

**SAN BERNARDINO COUNTY AIRPORTS COMMISSION MEETING
FEBRUARY 25, 2016.**

The meeting of the San Bernardino County Airports Commission was called to order at 10:04 a.m. by Commissioner Bob Cable. Meeting location: Twentynine Palms Airport: 78569 Twentynine Palms Hwy Twentynine Palms, Ca 92277

Commission Members Present:

Jim Bagley
Bob Cable
Roy Cox
Larry Asmus
Mark Taylor

Commission Members Absent:

Ray Marquez
William Smith

Staff Present:

James E. Jenkins, Director of Airports
Terry Stover, Asst. Director of Airports
Nicole Leyden, Secretary I
Joseph Dozier, Maintenance Worker I
Steve Mintle & Tom Toepfer
Carrie Hyke

Department of Airports
Department of Airports
Department of Airports
Department of Airports
Real Estate Services
Special Districts

Visitors Present:

Joe Matoush
Mike Jaworski
Donald Renfro
Walter Hoffmann
Tyler Johns
Jim Robertson

29 Palms Airport Tenant
29 Soaring Club
29 Soaring Club
29 Soaring Club
29 Soaring Club
Yucca Valley Pilot

Pledge of Allegiance:

Led by Commissioner Taylor.

Report on Posting of Agenda:

Mr. Jenkins stated that the agenda had been posted.

Awards, Guest Introductions and Announcements:

Guests introduced themselves.

Action Item - Approval of Commission Meeting Minutes

A motion was carried by Commissioner Bagley, seconded by Commissioner Asmus and passed to approve the commission meeting minutes from January 28, 2016.

Commissioner Reports/Comments

Commissioner Asmus informed us that starting the following Monday he will have a new phone number which he has written on the sign-in sheet.

Commissioner Bagley welcomed everyone to Twentynine Palms Airport. He explained that the commission rotate the airports where they hold their meetings and that it is important to connect

with the tenants and users and actually be on the facilities.

Commissioner Bagley inquired about the tetrahedron.

Mr. Jenkins explained that it is being repaired and will return to the airport by the end of March.

Commissioner Bagley reported that the security lights are not working.

Mr. Stover stated that Mitch Kinser was picking up the aerial lift truck today and coming out to take care of it.

Commissioner Bagley stated that every time the president goes to Palm Springs there is a flight restriction that affects Twentynine Palms. He pointed out that Twentynine Palms has the highest number of violations so he'd like to request notices be put out for pilots when there is a flight restriction.

Commissioner Bagley also commented on the wide ramp cracks.

A suggestion was made that we take care of sealing the large cracks at the same time we complete other projects.

Public Comments

Mike Jaworski informed us that they haven't had any problems with people coming in or leaving the airport. He said that it gets busy and they might have 3 or 4 planes working the pattern, but no complaints have been reported. He said that they are real active, averaging 6-7 flights on the weekend. They have all been using their radios and accommodating other aircrafts and have had no incursions or accidents. There was one exception in which a pilot was upset with the glider pattern, but this was reported to Mr. Stover right away. Mr. Jaworski expressed gratitude for the help and support from the county. He also reported that there are cracks on the runway, taxiway and transient area on the airport that needed repairing.

Mr. Jaworski asked if they can put a sign on the fence for advertisement.

Mr. Jenkins responded that they may, they just have to comply with the city ordinance. Mr. Jenkins advised them to make a full sign rather than a banner because a banner is only allowed for a limited time.

Mr. Stover updated us on the tenant who was originally going to move a hangar to Twentynine Palms Airport. He said that after the tenant had made payments on the space for the hangar for several months the tenant changed his mind and terminated his lease.

Joe Matoush suggested that the commissioners review the log book to see the comments that pilots have written regarding their appreciation for Twentynine Palms Airport.

Mike Jaworski added that the 29 Soaring Club write in the log book to show when they are active at the airport.

Commissioner Cable wanted to express his appreciation to the 29 Soaring Club for complying with the county's requests.

Information Item: Mooney Status Update

Mr. Jenkins gave a brief history on Mooney. He explained that they came from Fullerton Airport in 2013 and were known as Soaring America. They were negotiating to buy the Mooney Aircraft Corporation. They rented a two-story office space and a single hangar at Chino from Group Financial where they operated for about one year. We were planning to lease them Commercial Hangar 1 for their continued operations to build a new aircraft. This hangar had extensive damage and it took a year to repair it. During that time Mooney was very anxious to lease an additional hangar so they then subleased Commercial Hangar 4 from Threshold Technologies. They entered into the agreement without county approval and made a significant

investment in the office space there. The quality of work that was done was sub-standard and has required extensive repair. They then requested to be put in a S.O.P. process for Commercial Hangar 1 and 2. We did so and the tenants of those hangars were subsequently evicted by the county so Mooney could occupy them. In December 2014 Real Estate Services let out a S.O.P. process for people to be able to compete for those facilities. Mooney was successful in the S.O.P. process and in February 2015 their lease was approved by the Board of Supervisors. The eviction of the current tenants of Commercial Hangars 1 and 2 took 180 days. The last one vacated in December 2015. During that time we made Commercial 1, including office space, available for Mooney in summer 2015. They chose not to occupy them. The contract states that 150 days after a hangar is made available they are to begin payment to the county for those facilities. On December 4, 2015 the Director of Real Estate Services took a hard stand and informed Mooney that they have a timeframe for which they will be responsible for payment of the facilities. We have found out that Mooney has moved a significant component of their operations to Texas as of late summer 2015. This was the component that was going to occupy the Chino facilities, to which when asked late last summer if this was their plan they had denied it. In December 2015 Mooney admitted that they had moved their operations to Texas. We have met our obligations to make these facilities available and Mooney had not taken possession until December when we forced them to. Commercial Hangar 2 will be turned over to them in mid-March due to a mold issue which we must mitigate first.

Mr. Jenkins continued to tell us that last Friday Mooney's chief operating officer has resigned. Mooney has been negotiating with other parties to sublease or assign the facilities to. In December Mooney informed us that they had someone that they are considering subleasing the facilities to. The county made an offer to Mooney for them to be able to buy out of their lease agreement at a very low rate of compensation to the county. We have 2 possible candidates to lease these facilities to. Currently Mooney is still in negotiations with the county.

Commissioner Bagley asked if Threshold was current with their rent and asked if at our next commission meeting at Chino if we could tour their facilities.

Mr. Jenkins responded yes to both inquiries.

Information Item: SWAAAE Conference

Mr. Stover stated that he and Cyle Woodruff attended the SWAAAE Conference. He pointed out that the networking and student part of the event make it worth attending. You are able to meet and greet people from the southwest region. There are people from California, Arizona, Nevada, and Washington. Also there is FAA from the Los Angeles and San Francisco offices, Caltrans Division of Aeronautics, and assorted managers & directors. They have several panels on different subjects that are interactive with the audience which gives a lot of valuable insight on the industry.

Information Item: Part 13 Complaint

Mr. Jenkins briefed us on a Part 13 Complaint at Chino Airport regarding non-aeronautical use of space brought to us by a group called Eagle Nest II. They are a sub-tenant to Celso Palofox. Two years ago Eagle Nest II had a disagreement with Celso Palofox due to the facilities reverting back to the county. It reverted from a ground lease, at \$3,000 a month, to a full-facility lease at \$10,000 a month. Mr. Palofox kept the leasehold at the market rate. In 2011 Eagle Nest II believed that they had a property right and did not recognize Mr. Palofox as a landlord and they also believed that an assignment at that time was invalid. They believed that they should have been the successor to Chino Development League. They challenged the assignment which went to Mr. Palofox and stopped making payment to him for their facilities. This turned into an unlawful detainer action which resulted in an eviction. During this time Eagle Nest II tried to engage the county in their lawsuit against Mr. Palofox because we didn't charge Mr. Palofox during the ground lease component the increment above what he was paying to the county in ground lease. Mr. Jenkins explained that in a lease if you charge your sub-tenants

any amount over what you are paying the county for your property then 75 percent of that money goes to the county. Although, this doesn't apply to ground leases. In the end we were not drawn into that lawsuit. So Eagle Nest II lost their lawsuit, are being evicted and owe Mr. Palofox about 1.2 million dollars. They are now looking for new facilities, but Chino Airport has a waiting list. Due to the fact that Chino Airport has some non-aeronautical use of facilities is what brought on the Part 13 Complaint.

Information Item: County T-Hangar Inspections

Mr. Jenkins explained that months ago we presented a plan to the FAA on how to manage the non-aeronautical uses on the property. We then began a hangar inspection program in the county T-hangars, which are the permit hangars. This allows the county to give the tenant a 30-day notice without cause if we find a reason to take the property back. We've started these inspections and have notified the attorneys for Eagle Nest II of this and have also added Eagle Nest II to the waiting list.

The second phase of this will be going to our leasehold entities and verifying that they are being properly managed as aeronautical uses.

The final phase will be when we go to the ground leaseholders to ensure that the ground leasehold developments are being managed pursuant to proper aeronautical uses.

We plan to complete the inspection process by the first of June, in which we will then practice tighter management ensuring that the facilities are being used for aeronautical purposes.

The next category of enforcement will be with those that have aeronautical parts, but no viable aircraft project. Those will have to write us a letter to petition to stay in which we will then give a 60-90 day timeframe for them to produce an aircraft or be evicted.

Mr. Jenkins advised us that in the future you will most likely see a requirement in the county code of ordinance which will require a presentation of the log book on a periodic basis to ensure that the aircraft is being utilized. So if the aircraft is not being flown they may have to vacate the facilities. Though this will not be anytime soon it is the direction in which the industry is going.

Commissioner Cable stated that this will take a while to affect us. He said that Cable Airport ties this into the annual fire inspections which is an opportune time to check out the hangars. He stated that it takes 8 months to inspect all of the hangars at Cable Airport. He also added that it may take 6 months or longer to get a tenant to vacate a hangar and can be expensive to do so.

Commissioner Cable pointed out that airport managers can legally rent to non-aviation uses, but only at current market value, so while going through the eviction process if he finds a hangar with this situation he increases the rent to market value.

Mr. Jenkins stated that taking the inspection process into consideration for the next budget cycle we will be budgeting less revenue associated with this process.

Mr. Jenkins also added that effective July 1st in the upcoming fee ordinance the rate for non-aviation storage identified in a permit hangar increases by 100 percent. With this if a non-aviation use is noticed then the rate goes up 100 percent until the period of time we get them out or they comply with being an aviation use.

Director's Reports

Capital Improvement Program

Carrie Hyke stated that we are working on an airport layout plan update for Twentynine Palms Airport. She referred to diagrams and pointed out improvements that we will put in our Capital Improvement Plan including safety requirements and widening runway 17/35.

We are also doing a drainage study, and planning on making a second entrance off of Highway 62 to the airport. We will discuss and look into the utility infrastructure which is keeping people from building hangars at Twentynine Palms Airport.

We are also working on creating an interactive mapping system which will be very user friendly and accurate. This will be helpful when a project is brought to the jurisdiction of the town and we are asked to comment about it.

Board of Supervisors Activity

No activity to report

Real Estate

Steve Mintle shared some recent leasing activity. He stated that the cell tower is going to the Board of Supervisors for consideration the following week. There is an outstanding contract with Flo's Restaurant at Chino for a five year extension. At Apple Valley they are also working with Chalk II on an extension, and working with Midfield Aviation on the extension of two leases.

Financial Report

Mr. Jenkins informed us that our budget is balanced and that we are at 63 percent of the year. We've expended 53 percent of our appropriations and have gained 66 percent of the anticipated revenue. He budgeted and anticipated receiving 90 days of revenue from Mooney in this upcoming budget. The RCI budget is out of balance. We plan to take the money out of reserves to make the bond payment. In the upcoming budget cycle we are not planning to do any staff increases and our fee structure remains the same with the exception of adding one new fee for non-aeronautical uses. We are commissioning an appraisal for the airport system in which we hope to have done in the next 6 months, so that at the next fee cycle we will be able to determine if we need to make any adjustments. We want to maintain even and have the ability to have a reserve.

Mr. Jenkins pointed out that for the past five years we have been focused on funding plume clean-up at Chino Airport. Chino Airport is where our revenue comes from, so the revenue from Chino went towards the plume. Chino also supports the balance of the system of airports, so subsequently the needs of the outlying facilities suffer when Chino doesn't have the revenue to spend. This excludes Apple Valley which has a tax-based revenue stream.

Mr. Jenkins was happy to report that we will soon be without a bond payment and then the money associated with that can go back into the system of airports for infrastructure improvements. Also, with the work that Carrie is doing with Capital Improvements projects that are eligible for FAA funding can be done, like pavement management. We will have a structure presentation on what our plans are with the input from the airport commissioners. Mr. Jenkins acknowledges that we are slowly advancing forward.

In inquiry was made on how often renovations are done on the Twentynine Palms Airport office, in particular the roof.

Mr. Jenkins responded by saying that we just completed our capital process with the county for this cycle. Since these improvements and plans are not eligible for funding by the federal side we built an assessment increment and repair increment in the capital program for the budget cycle which begins July 1. We will have a program to inspect the facilities including the roofing at all the airports in the system in which we budgeted \$250,000 to \$500,000 for.

Monthly Report

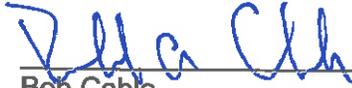
Referring to Cyle Woodruff's monthly report Mr. Jenkins pointed out that Cyle has started the hangar inspection process which included sending notices to Chino Airport tenants via certified mail. He said that we have had a significant response from the tenants by using certified mail.

Date, Time and Place of Next Meeting

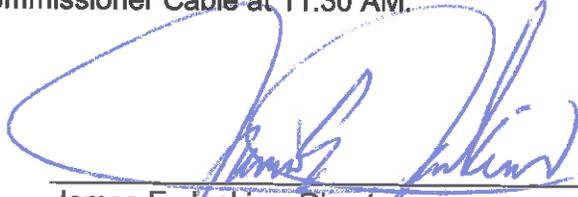
The next meeting will be held on Thursday, March 24, 2016 at 10:00 a.m. at Needles Airport, 711 Airport Rd. Needles, Ca 92363

Adjournment: Meeting adjourned by Commissioner Cable at 11:30 AM.

Respectfully submitted,



Bob Cable
Airports Commission Chair



James E. Jenkins, Director
Department of Airports



Nicole Leyden, Secretary I
Department of Airports