International Association of Baggage System Companies

Third Meeting Minutes: July 11, 2007
Offices of Glidepath LLC
Grand Prairie, TX
10:00 am – 2:00 pm

Attendees:

Mike Malkowski	President and CEO, Five Star Airport Alliance
Darrin Ramsey	Legal Affairs Officer, Five Star Airport Alliance
Matt Williams	Chief Executive Officer, Glidepath LLC
Del Hollingsworth	VP Operations, Glidepath LLC
Jeffrey Gavenas	Siemens, Director Sales & Business Development
Mike O'Connor	FKI Logistex, Director Airport Systems
Bruce McMickle	Manager of Airport Projects, Forbo Siegling LLC

Others Present:

Debbie Talbert	Administrator / minute taker

Absent (Companies Not Represented):

Vanderlande Industries

List of Action Items:

Prior to next meeting:

- Complete Membership Application, or submit written objection, reasoning.
- Submit mark up and comments on sample Bylaws.
- Darrin Ramsey to revise the officer descriptions for Secretary and Treasurer.
- Prepare your top 10 list of priorities.
- Check out www.iald.org as model for building our Association.

Deliver items to Debbie Talbert at dtalbert@IABSC.org or by fax at 972-389-6256.

Meeting Agenda:

- Review of last Meeting Minutes
- Review items for incorporation
- Set an interim budget and a forecast
- Keeping it affordable
  - Organizational costs
  - Overhead – Staffing/part-time bookkeeper – everyone volunteer (task sharing)
  - Membership dues – Charter Members/Associate Members
- Membership structure: Membership levels
  - Guideline criteria for Associate Members
- Voting standards among Charter Members
- List of each company's delegates
- Setting dates to vote on IABSC officers and directors
- Formalize Officer job descriptions
- Formalize Bylaws
- Discuss IABSC contract standards: Top 3 standards
- Establish objectives and priorities of next meeting

Proceedings:

Mike Malkowski asked if anyone objects to the recording of the Meeting.
[No one objects – the meeting was recorded]

The meeting was called to order at 10:00am by Chair, Mike Malkowski.
Roll call was taken.

The Chairman pointed out that absent from participation today is Vanderlande Industries. All the rest of the members are represented here today.

Legal Disclaimer:

Darrin Ramsey read the list of the steps of legal disclaimer that the Association should live by.

- The agenda should be specific and avoid topics that may cause anti-trust problems such as discussions on pricing, production, markets, selection of customers/suppliers.
- The minutes of all meetings should be kept accurately report any actions, if any, that take place. For that reason, this meeting is being recorded. After the minutes have been distributed to everyone, the recording will be destroyed and will not be stored.
- We should not discuss any prices or features that can impact prices such as discounts, costs of common inputs, inventory outputs, salaries or profit margins of the projects.
- We should not discuss division of customers, markets, territories or the sharing of data concerning fees, prices, sales, bids, costs or customer credit.

- We should not agree to refuse to deal with any certain suppliers, customers or others – although we can set up an objective rating system but we can't encourage to either work with or not work with another customer or supplier.
- Unscheduled, informal or sidebar meetings held in conjunction with this regular meeting should be avoided.
- We should not discuss or agree to refuse to deal with certain suppliers, customers, or others.

Review of Previous Meeting Minutes:

The Chairman reviewed the previous meeting minutes:

- Darrin has continued to provide us with the legal disclaimer and guide us through staying compliant with the bylaws and rules and reasons behind what we can and can't do as an association.
- Membership. We're waiting on everyone's applications so that we can incorporate.
- Levels of Membership. We had lengthy discussions about levels of membership and delegates. The Chairman noted that in the previous meeting we have decided that we are going to stay a fairly controlled, small group at this time. Later on we will need the numbers for funding, etc., but we decided that we are going to keep it to the main four or five companies for now.
- Delegates. After discussion it was decided that each company would provide the list of delegates. Each company can provide up to five delegates to be represented at the meeting, who would have the authority to vote and represent each company to the fullest degree.
- Voting and the Voting Quorum. After our previous meeting, Darrin was to work very quickly to receive the bylaws reviews and to set some ground rules for voting structure and get them out to everyone so that we can get their feedback. Darrin notes that he has not yet received any bylaw reviews.
- Interim Funding/Budget. In the previous meeting it was proposed that we decide on an amount and probably two forms. One for the immediate need to just take care of the ancillary expenses that we face week to week; the mail box, the phone lines, office supplies, and then in the future for hiring somebody independently part time to do the bookkeeping. A budget was also discussed to carry us through this interim start up period.
- Bruce McMickle's Role in the Association. It was decided that needed further discussions as to what type of role he would play in the organization.
- Officers. After discussion it was decided that we wanted to have a single officer representation of each company and such as president, treasurer, secretary, public relations officer and a fifth position to be determined. There may be a sixth position as well.
- Voting Guidelines. After a long discussion, Gary Cline stated that Siemens was looking for a unanimous voting process and everybody agreed. The Chairman stated that we need to outline some ground rules around unanimous and reasoning behind it.

Bruce McMickle questioned the logic behind unanimous voting and discussion ensued. Mike Malkowski noted that in the last meeting we discussed CDs, we didn't want them but Gary Cline had stated that Siemens wanted flexibility to accept a small percent and he couldn't participate in the association without that flexibility. That's where we talked about the unanimous vote, and Mike Malkowski agreed with the need for flexibility. He was one example.

Jeff Gavenas pointed out that from Siemens' perspective as we start up this organization, and look to improve the conditions in the market for all of us, make the market more competitive for us and for the customer base as a whole, because there's a lot of low hanging fruit out there he thinks it would be important to have a unanimous vote protocol as a way of insuring that there are no people that get left out and it's more of a united voice of the IABSC and as a more unanimous vote of the industry.

Discussion ensued. We could begin with unanimous voting. The bylaws could be changed later to majority vote if necessary. Bruce McMickle expressed concern. In his opinion, it all relates back to the consulting community, and the fact that we're not including them as voting members; we need that unanimous vote because there is going to be a lot of issues; standardization, TSA related issues, if the bylaws are going to include consultants as a subordinate member with no voting rights.

Darrin Ramsey pointed out that in the first meeting we discussed that there is going to be a means for the consultants and third party members to have the ability to make referendums or votes and they'll have their own sort of voting organization for those, and they can then be voted on by the officers and directors.

Jeff Gavenas stated that he thinks it's in our collective best interest to have solidarity, especially at the beginning as we begin this organization, as we start to set a new baseline for the industry.

The Chairman returned to the Review of Previous Meeting Minutes.

- Getting the Association Off the Ground. As we continue to organize the Association, we need to start addressing the issues. Those present at the last meeting were to identify 10 priorities and submit them in this meeting to be combined and addressed in today's meeting.
- Education of the Industry. We talked about education of ourselves, having guest speakers participate in our meetings, not only to educate us but to get the word out to what we're doing. It was suggest that we invite people from the AAAE and the ACI to participate in these presentations, and ask them to write articles about the organization and the different educational forums to launch this organization's credibility.
- Establishing a Website. During the construction process we should have a tab in there for interested parties because we are being approached by people wanting to join on the associate level. We said we would start keeping a log of all those names and people who wanted to join.
- "International" in our Name. It was decided that "International" would be part of our name even though it can be somewhat confusing so long as we understand what the intent is.
- Incorporation. The Chairman noted that in the last meeting it was agreed that we would incorporate through an agent, the National Association of Registered Agents for a fee is 100 dollars. Darrin Ramsey stated that in Texas, under the Texas Uniform Unincorporated Non-Profit Association Act (TUNA) there's no requirement to incorporate it until we start to pull money in, then it's considering transaction business and we then have to incorporate. Or we can operate as unincorporated by filing our registered agent with the state, keeping up to three years of our books, records, annual reports and minutes. Anything beyond that, the next

step would be to incorporate a non-profit. Of course, if we incorporated, there can be no compensation going to any of the members.

New Business:

Review Items for Incorporation

Darrin Ramsey stated that if we incorporate in Texas, we need to list at least three directors. He would suggest five or whatever the number of companies are – the charter members.

The Chairman stated that we need everyone's application filled out. We currently have Five Star Airport Alliance, Glidepath and FKI's. We're awaiting Vanderlande's and Siemen's. It was stated in the last meeting that they would supply their application upon completion and review of the bylaws by their counsel.

Jeff Gavenas stated that the bylaws are still in Siemens' legal review, and he doesn't have an expected completion date. Siemens' position is that we are not going to supply the application until it made it through legal review.

The Chairman proposes that the Association set a reasonable deadline to complete the bylaw review and submit applications. We're not going to be able to do anything that's binding until we're a legal entity. Things are going well, we're getting some good jobs and terms that we can accept. Because the demand is bigger than the supply, we have the leverage now to capitalize on making the changes we want to make. So the sooner we get this off the ground, the sooner we get moving, the more beneficial for all of us.

Matt Williams points out that a lot of companies have taken on a lot of new work and we still have tight contractual language. We need to protect ourselves.

Jeff Gavenas stated that Siemens recognizes the urgency and the benefits of getting incorporated, getting everybody on board officially so we can actually start to do business as the IABSC. Siemens' delay in delivery of that information is due to compliance under Sarbanes-Oxley and the amount of time it takes them to do a thorough review. Siemens hasn't changed their position.

Darrin Ramsey noted that until we raise money, there's no legal issue with the State because we do have an Unincorporated Association Act as well. We have to file a Certificate of Formation which includes our name, at least 3 directors, a registered agent, our purpose, the effective date of the filing. There is a $25 filing fee.

Deadline for Submission of Applications

The Chairman proposed that a deadline be set for submission of membership applications. After discussion, it was agreed that the deadline would be by the next meeting unless someone submits written objection to having it done by then with reasonable or acceptable reasoning. Those written objections will be discussed in the next meeting.

Interim Budget and Forecast

After discussion, the Chairman proposed a vote that we set an interim budget of $500 per month per company for now while our expenditures are minimal.

Vote:

During the start up phase, each company will contribute $500 per month.

FKI (Mike O'Connor): Yes.
Siemens (Jeff Gavenas): Yes.
Glidepath (Matt Williams): Yes.
Five Star (Mike Malkowski): Yes.

To pass the vote we need an Absentee Vote from Vanderlande.

It was left undecided when the $500 contribution will be due, but the general consensus was mid-August. We forecast that amount for at least the next 3 months.

Mike O'Connor asked if we have to be incorporated before we can accept money or generate a bank account.

Darrin Ramsey: No. Texas has an amnesty period, or a grace period but he advises against pushing that too long. To incorporate we only need a few things: name, purpose, at least 3 directors, an effective filing date and a registered agent. Then we can get our EIN and open a bank account. Even though it would be better to have our bylaws in place, it's not required to incorporate.

Discussion ensued. We should rely on the grace period for now. Open a bank account in the Association's name. Checks should be made payable to the Association. No checks can be written on the account without unanimous agreement with the exception of expenses for day to day operations such as telephone, mail box, website, etc.

Darrin Ramsey clarifies that we can open a bank account so long as we file a Certificate of Formation stating our name, our purpose, at least 3 directors and effective filing date. Or we can go the unincorporated route, you just have to give a registered agent, our name and address. With that, we can get an EIN.

Memberships Structure: Membership Levels

The Chairman noted that at the last meeting all the companies agreed unanimously to maintain control of this organization by the five main companies.

Discussion ensued regarding Bruce McMickle's participation in the Association. Mike Malkowski stated that he is adamant that Bruce participate in one of the first two roles; either as a stand alone delegate because he’s a founder or as a delegate representing the Associates. We wouldn’t be here today without his participation.

Mike O’Connor concurs and asks if Bruce was unable to fulfill that role for any reason, such as death or disability, would there always be an opening for a delegate for associate members?

Discussion ensued. It was noted that the Associate Members would feel that they have a voice, that they were participating, they would be represented in these meetings. Would that effect voting? Would voting then need to be changed from unanimous to majority?

Del Hollingsworth suggested that we make the founding members, including Bruce McMickle, permanent directors because the directors are the ones conducting the business of this organization. Then we can have a general meeting, an annual meeting, just like a corporation. The Associates don’t necessarily get to vote. They do get to stand up and wave their hand, but the business, like all organizations, is going to be conducted by the directors.

Mike Malkowski noted that the baggage companies and the suppliers or vendors may have different agendas but he thinks that Bruce can differentiate that. Bruce is here to look out for the best interests of the baggage companies. If we develop this position, and it’s open as representation of the Associates that next person may not have the credibility to look out for the baggage companies as Bruce might.

Bruce McMickle expresses his view. He has been on both sides of the table as a supplier and as an OEM. The industry needs a voice from a supplier standpoint because it’s never had one, and that’s vital to the health of our industry. From a supplier to the OEMs, he sees the need for the organization as the same. The same because it’s trickle down. If the baggage companies aren’t profitable, the suppliers won’t be. Where the distinction comes in is the consulting world. Bruce views the consulting world as very vital. As a supplier to the consulting industry, they are a little more in tune to the consultant’s perspective.

Jeff Gavenas agrees that the associate members need to participate but in a way to be determined. He thinks they need to be involved, they have a place. We, as an organization, first need to figure out our platform, our issues and how we go to the industry to get some things changed. Then we decide voting rights of the associate members. In the short term, we need to stick with our core mission for now.

Discussion ensued. Do we want another delegate on the board of directors for the associate companies? There’s a concern of the influence that associates can have on the directors’ votes. We need Bruce McMickle for his wisdom. Do we create a special seat that is assigned to Bruce only and upon his absence or if he is no longer with the organization, it expires? What are his voting rights, are they different from any other director?

After discussion, the Chairman proposed a vote on Bruce McMickle’s role in the Association.

Vote:

To make Bruce McMickle a special seat as a director in the Association for which he will have a voice and he will have limited vote and that vote is limited to participation as a voter, but upon any given vote, if there is, if all five OEM delegate representation votes are unanimous, regardless of Bruce McMickle's vote, it is a unanimous vote. In favor?

FKI (Mike O'Connor): Yes.
Siemens (Jeff Gavenas): Yes.
Glidepath (Matt Williams): Yes.
Five Star (Mike Malkowski): Yes.

To pass the vote we need an Absentee Vote from Vanderlande.

<u>Guideline Criteria for Associate Members</u>

The Chairman stated that in our original presentation we had different levels for associate members: Supplier, Consultant, Educational, Port Authorities/Airlines. Do we want to break them down that far or do we just want to group associates all as one?

Del Hollingsworth asks, what would be the reason or logic in breaking into separate categories? Different membership dues?

Bruce McMickle points out that as the organization grows, there will be more functions. For example, education training. A university program where we associate with a university program for project management turning. So the idea being should there be an educational membership. They're not a supplier, but they're members as a feeder to the industry with manpower. Should the TSA have some membership? Consultants? Consultants could be a very key part of this. They have the same primary goals; standardization, making sure that all the OEMs are up to date on what the TSA protocol is, we want to make sure that we are all aware of the latest CTX technology.

Jeff Gavenas states that there has to be lines of demarkation or sub groupings based on who the specific associate members are because they may have motivations that are dimetrically opposed to what we're trying to do.

Discussion ensued. The Chairman asks if everyone agrees that there is a benefit one way or another to have different levels in the Association? Everyone agrees that the levels should be:

Suppliers
Consultants and Architects
General Contractors
Government
Airports
Airlines
Education

The question was posed, "What is the IABSC's motivation to have the consultants as an associate member?" Educational cross pollination. To educate the consultants on the reasons for limiting contractual terms as opposed to them. So they understand what our positions are on the important topics in the industry; so they understand and why. The information exchange is the key issue. We want to be able to have the ability to exchange information. The consultants are the customer's voice in so many things, so they need to be aware of the issues just as much as the airports, the airlines.

Discussion ensued. Do each of these levels of Associates have different rights and privileges or that such member as a class is limited? What's appropriate to share with them? What's the communication protocol going to be? What are we going to give them? What are we going to ask for from them? Do they get meeting minutes? It was suggested that we provide information to them through a Position Paper published by the Association. We need to determine the amount of participation by each level. Each level will have a different fee structure, a different set of roles. Some of them may be the same. Do we group airports, airlines and general contractors together as contract holders?

The Chairman suggests that on the next agenda we further define the Associate members' role in the Association, their participation at each level and what they will be privy to from each level.

Voting Standards Among Charter Members

The Chairman states that we've established waiting for an absentee vote, what role Bruce McMickle would play and what his voting position would be. For the charter members, what do we need to establish beyond the unanimous vote?

Darrin Ramsey states that right now, we have six directors. Officers will vote majority. Decisions from there that need to be appealed would then go to the directors.

The Chairman stated in the last meeting we decided that each company will have the representation of one director and each company will fulfill one officer position.

Discussion ensued regarding structure. Each company will have a list of delegates who are authorized to represent them and vote on their behalf. One delegate from each company will be a director. It is suggested that so there is no imbalance of representation or power, each company will nominate one of their delegates to fill an officer position: President, Vice President, Secretary, Treasurer and Compliance/Public Relations.

The Chairman illustrates the organization at the drawing board.

Discussion ensued regarding nominations for officer positions. We have everyone's list of delegates except for Vanderlande. After the meeting Debbie Talbert will email VI advising them of today's votes and request that they provide their list of delegates within 7 days. After discussion, it was decided that upon receipt of VI's delegate list Debbie would compose a Nomination Form consisting of all companies delegates. Each company will nominate one delegate for each of the officer positions from that list (your nominations can be from other companies). Debbie will then compile the list of nominations and announce them at the next meeting. The officers will then be appointed. (A general description of the duties of officers is in the bylaws, with the exception of Public Relations.)

Discussion ensued regarding whether or not Bruce McMickle can be an officer since he will be a non-voting director. After discussion, it was decided that Bruce could serve as an officer and will be on the nominations list.

Discussion ensued regarding the bylaws. Is there any benefit to modifying the bylaws to state that a unanimous vote is required by the directors that are present at the meeting? What it says now is that the only thing that is required is a quorum. The bylaws state that you have to attend the meeting in person or by phone to vote.

Formalize Officer Job Descriptions

The Chairman stated that on the officer descriptions, the only one that we need to make changes to is the treasurer, that it will be more of an oversight role than an actual hands on role. The Secretary is more of an oversight role as well. The bylaws do not contain a description for Public Relations officer. Darrin Ramsey will revise the officer duties in the bylaws.

Formalize the Bylaws

The Chairman stated that there's nothing we can do to that until we get comments back. He reminds everyone that this is a brand new organization, these bylaws are not chiseled in stone. If we need to change them or add to them, we can as we build this organization.

Discuss IABSC Contract Standards

The Chairman noted that this is a huge subject, a meeting in itself, and opened the discussion.

Matt Williams stated that Steve Graviet, Glidepath's Risk Director, feels that the list of priorities they put together, as well as Five Star's list, can be incorporated into a standardized type contract, and it's not uncommon that industries have these types of contracts.

Darrin Ramsey noted that if we are unable to standardize a contract we may have articles or terms and conditions that we find acceptable related to LDs, CDs, insurance requirements, bonds within the body of the contract.

It was suggested that we take an AIA contract as a base and modify it. Do we rewrite a whole AIA style contract or just list the ten or twelve problematic items that we published and say these are the things that need to be modified. One of our main objectives is to write our own contract so that when a proposal is submitted we can say it's based on the IABSC contract, standard terms and conditions, avoiding numerous pages of Exceptions.

Matt Williams suggest that Darrin Ramsey and Steve Graviet work together to draft a contract. Darrin suggests that if he and Steve attended the same IABSC meeting they step out of the meeting and go through the terms and conditions and the preferred language. That wouldn't be considered side bar in the sense that it's secretive because it is the forming of something that will be reviewed by the organization as a whole.

Establish Objectives and Priorities of Next Meeting

The Chairman stated that before the next meeting the following need to be done:

- Get the absentee votes out to Vanderlande.
- Get back all of the membership applications.
- Everyone to finalize their delegate lists and submit them back to Debbie Talbert within seven days.
- Debbie will then provide the finalized delegate list with a declaration of your director and your nominees for officers.

A topic on the agenda for the next meeting is to identify ten things that are important to you, things that you want to see us participate in first. We are reissuing this assignment from last week.

The Chairman goes back through today's agenda and suggests that the following items carry over to the next meeting:

- Forecast the Budget.
- Membership levels defined specifically.
- Officers and directors need to be finalized.
- Continuation of formalizing bylaws
- Continue discussion on standardized contract.

Matt Williams suggested that as a new item for the next agenda we get an "elevator pitch" together and a "White Paper/Mission Statement" - a one pager about what our charter is and what we're trying to do. It needs to be very customer focused.

The Chairman moves to adjourn the meeting. Bruce McMickle seconds the motion.

The Meeting was adjourned at 2:00 p.m.

These Minutes prepared by: Deborah Talbert