

MEETING MINUTES
GERALD R. FORD INTERNATIONAL AIRPORT AUTHORITY BOARD
June 29, 2016

A quorum being present and in accordance with notice being duly given, Chair Morgan called the meeting of the full Authority Board to order on June 29, 2016 at 9:09 a.m.

Board Members Present: Roger Morgan, Floyd Wilson, Jr., Steven Heacock, Ted Vonk, and Birgit Klohs – 5

Absent: Richard VanderMolen and David Slikkers – 2

Also Present:

Phil Johnson – Acting President and Chief Executive Officer
Robert Buchanan – Airport Attorney
Brian Picardat – Vice President and Chief Financial Officer
Tom Ecklund, Facilities Director
Joel Burgess – Properties Administrator
Lisa Belt – Human Resources Manager
Lisa Carr – Public Safety and Operations Director
Dan Villalobos – Ground Transportation Supervisor
Tara Hernandez – Marketing and Communications Manager
Casey Ries – Civil Engineering Manager
Lisa Rauch – Office Administrator
Roy Hawkins – Planning Engineer
Dave Wills – Police Chief
Bruce Applebach – Operations Manager
Myron Huebner – Engineering Technician
Robert Wilson – Maintenance Manager
Robert Kreps – Financial Supervisor
Spencer Gillette – Steven Baldwin Associates
Joni Laming – Kent County Purchasing
Susan Sherman – Community Relations Coordinator
Jim Toth – Superior Project Services
Lisa Verhil – Experience Grand Rapids
Stephanie Lee – Kent County Risk Management
Judie Miljan – Berends Hendricks Stuit Insurance
Jennifer Drolema – Northern Jet
Mike Finch – Northern Jet
Paul Karas – RS&H, Inc.
Jeff Mishler – RS&H, Inc.
Sharon Townsend – Grand Valley State University

6-1 Approval of the Agenda

The agenda was approved and adopted.

6-2 Public Comment

None

6-3 Approval of Minutes – May 25, 2016

Motion by Mr. Vonk, supported by Mr. Heacock, to approve the minutes of May 25, 2016. Motion carried.

6-4 Public Hearing – 2016 July through December Operating Budget

Motion by Mr. Vonk, supported by Ms. Klohs, to open the public hearing for the 2016 July through December Operating Budget. Motion carried.

Mr. Picardat explained that as an Authority and under legislation, a public hearing is required to adopt the budget.

There were no comments.

Motion by Mr. Vonk, supported by Mr. Wilson, to close the public hearing for the 2016 July through December Operating Budget. Motion carried.

**6-5 Resolution 16-12:
2016 July through December Operating Budget**

Mr. Picardat explained that the Airport Board approved a 2016 Operating Budget on June 30, 2015 which was incorporated in the County's operating budget. He reviewed the operating budget and information from the first six months of 2016 and prepared a six-month budget for the Authority which is approximately half of the budget approved last June.

- Total revenues for the six month period are budgeted at \$19,077,900.
- Expenses before depreciation are \$10,739,335.
- Operating net revenues before depreciation are \$8,338,565.

Mr. Picardat explained that there will be a six-month audit completed in the fall, closing the books as of June 30 under the County. There will be another audit in the spring for the last six months under the Authority.

The transfer of funds from the County to the Authority will take place on Friday morning, July 1, for approximately \$44 million. The bank will wire the funds from one account to the other.

Mr. Heacock asked what the total cost of the transfer was. Mr. Picardat has a listing of consultant costs but will compile the total cost and provide it to the Board.

Mr. Vonk asked when the Airport would start to use the new accounting system. Mr. Picardat indicated that the County switched from Peoplesoft to CGI earlier in the month and they have been processing our financials so staff did not have to learn that system. The Airport will no longer use the County system starting July 1 and will switch over to New World. All of the reports will be done the same as before.

Motion by Ms. Klohs, supported by Mr. Heacock, to adopt the July 1, 2016 through December 31, 2016 Operating Budget of the Gerald R. Ford International Airport Authority. Motion carried.

**6-6 Resolution 16-13:
Security System Design**

Motion by Mr. Wilson, supported by Ms. Klohs, to approve a contract amendment with the Faith Group in the amount of \$247,396 for final design and construction administration services of security system improvements. Motion carried.

**6-7 Resolution 16-14:
2016 Airport Master Plan Update Consultant Contract**

Mr. Hawkins explained the 2016 Airport Master Plan Update Contract with RS&H.

Since the last Master Plan in 2004, staff has been keeping track of items that need to be addressed for this next plan. He indicated that back in December, the Airport selected RS&H as our consultant for the project and introduced Jeff Mishler who will be our project manager.

Mr. Mishler introduced Mr. Karas who is the Vice President of RS&H's Great Lakes region.

Mr. Mishler indicated that the Ford Airport has seen significant growth over the last several years and is expected to continue growing which makes this a great time to conduct a master plan as well as look at the long-term vision.

There are a number of issues on the current list – some which are growth driven, some are items that need to be fixed that may not be working well, and some are FAA requirements.

A significant amount of time will be spent looking at the terminal area including the addition of a concourse which would move the existing cargo facility to the east side. Once that vision is established, specific issues within the terminal would be addressed such as Concourse A expansion to meet larger sized aircraft, baggage claim expansion, and air traffic control relocation.

There will be four phases throughout the process: 1) Pre-Planning Phase, to work out a scope; 2) Investigation Phase, forecast of airport demand as well as passenger, operation and cargo levels; 3) Solutions Phase, to review alternatives; and 4) Implementation Phase.

Part of the master plan will consist of reviewing land use and determining how it may be able to generate revenue over the next 20-30 years. One way that airports are offsetting costs is in non-revenue generation. Consultants will determine if there are viable options to develop land that may not be needed for aeronautical purposes.

A two-year schedule will be provided which includes FAA review. The FAA will have to approve the forecast effort which can take anywhere from two to three months. The Airport Layout Plan will also have to be approved, which will be a roadmap for the development of the Airport.

There will an opportunity for public input into this project and also from the Board. There will also be a website for the public to review all master plan documents and provide comments. A Committee will be developed that will meet on a regular basis.

Ms. Klohs asked if the Committee has been established. Mr. Mishler indicated that it has not.

Mr. Heacock asked how much interaction there will be with the community to get their sense of growth. Mr. Mishler mentioned that they will meet with the local community and planning organizations. He also indicated that the Committee will be made up of community representatives, tenants of the Airport, and technical representatives.

Mr. Morgan asked if the plan can be amended. Mr. Hawkins indicated that the plan is a living document which can be modified. The focus of the plan is to provide a long-term vision.

Motion by Mr. Wilson, supported by Ms. Klohs, to approve a Resolution to approve the 2016 Master Plan Update consultant's contract with RS&H in the amount of \$2,866,799 and approve the ACIP amendment. Motion carried.

**6-8 Resolution 16-15:
Parking Garage – 2016 Structural Maintenance Construction Contract**

Motion by Mr. Wilson, supported by Mr. Heacock, to approve a construction contract with RAM Construction Services of Michigan, Inc. in the amount of \$194,610.00 for parking garage level 3 structural maintenance. Motion carried.

**6-9 Resolution 16-16:
Authority Rules and Regulations**

Mr. Buchanan explained that there is one typo in the document in Section 8.2. It should say “no person shall engage in solicitation on Airport property...”.

Motion by Mr. Heacock, supported by Ms. Klohs, to approve a resolution adopting the Gerald R. Ford International Airport Authority Board Rules and Regulations with one change in Section 8.2 of the document mentioned above. Motion carried.

**6-10 Resolution 16-17:
Authority Policies**

Motion by Mr. Wilson, supported by Mr. Vonk, to approve a resolution adopting the following Gerald R. Ford International Airport Authority Board Policies: (1) Information Technology – Cell Phone – Administrative; (2) Information Technology – Acceptable Use – Administrative; (3) Investment – Fiscal; (4) Employee Business Expense – Fiscal; (5) Social Media Policy – Administrative; (6) Complimentary Parking Privileges – Administrative; (7) Motor Vehicle Procurement, Maintenance, and Replacement – Fiscal; (8) Motor Vehicle Use – Fiscal. Motion carried.

**6-11 Resolution 16-18:
Acceptance of Assignment of Airport Board Contracts**

Motion by Mr. Heacock, supported by Mr. Wilson, to adopt a resolution accepting the assignment of all Gerald R. Ford International Airport Board contracts, leases, agreements, permits, licenses, and contracts. Motion carried.

**6-12 Resolution 16-19:
Adoption of Existing Resolutions**

Mr. Heacock explained that this resolution includes all of the existing resolutions of the Board with the exception of those resolutions the CEO determines are no longer relevant or applicable to the Authority's operations.

Motion by Mr. Heacock, supported by Mr. Wilson, to approve a resolution adopting by reference on behalf of the Authority all of the existing resolutions of the Gerald R. Ford International Airport Board. Motion carried.

**6-13 Resolution 16-20:
Experience Grand Rapids – Visitor Information Staffing Agreements
Extension**

Motion by Ms. Klohs, supported by Mr. Wilson, to approve a month-to-month extension to the agreements between Experience Grand Rapids (EXGR) and the Gerald R. Ford International Airport Authority. Motion carried.

**6-14 Resolution 16-21:
Authority Insurance**

Mr. Burgess explained that the Authority is required by the County's Lease and Asset Transfer Agreement to operate and maintain our own insurance program.

Under the Intergovernmental Services Agreement, the Airport is able to continue working with the County's Risk Management Department to make sure certain coverages are in place. He also worked with Berends Hendricks Stuit to broker some of the other policies that the Authority is required to have in place.

The County will continue to provide property and terrorism/war coverage for the Authority, since they continue to own the property at the Airport.

The Airport had to broker for the aviation liability policy, the same policy in place for a number of years. The recommendation is to go with Chubb Limited (f/k/a Ace USA) for the first \$100 million and the excess \$100 million will go through Lloyd's London.

The Authority is required to have a number of new policies with the Authority:

- Pollution Liability Policy (\$5 million) – Covers our underground and above ground storage tanks and stormwater liability. The recommendation is to go with Scottsdale Insurance Co. at a premium of \$13,954.
- Crime Coverage Policy (\$1 million) – Covers theft, dishonesty, forgery and counterfeit. The recommendation is to go with Travelers Casualty Insurance Company at a premium of \$4,185.
- Cyber Liability Coverage Policy (\$5 million) – The Authority owns the infrastructure that tenants utilize. The premium for the coverage is \$23,229.58.

- Michigan Municipal Risk Management Authority (MMRMA) – Public Insurance through the State of Michigan (\$15 million) – A number of public agencies participate in this public pool. This is the only overlap in coverage that we will have. This coverage will pay the primary and the Ace Lloyd's piece will be responsible for access liability coverage. There is also a \$250,000 member loss fund deposit which will be deposited into escrow as part of our self-insured retention. The premium for the coverage is \$249,059.

All policies have been reviewed with Kent County Risk Management as well as Berends Hendricks Stuit.

Mr. Heacock asked if there was a need for D&O insurance. Ms. Lee indicated that the insurance is included within the MMRMA policy.

Motion by Mr. Heacock, supported by Ms. Klohs, to approve a resolution allowing the Authority Chief Executive Officer to bind insurance coverages as required by the Airport Lease and Asset Transfer Agreement between Kent County and the Airport Authority.

6-15 Other Business

- Ms. Klohs mentioned that each year Area Development Magazine compares Metropolitan Statistical Areas with the Bureau of Labor Statistics looking at a number of items including manufacturing growth, job growth, talent growth, etc. Communities are then ranked in those areas. Grand Rapids ranked number three in the nation for economic growth.
- Mr. Buchanan indicated that he feels privileged to have been part of the transition and thanked the members for letting him be a part of the Board.
- Mr. Wilson acknowledged the staff and recognized them for their hard work during the transition.
- Mr. Morgan mentioned that the transition to move to an Authority was very successful and went through the County Board, Airport Board, and both Houses, and the FAA with no issues. He is very proud that the process was so successful.

6-16 Adjournment

The meeting was adjourned at 9:55 a.m.

APPROVAL: _____
David Slikkers, Recording Secretary to the Board

lmr