



International Association of Baggage System Companies Meeting Minutes: September 26, 2007

**Hackberry Creek Country Club
Irving, Texas
8:00 am – 12:00 pm**

Hosted By:

Siemens Energy & Automation Inc. Airport Logistics

Attendees:

Mike Malkowski	President & CEO	Five Star Airport Alliance
Darrin Ramsey	Legal Affairs Officer	Five Star Airport Alliance
Gary Cline	VP & General Manager	Siemens
Matt Williams	CEO	Glidepath LLC
David Mead	VP Sales & Marketing	Glidepath LLC
Mike O'Connor	Director Airport Systems	FKI Logistex
Bruce McMickle	Manager Airport Projects	Transnorm Systems / Forbo Siegling LLC

Others Present:

Debbie Talbert	Administrator
Adela Craddock	Siemens

List of Action Items:

- ☐ Matt Williams: Draft Elevator Pitch and Mission Statement.
- ☐ Mike Malkowski: Bring sample website pages to next meeting.
- ☐ Darrin Ramsey and other counsel: Draft two or three proposed contract sections from Top Ten's.
- ☐ Gary Cline: Provide Darrin Ramsey with counsel's comments on the Bylaws.
- ☐ David Mead / Gary Cline: Provide marketing plan ideas to Mike O'Connor.
- ☐ Mike O'Connor: Prepare initial marketing approach.
- ☐ Bruce McMickle: Contact Mike Golden (TSA) for speaking engagement.
- ☐ Matt Williams / Debbie Talbert: Bank account; bookkeeper.
- ☐ Five Star: Marketing department to complete logo and sample business cards.

Meeting Agenda:

- Legal Disclaimer
- Review of Previous Meeting Minutes
- Membership Applications
- Formal Election of Directors; Election of Officers
- Bylaws: Status
- Elevator Pitch, Mission Statement and White Paper
- Review Descriptions of Associate Categories
- Work Towards Standardized Contract
 - Review of Top Ten Priorities Lists
- Establish Objectives and Priorities of Next Meeting

Proceedings:

The Administrator asks if anyone objects to the recording of the Meeting.
[No one objects – the meeting was recorded]

The meeting was called to order at 8:00 a.m. by Chair, Mike Malkowski. Roll call was taken.

The Chairman noted that all member companies are represented.

Legal Disclaimer:

Darrin Ramsey read the list of the steps of legal disclaimer that the Association must adhere to.

- 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. During any golf outing none of the prohibitions mentioned here should be discussed, only information that is public or commonly known between the companies.
- We should not discuss or agree to refuse to deal with certain suppliers, customers, or others within our industry. However, we are entitled to set up an objective rating system.

Review of Previous Meeting Minutes:

The Chairman reviewed the previous meeting minutes:

- Vanderlande's reasoning not to join was because it was not a good time, they had concerns about the bylaws and wants to reserve its right to join at some later date at the same level for which it was originally invited. That message was delivered by Ewout Cassee, VI's President in North America.
- Bylaws. Have only received comments from Glidepath. Darrin Ramsey states that it is premature to have further discussions until comments are received from all companies. Gary Cline will have Siemens' legal counsel call Darrin to discuss. Siemens offers an extreme word of caution with regard to the development of any standard contract, which is particularly touchy from an anti-trust perspective and must be handled in a particular way.
- Interim Budget. \$500 per month was voted upon and passed at the last meeting. After officers are elected, the Treasurer will establish a bank account.
- Other Associations. We previously discussed joining the MHIA (Materials Handling Industry of America) and having a guest speaker at one of our meetings. Bruce McMickle has talked with both the MHIA and SEMA (Specialty Equipment Marketing Association) who are both trying to recruit us as a separate airport entity. They would each like to give us a presentation as to what they could offer us from financial, organizational, bylaws, etc. standpoints, which are already established. Bruce suggests that we could organize our association then become an association of the MHIA or we could start our association within MHIA which would defray financial costs, etc. It is Mike O'Connor's opinion that joining one of those associations would dilute the focus and the uniqueness of the baggage organization if we are joined with hundreds of other suppliers. Darrin Ramsey suggests that from a legal perspective we could form an agreement where when we got to a certain point, we could break away from that association and there would be no issue. To be discussed further.
- Election of Directors and Officers. Necessary to begin collecting funds to pay for our activities and plan for the future. A Special Director's position was created for Bruce McMickle as one of the founders and it was decided that if he leaves we will decide at that time whether or not the position will be eliminated or it will be kept open for someone else to represent suppliers.
- Levels of Membership. We were tasked at the last meeting to define each of the levels of membership. Matt Williams has only received definitions from Five Star.
- Standardized Contract. There's great interest of all members to work to formulate a standardized contract. The Chairman notes that Gary Cline has pointed out that this is more sensitive and we should delay further discussion until Darrin has spoken with Siemens' attorney and completed the due diligence process.

- Consultants. We had a long discussion about consultants and what role they might play, what their feelings are, would they join our organization, etc. The Chairman will comment later on this subject as a result of his business and travels since the previous meeting.
- Votes Previously Ratified.
 - o Initial funding shall be \$500 per month per company.
 - o Special Director's position created for Bruce McMickle.
- Elevator Pitch; Mission Statement; White Paper. Glidepath has offered to draft via the input of each company who was tasked these assignments at the last meeting.

New Business

Before moving on to today's agenda, the Chairman noted that since our last meeting he has had the opportunity to spend time with several of the Consultants on an informal basis. They don't have any objection to us forming this association but they currently have no interest in joining. As a result of this association, they see the price of conveyors going up. However, they see people being more cognizant to our requests regarding our contracts and terms, where before it seemed we were working against each other. They said we now have the opportunity, through this association, to separate ourselves from other baggage companies by defining ourselves as quality, get the job done on time and in budget companies.

Membership Applications:

All Membership Applications have been received and all delegates have been determined.

Formal Election of Directors; Election of Officers

The Administrator handed out the tallied results of the Nominations for Directors and Officers.

DIRECTORS:

The following persons were named by each member company to sit on the IABSC's Board of Directors:

Mike Malkowski	Five Star Airport Alliance
Gary Cline	Siemens Energy & Automation Inc. Airport Logistics
Matt Williams	Glidepath LLC
Mike O'Connor	FKI Logistex
Bruce McMickle	Special Seat as a Founding Member

The named directors were elected by unanimous vote. Each Director accepted his position and assumed his role.

OFFICERS:

After tabulation by the Administrator, the following persons received the majority of nominations for the respective officer positions:

Mike Malkowski	President
Gary Cline	Vice President
Matt Williams	Secretary/Treasurer
Mike O'Connor	Public Relations

The named officers were elected by unanimous vote of the Board of Directors. Each Officer accepted his position and assumed his role.

Matt Williams expresses his desire to hire a service or a bookkeeper to assist in accounting, at least initially. No one opposes. Matt will look into hiring a service and its cost.

Bylaws: Status

Darrin Ramsey notes that he is awaiting comments on the draft Bylaws from FKI and Siemens. Gary Cline advised that he has requested a meeting with Siemens counsel this week to discuss suggested changes.

Elevator Pitch, Mission Statement and White Paper

Matt Williams: Will collate the drafts of the companies and come up with a couple of versions for the next meeting. Matt reads the Elevator Pitch and Mission Statement drafted by Mike Malkowski. Elevator Pitch needs to be short and to the point. Some of the good points in Mr. Malkowski's draft: economical, safe, secure, standardization, education, making things better.

Mike O'Connor reads his Mission Statement: notes that efficient handling of luggage needs to be added to Mr. Malkowski's draft.

Review Descriptions of Associate Categories

Mike Malkowski: As an association we need to broaden the categories to allow people the opportunity to join but we will need a veto power if that person joining is not aligned with what we're trying to accomplish.

Homework to write a description of Associate categories was assigned as follows:

Suppliers = Bruce McMickle
Consultants and Architects = Bruce McMickle
General Contractors = Mike O'Connor
Government = Mike Malkowski

Airports = Mike Malkowski
Airlines = Mike Malkowski
Education = Mike Malkowski

Discussion ensued.

- Government should include Federal, State, Local, and certain Port Authorities
- Education - share knowledge, best practices
- Difficulty in finding talent. The Association could hold a job fair.
 - To attract people: we are not only a baggage industry but we are in the national security industry as well.
 - How do we balance the pirating/movement of talent from company to company?
 - Goal to hire experienced personnel versus spawning a generation of journeymen.
 - We could collectively educate trainees as an Association. Develop a curriculum.
 - Pick a school, get the Dean of Engineering to package a program linked to their university.

Developing our Website

Mike Malkowski: It is important that we get our website up and running. It's time to start getting some visibility. Everyone concurs.

Website should include

- Mission Statement and White Paper
- Growth of air transport industry
- General population/demographics

Dave Meade offers to assist Mike O'Connor in his role of PR by providing thoughts on marketing approach over the next quarter. Gary Cline offers to write up his approach to marketing as well.

Mike Malkowski offers his IT department to start development of the website and asks if anyone else can contribute their resources. Gary Cline offered a technical guy who could help with any type of illustrations or generic layouts of a baggage system.

- Decide structure and general areas of content
- Decide on logo
- What tabs should be the website – look again at lighting website
- Populate a few of the areas so that we are live
- Permanent placeholder on our website for Mike Golden as a member from government to be linked to the TSA website
- Separate server that none of us hosts

Mike Golden – TSA

Bruce McMickle will follow government protocol to ask him to speak at one of our meetings.

Speech topics:

- How much money is being budgeted
- The new PGDS (Planning Guidelines and Design Standards)
- Requirements for EDS installation
- What does the TSA expect from the BHS manufacturers regarding all testing requirements
- Standardized controls requirements
- Level 3 inspection design changes

Logo; Business Cards

The Administrator distributed sample logo designs. Collectively, design, color, font were chosen. A final logo will be designed from the selections and presented at the next meeting for approval. Upon approval Darrin Ramsey will take steps necessary to trademark the logo.

Once the logo has been finalized, business cards can be designed.

Work Towards Standardized Contract

Darrin Ramsey: Always things to be cautious of. There are no *per se* violations for forming a standardized agreement because we are just trying to find the best contract to protect all and making it available to all. There are errors of impropriety when you tell an authority or you tell a GC that this is what we're using and this is what everyone is using. We can suggest its use, but it cannot be forced upon them.

Darrin will email everyone a sample copy of the Standard AIA contract.

Mike Malkowski: Can we offer the contract in means that we put ownership on it? Stating this is the Association's standard contract.

Darrin Ramsey: Yes, because we are citing it as an independent third party. It is not something that's purely Five Star driven (for example). What lends credence to its credibility is the fact that all the organizations have come together and said they believe this to be a fair contract.

Mike Malkowski: Can we represent our contract as the industry standard?

Darrin Ramsey: Yes. As soon as we put it out to the public as the IABSC contract, different construction law firms across the country will immediately review it and put out a newsletter providing more citing authority on it. We can also hire law firms to provide their written opinion.

Gary Cline: Counsel advised that we need to be overly cautious in the development in the mode in which we offer a standard contract. Always has to be offered with the idea of "you'll get more people to compete for your business if you use the standard contract" and not in the anti-competitive way which is "this is the only way I'm going to do your work".

Top Issues

After discussion:

- Indemnification
- Limitation of liability (which includes CDs and LDs)
- Testing commission requirements that are known and defined at time of bid
- Forced work
- Specification/design responsibility as it relates to consultants proposal docs
- Cash flow/mobilization
- Time and money for delays
- Reasonable time to respond to claims or changes in scope of work
- Sound requirements in contracts
- Owner equipment where there's integration issues
- Expressed and implied warranties; merchantability
- Transferring the design warranty or design of record to someone beyond the consultant
- Substantial completion or beneficial use

Review of Top Ten Priorities Lists

	Glidepath	Five Star Airport Alliance	Bruce McMickle
1	Standard Contract	Consequential damages limitation study and proclamation	Integrate Associate Members into categories and into the organization
2	Bonding requirements 10x what international market demands...needs to be fixed	Liquidated damages limitation study and proclamation	Educate the market regarding what the BHS OEM's do and contributions made
3	No CD's	Fair and objective bonding standards	Develop ties to the TSA - dialogue
4	No forced work	Standardized contract terms and conditions	Help to represent the Supplier Associate Members
5	Owner delay compensation set forth in contract	Regular newsletter from experts & member companies regarding LD's, CD's, bonding, etc.	Develop better relationships with Consultants from the manufacturer's perspective
6	Test documents standardized	Reasonable change order process (no forced work directives)	Help to establish a link to university programs to tailor curriculum for project management professionals for the BHS industry
7	Definition of Design Build	Presentations or lectures from airport authorities, TSA & other government entities	Help to educate the industry owner, i.e. Airlines, Airports and GC's concerning the lack of balance on contract terms and conditions
8	TSA technology board(middleware approval)	Customer/Industry education	
9	Vendor supplied issues that have impacts on jobs	Bidding process standards	
10	Best practices for TSA jobs	Industry relations with port authorities, other associations, consultants, contractors, etc.	

Mike Malkowski: Has spoken to two airport directors who have offered to be guest speakers at our meetings. Do we want them to speak to our small group or make it an event open to potential future association members?

Bruce McMickle: Initially, we should strengthen this organization by having them speak to this small group. We need to act now, we're losing time with airports, airlines, TSA.

Gary Cline agrees that we need some exposure for the group who made the commitment to build this Association and limit it from those who didn't.

Establish Objectives and Priorities of Next Meeting

- General Business
 - Banking and Funding
 - Logo; Business Cards
 - Website
- Elevator Pitch; Mission Statement
- Marketing
- Standardized Contract
- Mike Golden (TSA)

[Post Meeting Comment: After following TSA Speakers Bureau protocol, Mike Golden and 2 of his staff members are scheduled to speak at the IABSC meeting on Friday, November 30, 2007]

Bruce McMickle is scheduled to host the next meeting to be held on Wednesday, October 31, 2007.

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

The Meeting was adjourned at 12:00 p.m.

These Minutes prepared by: Deborah Talbert