

**OSCODA-WURTSMITH AIRPORT AUTHORITY  
BOARD OF DIRECTORS  
August 19, 2021 Meeting Minutes**

This meeting was conducted with the option of attending in person at the Airport Terminal Building, located at 3961 E. Airport Drive, Oscoda, Michigan 48750 or via Zoom meeting services.

**I. VICE CHAIRMAN SWISE CALLED THE MEETING TO ORDER AT 10:00 A.M.**

**II. ROLL CALL:**

KEVIN BOYAT	ABSENT
KEVIN BELIVEAU	PRESENT
ROB HUEBEL	PRESENT
ANN RICHARDS	PRESENT
JOHN SWISE	PRESENT
MIKE MUNSON	PRESENT
DAVE DAILEY	ABSENT

**OTHERS PRESENT:**

GARY KELLAN – AIRPORT MANAGER  
JACK BROWN – ASSISTANT AIRPORT MANAGER  
BRENDA MCNEILL- ADMINISTRATIVE ASSISTANT  
PATRICIA ALVORD- OSCODA PRESS  
BOB STALKER- GOVHr  
EVAN STORY- PHOENIX AVIATION SERVICES  
JOHN SCANLON- PHOENIX AVIATION SERVICES  
SANFORD SWEET – PHOENIX AVIATION SERVICES  
MARK MILLER  
BRIAN MORK

**III. ADOPTION OF AGENDA**

Mr. Kellan requested a correction to the agenda under Financial Business “Item C” – FY 2021 Proposed Budget presentation should be changed to FY 2022 Proposed Budget presentation. Mr. Kellan also requested an addition to the agenda also under Financial Business inserting discussion regarding Taxiways A,B and C resurfacing project.

Vice Chairman Swise called for adoption of the modified meeting agenda

**Mr. Munson made a motion to adopt the agenda with modifications as presented. Ms. Richards supported the motion. No further questions or comments. Motion carried by voice vote.**

**IV. Approval of July 15, 2021 Meeting Minutes**

Mr. Swise called for a motion to approve the July 15, 2021 meeting minutes.

**Mr. Huebel made a motion to approve the July, 2021, meeting minutes as presented. Mr. Beliveau supported the motion. No further questions or comments. Motion carried by voice vote.**

**V. Financial Business**

**A. Financial Activities Report for July 2021**

Ms. Richards and Mr. Kellan have reviewed bank statements and financial transactions during July 2021. A list of bills processed for payment, totaling \$ 125,792.57 was provided with the meeting information materials. Mr. Kellan noted this list includes \$34,250.00 having been paid to Dore & Associates Construction. This was the final payment for demolishing Building No. 5006. When excluding that one-time capital expense, the other general operating expenditures totaled approximately \$91,542.57.

**Mr. Beliveau made a motion to accept the July 2021 financial activities report - - which includes payment transactions totaling \$ 125,792.57. Mr. Huebel supported the motion. Mr. Swise, Yes, Mr. Beliveau, Yes, Ms. Richards, Yes, Mr. Munson, Yes, Mr. Huebel, Yes. Motion carried.**

**B. FY 2021 – 3<sup>rd</sup> Quarter Budget Report**

Mr. Kellan provided matrices reporting the status of the OWAA FY 2021 budgeted revenue and expenditures through June 30, 2021. Mr. Kellan reported for the most part FY 2021-line items are tracking relatively consistent with amounts allocated. As of June 30, 2021 the airport has collected 90% of revenue that was anticipated during the year. Therefore, Staff is not proposing line-item amendments for the final quarter of FY 2021.

Mr. Kellan reported an area of concern was with having to carry the water bills and rebilling OWAA tenants. Mr. Munson asked if there has been any action regarding the water bills. Mr. Kellan said he has had discussions with Township Staff and has been encouraged to follow up with a letter to the Township.

### **Expenditures**

For the most part the expenditures are on track, with a few running at a higher percent. Mr. Kellan addressed the overtime that occurred during the winter months and how the snowplowing affects Staff overtime. He also addressed future overtime for Staff who will be monitoring and escorting the construction crew who will be performing crack sealing on the runway.

Other line items that appear to be tracking higher were Administrative Operating Supplies, Insurance, although this line item appeared heavy for this quarter, Mr. Kellan did not anticipate much more insurance invoicing through the balance of the year. Janitorial and custodial supplies were also tracking higher due to Air Mobility Command Staff located in the Terminal Building.

Mr. Kellan said he would be adjusting the Engineering Consultants line item as some of the money was utilized for Capital Improvement. The line item for Building Maintenance and Equipment appears to also be running high and this was due in part to work performed on the hangar doors.

Overall, OWAA is at approximately 60% of the budget at the 75% milestone of the budget year.

### **Revenue**

The revenue is primarily funded from cash reserves, although during the quarter Mr. Kellan reported that a check from the Local Development Finance Authority was deposited for their portion of the demolition of Building 5006.

### **Expenditures**

The line item for Large Equipment Capital Maintenance and Repairs was consumed 100% with engine repairs for plow truck no. 5. Overall, the total Capital Improvement Expenses at the 3<sup>rd</sup> Quarter are at 53%.

**Mr. Munson made a motion to accept the FY 2021 – 3<sup>rd</sup> Quarter Budget Report as presented. Ms. Richards supported the motion. Mr. Beliveau, Yes, Ms. Richards, Yes, Mr. Munson, Yes, Mr. Huebel, Yes, Mr. Mr. Swise, Yes. Motion carried.**

### **Agenda Addition – Taxiways A,B & C Resurfacing**

Mr. Kellan announced that MDOT Aeronautics has agreed to fund 95% of the Airport's Taxiway Resurfacing Project. The Airport's Consultant, Mead & Hunt and the Bureau of Aeronautics lobbied on behalf of OWAA and agreed to fund the Taxiway Resurfacing Project at 95%. The Engineers Cost Estimate totals \$7,770,000. The Airport's 5% share would be \$388,500. The design work and bidding would take place in 2022 and the construction in 2023. Mr. Kellan said the Airport would have to pay a share of the Engineering costs in 2022 and the construction share would be billed in 2023. Mr. Kellan shared this information prior to discussing the budget

for next year as the information was not known when putting the budget together. Mr. Kellan reminded the board in 2014 minor surface treatments were applied to the taxiways in order to get another five years out of the asphalt. The taxiways would not qualify for another surface treatment and would structurally need to be milled and filled where an actual layer of asphalt is removed and replaced. Mr. Kellan will be putting together a thank you letter to both Mead & Hunt and the Bureau of Aeronautics.

Ms. Richards asked what type of grant was provided. Mr. Kellan said the grant is under the FAA Airport Improvement Program.

Mr. Kellan noted the e-mail provided to the board members from MDOT included a high priority Consultant Procurement was needed. The FAA allows the airport to retain an Engineering firm for up to five years at a time without having to rebid. A solicitation for Consulting Services was conducted in 2019. At that time, it was hopeful that the taxiways could take on another surface treatment, therefore the airport did not have “reconstruct” on the Airport Capital Improvement Plan. The FAA is asserting that since all the Consultants that competed for it may have done so in a different manner knowing that if they would have known that the taxiway systems were going to be reconstructed during that five-year period. The Airport now will have to fast track a Consultant Procurement process that identifies this project with a deadline of September 11, 2021.

Mr. Munson asked about the period of time the project would take to complete and work around for the general aviation aircraft. Mr. Kellan said there would most likely be a phasing process and traffic management so that the runway would not need to be closed.

No action was needed.

Mr. Kellan continued with budget discussion.

The primary source of revenue for next year’s Capital Improvements Budget is the continuation of the Brownfield Redevelopment Grant and cash reserves.

The Capital Investment Projects include modifications to Building No. 16., the purchase of a skid steer and towable compressor, pavement roller and a Ferris Mower.

Mr. Kellan asked the board to give additional consideration regarding the proposed \$300,000 for T-Hangar construction which will drive the capital expenditures budget up to \$809,000 before adding in the local match of \$388,500 from the taxiway project. Mr. Kellan recommended adopting the budget and when the grant agreement is brought to the board a budget adjustment could be discussed by the Executive Committee on what items will need to be deferred.

Mr. Beliveau suggested the t-hangar project could potentially be pursued by private investors. Mr. Kellan agreed that would be good.

Ms. Richards and Mr. Beliveau suggested the T-Hangar project be removed from the budget and replaced with the taxiway project.

Mr. Swise called for a motion.

**Mr. Beliveau made a motion to remove the budgeted \$300,000 for t-hangar construction from the proposed capital improvements budget and replace with \$388,500 for the local match in support of the MDOT Airport Taxiway Resurfacing project. Ms. Richards supported the motion. Mr. Beliveau, Yes, Ms. Richards, Yes, Mr. Munson, Yes, Mr. Huebel, Yes, Mr. Swise, Yes. Motion carried.**

**C. FY 2022 – Proposed Budget Presentation – Adopting Resolution No. 2021-05**

With assistance from members of the Executive Committee, proposed General Operations and Capital Improvement budgets have been developed for FY 2022. The same matrices prepared to demonstrate FY -2021 3<sup>rd</sup> quarter budget status includes a column that demonstrate the proposed budgetary allocations for FY 2022.

**1. OWAA Cash Reserves: As of July 31, 2021 OWAA cash reserves are demonstrated below.**

<b>PNC Bank</b>	<b>\$ 381,010.15</b>
<b>Chemical Bank</b>	<b>\$1,979,429.80</b>
<b>Total</b>	<b>\$2,360,439.95</b>

**2. General Operating Revenue:**

Tenant rent payments continue to serve as the primary source of revenue in support of OWAA operating expenses. The proposed budget increases the anticipated lease revenue by \$50,000 as compared to amounts budgeted for FY 2021. The sources of additional lease revenue include scheduled rent increases and the rent for land area that has been recently leased to Kalitta Air for Hangar No. 10 development. Please notice that a contribution of \$65,100.00 from cash reserves is allocated as revenue in support of implementing all of the proposed expenditure allocations.

**3. General Operating Expenses:**

**a. Employee Wage and Benefit Expenses**

Within the proposed budget, the schedule of employee wages and benefits exceeds the 2021 allocation by approximately \$142,500. The additional expenses include a 10% increase for existing hourly wage employees and for adding a heavy equipment mechanic to the

maintenance team. The proposed budget also includes \$ 100,000 as a ‘place-holder’ amount, to cover the anticipated annual salary for the new Airport Director position. It also allocates up to 3-months’ salary for paying the retiring Airport Manager – if his service is continued during recruitment, hiring and transition to the new Airport Director.

b. Other General Operating Expenses

The proposed allocations for other general operating expenses are relatively consistent with recent past annual budgets.

**4. Capital Improvements Budget:**

**1. Revenue:**

The proposed Capital Improvements budget forecasts one outside source of revenue during FY 2022. That funding is \$10,000.00 from the Michigan Department of Environment and Great Lakes Energy (EGLE) for carried forward portions of the extended Brownfields Redevelopment Grant. Otherwise, funding for implementing all other proposed capital improvements will be funded from OWAA cash reserves.

**2. Expenditures:**

The proposed Capital Improvements Budget includes allocations for completing the projects and purchases listed below.

<b>Line Items</b>	<b>Proposed Allocation</b>	<b>Remarks</b>
<b>Painting Buildings</b>	<b>\$75,000</b>	<b>For completing another phase of building painting.</b>
<b>Building Improvements</b>	<b>\$150,000</b>	<b>Bldgs. 16 &amp; 18 Floor Drains and Oil-Water Sep. Replace 2 overhead doors and 2 airfield fence gates.</b>
<b>Airfield Maint. Equip.</b>	<b>\$60,000</b>	<b>Purchas a skid Steer, towable air compressor and a pavement roller.</b>
<b>Mowing Equipment</b>	<b>\$13,500</b>	<b>Replace one riding mower.</b>
<b>Engineering / Prof. Services.</b>	<b>\$75,000</b>	<b>Design and bidding Services in support of Bldg 16 modifications and T-Hangar Development.</b>
<b>New Building Construction</b>	<b>\$300,000</b>	<b>Starting point allocation for T-Hangar construction.</b>
<b>East General Aviation</b>	<b>\$11,500</b>	<b>A portion of local match for an estimated \$780,000 grant funded project</b>

<b>Pavements Rehab – Design Phase</b>		
<b>Rehab Box Hangars – Design Phase</b>	<b>\$ 29,963</b>	<b>A portion of local match for an estimated \$ 8.5 M project.</b>
<b>Total</b>	<b>\$ 714,963</b>	

**5. Combined Financial Impacts of Implementing all of the Proposed Activities:**

<b>Projected Results of Implementing the Proposed FY 2022 Budget</b>			
<b>FY 2022</b>	<b>Revenue</b>	<b>Expenditures</b>	<b>End Balance</b>
<b>General Fund</b>	<b>\$ 1,191,100.00</b>	<b>\$ 1,256,200.00</b>	<b>[\$ 65,100.00]</b>
<b>Capital Improve Fund</b>	<b>\$ 10,000.00</b>	<b>\$ 809,963.00</b>	<b>[\$ 799,963.00]</b>
<b>Net Total</b>	<b>\$ 1,201,100.00</b>	<b>\$ 2,066,163.00</b>	<b>[\$ 865,063.00]</b>

**Mr. Munson made a motion to adopt Resolution 2021-05 which establishes the proposed financial budget for FY 2022. Mr. Huebel supported the motion. Ms. Richards, Yes, Mr. Munson, Yes, Mr. Huebel, Yes, Mr. Swise, Yes, Mr. Beliveau, Yes. Motion carried.**

**VI. Current Business**

**A. Oscoda Engine Services Lease**

Mr. Kellan reminded the board Oscoda Engine Services leases a jet engine testing facility and six (6) buildings from OWAA . The term of that lease is currently due to expire on September 30, 2021. The lease agreement provides Oscoda Engine Services with options to extend tenancy for two additional 1-year increments. Oscoda Engine Services has provided Staff with an e-mail with their desire to exercise the first option of extension. Members of the Executive Committee and Staff met with representatives of Oscoda Engine Services regarding the extension and there are additional details that will need to be worked through. Staff anticipate providing additional information and perhaps action recommendations during the September 2021 OWAA meeting. Mr. Kellan noted that no action was needed at this time.

**B. Phoenix Flight Services – FBO Lease Extension**

Mr. Kellan reported Phoenix Flight Services is a subsidiary of Phoenix Composite Solutions. Pursuant to ‘Lease’ and ‘Operator’ agreements, Phoenix Flight Services provides Fixed Base Operator (FBO) services and aviation fuel sales from OWAA owned properties. The term of said Lease and Operator agreements are due for renewal.

The Operating agreement provides that the Airport Authority is to receive 5 % of FBO annual net profits. A list of year-end financial results during the past 10-years was provided on the meeting table. As one can see, Phoenix Flight Services has reported net losses during 7 of the past 10-years. Those losses have been absorbed by the parent company Phoenix Composite Solutions. As a result, there have been no annual profits to be shared with OWAA during loss years. Nor has Phoenix Flight Services requested contributions from OWAA during loss year.

Phoenix Flight Services recently sold considerable amounts of jet fuel to the United States Air Force in support of the Mobility Guardian 2021 military exercises. It is our understanding that the resulting profits will exceed the total of all losses incurred during the past 10-years. Representatives of Phoenix Composite Solutions, Mr. John Scanlon and Mr. Evan Story were present to report on how the FBO is progressing and plans for future development.

Mr. Evan Story reported on the profit and loss for 2020 for Phoenix Flight Services. The FBO had a 51% decrease in sales over the year 2019 due in part to fuel sales. Aircraft repairs, annuals, aircraft rental and flight instruction were down from previous years.

Mr. Story reported a loss of approximately \$285,000 from 2018 through 2020. Most of that loss occurred in 2020.

Fuel sales fluctuated in 2020. No layoffs with three full time employees were reported during the COVID-19 period. Some expenses that decreased were the phone system and internet.

Looking at the year 2021, Mr. Story reported the Military exercise (Mobility Guardian 2021) was a positive experience and the FBO was able to help support the exercise with fuel, water and hangar space. He also mentioned that fuel costs have increased for 2021. Efforts have been made to purchase large amounts of fuel when the cost is low. In addition, the Airport has turned over a building with storage units to the FBO in order to capture additional rents.

Mr. Scanlon reported on staffing for the FBO. He reported that the third party refueling for Kalitta has decreased to zero during the pandemic and has not come back yet. In addition, another tenant of the airport is now bringing in their own fuel and have continued to do this. Mr. Scanlon reported the Mobility Guardian Exercise that took place in the spring and the contracted work that the FBO completed made a significant positive impact on the FBO.

Further discussion/updates and a slide show presentation by Mr. John Scanlon followed.

Mr. Kellan reminded the board that Phoenix Composite Solutions has been absorbing the losses over the past 10 years. The current year was positive due to the military exercises taking place and the sale of fuel. Mr. Kellan said the Executive Committee has met and recommends that the revenue that was generated from the recent military exercise would be separated and retained to recoup the losses over the last ten years. The calculation for 2021 would then be based on 5% after the reimbursement to the company.



Further discussion took place regarding future profit and loss amongst Mr. Scanlon and Mr. Beliveau. Mr. Kellan suggested that the motion for today's meeting be abbreviated to just the 10-year loss and what has been gained due to the military exercise and sale of fuel.

Mr. Kellan said he would need to work further with the Auditor and Attorney as it relates to going forward and amending the operating agreement.

Mr. Beliveau sought to confirm that all board members were clear as to the effect of the Executive Committee's proposal. Board members agreed.

**Mr. Beliveau made a motion to allow Phoenix Aviation Services to retain revenue generated from the recent military exercise to recoup losses over the past ten years allowing the 2021 calculation to the Oscoda-Wurtsmith Airport to be based on 5% after the reimbursement. Mr. Munson supported the motion. Mr. Huebel, Yes, Mr. Swise, Yes, Mr. Beliveau, Yes, Ms. Richards, Yes, Mr. Munson, Yes. Motion carried.**

### **C. Hangar Door Maintenance**

Mr. Brown reminded the board a maintenance package with Powerlift Door Company was approved for cell no. 9 door repair. He reported the company was on site for approximately four days and the door is now adjusted and greased.

He also reminded the board that there was previous discussion on putting together a maintenance plan for other doors in need of maintenance. Mr. Brown said the same company is willing to come up to maintenance another door and he states that he has targeted Cell 10 door which is leased to Kalitta. Recently, Powerlift Door Company contacted Mr. Brown and said they are owned by Gear Wrench and that company is no longer going to support Powerlift Door Company; therefore, the door will need to be repaired prior to the end of September. Mr. Brown reported he and Mr. Kellan have discussed this and would like to move forward with repairing the door to Cell 10.

**Mr. Munson made a motion to contract with Powerlift Door Company to refurbish Cell 10 door at a cost not to exceed \$15,000. Mr. Huebel supported the motion. Ms. Richards, Yes, Mr. Munson, Yes, Mr. Huebel, Yes, Mr. Swise, Yes, Mr. Beliveau, Yes. Motion carried.**

## **VII. Airport Manager Comments**

- A. Runway Crack Sealing and Paint Marking**
- B. Taxiways Crack Sealing and Paint Marking**

Mr. Kellan reported both crack sealing and paint marking projects on the runway and taxiways will begin August 25<sup>th</sup> and are expected to be completed by August 29<sup>th</sup>. This

project will be monitored by Airport Maintenance crew as a work in progress. The Maintenance Staff will monitor airport radio traffic and will escort the construction crew off of the runway as needed. Mr. Kellan reminded the board that both the runway and taxiway crack sealing projects have been funded by the State.

**C. Michigan Launch Initiative**

Mr. Kellan reported representatives of both the Oscoda Township and Airport will be represented at the North American Space Summit taking place at the end of the month. an exhibition booth will be shared.

There is no current news to report in relation to the Michigan Launch Initiative.

**D. Brownfield Redevelopment Grant Extension**

Mr. Kellan reported the grant was due to expire in August but the grant agency had residual monies and they agreed to carry the grant into 2022.

**E. Airport Director Recruiting**

Mr. Kellan introduced Mr. Stalker from GovHr to update the board regarding this topic.

Mr. Stalker reported that the recruitment has gone through the first two phases. This involved stakeholder interviews with board members and Staff. The ads have been approved as well as the brochure. These will be linked to the GovHr website. Mr. Stalker said they are in the process of receiving applications.

Mr. Kellan added recent news regarding the need to refurbish the hangars and electrical work that was presented by Mr. Brown. Mr. Kellan reminded the board he was asked to search for grant funding in support of the hangar projects. The Military Airport Program (MAP) was identified and an application was submitted. The request was thought to be a long shot since there was only one general aviation airport that was to be selected across the country. Mr. Kellan provided the board with a letter from the FAA stating the project would not be funded.

Ms. Richards asked how much money was sought from this grant. Mr. Kellan said it was approximately seven million.

**VIII. PUBLIC COMMENTS**

**MARK MILLER -**

Congratulated Mr. Kellan and his team on receiving the award for Airport of the year through MDOT.

Reported Spaceport of America in New Mexico had a debacle and Mr. Miller asked the Airport Board to consider an Ethics policy. He states, rather than creating one that Airport Staff should ask Mr. Gavin Brown at the North American Space Summit at the end of the month.

Mr. Miller reminded the Board to dress appropriately for the Space Summit.

Mr. Miller commented on Phoenix Composite Solutions – FBO Lease Extension – He feels that it should be run like a Federal Tax loss which you would have a carry forward period and a carry back period.

Mr. Miller asked about two board members who were from Greenbush and Alcona County that had attended this meeting. He asked if those members were on vacation or if others have taken their place. Mr. Swise said that Mr. Boyat is absent performing other duties in Alcona County. Mr. Kellan said Mr. Dailey is absent and it was determined he was out of the state.

**BRIAN MORK** - No Comment

**IX. BOARD MEMBER COMMENTS**

No Comment

**X. REVIEW OF BILLS AND PAYMENTS**

August – Kevin Beliveau  
September- Rob Huebel

**XI. ADJOURNMENT**

**Ms. Richards made a motion to adjourn the meeting. Mr. Munson supported the motion. All in favor. Meeting adjourned by voice vote at 11:42 a.m.**

Prepared by Brenda McNeill, Administrative Assistant  
Respectfully submitted by Gary Kellan, OWAA Board Secretary