

MINUTES

KALAMAZOO COUNTY AERONAUTICS BOARD OF TRUSTEES MEETING

JANUARY 10, 2006

ITEM 1. Call to Order: The meeting was called to order at 8:05 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 Liaisons Dave Buskirk, and Deb Buchholtz-Hiemstra

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

ITEM 3. Approval of Minutes of the December 13, 2006, meeting. There being no suggested changes, a motion to approve the minutes was made by Mr. Jones, seconded by Mr. Duggan. The minutes were approved unanimously.

ITEM 4. Citizen Comments: No citizen comments were offered.

ITEM 5. Presentation of National Adopt-a-Watt Program: Mr. Tom Wither, Principle and Founder, was making the presentation via conference phone call. The program supports alternative energy. The Airport can receive revenue for alternative fuel through the program. The site lease will be presented at the next meeting. This is at no cost to the Airport. Mr. Wither gave an overview of Adopt-A-Watt, a Michigan corporation. It is business-based approach to fund clean energy. He provided a narrative of the power point presentation. It is similar to the Adopt-A-Highway program showing civic pride and the Airport's endorsement of clean renewable energy. Through community sponsorship of Sponsorable Portable Visual Display, SPVD, units alternative fuel such as biodiesel, hybrid electric vehicles, ethanol can be purchased for the Airport. He spoke of the expense and maintenance costs handled entirely by Adopt-A-Watt. The Airport would receive over \$3 million over the 20-year life span with 10 SPVDs. Adopt-A-Watt locates sponsors, coordinates installation and maintenance. The program assumes the entire financial risk. They also look for state and federal funding. In response to a question from Mr. Hope, Mr. Wither said they started in January of last year, and October, '06 to bring it to airports, and support is building. They have made presentations to 50 airports, but there are no units in the ground at this time. Mr. Hope asked if sponsorship participation is realistic. Mr. Wither related examples of similar sponsorships, such as Eaton Corp.

spending \$200,000 for flyers concerning flex fuel vehicles. Mr. McGrath asked about the power output equivalent. Mr. Withers explained 1 kilowatt would result in savings of \$100/year for each one, but it is a platform to raise money for alternative fuel. A 30-day virtual auction is offered for SPVD sponsorship. Adopt-A-Watt receives a 12% management fee. Funds from the sponsorship are also deducted for the units and maintenance. The rest goes toward alternative energy.

There was some discussion concerning the life of the SPVDs as well as replacements. Mr. Woodruff asked the length of the contract. Mr. Withers explained the contract for the airport is 7 years, and the sponsor contract is 3 yrs. The members discussed the reverse auction sponsor format. The break-even point for Adopt-A-Watt is \$5,000. Mr. Moshoginis said the site lease is being reviewed by Thom Canny. We are looking for one unit for the Airport.

Mr. McGrath asked about wiring the panels. Mr. Withers said there are no overhead lines, the 8'x 10' panels are placed near a conduit and wired into the conduit. He said airport staff would help find locations, but they need to be visible for sponsor recognition. Mr. Jones and Ms. Buchholtz-Hiemstra asked about the company's background. Mr. Hope suggested waiting to see if it is successful in other areas before we commit. Mr. Collver expressed concern about putting 10 units in prime locations for 7 years dependent on continued support. If the panels are put out for bid, will companies know what they're bidding on. He suggested further discussion of the economics and placement of panels. Mr. Moshoginis noted the gain would be biodiesel for Airport trucks, which would not need conversion

ITEM 6. AIRPORT AGENDA ITEMS

A. Request for Approval of Frank Air Service Consulting Contract 2007. This same disclosure had been read at the December, '06 meeting as required by law. Mr. Collver said he would entertain a motion for approval of the contract. Mr. Duggan presented the motion for approval, seconded by Mr. McGrath. Ms. Frank read the disclosure in the amount of \$27,300. Ms. Buchholtz-Hiemstra asked about travel expenses. Mr. Hope said there should be an indication to County policies. In response to a question from Mr. Jones, Mr. Moshoginis said there hadn't been a contract last year, the work had been ordered through purchase order. The contract eliminates the need for several purchase orders throughout the year. Mr. Jones asked about the expectations from the contract. Mr. Moshoginis explained it was in direct relation to air service development. We hope to generate additional air service. Ms. Frank added that Airport exposure and the opportunity to meet with several air carriers to talk about service and routes is vital. Every other airport is doing the same thing, so there is a lot of competition. There was some discussion about the need for discretion concerning the Airport's specific plans for air service development. Mr. Jones recognized the importance of caution, but felt the Aeronautics Board should be

aware of where we are with Air Tran, or Jet Blue. Ms. Frank explained that she started working with the previous Director, Kenn Potts and then Cliff. She met with five airlines last year, and went to an airline's corporate headquarters on behalf of the Airport. She further explained the purpose of the Jump Start meetings. Ms. Buchholtz-Hiemstra agreed the Airport should be participating in this activity, and she would recommend it for Airport development. Mr. Collver spoke of developing a market strategy and coming back to the members with the results. Ms. Frank said Kalamazoo has a good marketing program, but is lacking in air service development. There was some further conversation concerning the presentation. Ms. Frank suggested she could provide a generic overview. Mr. Collver said the members may be able to provide their business expertise to the program.

Mr. McGrath suggested a summary of the scope, and document what was endeavored and accomplished. Mr. Moshoginis said there could be a presentation at next month's meeting.

Mr. Canny said the motion to approve the contract needs to be addressed. The Board may postpone consideration of the contract until next meeting, or you may vote on the motion on the floor. If you postpone it, a second motion should be presented for more detail in the contract. Mr. Canny noted that travel and communications expenses may reasonably be \$5,000-\$10,000 above the contract amount. There was some consideration of contract termination, as well as the total amount being increased due to travel, communication with the airlines, etc. Mr. Collver said three items need to be addressed to modify the contract; a standard for expenses, add an activity report, and termination language.

Mr. Woodruff moved to postpone approval of the contract. Mr. McGrath seconded the motion. Following a voice vote, the motion carried.

B. AFSCME, 2007 Labor Agreement. Mr. Moshoginis reviewed at the last meeting the Board approved the 2006 contract. For the 2007 contract, there were two negotiation sessions, and agreement on the 2% wage increase. The contract language is for 3 years, with the wages to be considered every year. Mr. Jones made the motion to approve the AFSCME Labor Agreement for 2007. Mr. Woodruff supported the motion. The contract was approved unanimously.

C. WKMI Sponsorship Contract for 2007. Mr. Moshoginis said typically a purchase order will be prepared for a vendor, however, WKMI requires an agreement for this sponsorship. He reviewed the dates and times of the advertising. Following a brief discussion concerning content, Mr. Jones provided the motion to approve the Sponsorship Contract with WKMI. Mr. McGrath seconded the motion. All approved, and the motion carried.

ITEM 6. AERONAUTICS BOARD ITEMS

A. Discussion of Aeronautics Board By-laws. Mr. Collver said he and Mr. Duggan had reviewed the by-laws for consistency and any operational concerns. Mr. Duggan had prepared a summary to clarify concerns and what items we felt should be considered. Copies of the summary were distributed to the members. Mr. Duggan reviewed the items. He stated the importance of clarifying that there is no compensation for Board members, as well as what constitutes a conflict of interest, and the number of members needed to pass on an item. Under Article III, Officers, Section 4, there was a concern about filling a vacancy for an officer of the Aeronautics Board. The language that the County Board fills a member vacancy, while the Aeronautics Board may appoint a member to fill an officer position was reviewed. Mr. Canny agreed. He will review this information pursuant to procedure and rules for incorporation and changes to the by-laws. Mr. Canny will draft new by-laws and provide them to Mr. Collver and Mr. Duggan. Mr. Collver suggested the members notify him if there are comments. Mr. Jones felt this was good coverage of the by-laws.

Mr. Canny said he is in the process of reviewing the Airport Director contract, and hopes to email a memo to the members tomorrow or Friday. He invited the members to provide him with any comments or concerns. This may be available for February's meeting as an agenda item.

B. Discussion to Move the April 11, 2007 to April 18, 2007. Mr. Collver noted he will be in Florida during the meetings for February, March and April. He will return for the March meeting, and if it is the pleasure of the Board, he would like to move the meeting in April to April 18, so he would be able to attend the April meeting. Following a check of schedules for the members, it was determined to change the meeting date to April 18. A motion was made by Mr. Duggan, supported by Mr. Jones to change the meeting date. Following a vote, the motion carried.

ITEM 7. Unfinished Business. Mr. Ballard had a question. He had seen an article in the newspaper on Sunday, noting that Hovaire will not be locating at this Airport, but have decided to start their business at Three Rivers. In response to a question from Mr. Hope, Mr. Moshoginis explained Hovaire has an aircraft refurbishment business, retrofitting aircraft engines, etc. He added that they had considered Kalamazoo, but had time constraints for their FAA certification for their engineering process. Once the certification has been established other firms can do the work at Kalamazoo. There was some discussion concerning the operation, including investors.

ITEM 8. NEW BUSINESS. Ms. Buchholtz-Hiemstra asked if there was a date the busses would relocate to the City's Transportation facility. Mr. Moshoginis said he hasn't been given a date, but he is watching to see when the contract is on the City of Kalamazoo's Commission agenda.

ITEM 9. DIRECTOR'S REPORT. Mr. Moshoginis noted the Market Share Report for December, 2006. He said the national trend is on a decline, and it was expected the Airport's numbers would be down. Grand Rapids, Flint, Lansing and Saginaw all have decreases, although the percentages differ. He briefly reviewed the statistics, noting Kalamazoo is down 13% compared to December, 2005, but the load factor is stable.

Mr. Collver said a comparison with the region and nation may be helpful. Ms. Buchholtz-Hiemstra noted having reviewed statistics from Mead & Hunt. The information can be compared to other airports for a 3-month average, or an annual average, as well as yield, and load factors. After 9/11 we didn't get right back up to pre 9/11. Because our airfares are high, the airlines are making a profit from this airport. There was some consideration of comparisons. Mr. Moshoginis explained the software the Airport has only has a baseline from the second quarter of 2006. It would cost to acquire previous years. Airfare information is available, but it is not an airfare comparison, it's more of average fare information.

The members discussed the format. Ms. Frank suggested looking at passenger loss to other airports. Ms. Buchholtz-Hiemstra thought they needed to see the last 4 or 5 years. Mr. Collver suggested two Board members work with staff on the statistics to determine the items the Board would be interested in following and how. Ms. Frank and Mr. Woodruff offered to assist with that project. Ms. Buchholtz-Hiemstra questioned why the load factor had decreased 13%, with the decrease of flights, you'd expect the load factor to increase. Mr. Moshoginis explained that some of the flights may not be beneficial which reduces the load factor. Ms. Frank said an example might be a DC9 at 1:30 p.m. In response to a question concerning a survey by Southwest Michigan First about people who drive to other airports, Mr. Moshoginis said the Airport will be presenting a leakage study to this Board in about a month.

Mr. McGrath asked about total movements. Mr. Moshoginis explained that this number includes air carriers, Western Michigan University as well as other general aviation. Mr. McGrath also inquired about Western's facility. Mr. Moshoginis noted WMU's facility is not on Airport property, and he had not heard if it is for sale. Anyone in that facility that requires access to the Airport will have to contact Airport Administration.

Business Plan Mr. Moshoginis provided an update. Airport Business Solutions expects to have a draft completed in early February. There will be opportunity for input from the Board and staff.

Flight Information Displays (FIDS) The company is onsite and doing the necessary cabling. Mr. Shutler said they should be done in February.

ITEM 10. MEMBERS' TIME Mr. McGrath asked about changes with the consolidation of Northwest. Mr. Shutler responded the change takes place on the 16th. Both management and staff are working well together. Air Wisconsin will manage ground handling and ramp agents, and Northwest will ticket. He added that senior employees of Northwest can bump into other airport positions, but some have lost their jobs.

ITEM 11. ADJOURNMENT There being no further business for consideration the meeting adjourned at 10:15 a.m.