

MINUTES OF THE SPECIAL MEETING OF THE MONTEREY PENINSULA AIRPORT DISTRICT BOARD OF DIRECTORS

January 18, 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.

Should the Board implement the measures outlined in AB 361, members of the public may participate in the Board meeting via Zoom video conference. Please visit www.zoom.us/join and enter the following Meeting ID: **838 7257 0529**. 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. Members of the public who wish to provide comment on an item on the agenda may do so during the meeting prior to the item being considered by the Board, as outlined below.

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/ROLL CALL

Chair Miller called to order the special meeting of the Monterey Peninsula Airport District Board of Directors at 9:00 AM. Directors Pick, Leffel and Sabo were present. Director Leffel participated by Zoom videoconference. Director Sawhney was absent. The following staff were present: Executive Director La Pier, District Counsel Huber, Acting Board Secretary Adams, Deputy Executive Director Morello, and Controller Wilson.

B. PLEDGE OF ALLEGIANCE

Director Pick led the Pledge of Allegiance.

C. COMMUNICATIONS/ANNOUNCEMENTS/INFORMATIONAL ITEMS

Executive Director La Pier reported the Airport fire alarm is being worked on this morning.

Marlana Brown, a member of the public, spoke as a community liaison for the U.S. Navy on behalf of all three of Monterey's local installations. She read a statement from their leadership expressing appreciation for the Holiday active-duty military lounge hosted by the Airport.

Executive Director La Pier thanked Ms. Brown and acknowledged we were pleased to have additional partners and sponsors donate to the event this year.

D. REGULAR AGENDA - ACTION ITEMS

- Adopt 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

Executive Director La Pier introduced Item D-1 stating the Finance Committee reviewed the materials. Director Leffel noted there were items in the Staff Report and the Resolution that District Counsel Huber was going to fix. District Counsel Huber displayed a redlined version of the Staff Report on screen noting in all instances where it referred to Monterey Fuel Partners that would be changed to Monterey Fuel Company. Other changes included a typographical error that will read 2023 instead of 2003, a clarification to the management fee to add that the monthly fee for management would be 15% (up to a maximum of \$2,500 per month), and the addition of the word "monthly" to the \$2,000 credit referenced under Impact on MPAD FBO Rental Income.

Directors discussed the economics of the 2023 Consolidated Master Lease and the Commercial Real Property Purchase Agreement. Chair Miller clarified the \$750 rent mentioned on the Pro Forma is not being approved today. Executive Director La Pier added that any changes to rates and charges would be approved during the budget process. The \$750 rent on the Pro Forma is simply an illustration of the point we would expect to break even, rather than having to subsidize the new hangars.

Director Leffel reported the Finance Committee was a split vote on whether to recommend Resolution No. 1836 with Director Sabo against and she in favor.

Public Comment:

Mr. David Dickens, a current Monterey Peninsula Airport District SE hangar tenant, referred to a letter emailed to Directors yesterday expressing concerns from him and other tenants about the anticipated sharp increase in rents for the proposed new hangars. He read the following statement:

"As an aircraft co-owner, MPAD hangar tenant (#22 SE), AOPA Airport Support Network Volunteer, and resident in the Airport District, I am very concerned about the immediate impact that the anticipated sharp increase in hangar rents will have on the General Aviation (GA) community at KMRY. Over the past few months, many other pilots have expressed the same fear of being faced with dramatic and sudden rent increases with little warning. Hangar tenants had these fears realized only in the last two weeks with a letter from the Airport outlining plans to move all of us to the new hangars by October this year. Rents will be established once the final project cost is known. Our concern is that the rates will increase dramatically overnight.

The GA community at MRY involves of a diverse group of businesses (aircraft maintenance, avionics, fuel providers, training school), students, instructors, pilots, and aircraft owners. Without access to hangar or commercial space at acceptable rates, owners may be forced to sell their aircraft and in the worst case drop out of flying. Airport businesses will lose a significant number of their clients and fuel sales will decline. Many of the new hangars could go unoccupied, resulting in reduced or flat revenues instead of the projected increase.

As a recipient of FAA grants, MAPD has an obligation to accommodate and support General Aviation activities along with airline and business aircraft operations. Building new hangars and facilities that are too costly for current owners or operations does not meet this obligation. It is not clear why MPAD is going to build expensive box hangars while the Monterey Fuel Company (MFC) is building more economical T-Hangars. The Resolution calls for MFC to manage all the new hangars and recommend rates for the MAPD hangars.

This is a very different arrangement from the existing one and could result in steep rent increases for all tenants.

We urge the board to ensure that Resolution No. 1836 incorporates provisions to ensure that the new hangars constructed by MPAD are made available at rates that the GA community can absorb without immediate negative impacts. Setting the new hangar rates with the sole objective of rapidly recovering construction costs will jeopardize the future of general aviation at Monterey. Encouraging higher hangar occupancies from Day 1 by offering them at acceptable, realistic rates will benefit everybody. A phased approach to cost recovery over time and/or delaying construction of the new hangars for at least a year would lessen the immediate hardships to the local pilot community. Let's work together to encourage a thriving and vital general aviation community at MRY rather than drive it away."

Mr. Matt Pasztalaniec, a current Monterey Peninsula Airport District SE hangar tenant, stated there is a wait list at this airport and in Salinas for T-hangars and building box hangars is not a one for one replacement. He referred to a letter submitted by the Aircraft Owners and Pilots Association (AOPA) and stated he echoed those concerns. The following is the full text of the letter from AOPA:

"The Aircraft Owners and Pilots Association (AOPA) is the largest general aviation membership organization in the United States, representing over 300,000 pilots and aircraft owners. We appreciate the opportunity to express our concerns over this proposed resolution that will negatively impact the users and tenants at the airport.

While we applaud the efforts of the Airport District to seek and obtain federal AIP grants, it would be more beneficial for those grants to support all aviation activities at the airport and not just those benefiting air carrier operations. For example, the FAA has indicated relocating the air traffic control tower would be an appropriate step due to blind spot occurrences at the airport. Undertaking that project would benefit all users of the airport and increase safety, especially since local general aviation operations comprise the largest share of airport operations according to recently available data.

Ultimately, our concern is the desire of the Airport District to place the entire financial burden of paying for the development of new GA hangars onto the GA pilots who reside and store their airplanes at KMRY. While a separate issue, the development of a new terminal is causing the relocation of the existing GA hangars – a decision made solely by the Airport District and not the pilots. The existing and future GA tenants should not be expected to bear the entire burden of this cost when no other entity of the airport is facing dramatic increases in rental rates or fees.

We respectfully request the authority take more time to determine the entire costs of this project and whether adequate funding exists. Additionally, a further study into alternative funding options should be considered to lessen the financial impacts on the GA community at KMRY. New rental rates for new hangars should be phased in over time to allow the District to offset its investment in building new hangars due to the new terminal project. It would not be prudent for the airport to construct new hangars at the airport to only have them sit unoccupied and not generate revenue."

Directors thanked the public for their comments, assured them new rental rates for the hangars had not yet been set, and that their comments would be taken into consideration.

Director Leffel made a motion to approve 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 Pick seconded the

motion. The motion passed by a roll call vote of 3-1 with Director Sabo voting no and Director Sawhney absent.

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

WHEREAS, the Monterey Peninsula Airport District (“District”) currently has a lease with Monterey Fuel Company, LLC (“MFC”) which originated with Del Monte Aviation, L.P. for the operation of Fixed Base Operator services and the rental of hangars, among other things; and

WHEREAS, the Master Plan and Safety Enhancement Plan (SEP) requires that MPAD increase the separation of the runway and taxiway, which will require the relocation of various assets, including some of the property leased to Monterey Fuel Company which will need to be reclaimed by MPAD; and

WHEREAS, MPAD offers alternate property to MFC in exchange for the property MFC surrenders to MPAD; and

WHEREAS, MFC will construct new hangars and facilities on the alternate property offered by MPAD on the northside of the airport.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE MONTEREY PENINSULA AIRPORT DISTRICT:

1. The Chair of the Board of Directors is hereby authorized and directed to execute the 2023 Consolidated Master Lease between the Monterey Peninsula Airport District and the Monterey Fuel Company, LLC. A copy is attached hereto as Exhibit “A”; and
2. The Chair of the Board of Directors is hereby authorized and directed to execute the Commercial Real Property Purchase Agreement between the Monterey Peninsula Airport District and the Monterey Fuel Company, LLC. A copy is attached hereto as Exhibit “B”.

ADOPTED BY THE BOARD OF DIRECTORS OF THE MONTEREY PENINSULA AIRPORT DISTRICT: This 18th day of January, 2023 by the following roll call vote:

AYES:	DIRECTORS:	Pick, Leffel, Miller
NOES:	DIRECTORS:	Sabo
ABSTAIN:	DIRECTORS:	None
ABSENT:	DIRECTORS:	Sawhney

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

Executive Director La Pier introduced Item D-2 stating a Resolution is not required by our rules, but is required by Cal Trans. Controller Wilson reviewed the details of the proposed Cal Trans loan application and agreement.

No public comment.

Director Pick made a motion to approve Resolution No. 1837, A Resolution Authorizing the Submittal of an Application and Execution of an Agreement with the California Department of Transportation. Director Leffel seconded the motion. The motion passed by a roll call vote of 4-0 with Director Sawhney absent.

RESOLUTION NO. 1837

A RESOLUTION OF THE MONTEREY PENINSULA AIRPORT DISTRICT BOARD OF DIRECTORS AUTHORIZING THE SUBMITTAL OF AN APPLICATION AND EXECUTION OF AN AGREEMENT WITH THE CALIFORNIA DEPARTMENT OF TRANSPORTATION

WHEREAS, the Monterey Peninsula Airport District (MPAD) owns and operates the Monterey Regional Airport; and

WHEREAS, the Airport Board of Directors hereby authorizes the submittal of an application and execution of an agreement with the California Department of Transportation, for a state airport loan; and

WHEREAS, the California Department of Transportation, pursuant to the Public Utilities Code section 21602, provides loans for the improvement and operation of airports; and

WHEREAS, the California Department of Transportation requires the Board of Directors to adopt a resolution authorizing the submission of an application for a state airport loan.

NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE MONTEREY PENINSULA AIRPORT DISTRICT: that the Board of Directors of the Monterey Peninsula Airport District, Monterey in the State of California:

1. Authorizes filing an application for a state airport loan for this project.
2. Authorizes execution of a Loan Agreement for the project.
3. Certifies the District's ability to repay the state loan for this project; and

BE IT FURTHER RESOLVED: that the Board of Directors of the Monterey Peninsula Airport District does hereby authorize Michael La Pier, Executive Director, or his designee, to sign any documents required to apply for and accept these loan funds on behalf of the Monterey Peninsula Airport District.

I hereby certify the foregoing resolution was introduced and read at the regular meeting of the Board of Directors of the Monterey Peninsula Airport District on the 18th day of January 2023, and the resolution was duly adopted at said meeting by the following vote:

PASSED AND ADOPTED BY THE BOARD OF DIRECTORS OF THE MONTEREY PENINSULA AIRPORT DISTRICT: This 18th day of January 2023 by the following roll call vote:

AYES:	DIRECTORS:	Pick, Leffel, Sabo, Miller
NOES:	DIRECTORS:	None
ABSTAIN:	DIRECTORS:	None
ABSENT:	DIRECTORS:	Sawhney

E. ADJOURNMENT

The meeting adjourned at 10:40 AM.

*Approved at the
Meeting of February 15, 2022*



LisAnne Sawhney, Chair

ATTEST



*Michael La Pier, AAE
District Secretary*