

MINUTES

KALAMZOO COUNTY AERONAUTICS BOARD OF TRUSTEES REGULAR MEETING AUGUST 12, 2010

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, Greg Kurdys and Jim Woodruff.

Staff Present: Cliff Moshogins, Dave Reid, Ann Simmons, Linda Bunting and Lisa Bradshaw.

ITEM 3. Approval of the Board Minutes from July 15, 2010: On a motion made by Mr. Duggan, supported by Mr. Kurdys, the minutes were approved.

ITEM 4. Citizen Comments: Curt Aardema stated that there is no sign for the airport at the exit on I-94 eastbound due to construction. Mr. Moshoginis responded that the sign has been put up and taken down periodically due to construction, however the sign is there. Mr. Collver thanked Mr. Aardema for bringing this to the board's attention.

ITEM 5. Six Month 2010 Financial Report: Assistant Director of Finance and Administration, Ann Simmons provided an update on the airport financials through July 31, 2010. She provided a report to the board stating that this is the first time for this format and if the board would like any changes made, to let her know. The first portion contained projections for 2010 and comparisons to 2009. It is projected that there will be an approximate \$500,000 overall loss this year; however that is based on a very conservative number and does not reflect the changes with Direct Air's announcement of additional flights. The continued trend is positive. The airport is under budget on expenses and on revenues but is still above where it was last year. The drop off in depreciation was due to a different methodology of calculating it compared to the past. She pointed out in graph views the 2010 operating revenue and 2009 operating revenue along with 2010 projected operating revenue, and the total airport expenses projected in 2010. She stated that the biggest change in the balance sheet from 2009 to 2010 is that the airport used bond funds to pay the airport's portion of grants on the new terminal, utilizing about \$3.2 million in bond funds in 2010, resulting in a reduction in the restricted cash. She stated that the cash flow from January through July 2010 is positive and the airport is closely monitoring the receivables. In closing she stated that the July to date numbers are still quite soft, staff is cautiously optimistic expecting revenues to continue to move in a positive direction, yet below budget. Expenditures are expected to be under budget and 2010 year-end projections are conservative. Disbursed \$3,214,637 of bond funds for grants required a local portion of new terminal construction. Staff is also preparing for an initial 2011 budget meeting with the Aeronautics Board Budget Committee in September. Mr. Kurdys suggested that the cash flow should be monitored as it relates to the budget.

ITEM 6. For Consideration:

AIRPORT CONSENT AGENDA ITEMS

- A. LEASE EXTENSION - Executive Delivery
- B. LEASE EXTENSION – Skycap Service

Mr. Moshoginis stated that these are standard extensions through April 2011. On a motion made by Mr. Duggan, supported by Mr. Kurdys the motions to extend the lease agreements were approved.

AIRPORT NON-CONSENT AGENDA ITEMS

- A. DEPARTMENT OF HOMELAND SECURITY (DHS) AGREEMENT -

Mr. Moshoginis stated that this agreement puts in place the funding for the new terminal's in-line checked baggage inspection system. He added that the airport has been working closely with the TSA in relation to trying to gain funding for this. The airport was recently awarded the 95% share from the TSA to fund this system in the amount of \$1.846 million. He went on to explain how the system works, which is much more efficient and is out of public view. On a motion made by Mr. Duggan, supported by Mr. Kurdys, the motion was approved.

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

ITEM 8. New Business: Mr. Collver stated that the terminal committee has recommended hiring an airport transitional team, Chrysalis to handle the new terminal transition to ensure a smooth move into the new terminal. The terminal committee is recommending this to the Kalamazoo County Building Authority.

ITEM 9. Airport Director's Report: Mr. Moshoginis handed out an article featuring Direct Air's new route to West Palm Beach, Florida.

He stated that the new terminal monthly report were in the board packets that were distributed.

He mentioned an update on the airport Master Plan stating that the Airport Master Plan Advisory Committee is looking at alternatives and they are waiting for the FAA to respond with their forecast. Mead & Hunt, the airport master plan consultants will give a formal presentation to full the board with the status. They are targeting November for public outreach.

ITEM 10. Executive Session: Due to not having a two-thirds majority, the executive session could not take place and will possibly on the September board meeting agenda.

ITEM 11. Member's Time: Mr. Kurdys inquired as to the schedule for Direct Air's West Palm Beach. Mr. Moshoginis stated that the flights are on Thursdays and Sundays initially.

ITEM 12. Adjournment: There being no further business, the meeting was adjourned at 10:59 a.m.