

MINUTES

**KALAMAZOO COUNTY AERONAUTICS
BOARD OF TRUSTEES
REGULAR MEETING**

**DECEMBER 11, 2008
9:00 am**

ITEM 1. Call to Order: Chairperson Gil Collver called the meeting to order at 9:10 a.m.

ITEM 2. Roll Call: Members in attendance – Gil Collver, Bill Duggan, Dan Hope, John Jones, Jim Woodruff.

Also Present: County Liaisons Deb Buchholtz-Heimstra and Nasim Ansari.

Staff Present: Clifton Moshoginis, Ron Shutler, Linda Bunting, Karen Wolff, Thom Canny and Lisa Bradshaw.

ITEM 3. Approval of the October 9, 2008 and November 13, 2008 Meeting Minutes: There being no changes, the minutes were approved as published.

ITEM 4. Citizen Comments: No comments were presented.

ITEM 5. 2008 Air Service Development Report - Air Service Development Consultant Marie Frank gave a final report and update to the board on air service activity for the year 2008. She attended an Airport Council International Marketing and Communications conference and Airline Jump Start. It was a good opportunity to meet with various airlines and other airline industry professionals. She prepared route specific air service development presentations to encourage the creation of new or the expansion of existing air service routes and to meet with up to four airlines at the conference and delivered presentations to the airlines. This included Midwest, Continental, Myrtle Beach Direct Air and Delta airlines. She said many of the other smaller airports attending had fewer than four meetings and some had none at all. She attended Airline Business Magazines Network Conference and Airline Meetings, which had sessions that focused on high oil prices, the prospects of mergers and consolidation and strategies necessary in today's market to win and retain new air service. She presented seven route specific airline presentations to Delta, Midwest, United, Jet Blue, American, Frontier and Cape Air airlines. She attended the Airport Council International Air Service Planning and Data Seminar, which focused on the data and the specific detail airlines are looking for when they meet with airport officials. She and other airport and community officials met with American Eagle for a discussion regarding Kalamazoo/Battle Creek International Airport (AZO) and increased Chicago seat capacity and the possibilities of other destinations. She updated the diversion analysis with 2007 data for AZO, Lansing, Grand Rapids and South Bend. She maintained open lines of communication with each airline and responded to all questions and inquiries made by the airlines via telephone, emails and direct mail, keeping them up to date on leakage data and NYC traffic. She

coordinated with other people, firms and corporations to develop route-specific data and update existing data reports for the Airport and Consultant to use in meetings with airlines. She prepared a business travel survey and presented the survey to the AZO Air Service Retention and Expansion Committee. Representatives from Stryker, Pfizer, Kellogg, Western Michigan University, Perrigo and Bronson Healthcare Group completed surveys, which were analyzed and graphed and used in the airline presentations. She stated that there were four Air Service Retention and Expansion Committee meetings held during the year. She attended a meeting in Grand Rapids with Northwest airlines' vice president of domestic planning and scheduling. To synopsise, Ms. Frank stated that is unfortunate that AZO lost United – Chicago service and Delta is discontinuing service to Cincinnati. However, the major win for this year is Direct Air's non-stop service to Florida and Myrtle Beach. Also with the discontinuation of Pfizer's shuttle service, Continental expressed more interest in serving the NYC market and AZO is still a strong contender for Cleveland. Midwest also remains interested in AZO for nonstop service to Milwaukee and on to their mainline service west and southwest. She stated that she feels encouraged about the meetings this year but she also feels that 2009 may still be a bit of a challenge for most airports as airlines recover from the numerous changes in 2008. The airlines will continue to evaluate cities with great caution but she thinks that AZO will add another hub city in 2009. Some discussion followed regarding the significance of the strong support of the Retention Committee.

ITEM 6. Nine-Month Financial Report – Deputy Finance Director Lisa Bradshaw gave a 2008 Executive Summary showing actual nine month figures and estimated year end revenues from operations, expenses from operations, income/loss from operations, other revenue, other expense and capital. The report included airport revenues/expenses from 2006 through 2008. She pointed out that the summary shows the airport being down approximately \$1,000,000.00, which is primarily due to depreciation and a decrease in revenues. This is affected by a decline in enplanements. She stated that PFC charges are a big part of revenue, however this is down somewhat due to an FAA oversight but they are extending the period for PFC collection to make up for this oversize. She explained that the revenue interest income is bond proceeds that are still in reserve. Expenses are up due to turnover. \$52,000.00 in airport capital is being used for airport projects. Some discussion followed regarding the difference in totals from what was projected and from previous years figures in a few categories. Airport working capital from 2006 to 2008 was also included in the report.

ITEM 7. For Consideration:

AIRPORT AGENDA ITEMS

A. Kalamazoo Aircraft Amendment – Mr. Moshoginis explained that this amendment is for the airport concessionaires agreement between the airport and Kalamazoo Aircraft for an off property Fixed Base Operation (FBO) with access to the Airport and he requested authorization and approval for the chairperson to sign. This amendment is required due to the new Concessionaire's agreement with Great Lakes Aviation. It is for 20 years with two 10- year extensions. On a motion made by Mr. Jones, seconded by Mr. Duggan, the motion passed.

B. 2009 Rates & Charges Resolution – A copy of this resolution showing new rates and charges for 2009 for fuel flowage, hangar rents, airline fees, FBO fees, rental car fees, advertising, parking, tenant space rental, concessions, airfield access charges, badge fees, airline crew parking and special aviation service organization fee was distributed to the board. Mr. Collver brought up some areas that needed corrections and discussion followed regarding parking rates. On a motion made by Mr. Jones to approve with corrections presented, seconded by Mr. Duggan, the motion passed.

C. Supplemental Lease Agreement Transportation Security Administration (TSA) – Mr. Moshoginis explained that the lease agreement is between AZO and the TSA with regard to the lease of an additional 789 square feet of office space and requested the authorization for the chairperson to sign. This agreement will increase the annual rent by \$26,171.13 from \$26,768.19 to \$52,939.32. The lease is effective through October 31, 2011. Either party may terminate the lease by giving a 60-day written notice. Legal counsel reviewed the agreement with no objections. On a motion made by Mr. Woodruff, seconded by Mr. Jones, the motion passed.

AERONAUTICS BOARD AGENDA ITEMS

A. Election of Officers – The election of officers was the election of the Chairman and Vice-Chairman. On a motion made by Mr. Jones to re-elect the current chairman and vice-chairman, seconded by Mr. Duggan, the motion passed to re-elect Mr. Collver as Chairman and Mr. Woodruff as Vice-Chairman. For appointed positions, on a motion made by Mr. Duggan to re-appoint the current Secretary and Assistant Secretary, seconded by Mr. Jones, the motion passed to re-appoint Mr. Moshoginis and Ms. Bunting. Mr. Collver stated that if everyone is willing to continue serving on the committees they are currently on, he prefers to keep the current committees as they are. With no objections, the current committees will stay in place.

B. 2009 Regular Aeronautics Board Meeting Schedule – It was determined that the 2009 board meetings will continue to be held on the second Thursday of each month at 10:30 a.m. instead of 9:00 a.m. at the same location. On a motion made by Mr. Duggan, seconded by Mr. Jones, the 2009 Aeronautics Board meeting schedule was approved.

ITEM 8. Unfinished Business: No unfinished business was presented.

ITEM 9. New Business: No new business was presented.

ITEM 10. Airport Director's Report: The market share report for November was distributed and Mr. Moshoginis stated that November showed a decrease of 28% in enplanements. United terminated service on November 2, 2008 and Direct Air started service on November 29, 2008. Year-to-date enplanements are down 13%. Mr. Moshoginis added that region-wise many airports are suffering anywhere from 7% or 8% up to 20% or 30% in some markets. Therefore AZO is fairing pretty well relatively speaking. He brought up the fact that Comair has terminated its service to Cincinnati due to the merger and they are starting to consolidate. Mr. Hope asked how many seats United had per day. Mr. Shutler stated United had approximately 150 per day and Delta had about 90 to 100 a day.

Mr. Moshoginis thanked those who took the Direct Air/Virgin America inaugural flight. He encouraged anyone who would like to make the trip, to take this flight based on the quality of the aircraft itself.

Mr. Moshoginis reminded everyone of the January 8, 2008 Chamber of Commerce after hours event that the airport is sponsoring from 5:00 to 7:30 p.m. at the Air Zoo being held in the lower level of the Air Zoo.

ITEM 11. Executive Session: At 10:18 a.m. Mr. Woodruff read the following motion: I move that the Kalamazoo County Aeronautics Board of Trustees go into a closed session pursuant to Section 8 (C) of the Open Meetings Act for the purpose of discussing issues related to the purchase of real property.

ITEM 12. Adjournment: There being no further business presented, the regular Aeronautics Board of Trustees meeting adjourned at 10:15 a.m.