

**NEW HANOVER COUNTY AIRPORT AUTHORITY
REGULAR PUBLIC MEETING
January 6, 2016**

CALL TO ORDER

The New Hanover County Airport Authority met on Wednesday, January 6, 2016, at Wilmington International Airport, 1740 Airport Boulevard, Wilmington, North Carolina. Chairman Crane called the meeting to order at 5:07 p.m. and read the Authority's Code of Ethics adopted September 2, 2015. No conflicts of interest or potential conflicts of interest were identified at that time.

Airport Authority members present were; Jonathan Crane, Chairman; Thomas Wolfe, Vice-Chairman; Carter Lambeth, Secretary; Tom Barber, Donna Girardot, Dan Hickman, and John Perritt. Also present were Julie Wilsey, Airport Director; Gary Broughton, Deputy Airport Director; Robert Campbell, 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.; Melissa Phillippi, Performance Culture; Joseph Pickering, Mead & Hunt; Eric Canup, Monte Coughlin, Bill Cherry, Tom Goodwin, Josh Lopez, Desmond MacRae, Beth Doliboa, Ryan Evans, and Chief Gary Taylor. Guests arriving during the meeting included Chip Mahan and Lee Williams of Live Oak Bank.

APPROVAL OF MINUTES

The Authority has reviewed the minutes of the Regular Public Meeting on December 2, 2015. Mr. Lambeth MOVED, SECONDED by Mrs. Girardot, to approve the minutes of the December 2, 2015 Regular Public Meeting as submitted. Upon vote, the MOTION WAS APPROVED UNANIMOUSLY.

SPECIAL PRESENTATIONS

Mrs. Melissa Phillippi of Performance Culture, using the company's website, demonstrated to the Authority what her company offers as a web-based performance management system and what ILM has recently put into practice for employee evaluations.

Mr. Barber asked if there was any role the Authority should play in this process, perhaps in reviewing Mrs. Wilsey. Mrs. Phillippi responded that it was up to the Authority to decide what the next step would be, indicating that Mrs. Wilsey's review, while not yet in the system, can certainly be done through Performance Culture with each Authority member having access to see and score her review.

Mr. Joseph Pickering of Mead & Hunt, using slides for illustration, updated the Authority on the status of ILM's air service development providing a review of 2015 activities, trends in the industry, and a forecast of 2016 expectations.

Mr. Pickering reported the good news that the DCA seasonal weekend only service is returning in May and Delta is returning with LGA service in June, so this summer ILM will have 3 trips to LGA.

Mr. Pickering pointed out that capacity, or the number of seats, is up at ILM, year after year, every month being tracked which is good news for ILM. It's not a new destination or use of the SCASD grant but it is really good news in terms of the schedule going forward and the availability of seats for customers.

Mr. Pickering advised that the best thing that ILM can do, going forward, is to continue to make the most of the service ILM has today; strengthen our ties with community business travelers through the focus group; request extension letter from American on the SCASD grant and apply for an extension of that grant; and, update the retention diversion study.

In response to Mr. Goodwin's question, Mr. Pickering confirmed that the regional pilot issue is in direct response to the 1500 hour requirement, with the impact being on the smallest communities and the subsidiary carriers.

In response to Mr. Perritt's question, Mr. Pickering explained what is happening with fleet renewal with the 50 seat aircraft serving ATL and ILM going out of the system and new regional jets coming in to replace those. Delta is actually using the Airbus product, a much better product with wider aisles and the opportunity for first class.

Mr. Coughlin asked why Mr. Pickering didn't compare ILM to RDU more during his presentation and Mr. Pickering responded that his comparisons were in like sized markets and RDU is a much larger market, pointing out that RDU is definitely considered in the retention diversion study, as RDU is historically where the majority of our leakage occurs.

Mr. MacRae asked questions about new equipment at OAJ and ILM and Mr. Pickering responded that ILM is moving to the Airbus 319 and Boeing 717s. Two of ILM's 5 flights on Delta will be on mainline aircraft. In response to further inquiry by Mr. MacRae, Mr. Pickering talked about apprenticeship programs and internships available that are helping with the pilot shortage.

GENERAL AVIATION

Mr. Lambeth MOVED that the Authority adopt the revised Minimum Standards upon approval by the New Hanover County Commissioners at their January 19th meeting, SECONDED by Mr. Barber. The MOTION WAS APPROVED UNANIMOUSLY.

HUMAN RESOURCES

Mrs. Wilsey reported that staff is still in the process of hiring the Business Development Director, with phone interviews this week and one more round of face-to-face interviews when they are down to 3 candidates; and the Accounting Assistant vacancy is in the final interview process this week.

PLANNING & DEVELOPMENT/TERMINAL EXPANSION

Mrs. Wilsey advised the Authority that there is an appraisal on the table with Mr. Dalton and a few land acquisition issues that are in progress but nothing for action at this time. There is one PFC property that is on the table that Mr. Campbell is working on.

FACILITIES

Mr. Prease recommended the Authority authorize the Chairman to approve a work authorization

with Talbert & Bright on the North GA Apron Rehabilitation and Stormwater Improvements, Phase 2, to include Design, Permitting and Bidding, including Subconsultant services, contingent upon FAA approval, for a lump sum price of \$86,815.00. Mr. Lambeth MOVED, SECONDED by Mr. Barber to authorize the Chairman to approve the work authorization with Talbert & Bright as recommended above. The MOTION WAS APPROVED UNANIMOUSLY.

Mr. Prease recommended approval for a Catex Modification Coordination, on the project referenced above, hourly NTE \$8,000.00. This is also contingent upon the FAA approval. Mr. Wolfe MOVED, SECONDED by Mr. Lambeth to approve the facilities item as recommended above. The MOTION WAS APPROVED UNANIMOUSLY.

Mr. Prease recommended the approval of a 90/10 state grant in the amount of \$134,897.00 for airfield maintenance. ILM's match NTE \$13,489.70. This grant will reimburse ILM for airfield cleaning, markings, rubber removal and QA/QC testing. Mr. Barber MOVED, SECONDED by Mr. Hickman to approve the state grant as recommended above. The MOTION WAS APPROVED UNANIMOUSLY.

Mr. Prease recommended the approval of a contract with HASCO, Inc. for airfield pavement rubber removal, cleaning and paint striping NTE \$122,000.00. Mr. Perritt MOVED, SECONDED by Mr. Lambeth to approve the contract with HASCO, Inc. as recommended above. The MOTION WAS APPROVED UNANIMOUSLY.

Mr. Prease recommended the approval for QA/QC testing company for paint markings and reflectivity NTE \$12,897.00. Mr. Perritt MOVED, SECONDED by Mr. Wolfe to approve the contract with the QA/QC testing company as recommended above. The MOTION WAS APPROVED UNANIMOUSLY.

Updating the Authority on the North Ramp GA Rehabilitation project, Mr. Prease reported that Trader Construction completed the landside storm drainage prior to the December 21, 2015 deadline and Mr. Prease recognized Talbert & Bright for the outstanding job they did in keeping the project on schedule, with the required work actually finishing a week before the deadline.

Using slides for illustration, Mr. Prease updated the Authority on the status of the North Ramp GA Rehabilitation (AIP 51), the ILM Flex Space Facility and Air Wilmington's Hangar projects.

FINANCE REPORT

Mr. Campbell reviewed ILM's November 2015 cash report and summary of accounts. Mr. Campbell reported that aviation revenue exceeded expectations due to airline landing fees being up and security service fees exceeded the monthly budget.

Mr. Campbell further reported that the TSA expense reimbursement revenue is under budget and will continue to be so unless the TSA decides to allocate additional funds to the program.

Mr. Campbell advised that parking revenue continues to exceed expectations with Mr. Bielec indicating that for the calendar year 2015, parking lot revenue was up \$330,000 compared to 2014.

GOVERNMENT & PGA Golf

Mrs. Girardot updated the Authority on the meeting with Secretary of Transportation Tennyson. Secretary Tennyson was supportive of the potential legislation for the expansion of the apron for parking during the PGA tournament but hesitated to support the legislation for a consistent annual funding for airports in the state, *if it was to involve STI funds. (Corrected 2/3/16)*

Mrs. Girardot reported that she and Mrs. Wilsey would also be going to speak to Senator Rabon on these legislative matters.

Mrs. Girardot reported she and Mrs. Wilsey have each spoken to David Rouzer's staff asking that they follow up on the Foreign Trade Zone and would be walking the application over this month.

MARKETING

Mrs. Wilsey updated the Authority on ILM's recent marketing efforts. Mrs. Wilsey stated staff would be pursuing a digital campaign for both air service and the business park and she and Mrs. Buffkin are working on a flyer through Wilmington Business Development for the Flex Building.

Mrs. Wilsey shared with the Authority the profile article in the Wilmington magazine of her first year as Airport Director, pointing out that the article represented the airport and the community well including ILM's new tenants and the flex space building.

OPERATIONS REPORT

Mr. Broughton updated the Authority on total revenue passengers, capacity and fuel prices for November.

DIRECTOR'S REPORT

Mrs. Wilsey thanked Mr. Pickering for his report and pointed out to the Authority that as ILM's aircraft get larger, it will continue to drive peaks at the checkpoint and in the gate area. Staff will continue to look at the terminal capacity study and see what that peaking does to the timeline for terminal expansion. Originally it was driven by the number of passengers but it actually may be driven by the peak hour, instead of the passengers.

Mrs. Wilsey also reported that staff will be working on the extension of the SCASD grant requesting a letter of extension from American.

Mrs. Wilsey reminded the Authority of last month's meeting and their reaffirmation of the Master Plan; the FAA's discussion with staff about ILM's commitment to general aviation on the North Ramp and ILM's intention to move all general aviation to the North Ramp; and the corporate hangar layout and consolidated fuel farm that was approved.

Mrs. Wilsey stated Live Oak Bank has asked the Authority to reconsider their GA Master Plan and agree to temporarily put a small fuel farm adjacent to their proposed hangar with the intention of moving it at a later date, as specified by the airport. Mrs. Wilsey directed the Authority to the white paper prepared with options for fueling and staff's recommendation which is to continue with the GA Master Plan with a consolidated fuel farm. Staff would also support

the options of Live Oak Bank and Air Wilmington working out an agreement regarding fuel purchase and/or storage.

Mr. Perritt acknowledged that Chip Mahan of Live Oak Bank had arrived and asked Chairman Crane to give Mr. Mahan an opportunity to address the Authority regarding their request for reconsideration of the Authority's decision regarding the fuel farm.

Chairman Crane thanked Mr. Mahan for coming. Mr. Mahan addressed the Authority using a handout to illustrate Live Oak Bank's business model, core values and the reason that Live Oak Bank is in the aviation business.

Lee Williams, co-founder of Live Oak Bank, pointed out that one of their guiding principals is to go and visit with every borrower and with roughly 1,150 loans last year that would be 4 or 5 visits a day over the course of a year and that can't be done with commercial aviation.

Discussion followed regarding cost, terms of the relocation of the fuel farm once another tenant moves in, and liability issues.

Mr. Perritt MOVED, SECONDED by Mr. Lambeth that the Authority authorize staff and the GA Committee to negotiate a lease with Live Oak Bank for hangar development with adjacent fuel farm as proposed by Live Oak Bank with development stipulations including methodology and time frame for relocation of the fuel farm; potential financial securities; and review by the FAA for approval by the Authority at the February meeting. The MOTION WAS APPROVED UNANIMOUSLY.

Mrs. Wilsey reminded the Authority of the RSM McGladrey financial report on January 7th and the Air Service Development Focus Group meeting following that at ILM.

UNFINISHED BUSINESS

None.

PUBLIC COMMENTS

None.

NEW BUSINESS

None.

ADJOURNMENT

There being no further business to come before the Board, Chairman Crane adjourned the meeting at 6:55 p.m.

Prepared by:

Rose M. Davis

Respectfully Submitted:

Carter T. Lambeth, Secretary

Date of Approval: February 3, 2016