

**NEW HANOVER COUNTY AIRPORT AUTHORITY
AND
NEW HANOVER COUNTY BOARD OF COMMISSIONERS
JOINT MEETING MINUTES
June 6, 2019**

CALL TO ORDER

The New Hanover County Airport Authority met in joint session with the New Hanover County Board of Commissioners on Thursday, June 6, 2019, in the Executive Conference Room at Wilmington International Airport, 1740 Airport Boulevard, Wilmington, North Carolina.

Authority members present were, Donna Girardot, Chairman; Thomas Wolfe, Vice-Chairman; Thomas C. Barber, II, Secretary; Carter Lambeth; Harry Stovall; Spruill Thompson and Lee Williams. ILM staff present included Julie Wilsey, Airport Director; Gary Broughton, Deputy Airport Director; Robert Campbell, Finance Director; Carol LeTellier, Business Development Director; Granseur Dick, Planning and Development Director; Chief Gary Taylor, Operations Manager; Tamie Keel, Facilities Manager; and Rose Davis, Executive Assistant.

County Commissioners present were Jonathan Barfield, Jr., Chairman; Julia Olson-Boseman, Vice-Chairwoman; Patricia Kusek and Rob Zapple. Commissioner Woody White was absent. County staff present included Chris Coudriet, County Manager; Wanda Copley, County Attorney; Kymberleigh G. Crowell, Clerk to the Board; and Tim Buckland, Intergovernmental Affairs Coordinator.

Guests present included Steve Bright, Tom Goodwin, Zachary Piech, and Jason Thompson.

Authority Chairman Girardot and Commissioner Chairman Barfield called their respective boards to order at 8:15 a.m. for the purpose of hearing the Annual Report of the New Hanover County Airport Authority.

INVOCATION

Commissioner Barfield gave the invocation.

ANNUAL REPORT

Authority Chairman Girardot thanked the Commissioners for the informal opportunity to talk and brag about the fact that ILM is a self-sufficient organization that produces revenue for the County taxpayers.

Authority Chairman Girardot reported that this year has been another banner year for ILM with increased passenger load, larger aircraft, increased flights and destinations, and expanded business in the ILM Business Park.

Chairman Girardot updated the Commissioners on the current General Assembly session noting that NC airports have asked for \$75M in recurring funding for commercial airports, which was included in the House and Senate budgets and is now in conference committee. If the House

distribution list is used, ILM should receive approximately \$5.2M each year in the 2 year funding cycle.

On the Federal side, Chairman Girardot noted the House appropriations committee has passed the FY2020 Transportation HUD Appropriations budget and this Bill would provide full funding for the airport improvement program (AIP) at \$3.35B and an extra \$500M in general fund revenues specifically for additional AIP discretionary funds available to all airports.

Chairman Girardot introduced Airport Director, Julie Wilsey, and turned the floor over to her for the Authority Annual Report.

Mrs. Wilsey recognized that historically, June 6, 2019, the 75th Anniversary of D-Day, is a big day and noted that it is also a big day for ILM with the beginning of the busiest summer schedule ILM has ever had. This morning was the first and most successful launch of 9 aircraft and 750 people between 5:30 and 7:45 am. Mrs. Wilsey recognized the importance of the 50 ILM staff and employees, and the partner airlines, noting without them, this place wouldn't run efficiently.

Mrs. Wilsey noted staff cannot do what they do without the vision of the Authority, who keeps staff on track and keeps the big picture top of mind.

Mrs. Wilsey opened Annual Report with the results of the NCDOT Division of Aviation 2018 Economic Impact Study noting that ILM's economic impact is \$1.8B in business revenue and all 72 airports in NC impacted the state by \$52B. ILM had 100 based aircraft at the end of 2017 and currently has 104. Those aircraft, based in New Hanover County, pay ad valorem taxes to New Hanover County. ILM operations were higher than ever at 57,830 with \$66.8M state and local taxes paid.

Mrs. Wilsey reminded the Boards that ILM had the most passengers ever in 2018 at 934,058 passengers. ILM had double digit growth last year, over 11%, partly due to United and the additional capacity with American. ILM is still growing as of the first quarter, at 15%, but that growth will probably slow down a bit, to single digit growth. Mrs. Wilsey estimates it may be 2 years before ILM breaks that 1M passenger mark but ILM is preparing for it now.

Reporting on the 2019 summer schedule, Mrs. Wilsey noted it is ILM's best summer schedule on record with all 3 network carriers providing 310 destinations with just one stop. ILM has 8 non-stop destinations with 9 flights in the morning fleet launch. There are larger aircraft scheduled for CLT and ATL. Delta is offering its summer only non-stop to LGA for the third year and American is offering a summer only non-stop to ORD for the second year.

Mrs. Wilsey reported that airport operating income is up 16.6% over 2017 which is a record, with ILM parking revenue over \$400,000/month for several months. Mrs. Wilsey noted that our expenses are up because it takes more people to do what we need to do. Mrs. Wilsey reported that the key drivers for revenue are total passengers, parking and commissions.

Mr. Broughton updated the Boards on the \$60M terminal expansion project which is ongoing. Mr. Broughton noted that Contract 1, now complete, was a \$1.7M project funded by State

allocations, that upgraded the outbound baggage handling area. Contract 2, a \$9.3M project, funded by State allocations and local funds, which started in April 2019, will complete the outbound baggage handling area and expanded ticket lobby and airline offices. This project should be completed by June of 2020.

Mr. Broughton reported on the final phase of the terminal expansion, noting that Contract 3 is a \$40M project, funded through FAA, State and Airport reserves. This part of the project will add 80,000 SF of terminal space, expanding the TSA checkpoint, Gate Area, concession areas, baggage claim, and adding new boarding bridges, and airline operations areas. This contract is due to bid August 6, 2019 with a NTP of November 1, 2019 and completion by November 2022.

Mr. Broughton noted there are other projects also ongoing including the North GA Ramp Development, a \$1.8M project funded by NC STIP Grant; terminal roof replacement, a \$2.3M project partially funded by FEMA and PFC funds; and Hurricane Florence Rehab, which is approximately \$640K funded by FEMA & Insurance.

Reporting on general aviation, Mr. Broughton noted that Modern Aviation completed their first year as new owners of Air Wilmington and have also added 2 other US FBO locations. All American Aviation Services, working with Air Wilmington, opened a flight school and rented space in the ILM Flex Building, adding a new simulator in March 2019 and became an FAA 141 Certified Flight School in April 2019. Mr. Broughton noted that both of these organizations were instrumental during Hurricane Florence.

Mr. Broughton shared a graph of ILM's operations before, during and after Hurricane Florence, noting there was no inbound or outbound service for 3 days until ILM opened the airfield to emergency aircraft, then general aviation, and then finally commercial service resumed. ILM normally has about 159 operations per day. After the storm operations peaked at 560 on September 19th.

Mr. Broughton noted there was a lot of activity on the Air Wilmington ramp after the storm but we were unable to get fuel into Wilmington so fuel, particularly Jet A, was rationed out to maintain enough fuel to operate the airlines when they began service again.

A brief discussion followed regarding ILM's plan for the future regarding the fuel supply at the airport. Mrs. Wilsey reported that ILM is working with the County and Air Wilmington to look at short term and long term options in the event roads are impassable in the future but it may take several years to develop a final solution.

There was a short discussion regarding power loss at the airport during the storm and what ILM has done to insure that the airport generators will remain operational. There is also talk about coordinating generator replacements and purchases in the County from the same company to facilitate ease of repair and replacement of parts during emergencies.

Continuing the annual report, Mr. Broughton showed a graph of ILM's \$2.2M damages caused by Hurricane Florence, including damages to the main terminal, tenant buildings, perimeter fence, drainage mitigation and other ILM structures. ILM has been reimbursed \$259,491 to date

from insurance and FEMA for these damages and repairs. Discussion followed regarding timing of the balance of reimbursements from FEMA and insurance and the time frame for completion of the various repair projects.

Mrs. Wilsey continued the report with new tenants in the ILM Business Park, noting that the Flex Building is full, with leases executed on all of the spaces. The 2 newest tenants, still in the up fit phase, are Superior Mechanical Incorporated and Enterprise. Mrs. Wilsey noted the Flex Building will generate \$165,000/year for ILM. There were also 2 landside businesses that changed hands in 2018: Few Moves on 23rd Street at the airport entrance and Fat Cat Pottery who moved in on Blue Clay Road, generating revenue on buildings that were built and left to the airport. ILM is renting both the building and the land on those parcels, for a grand total of over \$300,000/year of revenue from the ILM Business Park.

With the 1M passenger mark on the horizon, Mrs. Wilsey reported that marketing began early in 2019 for an airport hotel. Staff is looking for someone to lease the land from ILM, build the hotel and operate it on a long term lease. The proposed hotel would be on Airport Blvd. on the traffic circle in the Business Park. The plan is for an 85-125 room hotel, full service with conference space and room service so that the tenants and airline crews can use it as a convenient place to stay overnight. A brief discussion followed regarding how prospective tenants feel about leasing the land versus purchasing it and it was noted it depends on the tenant.

Mrs. Wilsey reported on the other two concepts that staff is working on right now: a gas station/convenience store on Airport Blvd. and 23rd Street; and a large 134,000 SF distribution facility. We need some big warehouse storage facilities and with our Foreign Trade Zone, we think it is a great place for a developer to build a large building, lease the land and then help grow our community. Maybe it will have air cargo capabilities, maybe they will need our Foreign Trade Zone or maybe they just want to be close to the airport for connectivity. Any of these long term leases, a land lease with a major investment, will probably ask for more than 30 years on the lease so that would mean, if that happened, staff would need to come to the County Commissioners to extend the lease with the County and the airport so that ILM can honor that term in the lease.

Mrs. Wilsey noted that staff is also out in the community telling the good story of aviation at community meetings and with our marketing program. ILM was extremely successful last year in having good, front page news with above the fold headlines and front page photos. The ad value for those stories was worth about \$3.91M and they reached 423.14M people. Social media provided exposure to an additional 4.1K people. Mrs. Wilsey pointed out ILM's number one story of the year was July 11, 2018, "New Hanover County Airport Authority Appoints First Female Chairperson" (WECT TV6) which had a reach of 82K people. Another sweet story was "Hurricane Florence Couldn't Keep Airport Volunteer From His Post" (StarNewsOnline.com) that reached 73K people.

That is how we try to tell our story and remind this community that we are here for economic development and to improve their quality of life. It is really important that we tell that story as often as we can to remind people of the value of aviation.

Mrs. Wilsey closed noting that things are moving in the right trajectory and 2019 will be another year of record passengers. We know we are having record parking with the lots full earlier in the week and revenue continues to be strong. The 141 Flight School and simulator are here and growing pilots to combat the pilot shortage. Tenants are growing in the business park. We have the \$60M terminal expansion and we are doing everything we can to be prepared for that 1M passenger mark.

Mrs. Wilsey pointed out ILM's new logo should be the only logo seen for ILM after July 1, 2019 and noted that the media campaign for ILM's new brand identity won an award given by the Airports Council International-North America.

Discussion followed about the impacts of rideshare companies like Uber and Lyft on parking at the airport and ILM's Ground Transportation Master Plan which is starting June 26.

ADJOURNMENT

There being no further business to come before the joint session, Chairman Girardot and Chairman Barfield adjourned the joint meeting at 8:58 am.

Prepared by:

Rose M. Davis

Respectfully Submitted

Thomas C. Barber, II

Approved: July 10, 2019