

SALT LAKE CITY DEPARTMENT OF AIRPORTS MINUTES OF ADVISORY BOARD MEETING

November 14, 2018

Members Present: Cyndy Miller, Chair
 Wade Bitner
 Roger Boyer
 Theresa Foxley
 J.T. Martin
 Steve Price
 Jim Riding

Excused: Arlyn Bradshaw
 Theresa Foxley
 Larry Pinnock

Department of Airports: Bill Wyatt, Executive Director
 Treber Andersen, Operations Superintendent
 Shaun Anderson, Financial Manager
 Phil Bevan, Property Specialist
 John Buckner, Director of Administration & Commercial Services
 Ed Cherry, Chief Information Officer
 LuJean Christensen, Administrative Assistant
 Ed Clayson, Director of Maintenance
 Kristen Elder, Management Analyst
 Elenor Gomberg, Public Relations Marketing Coordinator
 Pete Higgins, Operations
 Dave Korzep, Operations Superintendent
 Marco Kunz, Attorney
 Kevin Robins, Director of Engineering
 Al Stuart, Operations Superintendent
 Ryan Tesch, Director of Finance
 Craig Vargo, Police
 Mike Williams, ARP Program Director

Cyndy Miller called the meeting to order at 8:00 am.

AGENDA

A. Minutes

The motion was made by Roger Boyer and seconded by J.T. Martin to approve the minutes of October 24, 2018 as presented. All votes were affirmative; motion passed.

AGENDA

B. Director's Report

Bill Wyatt, Executive Director, updated the Airport Advisory Board regarding current events.

- Wyatt informed the Board that the Olympic Selection Committee would be in town today.
- Wyatt informed the Board that the second tranche of bonds had been issued for \$850 million.
- Wyatt stated that the travel website "Points Guy" announced their annual ranking of the "World's Most Punctual Airports" and Salt Lake City ranked second.
- Wyatt stated that the work continues on the expansion and design of the Customs and Border Protection (CBP) area in the TRP.

C. Distinguished Service Award Presentation

Wyatt acknowledged Al Stuart's illustrious 38 year career and contributions to the Airport and the airline industry. Wyatt introduced Jeanne Olivier, Chair, American Association of Airport Executives (AAAE), and Assistant Director of Aviation Security Operations at the Port Authority of New York & New Jersey. Olivier presented the AAAE distinguished service award to Al Stuart, Operations Superintendent, SLCDA. Stuart stated that this was a tremendous honor to receive and he couldn't have accomplish this without the support of the Airport.

D. Federal Airport Revenue-Use Rules

Scott Lewis, Partner, Anderson & Kreiger LLP, presented information regarding the Federal airport revenue-use rules (presentation on file). Main points included were:

- Statutory restrictions on the use of airport revenue
- Statutory obligation to be financially self-sustaining
- 1994 FAA Authorization Act
- USDOT final policy on airport revenue use
- What is "airport revenue"
- Permitted uses for airport revenue
- Cost allocations
- Standards of documentation
- Prohibited uses
- Self-sustaining
- Sanctions/Administrative enforcement
- Current issues at Salt Lake City

Martin wondered if a nonprofit organization requested space to provide flu shots to the traveling public would they have to pay fair market value (FMV) for the space they occupied. Lewis responded that it would have nothing to do with the Airport but would be a public service.

Lewis answered that it would not technically be compliant but if they were here for a week or two, occupying sixty feet of space, serving the public health mission and not making any money, the odds of anyone taking issue would be very small.

Martin asked if the sales tax collected here would be airport revenue. Lewis stated that sales tax would not be classified as airport revenue because they are a tax of general application. The taxes that the City or State collect on jet fuel are fuel taxes which are governed by separated rules and regulations. Fuel taxes are Airport revenue and have to be used for aviation purposes. Parking taxes are a tax on an Airport activity also.

Roger Boyer stated that in October he read an article regarding David Shipley wanting to reopen Wingpointe. The article discussed the expense related to reopening the golf course and wanted to be updated on this issue. Wyatt answered that Wingpointe was a subject of the audit in 2013 by the FAA. As a result of the audit the FAA found that the lease the Airport had with the City was not based on fair market value. In response to the FAA the City stated they couldn't afford to pay FMV. The FAA gave the City 5 years to rectify the situation. The rate the City paid increased every year. The City could not operate the golf course and last year the City terminated the lease. Subsequently the Shipley group got together to raise money to try to reopen Wingpointe. To reopen the golf course would be very expensive. There are two cost issues which hurt the reopening of Wingpointe from a business plan perspective 1) the payment of fair market value for the land and 2) the expense of water. The group went to Congressmen Stewart, who then successfully amended the FAA authorization to address the question of FMV and there is a debate on whether what transpired accomplishes what they wanted to accomplish. A couple of issues that it might not address are the contractual obligation the City signed with the FAA stating that they would pay FMV and that contract goes until 2022. When the original golf course was constructed the City requested authority to alter the levy with the condition the City would fix the levy in a different way and location. The City did the first part but not the second. Since the City altered the levy it is now required to fix the levy which will be \$5 – 7 million to repair. Another issue is the bridge to the Wingpointe property is now weight constrained and is substandard so it will need to be replaced. The cost of replacing the bridge will be expensive.

E. Year-End Financial Audit

Ryan Tesch, Director of Finance, presented the FY2018 Year-End Audit Financial Report to the Board (presentation on file). Main points included were:

- FY2018 Financial and operational highlights
- Total passenger traffic
- Costs per enplaned passenger
- Budget comparison
- Airline and non-airline revenues
- Sources and uses of funds for the Series 2018 Bonds

Ryan introduced Paul Skeen, audit partner at Eide Bailly, LLP. Skeen reported no findings, no uncorrected misstatements or errors and no disagreements with management for the Airport's Comprehensive Annual Financial Report.

F. Terminal Redevelopment Program (TRP) Update – Mike Williams, ARP Director, SLCDA

Mike Williams, Airport Redevelopment Program (ARP) Director, presented an update on the ARP (presentation on file). Main points included were:

- Job Progress Photos – Terminal Building & Gateway
- Job Progress Photos – South Concourse West
- Job Progress Photos – Parking Garage, Roadways, CUP
- Job Progress Photos – Airfield & Fueling
- Job Progress Photos – North Concourse
- Project statistics
- Near term schedule
- Overall Airport Redevelopment Program budget

Martin asked when the work force would start declining on the project. Williams answered that the work force would peak in 2019 and in mid-2020 would start declining.

G. Nominations for Board Chair and Vice-Chair

Cyndy Miller opened the floor to nominations for Chair. Roger Boyer nominated Cyndy Miller as Airport Advisory Board Chair for 2019. A motion was made by Roger Boyer and seconded by Jim Riding that nominations for Board Chair be closed. All votes were affirmative; motion passed.

Cyndy Miller opened the floor to nominations for Vice-Chair. Theresa Foxley nominated Steve Price as Airport Advisory Board Vice-Chair for 2019. A motion was made by Theresa Foxley and seconded by Wade Bitner that nominations for Board Vice-Chair be closed. All votes were affirmative; motion passed.

Voting by acclamation will be conducted at the January Advisory Board meeting, scheduled on 16 January 2019.

Cyndy Miller adjourned the meeting at 9:45 a.m.

Larry Pinnock, Chair

Date

Jacqueline M. Biskupski, Mayor

Date