

# MINUTES

## KALAMAZOO COUNTY AERONAUTICS BOARD OF TRUSTEES MEETING

JANUARY 10, 2008  
8:30 am

ITEM 1. Call to Order: Vice Chairperson Jim Woodruff called the meeting to order at 8:35 a.m.

ITEM 2. Roll Call: Members in attendance – Vice Chairperson Jim Woodruff, Bill Duggan and David Tomko. No quorum was present to take action on any items.

Staff Present: Clifton Moshoginis, Ron Shutler, Jay Waalkes, Karen Wolff, Linda Bunting and Kate Johnson.

Also In Attendance: County Liaisons Deb Buchholtz-Hiemstra and David Buskirk, Thomas Canny, Lisa Bradshaw, Kristen Statler and Mike Vernich, Robert Arthur and Eric Thiel of RS&H.

ITEM 3. Approval of the December 12, 2007, Meeting Minutes: There being no quorum present, no action could be conducted.

ITEM 4. Citizen Comments: No comments were presented.

ITEM 5. A. Presentation – Terminal Financial Plan (RS&H): RS&H representative Bob Arthur gave a presentation on capital funding issues for the airport. He opened by saying that airports are self-sufficient financially and they are capital hungry. He pointed out that the last all new terminal was built in 1958 and the last addition was in 1987. He stated the two main sources of capital funding are FAA user fees and airport charges to users and tenants. Of these funds, 55% came from the FAA. Operating funds are from tenants/users. Mr. Arthur went over the 1985 to 2006 Capital Funding figures showing that there was a total of \$48.5 million. Of that amount, \$26.7 million came from the FAA and \$21.8 million came from the airport. He noted that there were debt issues in 1987, 1994 and in 2005. These figures exclude PFC's (Passenger Facility Charges). He presented the detailed capital funding sources, which include FAA entitlements, FAA discretionary funds, operating earnings and reserves, PFC's and other state, private and tenant funds. He explained that FAA entitlements are based on the number of enplanements and the need for congressional approval as well as being one of the highest priority projects. In 2007 the airport was allotted \$1.8 million based on an average of \$10.00 per passenger. He explained FAA discretionary funds are based on need, it must be shown that there are no other funds available, the airport must lobby

FAA and Congress, must wait for an annual award and the funds are for airfield and capacity projects only. Any amount of these funds is available, with the minimum amount being sought by the Airport at \$17 million. Mr. Arthur explained that operating funds/reserves were \$3.6 million in working capital at the end of 2007. These are dependent on passenger levels and potentially provide \$350,000 per year. The goal is to raise up to \$10 million over 20 years. Funds from PFC's are dependent upon the approval of the FAA. There is a charge of \$4.50 per enplanement, they are dependent on passenger levels and \$850,000 can be collected per year. The goal over the next 20 years is to reach \$17 million. Other private and tenant funds include cities and counties, the state matching funds, tenant funds, privatization and corporate/foundation contributions. The goal is to gain \$1 million or more. In closing, Mr. Arthur said that the terminal funding plan includes obtaining community/political support, extending PFC over 20 years to make \$17 million, using entitlements so that in four years there will be \$8 million, requesting discretionary so that in five years there will be \$17 million, adjusting user and other fees so that in five years there will be \$1 million from each and to monitor cash flow while remaining flexible.

Mike Vernich continued the RS&H presentation by discussing the terminal design aspect of the new terminal project. He pointed out that flexibility is very important during the process. The building is a non-traditional constructional design and anything can change during the construction phase so the airport has to adapt to any changes. Mr. Tomko interjected that costs can change as well. Mr. Vernich said there has to be a certain comfort level with the FAA. Having a design commitment and communication with the FAA is essential. Mr. Moshoginis stated that once the FAA is committed, funding is based on appropriations, which may prolong the construction but the comfort level is much greater. Mr. Vernich stated that once the airport is in the design phase, it shows that the airport is truly committed.

ITEM 6. Airport Agenda Items:

A. Agreement with Jet Transit (Air Freight Service) – Due to the fact that there was not a quorum at this meeting, this agenda action item was moved for approval at the February 2008 meeting.

B. Agreement with Marie E. Frank Consulting: Due to the fact that there was not a quorum at this meeting, this agenda action item was moved for approval at the February 2008 meeting.

Aeronautics Board Agenda Items:

A. Standard Parking Report on Revenue Impact – Kristen Statler spoke briefly about the impact of the half-hour free parking. It is averaging about \$3,200 per month. She stated there has been a lot of positive feedback on the free parking. In conjunction with the free parking, the long-term rate was raised to \$6.00 an hour, which generated around \$90,000 in 2007. She stated that with the 2008 increase, it is possible that around \$300,000 could be generated for the year. Mr. Shutler mentioned that

additional signs have been posted in the parking area to help make more people aware of the free parking.

B. April Board Meeting Date Change – There is a schedule conflict with Chairperson Collver and Vice Chairperson Woodruff with regard to the April meeting. It was decided this would be discussed at the February Aeronautics Board meeting.

ITEM 7. Unfinished Business: There was no unfinished business presented.

ITEM 8. New Business: Ms. Buchholtz-Hiemstra put out a memorandum to the board members regarding the County Board interviewing candidates for a new Aeronautics board member, which include candidates from Pfizer, Perrigo and the Battle Creek W.K. Kellogg airport Advisory Board. She requested the Board's input as to what they would like to see in a candidate.

Ms. Buchholtz-Hiemstra brought up the issue of the board members reviewing invoices that are paid by the airport. She stated that she feels that the Aeronautics board should see all invoices that are paid by the airport. Mr. Canny stated that by statute, claims have to be approved by the county board because the claims are actually against the county. One concern Ms. Buchholtz-Hiemstra brought up is this step could hold up checks to be paid in a timely manner. Mr. Moshoginis said typically these invoices are for work completed and has already been approved in the budget by the board.

Mr. Canny brought up aviation insurance saying that the AIG policy premiums in 2007 were around \$ 88,000 to \$90,000. For 2008 the premiums are \$68,000, which is the first time he has seen premiums go down. He stated insurance companies are getting better, more competitive and the decrease could perhaps be due to the fact that there have only been two to three claims in 10 years, which reflects well on the airport.

ITEM 9. Airport Director's Report: The December 2007 Market Share report was not available due to the current date, so the report will be disbursed at the February board meeting, or emailed.

He stated that at today's Airport Service Retention Committee meeting, Continental airlines will be here and will return in March to meet with local businesses as well.

Mr. Moshoginis will be making a presentation on January 22 at the Business for Breakfast meeting at the Holiday Inn West at 7:30 a.m.

Mr. Moshoginis passed out an article in the January 9, 2008 edition of the Kalamazoo Gazette entitled "County Board Chairman Lays Out Priorities," which mentioned the re-election of County Board of Commissioners Chairman David Buskirk, working with the Aeronautics Board to make the Kalamazoo airport the "jewel of Kalamazoo County when it comes to travel and economic development" and the re-election of Deb Buchholtz-Hiemstra as the board vice-chairman.

ITEM 9. Member's Time: Mr. Tomko thanked the board for accommodating his schedule with regard to changing the days and time of the board meetings.

ITEM 10. Adjournment: The meeting was adjourned at 9:13 a.m.