

REGULAR MEETING OF THE BOARD OF DIRECTORS

Date: January 5, 2016
Time: 2:00 p.m.
Location: Board Room
1434 Flightline, Mojave, California

AGENDA

Call to Order

Pledge of Allegiance

1. Roll Call

2. Approval of Agenda

3. Consent Agenda

All items on the consent agenda are considered routine and non-controversial, and will be approved by one motion if no member of the Board, staff, or public wishes to comment or ask questions.

- A. Minutes of December 15, 2015
- B. Check Register dated December 10, 2015
- C. Check Register dated December 29, 2015
- D. Check Register dated December 31, 2015

4. Business Items

- A. Approval of Resolution Reauthorizing Procurement Policy

5. Reports/Announcements

- A. Community: Members of the audience may address the Board on items of a community nature.
- B. Board Committees
- C. CEO/GM Report
 - a. Mojave Public Utility District letter
- D. Board of Directors: This portion of the meeting is reserved for board members to address items not on the agenda

6. Public Comment on Items Not on the Agenda

This portion of the meeting is reserved for persons desiring to address the Board of Directors on any matter not on the agenda, and over which MASP has jurisdiction. Time is limited to 3 minutes. The Board of Directors can take no action on your presentation. Any person desiring to speak on an agenda item will be given an opportunity to do so prior to the Board of Directors taking action on the item.

7. Election of Officers

8. Closed Session

- A. Existing Litigation (Govt Code sec. 54956.9): Soest v. MASP
- B. Potential Litigation: (Govt Code sec. 54956.9): REM
- C. Conference with Labor Negotiator

9. Closed Session Report

10. New Business Items, Continued

- B. Approval of CEO Employment Contract

Adjournment

This Agenda was posted on December 31, 2015, by Tenina.

Persons desiring disability-related accommodations should contact the Clerk of the Board no later than ten days prior to the need for the accommodation. A copy of any writing that is a public record relating to an open session of this meeting is available to the public in the office of the Clerk of the Board.

MISSION STATEMENT

**FOSTER AND MAINTAIN OUR RECOGNIZED AEROSPACE PRESENCE WITH A
PRINCIPLE FOCUS AS THE WORLD'S PREMIER CIVILIAN AEROSPACE TEST CENTER
WHILE SEEKING COMPATIBLY DIVERSE BUSINESS AND INDUSTRY**

**BOARD OF DIRECTORS
MINUTES OF THE REGULAR MEETING
OF DECEMBER 15, 2015**

CALL TO ORDER

The meeting was called to order on Tuesday, December 15, 2015, at 2:00 p.m. by Board President Dr. Allen Peterson, in the Board Room at Mojave Air and Space Port located at 1434 Flightline, Mojave, California.

PLEDGE OF ALLEGIANCE

DGM Drees led those assembled in the Pledge of Allegiance.

1. ROLL CALL

Directors present: Balentine, Deaver, and Peterson

Directors absent: Evans, Painter

Others present: CEO Witt, DGM Drees, Director of Planning Wojtkiewicz, Director of Administration Rawlings, Director of Maintenance Smith, District Counsel Navé, and Michael Brouse

2. APPROVAL OF AGENDA

Upon motion by Director Balentine, seconded by Director Deaver, the agenda was unanimously approved as presented.

3. CONSENT AGENDA

Upon motion by Director Deaver, seconded by Director Balentine, the following Consent Agenda items were unanimously approved:

A. Minutes of the Regular Board Meeting of December 1, 2015

B. Check Register dated December 10, 2015, except check #53880 was removed from the register.

4. BUSINESS ITEMS

A. Acceptance of Financial Reports.

Mr. Brouse presented the financial report to the Board. After discussion, upon motion by Director Balentine, seconded by Director Deaver, the Board voted to unanimously accept the report.

5. REPORTS / ANNOUNCEMENTS

A. Community.

There were no community reports.

B. Board Committees.

There were no Board Committee reports.

C. CEO/GM Report.

There was no CEO report.

D. Board of Directors

The Board wished everyone a Merry Christmas.

6. PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA

Dean Soest asked the Board if a decision was made about giving him the F100. Counsel advised him that this matter would not be discussed because of pending litigation.

7. CLOSED SESSION

A. Potential Litigation (Govt Code 54956.9): One case

B. Existing Litigation (Govt Code 54956.9): *Soest v. MASP*

C. Real Property Negotiations (Govt Code 54956.8): Jonathan Sharp, Hangar 990

D. Personnel Review (Govt Code 54957): CEO

8. CLOSED SESSION REPORT

In closed session, Counsel and the Board discussed the one case of potential litigation, existing litigation *Soest v. MASP*, real property negotiations for Hangar 990, and the Board discussed the performance of the CEO. No other items were discussed.

9. BUSINESS ITEMS, CONTINUED

B. Approval of Hangar 990 Lease Terms

The Board declined to exercise the District's right of first refusal to purchase Hangar 990, and upon motion by Director Balentine, seconded by Director Deaver, voted unanimously to direct DGM Drees to negotiate a new lease with the purchaser of Hangar 990.

ADJOURNMENT

There being no further business to come before the Board, the chair adjourned the meeting at 3:25 p.m.

Dr. Allen Peterson, President

ATTEST

William Deaver, Secretary

Date: Thursday, December 10, 2015
 Time: 10:49AM
 User: LCALICA

Mojave Air & Space Port

Check Register - Standard
 Period: 06-16 As of: 12/10/2015

Page: 1 of 1
 Report: 03630.rpt
 Company: EKAD

Check Nbr	Check Type	Check Date	Vendor ID	Vendor Name	Period To Post	Period Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
053880	CK	12/15/2015	1043	Jim's CB & Radios	06-16		034896	VO	10123945	11/20/2015	0.00	36.53
053880	CK	12/15/2015	1043	Jim's CB & Radios	06-16		034897	VO	10123965	11/21/2015	0.00	40.83
Office Supplies												
Check Total											77.36	

Total BOD Approval: 77.36

Date: Tuesday, December 29, 2015
 Time: 02:20PM
 User: LCALICA

Mojave Air & Space Port

Check Register - Standard

Periods: 06-16 Through 07-16 As of: 12/29/2015

Check Nbr	Check Type	Check Date	Vendor ID	Vendor Name	Period To Post Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
Company: EKAD											
Acct / Sub:	101000		1200								
053913	CK	1/5/2016	1235	Nicholas Lessenevich, DDS	07-16	035039	VO	5822KW	12/8/2015	0.00	173.00
Employee Benefit											
053914	CK	1/5/2016	0109	AT&T	07-16	034992	VO	8241742-91146	12/20/2015	0.00	181.81
053914	CK	1/5/2016	0109	AT&T	07-16	035004	VO	2342812383-1139	12/7/2015	0.00	128.00
053914	CK	1/5/2016	0109	AT&T	07-16	035005	VO	2342713412-2793	12/7/2015	0.00	128.00
Telecommunications											437.81
Check Total											
053915	CK	1/5/2016	0136	All Glass & Plastics, Inc.	07-16	035049	VO	44985	11/30/2015	0.00	2,100.00
Fitness Center											
053916	CK	1/5/2016	0158	Ameripride Uniform Services	07-16	035042	VO	2100487364	12/1/2015	0.00	54.95
053916	CK	1/5/2016	0158	Ameripride Uniform Services	07-16	035043	VO	217226400	12/1/2015	0.00	207.67
053916	CK	1/5/2016	0158	Ameripride Uniform Services	07-16	035044	VO	2100489221	12/18/2015	0.00	56.95
053916	CK	1/5/2016	0158	Ameripride Uniform Services	07-16	035045	VO	2100489224	12/18/2015	0.00	173.17
Uniform Svc.											492.74
Check Total											
053917	CK	1/5/2016	0170	ASB Avionics	07-16	034988	VO	INV15-00154	12/15/2015	0.00	250.13
053917	CK	1/5/2016	0170	ASB Avionics	07-16	035029	VO	INV15-00153	12/14/2015	0.00	87.26
Tower Repairs											337.39
Check Total											

Date: Tuesday, December 29, 2015
 Time: 02:20PM
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Mojave Air & Space Port

Check Register - Standard

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 Company: EKAD

Check Nbr	Check Type	Check Date	Vendor ID	Vendor Name	Period To Post	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
053918	CK	1/5/2016	0173	Allied Security Holdings LLC	07-16	035027	VO	6308338	12/10/2015	0.00	206.48
053918	CK	1/5/2016	0173	Allied Security Holdings LLC	07-16	035028	VO	6308337	12/10/2015	0.00	5,327.73
Security Svc.											
Check Total											
5,534.21											

053919	CK	1/5/2016	0184	Gaunce~Daniel	07-16	035020	VO	03634	12/20/2015	0.00	80.00
Reimbursement/Employee Benefit											

053920	CK	1/5/2016	0187	AFLAC	07-16	035022	VO	256930	12/25/2015	0.00	862.62
053920	CK	1/5/2016	0187	AFLAC	07-16	035047	VO	825620	11/25/2015	0.00	862.62
Employee Benefits											
Check Total											
1,725.24											

053921	CK	1/5/2016	0213	Belden, T. Scott, PC Law Office of	07-16	035034	VO	3358	12/9/2015	0.00	690.00
Professional Svc.											

053922	CK	1/5/2016	0234	Banyan	07-16	035041	VO	1503485	12/7/2015	0.00	157.63
Maps & Charts											

053923	CK	1/5/2016	0308	Calif. Chamber of Commerce /SEE NOTES	07-16	035017	VO	10955203	12/14/2015	0.00	94.32
2016 Posters											

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Mojave Air & Space Port

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Check Register - Standard

Company: EKAD

Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period To Post Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid	
053924	CK	1/5/2016	0350 Clark's Pest Control	07-16	035030	VO	02-00912309	12/15/2015	0.00	42.00	
053924	CK	1/5/2016	0350 Clark's Pest Control	07-16	035031	VO	00910258	12/15/2015	0.00	41.00	
053924	CK	1/5/2016	0350 Clark's Pest Control	07-16	035032	VO	00922714	12/15/2015	0.00	41.00	
053924	CK	1/5/2016	0350 Clark's Pest Control	07-16	035033	VO	9058810	12/15/2015	0.00	60.00	
<u>Pest Control/Bldgs. 1, 58, 137</u>										Check Total	184.00
053925	CK	1/5/2016	0395 Campbell, Patrick	07-16	035003	VO	KAPY'S ELECTRON	12/7/2015	0.00	11.81	
<u>Reimbursement/Fire Dept. Supplies</u>											
053926	CK	1/5/2016	0410 Dynamic Science, Inc.	07-16	034980	VO	101	12/16/2015	0.00	19,787.99	
<u>Tower Contract</u>											
053927	CK	1/5/2016	0615 Federal Express	07-16	035002	VO	5-252-38995	12/11/2015	0.00	25.94	
<u>Admin Shipping</u>											
053928	CK	1/5/2016	0699 Fauble-Richard	07-16	034995	VO	HOME DEPOT	12/17/2015	0.00	95.78	
<u>Reimbursement/Fire Dept. Supplies</u>											
053929	CK	1/5/2016	0819 Reliable A/C & Heating	07-16	035035	VO	16408	12/11/2015	0.00	90.00	
053929	CK	1/5/2016	0819 Reliable A/C & Heating	07-16	035036	VO	16413	12/4/2015	0.00	475.00	
<u>AC Repair/Bldgs. 137, 61</u>										Check Total	565.00

Date: Tuesday, December 29, 2015
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Check Nbr	Check Type	Check Date	Vendor ID	Vendor Name	Period To Post	Period Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
053930	CK	1/5/2016	0839	Highway Glass	07-16		034999	VO	108685	12/24/2015	0.00	341.88
053930	CK	1/5/2016	0839	Highway Glass	07-16		035000	VO	108681	12/23/2015	0.00	193.75
Check Total												
535.63												

Auto Repair/Wind Damage

053931	CK	1/5/2016	1122	Kelley~Randall	07-16		034998	VO	10976	12/24/2015	0.00	20.23
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Auto Repair

053932	CK	1/5/2016	1154	Kieffe & Sons Ford	07-16		034979	VO	20246	10/29/2015	0.00	56.70
053932	CK	1/5/2016	1154	Kieffe & Sons Ford	07-16		034981	VO	20327	11/3/2015	0.00	39.95
053932	CK	1/5/2016	1154	Kieffe & Sons Ford	07-16		034982	VO	20332	12/16/2015	0.00	39.95
053932	CK	1/5/2016	1154	Kieffe & Sons Ford	07-16		035010	VO	20837	12/8/2015	0.00	14.50
Check Total												
151.10												

Auto Repair & Parts

053933	CK	1/5/2016	1254	Lincoln Nat'l Life Ins. Co.	07-16		035052	VO	JAN 2016	12/29/2015	0.00	655.20
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Insurance

053934	CK	1/5/2016	1369	Mojave Desert News	07-16		034987	VO	45227	12/25/2015	0.00	106.00
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Display Ad

053935	CK	1/5/2016	1406	Napa Auto Parts	07-16		035018	VO	836579	12/22/2015	0.00	297.74
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Auto Parts

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Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period To Post Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid	
Office Supplies											
053936	CK	1/5/2016	1501 Office Depot	07-16	034993	VO	568510076136	12/17/2015	0.00	548.79	
Invoices											
053937	CK	1/5/2016	1614 Paper Connection & Graphics / Kern Print Svc.	07-16	035014	VO	34203	12/15/2015	0.00	428.66	
Prist											
053938	CK	1/5/2016	1626 Petro Lock, Inc.	07-16	034990	VO	1272096	12/21/2015	0.00	240.30	
053939	CK	1/5/2016	1662 Prime Signs	07-16	035046	VO	N-4602/BAL	12/17/2015	0.00	710.33	
New Bldg. Signs											
053940	CK	1/5/2016	1666 Pitney Bowes Global Financial	07-16	035016	VO	6945828-0T15	12/13/2015	0.00	32.12	
Tank Rental/Industrial Acetylene											
053941	CK	1/5/2016	1670 Praxair	07-16	035021	VO	54482279	12/20/2015	0.00	229.35	
053942	CK	1/5/2016	1800 Ramos / Strong, Inc.	07-16	034989	VO	0289586	12/21/2015	0.00	949.63	
053942	CK	1/5/2016	1800 Ramos / Strong, Inc.	07-16	035007	VO	0289193	12/9/2015	0.00	580.14	
Auto Fuel										Check Total	1,529.77

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Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period To Post Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
<u>RW 12-30 Light Repair</u>										
053943	CK	1/5/2016	1802 RB DEVELOPMENT	07-16	035037	VO	914015	12/14/2015	0.00	1,560.00
<u>Engineer Consulting</u>										
053944	CK	1/5/2016	1880 David Russell	07-16	034986	VO	NOV 2015/GENERA	11/30/2015	0.00	6,480.00
<u>Reimbursement/MASP Event</u>										
053945	CK	1/5/2016	1882 Rawlings~Carrie	07-16	034996	VO	CFS62580	12/28/2015	0.00	483.22
<u>Drinking Water Svc.</u>										
053946	CK	1/5/2016	1925 Sparkletts	07-16	035006	VO	13703338-120315	12/31/2015	0.00	263.57
<u>Software Maintenance Plan</u>										
053947	CK	1/5/2016	19258 SBS Group	07-16	035050	VO	496957	11/11/2015	0.00	2,170.82
<u>Utility</u>										
053948	CK	1/5/2016	1952 So. Calif. Edison	07-16	035015	VO	2340063106	12/19/2015	0.00	1,052.47
053948	CK	1/5/2016	1952 So. Calif. Edison	07-16	035040	VO	2-02-527-9670	12/7/2015	0.00	7,186.86
										Check Total
										8,239.33
<u>Employee Paid Benefit</u>										
053949	CK	1/5/2016	1978 Security Benefit	07-16	034985	VO	PPE 7/26/15	7/31/2015	0.00	2,466.91
053949	CK	1/5/2016	1978 Security Benefit	07-16	035008	VO	PPE 12/13/15	12/18/2015	0.00	1,832.30
053949	CK	1/5/2016	1978 Security Benefit	07-16	035009	VO	PPE 11/29/15	12/4/2015	0.00	1,832.30
										Check Total
										6,131.51

Date: Tuesday, December 29, 2015
 Time: 02:20PM
 LCALICA
 User:

Mojave Air & Space Port

Check Register - Standard
 Periods: 06-16 Through 07-16 As of: 12/29/2015

Check Nbr	Check Type	Check Date	Vendor ID Vendor Name	Period To Post Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
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Employee Benefit/Tuition Program

053950	CK	1/5/2016	2002 Southern New Hampshire University	07-16	034983	VO	ID# 1134300 /LJ	11/30/2015	0.00	960.00
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MASP Event Expense

053951	CK	1/5/2016	2003 Streamline Audio Visual, Inc.	07-16	035048	VO	254	11/24/2015	0.00	1,921.96
053952	CK	1/5/2016	2005 Super Sweep, LLC	07-16	035001	VO	142	12/14/2015	0.00	1,395.00

AVGas/Tank Cleaning

053953	CK	1/5/2016	2136 UNUM Life Ins. Co.	07-16	034984	VO	0556036/01-2016	12/16/2015	0.00	1,621.34
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Insurance

053954	CK	1/5/2016	2230 Verizon Wireless	07-16	034994	VO	9757118194	12/12/2015	0.00	826.75
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Telecommunications

053955	CK	1/5/2016	2450 Xerox Corporation	07-16	035051	VO	13234477	9/6/2014	0.00	207.26
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Office Supplies/Ink & Toner

053956	CK	1/5/2016	3392 Reed, DDS~Robert	07-16	035025	VO	HG121615	12/16/2015	0.00	95.00
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Employee Benefit

053957	CK	1/5/2016	3556 Sterbens, Michael	07-16	034997	VO	378900/12-22-15	12/22/2015	0.00	82.00
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Reimbursement/Employee Benefit

Date: Tuesday, December 29, 2015
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 User: LCALICA

Mojave Air & Space Port

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Check Nbr	Check Type	Check Date	Vendor ID	Vendor Name	Period To Post	Period Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
053958	CK	1/5/2016	4008	Jones, DDS~Michael B.	07-16		035023	VO	59984/121015	12/10/2015	0.00	94.00
053958	CK	1/5/2016	4008	Jones, DDS~Michael B.	07-16		035024	VO	59983/121015	12/10/2015	0.00	250.00
053958	CK	1/5/2016	4008	Jones, DDS~Michael B.	07-16		035038	VO	59980/12-14	12/14/2015	0.00	94.00
Check Total												
438.00												

Employee Benefits

053959	CK	1/5/2016	0208	AV Entertainment	07-16		035054	VO	SW Retirement	12/29/2015	0.00	800.00
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Retirement Party/Band

Check Count: 47 Acct Sub Total: 71,653.84

Check Type	Count	Amount Paid
Regular	47	71,653.84
Hand	0	0.00
Electronic Payment	0	0.00
Void	0	0.00
Slub	0	0.00
Zero	0	0.00
Mask	0	0.00
Total:	47	71,653.84

Company Disc Total: 0.00 Company Total: 71,653.84

EFT'S	Check Date	Amount
AVFuel	12/19/15	698.75
AVFuel	12/19/15	37.63
AVFuel	12/20/15	16,108.24
AVFuel	12/20/15	16,102.09
AVFuel	12/22/15	15,877.06
AVFuel	12/27/15	12,231.73
AVFuel	12/27/15	15,762.36
AVFuel	12/28/15	15,734.04
AVFuel	12/29/15	698.75

Date: Thursday, December 31, 2015
 Time: 10:33: AM

User: CARRIE

Mojave Air & Space Port

Check Register - Standard
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 Company: EKAD

Check Nbr	Check Type	Check Date	Vendor ID	Vendor Name	Period To Post	Ref Closed	Ref Nbr	Doc Type	Invoice Number	Invoice Date	Discount Taken	Amount Paid
Company: EKAD												
Acct / Sub: 053960	101000	1/5/2016	1200	2032	07-16		035055	VO	1/8/2016	12/31/2015	0.00	3,752.33
	CK	1/5/2016		The Lemon Leaf Cafe								
053961	CK	1/5/2016	2032	The Lemon Leaf Cafe	07-16		035056	VO	1/8/2016	12/31/2015	0.00	3,752.33

Retirement Partv/Food

Check Count: 2

Acct Sub Total: 7,504.66

Check Type	Count	Amount Paid
Regular	2	7,504.66
Hand	0	0.00
Electronic Payment	0	0.00
Void	0	0.00
Stub	0	0.00
Zero	0	0.00
Mask	0	0.00
Total:	2	7,504.66

Company Disc Total 0.00

Company Total 7,504.66

Total for BOD Approval 7,504.66



STAFF MEMORANDUM

TO: Board of Directors
FROM: Karina Drees, Deputy GM
SUBJECT: Procurement Resolution
MEETING DATE: January 5, 2016

Background:

The policy in the administrative code grants \$25,000 signing authority to the current General Manager. Granting authority to the new General Manager requires Board action. Staff's request is to renew the \$25,000 signing authority with the incoming General Manager.

Some of the language in the administrative code is contradictory and staff's objective is to clarify the language to make the policy clear and avoid confusion with the public and the District's vendors. The revised policy aims to accomplish this.

Recommended Action:

Approve the resolution as written.

RESOLUTION NO.

A RESOLUTION OF THE BOARD OF DIRECTORS OF MOJAVE AIR AND SPACE PORT AMENDING RESOLUTION NO. 99-1-585 (ADMINISTRATIVE CODE) AS IT RELATES TO CONTRACT PROCUREMENT

Whereas, Mojave Air and Space Port's Administrative Code has various provisions relating to the approval and payments of contracts; and

Whereas, the District desires to amend its current procurement policy to make clarifications regarding these provisions;

Now, therefore, be it resolved by the board of directors of Mojave Air and Space Port as follows:

1. Amendment of Section 3-3.01 Regarding Contract Procurement.

Section 3-3.01 of Part 3, article 3, is amended to read as follows:

“Section 3-3.01 Contracts

(a) Public works contracts entered into by the District shall contain provisions required by state and federal law and regulation. Contract documents shall be reviewed by the General Manager, Finance Director, and District Counsel to ensure compliance with such laws and regulations. Reference is particularly made to the Davis-Bacon Act (40 USC SS 276(a) et seq.) and to the Energy Policy and Conservation Act (42 USC SS 6201 et seq.).

(b) The Secretary shall publish and post notices required by such laws and regulations.

(c) In the event of conflict between state and federal requirements, the federal requirement shall prevail unless both requirements can be followed.

(d) Except as otherwise expressly provided herein, Board action is required prior to a disbursement affecting the General Fund checking account.”

2. Amendment of Section 3-3.03 Regarding the General Manager's Authority.

Section 3-3.03 of Part 3, article 3, is amended to read as follows:

“Section 3-3.03 General Manager Authority

The General Manager is authorized to enter into contracts of \$25,000.00 or less for the procurement of goods, services, or works on behalf of the District, and to authorize payment of such contracts. At the next regularly scheduled Board meeting, the General Manager shall report any contracts executed under this section. This provision shall be

void, unless reauthorized by the Board, upon the hiring of a new General Manager.”

3. Other.

Except as provided herein, Resolution No. 99-1-585 is reaffirmed and readopted.

PASSED, APPROVED AND ADOPTED on January 5, 2016.

Ayes:

Noes:

Abstain:

Absent:

Dr. Allen Peterson, President

Attest:

William Deaver, Secretary

Mojave Public Utility District

* * *

15844 K Street

Mojave, CA 93501

Telephone (661) 824-4161

Fax (661) 824-2361

Mojave Air and Space Port
Attn.: Karina Drees

Re: Amendment to Sewer Service Contract

Dear Ms. Drees:

The purpose of this letter is to respond to your email dated December 17, 2015, wherein you asked that the Mojave Public Utility District ("District") clarify what it is proposing by way of the amendment to the Sanitation Service Agreement ("Agreement") between the Mojave Air and Space Port ("Space Port") and the District. For your ease of reference, a copy of the original Agreement is enclosed herewith.

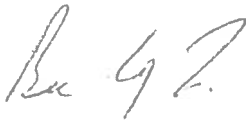
As background, the Space Port is not located within District boundaries and therefore the District only provides sanitation services to the Space Port pursuant to the Agreement dated April 1, 1991. Under this Agreement, the District has the authority to establish the monthly sanitation service fee, which may be amended by the District from time to time. Additionally, either party may terminate the Agreement and cease sanitation service, provided notice is given six (6) months prior to the expiration of the then-current annual term.

The reason for the District's proposed amendment to the Agreement is that after review of the District's sanitation service rates, it was discovered that the Space Port was not paying its fair share in proportion to the benefit it is receiving from the District. Prior to October of 2015, the District placed a flow meter to measure the wastewater outflow from the Space Port. The readings from that meter have shown that the Space Port is producing on average 42,000 gallons of waste water a day. However, the Space Port's monthly sanitation service fee was calculated on the assumption that wastewater outflow would not exceed 27,000 gallons a day. The District is legally required to bill all customers their fair share in proportion to the services received. Accordingly, the District must raise the monthly sanitation service fee charged the Space Port.

As the need to amend the monthly sanitation service fee has recently come to light, the District is asking the Space Port to sign an amendment to the Agreement wherein the methodology by which the monthly sanitation service fee is calculated. In order to avoid similar situations in the future and to ensure accurate billing, the District, at its own cost, has installed a flow meter to measure the Space Port's wastewater entering the District's sewer system. The proposed amendment would change the monthly sanitation service fee from a monthly flat fee to a metered fee based on actual use. As amended, the monthly sanitation service fee will be calculated using the District's previously established Sewer Service Rates, as amended from time-to-time, based on actual flow and the composite samples of the wastewater leaving the Space Port for Biochemical Oxygen Demand ("BOD") and Suspended Solids ("SS").

While Proposition 218 requirements generally apply to increases or changes to calculation methodology in sanitation service fees, its application to the monthly sanitation service fee charged the Space Port is questionable due to the fact that said fee is pursuant to the Agreement. Notwithstanding, the District has in the past complied with Proposition 218 requirements when amending the Space Port's monthly sanitation service fee, and intends to do so in the future. However, in this instance, for cost effectiveness, the District is asking the Space Port to waive the Proposition 218 requirements. This waiver, as specified in the proposed amendment, would apply only to this change in the methodology to calculate the monthly sanitation sewer rates. It would not apply to future changes.

I trust this this has answered your questions. If not, please do not hesitate to contact me, as I would be happy sit down with you and explain the flow meter sampling results and proposed amendment. Again, thank you for your cooperation in this matter.

A handwritten signature in cursive script, appearing to read "Bee Coy, Jr.", written in dark ink.

Bee Coy, Jr.
General Manager

SANITATION SERVICE FEE AGREEMENT

As of April 1, 1991, the East Kern Airport District, hereinafter Airport District, and the Mojave Public Utility District, hereinafter Utility District, agree as follows:

Section 1. Purpose

This agreement sets forth how the Utility District shall provide sanitation service to the Mojave Airport, hereinafter Airport.

Section 2. Description of Service

Utility District shall own, operate and maintain facilities necessary to collect and dispose of sewage generated at the Airport. Airport District shall own, operate and maintain facilities necessary to collect sewage from locations at the Airport and to transport the sewage to the Utility District's facilities located at the boundary of the Airport along Highway 58.

Section 3. Service Area

The Area to be served under this agreement is known generally as the Airport and is more particularly described on Exhibit 1, attached hereto and hereby incorporated by this reference.

Section 4. Term

The term of this agreement is five (5) years commencing the date first above written and terminating five (5) years thereafter, provided, this agreement shall be automatically renewed from year to year following the initial term unless either party provides the other with a written notice of termination at least six (6) months prior to the expiration of the current term.

Section 5. Connection Fees

(a) Airport District shall pay Utility District the sum of Forty Thousand (\$40,000.00) Dollars as full payment of connection or capacity fees levied by the Utility District for sanitation service to the Airport buildings in existence as of April 1, 1991. (Attached hereto as Exhibit 2 and hereby incorporated by this reference is a list which identifies current connections.) Airport District shall pay this connection fee to Utility District in sixty (60) equal monthly installments bearing interest at the rate of seven and one-half (7 1/2) percent per annum.

(b) Airport District shall pay Utility District additional connection or capacity fees for sanitation service to building constructed at the Airport after April 1, 1991. The amount of such fees shall be established by the Utility District in accordance with the uniform rules and regulations of the Utility District.

**AMENDMENT TO CONTRACT FOR
SANITATION SERVICE**

This Amendment Agreement is made by and between **MOJAVE AIR AND SPACEPORT**, a special district of the State of California ("Spaceport") and **MOJAVE PUBLIC UTILITY DISTRICT**, a California Public Utility District. ("Utility District").

RECITALS:

WHEREAS, a Contract for Sanitation Service and Sanitation Service Fee Agreement was entered into by and between the Utility District and Spaceport under its previous name EAST KERN AIRPORT DISTRICT, and dated April 1, 1991 ("Contract"); and

WHEREAS, the Contract set forth how the Utility District would provide sanitation service to Spaceport subject to the terms and conditions stated therein; and

WHEREAS, the Contract provides that Spaceport shall pay a monthly service fee to the Utility District as established from time to time by the Utility District; and

WHEREAS, it has become necessary for the Utility District to change the methodology of calculating the monthly service fee by installing a meter to facilitate a more proper and accurate monthly service fee in relation to the services being provided; and

WHEREAS, the parties acknowledge that the installation of an outflow meter and change in methodology of calculating the monthly service fee will likely result in an increase in the monthly service fee paid by Spaceport; and

WHEREAS, both Spaceport and Utility District desire to waive, and release any right to, the notice, hearing, and protest requirements that may be required for increasing sanitation service charges under California Constitution Article XIID, Section 6 ("Prop. 218"); and

WHEREAS, both Spaceport and Utility District desire to amend the Contract to comply with County of Kern Industrial Waste Discharge Permit requirements.

NOW, THEREFORE, incorporating the foregoing recitals, Spaceport and Utility District mutually agree as follows:

1. Section 7 of the Contract will be added as follows:

The Utility District shall install an outflow meter to record all sewer outflows from Airport District/Spaceport. The outflow meter shall be installed by the Utility District at its own cost and shall remain the property of the Utility District at all times. Utility District shall be responsible for maintaining the outflow meter. The Utility District will take composite

samples of the Wastewater leaving the Airport District/Spaceport for Biochemical Oxygen Demand ("BOD") and Suspended Solids ("SS"). A monthly service fee will be calculated using the Utility District's Sewer Service Rates, as amended from time-to-time and the: (i) outflow meter's reported "total flow" and (ii) BOD and SS sample results. The Utility District, reserves the right to change, modify, or amend the calculation and amount of the monthly service fee at the sole discretion of the Utility District, as provided for in Section 6 of the Contract.

2. Section 8 of the Contract will be added as follows:

The Airport District/Spaceport shall, at all times, comply with the Utility District's rules and regulations relating to sewer service, as may be amended from time-to-time. This shall include, but is not limited to, obtaining and maintaining an Industrial Waste Discharge Permit, which shall be filed with the Utility District. Said Industrial Waste Discharge Permit shall be reviewed on an annual basis.

3. Pursuant to the amendment made above in paragraph 1, Spaceport and Utility District acknowledge that the methodology used to determine the monthly service fee will be changed from current practices and that an increase in said fee is likely. Desiring to reduce the expenditure of funds and time, both Spaceport and Utility District agree to waive any Prop. 218 processes that may be required as a result of the increased monthly service fee, including any notice, public hearing, and protest rights that may exist. As said change to the monthly service fee will only affect Spaceport, and no other Utility District customer, Spaceport does hereby waive and release any right it may have to notice, a public hearing and protest rights under Prop. 218 relating to the changes to the monthly service fee as provided for in this Amendment Agreement. Spaceport also waive any right, claim, or action under Prop. 218 that may exist to challenge the validity of the monthly service fee as changed herein.

4. All other provisions of the Contract, not hereby amended, shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed the _____ day of _____, 2015.

"Utility District"

"Spaceport"

**Mojave Public Utility District
DISTRICT**

MOJAVE AIR AND SPACEPORT

By: _____

By: _____

**President of the Board of Directors
of the Mojave Public Utility District**

**President of the Board of Directors
of the Mojave Air and Spaceport**