

West Calcasieu Airport Managing Board Meeting Minutes

July 2, 2019

I. Call to order

Chairman Dalton Langford called to order the regular meeting of the West Calcasieu Airport Managing Board at approximately 4:30 p.m. on July 2, 2019, at the offices of Southland Executive Airport, Conference Room, 7000 Southland Field Road, Sulphur, Louisiana.

II. Invocation

Wilmer Dugas led the invocation.

III. Pledge of Allegiance

Pledge led by Attorney Oliver Schrumpf and recited by all board members and guests.

IV. Roll call

The following persons were present:

- ✓ Dalton Langford
 - ✓ Don Chamblee
 - ✓ Wilmer Dugas
 - ✓ R. K. Levens
 - ✓ Dana Keel
- (Joe Palermo was absent.)

(Others also present at the meeting were: Tim LaFleur, Jackson Schrumpf, Chuck Stutes, Darla Perry, Rhett Phillips and Sheila Burton.)

V. Approval of minutes of the June 4, 2019 regular monthly meeting

Chairman Langford entertained a motion to approve the minutes of the June 4, 2019 regular monthly meeting. Wilmer Dugas made a motion to approve the minutes of the June 4, 2019 regular monthly meeting, 2nd by R. K. Levens. No opposition. Motion carried.

VI. Additions/Deletions to the Agenda

Chairman Dalton Langford entertained a motion to add to the agenda a resolution to award the airport pavement rehabilitation taxiway B and T-hangar aprons, AIP No. 3-22-0080-XXX-XXXX. The lowest bid provided for the project was from Keiland Construction in the amount of \$122,650. The bid award will be subject to FAA and LA DOTD approval.

Chairman Dalton Langford entertained a motion to add to the agenda a resolution to award new T-hangar, State Project No. H.013669, MA Project No. B6-18021-DA. The lowest bid provided for the project was from K&J Development of SWLA, LLC, in the amount of \$475,000. The bid award will be subject to LA DOTD approval.

Wilmer Dugas made a motion to add to the agenda the 2 aforementioned items, 2nd by R. K. Levens. No opposition. Motion carries.

VII. First Flight Holdings Update

Rhett Phillips thanked everyone for allowing him to come speak before the Board. Mr. Phillips also thanked the Board for being such gracious hosts and landlords and working with them throughout their time at the airport. Mr. Phillips reported that First Flight Holdings has contributed through rent payments in excess of approximately \$2 million to the airport and feels they have been good partners and good neighbors.

Mr. Phillips reported that they have concluded their contract for the man camp with CCJV as of 10:00 o'clock yesterday morning. Mr. Phillips said the camp is empty, and now they are trying to figure out what is next. There was a brief discussion about possible ideas on plans to convert the facility into something different. Mr. Phillips said they are in the process of taking things down and putting things back in order pursuant to what they are required to do by the lease.

Mr. Phillips told the Board he would like to explain their sales tax issue because he feels there is a lot of misinformation in the community. Mr. Phillips explained how First Flight spent \$17 million on construction of the facility at the airport, not including the buildings. All sales taxes were paid on the construction totaling approximately \$1 million. There was a lease tax paid on the buildings that were placed at the facility because they are considered moveable equipment. First Flight paid \$4.7 million on the lease taxes. Every meal that was served at First Flight's facility (approximately 2 million meals served) and all of the paper goods and supplies bought had sales taxes that were paid on those items.

Mr. Phillips explained that their rate at the beginning was \$98 per day, which means each individual would pay \$98 per day. The \$98 charge was comprised of the cost of a bed, meals, transportation to and from the job site, maintenance and various other items. Transportation is not subject to sales tax. Mr. Phillips told the Board that they are being told they need to be taxed 15 ¾ % on the \$98 fee, which would mean they are being taxed again on all of the sales taxes that have already been paid – meals, paper goods and supplies – not to mention they want them to pay taxes on various non-taxable items such as transportation and labor. Mr. Phillips told the Board that if they paid the 15 ¾ % that

is being asked of them, added to the sales taxes that have already been paid, that would mean First Flight would be paying a sales tax rate of 33 ½ %.

Mr. Phillips asked the Board to please make the public aware that First Flight has paid in excess of \$6 million in sales taxes since they have been out at the airport, and they have not avoided any taxes that were required. Mr. Phillips told the Board that they are still fighting the sales tax issue and arguing that they should not be taxed as a hotel. Mr. Phillips stated they have all of their operating licenses, permits and ordinances that say what they are; and none of them say that they are a hotel. Mr. Phillips said it is still in tax court and will come up in December.

Attorney Oliver Schrumpf told Mr. Phillips that the Airport Board has previously authorized and written a letter to the School Board asking them to reconsider their position. Mr. Phillips thanked the Board for their support.

Mr. Phillips asked the Board if they could re-enter an option period for 120 days beginning today for \$10,000 per month. There was a brief discussion regarding the contract options. Mr. Schrumpf said he thinks it would be better if there was a proposal in writing that laid out the details. Mr. Schrumpf also stated that he feels, in his opinion, that the Airport would want to cooperate with First Flight and do what they could to support them to make sure that First Flight succeeds in getting another contract. Mr. Don Chamblee stated he's been on the Board since the very beginning and he wanted to be the first to thank Mr. Phillips and his company for being good to the Airport, but he feels they need time to meet with the accountant and attorney to make sure everything is done correctly. Mr. Wilmer Dugas also praised Mr. Phillips for being a good neighbor and helping the airport tremendously. There was a brief discussion regarding the lease options and how to move forward.

Mr. Phillips thanked the Board for their time and exited the meeting.

VIII. Discuss and take action on Auditors for June 30, 2019

Darla Perry explained that June is the fiscal year end, and the Airport has to have an audit and SAUP (State Agree-Upon Procedures). Darla told the Board the last few years McMullen Mancuso has been doing the audit, but in January they told her they may not be interested in continuing their audit department. Darla mentioned they have not followed up on that, and they have not given her a quote. Darla told the Board that she asked the firm of Steve Derouen to give her a quote. Darla revealed Steve Derouen was one of her accounting partners at The Broussard Group. Mr. Derouen has 40 years' audit experience and has 2 other CPAs that works with him. Mr. Derouen's quote was \$10,750 for the accounting audit the SAUP. Last year's audit and SAUP cost \$12,950 with McMullen Mancuso. Darla explained that Mr. Derouen's firm is able to perform a Yellow Book audit, which is a higher level of auditing if the Airport gets more than \$750,000 in Federal funds. Mr. R. K. Levens asked Darla if she was totally comfortable with him doing the audit, and Darla answered that she is totally comfortable with him doing the audit because he has very extensive experience with municipal audits.

Wilmer Dugas made a motion to accept the bid of \$10,750 from Steve Derouen's firm to conduct the audit and SAUP for the Airport, 2nd by Dana Keel. No opposition. Motion carried.

IX. Finance Report

Darla reported on 11 months of operations, July 2018 through May 2019. For the month of May, Darla reported they were very close to budget all the way down the line, both on revenue and expenses. Interest income is running higher than budgeted thanks to First Flight because now the Airport is able to have a savings interest-bearing account. Net income for May came in \$7,359.27 over budget.

Darla reported the revenue is higher than budgeted on the July 2018 to May 2019 YTD report mostly due to the First Flight head count. The expenses were over \$16,996.57; and the bulk of that is due to repairs on equipment, lighting and electrical. Year to date, the net income is \$318,868.63 – which is \$172,094.13 better than budgeted.

Darla stated she is beginning to work on the audit, and she just finished signing all of the insurance renewals for the coming year. Darla explained the commercial property is going to be the biggest increase because there wasn't a full year's coverage on the newest T-hangars. Darla told the Board the hangar keeper liability went up from \$5,000 to \$5,700. Darla explained the airport hangar keeper liability amount went up across the whole United States and has affected the entire airline industry due to the Boeing MAX problem. On the commercial property, which includes all of the buildings, the insurance is going to be quite higher, going from \$31,000 to \$36,000; however, the building value covered will be \$3.6 million. There was a brief discussion on the commercial property coverage. Darla stated the auto coverage is \$8,000 – which is a 3% increase. R. K. Levens asked why a small airport like Southland Field would be affected by the Boeing MAX issue. Darla explained that it is because the lawsuits affected all of the underwriters.

R. K. Levens asked Darla how will the Airport's finances be affected once First Flight is gone. Darla stated that the Airport will be on a very tight cash flow. Chairman Langford stated that the Airport will need to get more tenants to come to the Airport. Darla explained that before First Flight came to the Airport, the Airport was running at break even or not even at break-even; however, they now receive \$100,000 more from Chennault and the Airport now has more hangars to lease, with a waiting list. Darla also told the Board that due to First Flight money they now have a reserve account that can be used for matching funds on infrastructure improvements that they never had before.

Chairman Langford told the Board that he wholly supports First Flight 100%; however, there are a lot of other people interested in the Airport, and they may need to look at alternatives. Chairman Langford agreed that they should give First Flight the 120-day option; but in the mean time they should also be thinking, as a Board, what's best for the Airport. The Board had a brief discussion on potential new business for the Airport.

Darla Perry asked if the Airport had a Tennant Committee. There was a brief discussion on how to proceed with handling potential new business and how to put a Tennant Committee together. Chairman Langford asked if there were any volunteers to be on the

Tennant Committee. Wilmer Dugas volunteered. Darla stated she felt that she along with Airport Director Tim Lafleur also needed to be on the Tennant Committee. Wilmer Dugas asked Don Chamblee if he would be on the Tennant Committee. There was a brief discussion on whether Chairman Langford should be part of the Tennant Committee. Darla Perry announced that they now have a Tennant Committee consisting of Darla Perry, Tim Lafleur, Oliver Schrupf, Wilmer Dugas, with Don Chamblee on an as-needed basis.

Chairman Langford entertained a motion to accept the Finance Report. R. K. Levens made a motion to accept the Finance Report, 2nd by Dana Keel. No opposition. Motion carried.

X. Director's Report

Director Tim Lafleur reported that they are still having issues with their ODALS and REILs. Tim stated that Danielle Gaylord was at the airport last week, and the lighting issue was discussed. Danielle suggested to put on the new CIP to upgrade to LEDs for the ODALS and REILs. Danielle said she felt pretty confident that the airport should be able to get a 50% match, if not more, for the LEDs. Chuck Stutes asked if she was talking about both State and Federal money, and Tim answered yes. Tim said he just gave Darla another bill for more lights that have gone out. Darla said they are not cheap, either. There was a brief discussion on the equipment issues and the warranty. Darla asked if they got the new CIP, what would be the timeline on getting them changed to LED. Chuck Stutes answered roughly this time next year. There was continued discussion on the warranty and replacing the parts.

Tim reported that they repaired the TUG motor that went out. Tim stated the TUG had over 900 hours on it, which is a lot of hours. Tim said he was able to get the motor to Smokey's, and they were able to repair it for \$180. Tim stated it's like a brand-new motor and is working really well.

Tim explained to the Board that there has been grass coming up through cracks in the tarmac due to O'Brien's Flying Service's fertilizer sprayer. Tim asked the Board for suggestions on how this needs to be handled once the new rejuvenation project begins. Tim stated he does not want grass coming up through the newly-rehabed runway and tarmac. Tim asked the Board if they thought O'Brien's should be charged a fee or if they should not be allowed to use the runway. There was a brief discussion on the issue of O'Brien's fertilizer sprayer damaging the runway and taxiway. Tim said he will call Danielle tomorrow and get her input. Chairman Langford said they need to reach out to O'Brien's Flying Service and tell them of the concerns of the Board. There was continued discussion regarding the issues with O'Brien's Flying Service.

Chairman Langford entertained a motion to accept the Director's Report. Wilmer Dugas made a motion to accept the Director's Report. No opposition. Motion carries.

XI. Engineer's Report

Chuck Stutes reported that they have had 2 projects they have received bids on in the last few days, and that is why they needed to be added to the agenda. Chuck explained that the Airfield Pavement Rehabilitation Taxiway B and T-Hangar Aprons project is funded by both DOTD and FAA 100%, together. Chuck said they received 2 bids last Thursday. The first bid was from Keiland Construction, LLC in the amount of \$122,650. The second bid was from Sunbelt Sealing, Inc. in the amount of \$128,502.50. Chuck stated they have evaluated the bids, checked the math on the bids, and everything is in order.

Based on the bids received, Chuck said they are recommending that the Board award a contract to Keiland Construction, LLC in the amount of \$122,650. However, all of this is subject to approval by FAA and DOTD. Chuck explained FAA's procedure is that you have to receive the bids, send them a formal grant application along with the bids received and the engineer's award recommendation letter, the bid tab and all of the documents, then they will make the decision whether to issue a grant or not. Darla asked if it was a 90/10 split. Chuck answered yes, that it is 90% FAA and 10% DOTD. There is no local money involved. There was a brief discussion about the experience of the 2 companies that bid on the project and the approximate time of when the work would begin.

R. K. Levens made a motion to make a resolution to award the contract to Keiland Construction, LLC in the amount of \$122,650 subject to the concurrence of FAA and DOTD, 2nd by Wilmer Dugas. No opposition. Motion carried.

Chuck reported that they received 5 bids on the New T-Hangar project yesterday. The low bidder was K&J Development of SWLA, LLC in the amount of \$475,000 – which is actually below the Engineer's Estimate of \$491,000. Chuck said they have reviewed all of the math, the bids, contractors' licenses, etc. Based on the bids received, they are recommending the Board award a contract to K&J Development of SWLA, LLC in the amount of \$475,000. There was a brief discussion regarding the experience of K&J Development of SWLA, LLC. Chuck explained that this particular project is only funded by DOTD and not FAA. Chuck said the funding split is 93% DOTD, and 7% has to be funded by the Airport.

Chairman Dalton Langford entertained a motion to make a resolution to award the contract to K&J Development of SWLA, LLC for the New T-Hangar project in the amount of \$475,000, subject to approval by DOTD. Wilmer Dugas made a motion to make a resolution to award the contract to K&J Development of SWLA, LLC for the New T-Hangar project in the amount of \$475,000, subject to approval by DOTD; 2nd by Dana Keel. No opposition. Motion carried.

XII. Old Business

R. K. Levens announced to the Board that the 2 amendments to the Joint Service Agreement were presented to the Industrial Development Board, and they have accepted the out-of-zone amendment with some rewording. The rewording suggested should say "resident or working in Calcasieu Parish."

Mr. Levens said the amendment regarding the per diem for the board members was denied.

XIII. New Business

Mr. Levens announced that he will not be reappointed to the Industrial Development Board, so he will soon be leaving the Airport Board. Darla told Mr. Levens that his term expires July 2020.

XIV. Public Comments

There were no public comments.

XV. Chairman's Update

There was no Chairman's Update given at this time.

XVI. Adjourn

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Chairman Langford entertained a motion to adjourn. Wilmer Dugas made a motion to adjourn the meeting, 2nd by Don Chamblee. Meeting adjourned at approximately 5:40 p.m.



Chairman



Acting Secretary