

MISSOULA COUNTY AIRPORT AUTHORITY
Regular Board Meeting
March 26, 2024
1:30 pm, Johnson Bell Conference Room

THOSE PRESENT

BOARD: Chair Winton Kemmis
Commissioner Larry Anderson
Commissioner Adriane Beck
Commissioner Shane Stack
Commissioner Matthew Doucette
Alternate Commissioner David Bell
Honorary Commissioner Jack Meyer

STAFF: Director Brian Ellestad
Deputy Director Tim Damrow
Director of Finance and Administration Will Parnell
Legal Counsel Lynn Fagan
Business Development Manager Dan Neuman
Director of Maintenance Nate Cole
Public Safety Chief Justin Shaffer
Ground Handling Manager Andrew Bailey
HR Generalist Nikki Munro
IT Specialist Dylan O'Leary
Accounting Clerk Brianna Brewer

OTHERS: Gary Matson, Runway 25 Hangars
Cole Jensen, Martel Construction
Travis Frey, Martel Construction
Tyler Reed, Morrison-Maierle

Chair Winton Kemmis called the meeting to order and advised everyone that the meeting was being recorded.

Legal Counsel Lynn Fagan performed a roll call of Board members, staff members, and members of the public.

Chair Winton Kemmis noted that an Alternate Commissioner needed to be seated.

Motion: Commissioner Shane Stack moved to seat Alternate Commissioner David Bell.

Second: Commissioner Adriane Beck

Vote: Motion Passed Unanimously

AGENDA

Chair Winton Kemmis asked if there were any changes to the agenda. There were none.

Motion: Commissioner Larry Anderson moved to approve the agenda.

Second: Commissioner Shane Stack

Vote: Motion Passed Unanimously

PUBLIC COMMENT PERIOD

Chair Winton Kemmis asked if there was any public comment on items not on the Board's agenda. There was none.

MINUTES

Chair Winton Kemmis asked if anyone had questions, edits, or public comments regarding the minutes for the Regular Board Meeting dated February 27, 2024. There were none.

Motion: Commissioner Larry Anderson moved to approve the minutes of Regular Board Meeting dated February 27, 2024.

Second: Commissioner Adriane Beck

Vote: Motion Passed Unanimously

CLAIMS FOR PAYMENT

Director of Finance and Administration Will Parnell presented the Claims for Payment. Starting with project expenses, during the month of February 2024, MCAA incurred approximately \$1.6 million in project expenses. February project expenses will be paid in the next few days and are presented as accounts payable projects on the balance sheet. Of the \$1.6 million in project expenses, approximately 73% will be submitted to the FAA for reimbursement. The remaining project expenses of approximately \$415,000 will be paid with reserves and debt.

There were a few non-recurring and/or significant payables incurred over the reporting period. The first was related to Air Badge for \$40,000 for MCAA's paperless badging system. This is an annual recurring subscription fee with a term of five years. The Board approved the award to AirBadge during the June 2023 regular meeting.

The second item was to Integrated Solutions in the amount of \$33,314. The cost was budgeted for FY24 and capitalized on balance sheets. The payment to FenceCrafters was to repair a damaged gate. A claim was submitted to the responsible or at-fault party's insurance and was paid in full in amount of \$21,475. Lastly, a check to Robson, in the amount of \$35,132.11, is for baggage handling spare parts.

Chair Winton Kemmis asked if there were any Board questions or public comments regarding the Claims for Payment. Commissioner Larry Anderson thanked Will for highlighting the new vendors. Larry then noted that MCAA had purchased deicing material and asked if it stored well for use next winter. Director of Maintenance Nate Cole responded that both the liquid and pelletized deicer stored well and would be available for use next winter.

There were no other questions or comments.

Motion: Commissioner Shane Stack moved to approve the Claims for Payment

Second: Commissioner Larry Anderson

Vote: Motion Passed Unanimously

FINANCIAL REPORT

Director of Finance and Administration Will Parnell presented the Financial Report for the month of February. Revenues and expenses are currently 70% and 65% of the annual operating budget, respectively. Parking revenue has increased by approximately 190,000 or 10% as compared to the same period last year. Supplies and materials expenses have increased by approximately \$205,000 or 26% as compared to the same period last year. The increase is primarily related to two significant expenses, deicing fluid that was ordered in bulk during October, spare parts for the baggage and handling belt, and new supplies for the Phase 2 terminal. Contractual services expenses have increased by approximately \$149,000 or 19% as compared to the same period last year. The increase is primarily related to a cyber security assessment, increased financial statement audit fees, various marketing expenses for air service development, and a reclassification for landing fee commissions.

Ground handling revenue has decreased by approximately \$187,000 or 27% as compared to the same period last year. The decrease is a result of reduced deicing operations. Revenue from deicing services is down by approximately \$120,000 or 62% as compared to last year.

Chair Winton Kemmis asked if there were any Board questions or public comments regarding the Financial Report. There were no questions or comments.

Motion: Commissioner Adriane Beck moved to approve the Financial Report

Second: Commissioner Larry Anderson

Vote: Motion Passed Unanimously

DIRECTOR'S REPORT

Airport Director Brian Ellestad first thanked Director of Maintenance Nate Cole, Public Safety Chief Justin Shaffer and Compliance Officer Jesse Johnson for, once again, an outstanding FAA inspection. Our staff does great work and the inspectors are always very impressed when they come our way. In air service news, July is up to 89,000 seats. It's gonna be a busy summer. TSA is working on getting a fourth checkpoint lane.

In Federal Affairs, we have funding through the end of this fiscal year, which means that the FAA can issue grants.

There will be a community Master Plan update tomorrow at our offices.

Will has been working on a budget. Staff have given him their estimates. He will have something for the finance committee meeting, which is April 11th at noon.

Deputy Director Tim Damrow gave a construction update. Work on the second phase of the terminal is progressing well. Martel is currently working on the roofing and building connections. There is an item on the agenda today for the east concourse contingency adjustment. After that, staff is expecting one more add on for the Faber concession spaces.

Chair Winton Kemmis asked if there were any Board questions or public comments. There were no questions or comments.

LEGAL REPORT

Legal Counsel Lynn Fagan mentioned that staff are requesting to move the April Board meeting one week early because Director Brian Ellestad and Deputy Director Tim Damrow will be out of town during the regular meeting time. The April Board meeting will be moved to April 23rd at 1:30.

The County Commissioners have interviewed two of three candidates for the Board's open Alternate seat. They hope to have the position filled prior to the April meeting.

Lynn then updated the Board on the RFPs for parking equipment, parking management and an insurance broker. The loss control specialist from Cincinnati Insurance was onsite yesterday. Cincinnati provides MCAA's property insurance and they come out once a year and look at the fire risers and check to make sure everything's up to date.

Chair Winton Kemmis asked if there were any Board questions or public comments regarding the Legal Report. Honorary Commissioner Jack Meyer asked how we decide on insurance brokers. Lynn responded that it is generally based on experience with airports and customer service.

There were no other questions or comments.

COMMITTEE UPDATES

Executive Committee: Met March 26, 2024, to review 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

UNFINISHED BUSINESS

Optional Redemption of Series 2019A Debt with First Security Bank

Director of Finance and Administration Will Parnell presented this item to the Board. Airport Revenue Note Series 2019A (Note) was issued in August 2019 as a draw down obligation in the amount of \$27,500,000 for the purpose of constructing Phase 1 (South Concourse) of the terminal project with the principal amounts advanced as requested by MCAA. The Note was finalized in February 2023 with total unpaid principal of \$15,316,800.

Staff have pursued an optional redemption on the Note as it is subject to redemption and prepayment in whole or in part at the option of MCAA. Staff's recommendation is to optionally redeem and re-amortize the series 2019A note in the amount of \$2 million with PFC cash reserves for the following reasons:

- Current PFC cash reserves are restricted for series 2019 debt service.
- Interest earned on PFC cash is restricted and earned at approximately .008% while interest paid on the series 2019A note is 3.98%.
- Current annual PFC collections (approximately \$1.75M per year) exceed series 2019 annual debt service (approximately \$1.35M per year) by approximately \$400,000 per year.
- MCAA will save approximately \$1.1 million in interest on the 2019A note.

Chair Winton Kemmis asked if there were any Board questions or public comments. Commissioner Larry Anderson asked if this is a one-time payment or if other payments will be made as PFC funds are collected. Will responded that this is a one-time payment. Staff is submitting a new PFC application so the PFCs can be used for other debt service. However, staff does plan on pursuing additional optional redemption as PFCs are collected.

There were no other questions or comments.

Motion: Commissioner Shane Stack moved to approve the optional redemption for Series 2019A with First Security Bank.

Second: Commissioner Adriane Beck

Vote: Motion Passed Unanimously

Martel Change Order – Terminal Construction Phase 2

Deputy Director Tim Damrow presented this item. Upon completion of the South Concourse and over the last year, the MCAA Board has approved several deductive project change orders exceeding \$1.3 million for terminal construction budget underruns. The MSO Team elected to not advance the majority of these funds to subsequent projects speculatively but rather wait until a need for funds arose. During that interim time there were several project scope changes to Phase 2 – East Concourse Construction resulting in budget increases that were funded with contingencies.

Change Order #3 for the East Concourse will increase the project GMP and replenish project contingencies that have been reduced due to the value-added project scope additions. These scope additions include an expanded basement, passenger elevator, airline lease space and an expansion of the inbound baggage handling system. While these changes represent a net increase in the GMP for this project phase, the fully phased project remains under budget.

As a result of replenishing the project contingency funds in the amount of \$1,658,836 the total GMP for Phase 2 - East Concourse will increase to \$44,108,155.08.

Chair Winton Kemmis asked if there were any Board questions or public comments.

Motion: Commissioner Larry Anderson moved to accept Change Order No. 3 to Martel Construction Amendment #24 in the amount of \$1,658,836 for Phase 2 - East Concourse construction contingencies.

Second: Commissioner Adriane Beck

Vote: Motion Passed Unanimously

NEW BUSINESS

Award of Bid for SRE Building Modifications

Airport Director Brian Ellestad presented this item to the Board. The scope of this project will cover modifications to the Snow Removal Equipment Building (SRE) to widen the bay doors, lengthen the parking lanes to increase usability in addition to other facility system upgrades

(heating, security, emergency communications). Over time, the fire trucks have gotten much longer and wider. This change will make the space more usable.

MCAA received and publicly opened bids for the SRE Building Remodel Project on March 20, 2024. Four parties requested bid documents but only one bid was received. The low bid (\$388,850) was 16% lower than the Engineer's Estimate (\$450,000). The bid was vetted by Morrison-Maierle and considered to be a reasonable and responsible bid and is recommended for award.

Chair Winton Kemmis asked if there were any Board questions or public comments. Commissioner Larry Anderson asked what would be done with the old doors. Director of Maintenance Nate Cole responded that the doors were not in great shape but the motors might be reusable.

There were no other questions or comments.

Motion: Commissioner Shane Stack moved to accept the SRE Building Remodel Project bid results and award construction to Carl Construction in the amount of \$388,850.

Second: Commissioner Larry Anderson

Vote: Motion Passed Unanimously

Morrison Maierle Task Order No. 60 – Construction Management for SRE Building Modifications
Airport Director Brian Ellestad presented this item. This Task Order for Morrison-Maierle coincides with the bid results and recommendation for the SRE Building Remodel Project. Services will include on-site observation during construction and project closeout services.

Chair Winton Kemmis asked if there were any Board questions or public comments. There were none.

Motion: Commissioner Shane Stack moved to approve Task Order No. 60 with Morrison-Maierle in the amount of \$49,450

Second: Commissioner Adriane Beck

Vote: Motion Passed Unanimously

Morrison-Maierle Task Order No. 61 – Forest Service Hangar – remodel design
Airport Director Brian Ellestad presented this item. The USFS leases their Fire Depot Hangar from MCAA. This hangar was built in 2004 and over the last 20+ years, operations for the USFS have changed. They are requesting an update to the office space that is part of this hangar. That office space spans 7,000 square feet on two floors.

This Task Order for Morrison-Maierle is to prepare preliminary design documents for the requested changes. Design services will include research of the facility and its existing conditions; develop a conceptual floor plan of the remodeled space, along with design narratives for each discipline involved with the project (including architectural services). A rough order of magnitude construction cost will also be developed to help establish a budget. Lastly, through collaboration

with MCAA and the USFS, an analysis of the final conceptual layout in relation to the estimated construction budget will dictate next steps for the project.

Chair Winton Kemmis asked if there were any Board questions or public comments. Commissioner Adriane Beck how the costs of this Task Order would be recouped. Brian explained that USFS has agreed to repay the costs of the project either as needed or to be built into the lease price when the lease is renewed in August 2025.

There were no further questions or comments.

Motion: Commissioner Adriane Beck moved to approve Task Order No. 61 with Morrison-Maierle in the amount of \$24,000

Second: Commissioner Larry Anderson

Vote: Motion Passed Unanimously

Frontier Ground Handling Contract

Ground Handling Manager Andrew Bailey presented this matter. MCAA ground handled Frontier Airlines from 2014 through 2022 and have negotiated a contract for Ground Handling for their return into the Missoula market in May of 2024. The turn rate is \$750 for an A-320 and \$850 for an A-321. In addition, an hourly rate to cover late operations of \$185 per hour after the first hour of delay has been included.

Chair Winton Kemmis asked if there were any Board questions or public comments. Commissioner Larry Anderson asked how long the service will last. Andrew responded that the initial term is from May 2, 2024 through December 31, 2024. Currently, Frontier is loaded in our market through November 12th. Larry then asked if this contract will require more staffing. Andrew responded that it will require more staff. There are six flights per week scheduled where in the past it was limited to two or three flights.

Commissioner Shane Stack asked how the rate compares to other ground handling companies. Brian responded that those prices are closely held secrets, but that staff believes we are on the low side.

There were no questions or comments.

Motion: Commissioner Shane Stack moved to approve the Ground Handling contract with Frontier Airlines as presented.

Second: Commissioner Adriane Beck

Vote: Motion Passed

Title VI Community Participation Plan

Legal Counsel Lynn Fagan presented this item. In January, the Board approved MCAA's updated Title VI Plan. As part of MCAA's grant assurances, we are required to comply with Title VI of the Civil Rights Act of 1964 and related authorities. Title VI prohibits discrimination on the grounds of race, color or national origin (including limited English proficiency "LEP"), related authorities prohibit discrimination based on sex and creed (religion), and age. Pursuant to Title VI, airport sponsors are required to address LEP and Environmental Justice ("EJ") in their planning and

operations. The FAA requires that MCAA have both a Title VI Plan and a Community Participation Plan (“CPP”). The purpose of the CPP is to ensure that stakeholders and communities affected by MCAA projects or operations can be informed and participate in our processes.

Chair Winton Kemmis asked if there were any Board questions or public comments. There were no questions or comments.

Motion: Commissioner Larry Anderson moved to approve the Missoula County Airport Authority Community Participation Plan contingent on FAA approval.

Second: Commissioner Shane Stack

Vote: Motion Passed

Airport Concession Disadvantaged Business Enterprises Goals

Legal Counsel Lynn Fagan presented this item. MCAA is required by the U.S. Dept. of Transportation to have an Airport Concession Disadvantaged Business Enterprise (“ACDBE”) Program. The purpose of the program is to ensure non-discrimination in the award of concessions at airports and to ensure that ACDBE’s have an equal opportunity to receive and participate in concessions at MCAA. Per the regulations, an ACDBE is a small business that is at least 51% owned and controlled by someone who is socially and economically disadvantaged. The regulations set out specific definitions for socially disadvantaged, economically disadvantaged and sizes of business. MCAA is also required to calculate and submit goals for ACDBE participation in its concession program to the FAA every three years. The calculation and goal for the Car Rental Concessions is 1.75%; for Non-Car Rental Concessions the goal is 0.5%.

Chair Winton Kemmis asked if there were any Board questions or public comments. There were no questions or comments.

Motion: Commissioner Shane Stack moved to approve the overall ACDBE goal for federal fiscal years 2023 through 2025 at 1.75% for Car Rental Concessions and 0.5% for Non-Car Rental Concessions, contingent on FAA approval.

Second: Commissioner Larry Anderson

Vote: Motion Passed

Discussion Items

Chair Winton Kemmis noted that the next Board meeting will be in the same hybrid format but will be held one week early on April 23, 2024, at 1:30 p.m.

Meeting Adjourned.