

Mt. Vernon Airport Authority
Regular Meeting of the Board of Commissioners
Held January 12, 2016 at 6:00 PM

Present: Michael Ancona	Chairman
Greg Martin	Vice Chairman
Eddie Lee	Secretary
Gary Chesney	Treasurer
Joe Bob Pierce	Commissioner

Staff: Chris Collins
Sheila Jolly-Scrivner

Guests: Kevin Wills, Tim King, Emily Roth, Phil Hamerski, Rich Carney, Steve Willis,
Ruth Anne Strawn, & Don Lewis

Chairman Ancona opened the meeting with a moment of silence for the late Carl Heinrich. Carl passed away on December 29, 2015 after battling cancer. Carl was an integral part of Team MVN. His aviation experience and positive attitude will be greatly missed.

PUBLIC INPUT

There being none, Chairman Ancona moved forward with the meeting.

REPORTS

Minutes

Minutes were presented for the December 8, Meeting for approval. There being no changes to the minutes, motion was made and seconded to approve the minutes as presented. Upon roll call vote, all were in favor.

Treasurers' Reports

There being no concerns with the Treasurer's Reports, motion was made and seconded to approve the Treasurer's Reports as presented. Upon roll call vote, all were in favor of the motion.

Bills for Approval

There being no questions or concerns with the Bills for Approval, motion was made and seconded to approve the bills as presented. Upon roll call vote, all were in favor.

CORRESPONDENCE

Mr. Collins displayed two recent articles involving the airport. The December 2015 issue of EAA Sport Aviation contained a four page article covering the most recent Plane & Pilot Midwest LSA Expo. The January edition of Capital Crosswinds, published by the Illinois Pilots Association, contained a three page article about the airport, its recent awards, and the Jefferson County Hall of Honor.

OLD BUSINESS

FBO Hangar Door

Mr. Collins presented Change Order #4 in the amount of \$3690 with Floating Door. He explained this is the last charge for the project and covers costs for Floating Door's two additional trips. Brian Edmison approved the request as the trips were necessary for the adaptation of the state of the art door to the airport's 1955 building. Final alignment checks and setting of the limit switches were also completed on the final visit. Motion was made by Commissioner Chesney and seconded by Commissioner Martin to approve Change Order #4 with Floating Door. Upon roll call vote, all were in favor.

Obstruction Removal Project

Mr. Collins presented a drawing showing the location of the twelve (12) trees along the approach to Runway 15 that were determined to be obstructions by the FAA. He met with three neighboring property owners before Christmas and all have agreed to allow their trees to be topped. Mr. Collins will develop a Bid Specification in the next few weeks, then bid and award the project in February. Mr. Collins exclaimed – "the airport has great neighbors"!

NEW BUSINESS

Annual Audit

The airport's Auditor, Mr. David Kiefer of Richard David Kiefer, CPA, presented the Annual Audit covering the fiscal year beginning May 1, 2014 and ending on April 30, 2015. Mr. Kiefer directed the Commissioners to the Financial Highlights section and read the Authority's total assets exceeded its liabilities by \$7,941,929 for the fiscal year as compared to \$8,320,864 reported in the prior fiscal year. The Authority's total net assets decreased by \$378,935 or 4.55% over the course of the year's operations as compared to a decrease of \$67,603 in the prior fiscal year. The Mr. Kiefer stated depreciation continues to be the factor attributable to the decrease. Revenues in the airport's General Operating Fund totaled \$506,957 and expenses totaled \$463,214 leaving a profit of \$43,743. A profit of \$32,020 was achieved in the Flightline Aero Services fund as revenues totaled \$420,514 compared to expenses at \$388,494. Motion was made by Commissioner Lee and Commissioner Martin to approve the Annual Audit. Upon roll call vote, all were in favor.

Insurance

Mr. Collins noted the airport's Property and Equipment Insurance renewed on January 1st with Cincinnati Insurance. The airport is renewed with Cincinnati for the next three years at an annual premium of \$26,101. This is the same premium as the expiring policy. Mr. Collins stated that he asked the airport's agent Todd Piper of Guy Wood Insurance if there were other company's willing to provide a three year quotation like Cincinnati. Mr. Piper indicated no other company will underwrite a three year policy (which is what the airport discovered in 2013). Mr. Collins explained that he asked Mr. Piper to shop around a one year policy to compare with Cincinnati's annualized rate. Mr. Collins noted that Mr. Piper has yet to provide any alternate quotations. Mr. Collins stated that the three year policy needs to be approved. If a more affordable one year policy develops,

the three year policy can be cancelled in favor of the cheaper one year policy. Motion was made by Commissioner Chesney and Commissioner Martin to approve the policy with Cincinnati Insurance. Upon roll call vote, all were in favor.

Momentum 2020 Capital Development Plan

Mr. Collins explained the airport will have to select an advisor to guide the airport through the bond issuance process. Due to timing, the selection will have to be made at tonight's meeting so that the advisor can complete the necessary paperwork for the upcoming public hearing and Bond Ordinance at the February Monthly Meeting. Mr. Collins explained that two agencies are vying for the position – King's Financial and First Mid-State. Mr. Collins introduced Mr. Tim King of King's Financial. The highlights of Mr. King's presentation are the following:

Since the Dodd Frank Legislation took effect in 2010, it is recommended municipalities have an independent municipal advisor on retainer to offer advice and negotiate the best possible interest rates for the district. Traditional broker/underwriting firms tend to look out for the bond buyers – the issuer often is saddled with higher interest rates. Broker/underwriting firms make hidden profits through secondary market trading, making their bond buyers more money at the hidden expense of the district. Mr. King outlined other benefits to hiring a municipal advisor. Assuming the district has surplus funds not earmarked for immediate use, municipal advisors can arrange bond purchases by the district. Municipal advisors can negotiate interest rates with local banks, entities, or private citizens – guaranteeing the lowest possible interest rates. Mr. King discussed King's Financial's three step process for a bond issuance. 1) Evaluate Self Purchase Options. 2) Pursue Direct Placement with Local Banks. And 3) Select an Underwriter and Method of Sale. Discussion ensued about the three steps with Mr. Collins explaining the Self Purchase option 1) is not possible since the airport lacks a surplus. All agreed that the bonds should be sold to local banks as outlined in option 2). Local banks know and care about the area's financial well-being. Mr. King explained that selling locally will lower the issuance costs due to the lack of a bond registrar fee. The district can act in this capacity. The Commissioners, Mr. Collins, and Mr. King all felt confident that the bonds would be sold locally, so Underwriting option #3) was discussed very little. Mr. King asked if the Commissioners had any questions. Discussion ensued about who does the actual administrative work. Mr. King explained that he would work with Mr. Collins on all steps. Mr. King would, make the contacts at the banks, draft all correspondence, and instruct Mr. Collins on when to send. Upon receipt of the proposals, Mr. Collins would forward them to Mr. King for his recommendation. Commissioner Pierce asked what Mr. King will be charging the MVAA for this service. Mr. King explained that for a \$600,000 issuance, King's Financial will be charging the MVAA \$7500 (or roughly 1.25%). \$5000 of this amount will be for Bond Counsel firm Chapman and Cutler. No more questions were asked and the Commissioners thanked Mr. King for his presentation.

Mr. Collins welcomed Mr. Kevin Wills of First Mid-State. First Mid-State is the incumbent bond agent for the MVAA after having underwritten Momentum 2014 back in 2009. The highlights of Mr. Wills' presentation are the following:

First Mid-State desires to act in the capacity of Placement Agent for Momentum 2020. As a Placement Agent, First Mid-State can sell the district's bonds locally to banks and other entities. The Placement Agent will work directly with the district to negotiate the best possible interest rates. If favorable rates are not found locally, the search area can be increased until fair rates are found. Mr. Wills also pointed out the district can act as its own bond registrar when bonds are purchased by local banks. If the bonds cannot be sold locally, First Mid-State will shift back to its normal role as a broker/underwriter. Mr. Willis presented a cost breakdown for First Mid-State's services. For Placement Agent services, the fee will be \$8100. For Broker/Underwriter services, the fee will be \$10,800. Mr. Wills asked if there were any questions. Mr. Collins asked who would do the contacting of the local banks and all correspondence required for the service. Mr. Wills confirmed that this was part of First Mid-State's Placement Agent Services. No more questions were asked and the Commissioners thanked Mr. Wills for his presentation.

Upon returning from Executive Session, the Commissioners were asked individually which firm they preferred. The decision was unanimous in favor of First Mid-State. Officially, Commissioner Lee made the motion and it was seconded by Commissioner Chesney.

Mr. Collins reminded everyone of the Special Meeting scheduled for Tuesday, January 26, 2016 at 6:00 p.m. for the Public Hearing.

OTHER BUSINESS

There being no additional business to discuss under Executive Session, no Other Business, and no further items for discussion on the Agenda, motion was made and seconded to adjourn the meeting. Upon roll call vote, all were in favor and the meeting was adjourned.

EXECUTIVE SESSION

January 12, 2016

The Commissioners began to discuss the choice between King's Financial and First Mid-State. During his presentation, Mr. Wills stated First Mid-State would be drafting all correspondence, sending the documents to the banks, and negotiating interest rates. Since this was opposite to what Mr. King stated in his presentation, the Commissioners quickly looked at the issuance costs provided by both firms. Discussion ensued about the \$600 difference between the firms and the workload on Mr. Collins and Ms. Scrivner. The consensus of the Commissioners was that it was worth the additional cost to retain First Mid-State. Mr. Collins also pointed out First Mid-State will be acting as a Placement Agent – not in their customary role as broker/underwriter. The simple classification made what was thought to be an apples to oranges comparison a true apples to apples comparison.