

MINUTES

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

**JUNE 12, 2008
9:00 am**

ITEM 1. Call to Order: Co-Chairperson Jim Woodruff called the meeting to order at 9:05 a.m.

ITEM 2. Roll Call: Members in attendance – Bill Duggan, Dan Hope, Greg Kurdys, Jim Woodruff and Dave Tomko.

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

ITEM 3. Approval of the May 8, 2008 Meeting Minutes: There being no corrections, on a motion made by Mr. Tomko, seconded by Mr. Hope, the minutes were approved as published.

ITEM 4. Citizen Comments: No comments were presented.

ITEM 5. For Consideration:

A. Rental Car Contract Amendments: Mr. Moshoginis explained that currently the airport car rentals are set at a 10% commission fee. This amendment would cap it at 11.11%. It is a matter of pass through to the customer. The commission fee gets rolled into gross revenue. Mr. Moshoginis and inside counsel met with all of the rental companies at the airport and stated they are looking at a cap of 11.11% as opposed to 10%. Inside counsel made reference that they pay that in 15 days with associated interest. Mr. Moshoginis also contacted outside counsel to evaluate other contracts from regional airports, and they sent him comparable contracts for airports in this region. Our 28-day cycle is consistent, and other like contracts does not require payment on any interest of those fees. The language is changed to allow the cap at 11.11%, if they choose to pass that through to their customers. On a motion made by Mr. Hope, seconded by Mr. Kurdys, the motion was approved.

B. Mead & Hunt Miscellaneous Engineering Services Agreement: Mr. Shutler explained that there are several minor projects that need to be done on the airport grounds that are required by the FAA. This is an agreement for Mead & Hunt to provide miscellaneous on-call planning and engineering services that are not to exceed \$5,000 per purchase order or request. He stated that Mead & Hunt are very familiar with this airport so there is an advantage to working with them in some of the civil aspects, and FAA required areas. There is no term on this agreement and it does not establish a time frame. This agreement is for the use of Mead & Hunt, should we choose to use their services. On a motion made by Mr. Hope, seconded by Mr. Kurdys, the motion was approved.

C. Mead & Hunt Obstruction Clearing Contract: Mr. Shutler explained the scope of this contract stating the purpose is to have M&H complete an approach survey for the airport runways. Mead & Hunt would evaluate where there are obstructions to the approaches and coordinate with landowners for the removal or topping of trees. The total obstruction-clearing cost is estimated at around approximately \$200,000. The project is funded through AIP entitlement funds and is part of the Airport Capital Improvement Program with the FAA. The FAA share is 95% of the cost, the State of Michigan share is 2.5% and the airport share is 2.5%. Mr. Moshoginis added that Mead & Hunt would be responsible for soliciting bids. He said this project is being funded through local funds, and will be reimbursed in next years grant. On a motion made by Mr. Kurdys, seconded by Mr. Tomko, the motion was approved.

D. PFC (Passenger Facility Charge) Application: Mr. Moshoginis explained that the airport is in the process of the PFC application to start in September, which will be used to pay off the debt service on the issued bonds. Public comment period ends today and the airport has not received any objections from the airlines or public. The amount of this application is Bond Capital of \$9,500,000 and Bond Financing and Interest of \$5,321,076. The total is \$14,821,076 and PFC regulations allow collection for the costs. The cost is \$4.50 per passenger to fly. The airport wants to pay the debt service and recoup what was paid over the previous years out of the airport's working capital. On a motion made by Mr. Tomko, seconded by Mr. Hope, the motion was approved.

E. 4M Public Telephone Agreement: Mr. Shutler explained that the purpose of this agreement is for 4M Communications to assume the public pay phone service in the airport terminal building that AT&T will soon cease to provide. The airport does not have to pay a fee for this. The airport had two choices; have another company take it over or the airport could purchase the equipment, which would mean maintaining the equipment as well. There were two companies that submitted proposals. The phones must reach a revenue threshold of \$100 per month in order for the graduated percentage scale to take effect. The scale starts at 5% of gross revenue per month and goes up to 35% once the phones reach \$300 and above. These are Smart phones and the airport will know how much is taken in per day. On a motion made by Mr. Duggan, seconded by Mr. Hope, the motion was approved.

F. Capital Budget Adjustment Request: Mr. Moshoginis stated that the justification for this was submitted with the Board information, and this request has no bearing on the airport's capital line item due to lowers costs with other capital items. After discussion with the county Information Systems (IS) department, it was determined that it is time for the airport administration department to get computer equipment upgrades. These are regular upgrades for the county departments. Currently the capital funds needed for computer equipment is below what is needed, and would still leave the Airports a couple of generations behind on equipment. The increase is a total of \$8,600 for a total of 12 workstations. On a motion made by Mr. Tomko, seconded by Mr. Duggan, the motion was approved.

ITEM 6. Unfinished Business: There was no unfinished business presented.

ITEM 7. New Business: There was no new business presented.

ITEM 8. Airport Director's Report: Mr. Moshoginis had distributed two time lines to the board members; one was a conceptual overall timeline and one on design. He stated RS&H is providing a monthly brief showing where they are in the project. The timeline is flexible and could shift. Currently it is through 2008.

He reminded the Terminal Committee that there is a meeting today. The purpose of this meeting is to review the stake holder's "wish list", and consider what can be accommodated. After the stakeholder's meeting, the Board will see alternatives as to what the building will look like. There will be a special meeting called and it is anticipated that it will happen sometime in July. The plan is to retain a construction management firm for the project within the next year. The committee will narrow it down to two firms and the Board will approve one of them. Mr. Moshoginis stated that advertising will begin soon and he expects many solicitations.

Mr. Moshoginis reminded the Board that the Budget Committee meeting is on July 8.

Mr. Moshoginis stated that there have been some issues with the State capital outlay appropriation for the airport, which is holding up federal funds. It has not had much of an effect on the airport and it is in the process of being signed by the Governor. Mr. Tomko inquired if he could get more information on where the airport is in terms of capital funds. Mr. Moshoginis explained the funds distribution process, stating that Michigan is in line with other airports from other states to obtain discretionary funding. He stated that he would follow up with more thorough capital funding information. He stated that he spoke with the Governor and she knows that the capital outlay needs to get passed in order for the airport to get the discretionary funds and added that it passed in the House 108-0.

Mr. Moshoginis stated that he attended the American Association of Airport Executives in New Orleans last week. The theme of the conference was fuel costs and capacity reduction, which may be seen at this airport. Mergers were also discussed, which they do not expect to see any except for the current Delta/Northwest merger until fuel costs subside. Mr. Moshoginis spoke with the person he met with previously in Washington, D.C. regarding discretionary funds at the conference. They are keeping in communication with the State of Michigan and he is keeping up with the progress. Mr. Moshoginis stated that he would put a brief together in relation to the conference.

The Market Share Report for May 2008 was distributed to the Board members. Mr. Woodruff commented that the number of seats were down from April to May. Mr. Moshoginis stated that April is a spring break month so the timing is the issue. Mr. Moshoginis pointed out that there is an 8% decrease in enplanements for the year, however the number of cancelled flights has gone down.

Mr. Kurdys asked for copies of the design layouts for the meeting on Monday of the terminal committee.

ITEM 9. Members' Time: There were no items presented.

ITEM 10. Adjournment: On a motion made by Mr. Woodruff, the meeting adjourned at 9:50 a.m.