

City of McCall — **Airport Advisory Committee**
Meeting Minutes
March 6, 2014, 12:00 PM
American Legion Hall, 216 E. Park St., McCall, ID 83638

Members Present: Dan Scott, Mike Weiss, Matt Shaddle, Rick Fereday
Staff: Nate Coyle, Gene Drabinski, John Anderson, Kevin Bissell
Other:

Dan Scott called the meeting called to order 12:03 PM

Open Discussion and Public Comment

There was no open discussion or public comment.

Approve Minutes from February 6, 2014

Motion made by Rick Fereday to approve February 6, 2014 meeting minutes. Matt Shaddle seconded this motion. Motion passed unanimously.

Airport Expansion Update – AIP 21

Nate Coyle provided an update to AIP 21 stating that landowners and the City had agreed upon an appraiser to review the City's appraisal and appraisal obtained by landowners. The agreed upon appraiser is Ed Morse CRE, MAI and the anticipated timeframe for completion of this review is four weeks from execution of agreement. Nate Coyle also updated the AAC on the City's pursuit for acquisition of an attorney to provide non-litigation oriented legal counsel within the remaining land acquisition process.

Rick Fereday inquired as to the selection process of legal counsel and Nate Coyle outlined that four firms were considered to include Stoel/Rives, Meuleman/Mollerup, White/Peterson, and Millemann Pittenger McMahan & Pemberton. Nate Coyle stated that the qualifications of Bill Gigray from White/Peterson were the best fit for this effort and that an agreement for these services would be presented to Council on March 13.

Proposal for Termination of Existing Lease and Establishment of a New Lease – Commercial Hangar 102

Nate Coyle presented a proposal from the current lessee, Aviation Properties LLC, for termination of an existing lease and entrance into a new lease for Hangar 102. The existing lease was assigned to Aviation Properties LLC in 2010 and currently has 13 years remaining on the term of the lease. To satisfy lender requirements for refinancing a lease term with no less than 25 years remaining is required.

Hangar 102 is utilized in support of McCall Airport's primary FBO (McCall Aviation). The other existing lease agreement for this FBO facility (Hangar 103) was established in 2002 (28 years remaining on term) and currently affords a rental rate of \$0.125 per square foot of uncovered parcel and \$0.255 per square foot of covered parcel per annum. Dan Scott has requested the City's consideration to match the time and lease rate of the existing FBO agreement. The proposal of this agreement was to therefore enter into a lease with an initial term of 20 years with one 5-year and one 3-year renewal period for a total term of 28 years. In an effort to match the terms of the existing agreement, proposed lease includes a stipulation for adjustment of base rent on the eighth anniversary of the initial lease term in addition to annual CPI adjustments.

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The original lease for Hangar 102 was established in 1987. In 1989 the City amended the original agreement to allow for receipt of up-front payment for the remaining 39 years of this lease thus enabling the match of airport improvement program funds for extension of the runway. At the time, the existing lease rate was \$3,046 per annum which totaled \$118,794 for the remaining term of the lease. A present value calculation (discounted at 8%) was accomplished and resulted in the payment of \$39,080 for the entire term of this lease. The existing lease is therefore paid in full through provision of an annual credit of \$3,046. The airport receives deferred revenue in the amount of \$1,002 per annum from the original \$39,000 payment.

Following discussion of this lease a motion was made by Rick Fereday to recommend approval of this lease to City Council. Mike Weiss seconded this motion. Motion passed unanimously


Airport Hangar Lease (Essential Element Overview) – Initial Thoughts from Council

Nate Coyle outlined an introductory discussion with Council members regarding essential elements of airport leases, and provided initial feedback that was received from Council members regarding specific lease elements which included lease term, rent and escalation, hangar use, and lease assignments.

Adjourned at 12:45 PM

Date Signed:

4-3-14



Committee Chairperson, Dan Scott

Attest:



Airport Manager, Nate Coyle