

McKINNEY AIRPORT DEVELOPMENT CORPORATION

MAY 21, 2015

The McKinney Airport Development Corporation met in regular session in the Dowdy Board Room, 5900 S. Lake Forest Drive, McKinney, Texas, on May 21, 2015 at 8:00 a.m.

Board members Present: Keith Clifton, Kenneth Sipiora, Tom Ferraro, David Vaughan, and Shqiprim "Doc" Vranici. Absent: John Wroten, Steve McCarter, and Terry Johnson.

Other Liaisons/City/Staff/Guests present: I n t e r i m City Manager Tom Muehlenbeck, Deputy City Manager Jose Madrigal, Trevor Minyard, Dave Roesch, Patricia Jackson, and Airport staff Ken Wiegand, Mark Jaraczewski, Eric Pratt, and Cindy Rowe.

Secretary/Treasurer Keith Clifton called the meeting to order at 8:02 a.m. after determining a quorum was present.

15-494 Minutes of the McKinney Airport Development Corporation Meeting of March 20, 2015 – Keith Clifton and Tom Ferraro referred to an email by Chairman Wroten questioning if a comment he made concerning the results from the security assessment was included in the May agenda. Ken Wiegand confirmed with John that it was in the March minutes and sent him a copy highlighting the section. Ken informed Mr. Wroten that since John Sullivan, Security Chairman, could not attend the May meeting that the item was not included, but would be included in the next agenda. Members unanimously approved (5-0) on a motion by Board member Tom Ferraro, seconded by Board member Kenneth Sipiora, to refer the minutes to City Council for approval.

15-495 Financial Reports – Trevor Minyard from Finance presented the February, March and April financial reports. The April report was presented in a new format showing the Summary Operating Statement, Construction Fund Project Detail, and Statement of Net Assets. Going forward, the monthly financial reports will adopt this format. Member

Sipiora stated that the airport is not making money due to the City's subsidy and the debt service. Ken Wiegand pointed out that the airport generates tax revenue. Mark Jaraczewski stated that the transfer and the debt service hit at one time. Trevor Minyard summarized that what the board is asking for on a monthly basis is three net numbers: the Net Surplus/Deficit that includes everything as well as excluding the debt and/or the transfer.

A new Interactive Financial Reporting program will be available on the City's website for public viewing soon. Trevor demonstrated the on-line program showing live presentation of the expenses and revenue for the entire City. Currently, two reports were created for the airport to view expenses and revenue. There is also a place you can click to send questions to the Finance staff. Sensitive information will not be shown such as EDC initiatives, social security numbers, addresses, phone numbers, etc. A check register for the City can also be viewed. Trevor was thanked by all for a job well done. Board members unanimously approved the motion by Board member Tom Ferraro, seconded by Board member David Vaughan, to accept the Financial Reports as presented.

15-496 Airport Department Reports – Ken Wiegand stated that his monthly report along with reports from Airfield Operations and the FBO was included in the board packet. He reviewed the highlights with a PowerPoint presentation which included a confirmation of a programmed planning grant for a master Plan Update in FY2016 and budget requests for FY2016. Ken thanked Eric Pratt for getting rid of the derelict aircraft on the airport. He asked Patricia Jackson, the City's Facility Construction Manager, to update the board on the new Common Hangar project. She stated that Development Services/Engineering was in the process of finalizing internal reviews and obtaining permits. The hangar project should break ground in the next couple of weeks with a completion goal of November 2015. Patricia showed a slide of the hangar floor plan

noting that it was 15,000 sf of hangar and 2,000 sf of office space. Total budget for the project is \$1.7 million. Member Keith Clifton inquired about improving processes in development services to speed up projects. Patricia stated that projects normally go through a multi-month process for review that includes going to Planning/Zoning as well as City Council. She stated that they have expedited reviews as best as they can and bypassed Planning/Zoning and City Council to help speed up the airport project. Normally, from start to finish, a project may take six months for reviews, etc., but they have cut a couple of months on this project. Member Clifton inquired about the current status and Patricia stated that they were at the tail-end of the process. Member Clifton asked if there was a process to dissect the project for a client in order to make improvements in the future. Patricia stated her department performs a "lessons-learned" on all projects. Later in the year, Development Services will implement a new on-line land management system that will include the whole review and permitting processes for internal use only.

15-497 Review of Proposed FY2015-16 Fee Schedule for McKinney Air Center. Ken Wiegand and Mark Jaraczewski reviewed the proposed fee schedule changes (included in the board packet) which are Appendix A of the Code of Ordinances. The proposed changes in fees were highlighted in red and included Customs agent overtime, T-hangar pull-out/push-back, Tie-downs, Community hangars, Fuel markup and Self-service fees. Member Ferraro questioned the increase in tie-down fees. Member Sipiora stated that he was in favor of increasing the proposed fees. Member Vaughan suggested that staff be sensitive to the increase in tie-downs and do it gradually. Member Clifton stated that communicating the fee increases effectively was important in keeping tenant concerns to a minimum. Mark Jaraczewski explained that he was looking at other comparable airport's fees and trying to capture more revenues to pay the FY15-16 \$1.3 million debt service. Ken Sipiora inquired about the fuel and self-fuel prices.

Member Ferraro commented that the Avgas self-fuel pump would be used primarily by based customers; however, he did not think the discount was enough to generate much business. Member Vaughan made suggestions on the ramp fee charges which he felt were low with some of the larger aircraft. Some board members wanted staff to bring the final changes of the fees to the next board meeting (July 16, 2015). However, Interim City Manager Tom Muehlenbeck stated that he was concerned about the timing as the airport budget will go to City Council for approval the first of July 2015.

Board members unanimously approved (5-0) the motion by Board member Tom Ferraro, seconded by Board member Kenneth Sipiora, to accept the fee schedule with the recommendation to staff to revisit the minimum gallon and ramp fees for light and heavy jets.

Interim City Manager Tom Muehlenbeck discussed the upcoming bond election and stated that the Bond Committee unanimously recommended the \$50 million for the airport that includes the purchase of land and facilities. Council accepted their report and in July City staff will develop the wording for the bond referendum so as to not “box in” what can be done.

A retired Air Force Civil Engineer and pilot Tom Udall offered his services to the airport staff and the board.

Member Keith Clifton reminded everyone that board applications would be available next month (June 19, 2015) for anyone wanting to apply to any of the City's boards. Keith questioned the existing MADC By-laws and several sections (i.e., number of meetings, agenda creation, and approving the airport budget) as not being in-line with current board actions. Keith stated that he wanted to be sure the board was in compliance in particular that we have fulfilled our budget approval responsibilities. Mr. Muehlenbeck stated that since the direction of the board changed (October 2013), it might be advisable to meet and discuss what is in the airport charter. Keith suggested a board meeting in June to discuss the By-laws. Mr. Muehlenbeck stated that he questioned the “Corporation” status of the board since it was changed to “Advisory” by

City Council. Deputy City Manager Jose Madrigal stated that after the board was changed to advisory, a Work Plan was presented and adopted on January 15, 2015 by board members as well as changing the meetings to every other month. Mr. Madrigal stated that staff is working off the Work Plan and if board members want to change it, then it needs to be discussed. Mr. Clifton stated that he thought it was a good plan, but wanted to talk about adding or changing items. Mr. Muehlenbeck commented that the board may need a policy on how to place items on the agenda. For example, City Council's policy is that the Mayor plus two Council members are required to place an item on the City's agenda. Board members were in agreement to hold a June meeting. Mr. Madrigal commented that MADC is still in transition to advisory status and is very different from the MEDC and MCDC boards. He stated that it would be easy to update the By-laws with staff and legal. Mr. Muehlenbeck stated that the update meeting would need to include the Council Liaisons to the airport and that Mr. Roger Harris, current liaison, will be going off the Council next month (June 22, 2015). Board members agreed a meeting on the By-laws was needed; however, due to the timing of new City Council members, it may not happen until later in July 2015.

Vice-Chairman McCarter recessed the regular meeting at 9:18 a.m. and members convened into Executive Session. In accordance with the Texas Government Code: Section 551.076. Deliberations about Security Devices or Security Audits.

Members reconvened into open session at 9:35 a.m. with no action resulting from the executive session.

There were no citizen comments. A motion to adjourn was made by Member Sipiora and seconded by Member Ferraro, passed 5-0.

KEITH CLIFTON
Secretary/Treasurer