

Minutes

Coastal Carolina Regional Airport Authority

January 18, 2022

Chairman Harris called the meeting to order at 2:00 p.m.

All stood and recited the Pledge of Allegiance.

The roll was taken, and the following Board members were present in person: Harris, Liner, Bender, Jones, Kiser, McCabe, and Pope.

The following Board members attended via WebEx: Frazer, Murray, and Wood.

Morris was excused.

Burns was not in attendance.

Also present in person: Andy Shorter, Airport Director; Charles Cushman and Ray Dunn, Dunn, Pittman, Skinner and Cushman; April Hill, Airport Security Coordinator/Board Recorder; Amy Ritchie, Terminal Manager; Ed Martin, Operations and Facilities Manager; John Massey, Talbert & Bright and George Durant, LHWH was on via Webex.

The public was notified of the meeting in the usual fashion along with details for calling in via the phone conference number. The meeting was held at the normal time and place (for those attending in-person).

Secretary's Report

On motion by McCabe, seconded by Liner the minutes of November 15, 2021, were approved. In favor 7, opposed 0.

Treasurer's Report

Pope reported financials through December 31, 2021. Concessions, Advertising and Ground Transportation is budgeted at \$14,550. The airport has received \$22,035 for a positive variance to the goal of \$7,485. Fuel Flow Royalties are budgeted at \$21,214. The airport has received \$21,644 for a positive variance to the goal of \$430. Landing Fees are budgeted at \$22,000 with a

negative revenue budget of \$7,330. Pope explained that the fees for American remain abated through the second quarter. Other revenue shows a positive variance of \$4,415. Parking revenue also shows a positive variance of \$169,572. Rental car revenue has a positive variance of \$93,658. Rental income has a negative variance of \$26,308. Pope commented that the line item includes a budgeted increase for the new corporate hangars currently under construction. Pope also reported on revenue received from a State Grant in the amount of \$332,402. TSA Security Reimbursements were budgeted at \$57,750. The airport has collected \$38,940 for a negative variance to the goal of \$18,810. Pope brought attention to the board of the operating revenue. He explained by removing the State grant of \$332,402 from the budget you will see the true figures of the operating fund totaling \$835,982 versus \$1.421 million in expenditures. He continued saying that the delta of the variance is the difference that the CARES Act is covering. Pope commented that this is something that the committee will be focusing on so that by the end of the allotted timeframe of the CARES funding the airport is not dependent on the CARES funding. Liner asked if the TSA security reimbursement was up to date or were they behind. Shorter explained that the reimbursements usually run behind adding that the totals in today's report are a few months behind. Shorter also commented that what usually happens is that TSA will only reimburse 10 out of the 12 months and that the airport never gets fully reimbursed from all the part-time LEO expenses.

On motion by McCabe, seconded by Liner the Treasurer's Report was approved. In favor 7, opposed 0.

Marketing Update

Wood commented that the committee has been working together on the American Airlines Comprehensive Marketing Campaign for a less than daily DC Route. He said that he enjoyed the interconnection between the TDA, the C1A and the multiple groups working together to complete the marketing effort.

Wood asked Durant to give a detailed report specifically on the dollar amounts in the budget breakdown. Durant commented that he has reached out to the locals TDA's, various business organizations and government agencies, chamber of commerce and the CIA. He added that the best path to success is in collaboration and that he believes that you will see that collaboration in today's presentation. Durant said that the design of the campaign is intended to demonstrate to American Airlines that the airport wants to participate in creating demand. The objective is to amplify awareness of Eastern North Carolina as a destination and EWN as the gateway. Durant commented that the DC route is one of the routes that is a drive market that could be a fly market for the airport. He said that the goal is to decrease continual leakage EWN is currently experiencing. The proposed budget for the campaign will be a six-month budget for inbound digital marketing (\$60,000), television/radio (\$45,000), outdoor marketing (\$30,000), and creative/production marketing (\$12,500). Durant advised that most of the heavy lifting will be done with digital marketing to include social media both organically and paid, display advertising and using the airport's own website. He said that all digital tools that have been used effectively up to this point will focus on the DC area for inbound and the catchment area outbound. The committee will also layer in some behavioral targeting so that once they understand more of the DC market, if the ideal target is a 48-year-old professional female, then that's where they will focus more financially in terms of behavioral targeting and will draw a tight circle geographically around the greater DC and Baltimore area so that people who can come to the coast know about EWN's message. Durant also pointed out that since the airport's anchor legacy airline is American Airlines, the marketing team has woven into the committee's messaging, the inclusion of American Airlines and their logo in the airport's marketing that they believe sends a corporate alliance message as well as giving a shout out at the airport's airline partner. He said that all of this will be fulfilled by robust information that the committee will continue to update on the airport website. Durant commented

that the campaign is an ambitious budget but encouraged the Board to not be concerned, explaining that most of the funding comes from budgeting buckets that the committee has already established. He said that, if need be, they will access funds to ensure that the committee launches correctly in the DC area which can be an expensive market. Shorter added that he and Kirk Lovell (Mead and Hunt) have a meeting with American Airlines scheduled next Monday to discuss this same topic. He said that while at the airline conference in Baton Rouge, American said they were receptive to some non-daily/weekend type of service inbound from other cities outside of Charlotte. Shorter advised that the objective is to "prep the battlefield" by getting the marketing out before the airline actually starts the service to cultivate those potential passengers. He said what they don't want to do is convince American to provide a service like this and then nobody utilizes the service. Shorter reaffirmed that the proposed campaign will be funded from some of the current marketing budget adding that by March the committee will review financials to determine if a budget amendment is needed to plus up the rest of the marketing campaign to stay on course. Wood commented that he and his team will send out to the district business council a survey provided by Kirk Lovell asking major employers, mainly the manufacturing world, to provide data they are going to have to assist the marketing committee to determine the best connecting flights for business travel. Wood said that they will try and keep the data flowing on an annual basis.

Commercial Development

Pope advised that the CDP committee met on January 12th and discussed the following topics:

Church Property Acquisition Recommendation: Pope reported that the Pastor of the Generation Baptist Church has identified a parcel of property on Pine Tree

Lane to build a new church, therefore, this will move the church to a motivated stance of selling the church property. Pope advised that the committee recommends that the airport move forward with the purchase of the property with a closing date of February 5th with the option for the church to rent/lease back the property for one year while they build a new building. The Pastor of the church will need to bring the matter before the church for approval. Pope said that they do not perceive any issues to arise. Cushman added that the purchase price is \$385,000. He said that this is for the remaining improved portion of the church property. The Authority has already approved the \$385,000 and the Craven County Commissioners have also approved the purchase. Cushman also advised that the church already had in hand a contract that would have given them six months from signing of the contract to closing in order for them to find property. However, since the last conversation between the airport attorney and the pastor, the church has located property that they would like to purchase by early February. For the church to purchase the new property, they will need to close with the airport in time so that they will have the funds to purchase the new property. The leaseback time will allow the church to continue holding services over the next year while they build a new facility. Cushman advised that since the terms of the leaseback were already included in the contract all that the committee is asking for is the Authority's approval of accelerating the closing date. Cushman also advised that phase one of the environmental assessment has already been completed with no findings of the property by Withers and Ravenel. However, a more thorough environmental assessment has been initiated that will more than likely not be completed by the anticipated closing date. Shorter added that he has a draft of the environmental assessment that he will send to the FAA environmental manager at the ADO office in Memphis for review. As long as the ADO office does not see any issues with the assessment it will then go out for a 30-day public comment period then after that the ADO office can sign it off as closed. Shorter commented that he does not foresee any issues with the assessment and that

there is nothing within the draft that should cause any alarms. He said that there may be a slight risk with moving ahead with the purchase of the property if there were issues with the environmental assessment noting that the airport would not be reimbursed by the FAA for the purchase of the property. Cushman agreed that the risk would be slight. He said that more importantly, to offset the risk, this is in response to the request of the church showing that the airport is accommodating partners in the transaction and that the church are the ones pushing the closing date. The airport is able to make it happen at their request. Cushman added that the relationship between the airport and the church has been great so far.

On motion by Liner, seconded by McCabe the Board approved the acceleration of the closing date between the Airport Authority and the Generation Baptist Church for the purchase of the remaining improved portion of the church property. In favor 7, opposed 0.

Airline Abatement recommendation: Pope commented that the airport has abated all rent and landing fees for both American and Delta Airlines. The CDP committee has recommended that after the second quarter FY22 that the airport cease the abatement of property rental fees. Pope estimated a rental fee of \$10,000 a month for American. He said that while Delta has been unresponsive with the airport, the same notice be sent to them as well for equal opportunity in transaction and transparency with the two airlines. The rental fee for Delta would be \$6,000-\$8,000 a month if they had passengers using the shared spaces in the terminal. The CDP recommends that the airport continue to abate the airline landing fees. Pope reported that EWN is one of the last two or three airports that is continuing abatement of fees for the airlines through the end of the fiscal year. Liner commented that with American Airlines losing as much as they did last quarter and with them cutting back for the Spring, by showing the airport's effort to abate landings fees demonstrates to the airlines

that the airport doesn't want to hurt them, and that the airport is still giving them a break.

On motion by McCabe, seconded by Liner the Airport Authority approved to end the abatement of terminal rental fees for the airlines but to continue abatement of landing fees through the fiscal year. In favor 7, opposed 0.

Williams Road Re-alignment: Pope reported that the committee continues to move forward with discussions and potential funding of the design work for the Williams Road re-alignment. He said that planning and design efforts will put the airport ahead of the curve so to speak and will let the legislators and NCDOT know that the airport is a serious partner and that we are shovel ready for the project. Shorter added that he has had discussion Preston Hunter with the Department of Transportation. He said that Hunter wants to visit the airport and put an environmental design package together to determine the cost of the project for both the airport and the NCDOT. Shorter commented that this would be the first step and that there was nothing the airport can do any faster than what we are already doing. He said that he hopes to have more information at next month's meeting. Harris commented that Commissioners Liner, Jones, and McCabe have taken a leadership role on the airport's behalf having discussions with state legislators along with NCDOT staff. He said that they are leading the way on this project and that the Board is incredibly fortunate to have their assistance. Pope commented that the re-alignment of Williams Road is already included in phase one of the long-range plan but is one of those projects that needs a priority nod from the Board to move to the top of the list. Liner commented that there was discussion at the CDP meeting, to bring before the Board, authorization of the Director to pull \$500,000 from the reserve fund to have available when discussing associated planning costs of the project with the NCDOT. Shorter confirmed that the fund balance and the reserve fund both have sufficient funds to cover expenses and that he would appreciate the ability to negotiate the costs associated with the environmental/design project

with the NCDOT. Pope recommended that the Board allow the expenditure of up to \$500,000 at the discretion of the Airport Director, to expediate the progress of the re-alignment project with the NCDOT.

On motion by Pope, seconded by Jones the Board approved the expenditure of up to \$500,000 at the discretion of the Airport Director, to expedite the studies of the Williams Road re-alignment. In favor 7, opposed 0. A roll call vote was taken, 7 yes, 0 no.

Directors Update

Airport Capital Improvement Plan (ACIP) Review: Shorter gave a review of current project bidding schedules. The road/parking lot improvements and the parking lot exit plaza will go out for bid advertisement on January 23rd. A pre-bid meeting is scheduled for February 1st with a bid opening scheduled for February 24th. Shorter advised that once the bids have been received, he will then put together a CARES Addendum Grant application to be submitted to the FAA. On February 6th, the terminal building improvement and expansion project will go out for bid advertisement. A mandatory pre-bid meeting is scheduled for February 22nd with a bid opening scheduled for March 22nd. The FAA FY22 annual Airport Improvement Program grant application must be submitted by April 11th. Shorter added that prior to February 15th, he will sign out a letter to the FAA informing them that EWN intends to use their annual FY22 entitlement allocation in the amount of \$2.979 million. He said that the dollar amount includes \$1.3 million for FY22 and a carryover from entitlements from the last two years.

Air Service Notes: Shorter commented that he saw strong numbers during the holidays but feels that they unfortunately didn't see the seats they could have seen particularly since American cut back by the second week of December. He said that typically the numbers drop in January and that's exactly what he saw noting that the traffic in the parking lot thinned out. By the

second week the inner lots filled back in so the outer lots had to be reopened. Shorter said that the airport has been trying to manage the parking lot by keeping lots clear in anticipation of the parking lot project that's coming up. Shorter also reported that the airlines have pulled back on their Spring schedules. American Airlines is down 22% on all domestic routes compared to their March schedule from last year. Shorter commented that the percentage is low for various reasons to include staff being out sick and pilot shortages. Shorter also commented that he has a follow-up meeting with American Airlines next Monday. This is a follow-up from their meeting at the Air Service Conference in Baton Rouge. On January 26th, Shorter will also brief the C1A Executive Committee on the Small Community Air Service Development Program (SCASDP). He said that he just found out about the schedule for the 2022 SCASDP Program. The grant application is due by March 15th. Shorter said that \$17 million has been allocated for the program this year. He said that he is trying to schedule another meeting with United Airlines who is willing to write a letter of support for the airport for the grant application providing service to Dulles International Airport. Shorter mentioned that a support letter from a major airline was the one thing that EWN did not have that the other airports had who received the grant. Shorter also mentioned that after some recent research, it has been discovered that American Rescue Plan Act (ARPA) is eligible for use in restoring commercial travel and cargo operations. Shorter said that the funding is restrictive in some regards and that some municipalities are finding it hard to figure out how to spend the money but feels that it would be an interesting avenue to look for funding to stimulate airline service.

ARFF Facility: Shorter commented that the ribbon cutting, and anniversary celebration that was held on November 19th was well attended. He announced that the new Aircraft Rescue and Firefighting (ARFF) truck should arrive tomorrow and the ARFF staff will be trained on the truck the following week. Shorter advised that the old truck has been inspected and is being planned for refurbishment after the new truck is put into service.

December Board Meeting: Shorter thanked the Board for the approval of a 5% COLA increase for all full-time and part-time employees. He said that the staff was very appreciative of the increase. He also thanked the Board for taking the time to meet last minute. The minutes were reviewed and approved by the Secretary for a quick turnaround so that the Finance Department could get all the work done they needed to do in time for the COLA effective date in January.

Personnel Admin Structural Review: Shorter announced that there has been a position reclassification with Amy Ritchie's position. That position used to be Terminal and Ramp Manger but has since been reclassified as Terminal Manager. The Business Manager position has been eliminated and tasks from that position have primarily been assigned to the Terminal Manager position. Shorter shared with the Board an organizational flow chart for all full-time and part-time positions.

Infrastructure Bill: Shorter reported that the airport will receive a \$1.4 million allocation per year over the next five years through the Bipartisan Infrastructure Law (BIL) in addition to the normal \$1.3 million entitlement funds that the airport will receive. He said that it has been suggested that the funds will be less restrictive than normal annual AIP grant funding but that he has not seen the details yet. Shorter said that he spoke with the ADO Manager last week and asked him about the funding more specifically about the \$5 billion set aside for new terminals. The ADO Manager said that the process should be out some time this week. The process will be a short one-page request form. One positive aspect is that having shovel ready projects will have a higher likelihood of being approved above other requests. Shorter advised that there is also funding set aside for air traffic control towers, noting that the FAA is already aware that EWN needs a new control tower.

Potential Line-Item Transfers: Shorter advised that as the airport continues to move through the third quarter of the budget there may be a need for some

line-item transfers prior to the end of the fiscal year. He said that he will come before the Board with those requests as needed.

NCAA Conference: Shorter announced that the annual NCAA Conference will be held in Winston-Salem April 20th – 22nd. He said that he will reserve enough rooms for everyone then cancel as necessary.

Old Business

There was no discussion.

2022 SCASDP Grant Process Proposal

Shorter introduced a Small Community Air Service Development Program (SCASDP) grant proposal submitted by Mead & Hunt. The proposal will help the airport develop the application to the DOT's SCASDP grant program for calendar year 2022. Shorter commented that the airport needs their expertise in developing a competitive proposal for EWN to compete for funding for new air service. Shorter recommended that the Board approve the proposal submitted in the amount of \$7,875. He affirmed that the funds to cover the cost of the agreement is within the budget and is within the line-item amount that he can move from one contract line to another.

On motion by Pope, seconded by Liner the Board approved the proposal as submitted by Mead & Hunt in the amount of \$7,875. In favor 7, opposed 0.

Authority By-Laws Change Proposal

Harris commented that back in October he appointed a committee to review the airport's by-laws since they have not been updated since 2010. Commissioner Liner was appointed as the chairman of the committee along with Morris and Wood to form the committee. Liner commented that the committee met in Cushman's office on January 3rd to review the current by-laws. He asked Cushman to give a report of the discussion and recommended

changes from that meeting. Cushman commented that the committee met in his office and had a long and fruitful discussion concerning the airport's current by-laws. He commented that there are a couple of governing documents that touch the Airport Authority's obligations, responsibilities, and powers. The first is the establishing legislation; the act from the NC General Assembly that set up the Airport Authority. Cushman advised that it has been amended several times over the years to reflect various changes to the airport. He said that it requires the act of the legislators to make changes. The second is a lease and operating agreement with the County which governs what the Airport Authority does. Cushman advised that it is a one-hundred-year lease and is not practicable to amend at this time. The airport does have its own by-laws and rules of procedure. Cushman advised that both documents are internal meaning that the Airport Authority, by a majority vote, can choose to amend as necessary if they are not in conflict with law or the enabling legislation that created the Authority. After careful review, the committee has recommended several changes within the document. Cushman advised that the recommended changes are intended to be more in compliance with some of those outside factors. He said that he did his best to consolidate the proposed edits into a red line document that was circulated to all Authority members. Cushman read over and explained the proposed edits. The Authority members discussed the edits and made recommended changes to the edits. Cushman advised that he will make the changes as discussed in today's meeting and will circulate a new revision to potentially have them ready for approval at next month's meeting.

Open Discussion

Shorter advised that the airport conference room is currently being remodeled. The wallpaper has been removed and new ceiling tiles and lights have been installed. Shorter said that he is looking at new paint and flooring for the room as well.

Harris asked if the expected winter storm arriving later this week will affect flights. Shorter commented that the airfield will typically not close but that the terminal may close for a short period. He explained that the FAA requires a closure of the runway if there is more than 2" of snow and/or a ½" of ice/slush. At that time the airport would close the runway to start clearing operations of the snow/slush. He added that most larger airports up north have a snow and ice control plan where they can complete clearing operations while the airport is operating using appropriate equipment needed for clearing. Shorter also commented that the airport typically has a contract with Trader Construction for snow/ice removal. Martin commented that the airport does have in-house equipment and that the maintenance crew did an assessment of the equipment this morning. He said that the airport does have the deicing material and chemicals approved to use on the runways and taxiways if needed as well as the ice melt for sidewalks around the terminal building. Martin added that the crews are prepared for any snow or ice event that may happen later in the week but having a motor grader from Trader staged and ready would be best. Shorter explained that the airport must use a different chemical on the runway than can be used anywhere else. The chemical must be a non-corrosive material for aircraft. He said that the airport has enough material to do about one and a half applications on the runway and taxiways.

Murray commented that her office is working with MAG-14 to try to schedule a meeting but have been unable to gather some dates from them. She added that they have some real-world issues going on right now and have been sending out squadrons, so they are being patient with the Air Group. She hopes to have some dates for Shorter and Harris this week.

Harris commented that there have been some issues with the 5g technology and creating electronic conflicts with airlines. He asked if the airport has experienced any of those issues. Shorter explained that the conflict is related to a system on an airplane that pilots use when they need to do zero-

zero landings. He further explained that it's a radar altimeter that pings off the ground revealing how high the plane is so the pilot can land without seeing the ground. He said that the planes that come into EWN don't use that system here.

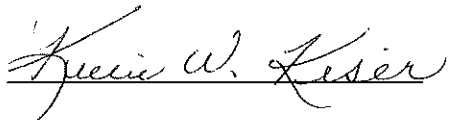
Authority Member Airfield Tour

Harris commented that a tour of the airfield was scheduled for Board members following November's Authority meeting. He said that half of the Board members were not able to stay for the tour and advised that he would like for those who were unable to attend, to schedule a time for another tour.

Executive Session

There was no need for executive session.

On motion by Liner, seconded by McCabe the Board adjourned at 3:45 pm. In favor 7, opposed 0.



Secretary Kellie Kiser