

MCKINNEY AIRPORT DEVELOPMENT CORPORATION

OCTOBER 14, 2013

The McKinney Airport Development Corporation met in regular session in the Dowdy Board Room, 5900 S. Lake Forest Drive, McKinney, Texas, on October 14, 2013 at 8:00 a.m.

Board members present: Frederick Mowery, John Wroten, Steve McCarter, Keith Clifton, Tom Ferraro, Terry Johnson, and Ken Sipiora. Also present Harry McKillop and John Sullivan.

City Staff/Other present: Mayor Brian Loughmiller, Councilman Ray Ricchi, Sandy Hart, Jason Gray, Rodney Rhoades, Pete Huff, Jim Wehmeier, Cayti Stein, Dave Roesch, Ken Wiegand and Cindy Rowe.

13-1050 Oath of Office was administered by City Secretary Sandy Hart to new members Keith Clifton, Tom Ferraro, Terry Johnson and Ken Sipiora.

All members were asked to acknowledge and sign that they had read the new Board Policy particularly to the paragraph regarding 75% attendance.

13-1051 Minutes of the Collin County Airport Development Corporation Meeting of September 9, 2013 was approved by a motion made by Chairman Wroten and seconded by Steve McCarter, 6-0. Member Mowery arrived after the vote.

13-1052 Consider/Discuss/Act on approving the Second Amended McKinney Airport Development Corporation Bylaws. Chairman Wroten also noted that City Council terminated the board's management agreement. Mayor Loughmiller explained that the main change was streamlining all the board processes to where they are operating in a similar manner. Changing from management to advisory is not as major a shift as it recognizes that the airport board makes recommendations to the Council as it relates to airport operations and development. Historically, the final decisions are made by City Council. The mayor also stated that the airport director was hired as an employee of the City and had to answer

to the City Manager as well as the airport board. It was later amended to reporting to the airport board only. MADC has the responsibility of reviewing the airport director's performance and communicating the information to City Council. There were also inconsistencies between the management agreement and the bylaws so it was decided to incorporate the two in order to have one operating document. There were no questions for the Mayor.

A motion was made by Chairman Wroten and seconded by member Keith Clifton to approve the amended bylaws by a vote of 6-0. Member Mowery arrived after the vote.

13-1053 Election of Officers – Board member Tom Ferraro nominated John Wroten to continue as Chairman and nominated Steve McCarter as Vice Chairman. Keith Clifton volunteered to serve as Secretary/Treasurer. Members voted 6-0 to approve the nominations. Member Mowery arrived after the vote.

13-1054 Financial Report – August 2013 airport financials were reviewed by CFO Rodney Rhoades of the Finance department. Bonds were priced for the acquisition for \$5 million on a 12-month note at a .165 interest rate. Another \$12 million in bonds was issued over a 20-year period and also received good rates. The total 22-year issuance blended rate was about 4.1 percent overall. Member Sipiora asked what the actual interest rate was on the \$12 million note. Mr. Rhoades said he thought it was around 4.3 percent, but would find out and report it to the airport director.

13-1055 Board Chairman Report – John Wroten reviewed the subcommittees listed in the board packet. He stated that the Executive and Compliance subcommittees are required by the bylaws. At the next meeting, Chairman Wroten asked members to review the list and decide which ones to keep or change and which ones to participate on. Mayor Loughmiller stated that he thought it would be good to keep the marketing subcommittee to work with MEDC and City Council. Chairman

Wroten noted to members that no more than three board members can be on a subcommittee which includes the Chairman. Member McCarter inquired about the liaisons to MEDC, MCDC and McKinney Alliance. Chairman Wroten replied that the bylaws state the chairman would be assigned as the liaison or his appointee. Pete Huff, Chairman of the McKinney Alliance, spoke about the organization and its purpose.

13-1056 Marketing Report – Fritz Mowery reported that he and Ken Wiegand had met with MEDC and the City's marketing departments a couple of weeks ago to discuss marketing strategies. MEDC will be taking over most of the marketing of the airport. It was discussed whether the airport should join the MEDC marketing group.

13-1057 Board and Liaison Updates:

City Report – Mayor Loughmiller updated members on the purchasing of the airport assets effective November 1, 2013. He stated that he had been speaking to various groups and getting the word out about what the City is trying to do in terms of economic development. He has received positive comments about the airport. He and City staff will be attending the NBAA conference next week to promote the airport. Mayor Loughmiller encouraged board members to attend airport functions and community events to support and promote the airport.

City Manager Jason Gray spoke about the transition process at the airport and the opening of the FBO on November 1, 2013. Members asked Jason about the transition plan and what the biggest hurdles were. Jason gave a brief overview of the plan and staff hired. Chairman Wroten stated that the fuel supplier would be the same one in place today. John Sullivan reminded staff to maintain security for the FBO. He also recommended that after the FBO is up and running that a security assessment be done and then figure out how it can be incorporated into one security package for the airport.

MEDC Report – Jim Wehmeier stated that they were very busy with

projects that were related to the airport and the city. They are seeing more serious inquiries from companies. In regards to the marketing committee, Jim suggested to continue with the airport marketing group with Fritz Mowery and a few others plus Cayti Stein, MEDC marketing specialist.

MCDC Report – Cayti Stein reported that MCDC approved several projects at their last board meeting. They are moving forward with the aquatic facility.

Chairman Wroten reviewed the fuel and operations reports in the board packet. This report is prepared by airport staff. Member Terry Johnson asked why operations were up and fuel sales were down. Chairman Wroten replied that fuel sales went down when the HP Flight department left. Member Tom Ferraro stated that the fuel prices with Cutter Aviation are too high and he hopes the city will consider the supply and demand issue. He also stated that marketing efforts need to be geared to the flight departments, not the passengers. Mayor Loughmiller said the city/airport needs to shift from where we are to where we can be. McKinney is not land locked and has easier access with no delays. We need to look at what is the next step – hangar development, restructuring the Aerospace and HP facilities, modifying the FBO. Love Field has seven FBOs and plans to de-incentivize corporate aviation in an effort for more commercial business. This is a good time to step in with our business plan and be competitive. John Sullivan reported that he did a market survey for a client and surveyed 100 operators who flew into the Metroplex. They were asked what their primary reason was in choosing an airport. Number one was proximity to the meeting their passengers were going to and number two was fuel prices.

13-1058 Airport Executive Director Report – Ken Wiegand congratulated the new board members and thanked the Mayor, City Council and City Manager for their support. It was suggested to change the fuel report and show

100LL and prices. Operations are up 6.3% which is very encouraging. The main goal for the FBO transition is to provide the services and products that people are used to by November 1, 2013. Equipment has been ordered and city staff in IT, Finance, Marketing, Building Operations, and Purchasing has been working hard on getting everything in place. Staff has been hired and the new FBO Manager starts October 28, 2013. Jason Gray stated that he is still in negotiations with Cutter Aviation for keeping part of their services at TKI for a while and the phone number. Jason Gray stated that the City has a non-compete agreement with Schuler Development, but not with Cutter Aviation. The Mayor stated that Cutter has never had an agreement with the City for FBO services. Their FBO management agreement is with Schuler Development which ends October 31, 2013.

Ken updated members about a new apron reconstruction TxDOT Aviation project. Airport apron space is deficient and this project will enlarge the apron as well as repaving the existing area. The design and engineering has begun by KSA Engineers, our engineers of record. He also stated that he would like to update the Airport Layout Plan (ALP) in the next year or two. The last one was completed in early 2012. The minimum standards need to be updated as well as the development process. Ken said he would like the board to review the strategic and business plans.

Citizen Comments – Pilot Dick Stephens and a member of EAA 1246 spoke on behalf of CAF as a volunteer. He stressed how important the CAF is to the community. He also stated that fuel prices at TKI were too high and that he hopes the board will consider adding a self-service fuel pump.

Chairman Wroten recessed the regular meeting at 9:38 a.m. After a brief break, members convened into Executive Session at 9:42 a.m.

In Accordance with the Texas Government Code: A. Section 551.072. Deliberations about Real Property: Project 12-01 B. Section 551.087. Deliberation Regarding Economic Development Matters: Projects 09-03, 10-03, 12-05, and 13-01.

Members reconvened into open session at 10:25 a.m. with no action resulting from the executive session. Chairman Wroten suggested a board retreat to help get new members up-to-date with the events at the airport. Member Keith Clifton suggested adding an extra hour to a regular board meeting.

The meeting adjourned at 10:28 a.m.

John Wroten, Chairman