

Minutes

Coastal Carolina Regional Airport Authority

April 18, 2023

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, Pope, and Wood.

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

Kiser was excused.

Burns was not in attendance.

Also present in person: Andy Shorter, Airport Director; Ray Dunn and Daniel Stanton, Dunn, Pittman, Skinner, and Cushman; April Hill, Airport Security Coordinator/Board Recorder; Amy Ritchie, Terminal & Facilities Manager; Patrick Manzo, Operations Manager; John Massey, Talbert & Bright; George Durant, LHWH.

Also present via conference call: Eddie Carroll, Tidewater Aviation.

Harris advised that there is a need for a modification to the agenda. Shorter commented that Craig Warren, Craven County Finance Director, has sent a contract audit page for the Board to approve and for the Chairman to sign. He asked for approval to add the subject matter under New Business.

On motion by McCabe, seconded by Woods, the Board approved to modify the agenda adding the audit contract under New Business.

Secretary's Report

On motion by Morris, seconded by Liner the minutes of March 14, 2023, were approved. In favor 7, opposed 0.

Treasurer's Report

Pope reported financials through March 31, 2023:

Concessions, Advertising and Ground Transportation had a positive variance to the goal of \$2,844. Fuel Flow Royalties had a negative variance to the goal of \$24,773. Landing Fees have a positive variance to the goal of \$32,204. Other revenue had a positive variance to the goal of \$10,540. Parking revenue is budgeted at \$496,463. The airport received \$432,020 for a negative variance to the goal of \$64,443. Rental car revenue is budgeted at \$254,154. The airport received \$301,210 for a positive variance to the goal of \$47,056. Rental income had a positive variance to the goal of \$76,015. TSA Security reimbursements have a negative variance to the goal of \$16,225. The CARES Act reimbursement had a negative variance to the goal of \$1,711,533. Total operating expenses have a negative variance to the goal of \$1,652,922. The total operating revenue had a positive variance to the goal of \$63,218. Pope also commented that the Budget Finance Committee is diligently looking at future budgets and what budget opportunities will be available once the CARES funding has been expended. He said that they recognize the expenses and revenue streams and are certainly taking that into consideration when preparing budgets. A draft copy of the proposed budget for FY24 will be provided for the Board members to review. A public hearing will be scheduled in May before it will be presented in June for approval.

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

Marketing Update

Wood reported that the committee hopes to meet before the next scheduled Authority meeting but that he has been able to meet with individual committee members to discuss market areas, specifically where people coming into New Bern are coming from. He said that they have been fortunate enough to collect data that shows what airport folks are coming from but that it does not exactly show what city they're coming from. Wood indicated that they are looking at two or three different options and hopefully they can collect better data that would work best for all partners. Wood added that he thinks that it is not only critical from the airport's standpoint but from the Industrial Development and Tourism's standpoint. Durant announced that under the airport's leadership, LHHW was fortunate enough to receive three awards recently: the Top Transportation Campaign and Digital Campaign in the country for digital advertising, a website award, and a marketing award for airports. Durant added that LHHW is very pleased to be recognized by industry experts. He said that North Carolina state tourism department was nice enough to reach out and compliment the airport on its efforts to be a player in the tourism industry. Durant also reported that his team conducts SEO programs to make sure that the airport index is well researched. He also advised that effective July 1st there will be a massive change in Google Analytics that will require everybody to retool to be able to access their data but that they are on top of the details along with the SEO/SEM analytics which continues to perform beautifully as well as the airport's social media which continues to grow. Durant added that they have been able to moderate several questions about the terminal expansion and the added flights. He has had several meetings with media outlets to include the Sun Journal and a couple of local television stations regarding the non-stop flights to DC. He said that they are vitally interested in the success of the airport and want to know what's happening at the airport

and how they can give support. With the countdown to the DC flight promotion fast approaching, Durant advised that his team is engaged and ready.

Commercial Development and Planning Committee

Pope reported that the committee met on April 12th to discuss the following topics:

FAA Airport Capital Improvement Program Planning: Pope advised that the committee has learned that discretionary funding to replace the current control tower will likely not be available in the near future. The estimated cost to replace the tower is \$8 million. Pope added that there is new technology available for remote towers and that the committee has decided to pull back and regroup on the tower program. In the meantime, the airport will continue to make improvements with the current tower. Shorter commented that the way the FAA's program is set up is that there is not a priority for towers in discretionary funding like there is for runways and terminals. He added that the extra BIL funding for towers has been distributed for the past two years with the highest award being \$1.5 million. He added that the small amounts reinforce other funding that are already available. Shorter suggested that the airport could save up entitlements for a new tower but that the airport would only receive \$1.3 million a year and that the airport can only save entitlements for four years in a row, which would not be enough. He commented that he thought that the airport is in a good place to step back and just continue to concentrate on the terminal and runway projects at this time.

Corporate Aerospace Development Area Planning and Funding: Pope asked Wood and Shorter to give an update on grants relating to corporate aerospace. Wood reported that the \$1 million grant through the Department of Commerce is in a pre-application phase and must come through the County to the Airport Authority by statute. Wood advised that he should know something

by this Thursday. He said that he and Shorter have had some conversations with the staff and that they feel very comfortable with the application. Shorter commented he had an opportunity to speak with one of the gentlemen from Commerce at the NCAA Conference who was familiar with the pre-application. The gentleman was very confident that the airport would compete well for the grant due to having a well thought out requirement and good plan. The airport purchased the proposed property for development a long time ago and the project has been competing in the State Partner Connect program which feeds into the STIP funding request process, so it is not a new idea or request.

Pope also discussed updates on the non-aeronautical development area. He said that Wood has had additional conversations with the folks who are interested in building a 20,000 square foot vertical structure on the shovel ready property. Wood commented that he is waiting to hear back from ASI regarding their construction proposal to include the construction costs. He said that this would help the airport determine the lease rate to make sure it lines up to what the airport can do regarding the FAA standards and requirements to make sure the airport is staying within FMV rates. Shorter affirmed that since the property has been converted to non-aeronautical, there are no further FAA requirements associated for the development.

D2 Hangar Improvements and Office Trailer Relocation: Pope commented that the Board previously approved \$20,000 to support D2 with an office trailer relocation. This would leave a remainder cost of \$7,000 for D2. With unforeseen costs, the project cost has increased to \$57,000. Pope commented that the committee recognizes the asset that D2 is in the general aviation community and would recommend that the Board consider increasing funds to help support the additional cost of the project. Shorter commented that the airport complicated things when converting their main building into a hangar. Since the building is now a hangar, building codes require that the office trailer

be moved 50ft. from the hangar. Pope added that items like an aluminum handicap ramp must be added to the trailer which increased costs by \$30,000. He said that the committee may have been a little preeminent in coming before the Board previously without more information and that he apologized for that but felt confident in supporting D2 with additional funds. Pope said that the committee has had a lot of conversation and deliberation on this matter and is recommending that the airport support the efforts of the relocation project. Pope added that D2 is responsible for blossoming airport development in the general aviation area and by supporting D2 financially, they will be able to continue to grow creating additional jobs on the campus. Pope recommended before the Board that they approve an additional \$30,000 to the \$20,000 already approved funding to assistance D2 with the relocation project. D2 will provide \$7,000 for the total cost of \$57,000.

On motion by Liner, seconded by McCabe, the Board approved an additional \$30,000 to the already approved \$20,000 to fund and support the D2 office trailer relocation. In favor 7, opposed 0. A roll call vote was taken; 7 yes, 0 no.

Director's Update

Air Service: Shorter reported that enplanements were up to a 79% load factor this March, which was a little less than where the airport was last March. He said that even though the load factors are trending up from last month, American was still limiting the number of seats on the ERJ 145 aircraft. This coming month will be different in that the planned seats will eclipse the number of seats that were available last April. Shorter advised that there will still be restrictions on the number of passengers but American has increased the number of flights per day to five with one of those flights being a larger aircraft that will not have the restrictions. Shorter also shared a chart depicting the number of seats American has scheduled for the month August. As of now,

American has programmed 10,500 seats for EWN in August which is within 300 seats of the airport's closest neighbor. Shorter compared the data with scheduled flights in 2019 which was only at 8,300 seats. Shorter also referred to articles that he sent out in the Board packets regarding Delta's decision to pull out of two more markets within the last three weeks. He commented that they have pulled out of a total of 17 markets and have not reestablished any of them to date.

Williams Road: Shorter shared with the Board a timeline of the environmental assessments scheduled for the Williams Road re-alignment project. He explained that the process for the different levels of assessment will carry a completion date of April 2024.

Terminal Projects Actions: Shorter reported that the project is going well. The footings for the new section of the terminal have been poured and the preparation for the footings for the two jet bridges has begun.

ADO Visit: Shorter advised that the ADO visit went well. He was able to give them a briefing on airport projects and provide a tour of the airport. He said that they were happy to be out in the field since COVID and to visually see what's happening at the airports.

Draft FY24 Budget: Shorter advised that Ritchie will pass out a hard copy of the proposed FY24 budget to each Board member for their review after today's meeting. A public hearing will be scheduled for May. Shorter commented that the proposed budget will show a more conservative expenditure program with the CARES funding wrapping up in May 2024. The proposed FY24 budget reflects a \$2 million revenue line with a \$5.1 million expense budget, using the remaining \$3.1 million of CARES funding to balance.

Legislative Day: The annual NC Legislative Day will be held in Raleigh on April 25th. Shorter advised that he sent Senator Perry and Representative Tyson a

message that he will be attending and would be happy to meet with them anytime during the day. Liner commented that the airport needs to reach out to Representative Celeste Cairns since she represents half of Craven County to get her on board and up to date on what is happening at the airport.

New Business

Terminal Project Ordinance Amendment with associated Line-Item Transfer: Shorter submitted the following Budget Ordinance and Line-Item transfer for the Board's approval:

AIP 51 – Terminal Improvements and Expansion

Expenditures

Administration	\$10,000.00
Basic Architecture and Engineering	\$1,118,218.00
Inspection	\$101,990.00
Construction	\$24,912,058.00
Construction Contingency	\$500,000.00
Total	\$26,642,266.00

Revenues

FAA Federal Grants	\$20,903,935.00
State Grants	\$3,087,119.00
CARES Grant	\$2,378,946.00
Transfer from Airport Operating	\$272,266.00
Total	\$26,642,266.00

On motion by Pope, seconded by McCabe the Board approved the Budget Ordinance for AIP 51. In favor 7, opposed 0. A roll call vote was taken; 7 yes, 0 no.

Revenues	Amount	Expenditures	Amount
8327050-33110 FAA Federal Grant	\$5,000,000		
8327050-39808 Transfer-Ops Fund 810	(\$5,000,000)		
Total	\$5,000,000		

Justification: To adjust Terminal Improvement and Expansion (AIP 51 budget to reflect ATP Federal Funds).

On motion by Liner, seconded by McCabe the Board approved the Terminal Project Line-Item-Transfer. In favor 7, opposed. A roll call was taken; 7 yes, 0 no.

Corporate Aerospace Project Approval and Budget Amendment: Shorter submitted the following Project Budget and Budget Amendment for the Board's approval:

Coastal Carolina Regional Aerospace Development

Expenditures

Site preparation (Water and Sewer Extension, clearing and Grubbing)	\$2,068,600.00
Engineering	\$472,000.00
Total	\$2,540,600.00

Revenues

Golden Leaf Foundation Grant	\$753,700.00
Operations Fund 810	\$1,786,900.00
Total	\$2,540,600.00

On motion by McCabe, seconded by Pope the Board approved the Project Budget for the Golden LEAF Grant. In favor 7, opposed 0. A roll call vote was taken; 7 yes, 0 no.

Revenues	Amount	Expenditures	Amount
Golden Leaf Grant	\$753,700	8307063-47006 Engineering	\$47,000
8307063-39808 Transfer-Ops Fund 810	\$1,786,900	Site Preparation	\$2,068,600
Total	\$2,540,600	Total	\$2,540,600

Justification: To set up funds for the corporate aerospace development project.

On motion by Liner, seconded by McCabe, the Board approved the Budget Amendment. In favor 7, opposed 7. A roll call was taken; 7 yes, 0 no.

Audit Contract: Shorter presented an audit contract for the Board's approval and signature from Chairman Harris. He explained that the contract authorizes the airport to participate as a component unit of the Craven County Audit. The airport has budgeted \$12,000 to cover its share of the audit.

On motion by Liner, seconded by McCabe, the Board approved Chairman Harris to sign the audit contract as a component unit of the Craven County audit. In favor 7, opposed 0.

Open Discussion

Harris mentioned that he and Shorter met with Merrie Jo Alcock, the new DOT Board member serving as the Department of Transportation, Division 2 representative. He said that they had the opportunity to give Alcock a briefing on airport projects and that she was enthused to hear of the progress going on at the airport. Harris suggested that the airport should reach out to Alcock in the future to build a better liaison relationship between her office and the airport.

Liner commented that about two years ago, the airport amended its by-laws restricting the number of years an officer could serve on the Board in an executive position. He referred to Article Four which states that the Chairman can only serve a term of two years. Liner reminded the Board that elections are coming up in July for officers which would require the current Chairman to step down. Liner commented that with so many current projects open that the Board should have the opportunity to keep the current Chairman if they should desire. He recommended that the Board move to amend its by-laws by allowing the position of the Chairman of the Board to serve a term of four consecutive years instead of two. He said that it is still the Board's authority when it comes time to vote in July to vote for who they want for the Chairman seat, but it also gives the opportunity of the existing chairman to stay if the Board should desire for him to stay. Harris asked Dunn if he thought there would be any problem amending the by-laws as recommended by Liner. Dunn advised that legally the Board has the complete authority to amend the by-laws as they so desire. Bender suggested that it might be preferable to leave the by-laws as written but suspend them when the nominating committee brings forth a nomination at election time. He said that he agreed with the purpose behind Liner's recommendation but if the by-laws are changed to four years, then the Chairman could argue that he has the right to stay four years even if he is not elected to stay. Subsequent discussion determined that the by-laws could not

be suspended as suggested. The Board concurred with Liner's comments acknowledging his rationale for the suggested change.

On motion by Liner, seconded by Morris, the Board requested that Dunn draft and present an amendment to the by-laws changing the Chairman's maximum term limit from two years, to four years at next month's Board meeting. In favor 7, opposed 0.

Jones commented that he appreciates Pope's comment that the Budget Committee was looking at what funds would be available after the CARES funding runs out. He said that this is a big concern for him. He added that there are a lot of big projects going on and that the Board needs to be cautious of discretionary spending. Jones said that as the Board moves forward with officers for next year, looking at revenue sources needs to be a top priority. He added that he is not aware of what other airports are seeing but the question is are they generating enough income now to sustain themselves or not. He said that a lot can change in a year's time with the economy and that the airport is using a large portion of CARES funding to supplement the budget. Jones commented that he isn't bringing the topic up for discussion but did want to commend Pope for his comment but that he didn't want the Board to overlook it either. Pope commented that the committee is mindful of the revenue stream and that as Shorter has reiterated before, the airport is buying down future costs but that they know the sunset is coming.

Executive Session

On motion by Morris, seconded by McCabe, the Board went into executive session at 3:18 pm in accordance with N.C. General Statute 143-318.11 (a)(3) to consult with the attorney employed by the body in order to preserve the attorney-client privilege related to a potential claim. In favor 7, opposed 0.

No motion was made in executive session.

On a motion by Limer, seconded by Morris, the Board adjourned at 3:26 pm. In favor 7, opposed 0.



Secretary Kellie Kiser