

MINUTES

KALAMAZOO COUNTY AERONAUTICS BOARD OF TRUSTEES MEETING

DECEMBER 13, 2006

ITEM 1. Call to Order: The meeting was called to order at 8:07 by Chairman, Gil Collver

ITEM 2. Roll Call: Members in attendance: Gil Collver, Bill Duggan, Marie Frank, Daniel Hope, John Jones, Kevin McGrath, James Woodruff

Also Present: County Liaison, Deb Buchholtz-Hiemstra

Staff Present: Clifton Moshoginis, Thom Canny, Ron Shutler, Karen Wolff, Lynn St. Clair, Michael Ballard, Tim Beaupre, James Smith.

ITEM 3. Approval of Minutes of the November 15, 2006 meeting. There being no suggested changes, a motion to approve the minutes as written was made by Mr. Jones, seconded by Ms. Frank. The minutes were approved unanimously.

ITEM 4. Citizen Comments: Mr. Moshoginis introduced Airport employees Michael Ballard, Tim Beaupre and James Smith, and noted their positions. They do an excellent job of snow removal. There were no other citizen comments.

ITEM 5. For Consideration: A. Extension of Agreement with the Kalamazoo Aviation History Museum for the operation of the Terminal Gift Shop. Mr. Moshoginis recommended approval of the extension to 2008. Mr. Hope asked about the square footage of the shop. Mr. Moshoginis stated it is 425 sq. ft. Mr. Hope asked how that compared with other square footage costs. Mr. Moshoginis said most areas are at \$25.92 per sq. ft. Mr. Collver asked if this was a new rate. Mr. Moshoginis said following a discussion with Bob Ellis, Air Zoo Manager concerning the renewal, the rate did not change. Mr. Canny added it has been difficult to maintain a profitable gift shop at the Airport and so have allowed the lower rate. Mr. Collver said that may be a point for discussion later. If the rates are approved, there may be others that survive the change. Mr. Canny agreed, adjustments can be made as you go into a new rate system. In response to a question from Mr. Hope, Mr. Moshoginis said the utilities are included. Mr. Hope noted the square footage cost is actually about \$14.00. Mr. McGrath said the assumption is that if they are not in the space, it would be vacant. Mr. Canny added there had been 2 or 3 former operators who said there

isn't enough foot traffic to support the shop. Mr. Jones suggested it is beneficial for the Air Zoo's exposure.

Mr. Collver asked for a motion. Mr. Duggan moved for approval of the Fourth Amendment to the Agreement for the Gift Shop. Support for the motion was offered by Mr. Hope. On a voice vote, all were in favor, motion passed.

B. Disclosure and Request for Approval of Frank Air Service Consulting Claim:

Mr. Moshoginis said Ms. Frank will read the disclosure concerning a consultant agreement. Ms. Frank read the disclosure for a purchase requisition. The disclosure is attached to these minutes. Mr. Canny noted that two separate disclosures are required when the amount is over \$5,000, and it requires a 2/3 majority vote. Mr. Jones recommended acceptance of the disclosure as read. The motion was seconded by Mr. Duggan. Mr. Collver asked if there was any discussion. Ms. Buchholtz-Hiemstra said normally Ms. Frank would ask for abstention. Mr. Canny said typically a roll call vote would be taken with Ms. Frank abstaining. The motion was approved.

C. Disclosure for Frank Air Services Consulting Contract for 2007: Mr.

Moshoginis said the next disclosure to be read by Ms. Frank is for contractual work for 2007. The disclosure was read. A recommendation for approval will be considered at the next meeting. The disclosure is attached to these minutes. Mr. Hope asked about reviewing a contract. Mr. Moshoginis said it would be presented at the next meeting.

D. AFSCME 2006 Union Labor Agreement: Mr. Moshoginis reported the union represents 9 people at the Airport. This is approval of the agreement for the 2006 calendar year. The agreement for 2007 is being negotiated. Mr. Woodruff made the motion to approve the 2006 AFSCME Union Contract for the Airport. Mr. Jones supported the motion. Mr. Collver asked for any discussion. He requested a vote. The motion passed unanimously.

E. Resolution to Adopt 2007 Rates & Charges: Mr. Moshoginis said the rates are in transition. We are in the process of developing General Conditions and Airport Rules and Regulations. Airport tenants will be subject to these rules. A operating permit will be issued to each tenant. The business plan will adopt rates and charges. These will be reviewed on an annual basis. Not all rates will change, subject to contracts. All areas of revenues will be looked at in order to cover operating costs and depreciation. Also included is revenue impact information comparing 2006 with 2007. He was recommending adopting the rates and charges with a resolution.

Ms. Frank asked about the increase for the parking lot. Mr. Moshoginis said that information was given to us by the parking lot operator. Several scenarios were provided. Right now there is a 5-minute free period, we are looking to increase that to 15 minutes free. He noted that business travelers had begun using the

short-term lot overnight as a convenience, and there was some concern about not having enough short-term parking spots for their intended use. Mr. Moshoginis reviewed the recommended rate increases. He reported the current management fee plus expensed are paid to Standard Parking. Mr. Woodruff stated other airports offer 30 to 60 minutes free parking. He felt if it wouldn't affect the Airport too much, 30 minutes free should be considered. Mr. Moshoginis said 30 minutes had been considered, and seems more than adequate. Mr. Hope wanted to know if that was a strict time. Mr. Woodruff felt that 30 minutes would alleviate aggravation for customers. Mr. Hope asked about revenue impact. Mr. Moshoginis estimated at today's rate of 15 minutes free the loss would be \$777. There was some discussion about establishing the costs for short term. Mr. Shutler explained the 5 minutes free was also for people who chose the wrong lot, and exited to the long term. Mr. Duggan mentioned cell phone lots. Mr. Moshoginis said many airports are offering free cell phone areas. Mr. Woodruff felt the Airport could afford the free 30 minutes. Mr. Hope said overnight parking could be prohibited. The members considered appropriate signage, without being punitive. Mr. Collver inquired about the number of overnighters. Mr. Moshoginis reported it is sporadic. Mr. Hope felt \$.75 may be too little if the demand was not going to change. Mr. Jones added the airport wants to offer convenience, and use this as a marketing advantage.

Mr. Woodruff asked if the motion would accept the rate changes as presented? Mr. Moshoginis stated the proposed rate increases are recommended, but ultimately it's up to the Board. Mr. Collver asked if there was any reason not to go through on the item with the option of making changes. He said there seems to be a consensus on the 30 free minutes for short term. Mr. Hope inquired if you go over the 30-minute period, is the charge retro-active. Mr. Moshoginis said the charge would be for the entire time. Mr. Collver said we can continue to look at the impact. In response to a question from Ms. Frank, Mr. Moshoginis said there were 60-70 spaces in short term. He added that by not allowing overnight parking in the short term lot the problem becomes – do we relocate vehicles. There was further discussion concerning monitoring and charging in those cases. Mr. Moshoginis said overnight parking is easy to determine, and a premium rate could be charged. Ms. Frank spoke of the convenience of the lot, and there's no need to shuttle people. The members discussed the definition and purpose of short-term parking. Mr. Canny stated there is more of an effect in larger airports. People don't park overnight in short term at Detroit, since one hour may cost \$20. Following a brief discussion, Mr. Canny noted the advantage of the break and providing close parking. Mr. Hope offered several options for pricing.

There was some consideration of enforcement. Mr. Jones said it may require towing. Mr. Canny said we try to avoid moving cars. During the parking lot construction, cars were moved, and we had to inform people where their cars were located. This was necessary due to construction. There could be damage during towing. Mr. Woodruff mentioned being on the downtown parking committee, and negative comments about downtown parking. Ms. Frank

suggested getting the numbers from the parking lot. Mr. Moshoginis said we can look at cell phone parking; there are many ways to address the issues. We can look at that during 2007. The 30-minute free parking can be implemented without a problem. We will evaluate the ideas and impacts with Standard Parking. The entire lot may change with the new terminal. Mr. Shutler said the parking management should be involved. Mr. McGrath suggested reviewing the rates again in June. There was further discussion about people willfully exceeding the parking limitations. Mr. Moshoginis said Standard Parking may offer suggestions and solutions. He will contact the manager.

Mr. Jones spoke of the importance of being friendlier for the users and it may improve the airport's image especially with the leisure market. Mr. Hope noted parking represents the highest revenue generator.

Mr. Woodruff said the Passenger Loading Bridge, a very expensive piece of equipment, is only \$1.50 per use. Mr. Moshoginis said it was paid for by PFCs and AIP funds, and there is no debt service. Mr. Collver asked if that was adequate for maintenance. Mr. Moshoginis explained that it is based on electrical use and preventive maintenance. We don't want to double our costs to the airlines. Mr. Collver asked if this was a new fee. Mr. Moshoginis noted it is new, but covers current charges. Maintenance items are paid for by the airlines and amortized over the life of the item which can mean adding a very minimal amount to the invoice. Mr. Collver asked if the electrical was actual. Mr. Moshoginis explained it is metered separately. Mr. Canny said because the Airport receives federal funds, the County has provided assurances to the FAA no general fund money has gone to the Airport. A high fee could be charged as long as it can be recouped from the airlines, but the airlines may reject it. It is balanced accounting to recover costs and be self-sufficient, and not subsidize the airlines. The fees are set with that balance in mind.

Mr. Collver asked if there were any other questions or comments on the proposed items. No comments were offered. He then said that with the exception of adding the half hour free parking for short term, he would entertain a motion for the rest of the submissions as presented. Mr. Woodruff made the motion. It was seconded by Mr. Duggan. The motion carried unanimously. Mr. Moshoginis said that concluded Airport items.

Aeronautics Board Items:

A. Election of Secretary and Appointment of Assistant Secretary: Mr. Collver noted this was the follow up to a meeting with Cliff and a review of the by-laws. We may appoint or select other officers as appropriate to the needs of the group. He thought it appropriate to have a secretary as a formal signatory on items and an assistant for actual minutes and the purpose of providing communications to the Board members. There was a recommendation to select Cliff Moshoginis. That is within the rights in terms of the by-laws. He asked for discussion. Mr.

Collver named Cliff Moshoginis as secretary and Lynn St. Clair as assistant secretary. A motion to that effect was presented by Mr. Jones, supported by Mr. Duggan. Following some discussion concerning authority, Mr. Moshoginis clarified the secretary signs some contracts as a witness to the Chair's signature. Ms. Buchholtz-Hiemstra inquired if the secretary signs on behalf of the Board, and as an employee of the Board, does that affect any intended checks and balances. Mr. Moshoginis said other than hangar and advertising contracts that he has authority to sign, his signature is just secondary. Mr. Collver added this signature may just be attesting to the Board's action. Mr. Canny said this position may also be called a clerk. It provides some checks and balances, and it is an acceptable practice. Mr. McGrath asked if there would be times the Board didn't want the secretary to sign as in the case of his own contract. Mr. Canny said in that situation he would sign for himself. If there was a situation where his signature wouldn't be appropriate, or in his absence, the assistant secretary may sign.

Mr. Collver noted a motion has been made and seconded. He requested a vote on that motion. The motion carried.

B. Approval of Meeting Dates Schedule: Mr. Collver said he is looking for approval for the second Wednesday of each month in 2007 as the established meeting date. Ms. Frank and Mr. Collver will meet with Mr. Moshoginis on the Monday preceding the meeting to set the agenda and address any concerns. If anyone wants something brought to the Board, notify both Ms. Frank and Mr. Collver, and they will see that the items are discussed. Mr. Duggan made the motion for approval of the meeting schedule as presented. Mr. Hope seconded the motion. The motion was unanimously approved.

C. Budget Process: Mr. Collver said this item came up about an open discussion of the budget process. There is an obligation to submit a budget to the County Board by September 1. The County Board has until the end of the year to approve. We should have the process in place by mid-summer. Mr. Canny said even though the County has until the end of the year, they usually approve the budget in September or October. Lisa Bradshaw said the projected numbers are submitted in June or early July. There is some flexibility with the Airport. Mr. Moshoginis suggested appointing two members to assist with the process, to evaluate line items through the June time frame, then recommendations would come back to the Board. Ms. Bradshaw noted that operating expenses don't take too much time. Salaries and fringes depend on the whole budget and adjustments. Mr. Jones thought a process could be in place in March or April. As a Board we can look at where we want to go, that may drive some of the budget items, especially capital items. Mr. Collver said it may take a half or full day to review the goals that frame the budget discussion. Mr. Jones thought the Board should look forward a few years. Mr. Moshoginis said a draft of the business plan may help. It should be available in February.

Mr. Collver said a strategic meeting may be set subsequent to receiving the business plan. Mr. Moshoginis suggested setting a date a couple months in advance for everyone's convenience. He will contact the members.

There was some consideration of a budget committee, as set forth in the by-laws. Mr. Canny said the Board can create ad-hoc committees. The minimalist framework of the by-laws allows you to establish a formal or informal arrangement. Mr. McGrath and Mr. Hope offered to assist with the budget process. Mr. Canny agreed that Mr. Collver has the authority to make these appointments. Mr. Collver noted that budget management can be stringent within line items, or allow funds to be moved within the total revenues and expenses, or any percentage levels in between. That should be discussed by the Board at some time, and should be of help to Airport Administration. Mr. Canny noted the public is different from the private sector, and spoke of the Board's role with the County Board in approval of expenditures. Mr. Hope asked about generating a first quarter financial report. Mr. Moshoginis said it could be presented in a different format. Ms. Bradshaw said a report could be prepared, but the accrual items, like utility bills would not be exact.

ITEM 6. UNFINISHED BUSINESS: Mr. Hope asked if the travel agency would keep their space. Mr. Moshoginis said they will be vacating. There is some interest which is being followed up, or advertising for the space may be necessary. The space could be split. Mr. Hope questioned having a travel agency on site. Mr. Moshoginis said the current agents will be working from their homes since their clients are not local. He didn't expect much interest from another travel agency. There was further discussion concerning the use of the space. Mr. Canny noted that many of the common space uses for passengers are based on the other side of the security checkpoint. Passengers want to get checked through first.

ITEM 7. NEW BUSINESS: Mr. McGrath mentioned there is no established deicing capabilities for general aviation. There has been an agreement with American Eagle for deicing, however their equipment is older and sometimes unavailable. This may sacrifice some clientele at the airport. He spoke about other airlines being reluctant because of liability. This leaves a vacancy for general aviation. Mr. Moshoginis said there is concern about operating the equipment. We don't want to operate it with Airport employees. He will discuss a backup agreement with Duncan and the airlines. Mr. McGrath felt that in this region, there should be a capability for deicing, and a backup in case of breakdown.

Mr. Collver said he would like to consider another ad-hoc committee to confer with Mr. Canny concerning the by-laws. There may be some recommendations for change. Mr. Collver and Mr. Duggan agreed to assist with the review. Mr. Collver will contact Mr. Duggan and Mr. Canny for a meeting.

ITEM 8. DIRECTOR'S REPORT: Mr. Moshoginis noted the Market Share report and asked if there were any questions. There was some discussion concerning previous years' trends. Mr. Moshoginis asked the members to email him with any questions or specific requests concerning the Market Share. Ms. Frank said seat capacity can be tracked and compared to other airports, but the airlines change from month to month. Ms. Buchholtz-Hiemstra offered the information she had put together.

Mr. Moshoginis said the contract for terminal improvement from the scope meeting with RS&H in terms of phase one should be in hand for the January meeting. The master contract just needs legal counsel review.

Mr. Moshoginis reported even though there isn't a definite date, the busses will be leaving after the first of the year. They didn't want to make a change during the holidays.

The business plan draft document should be available in February for comments. It then goes back to Airport Business Solutions with a final version as early as March or April. They conducted meetings on Nov. 29 with local airline managers, terminal tenants, Duncan and hangar tenants. They had a good turnout for those meetings. Airport staff were not involved.

Mr. Moshoginis reminded the members of the invitation to attend Michigan Association of Airport Executives meeting in Lansing on February 21. One of the sessions will focus on the role of Airport Boards. Mike Boyd will be a featured speaker.

ITEM 9. MEMBERS' TIME: Mr. Woodruff mentioned some people in the terminal weren't aware of the wireless internet. He asked about signage. Mr. Moshoginis said initially banners were hung in the terminal. We are working to get that information on the digital screens. There was further explanation about the cost and expense to the Airport to offer it free. He offered to inquire about roaming agreements.

ITEM 10. ADJOURNMENT: There being no further business for consideration, the meeting adjourned at 9:55 a.m.