

Minutes of Meeting
Airport
June 13, 2022
9:30 a.m.

The Kootenai County Board of Commissioners: Chairman Chris Fillios, Commissioner Leslie Duncan and Commissioner Bill Brooks met to discuss the following agenda items. Also present were Airport Director Steven Kjergaard, BOCC Senior Business Analyst Nanci Plouffe, BOCC Communications Coordinator Jonathan Gillham and Deputy Clerk Tina Ginorio. Also present was Kootenai County Resident Shane Rogers.

- A. Call to Order:** Chairman Chris Fillios called the meeting to order at 9:33 a.m.
- B. Changes to the Agenda (Action):** There were no changes to the agenda.
- C. Business:**

Luxury International LLC Lease (Discussion)

Commissioner Leslie Duncan stated this lease had been an item on last week's Business Meeting agenda, but she had it pulled because she had some questions.

Civil Deputy Prosecuting Attorney R. David Ferguson entered the meeting at 9:34 a.m.

Commissioner Duncan remarked that this was not a normal project for the Airport, so she wanted some clarification before they proceeded. First, she noted there was no renewal option offered in the lease; it was a base term of 50 years.

Airport Director Steven Kjergaard said that the longest an Airport can offer a lease is for 50 years. He said when it was negotiated, this was agreed upon.

Commissioner Duncan moved to Section 5, "Project Costs." She said that the cost assigned to the County for water, sewer and utilities was zero. She asked if the lessee would be developing those services on their own.

Mr. Kjergaard said that extension of services to the parcel would be at their cost. He stated that this section of the lease had been added as part of the Gulf Stream Road development.

Commissioner Duncan addressed Section 6, "Base Rent." She said the lease seemed to say that the base rent would not change for the full 50 years.

Mr. Kjergaard explained the manner in which the Base Rent had been determined and the requirements for the agreement as written.

Commissioner Duncan pointed out an error in phrasing of the lease, in which the term "gross profits" was used when "gross income" was more appropriate.

Mr. Kjergaard stated that this should be changed.

Commissioner Duncan said that the way the lease was worded, this appeared to be a revenue sharing project, like a joint venture, but on page 19 of the lease, Section R, it is indicated that it was not a joint venture. She said that this section should be reviewed and asked to review the backup documents to better understand the calculations. She expressed concern regarding the possible existence of a shell holding company being involved, which would tend to cloud the question of how much should be paid under the “gross income” calculations.

Mr. Kjergaard assured the Board that he would verify the rental rates and other charges. He offered some additional information on the person involved in the agreement: he owns and operates manufacturing companies in China, was involved in airspace development in China and owned some other Southeast Asia developments.

Chairman Fillios indicated that he would prefer the change to “gross income” also.

Commissioner Duncan said that Section 6’s last paragraph spoke about a 30 day delinquent period for the lessee.

Mr. Kjergaard stated that this provision was standard in all their leases.

Commissioner Duncan called attention to Page 5, in which aggregates were discussed. She pointed out that it called for action when the lessee spent \$25,000, but if he spent only \$5,000 at a time the line would never be reached. She asked to discuss this further with Mr. Kjergaard, along with the joint venture aspect.

Mr. Kjergaard remarked that they would not be able to finalize the document for tomorrow’s Business Meeting, because the other party was currently out of the country.

It was generally agreed that Commissioner Duncan and Mr. Kjergaard would discuss the questions further, with assistance from Legal, as needed.

Chairman Fillios called for Public Comment because they planned to enter Executive Session next.

Kootenai County Resident Shane Rogers offered his opinion on the Luxury International LLC lease previously discussed. He remarked that more hangar space was needed at the Airport and called attention to concerns about lease rates, gas prices and profit sharing.

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Chairman Fillios invited Mr. Ferguson to remain for the Executive Session.

Commissioner Duncan moved that the Board enter into Executive Session pursuant to Idaho Code §74-206(1)(f). Commissioner Bill Brooks seconded the motion. There being no further discussion, Deputy Clerk Ginorio called the roll:

Commissioner Brooks: Aye
Commissioner Duncan: Aye
Chairman Fillios: Aye

The motion carried.

The Board entered into Executive Session at 9:47 a.m.

Executive Session pursuant to Idaho Code §74-206(1)(f) to communicate with legal counsel for the public agency to discuss the legal ramifications of and legal options for pending litigation, or controversies not yet being litigated but imminently likely to be litigated. The mere presence of legal counsel at an executive session does not satisfy this requirement. – BOCC Division (Closed Session – Discussion)

Decisions/Direction (Open Meeting – Action)

The Board exited Executive Session at 10:12 a.m.

Commissioner Duncan moved that the Board exit Executive Session with staff to proceed as discussed. Commissioner Brooks seconded the motion. There being no further discussion, Deputy Clerk Ginorio called the roll:

Commissioner Brooks: Aye
Commissioner Duncan: Aye
Chairman Fillios: Aye

The motion carried.

D. Public Comment: This section is reserved for citizens wishing to address the Board regarding a County related issue. Idaho Law prohibits Board action on items brought under this section except in an emergency circumstance. Comments related to future public hearings should be held for that public hearing. There were no additional public comments.

E. Adjournment (Action): Chairman Fillios adjourned the meeting at 10:13 a.m.

Respectfully submitted,

JIM BRANNON, CLERK

BOCC SIGNATURE

BY: _____
Tina Ginorio, Deputy Clerk