

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

March 14, 2023 – 9:00 AM

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

Due to the expiration of the COVID-19 California State of Emergency, the Monterey Peninsula Airport District will return to holding meetings at the Airport Board Room, with in-person attendance. 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. In general, remote comments will not be allowed, except as outlined in the limited circumstances below.

The Monterey Peninsula Airport District will continue to broadcast the Board Meetings via Zoom video conference for viewing by the public. To view the Board meeting via Zoom video conference, please visit www.zoom.us/join and enter the following Meeting ID: **833 1359 2413**. The password for this meeting is: **20220314**. If you do not have access to the internet, you may listen telephonically by calling (253) 215-8782 and entering the same Meeting ID and password.

In the event that a Board Member utilizes the procedure outlined in AB 2449 to attend a meeting, only then will remote public comments be allowed. Under those circumstances, 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.

Members of the public who desire to make a public comment can send an email to info@montereyairport.com and 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.

A. CALL TO ORDER

The meeting of the Monterey Peninsula Airport District Budget & Finance Committee was called to order at 9:00 AM. Director Sabo and Director Leffel, Executive Director La Pier, Deputy Executive Director Morello, and Controller Wilson were present.

B. COMMUNICATIONS / ANNOUNCEMENTS / INFORMATIONAL ITEMS

None.

C. PUBLIC COMMENTS

None.

D. REGULAR AGENDA – ACTION ITEMS

Review 1. Resolution No. 1841, A Resolution Authorizing and Approving the Service Agreement between the Monterey Peninsula Airport District and KBM Hogue

Director Sabo asked to modify the agenda to review Item D.2 before Item D.1.

Review 2. Resolution No. 1842, A Resolution Approving the State of California Department of Transportation ("Cal Trans") California Airport Loan Agreement

Controller Wilson reported the loan amount is the same as we requested, the rate is the same as discussed, and the term is still 17 years. The agreement requires MPAD to hold a reserve of one year P&I which is approximately \$330k. Payments are due annually and there is no prepayment penalty. There is no specific collateral; this is a general obligation of the airport. There are no covenants. The

Agreement was reviewed by Counsel Huber and it is as he expected. The next step is to have the board authorize the execution of the Agreement and then funding would be in 30-45 days.

Director Leffel asked to confirm the components of funding of the hangar project. Controller Wilson answered the total required is \$7,040,958 and funding it is this loan of \$3,740,958 and \$3.3 million in district funds; \$1.3 million of which was previously drawn on CARES and earmarked for this and another \$2 million of reserves.

Director Leffel asked if the \$333,918 reserve is a 17-year hold if we don't prepay. Controller Wilson answered yes. Director Leffel asked if we could pay in advance and save a little interest. Controller Wilson will look into that. There was a discussion about the timing of receiving the loan and when we really need the money. Controller Wilson noted if we don't execute the loan before August 14, 2023, it becomes null and void. He will review the timing, however.

Director Sabo asked questions about disbursements and documentation. Controller Wilson answered this is not a construction loan since we are purchasing a finished product. Cal Trans will fund the entire amount 30-45 days after loan execution. The agreement does stipulate the funds are used for this project, but the accounting and documentation will make that clear. Director Sabo asked Controller Wilson's intentions with regard to the reserve monies. Controller Wilson answered there is a separate bank account set up and it is interest bearing. The amount will be Restricted Cash on the balance sheet. Director Sabo stated he could support this resolution.

Director Sabo made comments about the hangar rates and charges and said he has written down some ideas about phasing in the rent increases. Director Leffel suggested he submit his suggestions to staff beforehand and she would do the same. She also supported this resolution.

No Public Comments.

Review 1. Resolution No. 1841, A Resolution Authorizing and Approving the Service Agreement between the Monterey Peninsula Airport District and KBM Hogue

Executive Director La Pier introduced Resolution No. 1841 that approves buying furnishings for the gate area. Deputy Executive Director Morello reported the District Only project of painting was well below budget, so we amended the Capital Improvement Plan (CIP) to add increased seating for the hold room, made more necessary since we got the A319 aircraft. Deputy Executive Director Morello stated the Airport participates in three cooperative purchasing organizations for public sector procurement. The cooperative contracts are competitively solicited and publicly awarded by a government entity serving as the lead agency. We used this procurement mechanism and worked with KBM Hogue, as the local provider of furnishing for airports, on design and pricing. Deputy Executive Director Morello referred to concept renderings and reviewed the proposed placement of new counter seating.

Directors discussed the proposed placement, limited capacity for electrical outlets, and the area in closest proximity to TSA and how it might be used. Director Leffel asked about ADA accessibility and Deputy Executive Director Morello stated it complies. Director Leffel suggested we might investigate additional seating within the TSA boundaries and consider designating a section outside the café as an area where alcohol consumption is allowed.

Director Sabo asked if this is a net increase in seating, given that we are taking out the tables outside of the café. Deputy Executive Director Morello answered yes; we're adding about 25 more seats in total. Director Sabo asked if the counters would face a wall. Deputy Executive Director Morello answered all are looking outside except Gate 2. Director Sabo supported and will recommend it to the board.

Director Sabo asked if there was a vendor that was more local in the purchasing co-op. Deputy Executive Director Morello stated this is the only one in the cooperative and there are no local vendors that have the purchasing authority for furniture specific to aviation, regardless of co-op discount.

No Public Comment.

Director Leffel will recommend to the board.

Review 3. FYTD 2023 Statements

Controller Wilson reviewed the January 2023 Financial Statements. He reported he added language under "Liquidity" that details the grants that have been received to date.

Controller Wilson reported he and Executive Director La Pier looked at cash needs over the next six months and have invested reserves in T-bills that are laddered at 60, 90, 120, and 180 days. The blended rate is close to 5%.

Controller Wilson reported January revenues are higher than expected primarily due to a transfer of \$96,000 from the balance sheet, credited to income. That \$96,000 was an obligation to Del Monte Aviation that was eliminated in the restated and consolidated agreement with Monterey Fuel Company.

Director Sabo asked for particulars on the increase in yields as compared to our previous investment vehicle. Controller Wilson answered it is almost 300 basis points.

Director Sabo asked questions about rental cars, an uptick in professional services against budget and what legal services District Counsel bills outside his monthly retainer. Executive Director La Pier stated most of the variance is due to District Counsel getting caught up on their billing.

Director Sabo asked questions about the net pension liability plan. Executive Director La Pier noted we paid the pension obligation bond down; this is the net pension liability in the future according to CalPERS. Controller Wilson added it is recast every year based on the new actuarial calculations that were done.

Director Sabo asked additional questions about individual expenditures. There was a discussion about water usage and the fact it is a function of usage of all tenants and passengers. Deputy Executive Director Morello noted water usage goes up the better our tenants do.

Review 4. Variance Analysis - MTD and YTD

Director Sabo asked about the variance in licensing fees. Controller Wilson answered it was a timing issue.

Review 5. Accounts Receivable Aged Invoice Report

Director Sabo asked for explanations on the past due Accounts Receivable. Controller Wilson stated District Counsel Huber is handling one and the other we are working with.

Review 6. Grant Funds Balance

No discussion.

Discuss 7. General Discussion

Executive Director La Pier gave an overview of the priorities and strategies for funding the Capital Improvement Plan (CIP), saying most of the CIP will be based on the Safety Enhancement Plan. There are only two other projects under consideration.

Executive Director La Pier reviewed the CIP process saying we are looking for every possible funding dollar. The strategy is to find as many outside sources as possible. Director Sabo asked if a project can be on the CIP if we don't know how it is going to be paid for. Executive Director La Pier answered that the CIP budget is based on projects necessary in the following year. Approving the CIP gives staff the authority to bring the contract back to the board. The funding source could be unidentified. But the board is not approving the expenditure. If we don't get funding, then we don't bring it to the board. The CIP is a plan, not an expenditure. There was a discussion about the process.

Executive Director La Pier gave an overview of the operations budgeting strategy. There was a discussion about compensation, total benefits, proposed new positions, and the intention to have maintenance on property seven days a week.

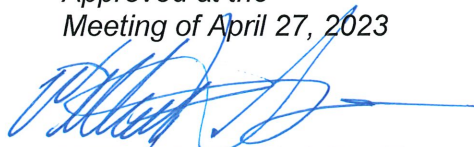
Executive Director La Pier discussed ideas for additional revenues and the need to replace revenues lost by shutting down the outside storage as part of the environmental work that needs to be done. He intends to have a Rates and Charges breakout discussion during a special Finance Committee meeting.

Director Sabo asked about the budget models based on the uncertainty of the economy. Controller Wilson reported he will build a model that has some sensitivities to it so we can switch between scenarios: realistic, pessimistic, and optimistic.

E. ADJOURNMENT

The meeting adjourned at 11:20 AM.

Approved at the
Meeting of April 27, 2023



William Sabo, Chair Pro Tem

ATTEST



Michael La Pier, AAE
District Secretary