

MISSOULA COUNTY AIRPORT AUTHORITY
Regular Board Meeting
January 31, 2017

THOSE PRESENT: Chair Paul Stafford
Vice Chair Shane Stack
Secretary/Treasurer Chris Lounsbury
Commissioner Jeffrey Roth
Commissioner Dori Brownlow
Commissioner Larry Anderson
Commissioner Matt Doucette – by telephone
Alternate Commissioner Deb Poteet
Alternate Commissioner Winton Kemmis
Honorary Commissioner Jack Meyer

STAFF: Director Cris Jensen
Deputy Director Brian Ellestad
Financial Manager Teri Norcross
Administrative Manager Lynn Fagan
Advertising Manager Amanda Jacobson
Chief of Public Safety Jesse Johnson
Facilities Manager Thad Williams

OTHERS: Shaun Shea, Morrison Maierle
Martin Kidston, Missoula Current
Kynan Spethman, Neptune
Todd M. Donahue, Homestead Helicopters
Tom Stark, Wells Fargo
Jeff Fuller, Wells Fargo
Ryan Salisbury, WGM Group
Gary Matson, GA Pilot

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

Motion: Commissioner Chris Lounsbury moved to seat Alternate Commissioner Winton Kemmis.

Second: Commissioner Larry Anderson.

Vote: Motion passed unanimously.

AGENDA

Motion: Commissioner Larry Anderson moved to approve the Agenda as presented.

Second: Commissioner Shane Stack.

Vote: Motion Passed unanimously.

Public Comment Period: None

MINUTES

Motion: Commissioner Chris Lounsbury moved to approve the minutes of the Regular Board meeting dated January 31, 2017.

Second: Commissioner Winton Kemmis.

Vote: Motion Passed Unanimously

CLAIMS FOR PAYMENT

Finance Manager Teri Norcross explained there were some large payments for snow removal costs that were not reflected in December financials but will show up in January due to the weather. The credit card charges are itemized. Teri asked for questions. Commissioner Lounsbury asked about bristles for the snow plows and whether the airport keeps a rotating inventory of them. Teri stated that they do but they are wearing the bristles the out in a hurry. There were no other questions.

Motion: Commissioner 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 told the Commissioners that considering the type of winter we're having, the financials look pretty good. Most of the snow removal costs will post in January, however, and at that time we will have used about 93% of the snow removal budget. Overall, the operating budget still looks pretty good. Teri brought to the Board's attention the agreement the airport has with TSA for reimbursement of costs for law enforcement. The federal funding for this agreement expired as of the beginning of the new federal fiscal year, October 1, 2016. Therefore, the reason the actual to budget for that item looks bad is because we have not been able to charge them anything under that agreement until the program is funded. The agreement goes until December of 2018, but it is funded piecemeal, as we are used to with many of our federal programs. Teri has been communicating with TSA to find out where we are with the funding of that program. Five proposals were received for the RFQ for financing the Rental Car QTA. Two of the proposals looked really good and interviews have been set up.

Motion: Commissioner Chris Lounsbury moved to approve the financial report as presented.

Second: Commissioner Larry Anderson.

Vote: Motion Passed Unanimously

DIRECTOR'S REPORT

Director Cris Jensen updated the Board on the Rental Car QTA project. The project is weather dependent so some components have been ordered and the projected ground breaking is the end of February, weather permitting. The tri-annual disaster drill is being organized. Winter operations have been going very well. The staff has been doing an excellent job and our main concern is not wearing our staff out. They have put in some long days and nights. They have managed to keep the airport open when a lot of airports have struggled. Cris wanted to publicly acknowledge the staff's hard work and dedication. Commissioner Stafford mentioned that the FAA actually increased the requirements for snow removal this year, making their job even harder. Commissioner Anderson asked if there was a contingency plan to address burn-out if the weather continues. Cris stated that there was a plan. We have in the past used management employees and we have implemented a 12 hour shift in the field so they do not work more than 12 hours at a time. State Aviation conference is in Billings this year in March. Any of the Board members are welcome to attend. The Airport had its annual TSA audit and did well. There were a few issues with paperwork that we are working through regarding criminal history checks but all of the on-the-ground testing that they did we passed. Cris then explained that Deputy Director Brian Ellestad will take on the role of project manager for the terminal project. Martin Kidston asked Cris if he expected any challenges with enforcement of the Real ID Act tomorrow. Cris explained that the Act does not go into effect for airports until January 2018 and TSA has signs to that effect outside the security area.

LEGAL REPORT

Legal Counsel Lynn Fagan reported to the Board that she and Director Cris Jensen would be meeting with County Planning staff that afternoon regarding Todd Donahue's hangar project. There is a statutory exemption from subdivision review for aviation related divisions of land, which this project falls within. However, because Todd is also planning on selling units within the hangar as condominiums, it has raised some issues with County Planning. Lynn reported that she expects it will just be a matter of educating County Planning personnel on airport related issues.

Lynn also reported that she has received the first draft of the closing documents for the Neptune Aviation infrastructure. Lynn and MCAA Bond Counsel Ben Johnson will review those documents and they will likely come to the Board in the next couple of months.

COMMITTEE UPDATES

Executive Committee: Met December 27, 2016
Finance Committee: No Activity
Business Development: No Activity
Contract & Lease Committee: No Activity
Facility & Operations Committee: Met January 18, 2017
Marketing Committee: No Activity
General Aviation Committee: No Activity
Legislative Committee: No Activity

UNFINISHED BUSINESS:

Lease Agreement with Homestead Hangars LLC

This will be Todd's third building on airport. In February 2016, the Board approved an Option to Lease for Homestead Hangars on a parcel in the new East GA Development area. Homestead is now ready to execute a lease agreement on the optioned property. This is the standard lease agreement with a few changes. It includes a provision allowing the Lessee to convert the hangars into a condominium form of ownership, form an owners association and sell individual units. There will be 7 individual units in this hangar. There is also a provision in the Lease which allows the Lessee to assign the lease to the owners' association. Director Cris Jensen stated that this is not unlike what we have done for the Runway 25 hangars. Todd Donahue requested that the word "airplane" in the lease be changed to "aircraft" and that the term of the Lease be changed from 20 to 30 years.

Motion: Commissioner Chris Lounsbury moved to approve the Lease Agreement with replacement of the word "airplane" to "aircraft" and change of the term from 20 years to 30 years.

Second: Commissioner Larry Anderson

Vote: Motion Passed Unanimously

NEW BUSINESS:

Robert Kembel/Thomas Stevens Ground Lease Agreement

MCAA entered into a Ground Lease Agreement with Kembel and Stevens in February 2007. The Lease calls for rate increases every 3 years by comparison to the changes in the Consumer Price Index. The Lease also includes a CAM fee. Several years ago, MCAA moved away from these types of provisions as they resulted in widely varying ground rents for similar aviation uses. This Addendum brings the Kembel/Stevens lease in line with all the other aviation ground leases by changing the CPI increase to increases approved by Board Resolution. Commissioner Larry Anderson asked if this was a stand-alone hangar. Director Cris Jensen showed the Board where the hangar was located on the airport map and stated there were 7 units in the hangar.

Motion: Commissioner Winton Kemmis moved to approve the Addendum to the Ground Lease Agreement with Robert Kembel and Tom Stevens as presented.

Second: Commissioner Jeff Roth

Vote: Motion Passed Unanimously

44 Ranch Irrigation Ditch Relocation Agreement

In 2003, MCAA purchased property from Dr. Pruyn which is adjacent to the 44 Ranch subdivision. The purchase also included water rights and shares in the Hellgate Valley Irrigation Company. The open irrigation ditch which carries these waters is located within a public

roadway easement within the 44 Ranch subdivision which is part of the City of Missoula. Due to planned subdivision on these lots, 44 Ranch and the City would like to modify the open ditch to an enclosed pipe system. The attached Agreement grants 44 Ranch and the City the right to enclose the ditch, at the developer's sole expense; the City agrees to maintain the pipe system and not to interfere with or disrupt the delivery of water. A very small portion of the pipe system will be located on a corner of MCAA property. Lynn explained that the legal description may change because it may need to include both parcels purchased from Dr. Pruyn. Also, the City of Missoula has not completed its review of the agreement and will likely have some changes to it. Therefore, the recommended motion is to approve the agreement subject to minor language changes approved by legal counsel. Commissioner Kemmis stated that it seemed that the only change was that the water went from an exposed ditch to an enclosed pipe and asked how does that change the rest of the legal requirements? Ryan Salisbury, civil engineer for WGM Group, stated that the Authority's two concerns were additional maintenance and is the pipe the right size. The City of Missoula is designated to maintain the pipe. The pipe is 24". The airport has about 297 miner's inches. Last summer there was an event that was even bigger than the water rights needed to convey through the pipe and the 24" pipe is enough to convey all of that. Ryan confirmed that Commissioner Kemmis was correct in that nothing else is changed. The one thing that might change is that the developer may take on the maintenance of the pipe. Commissioner Lounsbury asked Ryan to go over the sizing of the pipe again for flood capacity and Ryan stated that high flow is 19" and the total height of the pipe is 24".

Motion: Commissioner Roth moved to approve the 44 Ranch Irrigation Ditch Relocation, Modification and Maintenance Agreement subject to minor language changes approved by legal counsel.

Second: Commissioner Chris Lounsbury

Vote: Motion Passed Unanimously

Morrison Maerle Task Order No. 5

Director Jensen explained that the magnetic variation at the Airport has shifted enough to warrant a change in the numeral designation for each runway on the airfield. RW 11-29 will soon be 12-30 and RW 7-25 will soon be 8-26. This is the first time in Cris' twenty-six year history that he has seen this happen. Since the magnetic variation change will cause the runway designators (and surface painted hold bar signs) to be remarked, this task order also includes pavement maintenance of each runway as well. This change will also result in new airfield sign panels at every hold bar and runway directional sign.

This Task Order is for Design only, taken through bidding services. After bids have been opened and presented to the Board for award, Morrison-Maierle will present another Task Order for Construction Management Services.

Motion: Commissioner Chris Lounsbury moved to approve Task Order No. 05 with Morrison Maierle in the amount of \$60,000.00.

Second: Commissioner Larry Anderson

Vote: Motion Passed Unanimously

INFORMATION/DISCUSSION ITEMS

Commissioner Larry Anderson informed the Board that he will miss the next two meetings as he is travelling to Australia and New Zealand.

Honorary Commissioner Jack Meyer asked Director Jensen if there was any concern over federal funding. Director Jensen stated that there may actually be some opportunity for infrastructure investment. Staff has a conference call with Senator Daines' office regarding further funding for the terminal project. Cris stated that he is not hearing anything from the FAA currently that concerns him. We are in a continuing resolution for our federal funding today so we will get our grants in at least two payments. For the moment, we feel like we are okay.

There being no further business the meeting was adjourned.