

Minutes

Coastal Carolina Regional Airport Authority

July 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, McCabe, Morris, Murray, Pope, and Wood.

The following Board members attended via WebEx: Frazer, Jones

Liner and Eckert were excused.

Burns was not in attendance.

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

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

At last month's Authority meeting, Chairman Harris appointed a nominating committee for the FY24 Officers and asked those members on that committee to be prepared to bring their recommendations before the Board at the next scheduled meeting. As Chairman for the nominating committee, Morris advised that the committee met and recommends the following Authority members as new officers: Harris as Chairman, Pope as the Vice Chairman, Liner as the Treasurer and McCabe as the Secretary. Dunn asked if there were any other nominations for officer positions on the Airport Authority Board from the floor. Hearing none, on motion by McCabe, seconded by Wood the nominations were closed. In favor 6, opposed 0. A roll call vote was taken; 6 yes, 0 no.

On motion by Wood, seconded by McCabe, the officer nominations were approved as presented by Morris. In favor 6, opposed 0. A roll call vote was taken; 6 yes, 0 no.

Secretary's Report

On motion by McCabe, seconded by Morris the minutes of June 20, 2023, were approved. In favor 6, opposed 0. A roll call vote was taken; 6 yes, 0 no.

Treasurer's Report

Pope reported financials through June 30, 2023:

Concessions, Advertising and Ground Transportation has a positive variance to the goal of \$5,783. Fuel Flow Royalties have a negative variance to the goal of \$33,319. Landing Fees have a positive variance to the goal of \$56,798. Other revenue has a positive variance to the goal of \$25,618. Parking revenue has a negative variance to the goal of \$47,825. Rental car revenue has a positive variance to the goal of \$53,627. Rental income has a positive variance to the goal of \$103,978. TSA Security reimbursements have a negative variance to the goal of \$29,790. The total operating revenue has a positive variance to the goal of \$134,871. The CARES Act Reimbursement was budgeted at \$5,878,045. The airport has collected \$4,044,733 with a remaining balance of \$1,833,312. Total operating expenses was budgeted at \$6,632,650. Expenses to date are at \$5,056,989 with a negative variance of \$1,575,661.

On motion by McCabe, seconded by Morris, the Treasurer's Report was approved. In favor 6, opposed 0. A roll call vote was taken; 6 yes, 0 no.

Marketing Update

Wood advised that the committee continues to work closely with George Durant regarding the Placer.ai data program that was presented in last month's meeting. He added that the CIA and the New Bern Chamber have shown

interest in the program. Shorter shared marketing graphics with the Board for the "Fly Local" campaign as the committee will continue their focus on the fly local market for people who are flying out of EWN. He said that the website click through rates are above the national average and that they have been able to gather good data to identify out markets and what cities folks are flying to. Shorter also shared that there was a social media influencer who flew into EWN from DC about three weeks ago. The visit was primarily in New Bern but also included the Beaufort area with her daughter. He said that she has a focused area website that is impressive, so he asked Melissa Riggle with the TDA to engage with American Airlines Marketing to share the website with them. American was also impressed so they put a link on the influencer's website that will direct folks who visit the page to the American Airlines booking website. Wood mentioned that the airport has recently had some publicity interest from a local tv station. Shorter commented that a reporter from WITN visited the airport yesterday to do a story on the updates of the terminal expansion. Another reporter from WNCT visited the airport today in response to the Craven County Commissioners accepting the \$5 million BIL ATP grant that was awarded to the airport back in February. The reporter interviewed Shorter, Wood and Craven County Commissioner ET Mitchell.

Commercial Development and Planning Committee

Pope reported that the committee met last week to discuss the following topics:

Corporate Aerospace Development Area Update: Pope reported that the committee anticipated an environmental assessment was to be completed for the corporate aerospace development area in the coming months. The committee also discussed funding through the Golden Leaf Foundation for infrastructure on water and sewer. He said that the biggest focus was the size of the water lines to be laid in for the property. He said they discussed installing 6-inch lines to provide water service for property. Through further discussion the

committee realized that there may be a need for 8" or 12" piping to provide higher pressure for other users. Shorter shared an area map of water lines along Old Airport Road. He indicated that the committee believes that the closest 12-inch pipe is on the other side of Highway 70. On the airport side of the highway, they believe that the piping is 6-inches with the possibility of some of the piping to be 8-inches. He said talking with the engineers, they feel that the pipes could be upgraded to 8-inches. Massey explained an exhibit outlining options for extending the water lines to the corporate aerospace development area. He said that one comment discussed was that if the airport extended water lines down Old Airport Road, then the lines would not only service the aerospace area but would also service the non-aeronautical development area as well. Massey advised that Wither's and Ravenel reviewed the models and they commented that an 8-inch along Old Airport Road would be a better option. He said that the discussion in last week's meeting was to proceed with the recommended route with the anticipation that there may be some upsizing of the lines coming underneath the highway due to the Highway 70 expansion. Another point made in the committee's discussion was to tie into an 8-inch line at Kale Road which would provide a boost in the water pressure. It was also discussed that the airport could run a water line from Kale Road alongside Creekside Park all the way to the back of the park then looping the line to a hydrant on the back side of the property. Massey stated that the committee took the comments discussed in the meeting back to Withers and Ravenel for review. Shorter added that if the large hangars are built on the property, then they will need a tank. He said short of having a new water tower somewhere close enough he thinks that there would not be enough pressure but by having the loop system it would increase that capacity and capability. Shorter added that the way Massey described the options he feels that the airport may want to complete the project in phases. He said that the airport will have to examine the cost estimates and then maybe come back in another phase and do the

loop. He said that if they see that there is low hanging fruit and the airport has the money, then maybe complete the project sooner than later. Shorter commented that the biggest piece that has come up is the requirement from the State Historic Preservation Office to have a study completed of the property. On behalf of the CDP Committee, Shorter presented a proposed work authorization to have Terracon complete an archaeological survey of the site in the amount of \$39,700. Shorter commented that effectively, the airport will not be able to move forward without the archaeological survey and potentially losing the grant opportunity with the Golden Leaf Foundation. Shorter also advised that there are funds available in the budget that were approved for emerging architectural and engineering work. He added that the project could also be eligible for reimbursement through future grants like BIL AIG or State grant.

On motion by Morris, seconded by McCabe, the Board approved the work authorization for Terracon to complete an archaeological survey of the property designated for corporate aerospace in the amount of \$39,700. In favor 6, opposed 0. A roll call vote was taken; 6 yes, 0 no.

Non-Aeronautical Area Project Update: Pope advised that Dunn and Stanton have been working with Arey Grady who represents Craven County and Lee Hodge who is representing FMR on the details on a long-term agreement for non-aeronautical development on the property along Old Airport Rd. Pope commented that it is a unique agreement that the committee wants to take the time and efforts to get right the first time. Shorter added that they thought they would have some hard data of what their proposal would be for the building along with cost estimates but that they have not heard back from them yet. He said that they are in same place as they were in last month but feel that they are close. Wood agreed adding that FMR has not been silent and that they have been in touch with them as late as last week. He said that

they are being as cautious on their side as we are on our side. Dunn added that the ball is also clearly in their court and that he is waiting for a written proposal that we should be receiving from Lee Hodge probably within the next couple of weeks. Pope commented that on a sidebar, Shorter and Wood are receiving current inquiries from other non-aeronautical groups with ongoing discussions and considerations and hopes to have some opportunities on the horizon with other future partners as well.

Church Property Required Improvement: Pope advised that the airport purchased the property about 18 months ago and have been using the building for storage. He said that D2 has inquired about using the building so the airport has completed an inspection list of the current state of the building. It has been identified that there is a need for electrical repairs in the attic with a cost estimate of \$10,000. Pope said that if the airport were to make repairs and upgrades not to exceed \$70,000 then the return on investment would be about a year to a year and a half. With D2 expressing interest in using the building, Pope advised that the Board would need to make the decision whether to make the investment or not. Shorter added that there are a couple of things to note about the property. He said that in an effort to keep the insurance rates low the airport will need to continue using the building for storage. By identifying the need to upgrade the substandard electric wiring in the attic that the airport should probably, at a minimum, make the repairs just to keep it insured properly for storage purposes. The airport has received a quote to make the electrical repairs in the amount of \$8,000. Shorter acknowledged that there is funding in the budget for repairs to the building. Shorter also identified that the building has a sloped floor in two thirds of the building for the auditorium. He said to make the space usable for future office space then the floor will need to be leveled. Shorter commented that he has received some quotes to upgrade some of the current office spaces while keeping the sloped floors in the auditorium to be used as a training room. He said that there are options but

ultimately, with the \$70,000 the airport could make the repairs to the electrical wiring, the roof and upgrade current office spaces. Shorter recommended that the airport make the repairs to the electrical wiring and continue to let the other options percolate for a couple of months to determine what opportunities the airport has for the building. Shorter also noted that the airport has not yet been reimbursed by the FAA for the property, so the Authority is free to do whatever they wish to do with the property including turning it for a profit if desired. Pope acknowledged that the CDP committee concurred with Shorter's recommendation to only repair the electrical wiring using funds already budgeted for the building. The Board concurred with the recommendation.

Director's Update

Air Service/Enplanements: Shorter reported that the number of available seats offered by American are down 33% from 2019 but they are up 8% in earned revenue from 2019. He said that American is happy with the data. Shorter also added that Mead & Hunt have reviewed industry airline data and feel that EWN is doing very well, and that the airport needs to hold fast through the next year. He said that ticket prices may be cheaper at times out of other airports like PGV because of the supply demand. Shorter reported that he, Kirk from Mead & Hunt, and Melissa from the TDA will be attending an air service conference next month. He said that he doesn't know at this time what airline they will be able to talk with. Shorter also has a virtual headquarters meeting with United Airlines in September.

Terminal Project: Shorter reported that the bathrooms are close to being completed. There were some supply issues, but those issues have been corrected. Shorter said that the project is moving forward as scheduled.

FedEx Holding Pond: Shorter reported that he received a call from FedEx about three weeks ago regarding a water line collapsing involving a FedEx

truck. FedEx reached out to Anderson Construction to repair the stormwater lines. The incident was caused by storm water erosion around the pipe. Shorter said that the pond was filled with 3-4 ft. of sediment caused by almost 20 years of sediment and runoff accumulation. After careful review by Dunn and Stanton it was determined that everything on the airport's side of the fence is the responsibility of the airport, including the pond. Shorter advised that since Anderson was already on site, he asked them to provide a quote to dig out the pond to reset it to original condition. Anderson Construction has provided a quote in the amount of \$29,000. Shorter advised that the pond was dug out and the ponds are back to standard. He said that he is still reviewing the pond and design schematics to determine if any future adjustments to the ponds and the inlets will need to be made for better future drainage.

FAA Part 139 Inspection: Shorter reported that Manzo and his team did a great job preparing for and execution during a recent FAA Part 139 Inspection. He said that there were several small items such as the height of the grass and the size of perimeter road airfield signs that were noted during the inspection. One finding that was most noted with a letter of correction was the training for the self-contained breathing apparatus (SCBA). Shorter explained that the airport changed the training requirements from the previous years and how the training was recorded. He said that the inspector was not convinced that the airport was maintaining the level of training as currently outlined in the airport's manual. He said, even though the inspector admitted that the ARFF staff is not required to get out of the ARFF truck during an emergency, the airport has written a requirement to have their gear available as required. The inspector interpreted it as a requirement to have training on the requirements within the preceding 12 months. Shorter advised that there were several guys who did not meet this requirement. Shorter said that within 18 hours of the inspector's notation, all staff members were re-trained, and that the inspector was very impressed with the efforts made for the staff to complete the training in such

short order. Shorter added that Manzo has had several conversations over the phone with the inspector to determine if the airport should change the manual by removing the words "as required" but the inspector has stated that she is comfortable with the airport leaving it as a requirement to have a minimum level of SCBA training since the airport was so efficient in completing the training when she made the notation. He said that the inspector commented that it's a nice healthy balance between having a requirement that we don't need to have and having some level of ability to use that gear should it be necessary if somebody ends up outside the truck during an event.

Craven County Commissioners Approved BIL ATP \$5 million Grant: Shorter announced that the Craven County Commissioners accepted the \$5 million BIL ATP grant that the airport was notified of back in February. He said that he is very appreciative of the time and support that the County gives to the airport with all grants. Shorter also gave a report on the FY23 Airport Improvement Program (AIP) grant. He said that he is still waiting for the grant to be released but that he has been advised that the airport should receive an approximately \$4.5 million grant within the next 60 days. Shorter advised that the airport recently submitted a grant request for an FAA Supplemental grant that focused on energy conservation. He explained that the grant was focused on energy conservation, so the airport submitted a grant request to replace our airfield lighting with LED lights. Unfortunately, EWN was not awarded a grant. The closest airport to EWN that did receive a grant was RDU for the purchase of electric buses.

New Business

Parking Control System Update Funding Approval: Shorter reported that the current parking system (Parking Boxx) is a Canadian based company that was installed five years ago in the customer parking lots. He said that in the beginning there were some issues that needed to be worked out but have since

been addressed. Unfortunately, the current system is becoming obsolete due to the electronic and computer parts, and the company will not be able to support those parts. Shorter said that the company has, however, offered the airport a new system by basically replacing the old with a new system at 30% of the cost of what a new system would be if you were a new customer. The estimated cost for new hardware and software would be \$94,516. Shorter advised that he would also like to purchase a new four-year licensing subscription for \$35,000. He said that the airport has a couple of options. Option one would be to continue using the current system which will eventually quit working and then the airport will not have anything to replace it with. The second option is to put out an RFP for any company that provides parking control systems. Shorter commented that if the airport stays with the current company and takes the cut rate deal, he feels it would be fortuitous because the airport would have to be looking for a new system in the next couple of years anyway. Shorter recommended that the airport move forward with the current company, Parking Boxx, and replace the old system with a new system that includes a 60% discount.

On motion by Morris, seconded by Pope, the Board approved the airport to purchase a new upgraded parking control system through Parking Boxx in the amount of \$130,000. In favor 6, opposed 0. A roll call vote was taken; 6 yes, 0 no.

Open Discussion

Harris asked Murray if there were updates regarding grant awards from the Defense Community Infrastructure Pilot Program. Murray advised that awards will be published in September. She added that she assumes that applications that do not meet the requirements of the grant will be notified quickly. Murray commented that the deadline for application submission was just a couple of weeks ago so it's just too early to speculate.

Morris asked Shorter for an update on the performance of the DC flights. Shorter shared a comparison of the number of passengers between last year and this year which shows a 20% reduction for 2023. Shorter commented that he checked the price difference of a ticket leaving from EWN with a connecting flight through Charlotte to Boston and a connecting flight through DCA to Boston and there was only a \$1 difference between the two flights. Shorter added that the prices were more competitive last year over this year. Shorter said that when he met with American a few weeks ago, they were happy with the DC flights and were already talking about extending the flight for a third year, presumably due to the high revenue generation, just like the daily flights.

Harris commented that the North Carolina Airport Technical Assistance Program commonly referred to as NC AirTap is an organization that provides training to airport officials with a series of online training courses. Harris explained that the program is a joint effort of the North Carolina DOT Division of Aviation along with the Institute of Transportation Research Education which supports the North Carolina Airports Association. NC AirTap has created a module with twelve different sessions for Airport Authority members to learn more about airport policies and procedures. Harris commented that this training may be of interest to some members of the Board and that Shorter will be sharing the link to the website in an email correspondence.

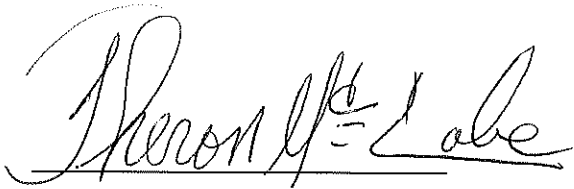
Harris commented that at the last meeting the Board discussed employee performance appraisals and the different methodologies that the Authority could use to award performance if they so wish to do so. Options include COLA increases; merit increases and bonuses. From that discussion, there was interest in the pros and cons of using any one of these options and what the Authority can do legally. The Board asked Attorney Ray Dunn to do some research for guidance to bring back before the Board for discussion. Dunn advised that he has completed research and referred to a legal memorandum issued by the

North Carolina Treasury Department which specifically says that you can award a performance bonus for employees, but the recommendation is a two-part process. First step you would need to do it in accordance with a written policy for bonuses or the Board would need to do it in the form of some sort of contractual agreement that would provide for the bonuses. Dunn advised that he has looked into this and that there has been a lot of back-and-forth discussion over the years. He said that he has provided Harris with a summary and that Harris has circulated that summary to County Manager Jack Viet and to Amber Parker, HR Director for Craven County. Dunn explained that whatever option the Board chooses that affects payroll will need to be in lockstep with the County. Dunn said that the process is ongoing and that the bottom line from the airport's perspective is yes, it is legal for the Board to award employee bonuses. Dunn said that the North Carolina Treasurers Department has determined it was permitted under the North Carolina Constitution, but the airport will have some follow up details to address to get to the next step. Harris advised that the Board would move forward with the information provided by Dunn per the Boards instruction from last month's meeting. He added that there may be some questions that the Board will have to answer as that policy is developed.

Executive Session

There was no need for an executive session.

On a motion by McCabe, seconded by Morris, the Board adjourned at 3:24 pm. In favor 6, opposed 0.

A handwritten signature in cursive script that reads "Theron McCabe". The signature is written in black ink and is positioned above a horizontal line.

Secretary Theron McCabe