

Minutes

Coastal Carolina Regional Airport Authority

September 20, 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: Bender, Harris, Jones, Liner, McCabe, Morris, Murray, Pope, and Wood.

Jones attended via WebEx.

Burns and Frazer were not in attendance.

Also present in person: Andy Shorter, Airport Director; Charles Cushman, Dunn, Pittman, Skinner, and Cushman; Amy Ritchie, Terminal Manager/Board Recorder; Ed Martin, Operations and Facilities Manager; John Massey, Talbert & Bright, George Durant, LHHW and Gary Mosman, EWN hangar tenant.

Secretary's Report

On motion by McCabe, seconded by Wood the minutes of August 16, 2022, were approved with a minor change. In favor 8, opposed 0.

Treasurer's Report

Pope reported financials through August 31, 2022. Concessions, Advertising and Ground Transportation has a negative variance to the goal of \$5,041. Fuel Flow Royalties have a negative variance to the goal of \$2,863. Landing Fees have a negative variance to the goal of \$735.00. Other revenue has a negative variance to the goal of \$259. Parking revenue has a negative variance to the goal of \$12,455. Rental income has a positive variance to the goal of \$17,000. Rental car revenue has a negative variance to the goal of \$15,008. TSA Security reimbursements has a negative variance to the goal of \$24,590. Pope noted that to date, the airport has not received June reimbursements in the amount of \$9,590. CARES Act reimbursement was

budgeted at \$5,878,045 total with a to date figure of \$979,674. The airport has received \$305,835 for a remaining balance to collect of \$673,839. Total expenses to date are budgeted at \$1,105,442. Actual to date total expenses are \$599,866.

On motion by Liner, seconded by McCabe the Treasurer's Report was approved. In favor 8, opposed 0.

Marketing Update

Wood reported that the committee will be meeting with its partners on October 13th at 2 pm. He commented that as previously reported, the Industry Council met with the committee as part of the marketing effort and participated in a survey which resulted in good feedback for the marketing team. Durant and Shannon with the C1A will work together to flesh out the comments and determine the best way to implement some of the thoughts that came from that meeting. Durant reported that the team is planning ahead for fall travel with a campaign that is highlighting the destination as well as putting out a fly local message within our catchment area. After the team finishes up with the fall messaging campaign, they will transition right into a holiday messaging campaign to try and boost holiday planning on flights while taking advantage of the limited number of seats that are available to EWN. Durant expressed that the team would keep the focus in the Boston, New York City and DC. He said that they had considered cutting the funds back a little bit but felt that the airport had too much momentum and that they wanted to make sure that they built some demand in those areas. The team will also be taking some hyperlocal approaches with Spring right around the corner after the holidays. The focus will be on those unique areas like Carteret County or Pamlico County; places that have unique reasons to use EWN as their airport of choice. Durant also informed the Board that there is a press release in the queue for the terminal expansion and the parking lot and roadway rehabilitation work. He

commented that it is very nice to send the message to our constituents that the airport is progressively growing. The airport's website is closing in on 100,000 users this year. Durant commented that the numbers are quite unique from where the airport started a couple of years ago and that they are excited about the progress.

Commercial Development and Planning Committee

Pope reported that the committee met last Wednesday, September 14th and asked Shorter to give a report from that meeting. Shorter reported the following updates:

Tidewater Air - New FBO Hangar (Ground Lease) Proposal Introduction: Shorter informed the Board that Tidewater Air Services has submitted a proposal to build a new hangar to use in the business of the FBO. Within the proposal, it is not specified for use by any specific tenant but can hold multiple tenants. It is proposed that the FBO would be responsible for moving aircraft in and out of the hangar. Shorter commented that it is a common practice at airports to have these types of hangars managed by the FBO. He said that it was decided during the CDP meeting that more in-depth research of the proposal needed to be conducted. The CDP committee will meet on September 26th to do an in-depth review of the proposal before the next scheduled Authority meeting. Shorter added that the committee is supportive of the proposal.

Near Term Airport Aeronautical Development Planning Options:

Infrastructure Development for Future Medium Sized Hangars (near FedEx): Shorter commented that just as with the proposal from the FBO, there has been a lot more interest with medium sized hangars on the property. He revealed a location near the FedEx facility to build infrastructure to support hangars of medium size. Shorter proposed that the airport creates an entrance taxi lane to the apron area off Bravo that runs parallel to RWY 14/32 and then

build a roadway leading to medium-sized hangars to include a parking area. The proposed hangars would be up to 100ft x 120ft. Shorter indicated that the initial thought was for the Authority to build infrastructure in this area to offer plots of land for people to then develop their own hangars on a ground lease. The current ground lease rate is \$0.35 per square foot per year for improved land. Shorter affirmed that there is a gentleman that is very interested in this type of public private partnership to help develop some of the infrastructure at the airport. Shorter added that with the State grant funding the airport receives, this type of partnership would be in line with the objective of the funding from the State to promote additional aviation capacity at airports. Shorter also mentioned that he will have Talbert and Bright put together an initial site survey of the area where they can study the ground to determine how to move forward. He estimated that the prep and site work will cost about \$1.5 million.

Corporate Aerospace Development Area (Former Hall Property): Shorter described the airport property that runs parallel to runway 04 and it is listed on the Airport Layout Plan for corporate aerospace development. The proposed site is 85 acres and is currently fully wooded. Shorter commented that to turn the site into a developable site, there will be some cost involved for site studies, moving the fence line, utilities, and to build an entrance road. He estimated these costs to be around two million dollars. Talbert and Bright has submitted a work authorization in the amount of \$14,530 for the initial environmental evaluation prep work. Wood added that the site prep work for the utilities and road could be submitted for the Golden Leaf grant that will be submitted in October. He said when you put the cost of the entrance road and utilities together to total two million dollars, the grant application could cover at least half of that cost. Shorter showed an example of aeronautical development and of building the hangars in four phases with large 200ft x 300ft hangars. He added that the proposed site will be a new chapter for the development of the airport. The hangars would be intended for larger corporate aerospace

companies and would open new doors and partnerships for the airport. Shorter requested approval from the Board to approve Talbert and Bright's work authorization in the amount of \$14,532 to start the environmental prep work for the undeveloped property in preparation to clear, grub and move fencing. A line-item transfer will also be required for this project.

On motion by Pope, seconded by Liner the Board approved the work authorization for the environmental site work as submitted by Talbert and Bright in the amount of \$14,532 and a line-item transfer for funds. In favor 8, opposed 0. A roll call vote was taken; 8 yea, 0 no.

On motion by Liner, seconded by McCabe the Authority agreed to move forward with Wood submitting a grant application with the Golden Leaf Foundation on behalf of the Airport Authority. In favor 8, opposed 0.

Director's Update

Air Service: Shorter reported that enplanements are down from last year due to the reduced numbers of seat for EWN. August load factors got a little soft dropping below 80%. Shorter explained that it was primarily due to the 8pm departure flight. He said that it was a summer play for American and they bank on the inbound numbers but we get graded on the outbound passengers. September's load factor is looking much stronger with an average load factor of 95%. The DC flight ended with an average load factor of 70%. Shorter commented that he feels encouraged with the outcome of a first year, one day a week, seasonal flight. Moving forward, he said that he would like to have the flight again next year with a potential increase in the number of days per week and months per year.

SCASDP Grant: Shorter affirmed that the grant has been received and signed so the program is up and running. He said that the U.S. DOT requires that the airport submit a report twice a year on the airport's progress in seeking an

airline. Shorter explained that reporting attendance at an air service conference is a reportable event under this grant so show that the airport is actively talking to airlines to engage with them about using the grant.

Air Service Conference: Shorter announced that he and Wood will be attending the Takeoff Air Service conference October 15th-18th. He said that they already have five meetings scheduled with five different airlines and is hoping for a sixth meeting. Shorter said that the conference is tailored for smaller, regional airports and is being held in conjunction with the Routes World Conference. He added that it's going to be a very large conference with a lot of opportunity for networking.

Pilot Shortages: Shorter reported that there continues to be issues with pilot shortages. He said that the regional pilots are moving up to be mainline pilots leaving the regionals with less pilots than there were in 2019. He said that unofficially, there has been speculations that Delta maybe be out of the regional business by 2025. Shorter said that Delta continues to pull out of markets from various hubs. Just within the past two months, Delta has pulled out of 20 different markets from their Detroit hub. Shorter added that American is trimming back their schedules to have better reliability during the heavy holiday traffic months which unfortunately means fewer seats for EWN and the other regional airports in the region. He said that one good piece of information is that Air Wisconsin will be ending their contract with United as a regional airline in March but American will be picking up that contract. Shorter added that they will add that regional network to their network by next March but the airport will have to survive through the holidays and the early part of next year with what American has available until then.

Williams Road Re-alignment: Shorter reported that the project is still in the National Environmental Policy Act (NEPA) phase to sort out the environmental needs. He said that the NCDOT has a new scoping process and that the

engineering partners that were contracted by the DOT are reviewing the scoping of the project. Shorter added that at the same time, the airport is working with the Memphis Airports District Office with the understanding that this is just one part of ultimately getting a runway extension. He said that it is a parallel process and that's what the work authorization for the Airport Layout Plan pen and ink change, as submitted by Talbert and Bright and approved by the Authority last month, was for and has now been put into the scoping document. Shorter said that they have a meeting scheduled for Monday to discuss the updates and is happy with how things are moving so far.

Terminal schedule: Shorter informed the Authority of a construction and administration authorization that Chairman Harris needs to sign. He said that a motion to approve the chairman's signature was not required because it was already approved as a line item in the project ordinance. Cushman confirmed that a motion was not needed as it was approved previously in a project ordinance and in a budget amendment. Shorter commented that Monteith has provided a nice pictograph schedule of the project. The first step will be to install the temporary hold room. Monteith has already started the work associated with this portion of the project and is scheduled to have the temporary hold room completed and operational by December 12th.

FY23 State AIP funding: Shorter reported that the State is using a different system this year to document and authorize funding, even though the funding has been approved by the General Assembly for the Commercial Service airports, it's incumbent upon the State Division of Aviation to administer the funds. He said that they have a little bit different process this year and that there are some questions concerning their agreement. Shorter said that Cushman has reviewed the document, as well as all the other commercial airports, and that it was tailored for funding for general aviation airports. For instance, Shorter said that the agreement reads that if the funding is used for terminals, it is for public

space and cannot be used for rented space or your own space which Shorter says completely goes against what the airport is trying to do and does not feel comfortable signing the agreement. Cushman added that there is also a clause that if the airport does generate any income on that rental, then the airport will be required to send it back to the state. Shorter commented that on the Division of Aviation's behalf, they are still undermanned right now, and so he thinks that they have provided the document to airports for review and to give feedback. He said that he appreciates everything that the State does for the airport and that he will work with them to refine the details of the grant paperwork language.

Reassignment of a Ground Lease: Shorter advised that there has been a reassignment of one of the airport's ground leases. Mr. Emmens entered a ground lease with the airport and built a hangar on it. Mr. Ronald Buck has taken over the lease from Mr. Emmens. Shorter commented that it was another case of a small jet owner that that needed a larger hangar. He advised that on the lease gives him, as the Director, the authority to sign the lease assignment over to Ronald Buck effective on the first of November.

D2 Flight Academy: Shorter reported that the D Flight Academy had an event scheduled on the 10th of September but was unfortunately canceled due to the weather. The academy will try and reschedule the event for October. Shorter explained that the event is a community event to educate high school students who are interested in flying. American Airlines was scheduled to bring in a jet to park for display to give the students an opportunity to see inside the cockpit. Shorter added that D2 hopes to have American reschedule the jet for October as well.

Old ARFF Truck: Shorter advised that the old ARFF Truck has been refurbished and is now back at the airport. He commented that it's effectively a new truck as they have completely reworked the entire drivetrain, upgraded

lights, installed a new FLIR camera and repainted it. Shorter said that the truck will be in service for another 7 to 10 years. This will set up an alternating cycle to replace each of the two trucks when they reach their end of useful life.

FAA part 139 Inspection: Shorter advised that the airport has received a compliance letter stating that the airport is complete with the June inspection and that the inspection has been closed out. Martin added that the new inspector has been quite helpful, and she did a thorough job of conducting the inspection.

Website Award: Shorter announced that LHWL has won another award for the EWN website. He said that this award seemed to be more all-encompassing as a broader general website award while the other awards were kind of directed at travel sites. Durant commented that all websites were entered into the competition. He added that with the airport's third-party integrations like Flight Tracker and Buildium, it is just working very nicely and that he is very pleased.

MAG 14: Shorter revealed that there is a new commander for MAG-14 and that he has been in contact with the new commander. He advised that he is still working with them regarding a MOU for the Harrier operations. He said that the new commander is a former Harrier pilot, but he was one of the 1st Marine F-35 pilots, so he has been detailed to come and transition MAG-14 to an F-35 Air Group. Murray advised that the Commanding Officer does have a draft agreement that he is reviewing that includes a note for quiet hours on Sunday mornings here at EWN.

Airline Landing Fee Abatement Recommendation

Shorter commented that the airport has been abating the airline landing fees since COVID started. He said that he has talked about all the stress in the industry however, American put out a stakeholder newsletter last month and the

headline described American as having their highest grossing quarter ever. Shorter commented that EWN is probably the only airport in the nation that's still offering abatements on landing fees. He said that the CDP recommends that the Board stop abating the fees for commercial airlines starting next quarter. He added that the cargo carriers have been paying landing fees all through COVID and the airlines have been paying their rent.

On motion by Pope, seconded by Liner the Board approved lifting the abatement of landing fees effective October 1st. In favor 8, opposed 0.

Change October Meeting Date to Facilitate Takeoff Air Service Conference Attendance for Vice-Chair and Director

Shorter advised that he and Wood will be attending an air service conference in October which will conflict with the next scheduled Authority meeting. He said that the Board will need to decide a date to reschedule the Authority meeting for the month of October.

On motion by Liner, seconded by Morris the Board approved to move the next Authority meeting to October 25th at 2pm. Commissioner McCabe will be excused from the meeting. In favor 8, opposed 0.

Open Discussion

There was no discussion.

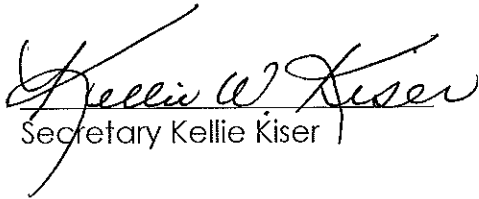
Executive Session

On motion by Liner seconded by McCabe, the Board went into executive session at 3:10 PM in accordance with 143-318.11 (a) (5) to establish, or to instruct the public body's staff or negotiating agents concerning the price or other material terms of a contract for the acquisition of real property. In favor 8, opposed 0.

On motion by Liner, seconded by Pope the Board came out of executive session at 3:19 PM. In favor 8, opposed 0.

No action was taken.

On motion by Liner, seconded by Wood the Board adjourned at 3:20 PM. In favor 8, oppose, 0.


Secretary Kellie Kiser