

PROCEEDINGS OF THE LAFAYETTE AIRPORT COMMISSION MEETING OF THE LAFAYETTE REGIONAL AIRPORT OF LAFAYETTE, STATE OF LOUISIANA, TAKEN AT A SPECIAL MEETING OF SEPTEMBER 09, 2015 HELD AT 200 TERMINAL DRIVE, LAFAYETTE, LA.

ATTENDANCE

COMMISSION: Matt Cruse – (Chairman), Paul A. Guilbeau – (Vice-Chairman), W. Paul Segura- (Secretary/Treasurer), Carroll B. Robichaux, Timothy L. Skinner.

ABSENT: Valerie G. Garrett, John Hebert

ADMINISTRATIVE STAFF: Steven Picou (Executive Director), Todd Swartzendruber, Daniel Elsea (Assistant Project Manager/Grant Facilitator), Mary Green, Debbie Amy (Secretary).

GENERAL AUDIENCE: Robert Callahan (Sides and Associates), Randy Soullier

I. CALL TO ORDER:

Chairman Matt Cruse called the Special Commission Meeting of September 09, 2015, to order at 4:12 pm.

II. PLEDGE OF ALLEGIANCE

III. INTRODUCTION/ROLL CALL

IV. SCHEDULED BUSINESS

A. Discussion of 2016 Budget—Mary Green presented three packets (2016 Proposed Budget, Additional Backup, and Unaudited Financials)

1. 2016 Proposed Budget—First page is a summary that reflects a proposed budget that is balanced and adds and additional \$589,819 as seen on line 24. Total Operating Receipts there's no difference from 2014 to 2016. On line 16 there is a 2% increase from 2014 to 2016 for Total Operation Disbursements. There's a 5% increase to the budget from 2015 to 2016 budget estimates. For revenues with a 4% decrease in expenses. Both segments are discussed in detail on the next pages of the summary. The 2% decrease shown on line 20 for other Income is used for a conservative estimate approach to these revenues while having a 5% increase to last year's Budget Estimate. Line 22 shows the amount proposed to be spent on capital items and improvements in 2016 and will be discussed further in detail. The amount for Debt Service on line 23 for 2016 shows the LAC continues to have no debt.

Commissioner Segura questioned why the dramatic increase from 2014 Actual to 2014 Budget numbers were so far off in the difference on line 24. The Budget was only \$890,984 but the Actual 2014 amount was \$2.8 Million. Commissioner Segura stated it looked like a number of things contributed to the increase (ex. Rentals, parking tolls, landing fees). Mary Green stated the increase was due in large part of capital expenditures not being spent like previously anticipated.

There were conservative estimates for revenues and expenses were down. Land rentals show the largest dollar increase by \$115K in revenues as seen on line 25. This is exclusively due to the full amount of the Bell Helicopter lease on line 10. Another significant change in 2016 is in the rental cars (on lines 3 thru 7) with a slight increase and an updated bid order. Other leases have remained the same or had small increases due to CPI or individual lease terms. There is a 23% increase when comparing the 2014 Actual budget to last year's budget.

With the Hangar rentals there is very little difference between the 2014 Actual and the 2015 budget numbers as seen on line 35. These hangar rentals are the only one that the LAC receives rental revenues from and the small increases are due to small CIP increases in their individual lease terms.

Terminal rents show a 4% decrease comparing 2016 budget to Actual 2014 budget numbers as seen on line 52. However, when comparing to the 2015 budget there is a 4% increase. Airport terminal rents are controlled by the 92-1 ordinance, meaning overall airline rents (lines 37-39) will see a modest increase as well as the rent car vendors (Lines 40-44). In addition, the rental car agreements have been recently updated and the max have also been updated. The minimum annual guarantee for each of the rent car vendors increased so the estimated revenues for 2016 are able to be more confidently calculated. For informational purposes the minimum annual guarantee for all five of the rent car vendors for the new lease agreement was \$333K and now it is \$863K. Lines 45 and 46 are La Petite Café and Lounge which is going away and is being replaced with line 47 the new restaurant. The new restaurant vendor's estimated revenue is showing to be conservatively calculated at the minimum guarantee written into that lease. Other leases in the rent category remain the same or have small increases due to individual lease terms.

Building rents shows a small 3% increase from 2014 Actual to 2015 budget as seen on line 19. This results from bid changes in the new rental car agreement on the service facilities on line 10 and 11. The amount on the AVIS facility on line 11 will increase once the environmental issues are corrected. Line 12 reflects additional revenue for 2016 due to the new Avionics lease of the old State Police facility. Noted there's no provision for the new Cargo Apron plan facility for 2016. This is a conservative approach until the new facility is actually complete and lease terms are agreed upon. Other leases remain the same or have small increases due to their individual lease terms.

Fuel Flowage Fees are estimated to hold fairly steady (Line 27). There's a 6% drop when comparing the 2014 Actual to the 2016 Budget. The 2016 budget is actually 8% higher than last year. To more accurately reflect the distribution of the revenues from the sources that are listed. Per LAC's Fuel Flowage Ordinance fuel rates are 10 cents per gallon received. All of this represents a small change in actual dollar amounts.

Landing Fees show a 5% decrease for 2016 to 2014 Actual as seen on line 35. There is a respectable 11% increase over 2015 budget number. This is about a \$90K increase that is largely governed by Ordinance 92-1. In addition to the airlines Ordinance 92-1 increases have been applied to the cargo operators as well. Also there's no provision for any additional seasonal temporary flights in this budget that may come about.

Parking tolls (line 36) as you know short term parking lot recently increased by 106

short term spaces. However, we are conservatively estimating the effect of the parking tolls for 2016. The estimate remains below 2014 actuals but higher than 2015's budget number. Line 37 Interest Income remains low as interest rates remain low. 2016 will slightly reflect additional interest from growth to our balances in 2015. There is no recognition of additional interest related to the terminal tax funds being collected now as that interest must stay with the tax funds and are not available to use in our operating budget. Line 38 Other Operating Income which includes insurance reimbursements from tenants as well as commissions like ATM fees and concession sales and they continue to be level. The decrease in the category is due solely to TSA security reimbursement that changed from \$26/hr. to \$20/hr. On line 41 the Ad Valorem prediction amount remains conservatively estimated at below 2014 Actual but higher than 2015 budget. Line 42 shows the overall total revenues for 2016 are slightly less than the 2014 Actual but projected to be 5% higher than the 2015 budget and that is about \$575K. Commissioner Segura asked what the interest count on the terminal is and Mary Green stated it has to stay with the terminal tax funds. Segura asked where are we going to accounted for but it won't be in the operating budget.

On page 4 several expenditures are separated out for management and audit purposes into Administrative and General Maintenance categories. The payroll budget is explained in further detail on the next page of the summary. Looking at the Administrative and General Maintenance expense accounts. Under Administrative line 3 and 25 together are the salaries. The change from the 2015 budgeted amount is a direct function of the adoption of the 10 year pay plan and an inclusion of a 2% LCG Cola. Per the LAC Pay Plan once the LCG adopts then LAC will consider adopting the same percent for 2016. The change from the 2014 Actual amount reflects 3 position vacancies of over 4 months each including the Director's position. Line 4 and 26 are also part of the Parochial Retirement system that took that portion from 16% to 14.25% so that's lower. Line 8 under Administrative is the General Liability and Property Insurance Premiums. They have gone down from Actual 2014 and the Budget 2015 figure due in large part to a recent review of coverages by the Executive Director and Contracts Administrator. On line 9 you have Advertising and Marketing and these expenses decreased in 2015 from 2014 Actual amount by about \$185K that was used for the terminal Tax Education and the amount budgeted for 2016 will return back to a base level. On lines 17 and 18 Travel and Training for 2014 those amounts reflect travel plans not taken by the Director and not able to be taken by the Deputy Director once the Director left mid-year. Also some other plans such as staff travel did not take place as well. While General Maintenance costs are increasing 4% from 2014 Actual figure there's an 8% decrease to last year's budget as seen on line 45. Significant differences are shown on line 32 Security System and Repair and Maintenance. This is a preventative maintenance contract for the new security system. The 2014 budgeted amount did not include the new contract amounts as the project was not yet complete and 2016's amount is \$89K. Line 33 Obstruction Clearance this is for tree growth removal of airport and surrounding property per FAA regulations. Projections for 2016 are lower than in recent years. Line 34 Environmentals- the 2014 budget increase is in large part due to environmental issues that arose from the Bell Helicopter facility and the remediation of the previously unknown underground storage tanks at Hangar 10. The increase

cost for 2015 included additional base line assessments due to potential new hangars, potential for underground storage tanks at Hangar 9, and environmental expenses expected for the relocation of Air Med facilities that did not materialize in 2015 and will not affect 2016. Lines 39-40 are utilities increases in 2014 were for additional cost associated with the newly landscaped area along Bluebird Blvd and Surrey Street. Both water and electric that were not known until after budget as well as the assumption of the State Police building facilities when they vacated. Lines 48-51 other expenses are all budgeted from contracts. The 1% increase on line 52 from last year's budget includes a decrease to the ARFF contract due to the 18 replacement SCBA bottles purchased in 2015 that will not occur in 2016. A less than 1% increase in the security contract for 2016 is on line 49. The increase in parking fees is a function of the increased parking revenues that are estimated at 21% of the budgeted revenue. The total difference results in a 3% increase to Actual 2014 other expenses. While all these changes result in an overall increase of just 2% as seen on line 53 as compared to Actual 2014 Expenses there's an actual 4% decrease of about \$247K when comparing to last year's budget estimate for expenses. Commissioner Guilbeau asked what's the difference on group medical what's the reason on both of them from Actual to budget for this year such an increase. Mary asked for 2014? This was due to the vacancies in staff. 2015 will also be down with vacancy positions. Commissioner Segura asked if 2016 will be budget for full staff. Page 5 of the summary shows LAC positions and corresponding pay ranges according to the Pay Plan as well as adjustments to be made due to two staff members retiring before the start of 2016. Calculated increase amounts are shown by position with the last column using the employee's anniversary month to reveal the actual amount needed for 2016's budget purposes. Per commission instructions these amounts include the LCG 2% Cola increase that was included and passed in LCG's budget Thursday night. However, the LAC must still approve the increases in order for the amounts to officially be included into the LAC's approved Pay Plan.

Commissioner Robichaux asked about the Deputy Director position. Steven Picou stated he is working with Robert Calahain and Flo Zigler from Stone Energy to move forward with interviews in the next couple of weeks. The applicant number has decreased from nine to four.

Page 6 is Major Capital Projects that have been submitted for approval and included in the 2016 budget. These have been included but it does not indicate their certainty just included in the plans. All items are included in detail in the Additional Information packet. Any questions need to be directed to Steven Picou. Commissioner Segura had a question about the Hangar Renovations on Item 1. He asked what exactly was going to be done to the hangar. Steven Picou stated LAC has worked with MSBS group and some of the panels will be changed and the current tenant is wanting to keep the same exhaust system for fans to keep the building cool but that does not meet code. The LAC will put fans and exhaust system that meets code.

Ms. Green asked if anyone had any questions, comments, etc.

Commissioner Cruse stated this was an excellent job.

V. OTHER BUSINESS- None

VI. PUBLIC COMMENTS - None

VII. ADJOURN

RESOLUTION 2015-9-R1-01: Commissioner Guilbeau moved to adjourn the Special Commission Meeting of September09, 2015 at 4:32p.m. Commissioner Segura seconded this motion and the vote was as follows:

AYES: Segura, Skinner, Guilbeau, Robichaux

NAYS: None

ABSENT: Garrett, Hebert

MOTION CARRIES

The Presentation is available in a digital and audio file at the Lafayette Airport Commission Office at 222 Jet Ranger X Drive. Lafayette. LA 70508.