that while the process used is adequate, the specifications included in the MNDOT RFP may not be sufficient to ensure that all of the safety, economic and operating characteristics were fully articulated. Without such considerations its conceivable the State may not have acquired the most efficient and operationally safe aircraft that could be obtained. Several issues relating to economic performance, safety benefits and other attributes were not addressed in favor of developing a contract that limited the state in its selection of an aircraft vendor.

IV. EXPERIENCE WITH AIRCRAFT UNDER REVIEW

Q. DESCRIBE YOUR AVIATION EXPERIENCE, AND IN PARTICULAR YOUR FAMILIARITY WITH THE RAYTHEON BONANZA AND CIRRUS AIRCRAFT?

A. I have over twenty five years in aviation, hold advanced flight ratings and am current. I have flown in the Bonanza model and have logged a total of 1200 hours in other Raytheon aircraft. I have not flown the Cirrus aircraft. I have conducted an extensive literature review of product information, industry journals, and NTSB and FAA reports, including airworthiness directives for both airplanes.

Q. WHAT IS A MEANT BY THE TERM "AIRWORTHINESS DIRECTIVE?"

A. An Airworthiness Directive or AD, is an official declaration of conditions affecting an aircraft for which an unsafe condition may exist. No flight can be made using that aircraft unless the condition has been corrected and the aircraft is in compliance with the AD.

See URL

http://www.plainlanguage.gov/examples/before_after/airworthydirective.cfm

Q. DO BOTH THE RAYTHEON AND CIRRUS AIRPLANES HAVE AD'S

A. Yes, both have AD's that apply to their flight operations

V OPERATIONAL QUESTIONS CONCERNING AIRCRAFT

Q. DID THE SPECIFICATION FOR AN AIRFRAME WITH A NO LIFE LIMITATION THAT WAS WRITTEN INTO THE MN/DOT-BEEHCRAFT CONTRACT INCREASE THE LEVEL OF FINANCIAL RISK FOR MINNESOTA TAXPAYERS? MORE BROADLY, DID THIS LANGUAGE CHANGE THE LIABILITY RISK FOR EITHER PARTY - THE MANUFACTURER OR THE STATE?

A. Indirectly, yes. Due to the scope of the limit on airframes with a no limit certification by the FAA, MNDOT limited essentially only one vendor to be considered. This precluded other vendors from being considered who may have been able to demonstrate safety features or attributes that in the unlikely event of a future cause for litigation may have placed the State in a position where it could be alleged the safest aircraft was not selected, and thus provide exposure in such a case. This question should be addressed by the States Attorney General. The question must be raised about "Why" this feature was being sought, and what the cost /benefit is to the state.

Q. PLEASE EXPLAIN FURTHER WHAT YOU MEAN.

A. Most aircraft and aircraft parts are certified for use for a specific period of time. This can be often broken down into hours or other units of measure for which the component can be used, and then must be replaced. The FAA under CFR part 23,

required Cirrus to have a life limit imposed on their airframe as a condition of that aircraft's certification. At the same time the FAA granted to all other American certified aircraft a no life limit stay. This in effect grandfathered those previously certified aircraft. For those previously certified airplanes there is no data to suggest the actual safe life for those airframes. This is an important point and should have been considered by MNDOT as they were developing their specifications.

Q. IS THERE AN ECONOMIC OR SAFETY BENEFITS TO REQUIRING A NO LIFE LIMIT AIRFRAME?

A. There is no data to suggest a safety advantage can be demonstrated for aircraft with a no life limit airframe. There may be the potential to realize economic benefits such as:

- Reduced insurance premiums
- Better resale value
- Lower operating costs

In speaking with three providers of aircraft insurance, I have been advised that a no life limit airframe would not necessarily reduce premiums for a new aircraft. With respect to resale, most GA airplanes today are holding their resale value but do not appreciate in value, thus if a buyer wanted a used GA aircraft with a no life limit airframe, this may be a key selling point, but the resale prices of used aircraft do not reflect a selling benefit relating to this attribute. Finally, there is no data to suggest

that there is an operating cost benefit. Taking the most extreme case of a twenty year payback, the aircraft would need to be owned and used for a period beyond twenty years, in order for this attribute to provide a potential payback for the incremental increase in the initial purchase price. Most states replace their aircraft, including Minnesota, in less than twenty years.

Q. IF YOU WERE CHARGED WITH THE TASK OF PURCHASING A GENERAL AVIATION AIRCRAFT FOR A PUBLIC AGENCY WOULD YOU SPECIFICALLY REQUIRE AN AIRCRAFT WITH NO LIMITATIONS ON THE SERVICE LIFE OF ITS AIRFRAME? EXPLAIN.

A. No. The FAA has required certain manufactures to have limits on their airframes based on testing. Further the FAA has stipulated that other manufactures by virtue of their prior certification, received a protected "No life limit" endorsement as part of their certification. This does not mean those aircraft are any safer. In fact, those aircraft have not had to demonstrate through certification or prior product testing, what the limits of their airframes useful life may actually be. Thus, if it were left to me, I would place a higher value on those aircraft certified as having as part of their conditions, a known life factor on the airframe, especially if the aircraft was going to be used for an extended period of time.

Q. AS AN INDIVIDUAL WHO IS FAMILIAR WITH THE BROAD PUBLIC POLICY CONCERNS, WHAT PUBLIC POLICY DOES THIS CONTRACT LANGUAGE SERVE, IF ANY?

A. As a trustee of the public's interest it would be my position to ensure that fully competitive bidding takes place and to ensure that all aspects of the markets ability to meet my needs were met. By designing a list of specifications that effectively limits the vendor options, does not provide this. In my opinion these decisions may have limited the ability for the state to know its getting the best possible option for its money.

Q. THE SR-22 HAS AN 1150 POUND USEFUL LOAD. WHAT TYPES OF SERVICE CAN THIS AIRCRAFT PERFORM AS COMPARED TO THE RAYHEON AIRCRAFT WITH A USEFUL LOAD OF 1113 POUNDS

A. From a utility load perspective the aircraft are essentially equal. From a mission perspective, the Raytheon aircraft may allow more seats within the cabin area, but fuel, loading and distribution of weight within the aircraft then becomes more critical. I more fully explain this later in my testimony.

Q. HOW DOES THE AVAILABILITY OF A CARGO DOOR MAKE A UTILITY AIRCRAFT MORE USEFUL FOR HAULING CARGO?

A. For those missions when hauling freight or cargo a cargo door is advantageous. This attribute makes it easier to load, secure and remove items safely from the aircraft.

Q. HOW MANY PEOPLE CAN THE SR-22 CARRY?

A. The SR-22 can easily accommodate up to four seats. As with any aircraft the number of people is more an issue of weight. The Raytheon Bonanza can accommodate six seats. However, prior to each flight the pilot must evaluate the fuel needed, and then adjust for flight conditions, the fuel, payload and number passengers that can be safely accommodated based on the manufactures specifications. If using a four seat configuration the Cirrus SR-22 can seat the same number of people as the Raytheon Bonanza. The Cirrus cabin is wider and for most average size adults, the occupants would have the same experience in either aircraft.

Q. DOES PUTTING TWO ADULTS IN THE BACK OF AN SR-22 SHIFT THE CENTER OF GRAVITY TOO FAR?

A. No

Q. DOES THE SR-22 HAVE ADTIONAL SAFTEY CONCERNS AS IT'S LOAD BECOMES HEAVIER?

A. The SR-22 does not have any additional safety concerns regarding its load or weight as compared to the Raytheon Bonanza. Both aircraft are subject to weight and balance limitations based on design. The bonanza does have the advantage of more reward cargo when all four seats are occupied. The SR-22 does employ newer technology including higher G load rated seats, a ballistic parachute recovery system and advanced avionics to decrease the pilot workload. The safety features of both the Cirrus and Raytheon aircraft are not dependant on operational weights.

V. CONCLUSION

Q. DOES THIS CONCLUDE YOUR TESTIMONY

A. Yes it does. Thank you.



MEMORANDUM

Office of the Commissioner
200 Administration Building
50 Sherburne Avenue
St. Paul, MN 55155
Voice: 651.296.1424
Fax: 651.297.7909

DATE: July 31, 2003

TO: Agency Heads

**INFORMATIONAL BULLETIN
ADMIN 03.16**

FROM: Brian J. Lamb
Commissioner

SUBJECT: Single Source Procurement Policy

Background:

In a January 2003 report on "Professional/Technical Contracting," the Office of the Legislative Auditor (OLA) cited Admin data showing that 23 percent of professional/technical contracts are approved as single source contracts – i.e., awarded without open competition. That percentage is as high as 47 percent in some agencies. Based on its review, the OLA concluded that many single source contracts were appropriate, but that there were "several instances where agencies used a single source process to select a contractor when it did not seem warranted."

The 2003 legislature increased its expectations for administrative oversight of non-competitive procurements. For certain professional/technical contracts, agency heads must prepare a report for the Department of Administration (Admin) and the Legislative Reference Library. The report is to include a performance evaluation of the contractor and – when applicable – an explanation of why the contract was not competitively awarded. New legislation also requires Admin to track the number of single source contracts awarded.

Policy objectives:

- To ensure a more consistent application of the statutory single source requirements.
- To provide agency contract and procurement staff with helpful guidance and direction regarding appropriate use of the single source exception to the solicitation process.
- To assure the legislature, vendors and others that Admin is providing the level of oversight expected and that the single source exception is not being misused.

Relevant statutes and definitions:

Minn. Stat. 16C.02, Subd. 18: "Single source" means an acquisition where, after a search, only one supplier is determined to be reasonably available for the required product, service, or construction item.

July 31, 2003

Minn. Stat. 16C.10, Subd. 1: The solicitation process described in this chapter is not required when there is clearly and legitimately only a single source for the goods and services and the commissioner [of Administration] determines that the price has been fairly and reasonably established.

Scope of policy:

This policy applies to all state procurements including contracts for goods, services, utilities, building construction and professional/technical services where the use of the single source exception to the competitive procurement process is being requested. Single source justification is not required for interagency agreements.

Policy:

Executive and legislative branch policy supports fair and open competition as a foundation of public procurement. Although single source procurements are entirely appropriate and reasonable in certain circumstances, they must be avoided when other reasonable options exist. Before an agency asserts that the intended procurement is a single source, it must conscientiously attempt to identify multiple vendors or multiple brands. Even when the agency believes that there is only a single source, it can be beneficial to undertake a competitive solicitation process. Going through that process will automatically ensure that all statutory elements of single source procurement have been met (the search, one supplier available, a fair price). Competition, whether real or perceived, can help control prices and result in more favorable terms for the state.

If the competitive process is not used to validate the single supplier and fair price, alternative methods are available to document the statutory elements of single source. The burden of proof is on the requesting agency to justify single source procurements.

Examples of situations where the single source exception is likely to be approved with minimal documentation:

- Legislative or an appropriation dictating who must perform a service or provide a product;
- Specific expert witnesses required in writing by the Office of the Attorney General for litigation purposes;
- Mailing lists, subscriptions (but not subscription services) or media advertising; and
- Warranties voided if others provide service.

Examples of situations where the single source exception is likely to be approved with thorough documentation:

- Software license renewals/additions and software upgrades when available from only one source;
- Equipment that legitimately requires brand compatibility with existing equipment when available from only one manufacturer or sole authorized distributor;
- Other proprietary situations based on patents, copyrights, etc.;
- Legitimate critical situations involving severe adverse consequences not brought on by lack of advance planning; and
- All other situations where a search fails to identify viable alternatives.

July 31, 2003

Examples of situations where the single source exception is unlikely to be approved:

- Personal or agency preference for a product, brand or vendor;
- Agency perception that the vendor is the best qualified (this should be determined through a competitive process);
- Lack of planning by the agency resulting in limited time available for a competitive solicitation;
- Special incentives or deals offered by one vendor;
- Past or existing relationship with the proposed vendor or past performance by the vendor; and
- Convenience for the agency.

Procedure for determining whether statutory elements have been met:

Agencies seeking approval to enter into a single source contract without going through a formal competitive process must adequately document having met the statutory requirements. The attached forms are intended to assist agencies in doing so:

- Professional/technical contract single source request form; and
- Goods/non-P/T services single source request form.

Use of these forms is recommended but not mandatory. The key is fully addressing the statutory requirements – which, alternatively, could be accomplished in a form customized by the requesting agency or in a written description.

Requests for single source approvals must be signed by either the agency head or by an individual with specific delegated authority to sign single source requests on behalf of the agency head.

Documentation of the basis for a single source determination shall be retained in the contract file. It is public information. An agency may be required to justify its single source procurement in cases of audits, vendor protests, media or legislative inquiries and litigation. For professional/technical contracts over \$50,000, agency heads are required by statute to explain the basis for any single source contracts in post-contract reports and performance evaluations.

If you have any questions concerning this policy, please contact Kent Allin, Materials Management Director, at 651.296.1442.

Attachments

GOODS AND SERVICES

SINGLE SOURCE JUSTIFICATION FORM

This form is to be used when an agency believes an acquisition is a single source and the acquisition dollar amount is above \$2,500. The Agency Head or Agency Head Delegate must sign if the acquisition is over \$5,000. If the acquisition's estimated dollar amount is over the delegated authority for local purchase (ALP) of the certified buyer or \$25,000, whichever is lower, the form must be submitted for approval to: Department of Administration, Materials Management Division, 112 Administration Building, 50 Sherburne Avenue, St. Paul, MN 55155, Fax number 651.297.3996. The signed form must be retained in the purchasing file.

| | |
|--|---------------------------------|
| DEPARTMENT NAME | DIVISION NAME |
| PROPOSED CONTRACT VENDOR Company: Address: Telephone: Web Address: Contact: E-mail: | NEED IDENTIFIED (date) |
| | REQUESTED DELIVERY DATE |
| | QUOTED PRICE \$ _____ |

DESCRIPTION OF GOODS OR SERVICE REQUIRED:

SINGLE SOURCE CATEGORY (Check applicable box, attach documentation or provide explanation below.)

| | |
|--|---|
| <input type="checkbox"/> Legislation or appropriation mandates use of contract vendor (Legislation attached) | <input type="checkbox"/> Software license renewals, additions, or upgrades available from only one source |
| <input type="checkbox"/> Mailing lists, subscriptions or media advertising | <input type="checkbox"/> Brand compatibility available from only one source (no other distributors) |
| <input type="checkbox"/> Warranty voided if service provided by other contract vendor | <input type="checkbox"/> Other proprietary situation |
| <input type="checkbox"/> Other | |

THIS PROCURMENT IS A SINGLE SOURCE BECAUSE (attach additional page if needed):

- NOTE: The following are unlikely to be sufficient single source justifications:**

 - ◆ Personal or agency preference for a product or vendor
 - ◆ Agency perception that the vendor is the best qualified (this should be determined through a competitive process)
 - ◆ Lack of agency planning resulting in limited time to conduct a competitive procurement
 - ◆ Past or existing relationship with the vendor
 - ◆ Special incentive or deal offered (can be assessed in open and competitive solicitation)
 - ◆ Agency convenience

SEARCH

Minnesota Statute § 16C.02 subdivision 18 states: "Single source" means an acquisition where, after a search, only one supplier is determined to be reasonably available for the required product, service, or construction item.

| | |
|---|--|
| A search was conducted consisting of: (check all that apply) <ul style="list-style-type: none"> <input type="checkbox"/> Market research <input type="checkbox"/> Other vendors contacted <input type="checkbox"/> Public notice given, list <input type="checkbox"/> Other | RESULTS AFTER THE SEARCH... <ul style="list-style-type: none"> <input type="checkbox"/> no alternatives were identified <input type="checkbox"/> no alternatives were deemed acceptable because (explain below): |
|---|--|

Describe the search from above in detail:

PRICE

Minnesota Statute § 16C.10 subdivision 1 states: The solicitation process described in this chapter is not required when there is clearly and legitimately only a single source for the goods and services and the commissioner has determined that the price has been fairly and reasonably established.

Price has been fairly and reasonably established by:

- Comparison to previous comparable purchases from a different vendor
- Independent estimate

- Comparison to public sector contract pricing
- Discount off published catalog pricing
- Market survey
- Other, explain:

Describe methodology and results (attach any written supporting data, e.g., survey or market analysis):

CERTIFICATIONS

certify:

- 1) I recognize that state law requires the use of competitive solicitations unless exempted by law. I have reviewed the information and materials relevant to this procurement of goods and services, and am requesting approval of an exception to the competitive process for the reasons described;
- 2) the price to be paid to the proposed single source vendor is fair, reasonable, and provides the best value to the State of Minnesota; and
- 3) this request for an exception to the competitive solicitation process is not the result of inadequate advance planning or for purposes of securing the services of a preferred vendor.

Signature of Person Requesting Single Source Status or ALP Certified Buyer (Required)

Signature: _____ Fax Number: _____ Date: _____

Title: _____ E-mail: _____ Phone Number: _____

2. Agency Head or Agency Head Delegate Signature (Agency Head or Agency Head Delegate must sign if the single source request is over \$5,000.)

Signature: _____ Fax Number: _____ Date: _____

Title: _____ E-mail: _____ Phone Number: _____

3. Dept. of Administration or ALP Certified Delegate Signature (ALP Certified Buyers can approve only up to their delegated authority, but not to exceed \$25,000. All other requests must be signed by the appropriate MMD staff.)

- Approved. You are given a one-time special delegation to process this Single Source acquisition.
- Approved. Please send an Open Market Requisition (OMR) to MMD to process.
- Not Approved. Reason: _____

Signature: _____ Date: _____

Title: _____ E-mail: _____ Phone Number: _____



Transportation Building

395 John Ireland Boulevard

Saint Paul, Minnesota 55155-1899

Statement by Lt. Governor/Mn/DOT Commissioner Carol Molnau
Senate Transportation Committee October 24, 2005

Mr. Chairman and members of the committee, thank you for the opportunity to discuss Mn/DOT's recent purchase of a Beechcraft Bonanza airplane. As Commissioner Badgerow and I indicated in our letter to the committee, Mn/DOT and the Department of Administration are prepared to provide complete and thorough information regarding this transaction.

I would like to take the opportunity to stress to the committee and the public that Cirrus Aviation, located in Duluth, manufactures and markets wonderful airplanes. Cirrus is a strong Minnesota company and an asset to Minnesota's business community. In this circumstance, however, the Cirrus aircraft simply did not meet the state's needs.

Earlier this year, Mn/DOT's Office of Aeronautics did propose to increase the number of planes in Mn/DOT's fleet through a "single-source" purchase of a Cirrus aircraft. Our aeronautics staff had many discussions with Cirrus about this idea and also examined the Cirrus aircraft.

Under this proposal, Mn/DOT would have purchased two planes in a relatively short period of time – the Cirrus aircraft and a replacement for one of our working utility Bonanzas. By recommendation of the state's professional pilots and aviation officials, the Cirrus aircraft was never considered as a replacement for our aging, working Bonanzas.

On June 29, I made the decision that increasing the number of airplanes in Mn/DOT's fleet was neither justified nor fiscally prudent. On that basis, I rejected the Office of Aeronautics proposal to increase the fleet through a single-source purchase of a Cirrus aircraft. I did, however, accept the premise that it was time to replace one of our working Bonanzas.

My decision and direction to the Office of Aeronautics was clear: (1) purchase one aircraft, not two; and (2) move forward to replace the 1978 Bonanza in the manner recommended by aeronautics staff. My decision was based on fiscal prudence, safety of our employees and sound capital management.

The plane Mn/DOT purchased – the Beechcraft Bonanza – is the plane type the professional pilots and aviation staff strongly recommended as necessary to meet the state's working needs in replacing our aging Bonanza fleet. The new plane, sold to the state by a Minnesota company, Elliot Aviation in Eden Prairie, is scheduled for delivery sometime in mid November.

Thank you, Mr. Chairman. Commissioner Badgerow, agency staff and I stand ready to provide detailed information on this transaction.



Minnesota Department of Transportation

Transportation Building

395 John Ireland Boulevard
Saint Paul, Minnesota 55155-1899

October 21, 2005

The Honorable Steve Murphy
306 Capitol
75 Rev. Dr. Martin Luther King Blvd.
St. Paul, MN 55155

Dear Senator Murphy:

Thank you for your letters of October 17 and 18, 2005, announcing the Senate Transportation Committee's plan to hold a hearing October 24 to discuss Mn/DOT's recent purchase of a Beechcraft Bonanza airplane. We want to assure you that Mn/DOT and DOA are fully supportive of your committee's inquiry and we appreciate the opportunity to provide committee members a thorough presentation of the facts involved in this purchase.

As you requested, we will be in attendance at the hearing. Mn/DOT and DOA stand ready to provide you and the committee the information outlined below:

- I. Mn/DOT Office of Aeronautics (background): State airplane fleet - operating agencies, numbers of planes, model types. Mn/DOT's airplane fleet - # of planes, makes, age, uses. Specifics of the two Mn/DOT Bonanzas in question - age, specific uses, hours, staff who use the planes, cargo carried, etc.
- II. Mn/DOT Office of Aeronautics: Discussions with Cirrus Design regarding potential "single-source" purchase of Cirrus SR22-GTS aircraft. Original proposal by Office of Aero for single-source purchase of Cirrus SR22-GTS to increase number of planes in Mn/DOT's fleet. Impacts to Mn/DOT's fleet and fleet replacement strategies if Cirrus is purchased via "single-source" contract.
- III. Department of Administration: DOA receipt and review of Office of Aero proposal for single-source purchase of Cirrus SR22-GTS. Background on single-source review process, requirements for approval, relevant rules & statutes, etc. Reasoning for sending Office of Aero request back to Mn/DOT for executive level approval.
- IV. Mn/DOT Commissioner: Commissioner/executive staff review process, time line, concerns raised, recommendations to Lt. Governor. Lt. Governor decisions and direction to Office of Aero: (1) purchase only one aircraft, not two; and (2) approve purchasing a replacement for the 1978 Bonanza, as recommended by Aero staff, on a competitive bid basis.

- V. Mn/DOT Office of Aeronautics: Justification for replacing '78 Bonanza, age, safety concerns, FAA Airworthiness Directive. Needs associated with replacing the 1978 Bonanza – cargo space, de-icing certification, FAA classification, etc. June 29, 2005, memo - state pilots describing preferences in replacing Bonanza. (Pilots will be available for testimony.) Formal state RFB, key specifications and explanation of specs. Comparison of Cirrus and Bonanza aircraft – why Cirrus SR22-GTS did not meet the state's needs in replacing a Bonanza.
- VI. Department of Administration: Formal posting of state RFB (7/18) and addendum correcting RFB title (7/19). Received bid and approval process. Comparison of RFB to other state aircraft purchases.

Materials/documents for committee:

- State of Minnesota 2005-06 Aircraft Inventory
- DOA Informational Bulletin 03.16, "Single Source Procurement Policy"
- "Single Source Justification Form" proposed to DOA by Office of Aeronautics
- Published 7/18 competitive RFB, with 7/19 addendum correcting RFB title.
- Office of Aeronautics memo dated 6/29/05, Larry Myking to Raymond Rought, subj.: Replacement Aircraft.

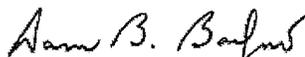
We would be happy to augment this information and provide other documents at your request. Please be advised, however, that Duane Dunconson, whom you requested to be available to testify, is no longer with Mn/DOT and has returned to a position at the state PCA. All other Mn/DOT and DOA employees you requested will be available.

Again, we appreciate the opportunity to review this issue with your committee.

Sincerely,



Carol Molnau
Lt. Governor/Mn/DOT Commissioner



Dana B. Badgerow
Commissioner of Administration

Cc: Senate Transportation Committee members



Minnesota Department of Transportation

Transportation Building

395 John Ireland Boulevard
Saint Paul, Minnesota 55155-1899

October 21, 2005

The Honorable Wes Skoglund
124 State Capitol
75 Rev. Dr. Martin Luther King Blvd.
St. Paul, MN 55155

Dear Senator Skoglund:

I am writing in response to your October 14, 2005, letter concerning Mn/DOT's recent purchase of a Beechcraft Bonanza airplane. Please find attached a memo from Mr. Ray Rought, director of Mn/DOT's Office of Aeronautics, which provides answers to the questions you posed. The information in Mr. Rought's memo will also be covered by Mn/DOT at the Senate Transportation Committee hearing October 24, 2005. Also attached is a letter from Lt. Governor Molnau and Department of Administration Commissioner Badgerow to Senator Steve Murphy concerning the 10/24 hearing.

I hope this information is helpful. Please contact me if you would like further information.

Sincerely,

A handwritten signature in cursive script that reads "Robert J. McFarlin".

Robert J. McFarlin
Assistant to the Commissioner for Policy and Public Affairs
651-297-3099

Cc: Lt. Governor Molnau



Memo

Office of Aeronautics
Mail Stop 410
222 East Plato Boulevard
St. Paul, MN 55107-1618

Office Tel: 612/296-8046
Fax: 612/297-5643

October 21, 2005

To: Bob McFarlin

From: Ray Rought

Subject: Sen. Skoglund questions

What is the plane used for? Who and what does it transport?

The Bonanzas transport Mn/DOT employees and others to accomplish the work of the office. This includes: airport safety inspections, safety seminars, pavement surveys and meetings with airport managers and sponsors. The office staff travels to inspect construction projects and maintain state owned air navigation aids such as VHF Omni-directional Range (VOR) sites and Automated Weather Observation Stations (AWOS). When the need arises the Bonanzas allow us to get to any airport in the state on short notice including the ability to get to critical navigational aids when they are in need of repair.

In addition to people, the aircraft are used to carry tools and equipment, safety publications for safety seminars, audio/visual equipment, and luggage for overnight trips. Some of the cargo is bulky and/or heavy. We routinely transport computers and monitors for the weather stations and runway marking cones that are 36" wide at the base and 18" high.

What is the average number of passengers carried; who are they; what jobs do they have?

The average number of passengers is between two and three. While there are few trips that require more than four seats, the need does occasionally arise. Most usage is by our employees as indicated above. Though the King Air aircraft are normally used for the air transportation needs of the state, the Bonanza aircraft are available for urgent use of the Governor, Lt. Governor, Commissioner of Transportation, Legislators and other state government agencies on official business. The number of people in the aircraft can vary from 2-5 depending on the purpose for the trip and/or the needs.

What specifications of the Bonanza couldn't be met by the Cirrus SR-22?

The Specification calls for an aircraft certified in both the normal and utility categories. The Cirrus is not certified in the utility category. While this would not restriction us in the manner in which we use the aircraft, to be certified in the utility category the aircraft has to be able to withstand a higher "G" loading. "G" loading happens in maneuvering flight when the pilot pulls the nose of the aircraft up. It also occurs when flying through turbulence. The limits of the normal category should be sufficient for our usage, but the higher limits of the utility category give us a larger safety margin.

The specification calls for double doors for passenger and cargo loading. The specification should have listed minimum dimensions instead of requiring double doors. Aircraft such as the

Cessna Caravan and the Socata TBM 700 both have cargo doors that would facilitate the cargo we need to be able to load. The double door dimensions on the Bonanza are 36" high by 55" wide. The Cirrus has a small cargo door that does not meet our needs. The cargo door dimensions of the Cirrus are 25" high by 24.5" wide. In addition to being able to load oversized cargo through these doors, the doors on the Bonanza are accessible while standing on the ground. To load oversized cargo in the Cirrus it must be loaded through the passenger loading doors while standing on the wing. If the item is also heavy it would be impossible to load using proper lifting techniques to prevent back injury.

The specification calls for an aircraft with no current limitations on its service life. The Cirrus is currently the only aircraft with a service life limit. We purchased the current Bonanzas in 1978 and we would expect that the replacement aircraft would be held for a similar length of time. Should we use the majority of the service life, we would expect that the resale value of the aircraft would be adversely affected. We are getting 90% of the original purchase price of the Bonanza in trade and our other Bonanza was valued at 115% of its original purchase price.

The specification calls for a three axis, gyro based autopilot. The autopilot in the Cirrus is a two axis, rate based autopilot. While the three-axis autopilot is nice, it really isn't an operational factor in an aircraft the size of the Bonanza. The fact that the autopilot is gyro based rather than rate based makes the autopilot smoother and more accurate.

The specification calls for a service ceiling of at least 18,000 feet. The Cirrus is limited to 17,500 feet.

The specification lists as a desirable option the TKS weeping wing ice protection system certified for flight into known icing conditions. While the Cirrus has the TKS weeping wing ice protection system available, the aircraft has not been certified for flight into known icing conditions. Regardless of the systems capabilities, pilots are restricted by regulation from operating in areas of known icing unless the system is certified. Since the temperature drops as the aircraft climbs, we have days where there are areas of known icing in Minnesota from September through May. Not being able to fly in known icing conditions causes us to cancel many flights each year.

What was wrong with the old plane?

The Bonanzas have served us well for more than 27 years. While the aircraft are well maintained the basic aircraft is getting old. There have been several articles in aviation publications lately about aging aircraft. Metal fatigue is a concern. Currently early Beechcraft Mentor aircraft are grounded because of wing cracks that have led to wing failures in flight that have been universally fatal. There is an Airworthiness Bulletin to regularly inspect the wings of our Bonanzas for cracks in the spars. While this is not a cause for immediate concern, it is a sound business practice to replace the aircraft at a point where the aircraft retains resale value.

Why wasn't it overhauled instead of sold?

While the basic aircraft is 27 years old, the engine in the Bonanza has been overhauled or replaced at least four times. The engines, like many parts on aircraft have a service life and are regularly overhauled or replaced at specified intervals. All the other parts on the aircraft do not have a service life and are only replaced when they fail. We have taken good care of the aircraft to be able to get not only 27 years of service out of the aircraft, but also a good trade-in value. The aircraft has been painted twice and the interior has been reupholstered twice. The avionics used for communication and navigation have also been updated twice.

On 1-10 scale how essential is an aircraft in the Bonanza/Cirrus category for the state, and why?

The Bonanzas help us maintain the safety of the national airspace system. They give Mn/DOT Aeronautics the ability to rapidly get to a navigational aid that needs repair and get that piece of equipment functioning again in the least amount of time. These navigational aids are part of the national airspace system and are used by pilots not only landing in Minnesota, but transiting through the skies overhead.

The Bonanzas allow us to be more responsive to our aviation customers. Mn/DOT Aeronautics serves more than 140 airports throughout the state from our office in St. Paul. Our personnel, with the Bonanzas to aid them, accomplish on average more than 50 airport inspections per year, and average more than 20 service calls per month.

The Bonanzas increase productivity and reduce cost. These aircraft provide us with the ability to get to our customers: the airports in Minnesota and back in the same day. This eliminates long hours on the road spent driving instead of working. In many cases the Bonanzas allow us to do in one day, what would otherwise be an overnight trip. This eliminates the cost of lodging as well as improving the quality of life for department employees.

The Bonanzas help us to understand the needs of our customers. When traveling by air we are utilizing the system we support. Just as Mn/DOT trucks drive the highways they maintain, our aircraft utilize the navigation systems of the highways in the sky, and the airports that we service. Approximately 130 navigational aids in Minnesota are actually owned, operated, and maintained by the State. These navigational aids are also part of the national airspace system and are critical to aviation navigation and safety.

Our customers expect us to be experts in aviation and the Bonanzas help us to fill that expectation. These aircraft give us first hand knowledge of the state of the system we support. Through this insight we are able to identify the areas that need improvement and to focus our activities to best serve our customers.

On a scale of 1-10 the Bonanzas are a 9. They are small enough to be affordable to operate, yet they have the technology to allow us to effectively utilize all of the navigation systems available. They are fast enough to get anywhere in the state and back the same day and are capable of landing at all the public airports in the state. They are also fully equipped for IFR (instrument flight rules) flight. In addition, the new Bonanza will add the capability for flight through icing conditions, thus enhancing productivity, while increasing overall operational safety. They have an excellent load-carrying capability and are a flexible aviation platform that meets the needs of the Aeronautics missions.