

**NEW HANOVER COUNTY AIRPORT AUTHORITY
REGULAR MEETING
July 12, 2017**

CALL TO ORDER

The New Hanover County Airport Authority met on Wednesday, July 12, 2017, at Wilmington International Airport, 1740 Airport Boulevard, Wilmington, North Carolina. Chairman Wolfe called the meeting to order at 5:01 p.m. and led the Pledge of Allegiance, and then read the Authority's Code of Ethics statement. No conflicts of interest or potential conflicts of interest were identified at that time.

Airport Authority members present were; Thomas Wolfe, Chairman; Carter Lambeth, Vice-Chairman; Dan Hickman, Secretary; Tom Barber, and Donna Girardot; and newly appointed Authority member Harry Stovall. Also present were Julie Wilsey, Airport Director; 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.

Jonathan Crane and John Perritt were absent.

Newly appointed Authority member W. Lee Williams participated in the meeting by teleconference.

Guests present included Steve Bright and Amy McLane, Talbert & Bright, Inc.; Kym Crowell, Clerk to the County Commissioners; Bill Cherry, Tom Goodwin, and Ryan Evans.

APPROVAL OF MINUTES

The Authority has reviewed the minutes of the Joint Meeting with New Hanover County Commissioners on May 31, 2017; and the Regular Meeting on June 7, 2017. Mr. Barber MOVED, SECONDED by Mrs. Girardot, to approve the minutes of the May 31, 2017 Airport Authority Meeting as submitted. Upon vote, the MOTION WAS APPROVED UNANIMOUSLY. Dr. Crane and Mr. Perritt were not present.

Mr. Lambeth MOVED, SECONDED by Mr. Barber, to approve the minutes of the June 7, 2017 Airport Authority Meetings as submitted. Upon vote, the MOTION WAS APPROVED UNANIMOUSLY. Dr. Crane and Mr. Perritt were not present.

SWEARING-IN OF NEW BOARD MEMBERS

Chairman Wolfe turned the meeting over to Ms. Crowell to administer the Oath of Office to new Airport Authority member Harry W. Stovall. New Airport Authority member W. Lee Williams was sworn in by Ms. Crowell on July 3, 2017, since he would not be attending this meeting in person.

FAREWELL

Chairman Wolfe acknowledged outgoing Authority members Dr. Crane and Mr. Perritt, who were absent from the meeting, and reviewed the highlights of the Authority's achievements during their tenure on the Airport Authority.

Mr. Lambeth recognized Chairman Wolfe for his term as Authority Chairman from July 1, 2016- June 30, 2017 and highlighted the Authority's achievements under Chairman Wolfe's tenure as Chairman.

ELECTION OF OFFICERS

Mr. Barber, on behalf of the Nominating Committee, recommended the following slate of officers: Chairman, Carter T. Lambeth; Vice Chairman, Dan Hickman; and Secretary, Donna Girardot. There were no nominations from the floor. Upon vote, the slate of officers, as presented by the Nominating Committee, was approved. Mr. Williams did not vote because he was not physically present at the meeting.

Mr. Wolfe passed the gavel to Chairman Lambeth who proceeded with the remainder of the meeting.

PUBLIC COMMENTS

None.

FACILITIES

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

- a. **Wildlife Hazard Mitigation-Wet Detention Basins and Open Ditches Project Phase 1 Construction** – Award contract to the low bidder, Wells Brothers Construction for three schedules of work in the amount of \$988,893, contingent on receipt of FAA grant funding.
- b. **Work Authorization Construction Phase Services Amendment 2**– Approve work authorization with Talbert & Bright for Construction Administration Services, Subconsultant Quality Assurance Testing Services, and Full-Time Resident Project Representative (RPR) Services in the amount of \$147,613, contingent upon an Independent Fee Estimate (IFE) review.
- c. **Work Authorization Design, Bidding, Documented CATEX, and 404/401/CAMA Major Permitting Services Amendment 3** – Approve work authorization with Talbert & Bright for \$108,060, contingent upon an Independent Fee Estimate (IFE) review.

In response to Chairman Lambeth's question regarding funding, Mr. Prease stated that these projects are funded 90% Federal and 10% Local. Mrs. Girardot MOVED, SECONDED by Mr. Wolfe to approve the Facilities action items as recommended. The MOTION WAS APPROVED UNANIMOUSLY. Mr. Williams did not vote because he was not physically present at the meeting.

FINANCE REPORT

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

Mr. Campbell reported that staff is in discussion with several financial institutions to invest, at least short term, some of ILM's available cash. In response to Mr. Barber's question regarding the maintenance development reserve account, Mr. Campbell responded that money is still going into that account and it is growing but funds were used for several projects this year, so it will

not be the full allocation as it has been in past years.

Mr. Campbell reviewed May financials indicating that revenues were well above the budget for a few reasons:

- parking is still up from this time last year;
- there were several new rent receipts for the month; and,
- there was an accounting entry for accrual of revenue that boosted the aviation and commissions income.

Mr. Campbell reported that expenses are below budget for several reasons:

- there are a number of open positions in maintenance and PSO, which have been filled as of now; and,
- expenses for the PGA event were below what was anticipated.

Mrs. Girardot noted there was a strong increase in parking revenue again but that the number of exits are still down.

Mr. Campbell stated that he will report year end numbers at the August meeting, which will not be final, audited numbers, but a very good indication of where ILM ended for the year.

GENERAL AVIATION

Mr. Broughton reported that the transition to the North Ramp went smoothly.

In response to Chairman Lambeth's inquiry, Mrs. Wilsey shared that the Airport Layout Plan Stakeholders Working Group is identifying possible layouts for how the airport should look for the next 20 years. This doesn't guarantee a timeline, a cost, or a funding mechanism, it is a plan based on aviation forecasting. Mr. Lambeth stated that it looks like there will be growth in general aviation in the next 20 years.

Mr. Broughton shared photos from the Pilot's Lounge that was created for the tie down tenants who moved to the North Ramp. Mr. Broughton reported that there are 7 aircraft currently tied down on the North Ramp.

GOVERNMENT

Mrs. Girardot announced that the General Assembly passed the aviation funding legislation for all 72 North Carolina airports and ILM will receive \$12M over a 2 year budget cycle. Mrs. Girardot pointed out this funding is not recurring and more funding will need to be requested as ILM moves forward with the terminal expansion. The caveats the legislators put on the funding are as follows: DOT should provide a report on the uses of the money by March 1, 2019; the General Assembly can amend this appropriation at any time; and ILM has to provide a needs assessment for funding and the projects to be funded; and, the division shall develop a formula for allocating state funds to commercial airports that is based on the airports' needs and economic output of each airport by April 15, 2018.

Mrs. Wilsey, reporting on her meeting with the Department of Aviation and 9 of the 10 NC commercial airports, stated that the funding received for the next 2 years is not the prize, but a test to get the real prize. By July 19th, ILM has to report up to 3 projects for the first year's

allocation of money to ILM. Mrs. Wilsey reported NCDOA will then begin working on accountability and are looking for return on investment and metrics that are going to be supported by these 3 projects. Mrs. Wilsey stated ILM's signature project is the terminal expansion and the design will be a piece of that \$5.9M. Mrs. Wilsey stated there is a report due by March 1, 2019, by airport, on the amount allocated and how much the airport spent at that point. Mrs. Wilsey reported that the group also talked about streamlining the state grant program, opening the eligibility for the types of capital projects, and trying to reduce some of the regulatory paperwork so that the airports can get projects started quickly.

Mrs. Wilsey stated it was a positive meeting with everyone committed to success. The group also discussed completing another economic impact study by 2020.

Mrs. Girardot added that, having worked with a number of organizations and industries that ask for funding from the General Assembly, they very seldom get the funding the first year they ask for it, so this was really good to receive funding this year.

Mrs. Girardot reported on the FAA Reauthorization Bill, that the temporary extension ends September 2017. There are currently two Bills and the House Bill is dramatically different from the Senate Bill. The privatization of the FAA is the centerpiece of the House Bill and the Senate is deeply skeptical of the House Bill's plan for the Air Traffic Control (ATC).

Regarding the PFC, Mrs. Girardot reported that it is not looking good for an increase in the PFC this year as requested, and some say that is because the Airport Improvement Program (AIP) has been increased.

Mrs. Girardot, reporting on the New Hanover County UDO pointed out that both the City and County are doing UDOs and Mayor Saffo has stated the UDO is the most important issue that this community is going to be facing this year. The first draft in rough form has been received from the consultants and the County's UDO website is almost ready. The draft UDO should be released to the public by the end of summer.

HUMAN RESOURCES

Mrs. Wilsey reported that July is a popular month for new employees, and anniversaries of employees, with our longest tenured employee, Bob Dieterle, evening shift supervisor, having passed his 27 year mark. Cynthia Mitchell, day shift Maintenance Technician II, is only behind him by 5-6 months. ILM has 2 employees with 27 years with this organization and that says a lot.

Mrs. Wilsey noted that Mr. Broughton is passing 13 years at ILM this month; with 3 others going over their 10 year mark this month as well. Next month, Mr. Prease will cross his 13 year threshold.

Mrs. Wilsey stated that, as of this date, Ms. Davis has had orientation with 7 new ILM employees in the months of June and July.

MARKETING

Ms. LeTellier updated the Authority on the new logo and corporate identity which will be rolled

out in phases, with digital media being updated first. Ms. LeTellier reported that for a number of years ILM has used Fourth Day Advertising to do all of ILM's marketing. This year, beginning July 1, the creative, video and website will be handled by Morvil Advertising. Fourth Day Advertising will continue with the media buys for TV and Radio.

PLANNING & DEVELOPMENT/TERMINAL EXPANSION

Ms. LeTellier recommended the approval of the following Planning & Development action items:

- a. The updated Hangar Lease Agreement.
- b. A Land Lease for 1.5 acres on a portion of Parcel 26 at the corner of Gardner and Hall Drive for development of a Kennel. Lease to commence August 1, 2017.
- c. A Lease Amendment to the KBT Realty Services, Inc. and Shaw Real Estate, LLC Lease (for 1724 Gardner Drive, Suites 120 and 130), rescheduling the start of rental payments from August to September 1, 2017 and adding an additional month at the end of the Initial Lease Term.
- d. Extension of the Airpark Hangar Two, Inc. lease agreement thru October 10, 2031.

After some discussion regarding up-fit and return on investment on the flex building leases; and, the hangar lease agreement, Mrs. Girardot MOVED, SECONDED by Mr. Barber to approve the Planning & Development action items discussed above. The MOTION WAS APPROVED UNANIMOUSLY. Mr. Williams did not vote because he was not physically present at the meeting.

OPERATIONS REPORT

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

Mr. Williams recommended that the Authority recognize the recent tragic loss from Cherry Point following the military airplane crash.

DIRECTOR'S REPORT

Mrs. Wilsey recommended the approval of FY18 Air Service Contract with Mead & Hunt, with a not to exceed limit of \$65,000. Mrs. Girardot MOVED, SECONDED by Mr. Hickman to approve the Air Service Contract with Mead & Hunt as recommended. The MOTION WAS APPROVED UNANIMOUSLY. Mr. Williams did not vote because he was not physically present at the meeting.

Mrs. Wilsey updated the Authority on her recent attendance at Jumpstart noting that Air Service continues to be very challenging, especially for the non-hub and small hub airports. ILM is holding its own for a non-hub airport; while most non-hubs are seeing a 5.1% decrease in capacity, ILM has not seen a decrease in capacity or the number of flights.

Mrs. Wilsey reported that ILM's two existing carriers are very happy with the revenue they are making in Wilmington and both airlines indicated their seasonal destinations of DCA (American) and LGA (Delta) would continue because those flights continue to make money for the airlines.

Mrs. Wilsey reported on the Air Canada Charter from Turks & Caicos to New York that came through Customs on June 25th. Customs cleared the aircraft in less than 20 minutes. Mrs. Wilsey advised that this is a great opportunity to start charters through ILM's customs facility and grow that service. Staff followed up with emails and presentations to the Air Canada representative.

Mrs. Wilsey advised that Joseph Pickering, of Mead & Hunt, is tentatively scheduled to attend the October 4th Authority meeting to present his air service development update. While he is in town he will also attend the UNCW Regional Economic Impact Conference and the Business Travelers Focus Group.

Mrs. Wilsey stated that she has been asked to sit on a couple of Economic Development panels focusing on transportation – both the impact it makes in the community and also the impact of the capital improvements. Also on the panels are, Paul Cozza from the Port, and Natalie English from the Chamber. One panel is in August and the other for the UNCW Regional Impact is in October. The group is working on talking points to continue to tell the story of how important air service, corporate, and general aviation is to this community.

Reviewing the calendars, Mrs. Wilsey recognized the birthdays of Mr. Stovall, whose birthday is July 19th and Mr. Williams, whose birthday is July 26th. Mrs. Wilsey also pointed out the conference in August – SMART Airports Regional Conference in Charlotte, which will be attended by Mr. Broughton, Mr. Campbell and Ms. LeTellier.

Chairman Lambeth advised that he and Mr. Stovall would be unavailable the first two weeks in August and requested the Authority postpone the August meeting until August 16th. Mr. Barber stated he would be unavailable on the 16th but may be able to call in. It was agreed to move the August meeting to August 16th.

UNFINISHED BUSINESS

None.

NEW BUSINESS

None.

ADJOURNMENT

There being no further business to come before the Board, Mr. Barber MOVED, SECONDED by Mr. Wolfe to adjourn the meeting. The meeting was adjourned at 5:59 p.m.

Prepared by:

Rose M. Davis

Respectfully Submitted:

Donna Girardot, Secretary

Date of Approval: August 16, 2017