

**MINUTES OF THE REGULAR MEETING OF THE  
BOARD OF DIRECTORS OF  
MOJAVE AIR AND SPACE PORT  
January 20, 2015**

The Board of Directors of the Mojave Air and Space Port duly met for a Regular Meeting at the District Offices in the Administration Building at Mojave Airport, Mojave, California, at the hour of 2:00 o'clock p.m. on Tuesday, January 20, 2015.

The Clerk called the roll and the following Directors were present: Balentine, Deaver, Evans, Painter and Peterson. Also present were the District's Chief Executive Officer, Stuart Witt and District's Counsel Scott Nave.

Acting President Peterson presented the Agenda. Upon motion by Director Evans, seconded by Director Deaver and unanimously carried, it was:

**RESOLVED:** That the Agenda be approved  
as submitted.

**ELECTION OF OFFICERS**

Acting President Peterson opened the meeting for nominations of officers. Director Painter moved to nominate Al Peterson as President, David Evans as Vice President, Jim Balentine as Treasurer and Bill Deaver as Secretary. Director Painter requested that all four be unanimously elected to these positions and that nominations be closed. Upon motion by Director Painter seconded by Director Deaver and unanimously carried, it was:

**RESOLVED:** That district officers be  
appointed to the following positions  
Al Peterson, President, David Evans  
Vice President, Jim Balentine, Treasurer  
and Bill Deaver, Secretary for 2015.

**CONSENT AGENDA**

President Peterson presented the Consent Agenda. Upon motion by Director Balentine, seconded by Director Evans and unanimously carried, Consent Agenda was approved as submitted.

**4A) Minutes of January 6, 2015**

**RESOLVED:** That the Minutes of the Regular Meeting of January 6, 2015 be approved as submitted and further reading thereof be waived.

**BUSINESS ITEMS**

**5A) Check Register 01/15/15**

President Peterson presented the General Fund Check Register for January 15, 2015 with the schedule of electronic fund transfers delineated below.

**SCHEDULED ELECTRONIC FUND TRANSFERS**

<b>AV Fuel</b>	<b>01/15/15</b>	<b>\$ 19,618.59</b>
<b>AV Fuel</b>	<b>01/24/15</b>	<b>\$ 19,268.31</b>
<b>AV Fuel</b>	<b>01/23/15</b>	<b>\$ 19,025.94</b>

Upon motion by Director Deaver, seconded by Director Evans and unanimously carried, it was:

**RESOLVED:** That Board approve check numbers 052899 through 052945 on register date January 15, 2015 in the amount of \$170,121.98 and Electronic Fund Transfer payments in the amount of \$57,912.84 for a total of \$228,034.82.

**5B) Financial Reports**

Interim Chief Financial Officer Michael Brouse discussed Treasurer's Report for the

month ending December 31, 2014. CFO Brouse noted a decrease in the General Fund Account balance from \$2,283,915.63 to \$1,073,888.12 due to a transfer of \$1,700,000.00 to the LAIF Account which reflected proceeds received from the Rising Tree Wind Energy Project. The ending balance for the LAIF Account was \$4,236,574.56 as a result of the transfer from the general fund. The FAA/AIP showed an ending balance of \$135,649.20 and it was noted that grant funds are still being expended. The County Treasury Account showed an increase of \$247,695.30 reflecting proceeds from tax collection activity reported by Kern County for December bringing the total for that account to \$635,604.42. The total for all cash funds for the period ending December 31, 2014 was \$6,081,716.30. Director Balentine asked what funding sources are shown in the FAA/AIP Account. CFO Brouse replied that there are basically two funding sources, FAA grant funds and matching funds for those grants which are transferred from the general fund into that account and the balance reflects ongoing FAA grant fund expenditures on various projects on the airport. CFO Brouse discussed the Fuel Inventory Report and noted 101,463 gallons of Jet A were purchased and 93,162 gallons were sold. He noted that the increase was related to F-18 and 747 fueling operations in December. The monthly total fuel sales for both Jet A and AVGas totaled 95,124 gallons for the month and the year to date total sold was 326,672 gallons. President Peterson asked if there was a recent price adjustment for AVGas since last month. CEO Witt responded that as of last Friday the District's AVGas inventory was still at approximately 4,000 gallons and sales were down due to lower prices at surrounding airports. The District's price has been \$6.19 per gallon while other airports were selling AVGas for approximately \$4.00 per gallon to just under \$5.00 per gallon. The District discounted the price over the weekend to unload the higher priced fuel in inventory and received a load of fuel on Saturday at a lower rate which will allow the District to set a more competitive price for AVGas. CFO Brouse reviewed the Revenue and Expense Summary Report for December and year to date. He noted that revenue for December was good reflecting higher Fuel Sales and under the other Revenue category over \$500,000 in additional revenue was related to wind energy. He noted that total expenses of \$711,318 for the month of December were indicative of expenses for a typical month. Mr. Brouse commented that the year to date revenues of \$7,048,750 includes \$1,200,000 in wind related revenue and if those significant one time revenues are separated from the total the revenue per month for the last six months would be approximately \$800,000

which is approximately \$100,000 to \$120,000 more revenue over expenses for an average month. Percentages of Revenue for the month were Rents and Leases at 23%, Fuel Sales at 26% and other Revenue at 51%. Percentages of Expenses for the month were Operating at 24%, Personnel at 37% and Fuel at 39%. FY 14-15 Revenue was Rents and Leases at 31%, Fuel Sales at 24% and other Revenue at 45%. FY 14-15 Expenses were Operating at 34%, Personnel at 35% and Fuel at 31%. CFO Brouse reviewed the Customers over 90 Days Past Due report which reflected a total of \$268,539.32 for the Aged AR as of January 16, 2015. District is making progress in collection efforts and is working with legal counsel to bring accounts current. Upon motion by Director Painter, seconded by Director Deaver and unanimously carried, it was:

**RESOLVED:** That the Financial Reports for December, 2014 be approved as submitted.

**5C) ATK Launch Systems Consulting Agreement**

CEO Witt noted that the Board has previously authorized the CEO/General Manager to sign this contract since it was less than \$25,000.00. However the current final contract has signature blocks for Officers of the MASP Board and CEO is requesting MASP Board Officers sign contract which he has approved. He commented that the engineering services contract with ATK Launch Systems provides an independent assessment for mission preparations and launch ground activities and no funds will be expended until services are requested by MASP.

**5D) Amendment to Lease with Kern County (Building 2)**

District staff has reviewed the proposed lease and determined that the project is exempt under CEQA title 14CCR Section 15301 and Chief Executive Officer is authorized to file a notice of exemption, as necessary. CEO requested Board approval for extension of lease with the County of Kern to add a five year term to existing lease from November 1, 2014 to October 31, 2019. CEO noted that staff has been waiting for Kern County to finalize wording of new lease and is requesting

retroactive approval from November 1, 2014. Building #2 located at 17305 Finnin Street has been leased to the County of Kern since September 7, 2009 and is used by the Kern County Waste Management Department for hazardous waste collection and disposal. Upon motion by Director Balentine, seconded by Director Painter and unanimously carried, it was:

**RESOLVED:** That Board approve Second Amendment to Lease with County of Kern for Building #2 as submitted and President and Secretary authorized to execute the same on behalf of the District.

**5E) Richard Rutan Lease (T-Hgr 969)**

District staff has reviewed the proposed lease and determined that the project is exempt under CEQA title 14CCR Section 15301 and Chief Executive Officer is authorized to file a notice of exemption, as necessary. The lease is for approximately 2,376 sq. ft. of acreage at a term of 15 years with three (3) five (5) year options. The premises shall be occupied and used by tenant for the sole purpose of aircraft storage and other airport approved activities and for no other purpose. Upon motion by Director Balentine, seconded by Director Evans and unanimously carried, it was:

**RESOLVED:** That Board approve Lease Agreement with Richard Rutan for approximately 2,376 sq.ft. of acreage (T-Hgr 969) as submitted and President and Secretary authorized to execute the same on behalf of the District.

**5F) Richard Rutan Lease (T-Hgr 939)**

District staff has reviewed the proposed lease and determined that the project is exempt under CEQA title 14CCR Section 15301 and Chief Executive Officer is authorized to file a notice of exemption, as necessary. The lease is for approximately 1,722 sq. ft. of

acreage at a term of 15 years with three (3) five (5) year options. The premises shall be occupied and used by tenant for the sole purpose of aircraft storage and other airport approved activities and for no other purpose. Upon motion by Director Balentine, seconded by Director Evans and unanimously carried, it was:

**RESOLVED:** That Board approve Lease Agreement with Richard Rutan for approximately 1,722 sq.ft. of acreage (T-Hgr 939) as submitted and President and Secretary authorized to execute the same on behalf of the District.

**5G) Purchase of Eight Security Cameras**

CEO Witt commented that last year the District purchased a surveillance camera on a trial basis and staff performed a comparative analysis for clarity, use and remote operability from two control points. Staff is now requesting approval to purchase eight additional cameras at a cost of \$3,961.00 each. Director Balentine asked if a competitive bidding process was used to determine the best price. Chief Operations Officer Wojtkiewicz responded that staff researched several vendors who sell the same model as the one tested and determined the lowest bid was through Virtual Graffiti Incorporated, Irvine California. The cameras recommended have a three year warranty and will operate in extreme heat and cold temperatures and adverse weather conditions. CEO Witt noted that the current cameras are ten years old and the controls are not reliable and some have been placed into a fixed position and if approved all eight cameras will be placed into service immediately. CEO Witt commented that recent unexpected revenue has become available in the amount of \$32,000.00 and with additional revenue from fuel sales to U.S. Navy Hornet aircraft the cost of the cameras will have negligible impact on the general fund. Upon motion by Director Balentine, seconded by Director Evans and unanimously carried, it was:

**RESOLVED:** That Board approve the purchase of eight security cameras from Virtual Graffiti, Inc. at an amount not to exceed \$38,000.00.

**5H) Draken Aircraft placement at Event Center**

CEO Witt reported that the National Test Pilot School has offered to donate a Draken Aircraft to MASP and staff has determined it would be appropriate to place the aircraft on static display in front of the Event Center. CEO recommended that a plaque be placed in front of display to acknowledge and commemorate this generous donation from NTPS.

**(I) SCE Easement to The Spaceship Company**

CEO Witt discussed request from Southern California Edison for a 90' x 6' utility easement in the Burm and Boneyard area of the airport to provide electrical service to The Spaceship Company. Director Balentine asked if the tenant was paying for the SCE service improvements and CEO Witt responded that the tenant would be responsible for all costs for this project and he recommended Board approval. Upon motion by Director Balentine, seconded by Director Evans and unanimously carried, it was:

**RESOLVED:** That Grant of Easement with Southern California Edison Company for the installation and construction of electrical facilities to The Spaceship Company be approved as submitted and the President and Secretary authorized to execute the same on behalf of Mojave Air and Space Port.

**Reports/Announcements**

**6A) Community**

Mr. John Joyce of Rosamond News announced that Rosamond High School received the prestigious "Golden Bell Award" from the School Board Association Convention held in San Francisco. The award was the first time Rosamond High School has won the award which is given for outstanding success in a specific discipline. Rosamond High School established several college courses on their campus for both high school students and adult members of the community.

## **6B) Board Committees**

Director Balentine reported that the Audit Finance Committee met with Martin Gehring of the auditing firm BHK and inquired as to the status of the audit at this time. The auditor reported to the committee that the audit would be completed sometime in August or September. Director Balentine commented that there were some unanticipated items that have come up that CFO Brouse is currently addressing and the committee has some recommendations for management staff to consider in this regard. In response to a question from President Peterson staff stated that the audit was initiated in July of 2014 and the auditors began preliminary work the following month in August and CFO Brouse commented that there are four years of back audits being conducted. Director Evans reported that he met with CFO Brouse and stated that essentially there has only been preliminary work performed to start the audit and the auditor is waiting for data from 2012, 2013 and 2014. He noted that one of the sticking points with the audit is that some of the fixed assets of the District utilized federal funds which are subject to a special audit. He further commented that CFO Brouse is spending significant time to address those issues for the last four fiscal years. It was first estimated that staff would be able to gather the required information for the auditors in November and December of 2014. The auditor informed the committee today that due to the tax season essentially no work on the audit can be performed from January through April. The committee is requesting that staff work during the next few months to compile all the necessary information for the auditors so they can be ready to resume work in May. Director Balentine reiterated the committee's recommendation that staff be given additional resources as required to accomplish the task prior to May. CFO Brouse stated that the condition of the accounting records was worse than he had anticipated and this requires additional analysis to address the issue but he believes he can meet the May deadline. CFO Brouse also stated that he is the focal point of this process and has not had sufficient time to address all areas. He suggested that if Deputy General Manager, Karina Drees could pick up some of the items he has been working on then the deadline could be met. President Peterson recommended that Board direct CEO Witt be given a deadline of May 1, 2015 for staff to provide data required by the auditors and leave it up to his discretion as to how that gets accomplished. Directors Evans and Balentine stated that they would be more comfortable with a deadline of April 1, 2015. CFO Brouse stated that if the CEO is authorized to employ additional staffing to assist him the April deadline is still feasible.



Director Painter concurred with Director Evans that if additional help is necessary to accomplish the task the Board should consider that option. District Counsel Nave stated that since this item was an information item on the agenda the Board will need to wait until next meeting to take action if desired.

**6C) Board of Directors**

Director Deaver commented on another successful Plane Crazy Saturday Event held on January 17<sup>th</sup>. He also commented on the article of the event by Allison Gatlin which portrays individuals who aspired to obtain their objective and serves as a testament of what can be accomplished here at MASP.

Director Painter thanked the Board for their support of her motion for the slate of officers and commented that the Directors' talents are well represented and she expects the Board will do an excellent job this year.

**6D) CEO/GM Approved Expenditures**

**1. FTA Hangar 100 Litigation Expenditures**

CEO Witt reported that he approved payment of invoices for Thomas C. Fallgatter, lawyer in the amount of \$1,787.50 for litigation expenses related to Hangar 100 Trustee in Bankruptcy dispute and to Nave & Cortell, LLP for retainer of \$4,200.00 and \$1,200.00 for litigation expenses related to Hangar 100 Bankruptcy.

**2. RB Development**

CEO Witt reported that he approved payment in the amount of \$7,500.00 to RB Development for removal and replacement of 2 box PAPI at Runway 26.

**3. Fire Department Emergency supplies/equipment**

CEO Witt reported that he approved payment of invoice for emergency medical supplies for Fire Department in the amount of \$1,094.63.

**4. Report on current status of Pump House Expenditures**

CEO Witt noted that Board previously authorized budget of \$250,000.00 for Pump House Project and total expenditures to date total \$218,000.00. Final invoices are being processed for payment and CEO does not anticipate exceeding the \$250,000.00 budget set by the Board. President Peterson asked for an update on the 4-wheel drive truck recently purchased by the District. CEO Witt reported that the vehicle has been fitted with a cargo box and emergency lights and radios will be installed next week.

**CLOSED SESSION**

Board adjourned to Closed Session per Government Code Section 54956.8 (Claim of Flight Test Association Bankruptcy Estate).

**CLOSED SESSION REPORT**

In closed session Counsel and the Board discussed the status of the FTA claim. No action was taken, and no other items were discussed.

**ADJOURNMENT**

There being no further business to come before the Board, the chair adjourned the meeting at 4:40 p.m.

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President

**ATTEST:**

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Secretary

**(SEAL)**