

MINUTES OF THE BUDGET & FINANCE COMMITTEE MEETING OF THE MONTEREY PENINSULA AIRPORT DISTRICT BOARD OF DIRECTORS

January 17, 2023 – 9:00 AM

NOTICE REGARDING A RETURN TO IN-PERSON PUBLIC PARTICIPATION AT MONTEREY PENINSULA AIRPORT DISTRICT BOARD MEETINGS

Due to the expiration of certain directives contained in the Governor's Declaration of Emergency for the State of California (Executive Order N-29-20), the Board of Directors of the Monterey Peninsula Airport District will return to hold meetings at the Airport Board Room, with in-person attendance.

Due to recent increase in the transmission of the Omicron variant of the Coronavirus, and, as a result of the directives issued by the State of California and the Monterey County Public Health Officer intended to prevent the transmission of the coronavirus, the Airport may utilize the procedures outlined in AB361 to utilize alternative measures related to the conduct of remote meetings and remote comments by members of the public.

Members of the public may participate in the Board meeting via Zoom video conference. To view the Board meeting via Zoom video conference, please visit www.zoom.us/join and enter the following Meeting ID: **830 0401 3033**. The password for this meeting is: **20230117**. If you do not have access to the internet, you may also participate telephonically by calling (253) 215-8782 and entering the same Meeting ID and password.

REMOTE PUBLIC COMMENTS

To make a public comment, the following options are available:

1. Before the Meeting via Email: Written comments can be emailed to info@montereyairport.com. Include the following subject line: "Public Comment Item # (insert the agenda item number relevant to your comment)." Written comments should be received by 8:00 AM on the day of the meeting. All submitted comments will be provided to the Board for consideration and will be compiled as part of the record.
2. During the Meeting via Oral Comments: When the Chair calls for public comment, attendees can queue to speak with the "Raise Hand" feature. On the Zoom application, click the "Raise Hand" button. On the phone, press *9. The Secretary to the Board will call speaker names and unmute speaker microphones. You will have up to 3 minutes to provide your oral comments, pursuant to Board policy.

Public comments may also be made in person. Members of the public may attend the Board Meeting in person and request to speak to the Board when the Chair calls for public comment.

A. CALL TO ORDER

The meeting of the Budget & Finance Committee was called to order at 9:11 AM. Director Sabo and Director Leffel, Executive Director La Pier, Acting Board Secretary Adams, Deputy Executive Director Morello, Controller Wilson, and Matt Wright, Monterey Fuel Company, were present.

B. COMMUNICATIONS / ANNOUNCEMENTS / INFORMATIONAL ITEMS

None.

C. PUBLIC COMMENTS

None.

D. REGULAR AGENDA – ACTION ITEMS

- Review
1. Resolution No. 1836, A Resolution Authorizing and Approving the 2023 Consolidated Master Lease and the Commercial Real Property Purchase Agreement Between Monterey Fuel Company, LLC And Monterey Peninsula Airport District

Director Leffel asked that Controller Wilson present his loan analysis prior to reviewing Resolution No. 1836. Executive Director La Pier turned the floor over to Controller Wilson to review the proposed loan analysis prepared in relation to Resolution No. 1837.

Review 2. Resolution No. 1837, A Resolution Authorizing the Submittal of an Application and Execution of an Agreement with the California Department of Transportation

Controller Wilson reviewed a cash flow analysis related to three different scenarios: building the corporate hangar (in addition to the box hangars) and having a tenant in place, building the corporate hangar but not having a tenant, and not building the corporate hangar. In all instances the financing assumptions were the same and included a combination of CARES Act funds that are earmarked and already drawn, District reserve funds, and a Cal Trans loan.

Controller Wilson reviewed his conversations with Cal Trans about available funds, current interest rates, and loan timing needs.

District Counsel Huber joined the meeting at 9:27 AM.

Executive Director La Pier noted that a Board Resolution on this matter is only necessary because Cal Trans requires it; it is not required by our Enabling Act or Governance Manual. Both Director Leffel and Director Sabo expressed their support for Resolution No. 1837.

Review 1. Resolution No. 1836, A Resolution Authorizing and Approving the 2023 Consolidated Master Lease and the Commercial Real Property Purchase Agreement Between Monterey Fuel Company, LLC And Monterey Peninsula Airport District

Controller Wilson reviewed a 2021 Hangar Rent Market report that showed average local rent and how he came to his assumption of rent for the debt service analysis. Executive Director La Pier added this is just for the Pro Forma. The intent was to determine the breakeven number; it is not a recommendation of the actual rent.

Director Sabo asked why we were building box hangars instead of T-hangars. Executive Director La Pier answered it was in the Master Plan analysis that the future market would be for box hangars. Director Sabo asked Matt Wright if he got quotes for both box and T-hangars. Mr. Wright answered there are 28 nested T-hangars being built for Monterey Fuel Company and 24 small box hangars that are intended for purchase by the District. The cost of materials is similar for both. Executive Director La Pier added it was replacement in kind for the Southeast hangars.

Directors discussed the 100' x 100' "corporate" hangar and Controller Wilson stated if the corporate hangar were not built there would be a smaller deficit, but it would make it more expensive to build later. Executive Director La Pier added there is a very small time-window to be able to eliminate the corporate hangar from the project. Director Leffel expressed support for building it now.

Director Sabo expressed his concerns regarding building a corporate hangar and building box hangars instead of T-hangars. Executive Director La Pier stated there are two corporate hangars now; one is leased to Monterey Fuel Company, but they will build their own on the north side. The other is currently used by our maintenance, but we'll market the new hangar. Director Sabo was not in favor of building the corporate hangar on spec.

Director Leffel stated she is in support of Resolution 1836. Director Sabo was not and asked why we needed to move forward right now. Executive Director La Pier stated the terminal plan was approved and we need to keep up with the funding cycle. The District needs to be shovel ready for construction

of the ramp area to be eligible for the next round of funds and the District must own the land. Additional grants from other sources could be at risk also if we go out of funding sequence.

Review 3. Resolution No. 1838, A Resolution Authorizing and Approving the Service Agreement between the Monterey Peninsula Airport District and Elite Painting Company

Deputy Executive Director Morello introduced Resolution No. 1838 and stated this was approved as a FY 2023 Capital Improvement Project (CIP). Director Leffel stated her support.

Director Sabo asked why, given that we are intent on building a new terminal building, did we need to paint the old one. Deputy Executive Director Morello stated this is necessary to maintain the stucco building in proper working order. It was last painted in 2009 and the project includes cleaning, patching, caulking, and otherwise repairing cracks and damaged areas. Executive Director La Pier added we have not yet determined if this building will be utilized for something else or demolished once the new terminal building is complete. Director Sabo agreed to support.

Director Sabo asked for Public Comment and Matt Wright stated he had no comment on painting the terminal but urged Director Sabo to reconsider his support of the Purchase Agreement saying a lot of time has gone into the negotiations and Monterey Fuel Company thinks the deal is fair to all sides.

Review 4. Resolution No. 1839, A Resolution Amending Resolution No. 1824 and Approving the Amended Capital Improvement Program (CIP) Budget of the Monterey Peninsula Airport District for Fiscal Year Ending June 30, 2023

Director Leffel and Director Sabo were both in favor of Resolution No. 1839.

No Public Comment.

Review 5. FYTD 2023 Statements

Director Leffel stated she appreciated the changes to the format and had no questions.

Director Sabo asked about landings being below budget. Executive Director La Pier answered budgeting was done with the best information at that time. The pilot shortage has reduced service and seats available. This is market wide but affects regional operators more.

Review 6. Variance Analysis - MTD and YTD

Director Sabo asked about Public Relations expense. Executive Director La Pier answered there would be a full report on current activity and expenditures distributed to Directors at the regular board meeting.

Review 7. Accounts Receivable Aged Invoice Report

Director Sabo asked if Controller Wilson was comfortable the late Accounts Receivable would pay. Controller Wilson answered he was.

Review 8. Grant Funds Balance

No questions.

Discuss 9. General Discussion

No further discussion.

No Public Comment.

E. ADJOURNMENT

The meeting adjourned at 11:29 AM.

Approved at the
Meeting of February 15, 2023



LisAnne Sawhney, Chair

ATTEST



*Michael La Pier, AAE
District Secretary*