

PROCEEDINGS OF THE LAFAYETTE AIRPORT COMMISSION MEETING OF THE LAFAYETTE REGIONAL AIRPORT OF LAFAYETTE, STATE OF LOUISIANA, TAKEN AT A SPECIAL MEETING OF SEPTEMBER 13, 2017 HELD AT 200 TERMINAL DRIVE, LAFAYETTE, LA.

ATTENDANCE

COMMISSION: Valerie Garrett – (Chairperson), Paul A. Guilbeau – (Vice-Chairman), John E. Hebert (Secretary/Treasurer), Timothy L. Skinner, Bryan Tabor, Paul Segura

ABSENT: Matt Cruse

ADMINISTRATIVE STAFF: Steven Picou (Executive Director), Stephen Oats (Legal Counsel), Mary Green (Comptroller), Catina Theriot (Secretary), Daniel Elsea (Deputy Director).

GENERAL AUDIENCE: Ashley Simon (Environmental Compliance Officer), Rene Cotton (Properties Administrator), Robert Callahan (Sides and Associates), R. Keith Broussard (KCB Capital Mgmt), Robert P. Billeaud (J.B. Mouton, LLC), Claudia Boutte (Three Frenchmen Janitorial).

I. CALL TO ORDER:

Chairperson Garrett called the Special Commission Meeting of September 13, 2017 to order at 4:51 pm.

II. PLEDGE OF ALLEGIANCE

III. INTRODUCTION/ROLL CALL

IV. SCHEDULED BUSINESS

A. 2018 Budget Review – Discussion/Action—

Executive Director Picou stated this is for the Commissioners' review and if there are questions Mrs. Green can answer them. The budget will not be voted on until the October LAC Regular Commission meeting. Mrs. Green has spent a copious amount of time preparing this budget and it looks like the LAC's budget is a healthy one. There are several projects to do and will be conducted with internal money with this upcoming year.

Mary Green presented three packets (2018 Proposed Budget, Additional Backup, and Unaudited Financials)

Mrs. Green start off this year's Annual Budget with a continuation of the Commission and staff's efforts over the last several years in anticipation of the terminal project to optimize this organization's financial health. Just like any prudent individual planning ahead the LAC has made conservative efforts to monitor expenses, develop and expand income sources, build reserves, and generally demonstrate sound fiscal decisions and policies with each annual budget. The LAC has been mindful of the financial criteria and benchmarks needed in the event the Commission may find it necessary to apply for and take on future debt in order to achieve the completion of the project and to make the best use of funding sources. These actions have been necessary to put the LAC in the best possible position to get optimal rates and terms as well as to confirm the LAC's ability to repay any additional debt within the current revenue structure and all with saving the taxpayer's dollars in mind.

2018 Proposed Budget—First page is a summary that reflects a proposed budget that

is balanced and adds and additional \$869,004.00 as seen on line 24. Total Operating Receipts there's a small 1% increase from 2016 to 2018. On line 16 there is a 10% increase from 2016 to 2018 for Total Operation Disbursements. There's a 3% increase to the budget from 2017 to 2018 budget estimates. For revenues with no change in expenses. Both segments are discussed in detail on the next pages of the summary. The 4% decrease shown on line 20 for other Income is a number that includes a budgeted decrease related the recent LCG council decision to not roll forward the millage of 1.71 and instead is using the 1.58 mils to calculate the budget for 2018. Line 22 shows the amount proposed to be spent on capital items and improvements in 2018 and will be discussed further in detail. The amount for Debt Service on line 23 for 2017 shows the LAC continues to have no debt.

Land rentals shows a very small percentage and dollar decreases as seen on line 25. This compares the 2018 Budget to both the 2016 Actual and the 2017 Budget. These small increases are largely due to annual CIP increases in their individual lease terms. Mrs. Green pointed out on lines 17 and 18 the Olivia Rae Farms is now under Blue Mountain Air.

Hangar rentals have very small changes from 2016 Actual and 2017 Budget on line 35. The drop in UPS revenue on line 29 due to the completion of the Cargo Facility and the resulting move in 2017 and these will show up in the building category. These are the only hangars the LAC receives rental income from and all the other increase are due to CIP increases in their individual lease terms.

Terminal rents show a 3% decrease comparing 2018 budget to Actual 2016 budget numbers as seen on line 51. However, when comparing to the 2017 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 small increase as well as the rent car vendors (Lines 40-44) when comparing to the 2017 Budget. In addition, the 2015 rental car agreements updated with the minimum annual guarantee for each of the rent car vendors so the estimated revenues for 2087 are clearly confidently calculated. Line 45, Acadiana Tap House, shows an increase in revenue due to the inclusion of the bar and restaurant into the secure area the LAC will continue to conservatively calculate their rent based on the actual monthly revenues for the past year and the minimum annual guarantees stated in their lease. Other leases in the rent category remain the same or have small increases due to individual lease terms.

Building rents shows the largest dollar increase in revenues comparing the 2018 budget to both 2016 Actual and 2017 budget as seen on line 20. This result is almost entirely made up of the completion occupation of the new Cargo Facility by UPS and FedEx and Worldwide Services. In addition, while the LAC expected environmental issues for AVIS service facility on Line 12 will be completed this year the LAC is not accounting for the \$40,000 of additional revenue for the usage of the entire facility takes place. Other notable changes on line 2 is the increase in Moss Motors leases due to an updated appraisal and online 3 the 310 Shepard property is being vacated for demolition in 2018. Other leases remain the same or have small increases due to their individual lease terms.

Under Other Incomes, Total Fuel Flowage Fees continue to slowly decline (Line 28) over the last few years. For 2018, Mrs. Green lowered the budgeted amount slightly to align with the trend. The expected revenue for 2017 should be about the same as 2016 so this amount should provide the LAC with an accurate revenue position for 2018. Per LAC's Fuel Flowage Ordinance fuel rates are 10 cents per gallon received. Landing Fees show a 1% decrease for 2018 to 2016 Actual as seen on line 36. There is a respectable 5% increase over 2017 budget number. This is about a \$49K increase that is largely governed by Ordinance 92-1. There are about four flights a day less than

previous years, airlines are using larger aircrafts with larger capacity and combined with the Ordinance increase rates this revenue category will increase slightly for 2018. In addition, to the airlines Ordinance 92-1 have been applied to the cargo operators as well. For the remaining incomes on line 38, as you know in 2015 the short-term parking lot increased by 106 spaces, however, the 2017 enplanement numbers are lower than expected.

Based on the enplanement information, Line 37 Parking Tolls, shows a conservative drop of 3%. Line 38 Interest Income shows a notable increase in the rates and the LAC's current fund levels. There's no recognition that many additional interest related to the terminal tax fund account as that tax is not available for the LAC's operating budget. Line 39 Other Operating Income such as insurance reimbursements from tenants and commissions, continue to be level. The decrease in this category from the 2017 budget is largely due to a more conservative approach to the variable types of revenues. On line 42 the Ad Valorem millage projection amounts remain conservative estimated at or below the 2016 Actual levels but equal to the 2017 budget projections and as previously stated this takes in account the recent actions from LCG to not roll forward to the 1.71 millage. Line 43, overall the total revenue for 2018 is estimated to be about \$30K less than 2016 actual but is projected to be 3% more than 2017's budget which is about \$295K.

Chairman Guilbeau asked the LAC received the assessed value from Mr. Conrad Comeaux yet and Mrs. Green stated not yet. Commissioner Guilbeau asked where is it shown the daily rental car charges that are being charged for the design of the rental car facility. Mrs. Green stated those charges are PFC's and those are not budgeted items so they will not show up in the budget.

Expenditures are separated out by management and audit purposes into Administrative and General Maintenance categories. The payroll and on cost accounts under both categories, which is lines 3, 4, 5, and lines 24, 25, and 26 require specific notes. The difference between 2016 actual and 2016 budget numbers can be attributed to not being fully staffed for much of the year. There are several personnel changes and attrition movements along with a couple of new hires that starting pay positions all under the governance of the LAC ten year Pay Plan. The 2017 and 2018 budgets show a reset of those payroll positions and the on-cost budget numbers as well. For 2018 the LAC is budgeted as being fully staffed. In addition to the 2018 payroll amounts the Parochial Retirement accounts are lowered for 2018 as the rate has been lowered for 2018 to 11.5% from 12.5%. Line 22 Administrative cost will rise by 5% from 2016 actual figure but will actually be 1% higher than 2017 budget. On line 45 while General Maintenance is increasing by 20% from 2016 actual budget numbers there's only a 1% decrease to last year's budget number.

Significant differences and explanations include on lines 8 and 12 of the Administrative section that is the LAC's General Liability insurance and professional fees. You can see there is a an approximate \$40K decrease to our insurance cost due to a change in carriers while there is a \$40K projected increase in Professional Fees due to additional consulting and additional legal fees associated with construction projects.

Line 32 and 33 under General Maintenance- Obstruction Clearance this is for tree growth removal of airport and nearby property per FAA regulations. No costs were incurred in 2016 and the 2018 projection is just slightly higher than last year's projection. Line 33 Environmentals- the actual cost for 2016 were below budget and part since environmental expenses that were expected did not materialize. The 2018 budget number is a baseline figure for annual groundwater monitor sampling, asbestos assessments, and other typical environmental issues indicted for 2018. Lines 47-50

other expenses are all budgeted from contracts. The 8% change on line 51 from 2016's actual number includes a new contract to ARFF, a 9% increase to the Leo officer contract with no real change to the janitorial cost as a result of an RFP last month. Parking Management fees on line 49 are calculated based on being 23% parking tolls budgeted revenue. The differences result in no percent or dollar change from the 2017's budget and other expenses. While all these changes result in an overall increase of 10% as seen on line 52 as compared to Actual 2016 Expenses there's actually a less than \$16K change

Page 5 is the Compensation Projections. This page shows the LAC employee positions and corresponding pay ranges according to the ten-year pay plan adopted by the Commission action in 2012 and the year 2018 will be the seventh year in the plan. The calculated increases are shown by position and uses the last column of the employee's anniversary month to show what is actually needed for 2018's budgeted purposes.

Page 6 is Major Capital Projects that have been submitted for approval and included in the 2018 budget. These have been included but it does not indicate their certainty in the plans. Full explanations of all these items were emailed out last week and they are included in detail in the Additional Information packet. Any questions need to be directed to Steven Picou.

Chairman Guilbeau gave an at-a-boy to maintenance for line 12, new John Deere tractor, if you read the supporting documents the tractor was a 1983 model.

V. OTHER BUSINESS- None

VI. PUBLIC COMMENTS - None

VII. ADJOURN

RESOLUTION 2015-9-R1-01: Commissioner Skinner moved to adjourn the Special Commission Meeting of September 13, 2017 at 4:51p.m. Commissioner Guilbeau seconded this motion and the vote was as follows:

AYES: Guilbeau, Hebert, Skinner, Tabor

NAYS: None

ABSENT: Cruse, Segura

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.