

MINUTES

KALAMAZOO COUNTY AERONAUTICS BOARD OF TRUSTEES MEETING

May 16, 2007
9:00 a.m.

ITEM 1. Call to Order: The meeting was called to order at 9:00 a.m. by Chairman Gil Collver.

ITEM 2. Roll Call: Members in attendance – Gil Collver, John Jones, Kevin McGrath, David Tomko, and Jim Woodruff

Also Present: Thom Canny, Lisa Bradshaw, Kelli McKinnon, Kristin Statler

Staff Present: Clifton Moshoginis, Ron Shutler, Lynn St. Clair, Jay Waalkes, Karen Wolff

ITEM 3. Approval of Minutes: Mr. Collver asked if there were any additions or corrections to the minutes from April 18 and April 23, 2007. There were no comments. The minutes were approved following a motion from Mr. Jones and seconded.

ITEM 4. Citizen Comments: Lisa Bradshaw introduced Kelli McKinnon of the Finance Dept.

AIRPORT AGENDA ITEMS

ITEM 5. Airport Agenda Items: Mr. Moshoginis said the first five items, A-E are related and grouped together. They are related to Taxiway Bravo Relocation project. He explained the purpose of the relocation, and the required separation standards. The taxiway will be relocated 100 ft. to the west. The FAA has safety concerns about runway incursions. He pointed to the aerial map to also show an area being squared off. The changes will greatly reduce the possibility of an incursion. We have a taxiway that is not aligned. The State has a bonding program and has move the project up from 2010 to 2007.

The first element: Title VI Assurances are required for federal funds. Because the contracts are being executed by this Board rather than the County Board, the Assurances need to be on file with the State so we are in compliance, and verifies we will operate in compliance with federal regulations. Mr. Moshoginis said the Board can vote on each item as he reviews them or he will go through all and then vote. Mr. Collver added that we can't move forward without the

assurances, so we can review all the items and vote. Regarding the timeline for assurances, Mr. Moshoginis explained how the assurances obligate us to operate, and we are to retain ownership of the Airport. The State administers the federal funding. Mr. Jones asked about compliance. Mr. Moshoginis noted we operate under several FAA requirements; condition of the airfield including certification, security, DBE, etc. and they want assurances for those programs. Although we had assurances before, some changes resulted from the closing of Meigs Field. Now you can't just close an airport, or previous project funding may have to be returned to the FAA. The assurances are presented once, then they are on file with the State. The remaining items are typical contracts. The contract numbers will change with the project. Usually the contract for the general contractor comes later. Item B, Resolution states agreement to enter into a State aid contract, and the Chairman is the named individual authorized to sign the contract. Item C is the contract itself. It is a standard contract and includes dollar amounts. \$1.6 million is the federal share, \$1.5 million is the State share, and the Airport or local share is \$212,286. That comes from working capital. Mr. Jones asked if that was in the budget. Mr. Moshoginis said it was, and that we may not be invoiced for the local share until the closeout of the project.

Item D is the contract with Robert Bailey Contractors. They were low bid at \$3,051,000. The State bids this out to prequalified bidders. The subcontractors contract through Robert Bailey. In response to a question, Mr. Moshoginis said Robert Bailey gets \$3 million the balance goes to contract administration, which is Item E, a contract with Mead & Hunt for construction administration. Mead & Hunt had a contract for design of the project. Typically we put out an RFP for design and amend it later to include construction administration.

Mr. Jones made the motion to approve all five, Items A-E in relation to the Relocation of Taxiway B South. Mr. McGrath seconded the motion.

Mr. Moshoginis answered questions concerning milling for the project. They will mill and reuse the millings, and will try to maintain access and interrupt operations as little as possible. He explained the airlines will have to back taxi during construction. Mr. Shutler said the project should take about 3 months. The runway may experience night closure. In response to a question from Mr. Tomko, Mr. Moshoginis said the amendment for construction administration is for \$339,799.82.

Ms. Buchholtz-Hiemstra noted how the previous terminal project was affected by the process. The architect provided the design, it was approved and bid out. Then we found the bid costs were higher than expected. Controlling the costs was an issue. Mr. Canny stated much of that lies with an entrenched system in Washington. Mead & Hunt knows costs based on region. There was further discussion concerning construction management. Mr. Canny related information concerning the County's Juvenile Home project. He felt it is valuable to have a

construction management firm, and should consider one for Reynolds, Smith and Hills with the new terminal. Mr. Moshoginis cautioned that the FAA may not pay for a construction management firm. That will need to be evaluated at that time. In response to a question from Mr. McGrath, Mr. Moshoginis said liquidated damages are contained in the contract.

The vote was taken on the motion and all items were approved unanimously.

ITEM F. Sub-lease at Duncan Aviation - Mr. Moshoginis said the Airport holds the contract with Duncan until 2015. The Airport has to approve any sub-lets to that contract. Med Jets would like space, which is subject to the same lease fees as Duncan. He also explained that Med Jets is not a typical concession required to pay a percentage to the airport, but they will need to complete an operational permit. They don't actually carry passengers, but are an aeronautical business.

Mr. Woodruff moved approval of the sub-lease agreement with Duncan and Med Jets. The motion was seconded by Mr. McGrath and approved.

AERONAUTICS BOARD ITEMS

A. Resolution for Lynn St. Clair - Due to retirement the Board Chair read a resolution of appreciation and presented it to Lynn St. Clair. A motion was made by John Jones and seconded by Dave Tomko to approve the resolution. Mr. Collver thanked Ms. St. Clair for her service to the Airport and the Aeronautics Board.

B. Review of Strategic Planning Meeting of May 9, 2007 – Mr. Collver said four members attended the meeting and Kevin McGrath participated by phone. No action is to be taken. The facilitator did document the meeting, which will constitute the official record. This can be approved at the next meeting. Mr. Collver said action items were identified that need to have some investigation by the Board. Some ideas involve the work of Marie Frank. Kevin McGrath will work with the Air Zoo to enhance that relationship.

There may be a need for another meeting, possibly without a facilitator. Mr. Moshoginis said Administration has some strategic matrix formats which may be useful to the Board. Mr. Tomko felt a matrix would be helpful, as well as meetings with some frequency. Mr. Collver agreed, that should help stay on target. Ms. Buchholtz-Hiemstra noted how the strategic information should mesh with the Business Plan. Mr. Collver said that is what initiated the meeting. The strengths, weaknesses and operations should be addressed to see how they apply to the Business Plan. Mr. McGrath had mentioned the Airport functions well operationally, and financially we are sound. We have a good fundamental base which may only need some fine tuning. Ms. Buchholtz-Hiemstra commented on coordination between the Aeronautics Board and the County

Board, and the County didn't have an end result in mind when this Board was established.

There was some discussion concerning the purpose of a matrix and making sure issues the Board felt were key are looked at regularly. The development of 2008 goals as well as forecasts to 2011 as key milestones would provide evidence that we are moving forward. Mr. Woodruff said that also resulted from meeting with Marie Frank, determining which issues are important to move on and bring them back to the Board as a measure. Mr. Jones offered to work with Mr. Woodruff on this matter. Mr. Tomko felt the Board needed to decide where we are going before deciding on measurements. Mr. Moshoginis suggested incorporating the strategic plans into the Business Plan. Mr. Colver felt the two should blend, but the Business Plan may have different strengths and weaknesses than those of the Board. Thought was given to improving relations with staff and the County Board, as well as gaining a consensus regarding economic development, what is the Board doing well and what do we need to impact. Another meeting, possibly in June, will continue the focus on planning. There will also be a lot to handle with the new terminal.

C. Dates for Terminal A; Alternatives Discussion, Phase 1 Study with Reynolds, Smith and Hills, Inc. - Mr. Moshoginis suggested dates be set for a discussion about the terminal with Reynolds, Smith & Hills. Possibly May 19 or 23. RS&H is available at your convenience, but will need some advance notice of the date. Copies of the study will be sent to each member as soon as possible. The representative from RS&H will go through existing conditions and financials. Following further consideration of dates, it was decided to meet with RS&H on May 29. Mr. Canny said the date and time should also be sent to the Building Authority for a representative to attend. They have a very important role. Mr. Moshoginis explained the concerns about the constraints of this building. The report will evaluate all levels of existing and new terminal buildings. The choice will be up to this Board.

In response to a questions from Mr. Jones. Mr. Canny explained the bonding constraints. Some bonds have been used for the parking lot project and some are left from the initial issue. Finance has taken measures to avoid arbitrage, and at some point the bonds will run out. He identified some issues concerning the building the Board will be concerned with such as the constricted area at the security checkpoint; no concessions in the holdroom. Mr. Moshoginis said the Master Plan is being followed. The airfield was taken care of first in order to proceed with a terminal. Mr. Tomko said we are at square one as a new Board. Mr. Moshoginis agreed that there is value to past information, but he will be seeing this study for the first time as well. All the information will be reviewed before any decisions are expected. He felt it would be appropriate to have an initial choice in June. Mr. McGrath expressed some reservation about joining people who have been involved, as with a moving train, but not wanting to put the brakes on the process. Mr. Canny said the representative from the Building

Authority will be helpful. Mr. McGrath felt this should not be rushed and may need to pause, although there are many inadequacies with this building.

Mr. Woodruff asked if there were funds that would not be available if we don't move forward. Mr. Moshogins explained there are earmarked funds specific to the terminal, and the bonds are at a rate that may not be offered again. Some federal funds will not be available in September, '08. Studies have been done that evidence something needs to be done with the terminal. The RS&H study will answer many questions including financial. The funding will be there for '08, '09, '10 and that may reduce the bond money. Mr. Tomko said he would listen but can't express agreement or disagreement at this point. Mr. Jones said he was comfortable with the direction, and there are a lot of people in the community expecting the Board to do something regarding a terminal building. It's important how the community views it. This terminal would need work and a new look. Mr. Canny said it is important for this Board and the County Board to be in agreement.

Following some discussion about the County's expectations, Mr. Collver said his understanding is that something will be done, but one of the options could be to stop the project for a time. Those are all options to evaluate and make a decision on where the airport needs to go. If the money is lost for '08, then we will deal with that. The statistics have been going down. He suggested picking 2 dates for a meeting; the last week in May or the first week in June. It was decided to meet May 29 from 8:00 a.m. – noon. Mr. Moshoginis said he was expecting the report on May 23, and will get it to the members as quickly as possible. Mr. Tomko said he would like a tour of the facility. Mr. Moshoginis offered to provide the tour.

D. Retention and Recruitment Committee for Air Service Development - The members were to get an email about participating with the committee, or if they knew of someone in their organization they thought would be a good volunteer. Mr. Jones suggested Mr. John Hayden. In explanation, Mr. Collver said that people with expertise in travel are needed to assist with efforts to recruit airlines .

ITEM 7. Unfinished Business – No unfinished business was brought up for consideration.

ITEM 8. New Business – There was no new business.

ITEM 9. Director's Report – Mr. Moshoginis handed out copies of the Market Share Report. He noted that there had been a number of cancellations by the airlines. Pinnacle has been experiencing crew shortages so the flight to Minneapolis was discontinued for the time being it should pick back up. Mr. Jones said the load factor is up. Mr. Moshoginis agreed and that is good for the airlines.

An update on the water main easement; because of the expense of insurance, the City of Portage may choose not to proceed with the project. It may be less expensive to go around the Airport. If they can't find acceptable insurance, they will go around.

Business Expo will be at the Radisson on May 24. The members were invited to stop by the Airport's booth.

ITEM 10. Members' Time – Mr. Tomko asked how often the Board received financial reports from the County. Ms. Bradshaw said the reports are brought to the Aeronautics Board after the first of the year. The first quarter does not usually have significant information, and after the 3rd quarter a report is presented. Normally the report would be presented at this meeting, but due to some complications, it is not available. Mr. Moshoginis said it may be next month. Mr. Tomko said he would like to see a report more frequently. Mr. Moshoginis reported that the format for financial reports had been discussed, and asked the Board to let him know of any requests for change.

Mr. Tomko asked about the meeting time. Mr. Jones suggested 7:00 a.m. Following some consideration, Mr. Collver said the Board would try 9:00 a.m. for the foreseeable future, and could look at it again if needed.

ITEM 11. Adjourn - The meeting adjourned at 10:55 a.m.