

**NEW HANOVER COUNTY AIRPORT AUTHORITY
REGULAR MEETING
November 6, 2019**

CALL TO ORDER

The New Hanover County Airport Authority met on Wednesday, November 6, 2019, at Wilmington International Airport, 1740 Airport Boulevard, Wilmington, North Carolina. Chairman Girardot called the meeting to order at 5:01 p.m. and led the Pledge of Allegiance. Chairman Girardot asked Authority members if they had any conflict of interest pursuant to the Authority's Code of Ethics statement. No conflicts of interest or potential conflicts of interest were identified.

Airport Authority members present were: Donna Girardot, Chairman; Thomas Wolfe, Vice Chairman; Harry W. Stovall, Secretary; Carter T. Lambeth, Julia Olson-Boseman, and Spruill Thompson. Also present were Julie A. Wilsey, Airport Director; Gary Broughton, Deputy Director; Robert Campbell, Finance Director; Carol LeTellier, Business Development Director; Granseur Dick, Planning and Development Director; Rose Davis, Executive Assistant; and Kemp Burpeau, Deputy County Attorney.

Lee Williams was absent from this meeting.

Guests present included Steve Bright and Eric Stumph, Talbert & Bright, Inc.; Chris Birkmeyer, AVCON; Zachary Piech, Adrienne Cox, Tom Goodwin, Nick Loder and Tony Wright.

APPROVAL OF MINUTES

The Authority has reviewed the minutes of the meeting on October 2, 2019. Mr. Wolfe MOVED, SECONDED by Mrs. Olson-Boseman to approve the minutes of the October 2, 2019 Airport Authority meeting as submitted. Upon vote, the MOTION WAS APPROVED. Mr. Williams was absent.

PUBLIC COMMENTS

None.

AIR SERVICE CONSULTANT PRESENTATION

Mrs. Wilsey introduced ILM's new air service consultant, Oliver Lamb, with Ailevon Pacific Aviation Consulting (APAC) and turned the meeting over to Mr. Lamb for presentation on APAC's strategy for ILM's air service going forward.

Mr. Lamb was able to present information from DOT as current as June of 2019 due to the delay, caused by Hurricane Dorian, in his presentation which was originally scheduled for September. Mr. Lamb shared the key questions that APAC answered in order to best serve ILM: 1) how big is the Wilmington catchment area?; 2) how big can ILM be?; and 3) how do we convert the passion that the ILM team, Airport Authority, County Commissioners, and APAC have for this airport into real results?

Mr. Lamb noted that APAC did extensive research to determine that ILM's catchment area is bigger than originally thought, with ILM having an actual potential to reach 1.2M residents with

significant room to grow.

Mr. Lamb reported that New York City and Chicago, including all co-market airports, are ILM's top destinations, with Boston, South Florida and Newark being ILM's largest unserved destinations. The lack of non-stop service to Boston, our biggest unserved market, and Newark are a key reason for leakage to our competitor airports.

Mr. Lamb pointed out that fares out of ILM are consistently higher than those of our competitor airports which also leads to customer leakage and noted that the way to bring those fares down would be to attract a low cost or value oriented carrier to help diversify the airline market share at ILM. Without a low cost carrier ILM's fares will continue to remain high.

Using a slide for comparison, Mr. Lamb shared that ILM is one of the fastest-growth markets among our peer airports with 15.1% growth from June 2018 to June 2019 noting that RDU and Myrtle Beach are the slowest growing airports in that peer group. Mr. Lamb noted that ILM is the only airport on this list of 10 airports without a low cost carrier and it is an incredible achievement for ILM, with airfares as high as ours, to have grown that quickly without the benefit of low cost carrier competition. Mr. Lamb noted this growth is primarily due to ILM having chosen the right markets to develop – DC, Chicago and Dallas-Fort Worth.

Mr. Lamb summarized ILM's priorities as follows: 1) Strengthening our core by making sure our existing services work as well as they possibly can, by keeping our flights full, year round, keeping the airlines profitable, providing passengers the right frequency, schedule and season to get to and from their destination; 2) Diversifying our base by strategically targeting value-oriented carriers in a sustainable way to make ILM more attractive to value-oriented customers; 3) New market priorities with Boston, Newark and South Florida and working with our airlines to bring these opportunities to ILM; and, 4) Long term potential in Denver, Los Angeles and Orlando.

FACILITIES & TERMINAL EXPANSION

Mr. Dick recommended the approval of the following item:

Terminal Expansion – Contract 3 (FAA AIP, PFC, State, General) – Award to Monteith Construction Company for Construction of the Terminal Improvements Project, Contract 3, for \$45,728,592, contingent upon FAA approval of the contract and Buy America Act documentation and clarification of lighting cost reduction items. This award includes Base Bid Schedule 1 (\$33,598,486), Base Bid Schedule 2 (\$10,130,106) and a \$2M contingency which will be returned back to the airport if unused. Staff has identified multiple funding scenarios to verify financial capacity to begin this project, including multi-year FAA Entitlement grants, PFC revenues, ILM reserves, and potential State and FAA Discretionary grants with a County supplied loan to assist in project expense cash flow during construction.

Mr. Campbell took this opportunity to review a summary of Contract 3 costs, project goals, funding sources and potential issues with timing of receipt of funds and the effects that will have on additional airport projects. Discussion regarding potential future discretionary funds, ILM reserves and financing from New Hanover County followed.

Mr. Dick reviewed for the Authority the negotiation process with Monteith and the modifications that were made to Schedule 1 and Schedule 2 due to the negotiations and the timing needs of the project.

Following discussion, Mr. Stovall MOVED, SECONDED by Mr. Thompson to approve the award of Contract 3 to Monteith Construction Company as recommended above. Upon vote, the MOTION WAS APPROVED. Mr. Williams was absent.

Mr. Dick updated the Authority on the plans, proposed by the TSA, to add a third checkpoint in spring of 2020 in the existing space instead of waiting until that part of the project is reached in the terminal expansion project. This project is still under review by TSA and staff could be asking for a work authorization in December to cover the design services for this and for bid package preparation to be bid out separately for this construction. Mrs. Wilsey pointed out there will be sacrifices involved in this project, noting it is a temporary solution and staff is trying to minimize the cost, but it is important to have a third lane to handle our increased passenger numbers and for backup in the event of equipment failure.

Mr. Dick shared a video with the Authority of the immediate aftermath of the fire and resulting power outage due to a delivery driver hitting the transformer at the loading dock on October 22nd. ILM was without line power until Friday evening, October 25th. ILM will be working with the delivery company for payment and reimbursement for any costs related to this incident.

Mr. Dick reported that Monteith was the low bidder for Hurricane Dorian repairs and they have started on those repairs with the intention to have those complete in advance of the Thanksgiving holiday traffic.

Mr. Dick noted that staff has been provided a draft of the preferred alternatives of the Transportation Study for review with the intention to present the results to the Authority at the December meeting.

FINANCE & HUMAN RESOURCES

Mr. Campbell reviewed ILM's September financial summary, financials and cash summary. Mr. Campbell reported revenues above \$1M for the third month in a row, driven by parking, which was above \$400,000 for the second month in a row. Commissions continue to be high. Mr. Campbell noted expenses were up again but well within budget. Mr. Campbell noted it was difficult to compare to September of 2018 numbers since those were affected by Hurricane Florence.

Mr. Campbell recommended the approval of the following items:

- a) **Two (2) new Operations Specialist positions in an amount NTE \$83,000.00** – The positions are necessary to perform duties that include Found Property Management, Daily and Quarterly Taxi Inspections, Escorts, Perimeter Checks, Wildlife Checks, Airfield Inspections, and Terminal Curb Traffic Control. The Operations Specialists are cross trained for the scheduled coverage of dispatch duties as well as covering vacation and sick time for dispatchers. Mr. Wolfe MOVED, SECONDED by Mr. Lambeth to approve the two (2) new Operations Specialist positions as recommended. Upon vote, the MOTION WAS APPROVED. Mr. Williams was absent.

- b) **Purchase of a Ford F-150 Supercrew Truck from Ashville Ford for an amount not to exceed \$36,000.00** – This purchase will be made under State contract pricing. This item was included in the FY20 capital budget. Mr. Wolfe MOVED, SECONDED by Mr. Thompson to approve the purchase of a Ford F-150 Supercrew Truck as recommended. Upon vote, the MOTION WAS APPROVED. Mr. Williams was absent.
- c) **Approval of Robert Campbell and Granseur Dick to act as the Authority’s agents with regards to FEMA claims related to Hurricane Dorian** –Mrs. Olson-Boseman MOVED, SECONDED by Mr. Lambeth to approve the Resolution: Designation of Applicant’s Agent” as recommended. Upon vote, the MOTION WAS APPROVED. Mr. Williams was absent.

Mr. Campbell, referencing the Terminal Expansion funding and financing with New Hanover County, noted the County will be starting the issuance process at their November 18 meeting and will complete the process at their December 2nd Commissioners meeting. ILM staff will have the Interlocal Agreement available for review and signature at the December 4 Authority meeting.

Mr. Campbell provided the Authority a copy of the Audit update and the Governance letter, and briefly reviewed the results noting Cherry Bekaert will be at the December Authority meeting to discuss their findings.

BUSINESS DEVELOPMENT

Ms. LeTellier reminded the Authority that the Cape Fear Fair and Expo is open on the ILM campus until November 10th.

Ms. LeTellier advised the Authority that the North Parking Lot is now open and on the website adding about 150 additional parking spaces.

Ms. LeTellier reported that Enterprise Holdings has finally opened their offices in the Flex Building and showed pictures of their leasehold.

Reporting on an add-on items, Ms. LeTellier updated the Authority on discussions with New Hanover County about demolition of the old County building on Hewlett Drive and the garage facilities that are there. The building was damaged by Hurricane Florence and the County wants to build a new facility over by the rental car facilities and will be putting out an RFQ for space needs to consolidate about 8 different buildings. This project should come into play after the first of the year.

Ms. LeTellier shared that the Greater Wilmington Business Journal has a new business journal initiative called the WilmingtonBiz 100. The Journal editorial staff selected the list and ILM has 2 people from our Board and Director staff, Donna Girardot and Julie Wilsey, in the Top 100 and they will be highlighted in the December issue of the WilmingtonBiz magazine and will be honored at a private event for the Top 100.

GOVERNMENT

Mrs. Girardot reported that the General Assembly passed a mini transportation bill which had the airport money in it: \$5.1M for the next 2 years. The good thing is that this is recurring funding.

Mrs. Girardot reported the news from Washington that there is extra money for airport infrastructure projects, for regular AIP and the FAA contract tower program. This is currently held up by a potential government shut down. They are working on a continuing resolution that will require action by November 21st, otherwise there will be another furlough.

OPERATIONS & GENERAL AVIATION

Mr. Broughton reviewed the total revenue passengers, fuel costs and fuel flowage for September 2019.

DIRECTOR'S REPORT

Mrs. Wilsey recapped the chain of events surrounding the transformer damage and power outage and employees, tenants and staff's excellent handling of that situation. Duke Power and Monteith Construction were also very proactive during the outage. Mrs. Wilsey reported that during the final day of the power outage, the TSA x-ray machine went down, which led to a challenging Friday morning fleet launch. Line power was restored at approximately 7:45 pm on Friday.

Mrs. Wilsey reported on the ILM Heart Walk team and Rose Davis' receipt of the Heart Healthy Lifestyle Award. Mrs. Wilsey also noted that the United Way campaign would also kick off on November 19th & 20th.

Mrs. Wilsey updated the Authority on the creation of the NCAA Will Plentl Award to honor former ILM Airport Director Will Plentl. This award will be presented to a North Carolina Airport Professional of the Year annually at the NCAA Annual Conference. The first award will be presented in April 2020 and a traveling trophy will be presented each year as it is awarded to different professionals. It is a great way to honor his memory and his dedication to aviation in NC.

Mrs. Wilsey presented the 2020 Authority Meeting Schedule for review and noted that it would be posted on the ILM and New Hanover County websites.

Mrs. Wilsey reviewed the calendars for November 2019 – January 2020.

UNFINISHED BUSINESS

None.

NEW BUSINESS

None.

CLOSED SESSION

Chairman Girardot called for a motion for the Authority to enter into a closed session to consult with an attorney regarding a matter of potential litigation pursuant to G.S. § 143-318.11(a)(3).

Mr. Thompson MOVED, SECONDED by Mr. Wolfe to enter into closed session. The MOTION CARRIED. Mr. Williams was absent.

All guests were asked to leave the conference room at this time. Remaining during the closed session were all Authority members, with the exception of Lee Williams, who was absent; the

Deputy County Attorney, and ILM administrative staff. The Authority went into closed session at 6:26 pm.

OPEN SESSION

The Authority returned to OPEN SESSION at 6:42 p.m. Chairman Girardot reported that the Authority has completed its consultation with attorney regarding a matter of potential litigation.

No action was taken during closed session.

Mr. Lambeth MOVED, SECONDED by Julia Olson-Boseman for the Authority to authorize the Chairman to notify Live Oak Bank that they are in noncompliance with the terms of their Corporate Hangar lease, as well as operating counter to FAA compliance standards. According to the FAA, they (Live Oak Bank) are prohibited from accommodating customers that should be serviced by the FBO. Should this practice by Live Oak Bank continue on their leasehold, Air Wilmington has grounds for filing an informal complaint against the airport. Therefore, effectively immediately, Live Oak Bank shall refrain from parking visiting aircraft on the Live Oak Bank leasehold. The MOTION CARRIED. Mr. Williams was absent.

ADJOURNMENT

There being no further business to come before the Board, Chairman Girardot adjourned the meeting at 6:45 pm.

Prepared by:
Rose M. Davis

Respectfully Submitted:

Harry W. Stovall, Secretary
Date of Approval: December 4, 2019