

***Regional Airport Board  
Meeting Minutes***

3:00 pm

FBO Office – Kelso/Aviation

July 17, 2014

**Call to order**

Chairman Darold Dietz called to order the regular meeting of the Southwest Washington Regional Airport Operating Board at 3:07 pm on July 17, 2014 at the Kelso Airport Fixed Base Operator (FBO) meeting room.

**Pledge of Allegiance and Roll Call**

The Board and attendees said the Pledge of Allegiance and then the roll call was read. The following were present: Darold Dietz (DD), Norm Krehbiel (NK), Dennis Weber (DW), Chet Makinster (CM), David Futcher (DF), Sharon Zimmerman (SZ), and Karyn Anderson (KA).

**Approval of minutes from last meeting**

The Operating Board approved the June 19, 2014 Capitol Improvement Project (CIP) Workshop Meeting Minutes and the June 19, 2014 Operating Board Meeting Minutes. Dave Futcher motioned to approve, Chet Makinster seconded the motion. All in favor.

**Agenda Items**

- a. 2014 General Claims – Sharon Zimmerman.

Sharon described to the board that the General Claims Financial spreadsheet and that Karyn Anderson provided an updated spreadsheet which captures the additional claims that came in after the Board packets were distributed. The total amount for this month was \$74, 056.43. David Futcher moved to acknowledge the General Claims. Norm Krehbiel seconded the motion. All in favor.

- b. Resolution of the SWRA Operating Board Recommending Sale and Transfer of the Airport and replacing the current SWRA Interlocal Cooperation agreement.

Darold Dietz stated that the Board was moving up #12 Interlocal agreement update to #6. Sharon Zimmerman added that at last month's meeting David Futcher and Dennis Weber had been appointed to research the Airport transfer of ownership and that Dennis Weber had expressed interest in providing an update at today's meeting regarding that review process and where it has landed so far.

Dennis Weber updated the group, stated that he and David Futcher have looked at the process of changing the governance, potential sale of the Airport to the Port of Longview and that his and David's investigation pointed them in the direction to go and a list of questions to ask. He and David Futcher had a sit down meeting yesterday (July 16, 2014) with Geir Eilif Kalhagen, CEO of the Port of Longview, to go over their questions. The meeting was a very positive meeting and if they had the power they would have shaken hands and considered it done, but Dennis said they don't have that kind of power. He said that it seemed to him that next steps were to develop a resolution to authorize consideration of negotiations of a potential sale. In addition it would be important that Federal Aviation Administration (FAA) and WSDOT were informed, and of course going back to our member entities and representatives to negotiate a final revision of the agreement. Dennis then handed out the draft resolution that he created that outlines what he just described to the Board. He said it wasn't his intention to have the resolution passed today rather just discussed today, and that he would like the Board to take very careful consideration of the resolution.

Dennis reviewed the resolution with the Board. He described the first paragraph of the resolution, that it states the FAA and WSDOT have designated the Airport as a Regional facility and that it was also identified in the Airport Master plan for improving safety and capacity. Dennis highlighted in the second paragraph that the four entities have signed an Interlocal agreement to form this Board and oversee daily operations, implementing the master plan and then making contributions to achieve those goals. In the third paragraph of the resolution he identifies the Port of Longview's willingness to help with a management scheme that might improve our efficiency in getting our goals met. And last he shared that the fourth paragraph recommends the transfer of ownership, taking the next step and action items the Board would recommend as a result of the sale. The first action item references the transfer all of the assets from the City of Kelso to the Port of Longview, subject to negotiations. The second, is the proposal of replacing the current Interlocal agreement by the end of this year with one that would indicate an annual review occurs with the four contributing members. Dennis described that he envisions the Port's annual review would be the only role of the Board. The third action item, is that the legislative authorities would appoint someone during the negotiations, Dennis said he would recommend managers from their entity, but they don't have managers. Dennis then described the last section that just makes sure that Sharon Zimmerman continues to keep FAA and the State informed as to the actions of the Operating Board. Sharon will communicate FAA issues, concerns with the Board.

Dennis stressed that he wants to make sure that this is not perceived as a land grab by the Port of Longview, that it is quite the opposite, the City of Kelso approached the Port with this idea.

Norm Krehbiel added that he suggests some language changes in paragraph #3 where it says the “Port of Longview” has expressed an interest in improving operating efficiencies to the management and capital improvements of the airport as part of its vision to enhance the regional economy. Norm believes that this implies that the three Port Commissioners have met and have voted and made a decision on this, and that has not occurred.

David Futcher responded by voting that there be a motion on the floor before the Board starts amending the draft resolution. Chet Makinster then motioned to accept the draft resolution. David Futcher seconded the motion. Dennis Weber then asked Chairman Darold Dietz if he recommend an amended resolution moved forward along with striking of the words in paragraph #3, the “Port of Longview has” and substitute with “member entities have”. Board discussion regarding the change. Chet Makinster motioned and David Futcher seconded the motion. All in favor of the amended resolution (with substituted text in paragraph #3) move forward.

David Futcher then asked about section #4 regarding management notifying legislative authorities or if the Board members would do it themselves. Dennis Weber said that Sharon would have the final resolution and that there may have already been some discussion going on. Chet Makinster asked for clarity of who “legislative authorities” referenced and if that meant the Board members’ councils. David Futcher responded yes. David Futcher added that the Board has had a hard time coming up with money for the Airport’s Capital Improvement Program. The plan aims to maximize the portion of the Capital contributions that each of entity makes, putting as much possible to capital and absorbing some of the operating costs because we already have people in place. David added that he felt a more significant portion of their contributions being dedicated to capital improvements which is the Board members passion. Darold Dietz asked for the Board’s vote on the motion and the amended resolution. All in favor.

Chet Makinster stated he had made comment at his last Council meeting. After the meeting he was contacted by The Daily News (Rex Johnson) to provide comments. Chet said that he responded that he was the new guy and that he did not know exactly what was going on, but provided his own personal comments and made sure that reporter understood any comments made by him had nothing to do with the Board.

c. 2014 Budget Amendment Resolution – Sharon Zimmerman.

Sharon described to the Board that she's been reviewing the Airport's budget, what the priorities have been, what's been budgeted, and what was already under contract. She also acknowledged that, Airport staff has held a couple of board workshops in that area. She has since tried to capture the board priorities in order to provide a resolution for today's meeting.

Sharon walked the Board through the 2012 initial Interlocal agreement and transition over to 2013 when the Operating Board first hired Airport Management team, George and Luella Hext. During that 2012 and 2011 time period, the Board was looking at the budget created by the City of Kelso with the concept of having permanent employees. As time has gone on, the Operating Board has shifted and decided to make changes to tasked base activities for your management as well as your service contract contribution levels.

Sharon highlighted various line items to the Board. These include: \$5,000 increase in local contributions, an increase in legal services due to contract renegotiations, professional services for airport management, property insurance adjustments, and the Longview note increase to \$20,000.

Sharon said that this would allow them to create a chart of accounts that would align to track actual expenditures are going, and this would allow her to determine what percentage of the budget has been spent and report to the Operating Board.

Dennis Weber clarified that this spreadsheet was an amendment to the 2013-2014 budget with the adjusted figures the Board had never adjust the budget since the entities increased their contributions. Dennis asked why there wasn't a figure in the FAA funding reimbursement. Sharon stated that at this time the Consultant wasn't performing any work since the Board had put a halt to all of their projects with the FAA. She added that this will change though when she gets more into the CIP activity and gets that going again. She should have a good feel for that over the next couple of months. Dennis Weber stated that the line item is zero and asked why the Consultant wouldn't need any money this year. Sharon replied that right now she is working on getting grants under authorization so that the Airport can move forward and at this point you don't have anything that's been approved. Dennis added because the Board missed that one deadline. Sharon responded, correct, and then reminded the Board that the budget is all subject to change. Chet

Makinster than asked for clarity regarding the last meeting. He remembers the Board approving the consultant to do some work. Sharon explained that she had met with Don Barclay (the consultant) and that they are working on scopes for some of the CIP projects, grading, the Sullivan hangars and the acquisition phase on the north side of the Airport and are trying to get that going.

Brian Butterfield (City of Kelso – audience member) added that the Airport would be getting the insurance bill in September, that the City of Kelso gets billed in January. Sharon said that she received the bill in December. Sharon and Brian agreed to discuss and work on at a later date.

Dennis Weber shared his concern about approving the budget, we are in essence giving authority to the administration to pursue and work on various objectives. If there aren't any budgeted items for FAA improvement grants, it's like administration doesn't have permission to work on those things, correct? David Futcher stated that Sharon could go find the funding without approval. Dennis added that while he's not familiar with seeing a line item of zero in a budget, that the Board asked Sharon to make it easy for the Board to understand the Airport's budget and that does it.

Dennis Weber then motioned to approve the 2014 Amended Budget Resolution. Chet Makinster seconded the motion. All in favor of approving the amended 2013-2014 Budget. Chet Makinster interjected and asked why there wasn't a number on the budget resolution. Sharon replied that it is whatever the order is, and unfortunately Janean is out this week on vacation, and appreciated Chet's attention to detail.

David Futcher stated that as he mentioned before adding \$20,000 to administration is not what we intended, but he isn't sure what they can do other than what they just passed in the resolution.

Darold Dietz added that in order to have the Airport doors open, it comes with an Administrative cost. The Airport operates on a daily basis, which isn't free and there is a cost with that.

Dennis Weber pointed the Board to the bottom of the expenditure list on the back page of the budget amendment, and pointed to the reserve line item. David Futcher point out that the same line item is on the previous page and states it is assumed. Dennis Weber asked if the note payable to Longview was paid in full in one year. Sharon replied the last note will be paid in 2015.

Chairman Darold Dietz than asked the Board to vote on the motion. All were in favor. Darold Dietz asked if there was an abstained vote. David Futcher replied abstain. Sharon asked for clarity if it was a unanimous vote and wanted to clarify for the record. All Board members were in favor, except for David Futcher, who abstained. Motion passed to adopt 2014 amended budget.

d. 2015 Proposed Budget – Sharon Zimmerman.

Sharon provided the 2015 proposed budget to the Board members. According to the Board's Interlocal agreement, the Board must have a Budget drafted for consideration and discussion with your member agencies to ratify it. She stated that because of that language in the Board's Interlocal agreement she took the 2014 Revenue assumptions and the existing expenditures amount, created a spreadsheet of what 2015's Budget might look like and that raises the question regarding ownership of the Airport in 2015.

Sharon described to the Board that they have a Budget to move forward that addresses the airport revenues and expenditures. She asked if the Board wanted to duplicate what they approved for 2014 or do they want to move this Proposed 2015 Budget forward, and believes the Board has two different options. She restated that she's trying to meet that August 1<sup>st</sup> deadline language within the Board's Interlocal agreement so the Board could have their discussions with their councils.

David Futcher stated that he doesn't see why the Board needs to forward a budget based on the Interlocal that they just recommended they scrap. He added if we don't send a budget, maybe it will all be null and void and be gone. Sharon replied that is a possibility of the Board.

Dennis Weber added that each entity has contributed \$65,000 and that he's not exactly sure how to go about it. He points out that this represents almost one quarter of a million dollars and how it gets used is unclear. David Futcher proposed that there is a two line budget that depicts contributions received of \$260,000 and contributions forwarded to the Port in the amount of \$260,000. Chet Makinster asked David Futcher to redescribe his proposal. Norm Krehbiel points out to the Board that they still have an Interlocal Agreement and he thinks the Board should adopt the Budget. Chet Makinster adds that anything can go sideways and he suggested they adopt the Budget now.

Steve Taylor (City of Kelso – an audience member) interjects that if all entities are on board with the sale of ownership the question still remains of how many months it will take for the transfer. Steve says he foresees some type of agreement would probably need to go into effect for the first couple of

months because there are so many unknowns and to make sure everyone is on board.

Norm Krehbiel said that he doesn't think any of the agencies legislative bodies have actually voted on this. Darold Dietz believes they've all been apprised but no actual voting has taken place. Steve Taylor (City of Kelso - audience member) added that his council members are informed of it, the he believes the process is going to take time, to get the financials in order, to get approval from FAA and suggests a budget placeholder. Sharon added that's why she developed it and based on the results of today's Interlocal discussion felt it was best to have something to move forward with, like Steve Taylor was articulating. She added the target being the end of December 2014.

Norm Krehbiel motioned to approve the budget for 2015. Chet Makinster adds that the Board should go ahead with it, like nothing is changing. He asks Dennis Weber and David Futcher if there is anything else that they are aware of, based on their research, that the other Board members should be aware of. David Futcher replied no. David than asked for clarity if there was a motion on the floor. Norm Krehbiel responded yes and asked David if he is seconding the motion. David replies no he is not seconding the motion to approve the 2015 proposed budget.

Chet Makinster states that the safest thing would be to approve the 2015 proposed budget and that it is subject to change. David Futcher asks Chet Makinster if he is seconding the motion, Chet Makinster replied yes, he is seconding the motion to approve the 2015 proposed budget. Darold Dietz recognized the motion. Dennis Weber asked if he can make an amendment to reduce all of the professional contract service amounts to one quarter of what is listed in this budget, which would give a three month overlap. He added that he understands that they need to approve a budget, but that budgets are also policy tools and he wanted to make it very clear that the Board needs to make a change. He pointed out that his recommendation is not a reflection of current managements' work they've been doing, it's just to help make this transition very clear. This will make sure that there is money if we don't make the December deadline but it also doesn't give it a never ending story.

Norm Krehbiel asked if that included adding those lines. Dennis Weber replied yes, the unrestricted line is going to go up. Sharon added there is a CIP reserve and a miscellaneous line item. Group discussion regarding these line items. David Futcher asked if they were going to change only the professional services contract and nothing else, like insurance and maintenance.

Darold Dietz asked Sharon what it would do to the Airport. Sharon replied that the Board wouldn't have the contracts, or an obligation to meet in those areas of legal, accounting, manager and maintenance line items. Currently the contract with the City of Kelso is \$30,000 and it is a lump sum. Sharon said she was proposing \$10,000.

Darold Dietz asked what the scope of work would look like with this proposal. Sharon said she hasn't gone through to see what that would look like, planned to brainstorm what happens the remaining portion of this year. The Board would still have required meetings you would have to do, coordination with WSDOT and FAA, and the Airport would still need the property management side. Darold Dietz asked if that could occur in one quarter timeframe. Sharon replied, in theory. She restated to the Board that with Budgets the Board can always make adjustments and she appreciated the communication of expectations and attempting to align the budget to that.

Chet Makinster stated that if the Board is only worried about three months than why doesn't the Board just do a 3 month budget than. David Futcher stated that the budget should be for the whole year. Dennis Weber asked David Futcher if he is than supporting the original motion. David Futcher replied no he does not support the amendment and that he has many things to say about the original motion.

Sharon than asked Karyn Anderson to read back what the original motion was on the floor. Karyn read back that Norm Krehbiel motioned to approve the budget for 2015. Sharon asked if it was "as proposed". Karyn and Norm both responded simultaneously, "as proposed". Karyn continued by adding that Chet Makinster than seconded the motion, saying that it would be safest to go with the budget and then afterwards Mr. Dietz asked Sharon if it was doable.

Sharon then asked for further regarding the amendment posed by Commissioner Weber. Karyn read back that the amendment posed by Commissioner Weber was to reduce to one quarter of what's listed in this budget allowing for a 3 month overlap, not intended to reflect the entire time, allowing for time but not a never ending story on budget. Dennis Weber asked Norm Krehbiel if he seconded. Norm confirmed yes, that he had seconded.

Dennis Weber discussed having \$180,000 in miscellaneous. David Futcher commented that it's like writing a blank check. Chet Makinster than asked why there is that much in reserve. Dennis Weber replied because the Board was supposed to have that much two years ago. He added that he thinks this

budgeting discussion is symbolic of the direction the Board wants to go and if they just adopt the budget as proposed it's like the Board hasn't made a decision. (agenda item#6-resolution)

Darold Dietz then called for a vote on the amendment and asked Karyn Anderson to read back the amendment. Karyn said the amendment was to reduce all of the professional contract service amounts to one quarter of what is listed in this 2015 budget. Dennis Weber and Darold Dietz voted to approve the amendment. Chet Makinster, Norm Krehbiel and David Futcher vote no. The amendment fails to move forward. Darold Dietz then goes back to the original motion on the floor. David Futcher stated that he would like to point out a few policy issues and walks the board through the various contract amount changes in the proposed 2015 budget, including the change in maintenance and accounting. David added that he feels these are policy changes that the Board hasn't hashed out those decisions enough to make the decision to propose a budget based on those figures and that's why he's hesitant.

Dennis Weber asked Sharon to explain the changes in the Proposed 2015 budget. Sharon described that one of the changes is because of the budget workshop concept of task based contracting. For maintenance it is currently a full time person year round, when it comes to mowing there is not a need to mow in the winter time, there is a potential of savings in this arena and that's why I proposed those adjustments. It's something to work through and was something that Steve Taylor and I have been discussing, planned to sit down and work through these contracts to get a better idea. These proposed figure changes were my concepts, based on the information I had to date, and modifying the amount that was going back into those areas.

When it came to the agreements that include her contract, staff has been writing off hours, in marketing as well, and there is a need for a lot of activities involved with construction projects, getting capital improvements going, and there will be a lot of hours involved in that. I am anticipating that whoever is in that position, will have a lot of added demand for services in the administrative side and while we have property management activities moving along, there is still a lot of work and management tools that need to be in place.

Sharon described that in regards to the Accounting contract, she's been seeing that the current contract indicates that the process and billing is all being done in the City of Kelso's finance department but, that's actually something that your staff here at the Airport does. Sharon adds that the City of Kelso is

acting as the Airport's bank when it comes to writing the checks, they are publishing those checks, but as far as the documentation and things to have that process approved, that's all being done by Airport staff. She added that again these changes are based on what she's observed and has been seeing.

In regards with the FBO contract Sharon adds there is no flexibility in that contract. Dennis Weber asked when the FBO contract is up. Sharon replied it is up June 2016. She described that the Diking District line item has changed, that she was being aggressive in that assessment, and assumed some reduction in that area. Additional assumptions were made in the storm water fee that is charged by the City of Kelso.

Norm Krehbiel asked Sharon why she believed there would be a reduction in the Diking District assessment and Stormwater fees. She replied that the Diking assessment has the Airport assessed at 10 million dollars, and based off of the value of the property they assess the rate and she doesn't believe the Airport has a \$10 million dollar value, believes it to be more of a \$3 million dollar value because of the Airports constraints and limitations that we have in how the Airport uses its' property. Additionally the way they valued the Airport property is that they've assumed the Airport is light industrial. In actuality a lot of the Airport properties are considered green space. They are encumbered by the FAA that we can't use the property in those areas. Sharon added that staff has had some discussions with the County, that the County is currently doing some research for us, and while the Airport has no answers as of yet, she believes it will be a reduction that they can advocate for. The other is the City of Kelso's stormwater fee which is based off of impervious surface and Airport staff is analyzing what was involved in that original calculation, was it isolated, was it all of the impervious surfaces and is there an opportunity to have some adjustments made.

Dennis Weber asked Sharon about the Revenue side of the budget in which there is no growth in hangar leasing. Sharon replied that she is trying to be conservative and plans to get into the hangar discussion later in the meeting agenda. Dennis Weber asked if there has been any indication of increased occupancy. Sharon replied that there was one person that has left and another that has contacted the Airport. Karyn Anderson added that staff has rented a handful of units over the last couple of months, that one of the items today that Sharon is going to discuss is the potential of reducing the hangar rental rates for A, B, and C hangars in order to increase occupancy. There is a handout and staff has updated the occupancy report. A lot of this is based off of the occupancy report that she provided in June. Karyn asked Sharon if she wanted to cover that now, Sharon replied she'd like to save it. Sharon then

added that it is one of those areas where we see an opportunity, but don't have a good gauge of a dollar figure that could be reflected in the proposed 2015 budget.

Darold Dietz reminded the Board members that there was still the original motion on the floor for the Proposed 2015 budget. Chet Makinster asked David Futcher if he could state what his concerns were again. David Futcher replied that there were a lot of changes in the proposed budget and wasn't sure if it was in the direction the Board wanted to go or not. It's spending more on administration and less on the maintenance, and it wasn't clearly communicated.

Jerry Sorrell (Pilot/audience member) then raised the question regarding the need to act on the proposal based on the discussion that's occurring. Jerry admitted that he had some questions too that he hasn't discussed with Sharon as he reflects on the master plan and proposed project direction that might affect the budget next year. He added that the questions that are being asked should be given some time to study, come back with emails, and what you will most likely approve isn't what you're looking at today. Sharon added, that is the difficulty, we have to propose something by August 1<sup>st</sup> and that they are subject to change. Chet Makinster added that budgets are a living breathing document. Norm Krehbiel states that he made the original motion but if the intent is to have something that we can recommend to the other entities than we could defeat this motion and just move the 2014 amended budget forward as the 2015 budget. Most of the numbers in the 2014 amended budget, that we seem to be most concerned about, remain the same. He added that the number the Board would report back to our agencies modify the one that was approved and gives us time to reflect on it, if these numbers need to change before the actual drop deadline.

David Futcher said that while he's not a fan of the proposed 2014 Amended budget, because of the Proposed 2015 budget's policy changes we could adopt it later on if we decide to, but not imply that we've already considered them and made those changes when we present the budgets to our councils.

Darold Dietz calls for a vote to the motion on the floor regarding the Proposed 2015 Budget. The Board members all vote no to the Proposed 2015 Budget. Dennis Weber asks David Futcher if he was about to propose another motion. David Futcher replies yes, that he would like to propose a motion to approve the 2014 Budget, pre-amendment. Dennis Weber asked what the pre-amended budget is that David Futcher referenced. David Futcher stated that it was the budget 30 minutes ago.

Sharon asked for clarity regarding which budget David is referring to and asks him if it is the original 2013/2014. Chet Makinster than seconds the motion. Sharon clarified for Chet Makinster that this is going back to the Airport fund original budget 2013/2014 document which does not include the 65,000 contributions, it would be 60,000. David Futcher motioned to increase contributions to \$65,000. Chet Makinster seconds this motion to amend David Futcher's previous motion.

Group discussion regarding the 2013-2014 budget. David Futcher adds that he is motioning to approve the 2013-2014 Budget, to amend the budget to reflect 65,000 from each agency. Chet Makinster seconds.

Darold Dietz states that there is a motion on the floor that has been seconded. Darold asks the SWRA Operating Board members to vote regarding the Airport Budget. Three votes of yes (City of Kelso – David Futcher, Cowlitz County – Dennis Weber, City of Longview – Chet Makinster). Two votes of no (Port of Longview – Norm Krehbiel, and Port of Longview - Darold Dietz). Darold Dietz states that the motion is approved by a 3-2 vote.

Dennis Weber asks Chairman Darold Dietz about the 2015 proposed budget explanation. He states that there was a management attempt to regulate spending money by tasks and that the Board did not adopt those recommendations. He then asked the Board a question, if they thought that decision would message to management to discontinue that strategy. Dennis assured the Board that if we consider this a policy document, he wants to make sure they aren't providing the wrong message to our management team.

Sharon than explained that #9 and #10 brings that discussion forward. Sharon reminded the Board that the Board's previous direction was to look at task based services, a discussion last month about the Interlocal, the review and potential of moving forward and review of the current accounting and maintenance contracts that the Board has with the City of Kelso.

David Futcher restated Dennis Weber's question, which he can't speak for the Board, but would like to leave things alone while we explore this other possibility (transfer of ownership). He added that if the Board needs to come back and explore the other things then the Board can. Darold asks what the other Board members desire. Chet Makinster says that he agrees with David Futcher.

Norm Krehbiel adds that he feels the Board had passed the 2014 amended budget which gave direction to proceed with a task based service and that we are investigating an alternative that could make the 2015 budget a moot point.

If that turns out to not be an option that the Board wants to proceed with than he thinks the Board should take a serious look at what has been adopted. Norm would say no change in direction. Dennis Weber and Chet both agree with what Norm Krehbiel said.

Sharon asked for clarity from the Board, stating she is confused. She points the Board members to items 9 and 10, which is the Finance and Maintenance contract. The Finance contract and the Maintenance contract expires at the end of December 2014, and therefore they wouldn't have a contract in place for that activity after those dates. In the maintenance contract there is a clause that you must have a 90 day termination notice and in the finance contract there is a 180 day clause. She pointed out that the Board has already missed the finance contract clause, when it comes to doing the task based we would adjust through and amend the current contract in the areas of maintenance and finance.

David Futcher then motions to postpone item 9 and 10 until the Interlocal resolution is resolved with the Port (or not). Chet Makinster seconded. Darold Dietz stated that there was a motion on the floor by David Futcher, seconded by Chet Makinster postponing item 9 and 10 until the Interlocal agreement and discussions are resolved with the Port. All in favor.

e. Propose 2014 Hangar Row "A" rental rate adjustment – Sharon Zimmerman.

Sharon described the occupancy rate percentages and described to the Board that there may be an opportunity to lower rental rates and increase the occupancy rate percentages in Hangars A, B and C. She added that the Board could approve just adjusting Hangar A and/or all of Hangars A, B, and C and staff could come back with a resolution to the Board based on their decision.

Sharon further described the current hangar rental rates, and that they are priced based on square footage. She explained that Hangar A currently is at .22cents/sq. foot, that this could be reduced to .20cents/sq.foot which would get to just under \$300 for the rental rate. She shared that Prime Development has lowered their rates and is at full capacity, this is a private entity that is at the Airport so the Airport would not be in competition with them.

Darold Dietz asked if Row A was the biggest problem over the years. Sharon replied yes it has been and passed out the original resolution from 2009 and 2010. This depicted the rental rate and the increase that occurred at that timeframe. Board discussion regarding the handout provided.

Sharon added that the thought was to entertain the concept, possibly lowering these rates. Dennis Weber asked if the Airport had to have rates that were below market rates. David Futcher added that he isn't necessarily against doing something like this, but wants to point out that if the private development hangars are full, then that helps us.

Jerry Sorrell (Pilot - audience member) added that he is in Prime Development now and that there is going to be an increase in their rates scheduled for the 1<sup>st</sup> of the year (2015) from \$230 to \$245, and that this does not include power.

Sharon explained to the Board that once the hangars are at full capacity there could be incremental increases over time and once we got to a certain percentage. Chet Makinster asked what is going to change to want to get people into a hangar, and where are they now. Karyn Anderson replied that the Airport is seeing an increase in occupancy, with the summertime and nice weather, Pilots are flying more. We've also spoken to some of the pilots that were in Hangar A and are no longer able to afford A, so they are moving to B and C and even asking about moving into Sullivan Hangars. Staff is trying to avoid moving pilots/tenants into Sullivan Hangars because of the Sullivan plans that we have, but those rates are only \$119.00. The pilots are moving out of A, we are seeing that decrease in occupancy rate, so that is why we are proposing this. Dennis Weber added that this could be an opportunity to raise revenue. Group discussion regarding rates.

Jerry Sorrell (Pilot- audience member) commented that historically he recalls when the changes were made and the jump that occurred (in 2009), and that's when the vacancy started happening. He added that at one time, per square feet, Hangar A cost less than Hangars B and C. He also thinks that there are two ways to look at it, A row can house a bigger plane that can house a bigger engine type and Hangars B and C can take just about any single engine plane that you see today.

David Futcher said that's what we should do, house some of the smaller planes into the smaller hangars and allow the bigger planes a larger hangar. Scot Walstra (EDC – audience member) added that he used to manage an Airport that had 79 hangars and an FBO. He said that he found hangar occupancy added multipliers to the FBO in regards to other fuel sales, and even if they are brought in at a reduced or a dramatically reduced rate, it was always better to have them there because tenants buy fuel, and get tires repaired, and have annuals done, and that all filters back into the community.

David Futcher made a motion to reduce Hangar A rates to .21 cents a square foot from .22 cents a square foot. Chet Makinster said that he supports David's motion. Group discussion regarding the rate. Jerry Sorrell (Pilot – audience member) added that tenants care about the total figure not the base rate before the leasehold. Karyn Anderson added that the lease hold tax is .1284.

Jerry Sorrell further described that he felt the change also needed to be a bigger change, such as \$60.00, to make it incentive enough to make the jump. David Futcher commented that would be approximately \$720 less a year, if we don't lease it out than the Airport would just be eating it. Chet Makinster responds by stating that if the Airport doesn't have the hangar leased out now than the price could be adjusted to any amount, but if no one is in the hangar it doesn't matter.

Jerry Sorrell added that tenants need to come from outside, and that trading horses from inside the Airport doesn't help very much. Group discussion regarding going back to the rates in 2009. Chet Makinster makes a motion to amend the 2009 rates. Norm Krehbiel moves to amend Hangar A Rates to \$265.86 before leasehold tax. (\$299.99 w/ leasehold). David Futcher seconded the motion. All in favor.

f. Finance and Maintenance (Agenda items 9 and 10) – Sharon Zimmerman.

The Board voted to postpone Agenda Items 9 and 10. (Page 13 of this summary)

g. Fixed Base Operator Contract –

Sharon discussed the FBO contract with the Board, and suggested replacing the "City of Kelso" language throughout the contract with "Airport Board". She further explained to the Board that she had met with Denny Wise (Owner Kelso Aviation, LLC) and he had requested that Sharon bring his contract before the Board for a formal acceptance of his current contract. Sharon committed to doing that for Denny Wise.

David Futcher moved to formally accept the contract that the Airport had been working under for the last year. Chet Makinster seconded the motion. Dennis Weber added that he wants to make sure that this action does not extend the deadline and that the expiration date is still 2016. Darold Dietz added that this is probably the right way to go. All were in favor.

h. Legal Services Contract.

Sharon shared a copy of Janean Parker's letter of resignation. Sharon explained to the Board that Janean had provided the letter because of the potential for conflict of interest between the two entities. Sharon said that she appreciated the legal counsel and being able to speak freely. Sharon added that she had negotiated for Janean Parker to stay on board until mid-August with the intent and goal to have someone in place by the following Board meeting.

Steve Taylor (City of Kelso – audience member) interjects that he felt with the transfer over to the Port of Longview, to go through an RFP process and be brought up to speed, this isn't the best decision to make at this time. Chet Makinster asked what the Ports involvement was going to be, does the Port hire and is this short term. David Futcher replied that whoever the Board brings on, they would need to know that it is only short term.

Steve Taylor added that because of Janean's involvement that she be kept on as the Board's legal during the transfer discussions. Group discussion regarding keeping Janean on board. Sharon added that there were several areas to be reviewed in these contracts, within the FBO contract for example. Steve Taylor adds that there was a misunderstanding in the agreement transfer, full intent was to transfer those agreements formally.

Norm Krehbiel added that he's not clear what Janean's response would be but since we have set aside agreements (9 and 10) until September, we should at least ask her if she would be willing to come back and find someone to handle the agreements if we need to. This would allow Janean the opportunity to say yes she would come back or no I can't because of the conflict of interest.

Chet Makinster recommended that the President of the Board talk to Janean Parker. Sharon and Darold Dietz agreed to talk to Janean about the legal contract relationship with the Airport Board and whether to continue to move forward as the Airport Board's attorney or move forward the RFP process for new Legal for the Airport Board.

i. Airport Expenditures: Diking District, Stormwater, and Insurance update

Sharon provided an update on the Diking District activity, that the assessor's office is working on the issue statewide and regarding next steps. In regards to the stormwater, Sharon mentioned that Jerry was able to meet with the City of Kelso staff to understand how the stormwater fee is assessed and the confirmation of it, and is looking to get more details about the actual billing

calculation. And lastly, the insurance update, Sharon said that the truck is insured as well as the policies, boards and omissions, and liability policy.

j. **Meeting Adjournment**

- a. David Futcher asked the Board to adjourn the meeting due to the lateness of the hour, because the rest of the items on the agenda were “updates to the board” and because he needed to leave. David Futcher motioned to adjourn. Chet Makinster seconded the motion.

Darold Dietz asked the Board if there was any discussion against that, hearing no objection from other Board members, the motion was put to a vote. All in favor of adjourning. Meeting adjourned at 5:00 pm.

k. **Next Meeting Date**

Next meeting date is on August 21, 2014.

Sign in Sheet/attendees: Jerry Sorrell (Pilot/Tenant/Volunteer), Scott Walstra (Economic Development Council), Steve Taylor (City of Kelso), and Brian Butterfield (City of Kelso). Also in attendance (not on sign in sheet) – Henry Schmitt (Pilot/Retired).

Minutes respectfully submitted by: Karyn Anderson