

**ARTICLES OF INCORPORATION  
OF  
THE NORTHWEST REGIONAL AIRPORT AUTHORITY**

THESE ARTICLES OF INCORPORATION are adopted by the Counties of Leelanau and Grand Traverse, Michigan for the purpose of creating, establishing, and incorporating a Regional Airport Authority under Act 95, Public Acts of Michigan, 2015, as amended.

**ARTICLE I - NAME AND OFFICE**

The name of the Authority is the “Northwest Regional Airport Authority,” hereinafter sometimes referred to as the “Authority.” The principal office of the Authority shall be located at 727 Fly Don’t Drive, Traverse City, Michigan 49686.

**ARTICLE II - INCORPORATING GOVERNMENTAL UNITS**

The incorporating and creating municipal corporations of this Authority are the Counties of Leelanau and Grand Traverse, Michigan (the “Counties”).

**ARTICLE III - PURPOSE**

The purpose of the Authority is to plan, promote, extend, maintain, acquire, purchase, construct, improve, repair, enlarge, and operate all airports and airport facilities under the operational jurisdiction of or owned by the Authority in accordance with the authorization contained in Act 95, Public Acts of Michigan, 2015, as amended (the “Act”).

**ARTICLE IV - POWERS**

The Authority shall be a public body corporate with the power to sue or to be sued in any court in the State of Michigan. The Authority shall possess all of the powers now or hereafter granted by the Act, or by any other applicable statute of the State of Michigan and by these Articles, and those powers incident thereto. The enumeration of any powers herein shall not be construed as a limitation upon its general powers unless the context shall clearly indicate otherwise. The Authority may adopt a corporate seal.

**ARTICLE V - TERM**

The Authority shall continue in existence perpetually or until dissolved by a two-thirds (2/3) vote of the Leelanau and Grand Traverse Board of Commissioners elect or by law; provided, however, that such Authority shall not be dissolved if such dissolution would operate as an impairment in any respect of any of its contractual obligations.

#### ARTICLE VI - DISSOLUTION

In the event of dissolution of the Authority, the Airport Property and the debts, liabilities, and obligations of the Authority shall revert back to Grand Traverse County and Leelanau County. The Counties may then seek to operate the Airport to the extent permitted by the laws of the State of Michigan.

A. In the event of dissolution of the Authority, the Airport Property and the debts, liabilities, and obligations of the Authority shall be either:

1. Transferred to another form of governance then lawfully allowed by statute to operate the Airport under such terms and conditions as the parties may agree; or
2. To the extent permitted, transferred to the Counties if the Airport permanently ceases operation as an airport as approved and directed by the Federal Aviation Administration or the Michigan Department of Transportation – Aeronautics.

B. Any liability resulting from the dissolution of the Authority not assumed by another form of governance for operation of the Airport shall be divided by the Counties as follows:

1. 85% Grand Traverse County;
2. 15% Leelanau County.

C. Any transfer of governance or transfer to the Counties resulting in profits after satisfying all liabilities, which are approved for distribution to the Counties by the Federal Aviation Administration and consistent with any existing obligations of the Authority, shall be divided by the Counties as follows:

1. 85% Grand Traverse County.
2. 15% Leelanau County.

D. If no agreement as to disposition under A.1 is reached within six (6) months after dissolution, an advisory board shall be appointed by Grand Traverse County and Leelanau County to recommend the form of governance and the terms and conditions for transfer of the Airport Property and debts, liabilities, and obligations of the Authority. The board shall consist of three (3) members appointed by Grand Traverse County and two (2) members appointed by Leelanau County, which shall prepare and recommend to the County Commission of each County a complete plan for the disposition of all property acquired or operated under this Agreement, which plan shall be adopted by Grand Traverse County and Leelanau County unless either County files an action with the 13<sup>th</sup> Circuit Court seeking a declaration that the plan for disposition is invalid or otherwise not permitted.

#### ARTICLE VII - GOVERNING BOARD

The Authority shall be directed and governed by a Board (the “Board”) consisting of nine (9) members, with three (3) members appointed by the Leelanau County Board of Commissioners and six (6) appointed by the Grand Traverse County Board of Commissioners; provided that no more than two (2) members appointed by the Leelanau County Board of Commissioners may be members of the County Board and no more than two (2) members appointed by the Grand Traverse County Board of Commissioners may be members of the County Board, and one (1) member appointed by the Grand Traverse County Board of Commissioners shall be a non-elected official, resident outside of both Grand Traverse and Leelanau Counties.

All Board members shall be citizens of the United States and shall have experience in aviation, business, accounting, finance, marketing, engineering, law, real estate, economic development, management, environmental science, or other field of value to the operation of the Authority. Full-time paid County employees are not eligible for appointment to the Board.

The terms of office shall be three (3) years; provided that the initial terms shall be staggered as provided in the Act. A member of the Board shall hold office until the Board member’s successor is appointed and qualified, or until resignation or removal.

In the event a member’s appointing body does not appoint a successor prior to the expiration of the member’s term, the member shall continue in office beyond the ending dates

of the term they were appointed for and until such time as may be required for the member's appointing body to renew a term of appointment for the member or select a different member.

Either County may remove a Board member appointed by them for cause. Cause includes a member ceasing to meet qualifications for appointment, failure to attend at least 70% of the meetings of the Board each fiscal year, conviction of a felony or crime involving moral turpitude, breach of fiduciary duty to the Authority, having a conflict of interest, being in default to the County, and other conduct as specified in the bylaws of the Authority for which the Board may recommend removal by the County.

#### ARTICLE VIII - VACANCY

If a member of the Board is removed or is unable to complete the term of office, a successor shall be appointed in the same manner as the original appointment to complete the term. In the case of the temporary absence or disability of any officer elected by the Board, the Board may appoint another member temporarily to act in that officer's stead except that in the event of the temporary absence or disability of the Chair, the Vice-Chair shall so act and in the event of the temporary absence or disability of the Secretary/Treasurer, the Chief Executive Officer/Chair may appoint another to act in the Treasurer's stead.

#### ARTICLE IX - MEETINGS

The Board shall adopt a schedule of regular meetings and adopt a regular meeting date, place, and time. The Board shall meet not less than once per quarter. A special meeting of the Board may be scheduled as provided in the Board's bylaws, but the Chair shall call a special meeting upon request of at least **three (3)** members of the Board.

The Board shall have the right to adopt rules and bylaws governing its procedure which are not in conflict with the terms of the Act, any statute of the State of Michigan, or of these Articles of Incorporation.

#### ARTICLE X - BOARD AND OFFICER DUTIES

The Board shall annually elect a Chair, a Vice-Chair, a Secretary/Treasurer, and such additional officers of the Board as the Board considers necessary. Such officers shall be members of the Board. The Chair of the Board shall be the presiding officer. Except as otherwise provided, the Chair shall not have any executive or administrative functions other than as a member of the Board. In the absence or disability of the Chair, the Vice-Chair shall perform the duties of the Chair. The Secretary shall be the recording officer of the Board.

The Board shall appoint a Chief Executive Officer who shall be an ex officio member of the Board without vote and who shall serve at the pleasure of the Board. In addition to the powers conferred upon the Chief Executive Officer by the Act, the Board may delegate in its bylaws such other and further duties as it sees fit. Except for those powers conferred upon the Chief Executive Officer by the Act, the Board may withdraw from the Chief Executive Officer any power that the Board has delegated.

The Chief Executive Officer shall appoint a Chief Financial Officer who shall be the Treasurer of the Authority. The Treasurer shall be custodian of the funds of the Authority. All moneys shall be deposited in a bank or banks, to be designated by the Board.

#### ARTICLE XI - AUDIT COMMITTEE

The Board shall appoint an audit committee consisting of at least two (2) members of the Board. The audit committee shall meet not less than annually with the Chief Financial Officer, the Chief Executive Officer/Airport Director, and the independent auditors of the Authority to review reports related to the financial condition, operations, performance, and management of the Authority and airport(s). The audit committee, Chief Executive Officer, and Chief Financial Officer shall prepare an annual report related to the financial condition, operations, performance, and management of the Authority and airport(s) and present it to the Leelanau County and Grand Traverse County Boards of Commissioners.

#### ARTICLE XII - FISCAL YEAR

The fiscal year of the Authority shall commence on the first day of January in each year and shall end on the 31st day of December of the same year, unless otherwise determined by the Board.

#### ARTICLE XIII - INDEBTEDNESS OF THE AUTHORITY

The Authority shall not incur indebtedness pledging, on a parity basis, any revenues from airport facilities that are otherwise pledged to secure any obligation, note, bond, or other instrument of indebtedness for which the full faith and credit of a County has been pledged, unless the Leelanau County and Grand Traverse County Board of Commissioners first approve the issuance of such indebtedness by resolution.

#### ARTICLE XIV - GRANTS IN AID

The Authority shall have the power to apply for and accept contributions, capital, grants,

gifts, donations, services, or other financial assistance from any source including the United States of America or any agency or instrumentality thereof, or from the State of Michigan or any agency or instrumentality thereof and enter into such agreements as may be necessary to accept such Grants in Aid.

#### ARTICLE XV – BUDGET

Before the beginning of each fiscal year, the Board shall prepare a budget containing an itemized statement of the estimated current operational expenses and the expenses for capital outlay including funds for the operation and development of the airport(s) under the jurisdiction of the Board, and the amount necessary to pay the principal and interest of any outstanding bonds or other obligations of the Authority maturing during the ensuing fiscal year or which have previously matured and are unpaid, and an estimate of the revenue of the Authority from all sources for the ensuing fiscal year. The Board must adopt its budget in accordance with the requirements of the Uniform Budgeting and Accounting Act, 1968 PA2, MCL 141.421 to 141.440a., as amended.

#### ARTICLE XVI – CONVEYANCE OF AIRPORT PROPERTY

Grand Traverse County and Leelanau County shall, upon **the Authority receiving an operating certificate from the FAA**, convey by quit claim deed for the sum of one dollar (\$1.00), all Airport Property as identified on the Airport's Exhibit A, to the Authority, it being expressly understood that such conveyance shall incorporate all of the provisions pertaining to certain rights, licenses, privileges, responsibilities, and grants from the United States Department of Transportation, Federal Aviation Administration, and the Michigan Aeronautics Commission. The Authority shall accept title to the Airport Property as is and shall assume responsibility for the correction of any defects in title.

#### ARTICLE XVII - ZONING

Within 180 days of **the Authority receiving an operating certificate from** the FAA, the Authority will create a Northwest Regional Airport Authority Zoning Board with jurisdiction over zoning of **the Airport as defined by the Act** that will consist of seven (7) members. Four (4) members shall be selected by the Authority, one (1) member shall be selected by East Bay Township, one (1) member shall be selected by Garfield Township, and one (1) member shall be selected by the City of Traverse City. The Authority shall adopt an ordinance, **consistent with the Act**, regulating the use and development **of the Airport**.

### ARTICLE XVIII – EMINENT DOMAIN

The Authority may not exercise the power of eminent domain or institute condemnation proceedings under Section 143 of the Act except upon approval of both the Grand Traverse County Board of Commissioners and the Leelanau County Board of Commissioners.

### ARTICLE XIX – VOTING REQUIREMENTS

A. Unless otherwise provided by law, these Articles of Incorporation, or bylaws adopted by the Board, all questions which arise at a meeting of the Board may be determined by the votes of a majority of members present, except for those items enumerated in Section B. below.

B. The following actions of the Board require a two-thirds (2/3) vote of the members appointed and serving:

1. Acceptance or conveyance of the operational jurisdiction of another publicly owned airport;
2. Commitment of revenues of the Authority for the payment of indebtedness;
3. Adoption of ordinances; and
4. Removal of the Chief Executive Officer.

### ARTICLE XX - DISPUTE RESOLUTION

In the event that one or both of the Counties do not approve a request by the Authority required to be approved by the Counties, the Counties shall meet jointly with the Authority within 30 days along with a neutral third-party mediator to resolve the dispute. In the event that a dispute regarding the exercise of eminent domain is not resolved, an action shall be filed in the 13th Circuit Court seeking a declaration by the Court of whether the proposed acquisition is necessary to accomplish a public purpose. For all other disputes, the parties shall submit the matter to a case evaluator for case evaluation pursuant to the Michigan Court Rules. The case evaluator shall render an opinion within 30 days of the submission of the dispute, which opinion shall be binding.

### ARTICLE XXI – EFFECTIVE DATE

The Authority shall become effective upon the filing of certified copies of these Articles with the Secretary of State, as required by the Regional Airport Authority Act.

ARTICLE XXII – ADOPTION AND AMENDMENTS

These Articles of Incorporation shall be adopted and may be amended by an affirmative vote of the majority of the Leelanau County Board of Commissioners and the Grand Traverse County Board of Commissioners elect.

ARTICLE XXIII - PUBLICATION AND FILING

Upon adoption of or amendment to these Articles of Incorporation, a printed copy of the Articles of Incorporation or the Amended Articles shall be published once in a newspaper of general circulation within each County and shall be filed with the Office of the Great Seal of the State of Michigan within 30 days of adoption.

The foregoing Articles of Incorporation were adopted by the Leelanau County Board of Commissioners in 8527 E. Government Center Dr., Suttons Bay, Michigan, at a meeting duly held on <DATE> and by the Grand Traverse County Board of Commissioners in 400 Boardman Avenue, Traverse City, Michigan at a meeting duly held on <DATE> .

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