

**NEW HANOVER COUNTY AIRPORT AUTHORITY  
REGULAR PUBLIC MEETING  
May 6, 2015**

**CALL TO ORDER**

The New Hanover County Airport Authority met on Wednesday, May 6, 2015, at Wilmington International Airport, 1740 Airport Boulevard, Wilmington, North Carolina. Chairman Perritt called the meeting to order at 5:02 p.m.

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

Guests present included Steve Bright and Amy McLane, Talbert & Bright, Inc.; Bill Cherry, Hal Reichardt, Tom Goodwin, Desmond McRae and Chief Gary Taylor, Operations Manager.

**APPROVAL OF MINUTES**

The Authority has reviewed the minutes of the Regular Public Meeting on April 1, 2015. Mr. Lambeth MOVED, SECONDED by Mr. Hickman, to approve the minutes of the April 1, 2015 Regular Public Meeting as submitted. Upon vote, the MOTION WAS APPROVED UNANIMOUSLY.

**SPECIAL EVENTS**

None.

**FINANCE REPORT**

Mr. Morton reviewed ILM's March 2015 financials, cash report and summary of accounts.

Mr. Morton recommended the approval of the proposed \$7,634,674 Operating budget and the \$19,682,500 Capital budget for FY2016 for public review. There was some discussion and clarification about how the money market account is invested and the pooling method. The motion was made by the finance committee, SECONDED by Mr. Lambeth to approve the proposed FY2016 budget for public review. The MOTION WAS APPROVED UNANIMOUSLY.

Mr. Morton recommended the lease of the former Tailwind building and adjacent concrete pad on Trask Drive to Atlantic Coast Fuels and Lubes. The facility is 984 sq. ft., to be leased at \$8/sq. ft., and the adjacent land is 4700 sq. ft., to be leased at 37.6¢/sq. ft. This would be a 3 year lease at \$800/month. After some discussion, Mr. Lambeth MOVED, SECONDED by Mr. Hickman to approve the lease with Atlantic Coast Fuels and Lubes. The MOTION WAS APPROVED UNANIMOUSLY.

Mr. Morton reviewed information items from the agenda and reported that revenue continues to be strong with parking lot revenue up 6.3%. Mr. Morton shared that the increase in short term parking, which started in January, has had little effect on pushing people into long term parking, as predicted. There is another adjustment proposed for July which should remedy the overflow

issues in short term parking on Tuesday and Wednesday. Mr. Morton reported that the rental car companies are doing well. In March they had a 9.3% increase over last March and the rental cars appear to be on course to break \$10M in sales this year.

Chairman Perritt thanked all Authority members and staff for attending the Dynasty Motors Open House.

### **FACILITIES**

Mr. Prease updated the Authority on information items from the agenda reporting that the contractor received permits to proceed with the observation area project. Mr. Prease advised that the North Ramp GA Rehabilitation project design is 90% complete and the public bid should be taken in July 2015. Using a slide show, Mr. Prease updated the Authority on the progress of the RWY 24 Ditch Project, indicating that the project is currently ahead of schedule.

Mr. Barber initiated discussion regarding the timing of the North Ramp Rehabilitation and the upcoming golf tournament in 2017 and the possibility of having all work completed before the tournament date. Mr. Prease responded that a lot depends on funding and that the goal is to complete everything by 2017 and this has been discussed with the FAA. Mr. Barber asked if there was a way to get ahead of the FAA and go ahead and do the work and be reimbursed by the grants later and Mrs. Wilsey stated that would be a conversation to have with the FAA at this time next year to make sure that whatever we front the money for, it is eligible for reimbursement.

Mr. Prease reported that NCSU has installed all of the storm water testing equipment at the two locations for the State Storm Water Grant project and that testing will start in May 2015 and continue for 18-24 months.

### **GOVERNMENT**

Mrs. Girardot stated that she heard from several Commissioners that they were pleased with the breakfast and Annual Report on April 29<sup>th</sup> at ILM.

Mrs. Girardot updated the Authority on the status of Senate Bill 541, otherwise known as the Uber Bill, referring to talking points included in the agenda. Mrs. Wilsey reported that she and Mike Landguth met with Senators Rabon and McKissick to discuss the Bill; safety issues; the complexity of grant assurances; and, insuring that language is included in the Bill that allows airports to charge fees and regulate Uber. Discussion followed about how you would be able to identify and regulate an Uber driver and the technology involved.

Mrs. Girardot reported that the House passed a Bill this week which will be called the Regulatory Integrity Protection Act which will defer the EPA and Corps of Engineers from doing any more regulation than what they currently are. When this gets implemented, and it looks like it will, then the regulations of ditches, tributaries and flood planes in SENC is going to be immediate, widespread and very significant, especially with our topography here.

Mrs. Girardot also reported on the Coastal Resources Commission's Science Panel report on the sea level rise forecast predicting 6-8" sea level rise over 30 years for the northern part of the state, with 1-3" less in Wilmington and Southport. The state has said that they are not interested

in regulating this and are going to give it back to the coastal municipalities to regulate this individually and locally.

Chairman Perritt thanked the Authority members for being present for the annual report to the Commissioners and stated how great it was to have all the Commissioners and all the Authority members together in one place, at one time. Chairman Perritt complimented the staff on a really nice presentation and said that he has also received positive feedback.

### **MARKETING AND PUBLIC RELATIONS**

Mr. Morton recommended approval of a three year UNCW Sports Marketing Package for \$16,000 per year. Mr. Morton shared that ILM has participated with UNCW over the last 13-14 years on their tri-annual contract for marketing purposes. ILM has been at the \$10,000 level during the recession and recently off years and this year staff would like to recommend investing \$16,000 per year for the three year contract. Advertising would be through streaming channels for basketball, baseball and softball, along with signage in Trask Coliseum. There would be signage for soccer and softball and print ads.

Discussion followed regarding previous year packages and this year's proposed package and if there may be better uses for the money. Mr. Hickman stated the concern the committee has is that there isn't any feedback on return of investment and indicated the committee is considering recommending a one year contract versus three years. Mr. Hickman suggested that perhaps it should be taken back to committee or approve a one year contract and try to develop metrics to measure return on investment during that year.

Dr. Crane proposed an overall marketing plan and suggested that, in his opinion, with marketing, most things shouldn't be more than a year. Chairman Perritt suggested it might be worth it to have UNCW send a marketing sales person to a 3 minute presentation on the investment. Dr. Crane suggested getting all the advertising folks together in one meeting for 2 hours and let them present what they are going to do and compare and see how to break it up for a year long plan. Mr. Morton stated that ILM has a plan in place with how much is committed to digital, TV, radio, and print already. UNCW can provide attendance numbers and staff can figure cost per impression for advertisements.

Following discussion, Mr. Wolfe MOVED, SECONDED by Mr. Hickman for the marketing committee to complete additional analysis of the proposed contract with UNCW to present to the Authority at the June meeting. The MOTION WAS APPROVED UNANIMOUSLY.

Mr. Morton presented the 359 entries collected at Sun 'N Fun for the prize, a locator beacon, offered by ILM at the event in Lakeland, Florida. Mrs. Copley pulled the winning ticket and the winner was Fred Devore of Woodville, Florida. Mr. Morton reported that these names are entered in a database for email blasts and advertising upcoming aviation events, like Aviation Day.

Chairman Perritt reported seeing 12-14 ILM area pilots at Sun 'N Fun and there were a lot of people from North Carolina who stopped by the booth, which was a great opportunity to work with NC DOT Aviation to promote North Carolina.

### **PLANNING & DEVELOPMENT**

Mr. Morton reported on information items listed on the agenda.

### **PUBLIC COMMENT**

Chairman Perritt turned the floor over to Desmond McRae who addressed the Authority on possibilities of working with the area high schools and ILM for a ground school elective and asked if there was any space available at ILM for a small flight school.

Mr. McRae thanked the Authority for the improvements to the Observation Area and hoped to share some photographs of folks he has seen enjoying the area.

Dr. Crane and Mr. Barber expressed support of partnering with any of the schools here to encourage kids to get involved, knowing that we have a pilot shortage, and trying to figure out what the Authority can do to start helping with that. Dr. Crane suggested that staff and Mr. Perritt and Dr. Crane meet with Mr. McRae following the Authority meeting to discuss any options available at ILM.

### **OPERATIONS REPORT**

Using charts for illustration, Mr. Broughton reported total passengers handled and seats available for April 2015. Mr. Broughton pointed out that there has been a seasonal reduction in flights and a downsizing of some aircraft which has a bearing on our numbers.

Mr. Barber asked if staff could look at new services coming and do a calculation as to what the available seats are going to be, and see if there is a way that we could extrapolate what we think boardings would be based on those seats and suggested staff use this as another reason to talk to the airlines. Mr. Broughton agreed that it is time to plan some headquarter visits.

Referring to charts in the agenda regarding fuel prices and information received today from Air Wilmington, Mr. Broughton pointed out that while fuel prices have come down, he wants to share what that has done to sales. Mr. Broughton said his reaction would have been, as price goes down, people buy more fuel, but he isn't seeing that. Since 2013 to present, the fuel price has dropped 29%. This year versus last year the fuel price has dropped 19% and sales have dropped 5.5%. Mr. Broughton said that this is an interesting fact that while prices are going down, the usage is also going down.

Mr. Lambeth stated that was reflective of the decline of general aviation because of the cost of it. Mr. Cherry commented that general aviation is growing but is not growing in the avgas sector and that is because the big piston engine airplanes have been replaced with turbo props. Mr. Cherry received notification from Shell that between 2010 and 2030 they are projecting the piston engine market to grow .9% but they are looking at turbo props and jets to grow substantially more. Regarding avgas prices, Mr. Cherry noted that in 2001, there was a big drop in aviation gasoline due to all of the flight schools that went out of business following 9/11; in 2008 there was a second big drop with the economy; and that leads us to where we are now with fuel prices coming down a total of 31% while the volume is staying low because people are switching to turbo power and getting out of the avgas market.

Discussion followed about changing over piston aircraft to diesel and other modifications in aircraft manufacturing and the creation of no lead avgas.

Mr. Cherry stated something beneficial to everyone in the avgas market is that Shell is putting a 40,000 barrel container of avgas at the State Terminals in Wilmington, beginning July 1<sup>st</sup>, because they can ship it in here versus by rail. This will make it easier to get and should reduce the price because of shipping costs.

Mr. Lambeth asked Mr. Cherry what his intentions were regarding the self-service fuel tank across the field and Mr. Cherry responded that there is no volume here in Wilmington for avgas so it makes it cost prohibitive to spend a lot of money on it with no possibility of a return on the investment.

Mr. Broughton, using a slide show for illustration, shared some of the preliminary results of the recent general aviation survey with the Authority. Chairman Perritt commented that it is nice to have this feedback to consider. Mr. Broughton pointed out that survey feedback provided specifically about Air Wilmington and the Air Traffic Control Tower were shared with their leadership at a meeting at ILM to be used as they see fit.

Chairman Perritt reminded the Authority about the Monday, May 11<sup>th</sup> meeting at 6 pm at AviatMall for their tenants and asked that they let Mrs. Wilsey know if they planned to attend. Mrs. Wilsey stated this was intended for the tenants of AviatMall because ILM has not been able to communicate with them while they are still tenants of the current operator.

### **DIRECTOR'S REPORT**

Mrs. Wilsey reported on the recent FAR Part 139 annual inspection in which ILM was found to be in compliance with FAR Part 139 and stated how proud she was of the staff for how well the field looked and how well the ARFF responded.

Mrs. Wilsey stated she is in the process of scheduling an Air Service Focus Group meeting June 23-24, following the Jumpstart event. This gives Mr. Pickering the opportunity to meet with the focus group on a Wednesday morning and the Authority could have update meetings on either Tuesday or Wednesday afternoon.

Mrs. Wilsey restated the information regarding the May 11<sup>th</sup> meeting at AviatMall with their tenants to discuss leases and going forward with the transition stating that this meeting will start the dialog. Mrs. Wilsey reported there have been other interests in that facility and staff will continue to open dialog with some other aviation type services to see what the next several months bring. Mrs. Wilsey indicated this will be a temporary bridge to ensure the tenants have access to their planes, like they have today, but on a self-service basis.

Mrs. Wilsey reported that she has been talking to Customs and Border Protection about holding a Global Entry Enrollment at ILM. If we can get at least 20 people scheduled, they will look at having a Global Entry event at ILM with the mobile unit. The cost is \$100; the appointment takes approximately 45 minutes; and it is good for 5 years. Global entry is more for international travel and you don't have to have pre-check if you have global entry. It was agreed that staff would pursue getting enough interest to have an event at ILM.

Mrs. Wilsey shared with the Authority that ILM won the United Way Leadership Giving Award for Small Companies and the Gold Giving Award for a Small Company which were received at the awards breakfast May 6<sup>th</sup>.

Chairman Perritt pointed out there was also an article in the paper about the Autism Takes Flight activity recently.

**UNFINISHED BUSINESS**

None.

**NEW BUSINESS**

Mr. Lambeth addressed the Authority about a recent meeting between Chairman Perritt, Mrs. Wilsey and Mr. Morton regarding the Finance Officer position and its responsibility to the Authority and questioned why that meeting was necessary and why it wasn't brought before the Authority.

Mrs. Girardot questioned whether or not this discussion would be best held in closed session and a brief discussion followed.

**CLOSED SESSION**

Mrs. Girardot MOVED, SECONDED by Dr. Crane for the Authority to go into closed session to discuss personnel matters pursuant to G.S. 143-318.11(a)(6). Upon vote, the motion carried. Mr. Lambeth was opposed. The Authority went into closed session at 6:37 pm. Present for the closed session were Authority members Mr. Perritt, Dr. Crane, Mr. Barber, Mrs. Girardot, Mr. Hickman, Mr. Lambeth, Mr. Wolfe, Airport Director, Julie Wilsey, and New Hanover County Attorney, Wanda Copley. Mr. Morton, Finance Director, was called back into the meeting at some point to discuss his performance evaluation.

Mr. Lambeth MOVED, SECONDED by Mr. Barber to return to open session at 7:43 pm. The MOTION WAS APPROVED UNANIMOUSLY.

Returning to open session, Chairman Perritt stated that the Authority has concluded the performance evaluation of Jim Morton, Finance Director. The Authority discussed the Finance Director's performance with Mr. Morton.

The Authority desires to have an employment contract only with the Airport Director. This desire was discussed with the Finance Director and he was informed that his contract will not be renewed in June. This decision is an organizational change, independent of the performance of the Finance Director. Mr. Lambeth MOVED, SECONDED by Mr. Barber to proceed as stated above. The MOTION WAS APPROVED UNANIMOUSLY.

**ADJOURNMENT**

There being no further business to come before the Board, Chairman Perritt adjourned the meeting at 7:55 p.m.

Prepared by:

Rose M. Davis

Respectfully Submitted:

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Thomas C. Barber, II, Secretary

Date of Approval: June 3, 2015