

**MINUTES OF THE SPECIAL MEETING OF THE
BOARD OF DIRECTORS OF
MOJAVE AIR AND SPACE PORT
August 26, 2014**

The Board of Directors of the Mojave Air and Space Port duly met for a Special 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, August 26, 2014.

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

President Painter presented the Agenda. Director Balentine stated that the Audit/Finance Committee has requested that item "4E) Compensation Resolution" under Business Items be removed pending further research. Upon motion by Director Peterson, seconded by Director Evans and unanimously carried, it was:

RESOLVED: That the agenda
be approved as amended.

CONSENT AGENDA

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

3A) Minutes of August 5, 2014

RESOLVED: That the Minutes of
the Regular Meeting of August 5, 2014
be approved as submitted and
further reading thereof be waived.

BUSINESS ITEMS

4A) Check Register 08/22/14

President Painter presented the General Fund Check Register for August 22, 2014 with the

schedule of electronic fund transfers delineated below. Director Balentine disqualified himself from participating in the discussion of this item due to a potential conflict of interest pertaining to check number 052514 in the amount of \$38.15.

SCHEDULED ELECTRONIC FUND TRANSFERS

AV Fuel	08/16/14	\$ 27,056.44
AV Fuel	08/18/14	\$ 42,474.24
AV Fuel	08/23/14	\$ 26,957.20
AV Fuel	08/26/14	\$ 27,351.93
AV Fuel	09/02/14	\$ 27,163.95
AV Fuel	09/03/14	\$ 27,554.29
AV Fuel	09/05/14	\$ 37.63
AV Fuel	09/05/14	\$ 698.75
CALPERS Health	09/10/14	\$ 36,570.78
CALPERS Retirement	08/15/14	\$ 42,126.31

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

RESOLVED: That Board approve check numbers 052493 thru 052547 on register date August 22, 2014 in the amount of \$168,964.25 and Electronic Fund Transfer payments in the amount of \$257,991.52 for a total of \$426,955.77.

4B) FAA/AIP Check Register 08/22/14

President Painter presented the check register for the FAA/AIP Account for the General Aviation Apron Rehabilitation Project/Grant #23. Upon motion by Director Deaver, seconded by Director

Peterson and unanimously carried, it was:

RESOLVED: That Board approve
check on register date August 22, 2014
in the amount of \$87,147.01.

4C) Financial Reports

Interim CFO Michael Brouse presented the financial reports for July 2014. CFO noted that the beginning balance for the General Fund for the month totaled \$825,243.80 with an ending balance of \$3,631,163.72 for all funds. He commented that staff has been in the process of bringing all bank reconciliations current for the past four years and identified \$84,000.00 in checks that never cleared and have to this point remained outstanding. Upon further analysis it has been determined that most of these checks have been replaced with other checks or were replaced by electronic fund transfers. Those checks showing outstanding will be written back onto the books which will raise the general fund account balance by \$84,000.00. Mr. Brouse reviewed the Revenue and Expense Summary Report and noted a \$500,000.00 deposit was made from a wind energy company and \$160,500.00 in state grant funds received. Chart highlighted Revenue – Fuel Sales (\$247,436) Rents and Leases (\$417,238) and other Revenue (\$692,376) for total revenue of \$1,357,049.00. Chart highlighted Expenses – Personnel (\$231,792) Fuel (\$132,491) and Operating (\$222,320) for total expenses of \$586,604.00 which included an annual payment of \$50,000.00 to California City. Percentages of Revenue for the month were Rents and Leases at 31%, Fuel Sales 18% and other Revenue at 51%. Percentages of Expenses for the month were Operating at 38%, Personnel at 39% and Fuel at 23%. CFO reported that the Fuel Inventory Balance for July was \$151,703.65 and the total gallons sold was 51,073. CFO discussed the revised Accounts Receivable Report for customers that are 90+ days overdue which had a total past due in the amount of \$303,340.59 for all accounts listed on the report. He noted that District received \$107,000.00 from BAE on August 18th which brings that account close to being current. The District also received \$25,000.00 from Flight Test Aerospace, Inc. on August 19th bringing that account closer to being current as well. Several other accounts have made payment arrangements or are being issued notices to pay or quit. Upon motion by Director Peterson, seconded by Director Balentine and unanimously carried, it was:

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

4D) Resolution regarding Petty Cash and Payroll Accounts

Mr. Brouse presented three options for Board consideration pertaining to several District Accounts. CFO noted two accounts the District's payroll fund account with Mission Bank and the District's petty cash account with Mission Bank which is used primarily for miscellaneous expenditures at a specific amount of no more than \$600.00. Mr. Brouse requested Board to consider eliminating both the petty cash account and the payroll account with Mission Bank. He stated that eliminating the petty cash account would alleviate staff's administrative time reconciling the account every month which has a nominal value. With respect to the payroll account Mr. Brouse stated that typically a payroll account is established to write payroll checks to each employee from a District account. The District contracts payroll out to Paychex which requires District to transfer funds to Paychex which provides the District's payroll service and they write checks to the employees from their account. Upon motion by Director Balentine seconded by Director Peterson and unanimously carried, it was:

RESOLVED: That Board approve elimination of the District's Petty Cash Account and the Payroll Account with Mission Bank.

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

RESOLVED: That Board authorize staff to establish a petty cash imprest account in the amount of \$600.00.

4F) D&O Insurance Policy

CEO Witt discussed previous request from Board that staff obtain quotes for increased D&O coverage from \$1M to \$2M or \$3M. The annual cost for a \$1M policy is \$17,608.00, the annual cost for \$2M policy would be \$29,108.00 and the annual cost for \$3M policy would be

\$39,254.00. Interim CFO Brouse suggested a minimum policy amount of \$2M and Director Peterson concurred. Upon motion by Director Balentine, seconded by Director Deaver and unanimously carried, it was:

RESOLVED: That Board approve to increase District's D&O (Directors and Officers) Employment Practices Liability policy coverage to two million for a total amount not to exceed \$29,108.00 annually.

4G) Airport Restaurants, Inc. Lease request

CEO Witt reported that lease with Airport Restaurants, Inc. is due for renewal and owner Mr. Joudi Alsaady is requesting a renewal term of five years with two (2) five (5) year options. CEO recommended that Board approve new lease term as requested. Upon motion by Director Peterson, seconded by Director Deaver and unanimously carried, it was:

RESOLVED: That Board approve a renewal term of five years with two five year options with Airport Restaurants, Inc.

Reports/Announcements

5C) Board of Directors

Director Deaver reported on the after action report on the Plane Crazy event held on August 16th which highlighted Orbital Sciences "Stargazer" launch aircraft and featured guest speaker Joseph Weichman from the Centers for Applied Competitive Technologies (CACT). It was both an impressive and engaging event. He also spotlighted the upcoming events in September regarding the Mars Robotic Space Rover and Emergency Services which will be the main theme and slated for the October event.

5D) CEO/GM

1. PAPI lights expenditure

CEO Witt reported that earlier work being done on PAPI lights on R/W 12 was halted due to

timing issue with proposed wind energy project and staff is waiting for response from FAA regarding threshold crossing heights for category C and D Aircraft. Currently the PAPI lights are set at 3 degrees and may be set to 3.5 to 4 degrees and by leaving them in their current location will increase the threshold crossing height to a higher limit. The FAA is considering leaving them in their current location instead of expending funds to relocate lights.

2. Taxilane improvement expenditure

CEO Witt reported that the taxi lane improvements totaled approximately \$87,000 of which \$75,000 was recoverable from Grant 23.

3. Pump House expenditure

CEO Witt reported that the Pump House expenditures to date total \$51,000 and staff anticipates spending an additional \$150,000.

4. Elliot Seguin Lease Agreement

CEO Witt reported that a lease agreement was signed on May 1, 2014 with Elliot Seguin for a ground lease for Hangar #976 with approximately 2,150 sq. ft. of acreage. The term of the lease is for 15 years with a renewal term of three (3) five (5) year options. The monthly rate for the lease is \$107.50 per month and premises will be occupied and used by tenant for the sole purpose of aircraft storage and other airport approved activities and for no other use or purpose.

5. Merit Increase for Security Chief Assistant

CEO Witt reported that he authorized a 5% merit increase for Assistant Security Chief which will increase the hourly rate from \$19.72 to 20.71.

6. Audit update

CEO Witt stated that the District audit has begun and CFO Brouse commented that the auditors held preliminary discussions with staff two weeks ago and are scheduled to return on September 22, 2014 to begin source vouching which will take two to three people approximately three days to complete. CFO Brouse stated that he hopes to have audits for all four years completed by Thanksgiving. Director Balentine commented that the auditing firm will have several

experienced senior level staff members performing the audits. CEO Witt reported that the Commercial Spaceflight Federation semiannual meeting will be held in Jacksonville, Florida on September 9th and 10th and he will be attending. This will be his final official meeting as Chairman of CSF which will complete his two year term and a new Chairman will be elected at that meeting.

CLOSED SESSION

Board adjourned to Closed Session per Government Code Section 54956.8 to discuss Real Property Negotiations (Hangar 100) and Government Code Section 54956.9 to discuss one case of Potential Litigation.

CLOSED SESSION REPORT

The Board discussed Real Property Negotiations pertaining to Hangar 100 Purchase Agreement and Land Lease Agreement. Motion was made by Director Balentine and seconded by Director Deaver to authorize CEO to finalize the agreements. Director Peterson declared a remote conflict of interest, recused himself and left the room. Director Evans declared a potential conflict of interest and abstained from voting.

ADJOURNMENT

There being no further business to come before the Board, the chair adjourned the meeting at 4:20 p.m.

RESOLVED: That the special meeting of August 26, 2014 be and the same is hereby adjourned.

President

ATTEST:

Secretary

(SEAL)

