

COOS COUNTY AIRPORT DISTRICT
REGULAR BOARD MEETING
Thursday February 18, 2016

Minutes of the regular monthly meeting of the Board of Commissioners of the Coos County Airport District held on Thursday, February 18, 2016, at 7:30 a.m., in the District Boardroom.

CALL TO ORDER: Chairman Briggs, called the meeting to order.

COMMISSIONERS PRESENT:

John Briggs, Chairman;
Helen Mineau, Vice-Chairman;
Jon Barton, Commissioner;
Joe Benetti, Commissioner;
Mike Lehman, Commissioner;
Andy Combs, District Legal Counsel.

ABSENT: None

STAFF PRESENT: Theresa Cook, Executive Director; Bob Hood, Operations Manager; Gordon Gates, Business Manager; Robert Brittsan, Executive Assistant.

MEDIA AND GUESTS PRESENT: Gordon Young, CH 14; Kathy Erickson, Congressman Defazio's Office; Peter Broussard, Bureau of Land Management (BLM).

PLEDGE OF ALLEGIANCE: Led by Chairman Briggs.

Section I. Review of Minutes: January 20, 2016 Board Meeting:

Upon a motion by Commissioner Benetti (second - Commissioner Barton), the minutes of the January 20, 2016 regular Board meeting were approved.

Section II. Review of Invoices:

The Board reviewed new invoices, through February 17th, in the amount of \$181,382.08. A motion to accept the invoices in the amount of \$181,382.08 by Commissioner Lehman (second – Commissioner Benetti) was approved by the Board.

Section III. Finance Report:

The Board reviewed the Financial Summary page. Year to date, revenue remains strong through the first seven (7) months, July - January. Late payment notifications were issued on any outstanding invoices over 90 days past due. This directly resulted in \$12,070 in additional income being collected for the month of January and \$4,273 so far for February. A new line item was added to the summary page in order to help track revenue from the Business Park and other land leases, including the BLM, BEC, and Peterson Cat facility. The District is still waiting on the FAA for grant closeout funds. Additionally the District has submitted documentation to the Department of Transportation (DOT) for payment on the Small Community Air Service Development Grant (SCASDG).

Commissioner Barton inquired and was informed that the District received notification that SeaPort had filed for Chapter 11 Bankruptcy protection. The District has made no progress with collection of Passenger Facility Charge fees (PFCs) from SeaPort, which owes the District close to \$30,000. The Board discussed bankruptcy options and whether to hire outside legal counsel to file a claim. The Board chose not to put a lot of time and money into recovery efforts and to proceed with using the District's own Legal Counsel.

The Long Term Debt page showed the addition of the deferred interest on the terminal debt. The total due to the Oregon Infrastructure Finance Authority (IFA), including the deferred interest, is approximately \$2M. Repayment over the next 20 years, starting in December of 2016, would be \$125,857 annually.

Commissioner Benetti asked if the District had come to any agreement with the Oregon IFA about how interest was calculated on the terminal loan debt. The Executive Director stated that the original agreement was for payment on the final \$1M of principle to be spread out over 20 years. Commissioner Benetti responded that the issue was that there was a belief that the interest owed was supposed to be reduced and or forgiven by the IFA.

Commissioner Lehman suggested that the District reevaluate ways of renting the hangar, as the loan obtained to cover the District's portion of the hangar was placing a drain on the Airport's finances. The Airport doesn't have the staff or the means of moving aircraft and the Fixed Based Operator (FBO) was unwilling too. The Executive Director offered that the Airport's FBO was not willing to place any aircraft in the hangar due to limitations in insurance coverage. The FBO was concerned about their liability in parking a \$65M aircraft in the hangar and what would happen if it were damaged. The District was attempting to cover the FBO as additional insured, to allow General Aviation (GA) transient aircraft to be placed in the hangar. The Board directed that an airport property broker be

retained in order to sell/lease the hangar. Commissioner Lehman inquired and was informed that the District has marketed the hangar at trade shows, on websites, with flyers, and have mailed postcards directly to end users and to other airports. Commissioner Benetti proposed that social media be used to encourage leasing of the hangar. The Board discussed other options, including reaching out to the California market. Commissioner Lehman was concerned about bleeding money. Commissioner Benetti asked whether representatives from the Jordan Cove Project would be interested. The District would know more after the FERC statement was issued, sometime in April.

The lump sum payment to HomeStreet Bank for the BLM facility is due on April 1, 2016. The Business Manager contacted HomeStreet about obtaining an extension. For a \$5,000 loan fee, the District could receive a 90 day extension. The District hasn't yet proceeded because the IFA may be able to provide a 20 year loan. The IFA was confident that they could meet the April 1st deadline. Oregon Pacific Bank was also contacted and offered a 5 year loan at 3.36%.

The Business Manager announced that he and the Executive Assistant would be attending the local budget law training class at SOCC at the end of February and that the preliminary audit was scheduled for April 13-14. Commissioner Barton asked and was informed that the District's current auditors have been doing the audit for the past six (6) years.

The Business Manager reviewed the General Aviation (GA) Aircraft Visits Graph. GA visits were 42 for the month of January compared to 31 last year. Comparing the average year-to-date revenue generated from the Airport Use Fees over the past four (4) years verses the current year, showed an increase of \$21,000. The graph also depicted that January was ahead of the average in both invoiced and collected fees and was \$10,000 higher than January of 2015.

The Business Manager reviewed the Commercial Enplanements Graph. Enplanements, year to date, through January were 21,194 compared to last January at 20,376, which is an increase of 4%.

Section IV. Information Items:

The Operations Manager updated the Board on operational and maintenance issues at the Airport.

The ship traffic off of Runway 4 was thought to be breaking the 144' mobile obstruction limit. The Operations Manager facilitated a meeting between the U.S. Coast Guard and the FAA to investigate the issue. The District has been tracking ship traffic, with approximately 76 vessels making port calls in and out of Coos

Bay. The District has catalogued 32 of these ships and at this point none have breached the height limit.

North Bend police dispatch approached the District for a briefing on emergency procedures at the Airport and was provided with the Airport's Emergency Plan and an invitation for a site tour.

The Oregon State Police's (OSP) shed roof was repaired. The OSP purchased all materials and the District provided the labor. The Executive Director noted that the shed structure was not part of the lease agreement with the OSP and was the reason that the OSP covered the cost of the materials. The OSP has requested that the shed building be added to the lease. Commissioner Lehman inquired about District staff being on the roof and was informed that they were well trained and within OSHA safety protocols for the type of work that was being done.

Because the Lakeside Dive Team was part of the water rescue plan at the Airport, in the event that Lakeside dissolved the team the Airport would be notified when another home had been located.

In efforts to control erosion, the hillside behind the hangar was hydroseeded.

A new sprinkler system in front of the terminal was scheduled to be installed by June. Commissioner Barton asked and was informed that the original drip system had failed and that the landscaping was not being watered at this time. Commissioner Benetti offered that the sprinkler system hadn't work from day one and nothing had been watered in years. Commissioner Lehman asked whether the system was even needed, as we haven't used it to this point. Why not just let it go natural? The Executive Director stated that the District had received complaints that the Airport's landscaping was unattractive, especially in the summer when the vegetation dies back.

The fire suppression systems for the BLM facility, Air Traffic Control Tower, the new commercial hangar, and the terminal building were all due for their annual inspection.

Commissioner Lehman revisited the paid parking system issue. Previously the Board had come to the conclusion that revamping the current system was a waste of money. Commissioner Lehman asked if the District had researched the cost of a completely new system. The Executive Director stated that new

systems were approximately \$200,000, and that an exact number would be provided to the Board at the next meeting. Commissioner Barton stated that any system would have to survive the harsh climate. The Board discussed options, such as hiring a parking lot attendant. The Board directed the Executive Director to investigate several alternatives, including contracting out the service as a parking lot concession.

The District's Legal Counsel thanked the Operations Manager for his service and responsiveness to the public's needs. Commissioner Mineau also thanked the Operations Manager for his participation on the Lakeside Dive Team.

The Executive Director updated the Board on the status of air service at North Bend. SeaPort has announced that their last flight from North Bend to Portland would be on March 21, 2016. They have served the Airport for approximately four (4) years and done really well filling in the gap to Portland. Between now and March 20th, air service to Portland would be sketchy, with cancelations occurring frequently. PenAir will pick up the Portland route on the 21st using a 30 passenger Saab 340. Although an 11:40am departure time is not ideal, they will be providing daily service to Portland. Commissioner Benetti inquired and was informed that PenAir is partnered with Alaska Airlines and you can now book through on Alaska Airlines and use your Alaska air miles. Commissioner Lehman asked about the size of the company. PenAir has operations in the Pacific Northwest, Alaska and the New England region.

United has confirmed their Denver flight for Sundays and Wednesdays from June 12th through October 5th at 2pm. The first week is already booked, which is great for the community. The District plans on using the mobile billboard again this year, with one side promoting the Denver flight and the other PenAir to Portland.

Bandon Dunes Golf Resort has provided the District with a new agreement for funding of the Denver flight. The agreement last year was for the District to provide Bandon Dunes with 50% of the SCASDG reimbursement amount. This year, Bandon Dunes would like 76.9%. District Legal Counsel was concerned with the reimbursement language in the agreement between the CCAD and the Department of Transportation. Commissioner Baron asked what the reasoning was for Bandon Dunes wanting a larger percentage. Commissioner Benetti would like the funds to be available to obtain another year of air service to Denver. The Board discussed drawdown options and leaving money for the following year, set aside in a separate fund. Commissioner Lehman wondered if the District would even have the option to extend it for another year. The Executive Director offered that it's easier for the Department of Transportation to

give an extension then to terminate the agreement. Commissioner Lehman moved to enter into an agreement with Bandon Dunes authorizing the Executive Director to negotiate a reimbursement amount for somewhere between 50% and 76.9% (second – Commissioner Mineau). Motion passed.

Within the required time frame, according to their agreement, the United Parcel Service (UPS) requested to renew their lease. The lease amount provided for in the agreement was based on Fair Market Value minus 5%. The District negotiated with UPS and a new lease amount was agreed upon. During that process, it was noted that a CPI increase had been overlooked and has since been implemented. Commissioner Lehman inquired as to how the UPS CPI was missed. Commissioner Lehman stated that the District has continually missed expired leases and CPI increases and wondered if there was anyone with control of all the contracts. The Executive Director offered that there isn't continuous monitoring and the District doesn't have a dedicated person assigned to reviewing all of the agreements, every day. Commissioner Barton stated that an Excel database should be created to assist in tracking expired contracts. Commissioner Lehman requested that a commercial property management firm be hired to handle the District's leases and contracts. Commissioner Lehman suggested that the District's current administration doesn't have the expertise to manage commercial properties. District Legal Counsel offered that part of the issue had a lot to do with the fact that the current administration has inherited dated leases from the City of North Bend, some of which were funneled through the Port of Coos Bay. When the files were handed over to the District, information was lost. It is difficult to deal with leases and contracts with incomplete information. Commissioner Lehman said that this was a big issue, legally, and that the District should give it priority. The Executive Director stated that the District has a limited administrative staff and would need a couple more employees to handle the additional burden. Commissioner Benetti wanted to contract out, instead of bringing staff in-house. Commissioner Barton said that hiring a property manager would cost 5% to 6%, which would be too much. Commissioner Lehman stated that you can't hire your way out of the problem. The Executive Director offered that even one additional staff member would be of great help. Commissioner Barton, suggested that the discussion be deferred to a workshop meeting or to the Executive Session. The Board directed the Executive Director to put together a job description for discussion at the next workshop meeting. Commissioner Lehman offered that a temporary employee could be obtained in order to get caught up on all files and contracts.

The Board discussed the Department of Human Services (DHS) contract and construction timeline. The District is still awaiting the contract documents for the

18,000 square foot remodel project. The architecture selection committee met and selected a firm for the remodel of the ACS building. The Executive Director updated the Board on the current state of both the remodel and build to suit projects.

The Special Districts Association of Oregon have a meet and greet in Charleston, scheduled for the 23rd, which is eligible for the Best Practices insurance credit. Commissioner Mineau and Commissioner Barton volunteered to attend.

Section V. Committee Reports/Presentations:

Mr. Peter Broussard, from the BLM, addressed the Board in regards to circumstances that would require action by the District, as the facility leaseholder. The federal government was focusing on secure operations and with recent events have mandated that a security assessment be done on the facility. The assessment noted necessary security upgrades for which the BLM was awarded funds. The upgrades were divided into three (3) phases. Phase 1 was to improve the security fencing, to make the warehouse and employee parking areas more secure. Phase 2 would be to upgrade the access control systems. The current two card system would be replaced with one card to access both the doors and computer terminals. Phase 3 would be focused on the interior of the building, to install an anti-fragment film on all windows, for explosions, and to redesign the foyer to place the reception area behind secure glass. BLM is requesting that the District start Phase 1 by issuing a Request for Bids (RFB) for security fencing. This is good for the Airport, as it gets a more secure building at the federal government's expense. No out of pocket expense from the Airport would be needed and the BLM would provide all the documents, including the specifications for the RFB.

Section VI. Action Item:

Commissioner Mineau moved to approve the 2016/17FY budget calendar (second – Commissioner Barton). Motion passed.

Commissioner Mineau moved to approve the Executive Director to be the 2016/2017FY budget officer (second – Commissioner Barton). Motion passed.

Commissioner Mineau moved to approve the addendum to the United Parcel Service, Inc. Lease, for five (5) years, in the amount of \$27,044.28 annually (second – Commissioner Lehman). Motion passed.

Commissioner Lehman moved to approve the U.S. Contract Tower Association Renewal in the amount of \$2,600 (second – Commissioner Benetti). Motion passed.

Commissioner Mineau moved to approve the ArInc Lease Agreement Extension at the rate of \$1,000 per year for three (3) years. (second – Commissioner Barton). Motion passed.

Commissioner Lehman moved to approve Resolution 2016-02-01 in support of pursuing funding specific to the BLM Facility (second – Commissioner Barton). Motion passed.

Section VII. Commissioner Comments:

The next Board meeting is scheduled for March 17th, 2016.

Commissioner Mineau mentioned plans of a restaurant moving into the old terminal, sharing the space with Coos Aviation. Clean up of the parking lot at the old terminal should be considered.

Public Comments:

None

Adjourned to Executive Session at 9:20 a.m.