

**NEW HANOVER COUNTY AIRPORT AUTHORITY
REGULAR PUBLIC MEETING
June 7, 2017**

CALL TO ORDER

The New Hanover County Airport Authority met on Wednesday, June 7, 2017, at Wilmington International Airport, 1740 Airport Boulevard, Wilmington, North Carolina. Chairman Wolfe called the meeting to order at 5:02 p.m. and led the Pledge of Allegiance, and then read the Authority's Code of Ethics statement.

Mr. Perritt noted that the Authority would be voting on the North Ramp lease and with the possibility that he may be entering into said lease in the future, he requested to be recused from that vote. Mrs. Copley stated that the rule is if you feel you would have an economic benefit that you should not vote and Mr. Perritt indicated to her he felt he ethically should not vote. Mrs. Copley advised that the Authority has to vote to allow Mr. Perritt to recuse himself.

Mr. Lambeth MOVED, SECONDED by Mr. Barber to allow Mr. Perritt to recuse himself from the vote on the North Ramp lease being presented for approval later in this meeting. Upon vote, the MOTION WAS APPROVED with Dr. Crane voting against and Mr. Perritt not voting.

Airport Authority members present were; Thomas Wolfe, Chairman; Carter Lambeth, Vice-Chairman; Dan Hickman, Secretary; Tom Barber, Jonathan Crane, Donna Girardot, and John Perritt. Also present were Gary Broughton, Deputy Airport Director; Robert Campbell, Finance Director; Whitney Prease, Facilities Director; Carol LeTellier, Business Development Director; Rose Davis, Executive Assistant; and Wanda Copley, New Hanover County Attorney.

Julie Wilsey, Airport Director, was absent from the meeting attending the Jumpstart Air Service Development Conference.

Guests present included Steve Bright and Amy McLane, Talbert & Bright, Inc.; Josh Lopez, Robin Spinks, Eric Canup, Tom Goodwin, Bill Cherry, Peter Jensen, JA LaCroix, Tony Karafas and Ryan Evans.

APPROVAL OF MINUTES

The Authority has reviewed the minutes of the Regular Public Meeting on May 3, 2017. Mr. Perritt requested a correction on page 5, last paragraph, "... and ~~Mr.~~ Dr. Goodman from Air Park has offered his T-6 to park on the ramp." Mr. Lambeth MOVED, SECONDED by Mr. Barber, to approve the minutes of the May 3, 2017 Airport Authority Meetings as submitted. Upon vote, the MOTION WAS APPROVED UNANIMOUSLY.

PUBLIC COMMENTS

Ms. Spinks and Dr. LaCroix addressed the Authority regarding the agenda item for demolition of the hangars on the South ramp asking the Authority to consider other options.

FACILITIES

Mr. Prease recommended the approval of the following action items:

- a. **NCDOT Grant** – Approve a State grant in the amount of \$500,000 for the Upgrades to RWY/Lighting Vault Infrastructure with ILM’s local match NTE \$50,000 for construction only. Mr. Barber MOVED, SECONDED by Dr. Crane to approve the State grant in the amount of \$500,000 for the upgrades to the RWY/Lighting Vault Infrastructure, with an ILM local match NTE \$50,000. The MOTION WAS APPROVED UNANIMOUSLY.
- b. **Mowing Deck** – Approve purchase of a twenty ft. mowing deck in the amount NTE \$28,000.00, which was state contract pricing, from Deere & Company. This purchase will replace a 1992 fifteen ft. Alamo mowing deck. Mrs. Girardot MOVED, SECONDED by Mr. Perritt to approve the purchase of a twenty ft. mowing deck in an amount NTE \$28,000.00 from Deere & Company. The MOTION WAS APPROVED UNANIMOUSLY.
- c. **Demolition Contract** – Approve a contract with 4 Seasons Site & Demo, Inc. NTE \$36,000.00. This project will include demolition and removal of four vacant hangars located on the South ramp with the project scheduled to begin July 2017.

Mr. Lambeth noted that the Facilities committee recommended approval of this item and that he listened very carefully during the public comments. Mr. Lambeth stated the reason for this demolition is that the hangars are extremely old and it was previously approved by the Authority to follow the Master Plan, replacing that area with new aviation purposes in the future.

Dr. Crane stated that he knows of 4 people that are interested in that area and the buildings, including flight schools and an international company for medical supplies, and questioned, if there are people that are interested in the buildings, why tear them down. Dr. Crane noted that the appraisal indicated the buildings are in average to good condition, and questioned, if there is interest in the buildings, and the Authority spent over \$100,000.00 on repairs to the buildings why not let someone utilize them and make income from them.

Mr. Barber stated it was his understanding that the big hangar was staying so the Authority could bring in a company and they would have a place in the big hangar while the Authority developed the ramp that would be made available by taking down the old hangars.

Dr. Crane reiterated that he did not understand the purpose of tearing down these hangars since the Authority doesn’t have a signed contract asking them to be torn down and there are people interested in leasing the area with the buildings. Dr. Crane stated that Mr. Chappell was upset with the way he was treated in his negotiations to build hangars at ILM and is planning to go to Southport and build hangars there on principal. Dr. Crane stated that Mr. Chappell intends to take his King Air to Southport and other people are leaving ILM and it is his opinion that it’s almost like antagonizing people, when there is no purpose to tearing the hangars down.

Mr. Barber stated for the record, having negotiated the deal with Mr. Chappell, and knowing how fair the committee tried to be with him, the Authority tried everything that they could conceivably come up with to get that deal done.

Mrs. Girardot agreed with Mr. Barber's statement and added the fact that Southport is also subsidized by the municipality, where ILM is not and asked if that helped or played a part in the equation.

Mr. Perritt pointed out that there wasn't a second, but since discussion had already started, he would concur with Dr. Crane in principal and added that, per the FAA's latest guidance, they are not hangars, they are buildings. Mr. Perritt stated, under the theory of developing the South Ramp as a SASO, that he concurs that it seems illogical to tear something down that still has a purpose, although the Authority may not have found the person or business for that purpose. Mr. Perritt continued that if someone came in and said, 'I want that ramp space and I don't need those buildings', then he would say the Authority should invest in tearing them down but until such time, considering that the Authority has done work on them and spent money on them, and they are not an eyesore and they create an asset visually and could be repurposed, just from an economic standpoint.

Chairman Wolfe stated that the Authority has communicated for well over 18 months that it would be considering tearing these hangars down. Chairman Wolfe stated, in his opinion, the basic problem is that everyone wants rents of \$225/\$250 a month and wants the airport to subsidize it. Chairman Wolfe stated that the Authority can certainly do that but on the flip side of that coin, Mr. Cherry can say that the Authority is putting him at an economic disadvantage and ask for the difference between his fair market rent and the rent that the Authority is charging and the Authority would have to reimburse him for that.

Dr. Crane stated that we are comparing apples and oranges because the South side is not like the North side because on the North side people are having to pull out their own planes and put their own planes in and there is no fuel there.

Mr. Barber stated that there is not going to be any GA on the South side and Dr. Crane asked what if a flight school wants to go there. Dr. Crane continued that in the past we have told the flight school that the buildings have a significant value and that is why rent was high but if we say that the buildings are worthless, so worthless that we are going to spend money to tear them down, then why shouldn't a flight school just be paying ground lease rent for it as opposed to a higher rate because of the buildings. Dr. Crane further stated that if it is worthless, charge a worthless rent for it for a flight school or for a company that wants to use it to transport medical supplies from here to South America but there is a use for the buildings.

Chairman Wolfe stated that he was not aware of any medical group that has come before the Authority asking to lease these buildings. Dr. Crane responded that he knows of someone who has been interested.

Chairman Wolfe restated that the motion before the Authority is to approve a contract with 4 Seasons Site and Demolition NTE \$36,000.00. This project will include demolition and removal of 4 vacant hangars located on the South Ramp. The project is scheduled to begin in July 2017.

Mr. Lambeth, on behalf of the Facilities Committee, MOVED, SECONDED by Mr. Barber to approve the demolition contract with 4 Seasons Site & Demo, Inc. NTE \$36,000.00. This project will include demolition and removal of 4 vacant hangars located on the South Ramp. The

project is scheduled to begin in July 2017. Upon vote, the MOTION WAS APPROVED with Dr. Crane and Mr. Perritt voting against.

Mr. Prease added to the Facilities information items on the agenda an amendment to the Master Engineering Contract which will read "Now, therefore, the Master Contract executed June 30, 2013 is hereby amended as follows: (1) the enumerated professional services for the period includes Terminal Capacity Study and Expansion, including Design, Bid, and Construction Administration; and, (2) Except as specifically amended, the original Master Contract dated June 30, 2013 shall remain unaltered and in full force and effect."

FINANCE REPORT

Mr. Campbell reviewed ILM's April 2017 cash summary, monthly financial summary and April financials.

Mr. Campbell noted that the cash summary at the end of April 2017 was over \$11M which is important, leading into our terminal expansion. Mr. Campbell pointed out that revenues were up 14.3% over expenses in April, due in large part to the TSA security reimbursement for the calendar year 2017 contract which was finally awarded retroactive back thru January 2017. Mr. Campbell reported this may be the last contract that the TSA awards and this was taken into account in the upcoming budget. Mr. Campbell stated expenses were lower this month than they would have been because ILM received a \$50k refund from our Workers' Compensation policy for the prior year.

Mrs. Girardot pointed out that the parking is continuing the same trend again this month of the exits being down while the revenue continues to be up over the prior year. Mr. Campbell shared input from the consultants who projected ILM's parking revenue would continue to rise over the next decade. When staff questioned this projection, the consultants agreed it may not be realistic and said ILM would need to come up with another source of income to supplement parking. Mr. Campbell stated ILM will have to be creative in the future to replace parking revenue.

Mr. Campbell recommended the approval of the following action items:

- a. FY 2018 Budget of \$26,028,848 (\$7,762,050 Operating; \$18,266,798 Capital) (A copy of the FY 18 Budget is hereby incorporated as part of the minutes and are contained in Exhibit Book III, Page 200)
- b. FY18 Schedule of Rates and Charges (A copy of the FY 18 Budget is hereby incorporated as part of the minutes and are contained in Exhibit Book III, Page 201)
- c. FY17 Budget Amendments (A copy of the FY 18 Budget is hereby incorporated as part of the minutes and are contained in Exhibit Book III, Page 202)
- d. Increase Spending Limits for purchases up to \$20,000.00 for the Airport Director to approve; and up to \$30,000.00 for the Authority Chairman to approve, with anything above \$30,000.00 requiring Authority approval.

Mr. Hickman MOVED, SECONDED by Mr. Lambeth to approve the Finance action items as presented above. Upon vote, the MOTION WAS APPROVED with Dr. Crane voting against.

Mr. Campbell reported that WSP provided a preliminary draft report of their Feasibility Analysis and staff reviewed the report briefly with WSP and offered suggestions and WSP will have an updated draft in a couple of weeks.

GENERAL AVIATION

Nothing to report.

GOVERNMENT

Mrs. Girardot updated the Authority on the State Budget and Aviation Funding stating that the Senate budget allocated \$50M over 2 years which was approximately \$6M/year for ILM, and the House budget increased that amount to \$77M in 2017/2018 and \$79M in 2018/2019 so that would have been about \$14M for ILM over the 2 year period. Mrs. Girardot stated that the budget will go to the conference committee next and sources indicate the final budget will fall somewhere in between.

Updating the Authority on the New Hanover County UDO, Mrs. Girardot reported that the committee consists of the planning staff; Mrs. Girardot, as Chairman of the Planning Board; and other departments or agencies that are impacted. Mrs. Girardot noted that there would be three drafts: 1st draft, different districts and uses; 2nd draft, development standards; and, 3rd draft, proposed regulations and general provisions; and the committee hopes to have the UDO adopted by the Planning Board and County Commissioners sometime between January and April 2018.

Regarding the Northeast Future Street Plan, Mrs. Girardot reported that the area being covered by that plan is Holly Shelter Road and the County line to the North; I-40 to the West; US17 and 17 Business District which is Market Street to the East; and then Gordon Road to the South, and it should be completed by the fall of this year. Mrs. Girardot stated that while this does not impact the airport directly, it can have an effect on us indirectly.

Mrs. Girardot asked for feedback on the report to the County Commissioners and shared that she heard that the Commissioners were all very happy with the presentation and what they heard and that they enjoyed having it in this environment. Chairman Wolfe agreed that was the feedback he received also. The formal report at the Commissioners meeting will be June 19th at 4 pm.

HUMAN RESOURCES

Nothing to report.

MARKETING

Ms. LeTellier recommended approval of the Professional Services Contract for Fourth Day Advertising to make TV and radio buys for ILM in an amount NTE \$49,608.

The Motion was recommended by the Marketing committee, SECONDED by Mrs. Girardot to approve the Professional Services Contract for Fourth Day Advertising to make TV and radio buys for ILM in an amount NTE \$49,608. Upon vote, the MOTION WAS APPROVED with Dr. Crane voting against.

Mr. Perritt inquired about the benefits of using Fourth Day Advertising versus making the buys ourselves and Ms. LeTellier responded that ILM does get many free benefits by working with

Fourth Day Advertising. Ms. LeTellier stated that staff has reduced the media and TV buys this year based on analytics, and the buys will be more focused. Ms. LeTellier stated staff has reduced spending and moved funds to the creative area with Morvil Advertising.

Mr. Perritt stated past analysis showed Fourth Day actually purchased the ad time at a substantial discount bundled versus staff going direct. Ms. LeTellier responded that Ms. Collette negotiates for a lot of value added items. Mr. Perritt said he wanted to continue to make sure the Authority was good stewards of the marketing budget.

Ms. LeTellier reminded the Authority of the upcoming Airpower History Tour June 16-18. Ms. LeTellier showed a slide of the new ILM logo which will be introduced throughout ILM's marketing materials and on the ILM website, as part of our new corporate identity. Ms. LeTellier asked for feedback or comments on the new logo to be sent to her via email. Chairman Wolfe pointed out that the staff and the marketing committee approved the new logo.

PLANNING & DEVELOPMENT/TERMINAL EXPANSION

Ms. LeTellier recommended the approval of a new North Ramp month-to-month tie down lease. The Motion was recommended by the Planning & Development committee, SECONDED by Mrs. Girardot to approve the new North Ramp tie down lease. Upon vote, the MOTION WAS APPROVED, 6-0. Mr. Perritt abstained from the vote.

OPERATIONS REPORT

Mr. Broughton updated the Authority on the total revenue passengers; capacity; fuel prices and fuel flowage.

DIRECTOR'S REPORT

Mr. Broughton reported to the Authority that Mrs. Wilsey is in Providence, Rhode Island, at Jumpstart, meeting with several airlines, to include: American, Delta, Allegiant, United, Southwest and Cape Air. Mr. Broughton shared that Mrs. Wilsey has reported positive meetings with the two incumbent airlines, Delta and American.

Mr. Broughton asked the Authority to verify the date of the July Authority meeting which was originally scheduled for July 5th. Chairman Wolfe asked if there was interest in moving the meeting to the following week and the Authority agreed to move the July meeting to July 12th.

Mr. Broughton announced that ILM employees Erin McNally and Lt. Dustin Stream received a Volunteer Award from United Way for the Best Company Campaign. ILM also received the Gold Medal for Campaign Achievement for 2016. Mrs. Girardot stated that she was at the award banquet and that ILM was very well recognized for their campaign.

Mr. Broughton reported that the Global Entry event for customs will be held June 12 – 16th, with 357 applicants signed up for the interviews and staff is waiting to hear if customs will be able to handle walk-ins during this event.

Mr. Broughton reviewed the June and July calendars recognizing Mr. Lambeth's birthday on June 3rd.

Mr. Broughton confirmed that “Fifi” will be at ILM June 16-18 and that Dr. Goodman’s plane will be at the event, as well as Mr. Cherry’s T-28. Mr. Broughton reminded the Authority that they could reserve rides on “Fifi” in the Bombardier’s seat for \$1595 for 30 minutes.

UNFINISHED BUSINESS

None.

NEW BUSINESS

None.

ADJOURNMENT

There being no further business to come before the Board, Chairman Wolfe adjourned the meeting at 5:43 p.m.

Prepared by:

Rose M. Davis

Respectfully Submitted:

Dan Hickman, Secretary

Date of Approval: July 12, 2017