

MISSOULA COUNTY AIRPORT AUTHORITY
Regular Board Meeting
June 30, 2020
1:30 pm, Airport Board Conference Room

THOSE PRESENT: Chair Matt Doucette via conference call
Vice Chair Adriane Beck via conference call
Secretary/Treasurer Larry Anderson via conference call
Commissioner Shane Stack via conference call
Commissioner Deb Poteet via conference call
Commissioner Dori Brownlow via conference call
Alternate Commissioner Winton Kemmis via conference call
Alternate Commissioner Pat Boyle via conference call
Honorary Commissioner Jack Meyer via conference call

STAFF
Director Cris Jensen
Deputy Director Brian Ellestad via conference call
Finance Manager Teri Norcross via conference call
Administrative Manager Lynn Fagan via conference call
Business Development Manager Dan Neuman via conference call
Accountant I Rita Harris-Powers via conference call
Manager of Projects Tim Damrow
Facilities Manager Thad Williams
Airfield Operations Manager Nate Cole
Chief of Public Safety Justin Shaffer
Jesse Johnson, MCAA

OTHERS:
Brian Flaig, First Security Bank via conference call
Todd Koster, Payne Insurance via conference call
Martin Kidston, Missoula Current via conference call
Gary Matson via conference call
Kynan Spethman, Neptune/Northstar via conference call
Shaun Shea, Morrison-Maierle via conference call
Sterling Stayton, Museum of Mountain Flying
Julie McGrath, Enterprise Holdings via conference call
John Hubley, Rocky Mt ATMs via conference call

Chair Matt Doucette called the meeting to order and advised everyone that the meeting was being recorded.

Administrative Manager Lynn Fagan performed a roll call of Board members, staff members, and members of the public that called in.

Motion: Secretary/Treasurer Larry Anderson moved to seat Alternate Commissioner Winton Kemmis.

Second: Vice Chair Adriane Beck

Vote: Motion Passed Unanimously

AGENDA

Administrative Manager Lynn Fagan requested that the Agenda be amended to move the Fiscal Year 2021 Payne Insurance Renewal ahead of Unfinished Business.

Motion: Commissioner Dori Brownlow moved to approve the agenda as amended.

Second: Secretary/Treasurer Larry Anderson

Vote: Motion Passed Unanimously

PUBLIC COMMENT PERIOD:

None.

MINUTES

Chair Matt Doucette asked if anyone had questions or comments regarding the minutes for the Regular Board Meeting dated May 26, 2020; there were none.

Motion: Secretary/Treasurer Larry Anderson moved to approve the minutes of the Regular Board Meeting dated May 26, 2020 as presented.

Second: Alternate Commissioner Winton Kemmis

Vote: Motion Passed Unanimously

Chair Matt Doucette asked if anyone had questions or comments regarding the minutes for the Special Board Meeting dated June 23, 2020; there were none.

Motion: Commissioner Dori Brownlow moved to approve the minutes of the Special Board Meeting dated June 23, 2020 as presented.

Second: Alternate Commissioner Winton Kemmis

Vote: Motion Passed Unanimously

CLAIMS FOR PAYMENT

Finance Manager Teri Norcross stated the Claims for Payment have been shorter than usual in recent months as staff are making efforts to decrease spending. She did note the larger payments are listed on the cover and noted a payment to Kerr's Drapery to replace blinds in the control tower. Teri asked Facilities Manager Thad Williams about the nature of the payment to Johnson Controls and Thad responded that payment was likely for the airport's security system. Teri stated that amount was recorded as a prepaid expense and would be expensed out monthly.

Chair Matt Doucette asked if there were any other questions or comments; there were none.

Motion: Secretary/Treasurer Larry Anderson moved to approve the Claims for Payment as presented.

Second: Alternate Commissioner Winton Kemmis

Vote: Motion Passed Unanimously

FINANCIAL REPORT

Finance Manager Teri Norcross began by explaining that staff's biggest concern is the cash position of the airport, adding that she included a table on the cover for the financial report to show the differences between cash in and cash out from March through May of 2019 and 2020. Teri noted that the cash out for May 2020 includes final leave balance payments to two long-time employees that recently retired. Teri stated staff is considering borrowing on available debt with First Security Bank to help improve MCAA's cash position.

Teri went on to explain that staff is submitting for funds to the Coronavirus Aid, Relief, and Economic Security (CARES) Act grant, adding that the process is similar to Airport Improvement Program (AIP) grants for requesting funds. She stated that some funds have been approved and paid out in two payments; both were funded in roughly seven to ten days. Teri added grants for 2020 have been amended to increase the federal share to 100%, so MCAA will no longer have to match 10% of funds being granted for eligible project costs.

Commissioner Dori Brownlow asked what the cost will be of borrowing on available debt and if it will be a wash from accrued interest. Teri responded that interest rates on the bank notes are between just over 3% and just under 4%, adding that the funds drawn will sit in an account earning 1.5% interest to offset accrued interest on borrowed funds.

Chair Matt Doucette asked if anyone had additional questions or comments regarding the Financial Report; there were none.

Motion: Alternate Commissioner Winton Kemmis moved to accept the financial report as presented.

Second: Secretary/Treasurer Larry Anderson

Vote: Motion Passed Unanimously

DIRECTOR'S REPORT

Director Cris Jensen began by explaining that MCAA's Chief of Public Safety Bob Otte resigned from his position to become a Public Safety Officer again after almost three years as Chief and was followed by Interim Chief of Public Safety Jesse Johnson to bridge the gap during recruitment of a new permanent Chief. He then stated the Chief of Public Safety position has been officially filled by Justin Shaffer who was a Public Safety Officer for MCAA up to now. He explained that Justin is a perfect fit to fill this position, adding that he has experience as the Chief of the East Missoula Fire Department, as a deputy with the sheriff's department, and as an EMT with Missoula Emergency Services, Inc. Cris added that Bob did a wonderful job managing the department and that Jesse did a wonderful job in the interim; he thanked them both for their service and welcomed Justin as Chief.

Cris stated that MCAA is currently set to receive a total of \$5.6 million in CARES Act funding, approximately \$179,000 in Payroll Protection Program funding specifically for the Ground Handling department, and an additional amount from Tax Increment Financing (TIF) possibly upwards of \$100,000. He added that other funding through the Federal Emergency Management Agency (FEMA) may be available specifically for wages paid in the Public Safety department through the state of Montana. Cris stated that staff is dedicated to leaving no stone unturned in finding available funding and to cutting the budget wherever possible.

Cris then mentioned the triennial disaster drill is tentatively being scheduled for August 2020 though it may be pushed farther out and augmented for COVID-19 safety measures.

Deputy Director Brian Ellestad then delivered a brief air service update, stating that national throughput numbers from the Transportation Security Administration (TSA) show trends of roughly 25% of normal passenger numbers, adding that Missoula's numbers are tracking with this. He stated that July 2020 will see a 32% decrease in available seats over July 2019, but that available seats are expected to increase in August 2020.

Manager of Projects Tim Damrow then delivered a brief terminal construction project update. He explained that work on the terminal access road phase and the demo and foundation phase are both nearing completion. He explained that vertical construction of the new terminal building is still in progress, adding that structural steel assembly and escalator installation are both complete. Tim stated that upcoming items include opening of the new terminal access road tentatively set for the week of July 13, 2020 and a terminal construction media day is tentatively set for July 10, 2020. Secretary/Treasurer Larry Anderson asked if completion of the new terminal is still set for 2021. Cris stated completion is set for late 2021 with a move-in date of January 1, 2022.

Chair Matt Doucette then asked if anyone had additional questions or comments; there were none.

LEGAL REPORT

Administrative Manager Lynn Fagan began by stating she has been working on concession relief for concessionaires at the airport. She explained that Missoula County Risk and Benefits has proposed a mid-year dividend for the workers' compensation plan. She stated the County has been doing well with that plan and will bring it to the County Commissioners to propose a way to disperse dividends to each division, with the Airport's dividend being between \$18,000 - \$30,000. Lynn stated that COVID-19 testing and related office visits are being 100% covered by Missoula County Employee Benefits.

Secretary/Treasurer Larry Anderson asked if Workers' Compensation will be providing the dividends to Missoula County, and Lynn responded that if the employer's workers' compensation insurance is through Missoula County, the employer is eligible for the dividend; this includes the County and MCAA.

Chair Matt Doucette asked if anyone had other questions or comments for Lynn; there were none.

COMMITTEE UPDATES

Executive Committee: Met June 30, 2020 to discuss the Board agenda.

Finance Committee: No Activity
Business Development: No Activity
Contract & Lease Committee: No Activity
Facility & Operations Committee: No Activity
Marketing Committee: No Activity
General Aviation Committee: No activity
Legislative Committee: No Activity

NEW BUSINESS

Fiscal Year 2021 Payne Insurance Renewal

Administrative Manager Lynn Fagan stated this item is for the annual Payne Insurance renewal, explaining that this renewal is a little bit odd given COVID-19 considerations. She stated the total annual insurance premium is \$127,482.00 and that MCAA is going into year two of its three-year contract for property and automobile insurance. She added that MCAA switched from AIG to Chubb last year for its \$50 million liability insurance policy, adding that the premium for that policy is partially based on passenger enplanements so MCAA will receive a slightly lower premium based on those calculations.

Todd Koster of Payne Insurance thanked Lynn for her help in putting this contract together. He then briefly summarized all of MCAA's policies, adding that the total insurance premium has decreased since last year and the underwriter at Chubb stated that, MCAA's policy premium is the only one that she has prepared for July 1, 2020 that has decreased.

Alternate Commissioner Winton Kemmis asked if there are specific deductibles per item, and Todd responded that Page 67 of the Board packet displays the different deductibles for MCAA's policies; there is a broad variation in deductibles depending on what type of item is being considered.

Commissioner Dori Brownlow asked if COVID-19 has been a factor in determining coverage. Todd responded that the contract does not have any exclusions for COVID-19, so if a claim were raised regarding COVID-19 it would be submitted to Chubb just like any other claim. Dori asked if Todd was aware of any claims regarding COVID-19 and he responded that, according to Chubb's underwriter, there have been none submitted so far.

Chair Matt Doucette asked if anyone had other questions or comments for Lynn or Todd; there were none.

Motion: Commissioner Dori Brownlow moved to accept the FY 2021 insurance renewal in the amount of \$127,482.00 as presented.

Second: Commissioner Deb Poteet

Vote: Motion Passed Unanimously

UNFINISHED BUSINESS:

Addendum to Rental Car Concession Agreements

Administrative Manager Lynn Fagan explained the rental car companies operating on the airport have been as drastically impacted by COVID-19 as MCAA has, so they have asked for some relief as a result. She stated a memo was issued to defer their regular rent amounts for a period of three months as a temporary measure, but now staff is proposing an addendum to their contracts. She explained the addendum will match the date range of their contract years up with MCAA's fiscal years for budgeting purposes; it will change the definition of gross receipts to include the 10% concession fee providing roughly 1.1% additional income to MCAA; and it will change the way the rental car companies pay monthly which will allow the greater of the minimum annual guarantee (MAG) or the 10% concession fee to be paid monthly instead of catching up with the MAG at the end of the fiscal year.

Lynn stated the background information on the Agenda Action Sheet incorrectly shows that six months of the MAG will be eliminated for the period from October 1, 2019 through June 30, 2020; this should show that nine months of the MAG will be eliminated.

Chair Matt Doucette asked if anyone had questions or comments for Lynn; there were none.

Motion: Secretary/Treasurer Larry Anderson moved to approve the Addendum to Rental Car Concession Agreements with the 4 (four) On-Airport Rental Car Companies - Larson Enterprises, Inc. and Blackfoot Rentals, Inc., Western Rentals, Inc., Enterprise RAC Company of Montana/Wyoming, LLC, and Enterprise RAC Company of Montana/Wyoming, LLC dba Alamo/National as presented.

Second: Alternate Commissioner Winton Kemmis

Vote: Motion Passed Unanimously

Resolution No. 2020-03 Providing for Financial Relief for Airport Concessions Due to COVID-19-related Decreased Revenues

Administrative Manager Lynn Fagan explained this item will provide financial relief to airport concessionaires. Lynn stated the proposed 45% decrease to the Rental Car MAGs have been matched up with the Fiscal Year 2021 budget. She stated the three months of rent that were deferred will be waived. She added that MAGs will be eliminated for concessionaires whose MAGs are less than \$15,000 annually; this includes the ATMs and vending machine concessionaires.

Lynn explained that the Federal Aviation Administration (FAA) has issued some guidance for providing relief. She stated some of MCAA's grant assurances affect this, so staff must be sure that MCAA is as self-sustaining as possible and that relief is consistent for similarly situated tenants.

Chair Matt Doucette asked if anyone had questions or comments for Lynn. Bryan Flaig of First Security Bank commented that he thinks it is great to see MCAA so willing to work with its concessionaires in these times of struggle.

Motion: Alternate Commissioner Winton Kemmis moved to approve Resolution No. 2020-03 Providing for Financial Relief for Airport Concessions Due to COVID-19-related Decreased Revenues as presented.

Second: Commissioner Dori Brownlow

Vote: Motion Passed Unanimously

Approval of the Missoula County Airport Authority Budget for fiscal year 2021

Finance Manager Teri Norcross explained the Fiscal Year 2021 budget was difficult to put together, adding that \$875,000 in CARES Act funding has been included in this budget to provide an adequate debt coverage ratio. She stated that Director Cris Jensen would like to see this funding last MCAA for three years to help sustain airport operations, adding that it is staff's hope to not use any portion of these funds in the current fiscal year.

Teri noted that part of the budgeting for next fiscal year includes a decrease in landing fees for signatory airlines from \$1.91 to \$1.00. Alternate Commissioner Winton Kemmis asked if the new rate is in line with what other airports are doing and Teri responded that is not her belief regarding other Montana airports. Cris stated that the airport response has varied across the board and that MCAA is trying to incentivize airlines to come back to Missoula first, and balancing that with budgeting needs. He added that Teri produced about ten different versions of next year's budget and that she and other staff did an amazing job getting to the finished product. Teri stated staff is always very helpful throughout the budgeting process, but this year they have been especially helpful in making cuts. She mentioned that Manager of Projects Tim Damrow and Deputy Director Brian Ellested also helped significantly by providing forecasting information.

Secretary/Treasurer Larry Anderson asked if the auditors or FAA had any part in the budgeting process. Teri responded that the budget has not been adjusted for fiscal year 2020 which the auditors will look at. She stated that she has met with the auditors to discuss how the CARES Act funding will be handled going forward regarding the budget.

Bryan Flaig of First Security Bank asked, regarding the \$700,000 amount specified for debt service coverage, if that was an actual number. Teri responded that it was taken from a cash flow model that Tim and Shaun Shea of Morrison-Maierle put together to estimate what MCAA will need to borrow for the new terminal construction project.

Chair Matt Doucette asked if anyone else had questions or comments for Teri; there were none.

Motion: Alternate Commissioner Winton Kemmis moved to approve the budget for Fiscal year July 1, 2020 to June 30, 2021.

Second: Commissioner Deb Poteet

Vote: Motion Passed Unanimously

Contract Amendment No. 01 to Task Order No. 24 to the Master Agreement for Professional Engineering Services with Morrison-Maierle

Director Cris Jensen explained that Task Order No. 24 with Morrison-Maierle includes work for building a new fuel island for the car rental companies to accommodate more rental car traffic. He stated staff wants to suspend the plan to award the contract due to a decrease in car rental activity resulting from the COVID-19 crisis. He stated this amendment will result in a contract reduction of \$9,530.44.

Secretary/Treasurer Larry Anderson asked if it will go right out to bid when MCAA is ready to proceed with the project. Cris responded that is correct; the design is complete so the project will be ready to pick up where it was left off when the time is right.

Chair Matt Doucette asked if anyone had other questions or comments for Cris; there were none.

Motion: Alternate Commissioner Winton Kemmis moved to accept Amendment No. 01 to Task Order No. 24 with Morrison-Maierle in the reduced fee amount of \$9,530.44.

Second: Secretary/Treasurer Larry Anderson

Vote: Motion Passed Unanimously

Contract Amendment No. 01 to Task Order No. 25 to the Master Agreement for Professional Engineering Services with Morrison-Maierle

Director Cris Jensen explained that Task Order No. 25 includes work for relocating rental car counters to help alleviate passenger congestion in the baggage claim area. He explained that the recent decline in passengers has alleviated that concern for capacity restraints, so this amendment will allow that work to be put on hold indefinitely. He stated this amendment will result in a contract reduction of \$4,743.20.

Chair Matt Doucette asked if anyone had questions or comments for Cris; there were none.

Motion: Commissioner Dori Brownlow moved to accept Amendment No. 01 to Task Order No. 25 with Morrison-Maierle in the reduced fee amount of \$4,743.20.

Second: Secretary/Treasurer Larry Anderson

Vote: Motion Passed Unanimously

OTHER NEW BUSINESS:

Gifted Wings Lease Termination Agreement

Administrative Manager Lynn Fagan explained that MCAA staff met with Gifted Wings at the end of May and it was determined by the owners that the business is untenable, stating that COVID-19 has left them in a bad position with a short period of time left on their contract. Lynn stated MCAA staff initially tried to convince them to stay given that Gifted Wings has been at the airport since January 2001, but the owners have determined the business is not viable. She explained that MCAA has asked for the best offer in buying them out; this includes all inventory, fixtures, and shelving for \$50,000. Lynn stated the owners estimate \$160,000 in current inventory, and MCAA will bring in a third-party vendor to verify the value of the inventory. She stated the inventory verification will cost MCAA roughly \$2,500 to \$3,000, adding that Gifted Wings agreed to provide any necessary documentation to MCAA throughout this process.

Lynn then stated that the owners of Gifted Wings have been great to work with since they came to the airport. She stated that from a legal standpoint, this is an unusual deal as it is technically a default in Gifted Wings' contract. She added that Gifted Wings and MCAA are working this out in a good manner and continue to have a good working relationship.

Vice Chair Adriane Beck asked about the timeline for the third-party inventory verification and Lynn responded that it is required to occur before August 1, 2020. She added that if the inventory value is less than 50% of the \$160,000 value Gifted Wings expressed to MCAA, then the whole

agreement will be invalid. Adriane asked if the recommended motion should express that, and Lynn responded it is sufficiently covered in the Termination agreement.

Chair Matt Doucette asked if anyone had other questions or comments for Lynn; there were none.

Motion: Vice Chair Adriane Beck moved to approve the Gifted Wings Lease Termination Agreement as presented.

Second: Commissioner Deb Poteet

Vote: Motion Passed Unanimously

Gift Shop Management Agreement with Faber Coe and Gregg

Administrative Manager Lynn Fagan explained that this action item was emailed to everyone this morning since it was just finalized. She explained MCAA staff has decided that, upon Gifted Wings closing its doors, something would be needed to replace gift shop operations for the eighteen-month gap before the new terminal opens. She explained that one option would be for MCAA staff to run the gift shop but stated airport management is too busy and does not have sufficient experience to carry out such a task. She explained the second option would be to put the gift shop space out to bid but stated there was not enough time to take that measure. Lynn added that under MCAA's contract with Gifted wings, MCAA is able to enter into a new contract to mitigate its financial damages. She stated staff got two proposals but that it made the most sense to go with Faber since they have experience running gift stores.

Under this Agreement, Faber has agreed to pay MCAA 10% of its gross revenue, reimbursement of the \$50,000 buy-out of Gifted Wings' inventory, and in exchange MCAA will pay Faber a management fee of \$50,000 annually which will come out of their gross profit.

Secretary/Treasurer Larry Anderson asked how long the term of the proposed contract will run and Lynn explained it will be from August 1, 2020 through either December 31, 2021 or until the new terminal opens. If there is space for a gift shop in the new terminal, she added, the contract will need to go out to bid.

Chair Matt Doucette asked if there were other questions or comments for Lynn; there were none.

Motion: Secretary/Treasurer Larry Anderson moved to approve the Gift Shop Management Agreement with Faber Coe and Gregg as presented.

Second: Alternate Commissioner Winton Kemmis

Vote: Motion Passed Unanimously

Resolution No. 2020-04 Setting Use Fees for Commercial Air Service Providers at the Missoula International Airport

Deputy Director Brian Ellestad explained this item will allow MCAA staff to update the 2014 resolution for landing fee rates. He stated this update has been reflected in the budgeted number for fiscal year 2021, and that it is staff's intention to keep terminal rates flat to incentivize flying and adding service to Missoula. The change will decrease landing fees from \$1.91 to \$1.00 for signatory airlines and from \$2.48 to \$1.30 for non-signatory airlines.

Chair Matt Doucette asked if anyone had questions or comments for Brian; there were none.

Motion: Alternate Commissioner Winton Kemmis moved to approve MCAA Resolution No. 2020-04 as presented.

Second: Secretary/Treasurer Larry Anderson

Vote: Motion Passed Unanimously

INFORMATION/DISCUSSION ITEMS

Secretary/Treasurer Larry Anderson stated that he noticed a lot of work going on at the injection wells and he asked Manager of Projects Tim Damrow if the construction crew is putting in the return wells now. Tim confirmed that is correct, adding that test wells were drilled months ago so the work being done now is for the actual wells that will be used by the new terminal building.

The July Board Meeting will be held in the Airport Conference Room and remotely via GoToMeeting on Tuesday, June 28, 2020 at 1:30pm.

There being no further business the meeting was adjourned.