

MBS INTERNATIONAL AIRPORT COMMISSION

July 21, 2016

MINUTES

The meeting was held in the Eugene F. Gwizdala Conference Room, 8500 Garfield Road, Freeland, Michigan 48623. Greg Branch, Chairman, called the meeting to order at 1:31 p.m. Roll was called by Nicole Moses.

COMMISSIONERS

Present

Tom Adams
Greg Branch
Dennis Browning
Kim Coonan
Brad Gray
Tom Herek
Jon Lynch
Tim Morales

Absent & Excused

Ernie Krygier

Staff

Jeff Nagel
Chris Sieklucki
Amy Lusk
Nicole Moses

Guest

Pat Frame-RS&H
David Joye-RS&H
Gary Logston-RS&H
Jon Becker-MDN
Angela Osmond-TSA
Anthony Shaker-Skywest
Zachary Puchacz-Mead&Hunt
Bill Ropposch-Mead&Hunt
Brent Welch-Delta
Craig Goslin-Saginaw Spirit

PLEDGE OF ALLEGIANCE

MINUTES: Mr. Coonan made a motion to approve the minutes of the Regular Commission Meeting held on March 17, 2016. Mr. Krygier seconded the motion. The motion was unanimously approved by the Board.

MAY 2016 AND JUNE 2016 WARRANTS AND CASH & INVESTMENT SUMMARIES: Mr. Morales made a motion to approve the Warrant Registers for the May Payroll Advice Numbers 004137-004187 and June Payroll Advice Numbers 004188-004237, ck 086790; the May Operations & Maintenance Check Numbers 045189-045248 (Void 045132) and June Operations & Maintenance Check Numbers 045249-045301 and the May and June Cash and Investment Summaries. Mr. Gray seconded the motion and the Board unanimously approved them.

PUBLIC COMMENT: None

COMMITTEE ASSIGNMENTS

The 2016-17 committee assignments were presented as suggested by the new Chairman. Typically a motion to approve is in order.

OPERATIONS

Ernie Krygier, Chair
Tom Adams
Greg Branch

FINANCE

Tim Morales, Chair
Tom Adams
Kim Coonan

MARKETING

Greg Branch, Chair
Brad Gray
Tom Herek

PERSONNEL

Ernie Krygier, Chair
Jon Lynch
Tim Morales

Mr. Adams made a motion to approve the committee assignments. Mr. Herek seconded the motion and the motion passed unanimously.

SAGINAW SPIRIT PROPOSAL

MBS has been a proud partner of the Saginaw Spirit since 2004. Typically we agree to a multi-year partnership and since the total amount is over the \$10,000 limit it requires airport commission approval.

Overall the partnership has worked very well. MBS receives strong recognition for our role as a community partner with the Spirit. The season tickets are first offered to airport commissioners and then offered to MBS commission employees. We usually have 80% - 90% ticket utilization rate, which is good.

Since the last sponsorship package has now expired, the Spirit approached us with a new proposal. This package is a two-year deal and includes the following elements:

- One pair of in-ice logos
- Pocket schedule ad
- 200 ticket vouchers. These offer more opportunities than the season tickets and offer more flexibility for attending games
- 4 tickets for the first two rounds of playoffs
- One ramp parking pass
- One seat cover banner
- Exclusive “goal sponsor” for the entire season. Including video board features

The proposal is \$19,500 each year of the two-year deal. The funding would come from the Marketing/PR budget in 2016, 2017 and 2018 since the Spirit invoice on a ten month cycle.

The community partnerships have worked well for MBS in the past (Spirit, Loons, Tall Ships) as our name becomes associated with positive community events.

The Marketing Committee met on July 5th to discuss this proposal. The committee agreed with the recommendation to continue to support the Saginaw Spirit with the proposed two-year sponsorship agreement. The committee reviewed the other local partnerships MBS has with the Great Lakes Loons and in the past in Bay County (Pig Gig, Tall Ships, State Theater comedy nights and film festival) and the committee felt that the exclusive goal sponsor would be a great element in the sponsor package and would set MBS apart from other sponsors. Finally, the committee discussed budget. It was emphasized that MBS was not sacrificing anything operational for marketing. The marketing budget has been trimmed over the recent years however there would be funds available for this sponsorship.

Mr. Herek made a motion to approve a two-year sponsorship agreement with the Saginaw Spirit as outlined above. Mr. Coonan seconded the motion and the motion passed unanimously.

BIERLEIN LEASE AMENDMENT

The new Bierlein hangar was built in 2012 and had a five-year term for the initial rates and charges. The current ground rental rates are:

Hangar	\$.33 per square foot
Parking	\$.20 per square foot
Ramp	\$.30 per square foot

The initial five-year term expires at the end of July so new rates need to be approved. The use for hangar #2 (Johnston) and hangar #3 (Avflight storage) are similar and are the best comparable rates to use. Plus, FAA regulations require us to charge similar rates and charges for similar use and purpose facilities. A meeting was held with Bierlein and the following rates were agreed to, which are the same as Johnston and Avflight hangar #3:

Hangar	\$.36 per square foot
Parking	\$.23 per square foot
Ramp	\$.33 per square foot

These rates would be for the next five-year term.

Mr. Lynch made a motion to approve the new Bierlein rates and charges and authorize the Chairman, or in his absence the Vice Chairman, to sign the lease amendment.

Mr. Gray seconded the motion and the motion passed unanimously.

PARKING LOT REQUEST FOR PROPOSALS

The current agreement with Standard Parking expires on December 31, 2016. Trillion Aviation Consulting was selected by the airport commission to draft a Request For Proposal (RFP) to bid the parking lot services. Part of Trillion's responsibility was to develop a white paper to evaluate the pros and cons of a Concession Agreement (similar to our current agreement) and a Management Contract. Trillion has completed that paper and it is attached for review.

The Management Contract option has become popular with airports, especially those the size of MBS. Firms will bid a "Management fee" through the RFP process. MBS will receive all the revenues and be responsible for the costs associated with the parking lot operation. This has the potential to generate additional revenue for MBS over the life of the agreement. The attached chart demonstrates the additional revenue that would have been generated if we had a management fee agreement in place since 2008. For this chart we used a management fee of \$35,000 annually and annual operating costs of \$300,000 for a total of \$335,000. It is important to note in a management agreement, that all upside of revenue and all reductions in costs are net gain to the airport.

The current schedule has the RFP being issued in July and bids being received in September with airport commission action expected at the October 20, 2016 regular meeting.

Since this is a new concept, Commission review and approval of the management fee concept prior to issuing the RFP is being requested. Once bids are received, we can evaluate the overall bids and determine if the management fee method is the best method for us to move forward.

The following recommendation does not commit MBS into any specific parking lot arrangement. It only serves as approval to develop the RFP as a management fee contract. The commission will review bids prior to a final vendor being selected.

Mr. Coonan made a motion to support the Airport Manager's recommendation to develop a management fee contract arrangement for the parking lot RFP. Discussion regarding a performance provision based on a revenue bench mark to reduce some of the risk that MBS might absorb by implementing a management contract arrangement would be proposed to the RFP consultant. Mr. Herek seconded the motion and the motion passed unanimously.

HUNT BROTHERS CHANGE ORDER #01

Attached is Change Order #01 for the GA ramp rehabilitation project. This also reflects the final change order for the project.

All of the items on the change order are for adjusting the quantities with the exception of one new item, which was a small drain repair that was discovered during construction.

The overall change reflects a decrease in contract price by \$235.36.

Mr. Adams made a motion to approve the Change Order #01 for the Hunt Brothers GA ramp rehabilitation project. Mr. Coonan seconded the motion and the motion passed unanimously.

MASTERPLAN UPDATE REVIEW

The Masterplan update has been completed by RS&H. This effort began last year and consisted of many meetings with MBS staff and tenants as well as numerous meetings of the community Airport Advisory Committee. This committee consisted of members from the following: Great Lakes Bay Regional Alliance, Saginaw Chamber of Commerce, Saginaw Planning, Michigan Aeronautics, FAA, MBS Airport Commissioners (Tom Adams, Ernie Krygier and Greg Branch),

General Aviation tenant (Avflight). RS&H also conducted two separate public informational meetings that were held during this process.

Gary Logston, from RS&H, was airport commission meeting and provided a presentation on the Masterplan update.

The FAA is responsible to approve the aviation forecasts contained within the Masterplan and they also approve the Airport Layout Plan, which are the illustrative sheets depicting the Masterplan. The airport commission should make a formal motion to approve the Masterplan update after Gary's presentation.

Mr. Coonan made a motion to approve the MBS Airport Masterplan update. Mr. Lynch seconded the motion and the motion passed unanimously.

OLD BUSINESS:

FAA REAUTHORIZATION

On July 15th President Obama signed a 14-month FAA program extension. This will cover construction grants through September 2017.

VERIZON PROJECT

Verizon has completed their work in the terminal. AT&T has visited MBS and tested their cell service inside the new terminal. The testing from AT&T could possibly result with a request for a lease agreement to use the equipment.

RUNWAY PROJECT

The AIP grant application was submitted in May but we have not received notice of the grant acceptance. We have not received word on the FAA's project timetable. We waited until July to start our projects. Pre-construction planning began last week and construction commenced Monday, July 18th.

2016 MBS GOLF OUTING

There were over 100 golfers in the tournament this year. Commissioners Adams and Browning were present.

NEW BUSINESS:

May 25-27th was our annual FAA 139 Certification inspection. It is an airport operations and security inspection that allows us to continue to operate our airport. The areas of inspection include record keeping, safety practices, airfield areas such as pavement, lighting and signs, staff training, wildlife, emergency response and more. We are proud to announce that with the hard work of all staff and the leadership of our ARFF Supervisor Phil Shaver and Maintenance Supervisor Brad Becker, we passed our inspection with 100 percent.

GREAT LAKES BAY REGIONAL CHAMBER SUMMIT

MBS continues to be a sponsor for the GLBR Chamber Summit. The Summit brings in an influential business leader to speak to the great lakes bay area. This year the National Chamber leader is the guest speaker. This year's meeting is being held at the Midland Great Hall, Thursday, August 18th at 11:30 am.

TSA COMPLIMENT

MBS received a compliment regarding our local Transportation Security Officers. With the leadership of TSO Angela Osmond, a TSA pre-check process was implemented at MBS which tremendously streamlines and speeds up the screening process. One of our passengers was so pleased with the service of our TSO's, MBS has become their preferred departing airport.

ADJOURNMENT: There being no further business, Mr. Browning made a motion to adjourn. Mr. Gray seconded and the Board unanimously passed the motion. The meeting adjourned at 2:31 p.m.

Ernie Krygier, Secretary