

## MINUTES

### KALAMAZOO COUNTY AERONAUTICS BOARD OF TRUSTEES REGULAR MEETING SEPTEMBER 10, 2009 10:30 am

ITEM 1. Call to Order: Chairperson Gil Collver called the meeting to order at 10:35 a.m.

ITEM 2. Roll Call: Members in attendance – Gil Collver, Bill Duggan, John Jones, Greg Kurdys, Dave Tomko and Jim Woodruff.

Also Present: County Liaison Nasim Ansari.

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

ITEM 3. Approval of the August 13, 2009 Board Minutes: There being no changes made to the minutes, the minutes were approved as published.

ITEM 4. Citizen Comments: Jack Bellware of the Old Fisherman's Pub at the airport addressed the board regarding posting professional banners in the three entry ways in order to make customers aware of the bar. He stated he has heard from some customers who have regularly used the airport that they were not aware of the bar and he also said business has been extremely slow. Diane Bishop from the Flight Deck Café at the airport commented she agrees with Mr. Bellware and the Café is doing one quarter of the business they did last year. Mr. Collver responded that the board would have to look into the airport Rules and Regulations and the issue of fairness throughout the airport. Mr. Moshoginis requested that he be able to prepare a brief for the board regarding the request. County liaison Ansari requested information on other airports that are similar to Kalamazoo as regarding signage policies.

ITEM 5. 2009 Six-Month Financial Report: Deputy Finance Director Lisa Bradshaw presented a financial report showing the status of the airport's finances through the first six months of 2009. Ms. Bradshaw gave a recap of the financial report. She stated that there is a carry over of roughly \$220,000 and overall operations of the airport are at a loss of \$477,000. She stated that looking at this time last year as compared to this year, the airport is real close to being in line with the budget, however the airport is over budget at six months. She provided a 2009 Executive Summary, statement of revenues and expenses, budget and actual. Ms. Bradshaw stated that depreciation may go down if there are additional grants or it may go up without additional grants, which will cause the projected number to be different for the end of the year. Ms. Bradshaw stated that PFC (Passenger Facility Charges) collections are at 30% of the budget and that is planned to be used for debt service. For 2009 the PFC projections will just cover the debt service. Ms. Bradshaw stated that the reason for not being within budget is primarily due to Direct

Air not being included in the original budget, and the fact that there has been an open position and there was not as much overtime as anticipated. Mr. Collver pointed out that it is quite evident that expenses can be controlled but not revenue. Mr. Moshoginis referred to the more detailed statement of revenues, budget and revenue stating that in the 2009 budget the \$277,100 is compared to 2007 where it was \$271,000. He stated that this is activity based, it has been a light year and there are higher operating costs, however revenues could come in higher toward the end of the year. He stated that the projections for the expense side will most likely be accurate as projected. Ms. Bradshaw stated that in terms of accruals, there is some but it is very conservative. Mr. Moshoginis stated that some PFC's has yet to be remitted.

ITEM 6. For Consideration:

**AIRPORT CONSENT AGENDA ITEMS**

A. EXECUTIVE DELIVERY – On a motion made by Mr. Jones, seconded by Mr. Tomko, the motion was approved.

**AIRPORT NON-CONSENT AGENDA ITEMS**

A. RILEY AVIATION ASSIGNMENT – Mr. Moshoginis explained that Riley Aviation pays ground lease and fuel flowage fees to the airport and they are in the process of finalizing the sale of their hangar to another party. Phillip and Mardee Mott are the new tenants that are taking over the hangar and this is an assignment of the site and concessionaire lease agreement. Mr. Collver inquired if the fuel tanks are included in the sale and that if the new tenant is not a commercial operation but private individuals, are they allowed to sell fuel at the airport. Mr. Moshoginis answered yes to both questions and stated he is not sure how long they will remain private. The provisions of the original contract are being transferred to this tenant. It is expected that at this point they are running the business as a private entity. On a motion made by Mr. Jones, supported by Mr. Duggan, the motion was approved.

B. MOTT AMENDMENT – Mr. Moshoginis explained that because they are private individuals that will be using the hangar, in the current agreement that was just assigned, there is a \$25 million insurance requirement for a commercial aircraft and they have one aircraft that is not worth that much. The amendment states, that if they are using the aircraft for just private use, the insurance requirement is \$1 million. The amendment also states that if they decide to go commercial, they are still within their operating limits. Mr. Woodruff asked if this is a liability insurance covering just their aircraft. County legal counsel Thom Canny explained that for commercial operations, the main purpose of the insurance is to protect the field of those who will be using the commercial business. From the airport's standpoint, if someone is on sight repairing a plane and there is damage done for example, the airport is not responsible for that. With the insurance policy in place, the business that is being used will make the airport tenant whole. If there are other damages, such as the roof being in ill repair, which would be the responsibility of the county, the airport would want to have the insurance as another pocket of protection. Mr. Collver stated that he was concerned that the board just approved a private lease, however the insurance addresses a commercial business. Mr.

Canny explained that there are not separate private and commercial leases; there is the concession agreement and a private lease. He stated that the board could also decide to have everything done through the Rules and Regulations and standard operating requirements so that they are governed by Rules and Regulations and not by contracts. Mr. Kurdys inquired as to what the advantage of this amendment and Mr. Moshoginis explained that it is not necessarily an advantage. Fuel fees are based on the annual Rates and Charges and the Rules and Regulations address insurance issues. There are different tiers of insurance aligned with the Rules and Regulations, not just \$1 million or \$25 million. Much discussion followed regarding insurance, ownership of the building, the length of the lease and fuel flowage fees. Mr. Moshoginis stated that it may be better to use language conveying that this is a private lease with the insurance portion aligning with the Rules and Regulations for the airport. Mr. Canny synopsisized for the board that at this point the board has approved the assignment of all the interests that Riley had to the Motts. If nothing further is done, the Mott's have to comply with all of the elements of the concession agreement and the lease with the airport, which includes the insurance. On a motion made by Mr. Jones to align the amendment for a private business to the Rules and Regulations of the airport, supported by Mr. Tomko the motion was approved.

#### C. 5829 PORTAGE LLC AGREEMENT AND LICENSE

FOR ACCESS – Mr. Moshoginis explained that this is an access agreement between the Aeronautics Board and 5829 Portage, LLC and a license for access to the former Pfizer hangar. There is a proposed buyer for that property with an aeronautical need to access the airport. The agreement covers corporate level and access to the airport's fuel flowage and concessionaire's fees if something changes in that area as well. Andy Wenzel with the Hinman Company introduced himself and stated that they are in the process of acquiring the former Pfizer property. He stated that they will have both private use and they will provide concessionaires to the airport. Mr. Moshoginis stated that the contract has been updated and executed and it is for a 30-year term. Basically this agreement grants access to the airport for aeronautical needs. On a motion made by Mr. Jones, supported by Mr. Tomko, the motion was approved.

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

ITEM 8. New Business: There was no new business presented.

ITEM 9. Airport Director's Report: Mr. Moshoginis handed out an article that appeared in "Airport Revenue News" regarding an interview that he did regarding the terminal project. He also passed out a feature in "MIBIZ" on the new terminal.

He distributed a monthly terminal progress report to the board members, which will be distributed every month that will include updates and photographs of how the terminal is progressing. Mr. Collver requested an executive summary of the budget and timeline with details.

Mr. Moshoginis had forwarded a viewpoint on airports in the "Kalamazoo Gazette" to the board members.

Discretionary funding with the bid package 2 is still pending. Mr. Moshoginis stated that it looks like there will be some disbursed in 2009 and the rest in 2010.

Mr. Moshoginis informed everyone that tomorrow at 4:00 pm. there will be a fly in by the Michigan Air Tour and there will be a short ceremony at the Duncan Aviation hangar. Both the Air Tour and the airport are celebrating their 80<sup>th</sup> anniversary.

ITEM 10. Member's Time: There were no items presented by the board members.

ITEM 11. Adjournment: There being no further business presented, the meeting adjourned at 11:45 a.m.