

## MINUTES

Monday, January 14, 2013  
10:00 A.M.

Manistee County Blacker Airport  
Conference Room

**Members Present:** Paul Schulert, Chairperson; Ross Spencer, Vice-Chairperson; Thom Smith; Brook Shafer; Mark Bergstrom; Dale Picardat; and Alan Marshall

**Members Absent:** None

**Others Present:** Barry Lind, Airport Manager; George Saylor, Airport Legal Counsel; Russell Pomeroy, Airport Authority Treasurer (arrived at 10:40 A.M.); Meg LeDuc, Manistee News Advocate (left at 12:00 P.M.); Julie Schmeling, Administrative Secretary; and Rachel Nelson, Airport Authority Secretary

Paul Schulert, 2012 Chairperson, called the meeting to order at 10:00 A.M. Roll was taken by the Secretary.

Mr. Schulert called for nominations of Officers.

**There was a motion by Mr. Picardat, supported by Mr. Shafer to nominate Paul Schulert as Chairperson, close nominations and cast a unanimous ballot for Paul Schulert for the position of 2013 Chairperson.**

**A roll call vote was taken:**

**Yeas: 7 (Marshall; Bergstrom; Shafer; Smith; Picardat; Spencer; Schulert)**

**Nays: 0**

**Absent: 0**

**Motion carried.**

**There was a motion by Mr. Bergstrom, supported by Mr. Picardat to nominate Ross Spencer as Vice-Chairperson, close nominations and cast a unanimous ballot for Ross Spencer for the position of 2013 Vice-Chairperson.**

**A roll call vote was taken:**

**Yeas: 7 (Picardat; Smith; Shafer; Bergstrom; Marshall; Schulert; Spencer)**

**Nays: 0**

**Absent: 0**

**Motion carried.**

**There was a motion by Mr. Spencer, supported by Mr. Shafer to nominate Russell Pomeroy as Treasurer, close nominations and cast a unanimous ballot for Russell Pomeroy for the position of 2013 Treasurer.**

**A roll call vote was taken:**

**Yeas: 7 (Schulert; Spencer; Picardat; Smith; Shafer; Bergstrom; Marshall)**

**Nays: 0**

**Absent: 0**

**Motion carried.**

**There was a motion by Mr. Spencer, supported by Mr. Bergstrom to nominate Rachel Nelson as Secretary, close nominations and cast a unanimous ballot for Rachel Nelson for the position of 2013 Secretary.**

**A roll call vote was taken:**

**Yeas: 7 (Shafer; Smith; Picardat; Spencer; Schulert; Bergstrom; Marshall)**

**Nays: 0**

**Absent: 0**

**Motion carried.**

Several changes were made to the meeting agenda. The Treasurer's Report was moved after the Airport Director's Report. Discussion on the bylaws and Mr. Stone's legal opinion regarding the bylaws was added under New Business. Certificates of appreciation for former Airport Authority members was also added under New Business.

**There was a motion by Mr. Picardat, supported by Mr. Schulert to approve the meeting agenda with the above mentioned changes. Motion carried by unanimous vote.**

The Chairman confirmed that each member had received a copy and had an opportunity to review the minutes from the regular meeting of the Airport Authority held on Monday, December 10, 2012.

**There was a motion by Mr. Marshall, supported by Mr. Picardat to approve the Airport Authority regular meeting minutes of Monday, December 10, 2012, as presented. Motion carried by unanimous vote.**

Mr. Schulert appointed Mr. Picardat (Chair), Mr. Bergstrom, and Mr. Shafer to the Budget Committee; and Mr. Spencer (Chair), Mr. Smith, and Mr. Marshall to the Promotion Committee. Mr. Schulert noted that other committees may be created as necessary.

**There was a motion by Mr. Bergstrom, supported by Mr. Smith to confirm the Chairman's appointments to the Budget Committee (Mr. Picardat, Mr. Bergstrom, and Mr. Shafer), and the Promotion Committee (Mr. Spencer, Mr. Smith, and Mr. Marshall). Motion carried by unanimous vote.**

Mr. Lind presented an airline industry report (APPENDIX A), and noted that although the report doesn't focus on smaller airports, it does give a good perspective.

Mr. Lind reported that there were no airport incidents. Mr. Lind presented a report on airfares which compares flights from Manistee, Traverse City, Grand Rapids, and Muskegon for travel in February 2013 (APPENDIX B). Mr. Lind also presented information on airplane passenger numbers for 2012 as well as the previous five years (APPENDIX C).

Mr. Lind reviewed the planned 2013 capital improvement projects, which had also been discussed at the December meeting. Mr. Lind explained that the amount of FAA funds received for capital improvement projects depends on the number of enplanements that the airport has. There is a 5% local match, but

the State of Michigan pays 2.5%, so the Airport Authority only has to pay a 2.5% local match.

Mr. Lind presented a chart (APPENDIX D) showing the long term trends for fuel sold at the airport. The bottom line is general aviation non-jet fuel, which has been slowly decreasing. The middle line is also non-jet fuel, but includes fuel used by Orchard Beach Aviation. The top line is jet fuel, and Mr. Lind noted that the spike is due to the airline purchasing fuel at the airport.

Mr. Lind stated that service with Corporate Flight Management (CFM) has continued to be smooth with great reliability. CFM's AOSSP (Aircraft Operator Standard Security Program) has still not been approved by TSA, which prevents service directly into the terminal at Chicago Midway. Mr. Lind will talk to Public Charters today and then intends to talk to Senator Levin's office to see if they can offer any assistance in speeding up this process. CFM also intends to file the appropriate paperwork with the DOT this week for 7 day per week operation.

Mr. Lind stated that the BOGO (buy one get one) offer ended on January 7, 2013. Not a lot of passengers took advantage of the offer, but he feels this might be due to people already having plans over the holidays. He has focused on building the airport's Facebook fan base, which has doubled since November, and is building an email database of past passengers. Cable TV advertising begins today with the same commercial that was used in the fall since it's still relevant. A Google Adwords trial is underway, and a billboard will be placed in Ludington later this month. Advertising banners will be installed this week at the base of Crystal Mountain, and a skiing promotion will soon be available, which would include airfare, to target the Chicago market. Mr. Lind is working on a similar promotion with Caberfae Peaks and the Cadillac Area Visitors Bureau.

Mr. Lind provided charts showing weekly segments sold and the average yield per segment (APPENDIX E). The airline needs to sell 40 seats per week to make the projections, with an average price of \$69.

The Authority next reviewed the October, November, and December 2012 Accounts Payable Reports (APPENDIX F). On the October report, Mr. Pomeroy noted that the Gockerman, Wilson, Saylor bill was high due to lots going on that month. The Piper McCredle Agency payment was for the pollution liability for the underground tanks; the State of Michigan payment was the license for the tanks; and the Manistee Area Chamber of Commerce payment was for the business expo. On the November report, the Manistee Chamber of Commerce payment was the annual dues; the State of Michigan payment (\$230.69) was the annual airport license renewal and for the public water supply system; and the State of Michigan (\$4,363.00) payment was the airport's 2.5% local match for the pavement project. On the December report, the Blarney Castle payment was for fuel; and the \$300 Orchard Beach Aviation payment was reimbursement for training with the EPA for the fuel tanks.

**There was a motion by Mr. Spencer, supported by Mr. Picardat to approve the October 2012 Accounts Payable Report and authorize payment of the outstanding invoices totaling \$33,035.40; to approve the November 2012 Accounts Payable Report and authorize payment of the outstanding invoices totaling \$33,318.90; and to approve the December 2012 Accounts Payable Report and authorize payment of the outstanding invoices totaling \$29,435.52.**

**A roll call vote was taken:**

**Yeas: 7 (Schulert; Spencer; Picardat; Smith; Shafer; Bergstrom; Marshall)**

**Nays: 0**

**Absent: 0**

**Motion carried.**

The Authority next reviewed the October, November, and December 2012 Financial Statements (APPENDIX G) which includes a Balance Sheet, a Statement of Revenue and Expenses, and a running account of the Passenger Facility Charges collected.

**There was a motion by Mr. Picardat, supported by Mr. Shafer to approve the October, November, and December 2012 Financial Statements. Motion carried by unanimous vote.**

The Orchard Beach Aviation rent information was also provided (APPENDIX H).

Mr. Lind stated that there was no update on the necessary tree cutting, except that it does appear to be on the casino's property, and he is working on finding the appropriate person to talk to. Mr. Lind reminded the Authority that the electricity usage at the airport has been high and he suspects it might have something to do with the parking lot lights. Preln & Newhof will put together a proposal for looking into the issue, but are currently waiting for a list from Mr. Lind of everything that has already been tried.

The Authority next reviewed a Lease Amendment (APPENDIX I) with the federal government for Transportation Security Administration (TSA). The amendment would extend the current lease through October 31, 2019.

**There was a motion by Mr. Spencer, supported by Mr. Shafer to approve the Lease Amendment to Lease No. GS-05B-17676 with the federal government, and to authorize the Airport Authority Chair to execute the amendment.**

**A roll call vote was taken:**

**Yeas: 7 (Smith; Picardat; Spencer; Schulert; Shafer; Bergstrom; Marshall)**

**Nays: 0**

**Absent: 0**

**Motion carried.**

Mr. Schulert reminded the Authority of last month's discussion regarding the Airport Authority's bylaws and the County Prosecuting Attorney's opinion on the recent changes. Mr. Schulert explained that the County appoints all Airport Authority members, and the County will be required to appoint one City representative, but this does not need to be in the bylaws since it's between the County and the City. Mr. Marshall did not agree and feels that the City appointment should be in the bylaws, and also questioned why the bylaws can be amended with a 2/3 vote. The Authority decided to table the issue until next month's meeting.

Mr. Spencer stated that it would be appropriate to honor the four former Airport Authority members with a framed Certificate of Appreciation at next month's meeting.

**There was a motion by Mr. Spencer, supported by Mr. Smith to invite Duane Anderson, Glenn Lottie, Ervin Kowalski, and Robert Wilson to the February 2013 Airport Authority meeting to thank them for their dedicated service to the Airport Authority and to present each with a framed Certificate of Appreciation. Motion carried by unanimous vote.**

Mr. Lind stated that a third party is utilized for the necessary filing with the FAA for the passenger facility charges (PFC). The contract with the third party is up for renewal, and costs approximately \$300 per quarter. Mr. Spencer stated that he would prefer to see a contract before approving it.

**There was a motion by Mr. Shafer, supported by Mr. Smith to approve a contract renewal for the necessary filing of the passenger facility charges.**

**A roll call vote was taken:**

**Yeas: 0**

**Nays: 7 (Schulert; Spencer; Picardat; Smith; Shafer; Bergstrom; Marshall)**

**Absent: 0**

**Motion failed.**

Meeting dates and times for 2013 were discussed. (APPENDIX J)

**There was a motion by Mr. Spencer, supported by Mr. Schulert that the Airport Authority will meet on the second Monday of the month at 10:00 A.M. in the conference room at the airport for 2013, except for the November meeting, which will be held on the third Monday of the month at 10:00 A.M. in the conference room at the airport. Motion carried by unanimous vote.**

With there being no further business to come before the Authority, the meeting was adjourned at approximately 1:00 P.M.

Respectfully submitted,

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Rachel Nelson, Airport Authority Secretary

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to view Calendar of Events, County Board Agendas and Minutes, Committee Meeting Reports (under Board of Commissioners), Airport Authority Minutes (under More Departments and Services), etc.

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An Industry Overview

# Snapshots: US Airline Industry 2013

Review Of Key Changes. Challenges. Evolution.



78 Beaver Brook Canyon Road  
Evergreen, Colorado 80439  
(303) 674-2000 [info@AviationPlanning.com](mailto:info@AviationPlanning.com)

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## Introduction

This document represents a brief overview of a only few of the emerging trends in the US airline industry, as analyzed by Boyd Group International. They are demonstrative of the wide changes that airports, airlines, suppliers and financial institutions can expect.

It is noted that any forecasts, regardless of the data involved, are based on subjective conclusions derived from the information available and the interpretation of the forecaster. There is only one certainty in any forecast of this type: there will be variations as the year unfolds. Nevertheless, planning for the future requires making determinations about the business environment and how a hugely-complex range of variables may affect it.

The presence of uncertainty does not relieve any company in any industry of the responsibility to plan for the future. This is the foundation of our firm – and of the work we do for our clients throughout aviation.

We'd point out that we are the only consulting firm that accomplishes independent projections of this type. One reason is that most other consulting firms have no forecasting practice of their own, outside of relying on government data. At our firm, forecasting is the foundation of our data-driven expertise, and the data and forecasts in this document are demonstrative of the consulting and research expertise Boyd group International brings to its clients.

We certainly welcome input and comments – it only can widen and enhance the forum of discussion.

Also, be sure to check out our website – [www.AviationPlanning.com](http://www.AviationPlanning.com) for industry updates every Monday, as well as the latest in the consulting and forecasting programs offered by Boyd Group International.

We look forward to working with you in 2013!

THE STAFF OF BOYD GROUP INTERNATIONAL

**Note:** As a leading industry consulting, research, and forecast firm, the conclusions and predictions herein are entirely independent. The contents of this document are based on data and analyses as of January, 2013. Because of the dynamic nature of the subject matter, the data and conclusions herein are not to be construed as investment advice.

## Summary: Basic Forecast Trends

### Air Traffic Control: NextGen Is Still NoGen

Fodder for the gullible. Despite slow/no growth in airline flights, anywhere between 15% and 20% of flights still arrive 15 minutes or more off the already ATC-padded carrier schedules. Every month. We can depend on it.

Go back five years. Or ten years. Compare what the FAA was saying then, with what it's saying now about fixing the air traffic control system. It's a time warp with today's glowing projections of progress. Plan on more of the same in 2013.

### Airline Capacity: Down

There will be no overall capacity growth in 2013. The few carriers that are adding capacity are doing so in a geographically-focused manner.

### Airline Fleets: New Mixes

The pull-down of "regional jets" (defined as CRJ and ERJ aircraft) will accelerate. Of the 1,400 such aircraft in North American fleets in 2012, approximately 1,000 will come out of fleets by 2017. The remainder will almost exclusively be CRJ-700/990 airliners.

Fallout on air service: mostly positive. (Discussed below.)

- **Related:** The pull-down of flight frequencies at RJ-centric hubs at Memphis and Cincinnati/Northern Kentucky is essentially the result of the deteriorating economics of 50-seat jets, and not due to the DL/NW merger, as much of the media conveniently claims.

### Air Passenger Traffic – Down

It will track with airline capacity. Plan on between 2.0% - 2.5% down compared to year 2012.

### Long Term Traffic Trends

Forget the FAA forecasts. Air passenger traffic is no longer a "fallout" result of economic metrics. Enplanements will increasingly be the result of the capacity airlines offer based on cost/benefit strategies.

- **Data Snapshot:** In 2017, the airports in the United States will experience almost 50 million fewer enplanements than the current FAA forecast predicts. That will affect facility and capacity needs.

### Air Service Development

The economics of air service have changed. With the impending merger of American and US Airways, there will be just nine major scheduled airlines,

and all have specific route strategies. The options and potential for new service recruitment are shrinking fast. Consultant studies to "find the right airline" will be right up there with ginning up a purchase contract on the Brooklyn Bridge.

- **Draw Your Own Conclusions:** In the future, will it really be necessary for a mid-size US airport to send staff to a speed-date event in China, for a 20-minute meeting with *Southwest*?

### The "Regional Airline" Sector

It has been years since this segment of air transportation has been either "regional" or actually "airlines." The reduction in 50-seat jets is concurrently eliminating the *raison-d'etre* for these operators' existence.

Uncertainty: how far new pilot union scope clauses will allow outsourcing of flying to larger, essentially mainline-cabin aircraft such as E-Jets.

- **Draw Your Own Conclusions:** The trend toward outsourcing smaller airport operations to the cheapest contractor will continue to result in shortfalls in service quality, passenger satisfaction, and in the future - this is a third-rail nobody wants to touch - possibly ground efficiency. Pay rates below those of the airport janitorial staff for people with a zero career path do not attract the best-quality, motivated employees, regardless of counter arguments from airline financial departments.

## Key Forecast Factors

### Airline System Strategies To Watch

Open and robust take-traffic-from-the-competition strategies are mostly a thing of the past. Alliances and code-sharing between major carrier systems, combined with an increased focus on hub turf, now defines airline strategies.

To be clear, there is competition for traffic flows over various hubs. But frequent flyer programs have materially cornered much of the local O&D from hubsite cities, and within large metro areas. But in 2013, there are a number of airline strategy shifts that bear watching.

#### American/US Airways

A merger between these two carriers will likely have no effect on traffic flows until at least the fourth quarter of the year. However, assuming that the surviving management is that of US Airways, we can look for the following:

- Revision to Cornerstone Strategy. The AA strategy is the right one, but simply because it is the only one open to the airline. With the traffic flows that US Airways can bring to the mix, we can expect JFK – where there is no room for AA to grow, short of a likely product-disastrous tie-up with JetBlue – to see some international emphasis shifted to PHL.
- Some shift of flow traffic from PHX to DFW is very likely due to the better demographics and geographic location of the DFW Metroplex.
- The merger does not solve two other major problems facing AA: lack of a **oneworld** Chinese airline partner, and LAX being a geographically-inferior gateway to Asia.



The outcome of the Southwest acquisition of AirTran will be different in scope than originally envisioned.

Its fleet plan at the moment shows little growth. That's not a negative:

No airline ever went out of business by **not** jumping at growth.

#### Southwest/AirTran

This combination has evolved materially since it was first announced.

- The B-717s, which initially were publically deemed by Southwest as fitting well in their system (which was entirely accurate from a capacity and fleet-mix standpoint) have now been pulled from the future picture.
- Some major-traffic points served by AirTran, such as SRQ, BMI and PHF, were subsequently found to be incompatible with WN costs, and have been deleted. These deleted airports alone accounted for over half a million AirTran passengers.
- The decision not to bank connecting flights at ATL will result in a much smaller eventual Southwest footprint at that airport compared to what AirTran operated. This leaves more traffic opportunities and

less competition for Delta. This will also have some positive fallout for CLT, which will benefit the merger between AA and US.

- As of January 2, 2013, the combined WN/FL system will offer 4.3% fewer departures in the first quarter than in the year-before period.
- The carrier is very carefully restructuring its route system, quietly deleting some point-to-point flying in favor of increasing revenues over its hubs (yes, hubs) at MDW and DEN. By the end of 2013, Denver will be Southwest's clear turf, with United and Frontier somewhere behind.

### Delta Air Lines

The main focus here for 2013 is the up-gauging of unit capacity as the carrier pulls down 50-seat lift and replaces it with larger CRJs as well as B-717s leased in from the former AirTran fleet.

For airports, the results of this fleet shift will be almost entirely positive. The airline is in the process of deleting markets that are 50-seat centric, including pulling-down flight levels at Memphis and Cincinnati/Northern Kentucky. In others, the load factors on existing 50-seat routes indicate substantial revenue spill. Larger units of capacity will recapture much of this.

### Spirit

A unique approach to competition that's apparently working: going head to head with major carriers on their own turf. Expansion at DFW not only takes on American, but has ramifications for Southwest's plans at Dallas/Love, which is just 17 miles and 25 minutes away.

Ditto at MSP and ORD, too. Bears watching in regard to specific segments of traffic capture.

### Allegiant

Allegiant makes it clear – correctly – that it is a travel company, not an airline. The difference is not hair-splitting. Allegiant provides a leisure product that competes with other applications of disposable income. An airline fills the travel needs of a community. Allegiant largely creates the passenger demand that fills its aircraft.

Allegiant faces the delicate balance of assuring that its low fares are accompanied by substantial purchase of ancillaries. This can be an occasional problem, particularly at major leisure destinations where local consumers discover the low fares to visit grandma in Cedar Rapids. If there's too many of these reverse-originations, the profit potential gets dicey. Consumers at CID will likely buy hotel, rental car and show packages when they go to Las Vegas. Folks living in LAS don't buy packages (even if they existed) in Cedar Rapids.

Allegiant's flexibility allows it to add, delete, and sometimes re-enter markets quickly.

The Airbus strategy is stellar. There are dozens of A-319s and A-320s coming on the market – cheap – and Allegiant can take the pick of the litter. Factoid: an A-319 fuel burn is over \$500 an hour below an MD-83.

## Airline Capacity Decisions

Historically, airlines were assumed to be entities that reacted to changes in the economy. As things like GDP, disposable income, population etc., went up, the forecast methodologies followed suit in predicting airlines would add capacity to capture the new demand.

Those days are over. The airline business is now mature.

Where, how and when carriers schedule their aircraft is no longer a primary reaction to economic factors. Airlines are now making the determination of how they match revenue to costs. It's no longer market share, or traffic volume. The goal is to produce levels of capacity that allow maximum return. When we look at the first quarter of 2013, it is very clear that airlines are not adding any extra capacity:



System	Departures				Seats			
	2012	2013	Change	% Change	2012	2013	Change	% Change
AA	310,575	315,547	4,972	1.6%	34,063,568	34,201,475	137,907	0.4%
DL	466,389	446,230	-20,159	-4.3%	48,443,474	47,887,647	-555,827	-1.1%
UA/CO	490,806	473,777	-17,029	-3.5%	43,702,445	42,604,766	-1,097,679	-2.5%
US	288,980	278,767	-10,213	-3.5%	26,904,956	26,389,256	-515,700	-1.9%
AS	70,337	72,091	1,754	2.5%	7,856,912	8,089,973	233,061	3.0%
B6	63,706	67,669	3,963	6.2%	8,452,550	8,979,000	526,450	6.2%
NK	18,063	20,845	2,782	15.4%	2,759,365	3,189,228	429,863	15.6%
VX	12,831	12,589	-242	-1.9%	1,792,994	1,764,998	-27,996	-1.6%
WN/FL	335,577	321,082	-14,495	-4.3%	44,931,164	43,519,484	-1,411,680	-3.1%
EJ	32,613	21,285	-11,328	-34.7%	3,807,952	2,859,417	-948,535	-24.9%
<b>Totals</b>	<b>2,089,877</b>	<b>2,029,887</b>	<b>-59,990</b>	<b>-2.9%</b>	<b>222,715,300</b>	<b>219,485,244</b>	<b>-3,230,056</b>	<b>-1.5%</b>

### No Excess Capacity For New Service

The carriers that are adding capacity – Spirit and B6 – are essentially point-to-point carriers (Spirit for the moment, at least), and give-or-take an occasional Latrobe, they focus on big airports. This means for the majority of airports, there is no new capacity being added that will need to find a home.<sup>1</sup>

This also means that any new or increased flying in a market will come at the expense of another.

Forecast point: the approaches that communities take toward “air service development” will need to change. It's no mystery to identify the airlines have potential – or, have no potential – for entering a new market. There isn't a great deal that can be “developed.”

<sup>1</sup> The AA increase is due to international flying.



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## Airline Fleet Decisions

In 1999, Boyd Group International's Global Fleet Trend & Demand forecasts were the first to determine that demand for "regional jets" was essentially already met with the combination of aircraft in operation and then-currently on order.



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Other forecast methodologies simply trend-lined airliner demand, "show-horning" each category currently being built into the projected need for ASKs. Our approach was to review airline fleet needs and strategies for specific-mission airliners. The result: there was a finite eventual demand for 50-seat jets. Running counter to ambient wisdom at the time, it was not a projection that found much willing acceptance at the time, but data is data, regardless of "what everybody knows."

Going forward, the combination of accelerated retirement of 50-seat (and smaller) jets, the entry of mainline-cabin small jets such as the MRJ and Embraer E-Jets, and changes in some pilot contracts permitting more outsourcing of flying, will point to major fleet shifts in the next five years.

North America	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Net Chg
180+ Seats	643	621	647	655	663	664	680	690	705	736	769	126
126 - 180	3,175	3,153	3,114	3,144	3,129	3,139	3,178	3,215	3,261	3,325	3,390	215
101 - 125	330	433	587	714	858	1,005	1,050	1,052	1,073	1,093	1,111	781
75 - 100	570	596	590	645	683	705	723	740	747	753	771	201
Regional Jets	1,401	1,308	980	728	583	405	405	405	405	405	405	-996
<b>Total</b>	<b>6,119</b>	<b>6,111</b>	<b>5,918</b>	<b>5,886</b>	<b>5,916</b>	<b>5,919</b>	<b>6,017</b>	<b>6,102</b>	<b>6,191</b>	<b>6,312</b>	<b>6,446</b>	<b>327</b>

In North America, total fleets of jet airliners will actually decline between now and 2015, with slow growth resuming starting the following year.

As of today, total number of aircraft will increase by only 5.4% through 2022. Seat availability (not shown) will grow slightly faster, due to shifts in fleets and entry of new mainline-cabin airliners, such as the Bombardier C-Series, and the new -NEO and -MAX variants which will be able to profitably operate in wider market missions.

In 2103, led by Delta, we expect to see at least 100 additional RJ-cabin airliners to be retired, and all 50-seat and smaller RJs will be out of service by 2017. The remainder of the "Regional Jet" category will be exclusively CRJ-700/900/1000 variants.<sup>2</sup>

<sup>2</sup> The term "regional jet" essentially has no in-fleet meaning any longer. Therefore, Boyd Group International classifies only the original ERJ and CRJ platforms in this category. Often Embraer E-jets are misclassified as regional jets." The reality is they were designed to fill market gaps left by retirements of airliners such as DC-9-10s and F-100s.

## “Regional Jet” Retirements: Market-Positive

Because of the misunderstanding of the term “regional jet,” the assumption in the media is often that the retirement of these airliners will hurt “regional” markets, where, it is assumed, these machines are exclusively operated.

But these are “small” jets, and not “regional” in market application. They are used where low capacity is indicated, either based on size of market, or on time-of-day demand. United, for example, schedules 50-seaters at times of the day in the Denver-Phoenix market. Therefore, the retirement of these airliners is not the wholesale disaster for smaller communities that some alleged “analysts” may predict. In fact, for many communities and airlines, there are net-new traffic revenue opportunities that will immediately derive from the up-gauging of capacity.



**Don't assume the airline “knows” that your airport's a prime candidate for RJ replacement.**

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program is on-going monitoring of the client airport's “vital signs” – load factors, changes in capacity, fare shifts, and competitive events at other airports. This includes changes in aircraft applications.

A review of key airline hubsites (year ending 5/2012) shows that 50-seaters are now mismatched to dozens of feed markets – causing traffic loss for the airport, and missed revenue opportunities for airline systems:

Delta/Detroit		Load Factor	Delta/Salt Lake City		Load Factor
ALB		84.9%	BIL		84.9%
ABE		81.0%	BZN		81.0%
BGR		87.4%	GTF		87.4%
SBN		80.1%	HLN		80.1%
TVC		80.0%	MFR		80.0%
			LWS		85.3%

American/DFW		Load Factor	United/Denver		Load Factor
BMI		82.0%	BZN		86.6%
BTR		84.0%	DRO		80.4%
CAE		83.6%	GTF		80.2%
LEX		81.1%	MSO		82.8%
RAP		81.2%	RDM		84.4%
VPS		83.2%			

When flights – on average – are in excess of 80%, it means that revenue is being turned away. Regardless of pricing power, net-new revenue is being lost. Adding to the need to replace these 50-seaters is the fact that the operating costs are increasingly not materially higher than new-generation larger aircraft. In fact, in some of these markets, mainline equipment - including new-generation aircraft such as the Bombardier C-Series and the NEO and –MAX models would easily fill the market.

For 2013, watch for this shift to up-gauge unit capacity to be spearheaded by Delta out of ATL. The reduction in flight operations at that airport resulting from the FL absorption into Southwest will facilitate this shift.

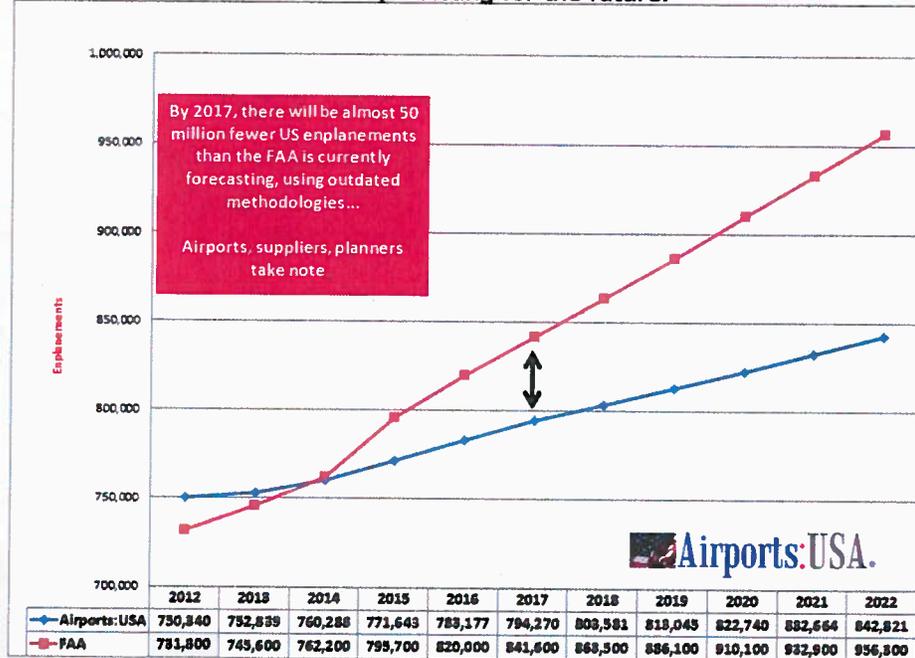
# Basic Enplanement Forecast

The fact that airlines are adding neither seats nor aircraft in the coming year is not a temporary phenomenon. It is a result of fundamentally-different strategic and traffic metrics. This has severe ramifications for airports, suppliers, concessionaires and master planners: there won't be anywhere near the traffic that the FAA is predicting for the future.<sup>3</sup>

Accurate identification of future traffic opportunities is part of the airport forecasts accomplished for our clients...

This includes opportunities for drawing traffic from competing airports in the region...

Nothing personal. It's strictly business.



The point is that "traditional" methodologies that assume airline growth will track with various economic indicators have never worked very well. Today, with the new airline economics, they don't work at all. We can track this. In the early 1990s, the FAA was forecasting a billion enplanements by year 2000. Now, 12 years after that date the FAA is predicting that figure to be reached sometime after 2023 – nearly a quarter-century later than what they predicted in the early 1990s.

Planning for 2013 and beyond should encompass these realities. Data for 2012 is still estimated as of this time. However, the Airports:USA™ 2012 estimate is based on actual airline filings, not a mathematic formula.

**Industry-Leading Forecast Expertise.** Boyd Group International forecast expertise is often used within teams revising FAA Airport Master Plans. When the actual forecast varies substantially from the FAA Terminal Area Forecast, our professionals are expert at demonstrating the data successfully to the FAA. If your airport is looking at a Master Plan update, give us a call. We'll make sure you'll be focused on data that reflects the future.

<sup>3</sup> (Note that the Airports:USA figures shown represent the best case traffic scenario for 2013, with virtually flat traffic. The Baseline forecast indicates approximately 746 million enplanements.)



We're pleased to announce that the Baltimore-Washington Thurgood Marshall International Airport is the host for the 18<sup>th</sup> Annual Boyd Group International Aviation Forecast Summit.

Reserve your space now for the New Year's rate...

**Before January 22, registration is just \$945.**

**[Click Here](#)**

Compare that to the costs of other aviation events.

This is the aviation forecast event – data and insights that are clear, focused, and real-world. Presentations from the decision-makers. No rambling panels. Hard questions and hard answers.

We're planning an exciting event this November, and more information will be posted at [www.AviationForecastSummit.com](http://www.AviationForecastSummit.com) in the weeks ahead. In the meantime, we are offering special early registration rates, so log on and check it out.

Here are some basic snapshots from the presentations made by airline and industry CEOs at the 2012 Summit at DFW.



The Summit featured discussions with CEOs from Southwest, Allegiant, Spirit, JetBlue, US Airways, Virgin America and Azul.

Another great quote from the Summit... Regarding current approaches often taken by airports to get new service, Maury Gallagher of Allegiant described them as:

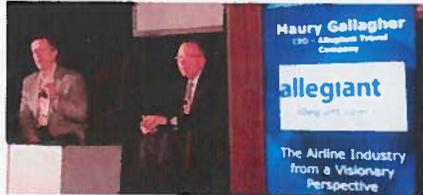
"Your dream. My money."



Ben Baldanza - Spirit    David Cush - Virgin America    Dave Barger - JetBlue



Gary Kelly of Southwest discusses future strategy with Jeff Potter of Boyd Group Intl.



Allegiant's Maury Gallagher brought up a range of insightful concepts in an open discussion & attendees Q&A with Mike Boyd of Boyd Group International



The AA merger issue was off the table for legal reasons... but nothing else was in a lively interchange with Scott Kirby, President of US Airways

The 400+ attendees at the 2012 event received insights into 2013 that no other event provides. We're planning the 2013 Summit to be even more comprehensive. Make plans now to join us.

February

**December Travel as of 01/11/13**

**Best Fares**

	MBL	TVC	GRR	MKG
Atlanta (ATL)	330 WN	426 DL	<b>317</b> DL	374 UA
Boston (BOS)	311 WN	414 DL	<b>284</b> UA	334 UA
Chicago (MDW or ORD)	<b>120</b> P1	273 UA	321 UA	164 UA
Dallas (DFW)	461 F9	<b>380</b> AA	450 AA	408 UA
Denver (DEN)	358 WN	442 UA	373 UA	<b>351</b> UA
Houston (HOU)	<b>341</b> WN	602 AA	524 UA	385 UA
Kansas City (MCI)	<b>258</b> WN	326 DL	276 DL	260 UA
Las Vegas (LAS)	<b>369</b> WN	542 AA	470 DL	464 UA
Los Angeles (LAX)	402 WN	464 AA	413 UA	<b>383</b> UA
Minneapolis (MSP)	<b>258</b> WN	411 UA	459 UA	262 UA
New York Area (NYC)	315 DL	362 DL	<b>300</b> DL	374 UA
Orlando (MCO)	328 FL	421 UA	<b>300</b> FL	455 UA
Philadelphia (PHL)	<b>337</b> WN	477 UA	434 UA	381 UA
Phoenix (PHX)	382 WN	354 UA	<b>304</b> AA	386 UA
Portland (PDX)	<b>438</b> WN	518 UA	504 DL	444 UA
San Diego (SAN)	<b>362</b> WN	494 UA	488 US	410 UA
San Francisco (SFO)	390 DL	464 UA	411 UA	<b>377</b> UA
Seattle (SEA)	<b>390</b> DL	464 AA	413 UA	480 UA
St Louis (STL)	282 DL	380 UA	336 AA	<b>260</b> UA
Washington DC Area (WAS)	345 DL	286 DL	<b>212</b> FL	367 UA

Average Fare	\$338.85	\$425.00	\$379.45	\$365.95
Change from last month	-\$24.50	\$18.35	\$43.90	-\$41.45
Change from two months ago	-\$57.50	-\$66.00	\$15.00	-\$52.95

Fares Pulled 01/11/13 for travel 02/07/13 - 02/14/13

**Best Fares +7 days parking**

	MBL	TVC	GRR	MKG
Atlanta (ATL)	<b>330</b> WN	466 DL	371 DL	402 UA
Boston (BOS)	<b>311</b> WN	454 DL	338 UA	362 UA
Chicago (MDW or ORD)	<b>120</b> P1	313 UA	375 UA	192 UA
Dallas (DFW)	461 F9	<b>420</b> AA	504 AA	436 UA
Denver (DEN)	<b>358</b> WN	482 UA	427 UA	379 UA
Houston (HOU)	<b>341</b> WN	642 AA	578 UA	413 UA
Kansas City (MCI)	<b>258</b> WN	366 DL	330 DL	288 UA
Las Vegas (LAS)	<b>369</b> WN	582 AA	524 DL	492 UA
Los Angeles (LAX)	<b>402</b> WN	504 AA	467 UA	411 UA
Minneapolis (MSP)	<b>258</b> WN	451 UA	513 UA	290 UA
New York Area (NYC)	<b>315</b> DL	402 DL	354 DL	402 UA
Orlando (MCO)	<b>328</b> FL	461 UA	354 FL	483 UA
Philadelphia (PHL)	<b>337</b> WN	517 UA	488 UA	409 UA
Phoenix (PHX)	382 WN	394 UA	<b>358</b> AA	414 UA
Portland (PDX)	<b>438</b> WN	558 UA	558 DL	472 UA
San Diego (SAN)	<b>362</b> WN	534 UA	542 US	438 UA
San Francisco (SFO)	<b>390</b> DL	504 UA	465 UA	405 UA
Seattle (SEA)	<b>390</b> DL	504 AA	467 UA	508 UA
St Louis (STL)	<b>282</b> DL	420 UA	390 AA	288 UA
Washington DC Area (WAS)	345 DL	326 DL	<b>266</b> FL	395 UA

Average Fare	\$338.85	\$465.00	\$433.45	\$393.95
Change from last month	-\$24.50	\$18.35	\$43.90	-\$41.45
Change from two months ago	-\$57.50	-\$66.00	\$15.00	-\$52.95

Parking Fees for one week are \$0 at Manistee, \$40 at Traverse City, \$54 at Grand Rapids, \$28 at Muskegon

**Manistee County Blacker Airport**

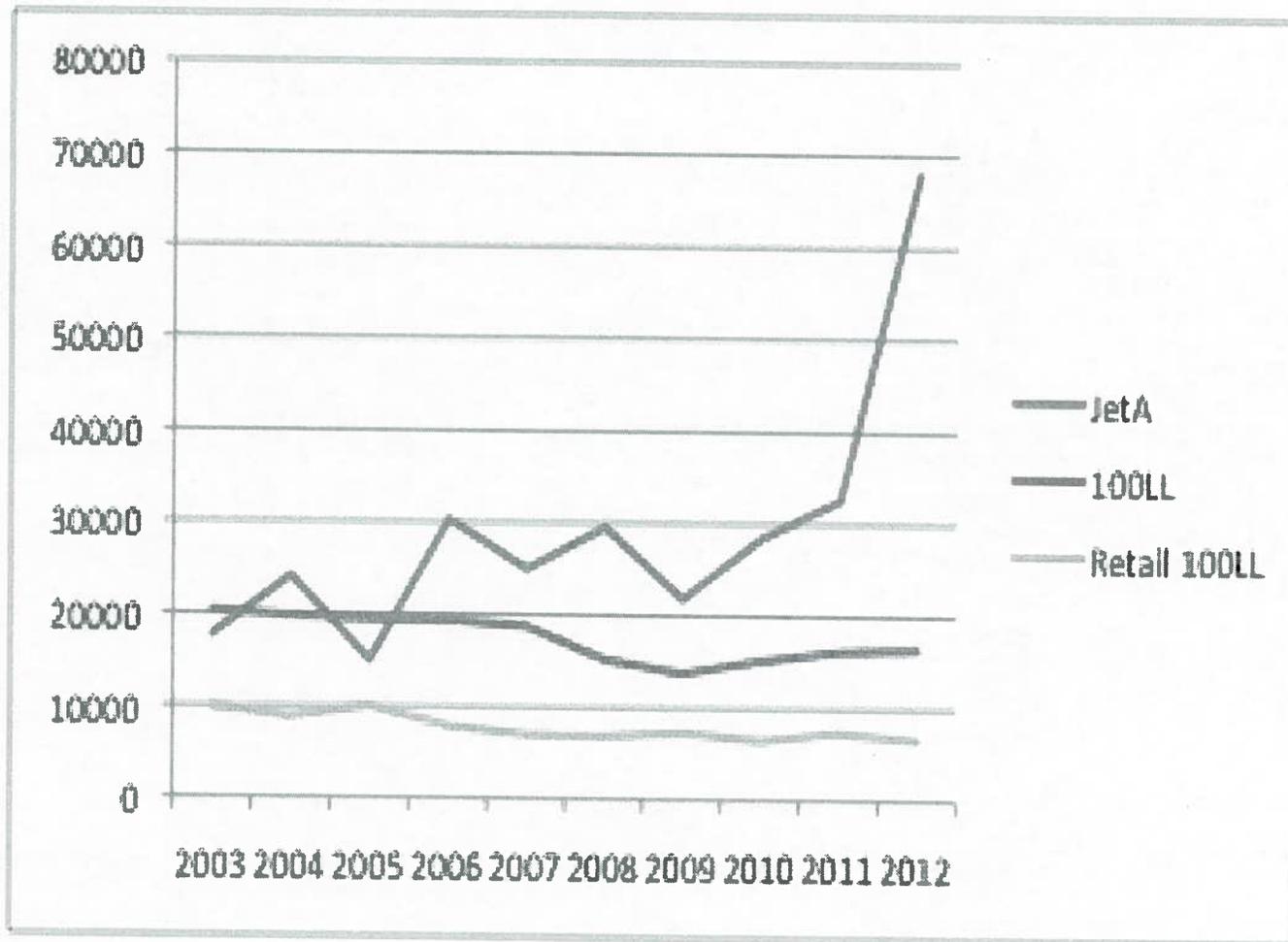
**Enplaned/Deplaned**

	2007		2008		2009		2010		2011		2012		Total
	Out/In	Total	Out/In	Total	Out/In	Total	Out/In	Total	Out/In	Total	Out/In	Total	
Jan	MW 210/164	374	MW 234/169	403	GL 138/106	244	GL 212/145	357	GL 201/169	370	F9 523/366	889	
Feb	198/184	382	215/200	413	112/93	205	196/150	346	202/194	396	462/431	893	
Mar	224/229	453	213/200	413	149/139	288	216/231	447	225/215	440	112/176	288	
Apr	183/239	422	18/38	56	119/140	259	272/255	527	471/171 F9 486/389	1193	0/0	0	
May	238/251	489	0/0	0	184/180	364	263/302	565	1454/1525	2979	P1 71/58	129	
Jun	252/309	561	GL 94/113	207	166/213	379	311/366	677	1206/1342	2548	234/250	484	
Jul	340/348	688	278/301	579	388/439	827	521/551	1072	1595/1568	3163	465/467	932	
Aug	348/305	653	300/293	593	429/359	788	482/395	877	1833/1567	3400	497/500	997	
Sep	278/217	495	219/190	409	285/293	578	240/233	473	1332/1234	2566	362/297	659	
Oct	276/248	524	173/174	347	282/275	557	270/246	516	1024/1004	2028	150/149	299	
Nov	275/280	555	168/166	334	257/269	526	236/242	478	722/715	1437	36/33	69	
Dec	203/205	408	159/122	281	228/279	507	194/235	429	674/798	1472	131/138	269	
<b>Total</b>		<b>6004</b>		<b>4035</b>		<b>5522</b>		<b>6764</b>		<b>21992</b>		<b>5908</b>	

**On-time Performance**

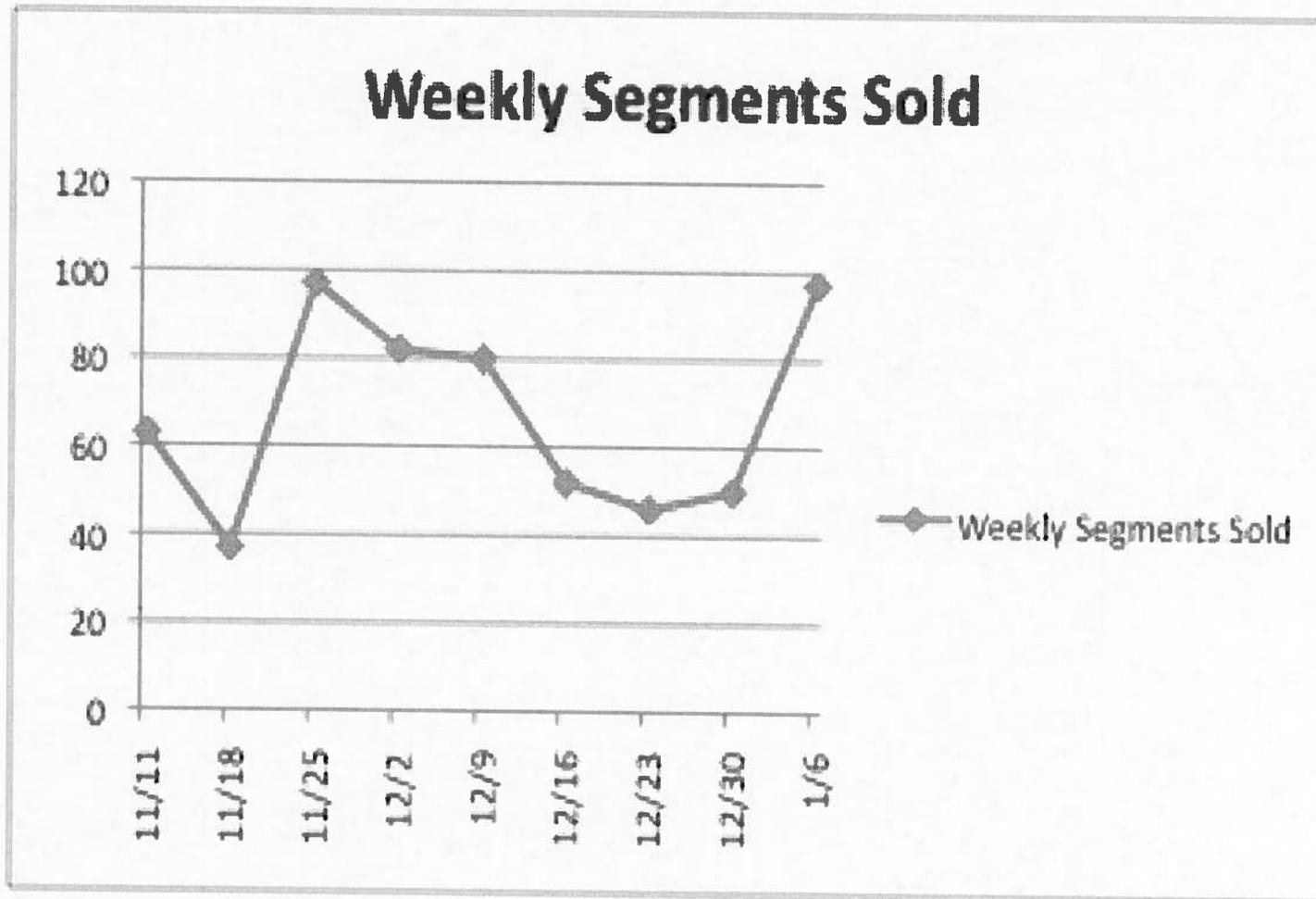
	2007		2008		2009		2010		2011		2012		On-time
	Cancel/Delay	On-time											
Jan					13%/25%	62%	23%/22%	55%	15%/38%	48%	12%/8%	80%	
Feb					18%/16%	66%	13%/32%	55%	15%/28%	58%	6%/11%	83%	
Mar					8%/11%	79%	11%/19%	70%	21%/19%	60%	14%/8%	78%	
Apr					10%/16%	74%	13%/17%	70%	***	***	***	***	
May					2%/10%	88%	12%/10%	78%	3%/25%	72%	0%/10%	90%	
Jun					7%/18%	75%	6%/26%	68%	6%/20%	74%	0%/6%	94%	
Jul					4%/16%	80%	5%/19%	76%	0%/37%	63%	0%/7%	93%	
Aug					2%/12%	86%	4%/5%	91%	0%/36%	64%	0%/8%	92%	
Sep					0%/9%	91%	18%/16%	66%	0%/23%	77%	0%/5%	95%	
Oct			11%/31%	57%	10%/8%	81%	15%/13%	72%	1%/5%	94%	0%/22%	78%	
Nov			13%/32%	55%	3%/10%	87%	16%/16%	68%	2%/11%	87%	0%/5%	95%	
Dec			36%/44%	20%	25%/39%	36%	32%/25%	43%	2%/15%	83%	0%/11%	89%	

# Airport Fuel Long Term Trends

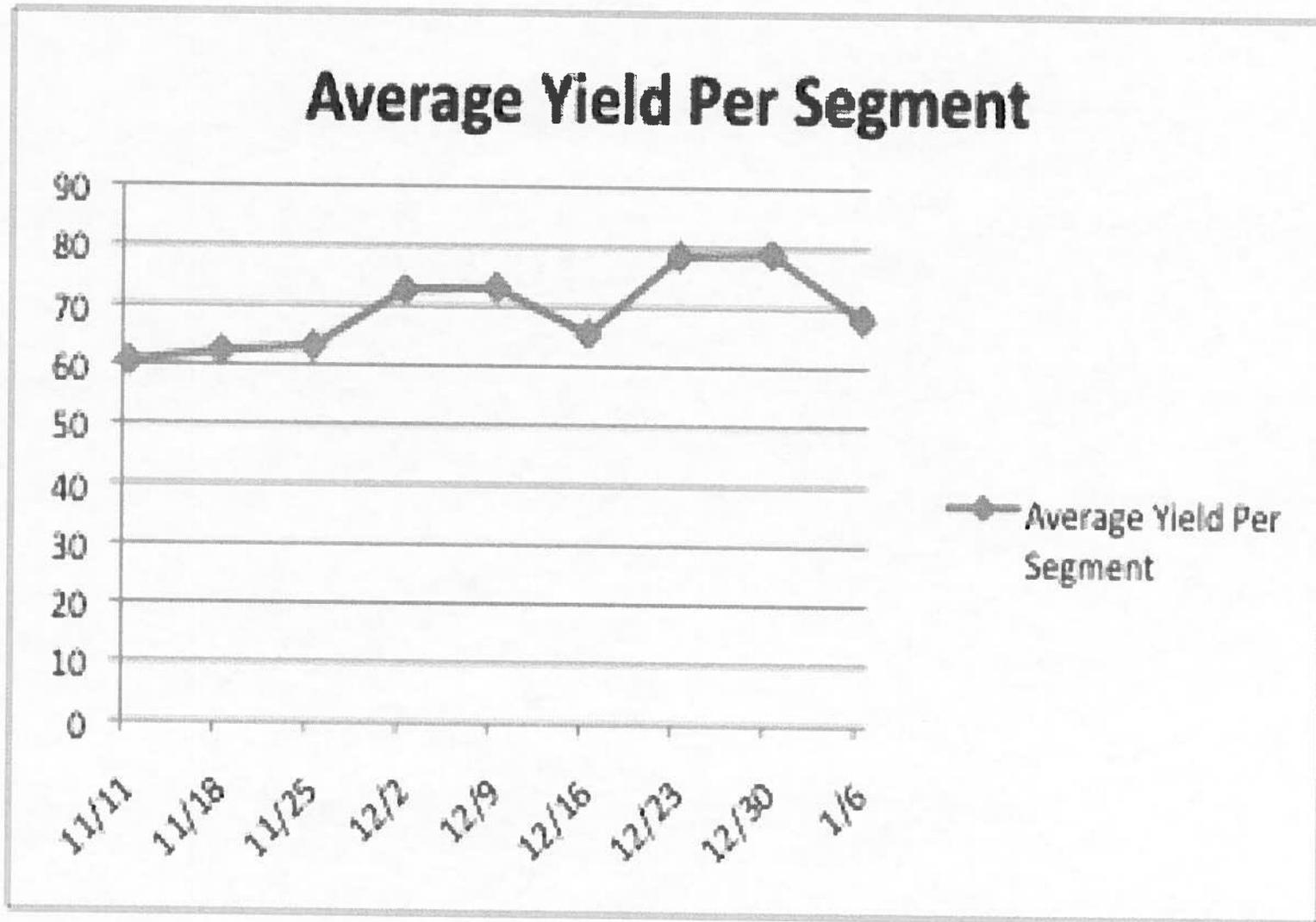


APPENDIX D

# Air Service Update 1/14/13



# Air Service Update 1/14/13





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# MANISTEE COUNTY BLACKER AIRPORT

## NOVEMBER 2012 ACCOUNTS PAYABLE

CHECK #	VENDOR NAME	AMOUNT
	BARRY LIND	\$ 3,400.00
	CONSUMERS ENERGY	\$ 2,124.89
	A T & T	\$ 43.70
	MICHCON (DTE ENERGY)	\$ 231.78
	GOCKERMAN, WILSON, SAYLOR	\$ 379.50
	NAPA AUTO PARTS	\$ 436.00
	ACE HARDWARE	\$ 225.36
	FASTENAL	\$ 123.04
	DIRECT TV	\$ 90.98
	PIPER MCCREDIE AGENCY	\$ -
	GLASS SPECIALTIES, INC.	\$ 30.25
	CUSTOM SHEET METAL & HEATING	\$ 448.62
	WAHR HARDWARE	\$ 66.65
	MANISTEE CHAMBER OF COMMERCE	\$ 345.00
	MANISTEE WELDING	\$ 75.84
	PRIMARY AIRPORT SERVICES	\$ 301.35
	STATE OF MICHIGAN	\$ 230.69
	STATE OF MICHIGAN	\$ 4,363.00
	<b>TOTAL</b>	<b>\$ 12,916.65</b>
	<b>ADVERTISING INVOICES</b>	
	MS CREATIVE SERVICES	\$ 2,467.00
	<b>TOTAL</b>	<b>\$ 2,467.00</b>
	<b>ORCHARD BEACH AVIATION</b>	<b>\$ 17,935.25</b>
	REGULAR HOURS	261 @ 16.50 4,306.50
	MAINTENANCE HOURS	77.5 @ 16.50 1,278.75
	PART 139 LABOR	12,200.00
	INTERNET	150.00
	<b>GRAND TOTAL</b>	<b>\$ 33,318.90</b>

# MANISTEE COUNTY BLACKER AIRPORT

## DECEMBER 2012 ACCOUNTS PAYABLE

CHECK #	VENDOR NAME	AMOUNT
	BARRY LIND	\$ 3,400.00
	CONSUMERS ENERGY	\$ 2,486.65
	A T & T	\$ 70.58
	MICHCON (DTE ENERGY)	\$ 459.71
	GOCKERMAN, WILSON, SAYLOR	\$ 127.00
	NAPA AUTO PARTS	\$ -
	ACE HARDWARE	\$ 19.47
	FASTENAL	\$ -
	DIRECT TV	\$ 32.27
	PIPER MCCREDIE AGENCY	\$ -
	BLARNEY CASTLE	\$ 1,252.46
	CUSTOM SHEET METAL & HEATING	\$ -
	WAHR HARDWARE	\$ -
	MANISTEE TIRE	\$ 39.00
	MANISTEE WELDING	\$ -
	PRIMARY AIRPORT SERVICES	\$ -
	ORCHARD BEACH AVIATION	\$ 300.00
	STATE OF MICHIGAN	\$ -
	<b>TOTAL</b>	<b>\$ 8,187.14</b>
	<b>ADVERTISING INVOICES</b>	
	MS CREATIVE SERVICES	\$ 2,331.66
	ORCHARD BEACH AVIATION	\$ 98.72
	<b>TOTAL</b>	<b>\$ 2,430.38</b>
	<b>ORCHARD BEACH AVIATION</b>	<b>\$ 18,818.00</b>
	REGULAR HOURS 270 @ 16.50	4,455.00
	MAINTENANCE HOURS 122 @ 16.50	2,013.00
	PART 139 LABOR	12,200.00
	INTERNET	150.00
	<b>GRAND TOTAL</b>	<b>\$ 29,435.52</b>

## MANISTEE COUNTY BLACKER AIRPORT

	OCTOBER 2012 REVENUE & EXPENSES		BUDGET REMAINING		92%
	CURRENT MONTH	YEAR-TO DATE	ANNUAL BUDGET	BALANCE \$	%
<b>INCOME:</b>					
FEDERAL GRANT - AEAS	\$ -	\$ -	\$2,009,960.00	\$ 2,009,960.00	100%
HANGER RENTAL	\$ 1,525.00	\$ 1,525.00	\$ 28,600.00	\$ 27,075.00	95%
LANDING FEES - PUBLIC CHARTERS	\$ 17,594.89	\$ 17,594.89	\$ 210,000.00	\$ 192,405.11	92%
LANDING FEES - GENERAL AVIATION	\$ 54.00	\$ 54.00	\$ 1,250.00	\$ 1,196.00	96%
AUTO RENTAL SPACE	\$ 2,202.14	\$ 2,202.14	\$ 5,000.00	\$ 2,797.86	56%
OFFICE RENT	\$ 955.00	\$ 955.00	\$ 12,600.00	\$ 11,645.00	92%
COUNTY OF MANISTEE	\$ 9,583.00	\$ 9,583.00	\$ 115,000.00	\$ 105,417.00	92%
CONTRIBUTIONS-MARKETING			\$ 25,000.00	\$ 25,000.00	100%
PASSENGER FACILITY CHARGES	\$ -	\$ -	\$ 25,000.00	\$ 25,000.00	100%
FUEL SALES	\$ 661.26	\$ 661.26	\$ 10,000.00	\$ 9,338.74	93%
SIGN LEASE	\$ -	\$ -	\$ 3,800.00	\$ 3,800.00	100%
MISCELLANEOUS	\$ -	\$ -	\$ 1,000.00	\$ 1,000.00	100%
<b>TOTAL INCOME</b>	<b>\$ 32,575.29</b>	<b>\$ 32,575.29</b>	<b>\$2,447,210.00</b>	<b>\$ 2,414,634.71</b>	<b>99%</b>
<b>EXPENSES:</b>					
AEAS CONTRACT-PUBLIC CHARTERS	\$ -	\$ -	\$2,009,960.00	\$ 2,009,960.00	100%
PERSONNEL - MANAGEMENT	\$ 3,400.00	\$ 3,400.00	\$ 41,000.00	\$ 37,600.00	92%
PERSONNEL - OPERATIONS & MAINTENANCE	\$ 18,392.25	\$ 18,392.25	\$ 240,000.00	\$ 221,607.75	92%
DUES & FEES	\$ -	\$ -	\$ 800.00	\$ 800.00	100%
SUPPLIES	\$ 448.36	\$ 448.36	\$ 3,000.00	\$ 2,551.64	85%
UTILITIES	\$ 1,763.50	\$ 1,763.50	\$ 32,000.00	\$ 30,236.50	94%
FUEL	\$ -	\$ -	\$ 9,000.00	\$ 9,000.00	100%
REPAIRS & MAINTENANCE	\$ 113.74	\$ 113.74	\$ 15,000.00	\$ 14,886.26	99%
CONTRACTED SERVICES	\$ -	\$ -	\$ 1,700.00	\$ 1,700.00	100%
LEGAL	\$ 2,644.50	\$ 2,644.50	\$ 4,000.00	\$ 1,355.50	34%
AUDIT	\$ -	\$ -	\$ 2,000.00	\$ 2,000.00	100%
ADVERTISING	\$ 4,338.15	\$ 4,338.15	\$ 34,000.00	\$ 29,661.85	0%
TELEPHONE	\$ 65.90	\$ 65.90	\$ 300.00	\$ 234.10	78%
INSURANCE	\$ 1,667.00	\$ 1,667.00	\$ 21,000.00	\$ 19,333.00	92%
TRAINING (FIRE FIGHTER)	\$ -	\$ -	\$ -	\$ -	0%
EQUIPMENT	\$ -	\$ -	\$ 4,450.00	\$ 4,450.00	0%
BOOKKEEPING	\$ -	\$ -	\$ 3,000.00	\$ 3,000.00	100%
PFC EXPENSES	\$ -	\$ -	\$ 25,000.00	\$ 25,000.00	100%
MISCELLANEOUS	\$ 202.00	\$ 202.00	\$ 1,000.00	\$ 798.00	80%
	<b>\$ 33,035.40</b>	<b>\$ 33,035.40</b>	<b>\$2,447,210.00</b>	<b>\$ 2,414,174.60</b>	<b>99%</b>
<b>EXCESS REVENUE OVER/(UNDER) EXPENDITURE</b>	<b>\$ (460.11)</b>	<b>\$ (460.11)</b>			
<b>BALANCE ON HAND - AIRPORT FUND</b>					
BEGINNING BALANCE 10/01/12	\$ 16,991.52				
OCTOBER RECEIPTS	\$ 243,730.23				
SEPTEMBER DISBURSEMENTS	<u>\$ (242,066.69)</u>				
	<u>\$ 18,655.06</u>				

G-2

# MANISTEE COUNTY BLACKER AIRPORT

## OCTOBER 2012 BALANCE SHEET

<b>ASSETS</b>	<b>10/31/2012</b>	<b>9/30/2012</b>
CASH	\$ 18,655.06	\$ 16,991.52
CASH - PFC ACCOUNT	\$ 80,576.11	\$ 80,576.11
ACCOUNTS RECEIVABLE		
PUBLIC CHARTERS	\$ 17,594.89	\$ 17,594.89
AUTO RENTAL	\$ -	\$ -
MISC.	\$ 1,215.26	\$ 2,256.20
<b>TOTAL ASSETS</b>	<b>\$ 118,041.32</b>	<b>\$ 117,418.72</b>

<b>LIABILITIES</b>	<b>10/31/2012</b>	<b>9/30/2012</b>
ACCOUNTS PAYABLE - TRADE	\$ 33,035.40	\$ 31,952.69
ACCOUNTS PAYABLE - COUNTY	\$ -	\$ -
PREPAID HANGER RENT	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b>\$ 33,035.40</b>	<b>\$ 31,952.69</b>

<b>FUND BALANCE</b>	<b>\$ 85,005.92</b>	<b>\$ 85,466.03</b>
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<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 118,041.32</b>	<b>\$ 117,418.72</b>
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<b>PASSENGER FACILITY CHARGES COLLECTED THROUGH 10/31/2012</b>	<b>\$ 88,335.43</b>
STATE OF MICHIGAN (PARKING LOT & T-HANGERS)	\$ (7,625.00)
CONSUMERS ENERGY	\$ (313.50)
STATE OF MICHIGAN (PARKING LOT & T-HANGERS)	\$ 313.50
TRANSFER OF PUBLIC IMPROVEMENT FUNDS	\$ 683.39
MANISTEE COUNTY ROAD COMMISSION	\$ (817.71)
<b>PFC FUNDS AVAILABLE</b>	<b>\$ 80,576.11</b>
<b>PUBLIC IMPROVEMENT FUND - CASH AVAILABLE AS OF 10/31/2012</b>	<b>\$ -</b>

### AUTO RENTAL REVENUE BY COMPANY THROUGH 09/30/2012

ENTERPRISE CAR RENTALS	\$ -
MOWERY LEASING & RENTAL	\$ -
GWK AGENCY	\$ -
<b>TOTAL</b>	<b>\$ -</b>

# MANISTEE COUNTY BLACKER AIRPORT

## NOVEMBER 2012 REVENUE & EXPENSES BUDGET REMAINING 83%

INCOME:	CURRENT MONTH	YEAR-TO DATE	ANNUAL BUDGET	BALANCE \$	%
FEDERAL GRANT - AEAS	\$ -	\$ -	\$2,009,960.00	\$ 2,009,960.00	100%
HANGER RENTAL	\$ 1,525.00	\$ 3,050.00	\$ 28,600.00	\$ 25,550.00	89%
LANDING FEES - PUBLIC CHARTERS	\$ 17,594.89	\$ 35,189.78	\$ 210,000.00	\$ 174,810.22	83%
LANDING FEES - GENERAL AVIATION	\$ 36.00	\$ 90.00	\$ 1,250.00	\$ 1,160.00	93%
AUTO RENTAL SPACE	\$ -	\$ 2,202.14	\$ 5,000.00	\$ 2,797.86	56%
OFFICE RENT	\$ 955.00	\$ 1,910.00	\$ 12,600.00	\$ 10,690.00	85%
COUNTY OF MANISTEE	\$ 9,583.00	\$ 19,166.00	\$ 115,000.00	\$ 95,834.00	83%
CONTRIBUTIONS-MARKETING			\$ 25,000.00	\$ 25,000.00	100%
PASSENGER FACILITY CHARGES	\$ 2,196.00	\$ 2,196.00	\$ 25,000.00	\$ 22,804.00	91%
FUEL SALES	\$ 348.92	\$ 1,010.18	\$ 10,000.00	\$ 8,989.82	90%
SIGN LEASE	\$ -	\$ -	\$ 3,800.00	\$ 3,800.00	100%
MISCELLANEOUS	\$ -	\$ -	\$ 1,000.00	\$ 1,000.00	100%

<b>TOTAL INCOME</b>	<b>\$ 32,238.81</b>	<b>\$ 64,814.10</b>	<b>\$2,447,210.00</b>	<b>\$ 2,382,395.90</b>	<b>97%</b>
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**EXPENSES:**

AEAS CONTRACT-PUBLIC CHARTERS	\$ -	\$ -	\$2,009,960.00	\$ 2,009,960.00	100%
PERSONNEL - MANAGEMENT	\$ 3,400.00	\$ 6,800.00	\$ 41,000.00	\$ 34,200.00	83%
PERSONNEL - OPERATIONS & MAINTENANCE	\$ 17,785.25	\$ 36,177.50	\$ 240,000.00	\$ 203,822.50	85%
DUES & FEES	\$ 345.00	\$ 345.00	\$ 800.00	\$ 455.00	57%
SUPPLIES	\$ 123.04	\$ 571.40	\$ 3,000.00	\$ 2,428.60	81%
UTILITIES	\$ 2,597.65	\$ 4,361.15	\$ 32,000.00	\$ 27,638.85	86%
FUEL	\$ -	\$ -	\$ 9,000.00	\$ 9,000.00	100%
REPAIRS & MAINTENANCE	\$ 1,282.72	\$ 1,396.46	\$ 15,000.00	\$ 13,603.54	91%
CONTRACTED SERVICES	\$ 301.35	\$ 301.35	\$ 1,700.00	\$ 1,398.65	82%
LEGAL	\$ 379.50	\$ 3,024.00	\$ 4,000.00	\$ 976.00	24%
AUDIT	\$ -	\$ -	\$ 2,000.00	\$ 2,000.00	100%
ADVERTISING	\$ 2,467.00	\$ 6,805.15	\$ 34,000.00	\$ 27,194.85	0%
TELEPHONE	\$ 43.70	\$ 109.60	\$ 300.00	\$ 190.40	63%
INSURANCE	\$ -	\$ 1,667.00	\$ 21,000.00	\$ 19,333.00	92%
TRAINING (FIRE FIGHTER)	\$ -	\$ -	\$ -	\$ -	0%
EQUIPMENT	\$ -	\$ -	\$ 4,450.00	\$ 4,450.00	0%
BOOKKEEPING	\$ -	\$ -	\$ 3,000.00	\$ 3,000.00	100%
PFC EXPENSES	\$ 4,363.00	\$ 4,363.00	\$ 25,000.00	\$ 20,637.00	100%
MISCELLANEOUS	\$ 230.69	\$ 432.65	\$ 1,000.00	\$ 567.31	57%

	<b>\$ 33,318.90</b>	<b>\$ 66,354.30</b>	<b>\$2,447,210.00</b>	<b>\$ 2,380,855.70</b>	<b>97%</b>
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<b>EXCESS REVENUE OVER/(UNDER) EXPENDITURE</b>	<b>\$ (1,080.09)</b>	<b>\$ (1,540.20)</b>
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<b>BALANCE ON HAND - AIRPORT FUND</b>	
BEGINNING BALANCE 11/01/12	\$ 16,991.52
NOVEMBER RECEIPTS	\$ 18,764.80
OCTOBER DISBURSEMENTS	\$ (33,035.40)
	<b>\$ 2,720.92</b>

# MANISTEE COUNTY BLACKER AIRPORT

## NOVEMBER 2012 BALANCE SHEET

ASSETS	11/30/2012	10/31/2012
CASH	\$ 2,720.92	\$ 18,655.06
CASH - PFC ACCOUNT	\$ 78,409.11	\$ 80,576.11
ACCOUNTS RECEIVABLE		
PUBLIC CHARTERS	\$ 35,189.78	\$ 17,594.89
AUTO RENTAL	\$ -	\$ -
MISC.	\$ 924.92	\$ 1,215.26
<b>TOTAL ASSETS</b>	<b>\$ 117,244.73</b>	<b>\$ 118,041.32</b>

LIABILITIES	11/30/2012	10/31/2012
ACCOUNTS PAYABLE - TRADE	\$ 33,318.90	\$ 33,035.40
ACCOUNTS PAYABLE - COUNTY	\$ -	\$ -
PREPAID HANGER RENT	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b>\$ 33,318.90</b>	<b>\$ 33,035.40</b>

<b>FUND BALANCE</b>	<b>\$ 83,925.83</b>	<b>\$ 85,005.92</b>
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<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 117,244.73</b>	<b>\$ 118,041.32</b>
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<b>PASSENGER FACILITY CHARGES COLLECTED THROUGH 11/30/2012</b>	<b>\$ 90,531.43</b>
STATE OF MICHIGAN (PARKING LOT & T-HANGERS)	\$ (7,625.00)
CONSUMERS ENERGY	\$ (313.50)
STATE OF MICHIGAN (PARKING LOT & T-HANGERS)	\$ 313.50
TRANSFER OF PUBLIC IMPROVEMENT FUNDS	\$ 683.39
MANISTEE COUNTY ROAD COMMISSION	\$ (817.71)
STATE OF MICHIGAN (RAMP AREAS)	\$ (4,363.00)
<b>PFC FUNDS AVAILABLE</b>	<b>\$ 78,409.11</b>
<b>PUBLIC IMPROVEMENT FUND CASH AVAILABLE AS OF 11/30/2012</b>	<b>\$ -</b>

**AUTO RENTAL REVENUE BY COMPANY THROUGH 11/30/2012**

ENTERPRISE C/R RENTALS	\$ -
MOWERY LEASING & RENTAL	\$ 2,202.14
GWK AGENCY	\$ -
<b>TOTAL</b>	<b>\$ 2,202.14</b>

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# MANISTEE COUNTY BLACKER AIRPORT

DECEMBER 2012 REVENUE & EXPENSES			BUDGET REMAINING		75%
INCOME:	CURRENT MONTH	YEAR-TO DATE	ANNUAL BUDGET	BALANCE \$	%
FEDERAL GRANT - AEAS	\$ -	\$ -	\$ 2,009,960.00	\$ 2,009,960.00	100%
HANGER RENTAL	\$ 1,525.00	\$ 4,575.00	\$ 28,600.00	\$ 24,025.00	84%
LANDING FEES - PUBLIC CHARTERS	\$ 17,594.89	\$ 52,784.67	\$ 210,000.00	\$ 157,215.33	75%
LANDING FEES - GENERAL AVIATION	\$ 27.00	\$ 117.00	\$ 1,250.00	\$ 1,133.00	91%
AUTO RENTAL SPACE	\$ 169.65	\$ 2,371.79	\$ 5,000.00	\$ 2,628.21	53%
OFFICE RENT	\$ 955.00	\$ 2,865.00	\$ 12,600.00	\$ 9,735.00	77%
COUNTY OF MANISTEE	\$ 9,583.00	\$ 28,749.00	\$ 115,000.00	\$ 86,251.00	75%
CONTRIBUTIONS-MARKETING			\$ 25,000.00	\$ 25,000.00	100%
PASSENGER FACILITY CHARGES	\$ -	\$ 2,196.00	\$ 25,000.00	\$ 22,804.00	91%
FUEL SALES	\$ 305.31	\$ 1,315.49	\$ 10,000.00	\$ 8,684.51	87%
SIGN LEASE	\$ -	\$ -	\$ 3,800.00	\$ 3,800.00	100%
MISCELLANEOUS	\$ -	\$ -	\$ 1,000.00	\$ 1,000.00	100%
<b>TOTAL INCOME</b>	<b>\$ 30,159.85</b>	<b>\$ 94,973.95</b>	<b>\$ 2,447,210.00</b>	<b>\$ 2,352,236.05</b>	<b>96%</b>
<b>EXPENSES:</b>					
AEAS CONTRACT-PUBLIC CHARTERS	\$ -	\$ -	\$ 2,009,960.00	\$ 2,009,960.00	100%
PERSONNEL - MANAGEMENT	\$ 3,400.00	\$ 10,200.00	\$ 41,000.00	\$ 30,800.00	75%
PERSONNEL - OPERATIONS & MAINTENANCE	\$ 18,668.00	\$ 54,845.50	\$ 240,000.00	\$ 185,154.50	77%
DUES & FEES	\$ -	\$ 345.00	\$ 800.00	\$ 455.00	57%
SUPPLIES	\$ -	\$ 571.40	\$ 3,000.00	\$ 2,428.60	81%
UTILITIES	\$ 3,128.63	\$ 7,489.78	\$ 32,000.00	\$ 24,510.22	77%
FUEL	\$ 1,252.46	\$ 1,252.46	\$ 9,000.00	\$ 7,747.54	86%
REPAIRS & MAINTENANCE	\$ 58.47	\$ 1,454.93	\$ 15,000.00	\$ 13,545.07	90%
CONTRACTED SERVICES	\$ -	\$ 301.35	\$ 1,700.00	\$ 1,398.65	82%
LEGAL	\$ 127.00	\$ 3,151.00	\$ 4,000.00	\$ 849.00	21%
AUDIT	\$ -	\$ -	\$ 2,000.00	\$ 2,000.00	100%
ADVERTISING	\$ 2,430.38	\$ 9,235.53	\$ 34,000.00	\$ 24,764.47	0%
TELEPHONE	\$ 70.58	\$ 180.18	\$ 300.00	\$ 119.82	40%
INSURANCE	\$ -	\$ 1,667.00	\$ 21,000.00	\$ 19,333.00	92%
TRAINING (FIRE FIGHTER)	\$ -	\$ -	\$ -	\$ -	0%
EQUIPMENT	\$ -	\$ -	\$ 4,450.00	\$ 4,450.00	0%
BOOKKEEPING	\$ -	\$ -	\$ 3,000.00	\$ 3,000.00	100%
PFC EXPENSES	\$ -	\$ 4,363.00	\$ 25,000.00	\$ 20,637.00	100%
MISCELLANEOUS	\$ 300.00	\$ 732.69	\$ 1,000.00	\$ 267.31	27%
	<b>\$ 29,435.52</b>	<b>\$ 95,789.82</b>	<b>\$ 2,447,210.00</b>	<b>\$ 2,351,420.18</b>	<b>96%</b>
<b>EXCESS REVENUE OVER/(UNDER) EXPENDITURE</b>	<b>\$ 724.33</b>	<b>\$ (815.87)</b>			
<b>BALANCE ON HAND - AIRPORT FUND</b>					
BEGINNING BALANCE 12/01/12	\$ 2,720.92				
DECEMBER RECEIPTS	\$ 12,617.57				
NOVEMBER DISBURSEMENTS	\$ (33,318.90)				
	<b>\$ (17,980.41)</b>				

# MANISTEE COUNTY BLACKER AIRPORT

## DECEMBER 2012 BALANCE SHEET

ASSETS	12/31/2012	11/30/2012
CASH	\$ (17,980.41)	\$ 2,720.92
CASH - PFC ACCOUNT	\$ 78,409.11	\$ 78,409.11
ACCOUNTS RECEIVABLE		
PUBLIC CHARTERS	\$ 52,784.67	\$ 35,189.78
AUTO RENTAL	\$ -	\$ -
MISC.	\$ 872.30	\$ 924.92
<b>TOTAL ASSETS</b>	<b>\$ 114,085.67</b>	<b>\$ 117,244.73</b>

LIABILITIES	12/31/2012	11/30/2012
ACCOUNTS PAYABLE - TRADE	\$ 29,435.52	\$ 33,318.90
ACCOUNTS PAYABLE - COUNTY	\$ -	\$ -
PREPAID HANGER RENT	\$ -	\$ -
<b>TOTAL LIABILITIES</b>	<b>\$ 29,435.52</b>	<b>\$ 33,318.90</b>
<b>FUND BALANCE</b>	<b>\$ 84,650.15</b>	<b>\$ 83,925.83</b>

<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 114,085.67</b>	<b>\$ 117,244.73</b>
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<b>PASSENGER FACILITY CHARGES COLLECTED THROUGH 12/31/2012</b>	<b>\$ 90,531.43</b>
STATE OF MICHIGAN (PARKING LOT & T-HANGERS)	\$ (7,625.00)
CONSUMERS ENERGY	\$ (313.50)
STATE OF MICHIGAN (PARKING LOT & T-HANGERS)	\$ 313.50
TRANSFER OF PUBLIC IMPROVEMENT FUNDS	\$ 683.39
MANISTEE COUNTY ROAD COMMISSION	\$ (817.71)
STATE OF MICHIGAN (RAMP AREAS)	\$ (4,363.00)
<b>PFC FUNDS AVAILABLE</b>	<b>\$ 78,409.11</b>
<b>PUBLIC IMPROVEMENT FUND - CASH AVAILABLE AS OF 12/31/2012</b>	<b>\$ -</b>

**AUTO RENTAL REVENUE BY COMPANY THROUGH 12/31/2012**

ENTERPRISE CAR RENTALS	\$ -
MOWERY LEASING & RENTAL	\$ 2,371.79
GWK AGENCY	\$ -
<b>TOTAL</b>	<b>\$ 2,371.79</b>

**ORCHARD BEACH AVIATION****October 2012****RENT**

OFFICE	\$325.00	
HANGER	\$175.00	
FUEL	\$661.26	
LANDING FEES		
TWIN	\$0.00	(0 @ \$9)
JET	\$54.00	(3 @ \$18)

TOTAL	\$1215.26	
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100	1075.4 Gal
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JET	3333.0 Gal
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TOTAL	4408.4 Gal
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General	4058.4 Gal @ .15 = 608.76
PublicCharters	350.0 Gal @ .15 = 52.50
PublicCharters	0.0 Gal @ .08 = 0.00
PublicCharters	0.0 Gal @ .02 = 0.00

**ORCHARD BEACH AVIATION**

**November 2012**

**RENT**

OFFICE	\$340.00	
HANGER	\$200.00	
FUEL	\$348.92	
LANDING FEES		
TWIN	\$18.00	(2 @ \$9)
JET	\$18.00	(1 @ \$18)

**TOTAL \$924.92**

100 1122.8 Gal

JET 1203.3 Gal

**TOTAL 2326.1 Gal**

General	2105.4 Gal @ .15 = 315.81
Public Charters	220.7 Gal @ .15 = 33.11
Public Charters	0.0 Gal @ .08 = 0.00
Public Charters	0.0 Gal @ .02 = 0.00

**ORCHARD BEACH AVIATION**

**December 2012**

**RENT**

OFFICE	\$340.00	
HANGER	\$200.00	
FUEL	\$305.31	
LANDING FEES		
TWIN	\$9.00	(1 @ \$9)
JET	\$18.00	(1 @ \$18)

**TOTAL \$872.30**

100 1313.2 Gal

JET 722.2 Gal

**TOTAL 2035.4 Gal**

General	1535.2 Gal @ .15 = 230.28
PublicCharters	500.2 Gal @ .15 = 75.03
PublicCharters	0.0 Gal @ .08 = 0.00
PublicCharters	0.0 Gal @ .02 = 0.00

<b>GENERAL SERVICES ADMINISTRATION PUBLIC BUILDINGS SERVICE</b>  <b>LEASE AMENDMENT</b>	LEASE AMENDMENT No. 1
	TO LEASE NO. GS-05B-17676
ADDRESS OF PREMISES: Manistee Blacker County Airport 2323 AIRPORT ROAD MANISTEE, MI 49660	PDN Number: NA

**THIS AGREEMENT**, made and entered into this date by and between

whose address is: **County of Manistee**  
415 3<sup>rd</sup> Street  
Manistee, MI 49660-1606

hereinafter called the Lessor, and the **UNITED STATES OF AMERICA**, hereinafter called the Government:

**WHEREAS**, the parties hereto desire to amend the above Lease to extend for a seven (7) year / three (3) year firm term and to update the rental amount.

**NOW THEREFORE**, these parties for the considerations hereinafter mentioned covenant and agree that the said Lease is amended, effective **November 1, 2012** as follows:

GSA Form 3626, U.S. Government Lease for Real Property, Section II Part B, TERM, is hereby deleted in its entirety and replaced with the following:

"To have and to hold, for the term commencing on November 1, 2007 and continuing through October 31, 2019 inclusive. The Government may terminate this lease at any time on or after October 31, 2015 by giving at lease thirty (30) days notice in writing to the Lessor. No rental shall accrue after the effective date of termination. Said notice shall be computed commencing with the day after the date of mailing. The Government may terminate this Lease, in whole or in part, at any time during the term of this lease with thirty (30) days prior written notice to the Lessor if (i) regularly scheduled commercial air services cease, (ii) the airport opts to replace TSA screeners with private contractors, (iii) the checkpoint supported by the leased Space is closed, or (iv) the Government reduces its presence at the airport due to a reduction in enplanements. The effective date of the termination shall be the day following the expiration of the required notice period or the termination date set forth in the notice, whichever is later. No rental shall accrue after the effective date of termination"

GSA Form 3626, U.S. Government Lease for Real Property, Section II Part C, RENTAL, Sections 7&8, is hereby deleted their entirety and replaced with the following:

- "7. \$8,700.00
- 8. \$725.00."

Use of GSA Form 276, Supplemental Lease Agreement, has been discontinued. Any and all references in the Lease to "GSA Form 276" or "Supplemental Lease Agreement" shall be now hereby construed to mean "Lease Amendment."

All other terms and conditions of the lease shall remain in force and effect.  
IN WITNESS WHEREOF, the parties subscribed their names as of the below date.

**FOR THE LESSOR:**

**FOR THE GOVERNMENT:**

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Entity Name: \_\_\_\_\_  
Date: \_\_\_\_\_

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: Lease Contracting Officer  
GSA, Public Buildings Service, \_\_\_\_\_  
Date: \_\_\_\_\_

**WITNESSED FOR THE LESSOR BY:**

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_



# Manistee County Blacker Airport Authority

2323 Airport Road • Manistee, Michigan 49660 • (231) 723-4351

## 2013 AIRPORT AUTHORITY MEETING SCHEDULE

To comply with the Michigan Open Meetings Act 267 of 1976.

The **Manistee County Blacker Airport Authority** will meet on the following dates in the **Airport Conference Room** located in the Manistee County Blacker Airport, located at 2323 Airport Road, Manistee, Michigan 49660:

Monday	February 11, 2013	10:00 A.M. (2 <sup>nd</sup> Monday)
Monday	March 11, 2013	10:00 A.M. (2 <sup>nd</sup> Monday)
Monday	April 8, 2013	10:00 A.M. (2 <sup>nd</sup> Monday)
Monday	May 13, 2013	10:00 A.M. (2 <sup>nd</sup> Monday)
Monday	June 10, 2013	10:00 A.M. (2 <sup>nd</sup> Monday)
Monday	July 8, 2013	10:00 A.M. (2 <sup>nd</sup> Monday)
Monday	August 12, 2013	10:00 A.M. (2 <sup>nd</sup> Monday)
Monday	September 9, 2013	10:00 A.M. (2 <sup>nd</sup> Monday)
Monday	October 14, 2013	10:00 A.M. (2 <sup>nd</sup> Monday)
Monday	November 18, 2013	10:00 A.M. (3 <sup>rd</sup> Monday)
Monday	December 9, 2013	10:00 A.M. (2 <sup>nd</sup> Monday)
Monday	January 13, 2014	10:00 A.M. (2 <sup>nd</sup> Monday)
	(Organizational Meeting)	

Manistee County will provide necessary reasonable auxiliary aids and services, such as signers for the hearing impaired and audio tapes of printed materials being considered at the meeting, to individuals with disabilities at the meeting upon two weeks' notice to the Manistee County Administrator. Individuals with disabilities requiring auxiliary aids or services should contact Manistee County by writing or calling Thomas D. Kaminski, County Administrator, Manistee County Courthouse, 415 Third Street, Manistee, Michigan 49660; (231) 398-3500.

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This notice was posted by Rachel Nelson, Airport Authority Secretary, to comply with Sections 4 and 5 of the Michigan Open Meetings Act (P.A. 267 of 1976) on January 24, 2013 at 10:00 A.M. on the bulletin board located in the main lobby area of the Courthouse and Government Center, 415 Third Street, Manistee, Michigan 49660; and at Manistee County Blacker Airport, 2323 Airport Road, Manistee, MI 49660; giving notice for a regular meeting, posted at least 18 hours prior to the start of the meeting.

Signed:   
 Rachel Nelson  
 Airport Authority Secretary