

**NEW HANOVER COUNTY AIRPORT AUTHORITY
REGULAR PUBLIC MEETING
February 4, 2015**

CALL TO ORDER

The New Hanover County Airport Authority met on Wednesday, February 4, 2015, at Wilmington International Airport, 1740 Airport Boulevard, Wilmington, North Carolina. Chairman Perritt called the meeting to order at 5:03 p.m.

Airport Authority members present were; John Perritt, Chairman; Jonathan Crane, Vice-Chairman; Tom Barber, Secretary; Donna Girardot, Carter Lambeth and Thomas Wolfe. Also present were Julie Wilsey, Airport Director; Jim Morton, Finance Director; Gary Broughton, Operations Director; Whitney Prease, Facilities Director; Rose Davis, Executive Assistant; Wanda Copley, New Hanover County Attorney; and Steve Bright and Amy McLane, Talbert & Bright, Inc.

Dan Hickman was absent from this meeting.

Guests included Aldo Baldessari, Hal Reichardt, Hank Jones, and Chief Gary Taylor.

APPROVAL OF MINUTES

The Authority has reviewed the minutes of the Regular Public Meeting on January 7, 2015. Mr. Lambeth MOVED, SECONDED by Mr. Barber, to approve the minutes of the January 7, 2015 Regular Public Meeting as submitted. Upon vote, the MOTION WAS APPROVED UNANIMOUSLY. Mr. Hickman was absent.

PUBLIC COMMENTS

None.

SPECIAL EVENTS

Chairman Perritt reminded everyone Aviation Day is tentatively scheduled for October 10th and the kickoff meeting of the committee is February 5th at 10:00 am. Mr. Morton advised the Authority that staff is working on the agreement for the Circus during the Azalea Festival.

FINANCE REPORT

Mr. Morton reviewed ILM's December 2014 financials, cash report and summary of accounts.

Mr. Morton recommended the renewal of Segar's (Ron's Fireside Shop-2500 Blue Clay Rd.) lease for five years with a five year option. The monthly rate is \$2,427.35 with a 3% annual escalation. Mr. Barber MOVED, SECONDED by Mr. Wolfe to approve the renewal of the lease with Ron's Fireside Shop. The MOTION WAS APPROVED UNANIMOUSLY. Mr. Hickman was absent.

Mr. Morton recommended approval of a new lease with Global Aviation Services (Old Thrifty Rental Facility) for one year. The monthly lease rate is \$520 with 3% escalation if renewed month to month. Mr. Lambeth MOVED, SECONDED by Mr. Wolfe to approve the lease with Global Aviation Services. The MOTION WAS APPROVED UNANIMOUSLY. Mr. Hickman was absent.

Mr. Morton recommended approval of a new lease with Dynasty Motors (2201 Blue Clay Rd) for a five year lease with a five year option. The monthly lease rate is \$4,000.00 with 2 1/2% annual escalation. ILM's up-fit for the new tenant is approximately \$20,000.00. Mr. Lambeth MOVED, SECONDED by Dr. Crane to approve the lease with Dynasty Motors as recommended. The MOTION WAS APPROVED UNANIMOUSLY. Mr. Hickman was absent.

Mr. Morton recommended approval of a new five year lease plus five year option with Battle House (1817-A Hall Drive). Estimated up-fit costs are approximately \$138,000 which include \$68,000 for Newcomb and Company for HVAC and \$45,000 for electrical contractor repair costs (contractor to be selected). The rate will adjust based on actual up-fit expenses. Lease will require Authority support of Special Use Permit request. Mr. Barber MOVED, SECONDED by Mr. Lambeth to approve the lease with Battle House as recommended. After some discussion, the MOTION WAS APPROVED UNANIMOUSLY. Mr. Hickman was absent.

Mr. Morton reported to the Authority that the lease with Mountain Air Cargo has been finalized since the January meeting.

Mr. Morton advised that staff has started the budget process which will be brought to the Authority in draft form on April 1st for review and comments. The Authority will then approve the draft budget for 30 day public review at the May 6th meeting with the final budget approval by the Authority at the June 3rd Authority meeting. The FY16 budget starts July 1, 2015.

FACILITIES

Mr. Prease recommended approval of a work authorization on airfield lighting vault modifications with Talbert & Bright for Design and Bidding Services and Subconsultant Electrical Engineering Services. The lump sum fee for Design and Bidding Phase Services shall be \$14,800.00. The lump sum fee for Subconsultant Electrical Engineering Services will be \$16,874.00 with the maximum cost being \$31,674.00. Mr. Lambeth MOVED, SECONDED by Mr. Barber to approve the work authorization with Talbert & Bright. The MOTION WAS APPROVED UNANIMOUSLY. Mr. Hickman was absent.

Mr. Prease advised the Authority that the FAA is scheduled to do a flight check for the RWY 6 glideslope and the RWY 17 PAPIs and REILs on February 10th and 11th.

Mr. Prease updated the Authority on the recent visit to the Memphis Airport Division Office (ADO) by Talbert & Bright and thanked Steve Bright and Amy McLane for an outstanding presentation. Mrs. McLane reported that they had the undivided attention of the Manager and three of his staff for the afternoon, stating their primary focus was to confirm that the ADO was in agreement with the scope of work for the North Ramp GA projects planned for this year and to get a funding commitment from them.

Mrs. McLane stated the four components of the projects planned are: 1) rehabilitate the North Ramp concrete; 2) expand the Ramp into the location of the Piedmont Hangar; 3) construct storm drainage infrastructure for hangar and taxiway development in the future; and 4) relocate the outfall for the apron that is there today to enable us to fill in the ditch that bisects that future hangar development area.

Mrs. McLane reported the ADO was in agreement with the work scope but they have been

signaling that they may not have enough discretionary funds this calendar year to fund everything at once so we wanted to get a commitment from them, that if they funded the high priority project this year, that the other projects will get funding next year and the ADO did commit to this so it was a very successful visit.

Mrs. McLane advised that the ADO wants ILM to update the Airport Layout Plan Drawings within the next year.

Mr. Prease reported that the ADO was very impressed with the presentation made by Talbert & Bright, and she stated that their presentation exceeded the standards.

Mr. Lambeth asked if it would be beneficial to contact David Rouzer to help with funding projects. Mrs. Wilsey reported that Mr. Rouzer's new Deputy District Director, Chance Lambeth, visited last week. Also, next month the NC Airport Directors are in Washington for the AAAE Conference and they will make a consolidated presentation to all elected officials with important issues, such as AIP funding, highlighted.

Chairman Perritt commented on the Observation Area improvements and encouraged the Authority to go by and see it. He asked staff to consider making some paths to the tables for ease during wet weather.

GOVERNMENT

Mrs. Girardot updated the Authority on the recent State of the County Address and a recent article regarding legislation introduced by Chris Millis, Pender County Representative, to constrict the powers of public bodies' rights to exercise their authority for immanent domain.

In response to Chairman Perritt's inquiry, Mrs. Girardot reported that this legislation would impact the Authority, as written, through the County. Discussion followed about historical and potential use of eminent domain by the Authority.

Mrs. Wilsey reported on the recent meeting of the NC Aviation Task Force at ILM where they worked on four major issues: 1) recruiting military service members to aviation jobs; 2) revamping the grant process with NCDOT Aviation; 3) funding; and 4) reinvesting in the aviation system.

Mrs. Wilsey provided information on a counter proposal, prepared by 12billion.org, to the information shared last month from Tracy Montross of American Airlines, on behalf of the airlines regarding jet fuel sales tax so that the Authority is aware of both sides of the issue. Mrs. Wilsey stated that the Aviation Task Force is looking at the fuel sales tax income received by the State and its potential to be reinvested in the aviation system.

Mrs. Wilsey updated the Authority on upcoming events including the AAAE Conference in Washington, DC and the NCAA Legislative Day in Raleigh, NC and encouraged Authority members to attend the Legislative Day event.

Chairman Perritt commented he attended a portion of the Aviation Task Force meeting and received positive feedback on the conference room, ILM's facilities, and he was asked how we were able to coordinate Air Force 3 2 (*Corrected 3/4/15*) touch and go's during the meeting.

MARKETING AND PUBLIC RELATIONS

Mr. Morton shared photos of the new information boards at the Observation Area. Dr. Crane commented on the rusty fence in the Observation Area and asked that staff spray paint it.

Mr. Morton reported to the Authority that ILM can now accept credit card payments through the website and that website traffic has increased by 34% over this time last year with an increase of 48% new visitors.

Chairman Perritt shared that the Chamber of Commerce has developed an App for consumers to use when researching the community and asked that Mr. Morton check to be sure that ILM has a link in that App.

PLANNING & DEVELOPMENT

Mr. Morton, using a slide show for illustration, shared with the Authority a proposal he received from the investor in a joint venture with Air Wilmington to construct 10 T-hangars on Air Wilmington's leasehold. Mr. Morton reported that the total project investment would be \$1,110,880 and the investor is requesting the Authority to invest \$463,844 in asphalt infrastructure.

Mr. Morton explained that the area in question is under the leasehold of Air Wilmington and Air Wilmington is responsible for it and ILM has no contractual agreement to maintain that asphalt. Mr. Morton reported that the Finance and Planning & Development Committees couldn't see any return on the investment for ILM since it is under a current leasehold, other than to add capacity to the field for new hangars.

Discussion followed regarding the current use and condition of the asphalt, lack of return on this investment, Air Wilmington's leasehold obligations, and staff's recommendation. Mr. Lambeth MOVED, SECONDED by Dr. Crane that the Authority decline this proposal as submitted. Following further discussion, the MOTION WAS APPROVED UNANIMOUSLY. Mr. Hickman was absent.

Mr. Morton recommended listing a 984SF facility with Environments Unlimited Commercial Real Estate to market the facility at a commission rate of 7% per previous agreements. After some discussion, Mr. Lambeth MOVED, SECONDED by Mr. Wolfe to approve the listing with Environments Unlimited Commercial Real Estate as recommended. The MOTION WAS APPROVED UNANIMOUSLY. Mr. Hickman was absent.

Mr. Morton, using a slide to illustrate land owned or being acquired by ILM adjacent to the airport, reported recent negotiations with a land owner to purchase 2507 and 2503 Old Wrightsboro Road for \$90,000 for both parcels and recommended the Authority approve the purchase of these properties for \$90,000. Mr. Morton clarified that this purchase would be made with PFC funds. Mr. Barber MOVED, SECONDED by Dr. Crane to approve the purchase of 2507 and 2503 Old Wrightsboro Road as recommended. Discussion followed regarding the number of properties acquired to date, the number of properties remaining to purchase and developing a better relationship with the land owners adjacent to the ILM property. The MOTION WAS APPROVED UNANIMOUSLY. Mr. Hickman was absent.

Using a slide show for illustration, Mr. Morton reported to the Authority further information

regarding the possibility of ILM investing in hangars on the eastside providing preliminary layouts and cost estimates for the three phases of the project. Discussion followed regarding surrounding area hangar rental rates, demand, return on investment, effect on current FBOs, and how to best promote general aviation at ILM.

Mr. Barber encouraged staff to look into information received from Tom Goodwin regarding surrounding area hangar rental rates and Chairman Perritt indicated he would like to know the date the price was quoted and what type of hangar it references.

OPERATIONS REPORT

Using charts for illustration, Mr. Broughton reported total passengers handled, seats available and customs traffic for January 2015.

Mr. Broughton advised the Authority that the LGA service is coming back effective February 12th when American adds their second daily flight with two flights, one at 10:55 am and one at 5:53 pm, and then on June 5th, Delta will add an early morning departure to LGA at 6:00 am which comes in at 11:09 pm the night before, which brings us back up to three flights a day. These flights are currently on their websites for sale and their prices were \$1.00 apart with US Airways was \$331 roundtrip and Delta was \$330 roundtrip.

Mr. Barber asked if that information was posted on our website and Mr. Broughton stated staff just found out today but would get that information out that we will be back to 3 daily flights to LGA.

Mr. Broughton shared with the Authority how proud Kenny Smith was to receive the commendation letter from the Authority for his handling of the diversion in December. Mr. Barber asked if we could put a press release out about the LGA service.

Chairman Perritt stated that he heard twice today that the lower fuel price is not dramatically changing the general aviation activity and asked Mr. Baldessari, from AviatMall, if they had seen an increase in sport flying with the lower fuel prices. Mr. Baldessari stated they have not but noted this is also the slowest time of the year so it is hard to measure right now.

Dr. Crane stated that on jet fuel, ILM is in the green as of the meeting date and with 100 LL, ILM is in the orange and indicated that this month has been the first month that we've had competitive fuel prices since he has been on the Authority. Every single day of January ILM has been either green or yellow and mostly green.

Mr. Broughton turned the meeting over to Chief Gary Taylor for a presentation on FAR Part 139 at ILM and how staff adheres to it. Mrs. Wilsey pointed out our inspection is in April and staff wants the Authority to be aware of what things that maintenance and PSO do in preparation for this inspection.

Chief Taylor gave an overview of the Operations Department stating that there are 20 people in Operations, plus two auxiliary officers. These include nine Public Safety Officers, five full time Firefighters, four Dispatchers and two Operations Specialists. Everyone in this department plays a major role in Part 139, as well as the maintenance department to make repairs.

Chief Taylor identified the four parts of FAR Part 139 – General, Certification, Airport Certification Manual, and Operations and explained the importance of the Airport Certification Manual, personnel training and aircraft rescue.

Chief Taylor pointed out that for aircraft rescue ILM is required to have one truck with 1,500 gallons of water, 200 gallons of foam, and an auxiliary agent. ILM has two trucks which prevents ILM from going below the ARFF index.

Chief Taylor reviewed the different Alert levels; the required response time of under three minutes during the Part 139 inspection; and the various manuals and records required to have updated and available for the inspector.

Dr. Crane stated he was amazed at how ILM staff operates with nine PSOs and encouraged staff to ask the Authority if they need more funds for personnel stressing that there is nothing more important than public safety. Chief Taylor indicated that ILM is covered with the existing nine officers but that things are always changing. Chairman Perritt reiterated what Dr. Crane said and pointed out that he noticed on the financial reports that overtime is high but he wants staff to make sure we have enough people to do the job. Mr. Morton pointed out that some of the overtime was due to turnover and filling in when personnel leave.

DIRECTOR'S REPORT

Mrs. Wilsey provided an update from her recent Routes conference reporting that the airlines are going to keep their cost structure the same, even though fuel prices are down now, so that if the prices rise again, they won't lose money. The airlines are using increased revenue to reinvest in their equipment and their crews and there may be some capacity increase in CY 2016 but right now they are seeing an issue with pilot and crew shortage and this effects scheduling new flights.

Mrs. Wilsey reported on the meeting with United. The planner indicated that ILM is on the watch list for Chicago service but he indicated they aren't adding new capacity until 2016 due to fleet changes. United will evaluate select markets where they can extend their brand where they are going to make the most money for the investment of equipment and crew.

Mrs. Wilsey stated the meeting with American, which is our predominant carrier, went well. They noted our strong yield with CLT, PHL and LGA and that is why ILM was awarded the second flight to LGA. American will be watching those numbers going forward. There is hope in CY 2016 that American will have additional capacity in both IAD and DFW due to the rehugging ILM is on their watch list for ORD and DFW.

Mrs. Wilsey advised there were also meetings with several charter companies that were very positive. While staff did not meet with Delta at the conference, there is hope of a headquarters meeting in the future.

Mrs. Wilsey reported to the Authority that the contract for aviation consulting ends in June and staff sent out RFPs for aviation consulting services to the same vendors that were previously evaluated. Staff will review and present a recommendation to the Authority before May.

Mrs. Wilsey shared feedback from the Air Service Focus Group where GE reported they had a travel moratorium in 2014 yet they still spent in excess of \$2M flying through ILM. Their staff

is working to see what their projections are for 2015. PPD commented about the American brand and how happy they are with the customer service, benefits and corporate culture they are getting for their employees traveling most weeks of the year.

Mrs. Wilsey updated the Authority on the Food Truck program stating we are only a few weeks in and have three vendors: Red Food Trailer, Catch and PT's. The vendors say they have fed anywhere from 50 – 80 people during lunch and Catch sold out the day there were on site.

Mrs. Wilsey recognized Tom Barber's and Tom Wolfe's birthdays.

Mrs. Wilsey congratulated Mr. Broughton on his being promoted from Secretary to Vice President of the NCAA, starting in June, which means he will be the planning chairman for the 2016 conference for the NCAA. We hope that he can help secure that conference for Downtown Wilmington and the new convention center.

UNFINISHED BUSINESS

None.

NEW BUSINESS

Chairman Perritt reported to the Authority that American Airlines ratified a new contract last week giving pilots a 23% increase.

Chairman Perritt complimented Air Wilmington for hosting the New Hanover Regional Medical Center Foundation Gala in the hangar and stated they did a great job. The parking was at customs. Visitors went through the customs building and were bused into the back of the hangar and the beauty of it is that we had a lot of people walk through the customs building that didn't have any idea that ILM had such a nice customs facility.

Chairman Perritt shared a comment from WBD asking if staff could put up signage at customs identifying to the arriving planes and passengers that they are in Wilmington, NC and welcoming them to the area.

ADJOURNMENT

There being no further business to come before the Board, Mr. Lambeth MOVED, SECONDED by Mr. Barber to adjourn. Upon vote, the MOTION WAS APPROVED UNANIMOUSLY. Mr. Hickman was absent.

Chairman Perritt adjourned the meeting at 6:50 p.m.

Prepared by:

Rose M. Davis

Respectfully Submitted:

Thomas C. Barber, II, Secretary

Date of Approval: March 4, 2015