SPECIAL MEETING OF THE BOARD OF GOVERNORS

February 11, 2015

The Lehigh-Northampton Airport Authority Board of Governors convened a Special Meeting of the Board at 12 noon on February 11, 2015 at the Lehigh Valley International Airport.


Members Absent: Michael Dowd and Jeffrey Matzkin.

Staff members present: Charles Everett, Tom Stoudt, Todd Quann, Ryan Meyer, Francis Kulka, Darren Betters, Paula Bonstein, Ashley Hari and Sylvette Rivera.

Also in attendance: Solicitor Robert Donchez, Michael Rosenfeld (LVGAA) and Clark Machemer (RGC).

Chairman, Marc Troutman presided and called the meeting to order at 12 p.m.

After the Pledge of Allegiance, the Chairman called the roll and noted that a quorum was present.

PUBLIC COMMENT:

Michael Rosenberger (LVGAA) addressed the Board regarding the Vultee Hangar at Queen City Airport.

APPROVAL OF MINUTES:

Minutes of the December 23, 2014 Board meeting were reviewed.

Upon a motion duly made and seconded, it was unanimously:

(#4957) RESOLVED, that the minutes of the December 23, 2014 be accepted.

The motion was adopted by a voice vote.

REPORTS OF COMMITTEES, OFFICERS AND STAFF:

A. Treasurer’s Report – William Berger

On behalf of William Berger, Staff reported on the monthly Treasurer’s Report for the period ending December 2014, a copy of this report was provided to the Board of Governors.

In the month of December 2014, LVIA’s Net Operating Revenues was $16,615,437. LVIA Operating Expenses was ($12,456,927). LVIA Net Income (Loss) was $4,158,510. Queen City
Income (Loss) was $124,259. Braden Airpark Income (Loss) was ($53,990). The Operating Account Bank balance is $3,495,346 and PFC Account had a balance of $137,246.

Dean Browning stated that Staff did an outstanding job controlling expenses. Anytime you come within $6,000 of a $12 million budget, someone has done something right.

The Leigh-Northampton Airport Authority Statement of Income budget variance Year-To-Date is $1.4 million. LNA Net Income (Loss) for FY 2013 does include expense adjustments. Once LNAA receives the FY 2014 final audit, LNAA will bill the airlines for any shortfalls on landing and terminal fees. The settlement adjustment for FY 2013 was approximately $400,000. LNAA expects FY 2014 settlement adjustment to be $500,000.

LNAA accounts payable consists of the WBF Judgment and EMAS project contractors. The EMAS project has three (3) construction phases. The last one approved by the Board of Governors was in November 2014. It is a reimbursable project. It has an FAA mandated RSA Compliance of end of FY 2015. The current pay application for work that has been performed is allocated within a thirty (30) day period. The FAA reimbursement is submitted for 90% share at the same time the contract payment is made.

Ed Lozano requested a detailed analysis of the WBF Judgment; identifying what is left, when it is due and what are the risks. He stated it would be helpful to understand where the risk is and how to mitigate it and develop a contingency plan in advance.

Upon a motion duly made and seconded, it was unanimously:

(#4958) RESOLVED, that the Lehigh-Northampton Airport Authority Treasurer’s Report for December 2014 be accepted as presented.

The motion was adopted by a voice vote.

Chairman, Marc Troutman introduced LNAA’s newest Board member, Edwin Lozano from Northampton County. Ed Lozano said it was a pleasure to serve as a Board member. He was appointed in December 2014 by John Brown and County Council. He believes the airport system is one of the most important economical assets. He plans to be here for a while and wants to make sure the community grows. He is an aspiring pilot and is currently taking flying lessons. His background is in Fortune 500 businesses in the food and beverage industry. He hopes to apply those skills, experience and competencies to this Board and help LNAA get back on track.

B. Business & Finance Committee – Mike Dowd, Chairman / Todd Quann

1.) Short-Term Financing Options

Staff reported on Short-Term Financing Options. LNAA has met with BB&T, Embassy Bank, GE Capital, National Penn Bank, Peoples Security and TD Bank with regards to letters of credit. The meetings have been a good exchange of information and Staff will continue to keep the Board informed as things progress.

Jane Baker reiterated that during the January 2015 Business & Finance Committee it was decided to create a Committee that will pursue other entities for financial assistance.
Mike Schware informed the Board that he spoke to Don Cunningham from LVEDC and has been willing to contact his network of lenders and bankers to look at ways they may provide LNAA with a bridge loan.

2.) Bond Refunding Analysis

Staff reported on the Bond Refunding Analysis. A handout was distributed to the Board for review. LNAA has reviewed numerous pricing strategies from underwriters and when brought to the Business & Finance Committee, the Committee decided to advertise for Airport Financial Advisory Services. The Request for Qualifications (RFQ) is currently out.

Ed Lozano stated that Northampton County is supportive in helping LNAA. During the Business & Finance Committee he suggested three (3) things; renegotiating with WBF, looking to see if the counties and private agencies are willing to help with fund raising, and going out to alternative forms of financing. People are willing, ready and able to help LNAA. LNAA needs to reach out to them and it’s not to say that they will help fund LNAA but they are open to listening and either helping or positioning LNAA with folks that can help.

Ed Pawlowski stated LNAA has to know what the strategy plan of action is and then go to various entities and ask for assistance.

C. Executive Committee - Marc Troutman, Chairman

1.) Real Estate Update

Chairman, Marc Troutman stated that there was a Press Conference announcing the Agreement of Sale and Tri-Party Agreement prior to the Board meeting.

Clark Machemer (Rockefeller Group) stated that they have been working with the Board and Staff, with regards to the land transaction north of the airport. Just recently, they executed the purchase and sale agreement of 260 acres, anticipated closing FY 2015, subject to finalizing approvals; which they have been working on for over a year. The current critical path they are on is with PennDOT. This week they have submitted a highway occupancy permit. There are a number of off-site improvements that need to be made and a few other things that need to progress with several municipalities and agencies. They are excited with this step and are looking forward to closing and seeing some ground breaking as early as summer. The land is worth approximately $9 million.

One of the requirements for a Deed of Release is an Environmental Assessment (EA). The draft EA has been submitted to the Federal Aviation Administration (FAA) for review. LNAA expects the EA to be finalized by end of March 2015.

Bert Daday stated staff should be complimented for their efforts on this project. Much work has been done behind the scenes working with various groups within the community, LVEDC and the Planning Commission in particular. LNAA was able to get the support of PennDOT. The public meetings they have attended have been very intense.

Chairman, Marc Troutman stated meeting with Senator Lisa Boscola to talk through some of the challenges with moving this project forward.
Staff reported on the appraisal from LVIP for the flight path properties. There is a value gap of approximately $15,000 an acre. LNAA and LVIP appraisals have been sent to a review appraiser with guidance of the FAA. LNAA is expecting the review appraisers report within the next few weeks.

There are restrictions on the flight path property land use because of the way it was acquired. FAA requires the land not be used for residential schools or hospitals. The town zoning is also restrictive with warehouse distribution.

Staff will conduct additional analysis with regards to the Airport Rental Car Customer Facility Charge (CFC) and report to the Business & Finance Committee.

2.) Appointment of By-Laws Committee

Chairman, Marc Troutman stated that every year Board members sign up for various Committees, therefore, a sign-up sheet will be passed around.

ELECTION OF OFFICERS

Jane Baker reported that the Nominating Committee met and unanimously agreed upon the following Election of Officers for 2015:

Marc Troutman as Chairman
J. Michael Dowd as Vice Chairman
William Berger as Secretary-Treasurer
Ed Pawlowski as Representative of Lehigh County
Bert Daday as Representative of Northampton County

Solicitor Robert Donchez stated each office may be considered separately or if there are no objections and no alternative nominations from the floor, approval of the slate may occur. If there is going to be additional nominations from the floor, it would be best to go through each position individually.

Jane Baker stated that there is an informal policy with a long standing tradition that the Chairman and Vice Chairman be elected from different Counties.

After opening nominations from the floor and upon a motion duly made and seconded, it was:

(#4959) RESOLVED, that the Lehigh-Northampton Airport Authority close the nominations and appoint Marc Troutman to serve as Chairman.

The motion was adopted by a voice vote.

Edwin Lozano and William Berger abstained.

Jane Baker reported that the Nominating Committee selected J. Michael Dowd as Vice Chairman. The nominations were opened to the floor and Bert Daday nominated Mayor Ed Pawlowski as Vice Chairman.
Upon a motion duly made and seconded, a roll call was administered and there were ten (10) votes for Mayor Ed Pawlowski and one (1) vote for J. Michael Dowd. It was:

(#4960) RESOLVED, that the Lehigh-Northampton Airport Authority close the nominations and appoint Mayor Ed Pawlowski to serve as Vice Chairman.

Mayor Ed Pawlowski abstained.

Jane Baker reported that the Nominating Committee selected William Berger as Secretary-Treasurer. There were no nominations from the floor.

Upon a motion duly made and seconded, it was:

(#4961) RESOLVED, that the Lehigh-Northampton Airport Authority close the nominations and appoint William Berger to serve as Secretary-Treasurer.

The motion was adopted by a voice vote.

Jane Baker reported that the Nominating Committee selected Bert Daday as Representative of Northampton County. Solicitor Robert Donchez advised the Board that LNAA By-Laws provide that only the Northampton County Board members vote on their respective committee member. There were no nominations from the floor.

Upon a motion duly made and seconded, it was:

(#4962) RESOLVED, that the Lehigh-Northampton Airport Authority close the nominations and appoint Bert Daday to serve as Representative of Northampton County.

The motion was adopted by a voice vote.

Jane Baker reported that the Nominating Committee selected Mayor Ed Pawlowski as Representative of Lehigh County. The vote was open to the floor and Bert Daday recommended Jane Baker as Representative of Lehigh County.

Upon a motion duly made and seconded, it was:

(#4963) RESOLVED, that the Lehigh-Northampton Airport Authority close the nominations and appoint Jane Baker to serve as Representative of Lehigh County.

The motion was adopted by a voice vote.

**DIRECTOR’S REPORT:**

Charles Everett stated that an Airport Fact Sheet has been developed and distributed to the Board. It identifies the economic impact of the airport, the mission and vision, statistics about the airport system, history, revenue sources, capital improvement program and passenger enplanement.
The next Airline Use and Lease Agreement meeting will be held in March 2015. The turn rate issue has been tentatively resolved and the focus will be on rates and charges and the draft form agreement.

The Technical Advisory Committee and the Community Advisory Committee has met related to the Part 150 Noise Study. Those meetings occurred on January 23, 2015 and January 28, 2015. Wiley Labs is preparing the new noise contour and expect the contours to be smaller than the existing. The completion of the project is expected in the summer 2015.

LNAA is preparing for an upcoming FAA Safety and Certification inspection. It is currently scheduled for March 23 – 27, 2015. FAA inspects the training records, pavement markings, lighting, etc.

Seven (7) employees accepted the Voluntary Early Retirement Incentive Program. LNAA anticipates saving $1 million over a five (5) year period.

**SOLICITOR’S REPORT:**

Solicitor Robert Donchez stated that majority of his report will be covered in Executive Session. The Board reserves the right to make a vote.

Michael Schware stated that there are two (2) appointments coming before the Lehigh County Board of Commissioners for the Airport Authority. One is the re-appointment of Mayor Ed Pawlowski and second is Larry Hamberger. They both go before the intergovernmental appointments committee scheduled for February 11, 2015 at 6:15 p.m. If anyone is interested in attending; it will be located at 17 South 7th Street in Allentown.

**EXECUTIVE SESSION:**

Upon a motion duly made and seconded, the Board went into Executive Session at 12:50 p.m. for anticipated claims regarding the Bhasin v. LNAA litigation in the Eastern District of Pennsylvania, as well as anticipated claims and confidential information related to real estate and personnel.

Upon a motion duly made and seconded, the Board came out of Executive Session at 1:53 p.m.

Upon a motion duly made and seconded, it was:

(#4964) **RESOLVED, that the Lehigh-Northampton Airport Authority declines settlement of the Bhasin litigation matter in the Eastern District of Pennsylvania.**

**ADJOURNMENT**

Upon a motion duly made and seconded, the meeting was adjourned at 1:55 p.m.