

MINUTES

Monday, October 12, 2009
12:00 Noon

Manistee County Blacker Airport
Conference Room

Members Present: Ervin Kowalski, Chairperson; Charles Brooks, Vice-Chairperson; Dale Picardat; Paul Schulert; Ed Haik; and Glenn Lottie

Members Absent: Bob Wilson

Others Present: Barry Lind, Airport Manager; George Saylor, Airport Legal Counsel; Russell Pomeroy, Airport Authority Treasurer; and Rachel Nelson, Airport Authority Secretary

Ervin Kowalski, Chairperson, called the meeting to order at 12:05 P.M. Roll was taken by the Secretary.

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, September 14, 2009.

There was a motion by Mr. Lottie, supported by Mr. Schulert to approve the Airport Authority regular meeting Minutes of Monday, September 14, 2009 as presented. Motion carried by unanimous vote.

The Authority next reviewed the September 2009 Accounts Payable Report (APPENDIX A). Mr. Pomeroy noted that the Reed-Joseph International Company payment was for noise makers in relation to the wildlife survey. The Manistee County payment is for Mr. Pomeroy and Ms. Nelson's services on the Airport Authority in addition to the monthly fuel farm payment.

There was a motion by Mr. Brooks, supported by Mr. Haik to approve the September 2009 Accounts Payable Report and authorize payment of the outstanding invoices totaling \$26,456.63.

A roll call vote was taken:

Yeas: 6 (Kowalski; Brooks; Picardat; Lottie; Haik; Schulert)

Nays: 0

Absent: 1 (Wilson)

Motion carried.

The Authority next reviewed the September 2009 Financial Statement (APPENDIX B) which includes a Balance Sheet, a Statement of Revenue and Expenses, and a running account of the Public Improvement Fund. Mr. Pomeroy noted that he will provide the final end of the year information at the November meeting.

There was a motion by Mr. Brooks, supported by Mr. Schulert to approve the September 2009 Financial Statement.

A roll call vote was taken:

Yeas: 6 (Schulert; Haik; Lottie; Picardat; Brooks; Kowalski)

Nays: 0

Absent: 1 (Wilson)

Motion carried.

Mr. Lind informed the Authority that the situation with the DNR regarding the easement and hunting season is the same this year as the previous year. He has been exchanging phone calls and would still like to have a meeting with someone from the DNR. The "No Hunting" signs are still posted from last year on airport property. Mr. Saylor commented that perhaps "No Trespassing" should be added to the signs. The DNR has indicated that the Airport can improve the easement area, however, it was noted that no money should be spent to do so when it is the State's obligation.

Mr. Lind has received a draft of the new airport website to proof and add text to. He expects the website to be completed by mid-November.

The Airfield Marking Project was completed on October 8-9, 2009. Mr. Lind noted that it is a significant improvement. The 2.5% local match (\$1,400) will be paid from the Passenger Facility Charges that have been collected.

Recent negative publicity regarding the EAS was discussed. Mr. Lind also discussed his thoughts regarding the new EAS contract that will go up for bids in several months. He feels that there are six significant properties of good air carrier service - good hub with good connections; reliable; good customer service; good pricing; good equipment; and non-stop service. Each of these areas was briefly discussed.

The annual Part 139 FAA inspection was completed on September 14, 2009. There were four mandatory recommendations. (1) Two fire extinguishers need to be replaced by the end of the year because they are the wrong type. (2) The airport manual has a diagram of signage and there were a few discrepancies that Peckham will correct. One sign needs to be corrected as well. (3) Several runway lights were misaligned, and they were corrected the same day. (4) The current taxiway reflectors are falling apart or missing. Even though the taxiway lighting project will be completed next year, temporary reflectors need to be installed in the meantime. Several other non-mandatory recommendations were made.

Mr. Lind stated that he was glad that he attended the MAAE conference last month. Every year, the conference is held Tuesday through Thursday, and then an Airport Managers 101 class is held on Friday. Mr. Lind recommended that any Airport Authority members interested should attend the class on Friday next year.

Mr. Lind provided the Airport Authority members with some background information regarding MDOT Aviation funding (APPENDIX C). Mr. Lind recently had his annual meeting with MDOT in Lansing.

Part 139 requires that a wildlife survey be done at the airport, which was started in 2005. The survey was completed this past summer. A wildlife safety plan is now required.

Mr. Lind reminded the Authority of the survey that he started several months ago regarding the airport. Although he did not have a formal report ready from the results yet, he noted that mostly current airline passengers replied. Most of the passengers live in Manistee County and north, stating convenience and price as reasons that they fly out of Manistee. Price and schedule were reasons that people chose not to fly out of Manistee. Mr. Lind feels that press coverage in Manistee and Ludington could increase passenger numbers. Mr. Kowalski stated that it wouldn't be a bad idea to invite the Manistee News Advocate and Ludington Daily News to a few of the Airport Authority meetings.

Mr. Lottie reported that the Promotion Committee should be meeting with the Chamber of Commerce soon. He has been following up with the AES and Tribe.

Sheets were handed out showing airplane passenger numbers for 2009 as well as the previous four years (APPENDIX D) and the Orchard Beach Aviation rent information (APPENDIX E). There were no Airport incidents to report.

With there being no further business to come before the Authority, the meeting was adjourned at approximately 1:25 P.M.

Respectfully submitted,

Rachel Nelson, Airport Authority Secretary

Visit: www.manisteecountymi.gov
to view Calendar of Events, County Board Agendas and Minutes, Committee meeting minutes (under Board of Commissioners), etc.

MANISTEE COUNTY BLACKER AIRPORT

SEPTEMBER 2009 ACCOUNTS PAYABLE

| CHECK # | VENDOR NAME | AMOUNT |
|---------|--|---------------------|
| | BARRY LIND | \$ 3,000.00 |
| | CONSUMERS ENERGY | \$ 1,774.12 |
| | A T & T | \$ 19.51 |
| | MICHCON (DTE ENERGY) | \$ 47.79 |
| | GOCKERMAN, WILSON, SAYLOR | \$ 178.25 |
| | WEATHER SERVICES INTERNATIONAL | \$ - |
| | ACE HARDWARE | \$ 37.46 |
| | NAPA AUTO PARTS | \$ 42.48 |
| | REED-JOSEPH INTERNATIONAL COMPANY | \$ 119.00 |
| | FASTENAL | \$ 88.95 |
| | PIPER McCREDIE AGENCY, INC | \$ - |
| | BLUE GLOBES LLC | \$ 68.92 |
| | WAHR HARDWARE | \$ - |
| | DIRECT TV | \$ 79.99 |
| | PECKHAM ENGINEERING | \$ 50.00 |
| | STATE OF MICHIGAN | \$ - |
| | MANISTEE COUNTY | \$ 3,580.73 |
| | TOTAL | \$ 9,087.20 |
| | ADVERTISING INVOICES | |
| | MS CREATIVE SERVICES | \$ - |
| | TOTAL | \$ - |
| | ORCHARD BEACH AVIATION | \$ 17,369.43 |
| | REGULAR HOURS 330 @ 15.00 | 4,950.00 |
| | MAINTENANCE HOURS 66 @ 15.00 | 990.00 |
| | PART 139 LABOR | 11,279.43 |
| | INTERNET | 150.00 |
| | GRAND TOTAL | \$ 26,456.63 |
| | PUBLIC IMPROVEMENT FUND | |
| | TOTAL PUBLIC IMPROVEMENT FUNDS | \$ - |

MANISTEE COUNTY BLACKER AIRPORT

| | SEPTEMBER 2009 REVENUE & EXPENSES | | BUDGET REMAINING | | 0% |
|---|-----------------------------------|-----------------------|----------------------|-----------------------|-------------|
| | CURRENT MONTH | YEAR-TO DATE | ANNUAL BUDGET | BALANCE \$ | % |
| INCOME: | | | | | |
| HANGER RENTAL | \$ 1,225.00 | \$ 17,404.80 | \$ 17,940.00 | \$ 535.20 | 3% |
| LANDING FEES - GREAT LAKES | \$ 13,290.24 | \$ 159,482.88 | \$ 159,483.00 | \$ 0.12 | 0% |
| LANDING FEES - GENERAL AVIATION | \$ 207.00 | \$ 1,197.00 | \$ 3,500.00 | \$ 2,303.00 | 66% |
| AUTO RENTAL SPACE | \$ - | \$ 1,668.12 | \$ 4,200.00 | \$ 2,531.88 | 60% |
| OFFICE RENT | \$ 955.00 | \$ 12,286.00 | \$ 13,500.00 | \$ 1,214.00 | 9% |
| COUNTY OF MANISTEE | \$ 7,791.63 | \$ 93,500.00 | \$ 93,500.00 | \$ - | 0% |
| FUEL SALES | \$ 580.73 | \$ 5,070.48 | \$ 6,500.00 | \$ 1,429.52 | 22% |
| SIGN LEASE | \$ - | \$ 3,400.00 | \$ 3,400.00 | \$ - | 0% |
| MISCELLANEOUS | \$ 7,800.00 | \$ 13,106.00 | \$ 1,000.00 | \$ (12,106.00) | 0% |
| TOTAL INCOME | \$ 31,849.60 | \$ 307,115.28 | \$ 303,023.00 | \$ (4,092.28) | -1% |
| EXPENSES: | | | | | |
| PERSONNEL - MANAGEMENT | \$ 3,000.00 | \$ 36,000.00 | \$ 36,000.00 | \$ - | 0% |
| PERSONNEL - OPERATIONS & MAINTENANCE | \$ 17,219.43 | \$ 216,388.16 | \$ 169,823.00 | \$ (46,565.16) | -27% |
| DUES & MEETINGS | \$ - | \$ 370.00 | \$ 500.00 | \$ 130.00 | 26% |
| SUPPLIES | \$ 88.95 | \$ 769.13 | \$ 2,000.00 | \$ 1,230.87 | 62% |
| UTILITIES | \$ 2,051.90 | \$ 30,611.57 | \$ 35,000.00 | \$ 4,388.43 | 13% |
| FUEL | \$ - | \$ 4,905.79 | \$ 5,000.00 | \$ 94.21 | 2% |
| REPAIRS & MAINTENANCE | \$ 267.86 | \$ 17,689.69 | \$ 7,500.00 | \$ (10,189.69) | -136% |
| TERMINAL IMPROVEMENTS | \$ - | \$ 575.62 | \$ 2,000.00 | \$ 1,424.38 | 71% |
| CONTRACTED SERVICES | \$ - | \$ 1,772.00 | \$ 1,800.00 | \$ 28.00 | 2% |
| LEGAL | \$ 178.25 | \$ 2,076.25 | \$ 5,000.00 | \$ 2,923.75 | 58% |
| AUDIT | \$ - | \$ 1,450.00 | \$ 1,500.00 | \$ 50.00 | 3% |
| ADVERTISING | \$ - | \$ - | \$ - | \$ - | 0% |
| TELEPHONE | \$ 19.51 | \$ 224.69 | \$ 400.00 | \$ 175.31 | 44% |
| INSURANCE | \$ - | \$ 22,181.47 | \$ 26,000.00 | \$ 3,818.53 | 15% |
| TRAINING (FIRE FIGHTER) | \$ - | \$ 8,131.12 | \$ - | \$ (8,131.12) | 0% |
| EQUIPMENT | \$ - | \$ 947.33 | \$ - | \$ (947.33) | 0% |
| BOOKKEEPING | \$ 3,000.00 | \$ 3,000.00 | \$ 3,000.00 | \$ - | 0% |
| NOTES PAYABLE | \$ 580.73 | \$ 5,070.48 | \$ 6,500.00 | \$ 1,429.52 | 22% |
| TRANSFER OUT/FUND BALANCE | \$ - | \$ - | \$ - | \$ - | 100% |
| MISCELLANEOUS | \$ 50.00 | \$ 3,585.51 | \$ 1,000.00 | \$ (2,585.51) | -259% |
| | \$ 26,456.63 | \$ 355,748.81 | \$ 303,023.00 | \$ (52,725.81) | -17% |
| EXCESS REVENUE OVER/(UNDER) EXPENDITURES | \$ 5,392.97 | \$ (48,633.53) | | | |
| BALANCE ON HAND - AIRPORT FUND | | | | | |
| BEGINNING BALANCE 09/01/09 | \$ 15,259.32 | | | | |
| SEPTEMBER RECEIPTS | \$ 20,162.04 | | | | |
| AUGUST DISBURSEMENTS | \$ (26,718.83) | | | | |
| | \$ 8,702.53 | | | | |

B-2

MANISTEE COUNTY BLACKER AIRPORT

SEPTEMBER 2009 BALANCE SHEET

| ASSETS | 9/30/2009 | 8/31/2009 |
|----------------------|---------------------|---------------------|
| CASH | \$ 8,702.53 | \$ 15,259.32 |
| ACCOUNTS RECEIVABLE | | |
| GREAT LAKES AIRLINES | \$ 26,580.48 | \$ 13,290.24 |
| HANGER RENT | \$ - | \$ - |
| MISC. | \$ 1,287.73 | \$ 1,934.41 |
| TOTAL ASSETS | \$ 36,570.74 | \$ 30,483.97 |

| LIABILITIES | 9/30/2009 | 8/31/2009 |
|---------------------------|--------------|--------------|
| ACCOUNTS PAYABLE - TRADE | \$ 26,456.63 | \$ 26,718.83 |
| ACCOUNTS PAYABLE - COUNTY | \$ - | \$ - |
| PREPAID HANGER RENT | \$ - | \$ - |

| | | |
|--------------------------|---------------------|---------------------|
| TOTAL LIABILITIES | \$ 26,456.63 | \$ 26,718.83 |
|--------------------------|---------------------|---------------------|

| | | |
|---------------------|---------------------|--------------------|
| FUND BALANCE | \$ 10,114.11 | \$ 3,765.14 |
|---------------------|---------------------|--------------------|

| | | |
|---|---------------------|---------------------|
| TOTAL LIABILITIES AND FUND BALANCE | \$ 36,570.74 | \$ 30,483.97 |
|---|---------------------|---------------------|

TOTAL PUBLIC IMPROVEMENT FUNDS AVAILABLE **\$ 128,930.51**

| | |
|---|---------------------|
| STATE OF MICHIGAN | \$ 3,375.00 |
| STATE OF MICHIGAN | \$ 124,500.00 |
| STATE OF MICHIGAN | \$ 2,475.00 |
| STATE OF MICHIGAN | \$ 2,400.00 |
| STATE OF MICHIGAN (REFUND GRANT CLOSE OUT) | \$ (36.60) |
| STATE OF MICHIGAN (REFUND GRANT CLOSE OUT) | \$ (8,106.42) |
| STATE OF MICHIGAN (SNOWBLOWER) | \$ 13,138.00 |
| TULIP CITYAIR (SALE OF OLD SNOWBLOWER) | \$ (32,750.00) |
| STATE OF MICHIGAN (REFUND GRANT CLOSE OUT) | \$ (12.29) |
| STATE OF MICHIGAN (REFUND GRANT CLOSE OUT) | \$ (11.94) |
| STATE OF MICHIGAN (REFUND GRANT CLOSE OUT) | \$ (771.02) |
| STATE OF MICHIGAN | \$ 43.90 |
| PUBLIC IMPROVEMENT FUND - CASH AVAILABLE | \$ 24,686.88 |

| | |
|--|---------------------|
| PASSENGER FACILITY CHARGES COLLECTED THROUGH 09/30/2009 | \$ 13,217.35 |
| STATE OF MICHIGAN - TAXIWAY LIGHTING PROJECT | \$ (475.00) |

PFC FUNDS AVAILABLE **\$ 12,742.35**

| | | |
|---|------------------|---------------------|
| BALANCE DUE TO MANISTEE COUNTY ON THE FUEL FARM AS OF: | 9/30/2008 | \$ 24,647.84 |
| | 9/30/2009 | \$ 19,577.36 |

MDOT Aviation Funding

- MDOT Aeronautics is funded by a 3 cent per gallon excise tax
- Tax created in 1928 at 3 cents
 - In 1928 3 cents was 28% of the cost of a gallon
 - Today 3 cents is less than 1% the cost of a gallon
- Tax was reduced in 1948 to 1.5 cents for commercial airlines, remained unchanged for others
- Over the last 10 years the revenue for MDOT Aeronautics has decreased by 15% due to declining fuel sales

C-2 MDOT Aviation Funding

- While costs are rising, revenue is decreasing thus many MDOT aviation programs have been discontinued over the last decade
- Current proposed Federal Aviation Bill would increase the match from 5% to 10%, the state will not have the money to contribute their share (5%), thus we can expect our portion to go from 2.5% to 7.5%
- Current proposal is to change from a 3 cent per gallon to 3% tax

APPENDIX D

Manistee County Blacker Airport

Enplaned/Deplaned

| | 2005 | | 2006 | | 2007 | | 2008 | | 2009 | |
|-------|------------|-------|------------|-------|------------|-------|------------|-------|----------------|------------|
| | Out/In | Total | Out/In | Total | Out/In | Total | Out/In | Total | Out/In | Total |
| Jan | MW 141/118 | 259 | MW 150/101 | 251 | MW 210/164 | 374 | MW 234/169 | 403 | GL 138/106 | 244 |
| Feb | 183/147 | 330 | 137/133 | 270 | 198/184 | 382 | 215/200 | 413 | 112/93 | 205 |
| Mar | 168/199 | 367 | 197/203 | 400 | 224/229 | 453 | 213/200 | 413 | 149/139 | 288 |
| Apr | 132/152 | 284 | 191/218 | 409 | 183/239 | 422 | 18/38 | 56 | 119/140 | 259 |
| May | 162/152 | 314 | 200/217 | 417 | 238/251 | 489 | 0/0 | 0 | 184/180 | 364 |
| Jun | 147/169 | 316 | 233/283 | 516 | 252/309 | 561 | GL 94/113 | 207 | 166/213 | 379 |
| Jul | 232/208 | 440 | 318/332 | 650 | 340/348 | 688 | 278/301 | 579 | 388/439 | 827 |
| Aug | 223/228 | 451 | 349/358 | 707 | 348/305 | 653 | 300/293 | 593 | 429/359 | 788 |
| Sep | 171/158 | 329 | 268/267 | 535 | 278/217 | 495 | 219/190 | 409 | 285/293 | 578 |
| Oct | 131/135 | 266 | 263/221 | 484 | 276/248 | 524 | 173/174 | 347 | | |
| Nov | 159/148 | 307 | 210/205 | 415 | 275/280 | 555 | 168/166 | 334 | | |
| Dec | 142/146 | 288 | 224/242 | 466 | 203/205 | 408 | 159/122 | 281 | | |
| Total | | 3951 | | 5520 | | 6004 | | 4035 | | 3932 |

On-time Performance

| | 2005 | | 2006 | | 2007 | | 2008 | | 2009 | |
|-----|--------------|---------|--------------|---------|--------------|---------|--------------|---------|--------------|------------|
| | Cancel/Delay | On-time |
| Jan | | | | | | | | | 13%/25% | 62% |
| Feb | | | | | | | | | 18%/16% | 66% |
| Mar | | | | | | | | | 8%/11% | 79% |
| Apr | | | | | | | | | 10%/16% | 74% |
| May | | | | | | | | | 2%/10% | 88% |
| Jun | | | | | | | | | 7%/18% | 75% |
| Jul | | | | | | | | | 4%/16% | 80% |
| Aug | | | | | | | | | 2%/12% | 86% |
| Sep | | | | | | | | | 0%/9% | 91% |
| Oct | | | | | | | 11%/31% | 57% | | |
| Nov | | | | | | | 13%/32% | 55% | | |
| Dec | | | | | | | 36%/44% | 20% | | |

ORCHARD BEACH AVIATION

September 2009

RENT

| | | |
|--------------|-----------|-------------|
| OFFICE | \$325.00 | |
| HANGER | \$175.00 | |
| FUEL | \$580.73 | |
| LANDING FEES | | |
| TWIN | \$27.00 | (3 @ \$9) |
| JET | \$180.00 | (11 @ \$18) |
| TOTAL | \$1287.73 | |

| | |
|-------|------------|
| 100 | 1650.3 Gal |
| JET | 2221.2 Gal |
| TOTAL | 3871.5 Gal |