

MINUTES

Wayne County Airport Authority Ethics Committee Meeting June 17, 2015

I. Roll Call

Meeting of the Wayne County Airport Authority (WCAA) Ethics Committee called to order at 1:05 p.m. at the Westin Hotel – McNamara Terminal, Detroit Metropolitan Airport:

Reginald Turner – Secretary (Chaired the meeting)
Michael Garavaglia
Suzanne Hall

Also Present: See attached sign-in sheet.

II. Election of WCAA Ethics Committee Chairperson and Secretary

Suzanne Hall nominated Reginald Turner as Chairperson and Michael Garavaglia as Secretary of the WCAA Ethics Committee.

Motion by Suzanne Hall; Supported by Michael Garavaglia
Motion unanimously approved.

III. Approval of Minutes

The Wayne County Airport Authority Ethics Committee meeting minutes from July 9, 2014 were approved.

Motion to approve by Suzanne Hall; Supported by Michael Garavaglia
Ayes: Garavaglia, Hall, Jackson
Nays: None
Motion approved.

IV. 2015 Annual Report from Beier Howlett, Independent Ethics Counsel

Timothy Currier, the Airport Authority's Independent Counsel from Beier Howlett, P.C., presented their Annual Report required under the WCAA's Ethics Ordinance on the 2015 Disclosure Statements, and reported that there were no conflicts of interest with Board members or employees of the Wayne County Airport Authority with exception of Board Member Michael Garavaglia.

Motion to approve by Suzanne Hall; Supported by Michael Garavaglia
Ayes: Garavaglia, Hall, Jackson
Nays: None
Motion approved.

V. Opinion Regarding Board Member Garavaglia

The Committee discussed a letter dated May 18, 2015 from Beier Howlett, P.C. to the Ethics Committee, attached to these Minutes, related to Beier Howlett's view of a potential conflict of interest, as well as the appearance of a conflict of interest, related to Board Member Garavaglia and his company Capitol Relations, LLC, which has a business relationship with GCSI Southeast LLC, a company owned in part by Governmental Consultant Services, Inc. (GCSI), which is a contractor that performs state lobbying and legislative work for the Wayne County Airport Authority (WCAA). Board Member Garavaglia submitted a response letter to Beier Howlett and the Ethics Committee, attached to these Minutes, addressing this potential conflict of interest, and committing that as long as he retains an interest in Capital Relations, LLC, he would recuse himself from any discussion, deliberation, or decision involving GCSI's relationship with the WCAA.

The Ethics Committee concurred that Mr. Garavaglia's commitment to recuse addresses the potential conflict of interest identified by Beier Howlett, and requested that Beier Howlett prepare an Advisory Opinion on behalf of the Ethics Committee related to Board Member Garavaglia's business relationship with GCSI Southeast and the application of the Ethics Ordinance, and how this business relationship will be addressed thereunder.

VI. Public Comment

No public comment was received.

VII. The next meeting of the Wayne County Airport Authority Ethics Committee is TBD.

VIII. Adjourn

Motion to adjourn by Suzanne Hall; Supported by Michael Garavaglia
Motion unanimously approved.

Meeting was adjourned at 1:35 p.m.

ATTENDANCE RECORD

Meeting of: Wayne County Airport Authority Ethics Committee Meeting

Date/Time: June 17, 2015 at 1:00 p.m.

Place of Meeting: Westin Hotel – McNamara Terminal, Detroit Metropolitan Airport

NAME	MAILING ADDRESS	REPRESENTING (Company, Community, etc.)	TITLE/POSITION	PHONE NUMBER
Brian Sadek	1 LC Smith Bldg - Mezz DTW, Detroit, 48242	WCFA	Asst. General Counsel	2-3557
Emily Newberger	LC Smith-Mezz	WCFA	Sr VP & General Counsel	734-247-3825
Kristy Exner	LC Smith-Mezz	WCFA	Authority Governing Board	734-247-2223
Kevin Clark	LC Smith-Mezz	WCFA	Asst. General Counsel	734-247-7333
Andrea Bomia	LC Smith-Mezz	WCFA	Legal Assistant	734-247-7105

May 18, 2015

Ethics Committee
Wayne County Airport Authority
Detroit Metropolitan Wayne County Airport
L.C. Smith Terminal – Mezzanine
Detroit, MI 48242

Re: Potential Michael Garavaglia Conflict of Interest

Dear Members of the Ethics Committee:

In my capacity as Independent Counsel for the Wayne County Airport Authority (Authority), pursuant to the Authority's Ethics Ordinance ("Ordinance"), I present certain observations related to new Board Member Michael Garavaglia. It is my understanding from the Disclosure Statement filed by Mr. Garavaglia in December of 2014 and 2015, as well as from information provided, that Mr. Garavaglia has a business relationship with Governmental Consultant Services, Inc. (GCSI).

Based on information provided, we understand that Mr. Garavaglia performs work for a company called GCSI Southeast LLC (GCSI Southeast).

We also understand that GCSI has a contract with and performs state lobbying and legislative work for the Wayne County Airport Authority (Authority). GCSI owns 50% of Southeast. Mr. Garavaglia has a 100% ownership interest in Capitol Relations LLC, which owns the remaining 50% of GCSI Southeast. Mr. Garavaglia is the sole employee of Capital Relations. Therefore, Mr. Garavaglia has an ongoing business relationship with a firm doing business with the Authority.

In addition, when Mr. Garavaglia performs services for clients on behalf of GCSI Southeast, GCSI personnel also perform those services with him.

It is our view that this ongoing business relationship with GCSI, a company that is doing business with the Authority, may create a Conflict of Interest as well as the appearance of a Conflict of Interest, as described in the Ordinance.

Real or Appearance of Conflict

It is clear that Mr. Garavaglia is a "Board Member" of the Authority as defined by the Ordinance, and Capitol Relations and GCSI Southeast are Mr. Garavaglia's "Businesses", as such terms are all defined in the Ordinance.

Beier Howlett

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Section II B.9 of the Ordinance states that "All Board Members and Employees shall avoid even the appearance of any impropriety or Conflict of Interest".

Section II B states "Unless otherwise permitted ... a violation of any of the following shall constitute a Conflict of Interest:

4. No Board Member or Employee shall directly or indirectly, solicit or accept any gift or loan of money, goods, services or other thing of value for the benefit of any person or organization, which tends to influence the manner in which the Board Member or Employee or any other Board Member or Employee performs his or her Official Duties.
5. No Board Member or Employee shall engage in a business transaction in which he or she may profit because of his or her official position or authority or benefit financially from confidential information which he or she has obtained or may obtain by reason of such position or authority.
6. No Board Member or Employee shall engage in or accept employment or render services for any private or public interest when that employment or service is incompatible or in conflict with the discharge of his or her Official Duties or *when that employment may tend to impair his or her independence of judgment or action in the performance of his or her Official Duties.*
7. No Board Member or Employee shall participate, as an agent or representative of the Authority, in the negotiation or execution of contracts, granting of subsidies, fixing of rates, issuance of permits or certificates, or other regulation or supervision, relating to any business entity in which he or she has, directly or *indirectly, a financial or personal interest.*

The Concern

The above Ordinance sections are identified in relation to this question because it could be argued (or at least viewed) that Mr. Garavaglia possibly derives income from work directly or indirectly from Authority contractor GCSI due to its 50% ownership interest in GCSI Southeast. The remaining 50% is owned by Capitol Relations which is 100% owned by Mr. Garavaglia. It could be argued that there is at least an appearance that his work with GCSI Southeast could influence his independence of judgment as a Wayne County Airport Authority Board Member.

This particular matter has been discussed with Mr. Garavaglia with no firm resolution at this time. We are bringing this matter to the attention of the Ethics Committee because it is our understanding that the contract the Airport Authority has with GCSI will conclude in December

Beier Howlett

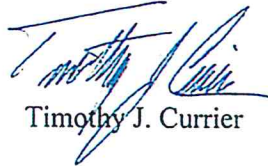
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of 2015. It also my understanding that this particular contract will go out for bid sometime this summer, and the resolution of this matter should be reached before such time. This matter will be an agenda item for the Ethics Committee meeting on June 17, 2015.

If you have any questions, please do not hesitate to contact me.

Very truly yours,

BEIER HOWLETT, P.C.



Timothy J. Currier

TJC/jc
cc: Mr. Michael Garavaglia

Dear Mr. Courier:

I write to respond to your letter dated May 18, 2015 to the WCAA Ethics Committee, regarding what you refer to as "Potential Michael Garvaglia Conflict of Interest."

I begin with the obvious. I fully complied with the letter and spirit of the WCAA Ethics Ordinance. Although I do not believe that Capital Relations LLC's membership interest in GCSI Southeast LLC creates even the appearance of a conflict of interest with my duties as a WCAA board member, in an abundance of caution, I disclosed this relationship. Your letter improperly characterizes the nature of the relationship I disclosed. I take exception to your conclusions that I have "a business relationship with Governmental Consultant Services, Inc. (GCSI)". That is false. As I think you know, Capital Relations LLC, a limited liability company in which I have a membership interest, is itself a 50% member of another limited liability company called GCSI Southeast LLC. The other 50% member in that entity is GCSI. What you fail to mention is that GCSI Southeast LLC represents only four existing clients. I derive no form of compensation, direct or indirect, from GCSI and especially none related to GCSI's lobbying work for WCAA under its pre-existing contractual relationship. If GCSI folds tomorrow, I will not lose a dime. Conversely, if GCSI is wildly successful, I will reap absolutely no reward from its success. I have, in short, absolutely no financial stake in GCSI's success or failure.

I would also add that GCSI, Inc.'s contract with WCAA commenced some years before Capital Relations, LLC became associated with GCSI Southeast LLC and also year's before my appointment to the WCAA Board. Should GCSI's contract with the WCAA come before the Board for evaluation or renewal, I had always intended to and will recuse myself from any of those discussions, deliberations, or votes pertaining to such matters. I believe that such caution on my part would fully comport with my duties under the Ethics Ordinance and comply with state law and PA 318 of 1968, MCL 15.301 *et. seq.* in particular. Quite simply, there is no such thing as a conflict of interest for someone who both makes full disclosure and then recuses himself or herself from any consideration relating to the matters disclosed.

Having said all of that, you should undoubtedly be aware that both PA 318 and the Ethics Ordinance contain several exceptions that take Capital Relations LLC's membership interest in GCSI Southeast LLC so far outside of the realm of relevance to WCAA. MCL 15.304(3)(d), incorporated into the WCAA Ethics Ordinance in Section II(A)(1), makes clear that "there is no substantial conflict of interest" where:

A contract [is] awarded to the lowest qualified bidder, upon receipt of sealed bids pursuant to a published notice for bids provided the notice does not bar, except as authorized by law, any qualified person, firm, corporation, or trust from bidding. This subdivision does not apply to amendments or renegotiations of a contract or to additional payments under the contract which were not authorized by the contract at the time of award.

Should GCSI Inc.'s contract with WCAA properly come before the board, it will likely be presented as the lowest qualified bid pursuant to a sealed bid process. Although I would recuse

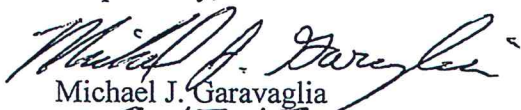
myself from any deliberations, evaluation or vote on any GCSI bid, clearly it could not be concluded that Capital Relations LLC's membership interest creates any substantial conflict of interest for me.

However, even if the issue was not one involving a sealed lowest qualified bidding process, several other exceptions would apply such that any concerns about conflicts or appearances of conflicts would have to be resolved in my favor. The exceptions, as I think anyone fairly reading them would conclude, are rather broad. Indeed, under MCL 15.304(3)(b)(ii), there is also no substantial conflict of interest for any contract between a political subdivision of the state and "a firm, partnership, or other unincorporated association, in which a legislator or state officer is a partner, member, or employee." Moreover, MCL 15.305 makes it clear that the intent of PA 318 "is aimed to prevent legislators and state officers from engaging in certain activities under circumstances creating a substantial conflict of interest and is not intended to penalize innocent persons." If this is indeed the case, wouldn't it unfairly penalize GCSI, Inc., which had a relationship with WCAA that predated my board membership, to disqualify it from service merely because years ago it entered into a venture with a company I own that does absolutely no airport or aeronautical industry-related business?

Moving on to the narrow prohibitions and broad exceptions set forth in the WCAA Ethics Ordinance, I fail to see how Capital Relations LLC's membership interest in GCSI Southeast LLC fits within any of the categories set forth in Section II (A) or (B) pertaining to prohibited activities and general conflicts of interest. GCSI Southeast, LLC is a registered lobbying firm. Its activities are disclosed to and regulated by the state of Michigan. I would invite anyone to examine the firm's public disclosures and point out how exactly those activities pose any form of conflict with my work as a member of the WCAA Board of Directors. I would also welcome similar analysis about how any work that I have performed or that Capital Relations LLC has performed fits within many of the 8 exceptions set forth in Section II(C) of the ordinance.

In sum, we simply disagree about your conclusion that I possess or appear to possess a conflict of interest. I do not believe that your conclusions are well-grounded in state law or the ethics ordinance itself. Nevertheless, again, in an excess of caution, you and my fellow board members can all rest assured that, so long as I retain my interest in Capital Relations LLC, I will recuse myself from any discussion, deliberation, or decision involving GCSI's relationship with WCAA. Under those circumstances, I really do not believe there is much more to say, but I welcome the opportunity to address these and any other matters at any time. I only require that you give me the courtesy of advance notice, a fair opportunity to be heard, and your adherence to the procedures set forth in the WCAA Ethics Ordinance.

Respectfully,


Michael J. Garavaglia
6-17-15

Cc: WCAA Board

Thomas Naughton