

MISSOULA COUNTY AIRPORT AUTHORITY
Regular Board Meeting
September 26, 2017
1:30 pm, Airport Conference Room

THOSE PRESENT: Chair Paul Stafford
Vice Chair Shane Stack
Treasurer Chris Lounsbury
Commissioner Dori Brownlow
Commissioner Larry Anderson
Commissioner Matt Doucette
Alternate Commissioner Winton Kemmis

STAFF: Director Cris Jensen
Deputy Director Brian Ellestad
Financial Manager Teri Norcross
Administrative Manager Lynn Fagan
Accounting Clerk Rita Harris-Powers
Business Development Manager Dan Neuman
Facilities Manager Thad Williams
Systems and Services Manager Tim Damrow
Advertising Manager Amanda Jacobson
Airfield Operations Manager Nate Cole

OTHERS: Martin Kidston, Missoula Current
Gary Matson, GA Pilot

Chair Paul Stafford called the meeting to order and advised everyone that the meeting was being recorded.

Motion: Vice Chair Shane Stack moved to seat Alternate Commissioner Winton Kemmis.

Second: Commissioner Larry Anderson

Vote: Motion passed unanimously

AGENDA

Motion: Commissioner Dori Brownlow moved to approve the Agenda as presented.

Second: Commissioner Larry Anderson

Vote: Motion Passed unanimously

PUBLIC COMMENT PERIOD

General aviation pilot, Gary Matson, made a brief statement regarding the success of the GA barbecue held at the Homestead LZ Hangars on September 9, 2017. He thanked MCAA for sponsoring the event and for MCAA staff participation at the barbecue. Airport Director Cris

Jensen and Chief of Public Safety Bob Otte acted as grill chefs this year and the Public Safety officers on duty gave fire truck rides to event attendees.

MINUTES

Administrative Manager Lynn Fagan presented changes to the minutes for the regular board meeting held on August 29, 2017. These changes included rewording the portion of the Financial Report summary that stated car rental concessions for July were equivalent to 22% of the entire budget for the year, to more accurately stating that car rental concessions for July made up 22% of the budgeted car rental concession revenue for the year. The summary of the Director's Report was updated to change the statement that fuel flowage fees from air tankers for the month of July had exceeded the budgeted amount to date, to more accurately state that the fuel flowage fees for the month of July will exceed the budgeted amount to date. Chair Paul Stafford's name was corrected in the final paragraph of the Director's Report Summary, and Finance Manager Teri Norcross's job title was corrected in the Information/Discussion Items summary.

Motion: Commissioner Matt Doucette moved to approve the minutes of the Regular Board meeting dated August 29, 2017 as presented with recommended changes.

Second: Commissioner Larry Anderson

Vote: Motion Passed Unanimously

CLAIMS FOR PAYMENT

Finance Manager Teri Norcross stated that the Claims for Payment this month are less than in recent prior months, though some larger capital expenditures are presented toward the bottom of the check list. Teri explained that the pay requests for the Rental Car Quick Turn Around (QTA) project are also low this month since a pay request was not included from Jackson Construction, adding that there has been some discussion between the engineers and Jackson Construction to sort this out. She then welcomed any questions from the Board regarding the Claims for Payment.

Chair Paul Stafford asked Teri to explain what the Morrison & Maierle fuel release payment is for. Teri explained that fuel spills have been monitored on the airport for many years, so this payment is to cover those services, and the payment is to be reimbursed by the State Petrol Fund. Paul asked if this work was located near Minuteman, and Teri confirmed that is correct, adding that the area also includes the vicinity of the old car wash.

Chair Paul Stafford asked about the refund payments made out to Missoula County Public Works, Life Flight, and Washington Business Services. Administrative Manager Lynn Fagan explained that MCAA staff had recently audited the lease files while entering the lease information into Veoci. Upon doing so, it was discovered that in 2015, Missoula County's annual Consumer Price Index (CPI) increase was calculated at a much higher rate than it should have been. MCAA had been overbilling them since that time, so the payment is to refund the amount that was overpaid. It was also discovered that since Life Flight's lease option expired in December 2016, they had continued to receive and pay the monthly bill that MCAA's accounting system automatically generated, resulting in an overpayment of several months' rent. The payment to Life Flight refunds this overbilled amount. Lastly, it was discovered that Washington

Business Services had mistakenly paid their first quarter bill twice, so they opted for a refund to help keep their books balanced instead of carrying a credit with MCAA. Paul then asked if these items are reviewed during MCAA's regular audit, and Teri explained that while the auditors do spot-check transactions, they did not discover any of these errors. Lynn commented that the auditors are given a spreadsheet of lease information each year with highlights of updated rates and terms, though they do not audit the actual airport leases. Teri then mentioned that there are now procedures in place to prevent these types of errors from occurring in the future. Lynn added that the use of billing checklists, breaking down segments of the billing process between staff members, and comparing information from the leases with information in Veoci will all aid in decreasing billing errors moving forward.

Commissioner Larry Anderson asked what land Missoula County Public Works is leasing, and if the area to the south is available for leasing. Airport Director Cris Jensen pointed out the area that Missoula County Public Works is leasing and confirmed that the area to the south is available to lease.

Motion: Vice Chair Shane Stack moved to approve the claims for payment as presented.

Second: Commissioner Larry Anderson

Vote: Motion Passed Unanimously

FINANCIAL REPORT

Finance Manager Teri Norcross explained that the audit is nearly complete and MCAA has hopefully completed the finalized Montana Public Employees' Retirement System (PERS) adjustment, as there have been some issues in doing so along the way. Teri pointed out the underfunded PERS liability on the balance sheet has increased by approximately \$500,000, and that the PERS adjustment will be noted in the audited financial statements. Teri then discussed the second State Investment Pool (STIP) account that is now on the balance sheet. This STIP account will be used specifically for terminal project funds. The \$100 balance as of August 31, 2017 shows the test transaction upon opening the account, though quite a bit more funds have been deposited since then. All passenger facility charge (PFC) reimbursements will now be deposited into that account. Teri then noted that the current liabilities are showing some debits instead of credits on the balance sheet. The Flex Liability currently shows a credit balance and may continue to do so since MCAA often pays out more benefits than were collected. The Health Withholding balance reflects the two payments that were made in August since September's bill was paid early, so the debit balance will reconcile itself in September, along with the Valic Payable item.

Teri went on to explain that both coffee and restaurant concessions showed zero revenue in August, but this was due to their payments not being deposited until the beginning of September. A more timely deposit schedule has been established to ensure payments are being deposited weekly and as needed. The revenue for fuel flowage fees for the year-to-date is approximately \$39,700 instead of the budgeted \$10,800 due to increased fire traffic. The 10% car rental concessions for the year-to-date are over \$225,000, which means that car rental sales for the same period were over \$2 million, and almost 23% of their budgeted amount for the entire year. Teri noted that the Consultants budgeted expenditure looks high as a result of paying the Montana Economic Partnership for the Windfall contract.

Teri then mentioned that the Finance Committee will need to meet in October to review the audited financial statements, and all are welcome to attend.

Commissioner Larry Anderson asked what the stopgap plan is for the Flex account if the balance is still negative at the end of the year. Teri answered that the balance should reconcile by the end of the year, and that \$3,200 of MCAA funds have been deposited into that bank account to prevent any potential overdraws from occurring. Administrative Manager Lynn Fagan explained that while MCAA holds the Flex funds, Allegiance manages the employee Flex accounts. Lynn went on to explain that employees are allowed to spend the medical portion of their annual Flex benefits only up to the amount of their planned annual Flex deductions, so this should prevent the balance from being negative at the end of the year. Larry then asked if the Flex benefits plan is optional, and Lynn confirmed that is correct, adding that approximately eight to ten staff members take advantage of this benefit currently.

Motion: Commissioner Matt Doucette moved to approve the financial report as presented.

Second: Alternate Commissioner Winton Kemmis

Vote: Motion Passed Unanimously

DIRECTOR'S REPORT

Director Cris Jensen mentioned the GA barbecue, and noted that it was enjoyable for the MCAA staff that took part. He explained that it was a good opportunity to visit with GA pilots that operate on the airport, which is something that can be a rarity. He then discussed the P2V Retirement party that Neptune will be hosting on September 30th from 1pm – 6pm on the airport. There will be food trucks, live music, water drops, fly-bys, along with other family-friendly activities, and the party is open to the public. He also explained that MCAA has been selected for the Aircraft Owners and Pilots Association (AOPA) Regional Fly-in from June 15 – 16, 2018. There will be approximately 500 airplanes and 2,000 attendees at the event. MCAA won this event by a competitive process, and Business Development Manager Dan Neuman will be heading up the project. Cris then went on to discuss the joint Board social gathering at the airport on September 21, 2017 for the Boards of Directors from MCAA, MEP, Destination Missoula, and Missoula Tourism Business Improvement District (TBID) to kick off collective work on air service development. The event had both high attendance and high enthusiasm. Deputy Director Brian Ellestad attended a meeting with Beth Burman Frazze of Windfall, and they were successful at getting a pledge for \$12,000 which will set up the collective for greater success down the road.

Deputy Director Brian Ellestad then discussed in further detail that he has been providing Beth Burman Frazze of Windfall with good talking points to bring to the community. American Airlines and United Airlines have been contacted for service to Houston, so he has given Beth some information on case studies regarding similar service to highlight cost savings and how introducing competition can positively affect that. A few of those cases were how Bozeman's service to Dallas positively affected the market, how American Airlines serving Jackson Hole to Los Angeles stimulated \$500,000 cost-savings in one-way fare adjustments, and how Frontier's operating out of Missoula has stimulated over \$1 million in cost-savings over the first three quarters. He went on to explain that simply introducing competition can help to drive ticket prices down. Brian then discussed that he and Cris had a very good meeting with United Airlines in Chicago; the market is up and United was pleased with summer performance. Brian

then stated that MCAA will continue to work toward Houston service, including working with the community, and that a list of the businesses that Beth has acquired contributions from will be made available in the near future.

Finance Manager Teri Norcross then added, as was previously mentioned, that members of the community have been stepping up to take part in MCAA's air service development. Since Teri has worked at the airport for a number of years, she wanted to note that she has never seen this level of engagement from the community and local organizations.

LEGAL REPORT

Administrative Manager Lynn Fagan discussed her meeting with the wildlife biologist to get recommendations about irrigating the Pruyne ranch land in conjunction with wildlife mitigation. The Pruyne ranch consists of approximately 520 acres that was purchased in 2003 and 2008. The agricultural lease placed on the land expired and has been in holdover status. Rollett Pruyne has just agreed to enter into a new lease as of December 1, 2017, which will most likely be presented to the Board in November. The wildlife biologist recommended that no farming activity should take place within the perimeter fence. However, farming activity outside the perimeter fence could act as an attractant to help draw wildlife away from the runway and toward the south portion of airport property.

Chair Paul Stafford asked if MCAA has some way to measure how serious the wildlife issue is on the airport, and Airport Director Cris Jensen answered that MCAA has been using Veoci to monitor and manage bird strikes which are then reported to the Federal Aviation Administration (FAA). Commissioner Larry Anderson asked where the Pruyne ranch is located. Cris pointed out the general area in the southeast portion of the airport property where the land is located. There was then a brief discussion of future plans for a runway that will be parallel to the existing runway, along with the location of the perimeter fence. Larry then asked if the wetlands are adding to the wildlife issue. Cris answered that the birds are not coming in primarily because of the wetlands, but that the bigger problem is the food source that attracts the birds. Animals like voles, mice, and ground squirrels are problematic since they present a steady food supply to the birds.

COMMITTEE UPDATES

Executive Committee: Met September 26, 2017 to discuss Board agenda

Finance Committee: No Activity

Business Development: No Activity

Contract & Lease Committee: No Activity

Facility & Operations Committee: No Activity

Marketing Committee: No Activity

General Aviation Committee: No Activity

Legislative Committee: No Activity

UNFINISHED BUSINESS:

Resolution 2018-03 QTA Loan Repayment Update

Finance Manager Teri Norcross explained that construction of the QTA is behind schedule and is now expected to be completed by the end of October. Resolution 2018-03 will amend Resolution 2017-3 for the issuance of the note held by First Interstate Bank, to require the first

principal payment on January 10, 2018. The terms of the original note were written with the first principle payment due on October 10, 2017, following the original expected completion date of early to mid-summer 2017. This resolution will provide three extra months for the QTA to be financially completed, as the final pay request should be submitted by the end of this calendar year. The maturity will remain at September 10, 2021, and debt service on the note is to be paid with customer facility charge (CFC) collections.

Commissioner Larry Anderson asked if pushing the first due date will provide more time for CFC collections and reimbursement. Teri answered that the extra time will allow for completing the project. Alternate Commissioner Winton Kemmis asked how close to the move-in date the rental cars are. Teri answered that it may be as early as next week, and Deputy Director Brian Ellestad added that the move-in will occur by the end of October. Chair Paul Stafford asked if the project is on budget, and Deputy Director Brian Ellestad confirmed that is correct. Facilities Manager Thad Williams mentioned that there are about \$90,000 left over for contingencies, and Teri added that there are still some personnel expenses that need to be figured to account for the substantial amount of time MCAA staff has spent on the QTA project. Treasurer Chris Lounsbury asked if any of the cost associated with the change in due date is recoverable, and Teri answered that it will be funded with CFC collections. She added that the terms of the note allow for prepayments, so MCAA will take advantage of that as much as possible since CFC revenues fluctuate seasonally. Commissioner Larry Anderson asked what will become of the area where the old facility is located after demolition, and Director Cris Jensen answered that it will be turned into a parking lot. Chair Paul Stafford asked if there are any environmental concerns to be mitigated after demolition, and Cris answered that there are none that he is aware of at this time. Facilities Manager Thad Williams added that there has been testing and monitoring of the area already.

Commissioner Matt Doucette asked that his name be corrected on the Certificate as to Resolution and Adopting Vote, and Finance Manager Teri Norcross confirmed that she will make that change.

Motion: Alternate Commissioner Winton Kemmis moved to approve Resolution 2018-03 as presented.

Second: Commissioner Dori Brownlow

Vote: Motion Passed Unanimously

NEW BUSINESS:

Airport Director Performance Review

Although the Airport Director has the right to a Performance Review that is closed to the public, Director Cris Jensen exercised the option to waive his right to privacy.

Board Chair Paul Stafford reviewed the Board members' responses to the Performance Review form with Cris. The Board then discussed whether to give Cris a salary increase.

Motion: Commissioner Larry Anderson moved to approve a 1.9% CPI salary increase for Director Cris Jensen.

Second: Commissioner Matt Doucette

Vote: Motion Passed Unanimously

INFORMATION/DISCUSSION ITEMS

The October Board Meeting will be held on Tuesday, October 31, 2017 at 1:30pm.

There being no further business the meeting was adjourned.