

**NEW HANOVER COUNTY AIRPORT AUTHORITY
REGULAR MEETING
July 11, 2018**

CALL TO ORDER

The New Hanover County Airport Authority met on Wednesday, July 11, 2018, at Wilmington International Airport, 1740 Airport Boulevard, Wilmington, North Carolina. Chairman Lambeth called the meeting to order at 5:03 p.m. Vice-Chairman Hickman led the Pledge of Allegiance and Chairman Lambeth 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; Carter Lambeth, Chairman; Dan Hickman, Vice-Chairman; Donna Girardot, Secretary; Tom Barber, Harry W. Stovall, F. Spruill Thompson and W. Lee Williams. Also present were Julie Wilsey, Airport Director; Gary Broughton, Deputy Director; Robert Campbell, Finance Director; Carol LeTellier, Business Development Director; Granseur Dick, Planning and Development Director; Whitney Prease, Facilities Manager; Rose Davis, Executive Assistant; and Wanda Copley, New Hanover County Attorney.

Thomas Wolfe was absent from this meeting.

Guests present included Steve Bright and Amy McLane, Talbert & Bright, Inc.; Woody White, Chairman, New Hanover County Commissioners; Kym Crowell, Clerk to the NH County Commissioners; Mark Carmen and Emmanuel Yapo, Modern Aviation; Tony Wright, Air Wilmington; Cindy Yost, Station Manager, United Airlines; Steve Wells, Monte Coughlin and Bill Smith.

APPROVAL OF MINUTES

The Authority has reviewed the minutes of the Meeting on June 6, 2018 and the Joint Meeting with New Hanover County Commissioners on June 14, 2018. Mr. Barber MOVED, SECONDED by Mr. Stovall, to approve the minutes of the June 6, 2018 Airport Authority Meeting as submitted. Upon vote, the MOTION WAS APPROVED UNANIMOUSLY. Mr. Wolfe was absent.

Mrs. Girardot MOVED, SECONDED by Mr. Stovall, to approve the minutes of the June 14, 2018 Joint Meeting with New Hanover County Commissioners as submitted. Upon vote, the MOTION WAS APPROVED UNANIMOUSLY. Mr. Wolfe was absent.

SWEARING-IN OF NEW BOARD MEMBERS

Chairman Lambeth turned the meeting over to Ms. Crowell, Clerk to the New Hanover County Commissioners, who administered the Oath of Office to new Airport Authority member F. Spruill Thompson.

FAREWELL

Chairman Lambeth acknowledged outgoing Authority member Dan Hickman and reviewed the highlights of the Authority's achievements during his tenure on the Airport Authority.

ELECTION OF OFFICERS

Mr. Barber, on behalf of the Nominating Committee, recommended the following slate of officers: Chairman, Donna Girardot; Vice Chairman, Thomas Wolfe; and Secretary, Tom Barber. There were no nominations from the floor. Mr. Williams MOVED that the slate of officers be accepted by acclamation. Upon vote, the slate of officers, as presented by the Nominating Committee, was approved. Mr. Wolfe was absent.

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

Chairman Girardot recognized Mr. Lambeth for his term as Authority Chairman from July 1, 2017-June 30, 2018 and highlighted the Authority's achievements under Mr. Lambeth's tenure as Chairman.

Chairman Girardot acknowledged County Commissioner Chairman Woody White's presence and asked if he would like to address the Authority. He declined. Mrs. Wilsey introduced additional guests present including United's Station Manager, Cindy Yost; and Air Wilmington owners, Mark Carmen and Emmanuel Yapo.

RECESS

Chairman Girardot recessed the meeting at 5:15 pm and called the meeting back to order at 5:25 pm.

Chairman Girardot addressed the Authority members thanking them for their confidence in her by electing her Chairman and that she is looking forward to their guidance and support during the year and to working with the fantastic staff team.

FACILITIES & TERMINAL EXPANSION

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

- a. **ILM Wet Detention Basin and Ditch Project, Phase 2 (Future AIP) -**
Recommendation of approval of a Construction Contract to S&L Contracting, Inc. for \$1,205,241.25, contingent upon FAA AIP Grant Approval. This work is for construction of the second phase of this project. Mr. Lambeth MOVED, SECONDED by Mr. Barber to approve the contract with S&L Contracting, Inc. for Phase 2 of the ILM Wet Detention Basin and Ditch project as recommended. Upon vote, the MOTION WAS APPROVED UNANIMOUSLY. Mr. Wolfe was absent.
- b. **ILM Wet Detention Basin and Ditch Project, Phase 2 (Future AIP) -**
Recommendation of approval of a Work Authorization for Construction Phase Services to Talbert & Bright, Inc. for a NTE fee of \$116,123.00, following a positive review by an Independent Fee Analysis, and pending FAA AIP Grant Approval. Mr. Williams MOVED, SECONDED by Mr. Barber to approve the Work Authorization with Talbert & Bright, Inc. as recommended. Upon vote, the MOTION WAS APPROVED UNANIMOUSLY. Mr. Wolfe was absent.

- c. **North GA Ramp Rehabilitation (NC STIP Funding)** Recommendation of Approval of Amendment No. 3 to the Talbert & Bright Work Authorization for the North GA Ramp project for \$4,230. This amendment is to cover additional scope items including electrical and site design revisions related to the addition of a new 8' sliding gate at the maintenance building to replace the existing 6' high gate. Total Work Authorization, including this amendment is \$227,218.00. Mr. Lambeth MOVED, SECONDED by Mr. Stovall to approve Amendment No. 3 to the Talbert & Bright Work Authorization as recommended. Upon vote, the MOTION WAS APPROVED UNANIMOUSLY. Mr. Wolfe was absent.

Mr. Dick updated the Authority on the Runway Lighting project noting it is at the phase where the work requires the closure of both runways from midnight through 5 am each night through July 19th.

Mr. Dick noted in regard to Phase 1 of the Wet Detention Basin project, that the glide slope on RWY17-35 has been repaired by the FAA and the flight check should be completed on July 12th.

Mr. Dick reported that the Gate 1 Jet Bridge has arrived and was installed on July 10th but is not yet functional. The contractor is working on electrical and other items to complete commissioning and turnover of the fully operational jet bridge to ILM around July 24th.

In regards to the Terminal Expansion update, Mr. Dick shared that the architects have reviewed comments received on their initial scheme for interior renderings and have tried to preserve the look and feel of southern hospitality at ILM. Mr. Dick advised that the architects would like to make a presentation to the Authority at the August 1st Authority meeting.

Mr. Dick reported in regards to Contract 1 of the terminal expansion, the enabling phase of our baggage handling system, a pre-bid meeting was held on July 10th and bids are due on July 20th.

Regarding the information item on lighting replacement on Airport Blvd. and the parking lots, Chairman Girardot asked staff to closely review the areas in front of the terminal near the crosswalks to be sure there is sufficient light coverage in that area.

FINANCE & HUMAN RESOURCES

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

Mr. Campbell noted that the increased flights and increased number of passengers are impacting almost every revenue line item.

Mr. Campbell reported that the net cash available for daily operations includes the first portion of the State grant that has been received and is in an investment account earning 2% interest.

Mr. Campbell recommended the approval of the audit contract with RSM US, LLP for an amount not to exceed \$44,100. With the exception of the fee, which increased \$2,100 over last year, all other terms and conditions are consistent with prior years. After some discussion, Mr. Barber MOVED, SECONDED by Mr. Stovall to approve the audit contract with RSM US, LLP as recommended. Upon vote, the MOTION WAS APPROVED UNANIMOUSLY. Mr. Wolfe

was absent.

Mr. Campbell recommended the approval of the professional services contract with Newton & Associates, Inc. for an amount not to exceed \$55,000. Under the terms of the agreement, Newton will amend all five active PFC applications, close two of those applications once amended, and file a new PFC application to cover the first phase of the terminal expansion and roof replacement projects. The terms and conditions are consistent with the previous professional service contract. Mr. Barber MOVED, SECONDED by Mr. Stovall to approve the professional services contract with Newton & Associates, Inc. as recommended. Upon vote, the MOTION WAS APPROVED UNANIMIOUSLY. Mr. Wolfe was absent.

Mr. Campbell noted that for end of FY18, ILM's parking revenues exceeded \$4M for the first time. Mr. Campbell reported that the 2015 loan from the general operating account in the amount of \$650,000, which was used to complete the build-out of the flex building, has been repaid by the business park as of June 30, 2018. Going forward the business park should be self-sustaining unless there are any major capital projects needed.

BUSINESS DEVELOPMENT

Ms. LeTellier recommended the approval to extend the Wilmington Business Development (WBD) lease (for premises at 1739 Hewlett Drive) for an additional 5 years, with a 3% increase, through 2024. Mr. Barber MOVED, SECONDED by Mr. Thompson to approve the extension of the lease with Wilmington Business Development as recommended. Upon vote, the MOTION WAS APPROVED UNANIMOUSLY. Mr. Wolfe was absent.

Ms. LeTellier updated the Authority on the recent E-blast that was distributed to interested parties highlighting new air service on United and American, and ILM's new tenant, The Glass Doctor at 2500 Blue Clay Road.

Ms. LeTellier reported that ILM currently has 27 long term tenants on airport property and approximately 44 short term tenants.

Ms. LeTellier distributed a flyer from the International Festivals & Events Association (IFEA) highlighting ILM's own advertising representative, Jean Lawler, who has been recognized as the 2018 IFEA Volunteer of the Year for her 50+ years of volunteering with the North Carolina Azalea Festival. Mrs. Lawler will receive this award in October in San Diego, California. Mrs. Lawler has also volunteered on 4 WWII Honor Flights from Wilmington; was a founding organizer and chair of the inaugural "Enchanted Airlie", a holiday light show at Airlie Gardens; and a former President of the Sea Hawk Club.

GOVERNMENT

Chairman Girardot reported to the Authority that, if approved, it is recommended that the Authority and staff go back to the General Assembly in the long session beginning in January and ask for a second round of funding for our airport expansion for another two year cycle. We are coordinating now with the North Carolina Association of Airports and with other North Carolina airports to see if there is a coordinated effort to move forward and retain a lobbyist and share that expense. Chairman Girardot noted that ILM may ask for \$15M next time instead of \$12M.

Chairman Girardot suggested that the Authority and staff should have another breakfast meeting with the General Assembly members in early November to provide the legislators with an update on the status of the airport and ILM's accomplishments and funding needs.

Chairman Girardot reported on the Waters of the United States or the Wetlands Bill noting the EPA and Corps of Engineers have submitted their proposed new regulatory definitions to the White House Office of Management and Budget for review and that should be completed around August. Then it will go out for public hearing and be put in the legislative register for comments. This Bill and how it affects the airport, obviously, is that it impacts all of our construction and land use on airport property the same as it does everyone else. This bill should be in the Federal Register by September.

OPERATIONS & GENERAL AVIATION

Mr. Broughton reviewed the total revenue passengers, fuel cost and fuel flowage. Mr. Broughton noted that as of July 11th, the actual enplanement numbers for June are in and they are up 14%, even with 51 cancelled flights for the month of June due to the PSA IT issue. The Rule 240 came at a perfect time as American was able to rebook their passengers on other flights, as well as Delta and United, for the most part, locally. Mr. Broughton reported that fuel flowage is up 53% due both to military traffic, as well as Live Oak Bank.

Mr. Broughton shared that passengers were tracked during the week of July 4th (July 2-8) and ILM was up 16% over that period of time versus that same week last year, primarily due to the extra service from the airlines and the addition of United.

Mr. Broughton reported to the Authority on the American Airlines flight that was diverted to Myrtle Beach on the night of July 10th due to a miscommunication made by the air traffic control tower, the impacts that diversion had on ILM and the steps being taken to be sure it doesn't happen again.

Reporting on General Aviation, Mr. Broughton explained that it is a requirement under the TSA regulations for everybody inside the ILM fence, whether on SIDA or secure area, wear their ID badge, if they have unescorted access, on their outermost garment, above waist level. That rule for GA pilots took effect in 2008 and ILM staff tried to be compassionate, if it was in their pocket or close by, but it has been proven that is not the route to go and ILM needs to adhere to the regulations. Effective immediately, anyone inside the ILM fence that wants unescorted access has to have their ID badge, on their outermost garment, above waist level. If not, they are not allowed on the field and they cannot be escorted because they have been issued a badge.

Mr. Broughton recognized the new owners of Air Wilmington that were present and noted that the All American Flight School has done so well that they have added 2 more aircraft and he congratulated them on bringing All American to Wilmington.

Chairman Girardot asked Mr. Broughton if our airline partners were happy with the load factors on their new flights and Mr. Broughton noted that United's flights are running at 70% and they are happy with that LF. Regarding American's DFW flight, Mr. Broughton added that flight is doing well and starting December 19th, will go to daily service.

DIRECTOR'S REPORT

Mrs. Wilsey recommended the approval of a contract with Mead & Hunt for Air Service consulting for FY19. The contract amount is not to exceed \$65,000. Mr. Williams MOVED, SECONDED by Mr. Lambeth to approve the contract with Mead & Hunt for Air Service consulting as recommended. Upon vote, the MOTION WAS APPROVED UNANIMOUSLY. Mr. Wolfe was absent.

Mrs. Wilsey, responding to a request for a special report on the TSA checkpoint, provided information on changes in April that impacted the TSA checkpoint: the addition of 4 United flights per day and the implementation of TSA's Enhanced Accessible Property Screening (EAPS) process. Mrs. Wilsey reported that staff has been working with the TSA and the airlines to educate the public and streamline the process.

Mrs. Wilsey reported the following mitigating measures that were taken at ILM:

- Created a dedicated Pre Check Lane at Security checkpoint
- Added a 2nd Ticket Document Checker (TDC) during peak periods and during off peak periods, pre check passengers are given priority over standard passengers.
- Educated the public to arrive 2 hours prior to departure as suggested by airlines

Mrs. Wilsey noted that the TSA reportable limit for the standard security lane is 45 minutes and to ILM's knowledge the standard lane has never exceeded the 45 minute limit. Mrs. Wilsey reported that there have been 2 mornings where there have been TSA equipment failures and passengers did miss their flights but both were fixed the same day.

Mrs. Wilsey noted that TSA is completing an analysis on ILM's x-ray machines to see if they are in the zone for replacement. Staff's point of view is that this equipment is critical and if it is down too much or has problems, staff needs to know when it is going to be replaced. The local TSA is working on a procedure for when one of those 2 lanes goes down, so they have an alternate measure by which they can screen people a little faster.

Mrs. Wilsey summarized that checkpoints are busy across the country; we need to continue to encourage pre check because it is available anywhere in the country; and educate the public to arrive at airports earlier.

Discussion followed regarding ways to keep the small airport feel and convenience during this growth period by looking more closely at the available options for improving the TSA checkpoint wait times between now and the completion of the terminal expansion project. Chairman Girardot directed the staff to look at ways to expand the TSA checkpoint area now and report back to the Authority at the August 1, 2018 meeting.

Mrs. Wilsey shared comments from JumpStart last month when she and Mr. Pickering met with all 3 of ILM's incumbent carriers. All three carriers expressed they are happy with their loads and yields at ILM.

UNFINISHED BUSINESS

None.

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NEW BUSINESS

None.

ADJOURNMENT

There being no further business to come before the Board, Chairman Girardot adjourned the meeting at 6:23 p.m.

Prepared by:

Rose M. Davis

Respectfully Submitted:

Thomas C. Barber, II, Secretary

Date of Approval: August 1, 2018