

## Minutes

Coastal Carolina Regional Airport Authority

August 22, 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: Eckert, Harris, Jones, McCabe, Morris, Murray, Pope, and Wood.

The following Board members attended via WebEx: Frazer

Bender and Liner 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, John Massey, Talbert and Bright and George Durant, LHWH.

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

### Secretary's Report

On motion by McCabe, seconded by Morris the minutes of July 18, 2023, were approved. In favor 7, opposed 0. A roll call vote was taken; 7 yes, 0 no.

### Treasurer's Report

Shorter reported financials through July 31, 2023:

Concessions, Advertising and Ground Transportation is budgeted at \$3,339. The airport has collected \$2,745. Fuel Flow Royalties have a negative variance to the goal of \$386. Landing Fees have a positive variance to the goal of \$1,003. The other revenue line has a positive variance to the goal of \$2,468. Parking revenue has a negative variance to the goal of \$3,621. Rental car

revenue has a positive variance to the goal of \$14,564. Rental income has a positive variance to the goal of \$229. The total operating revenue has a positive variance to the goal of \$13,663. The CARES Act Reimbursement was budgeted at \$3,150,741. The airport has collected \$143,365 with over \$467,702 expected from recently submitted reimbursements. Total operating expenses were budgeted at \$429,873. Expenses to date are at \$500,730. Shorter explained that expenses include a large \$225,000 insurance payment that is due at the beginning of each fiscal year. The payment is prorated throughout the year and will even out over the course of the budget year.

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

#### Marketing Update

Wood advised that the committee has not met over the summer but hopes to meet in September before the next Board meeting. He advised that Durant and Shorter may want to give an update on some marketing efforts but that the committee continues to work with Melissa at the TDA and other folks with Placer.ai. He said that Melissa has taken the summer to work with the software and hopes to have some interesting information at the next meeting. Shorter added that Melissa has been able to collect data that was useful at the air service conference. He explained that with the information Melissa has been able to collect she was able to keep up with the consultants and breakdown different parts of the data. He said that the information collected will continue to be powerful for the airport. Shorter also shared with the Board a marketing video. Durant commented that the three local television stations are running the video which runs mostly in the morning. The video focuses on the upper end demographic for morning news broadcast. He said that the video was created to tell the airport's economic development and impact in the region. Durant added that even though the airport is in Craven County, he is trying to maintain

a regional presence within the surrounding counties as well. The marketing committee will be wrapping up the summer campaign and will move forward with the "Going Places" campaign. Shorter commented that the committee is trying to encourage people to use the local airport because it means the success and the longevity of the local airport. Shorter also presented a new website widget called FlyMyAirport powered by Kayak. He said that the Appleton Airport is the first airport to use the system which populates flight destinations through a preferred airport. Durant explained that he would implement a code on the airport's website to accommodate the FlyMyAirport feature. He said the program is consistent with what the airport is already doing with the outbound marketing. He said that the path of this feature would be that the airport would do its regular marketing, mainly digital, and feature a landmark and someone will click on that, and it will track that pixel all the way through our site to American's booking page which would be consistent with our pursuit of attribution. Durant added that if the airport can show American that we are doing everything we can to drive demand to their booking site, we can say we've done our job as a partner. He said that this is a very important piece of technology that we're excited about and feels like the airport will get a good return on investment.

#### Commercial Development and Planning Committee

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

Corporate Aerospace Development and Planning: Shorter reported that Withers and Ravenel have been onsite and have looked at the water and sewer per the discussion from last month's meeting. Wood commented that a public hearing will be held at the County Commissioners meeting scheduled for September 5th. The purpose of the public hearing is for the Craven County Economic Development department to accept the grant from commerce.

Non-Aeronautical Area Project Update: Wood advised that just before the meeting he spoke with the lawyers from FMR Properties. He indicated that they have received a term sheet from FMR and are reviewing the details. He said that he hopes to have something from them within the next day or two. Wood commented that it's a slow process because it's an unusual real estate deal but that it is good news. The proposal would be for a 20,000 square foot facility for industrial use.

Express Properties (FedEx) Evaluation Proposal: Shorter explained that Express Properties is the owner of the building that FedEx leases. Shorter advised that Express Properties has been asking for almost four years for the airport to extend their lease. Shorter commented that they were advised that to extend the lease they need to vacate the current lease and a new lease would need to be written and that the airport would institute some form of reversion deferral fee. The new lease would incorporate all the current lease rates and any new standards that the airport has for leasing property. Shorter commented that Express Properties has given the airport their financial data under a nondisclosure agreement. He said that there is a lot of financial data, so Dunn's idea is to engage with a CPA to help the airport look through the data. The cost associated with a CPA is estimated to be \$10,000. Dunn explained that Express Properties is asking the airport to give up a future revenue stream and although it's hard to predict down the road, you know past performance is the best indicator of future performance. He added that it's the only objective data that the airport has and that it is complicated because there are multiple ways to look at the data and that a CPA can look over the data much quicker. Dunn commented that what the airport wants to do is when calculating the reversion deferral fee, we want to be as objective as we can knowing that the airport did our due diligence in trying to estimate in the future what we're giving up if the airport renegotiated the lease and gave them an additional 20 years. Scott Davis, the attorney for Express Properties has requested a term sheet. Dunn

advised that he and Andy have detailed the additional terms that would be required with any new lease and will have the list ready for Mr. Davis. Shorter said that he wanted guidance from the Board and approval to spend up to \$10,000 to engage with the CPA, the P.B. Mares firm, to assist the airport with the evaluation. Shorter advised that there is \$10,000 in the budget for excess business expenses, so the airport has a budgeted revenue stream to cover the costs.

On motion by Pope, seconded by Morris the Board gave approval to move forward with hiring P.B. Mares firm to help the airport evaluate the financial data submitted by Express Properties not to exceed \$10,000. In favor 7, opposed 0.

#### Director's Update

Air service: Shorter reported that within the first month of the new fiscal year, there were more seats in the market, but the airport ended up with the same number of passengers. Shorter said that the data was a major topic during his conversation with American at the air service conference last week. He said that he spoke to the senior planner for the Charlotte area, who looked up EWN data and could see where the yields were up but that the load factors were flattening out. She advised that she would go back to revenue management to determine what was going on. Shorter commented that there remains the stress of pilot shortages. Piedmont can only give the airport the number of flights that they have available each month. He said that the planner advised him that beyond the initial schedule that goes out each month, if there are additional available flights then EWN will be one of the first places that they will look to plug in more service. Overall, American is very happy with the service out of New Bern. Shorter also reported that American is not as happy this year as they were last year with the DCA flight so they will be looking at the service a lot harder. Shorter commented that he explained to American that he checked for a flight

to DCA and that there was only a dollar difference between flying from DC to EWN versus flying from DCA to CLT then to EWN. The planner advised that the price difference didn't sound right and that the prices should have been more competitive for a second-year service and that she will go back to explore the prices. Shorter commented that he feels that they had a fair discussion and that she was very honest with the conversation. He said that he feels that American is strongly committed to all the regional airports in North Carolina which he feels is good for the airport. Shorter also referenced an article that he sent out with the Board packets in reference to pilot shortages. He said that American is doing the best they can, and that the airport will have to keep riding the wave with American. He said that the airport will probably see fluctuations moving towards November. Shorter also met with JetBlue while at the air service conference last week. He said that JetBlue is looking to do something new and different with the Northeast. He commented that he also will be meeting with United Airlines on September 27<sup>th</sup> in a virtual headquarters meeting. He added that he is still in contact with a few of the low-cost destination type airlines as well.

Terminal projects: Shorter reported that the roof has been installed over the new expansion of the hold room and that the concrete foundation is scheduled to be poured next week. The new bathrooms in the front of the terminal have been completed and are opened to the public. Shorter also reported that the construction of a new baggage belt will begin next week. Monteith will build a temporary wall to separate the construction from the public. They have also hired porters to move bags from the oversized baggage opening to the public area for the passengers to pick up. It is expected to take three to four weeks to complete the project.

AIP discretionary approval: Shorter advised that he will be going before the Craven County Commissioners at their September 5<sup>th</sup> meeting to ask for

approval for the Chairman to sign the grant offer for the FY23 Federal grant. Shorter explained that he expects to receive the grant offer on September 7<sup>th</sup> which must be returned to the FAA by September 15<sup>th</sup>. Since the Commissioners will not be meeting during this time frame he will need go before the Commissioners at the September 5<sup>th</sup> meeting. The grant provides \$4.8 million for entitlement and discretionary funds. Shorter shared a spreadsheet with the Board to explain the cost breakdown of the funding to include an independent fee estimate, ATC siting project and the terminal improvement project. He said that he was very appreciative of State and Federal legislators that have helped support the airport.

Defense Community Infrastructure Pilot Program notification: Shorter announced that the airport was not awarded funding through the Defense Community Infrastructure Pilot Program. He said that when the grant was submitted the airport knew it was a long shot but with the help from Wood a grant request was submitted. Shorter expressed that he feels that the airport may have a stronger chance of acceptance with a grant request for the runway extension project. Shorter commented that going through the process offered some good data points for the next grant submission.

Williams Road Realignment: Shorter advised that the survey work has begun on the Williams Road realignment project. He shared a few design diagrams published by the NCDOT. He explained the intent of each design and some of the challenges of each design. The environmental assessment is expected to continue through next April to help determine a primary and alternate design.

New Airport Entry Sign: Shorter advised that the airport paid for a terminal sign in last year's budget but due to supply and demand the sign has not yet been installed. He shared with the Board a photo design of the sign that will be placed at the entry of Airport Road and Terminal Drive.

Cell Phone Lot: Shorter advised that the overflow gravel lot behind the overflow long term parking area, commonly used by contractors, will now be used as a cell phone lot for taxi drivers and folks who like to wait curbside for passenger pick up. He said that the cell phone lot will release curbside parking in front of the terminal that sometimes backs up to the traffic circle.

Audit Certification: As a component unit of Craven County, the Authority members were asked to fill out an audit questionnaire for the County auditors. Shorter asked that each member take a few minutes to fill out the questionnaire and return them back to him.

### New Business

634 Airport Rd. (Former Church) Property Plans and Proposal: Shorter reported that since the purchase of the property a new HVAC system has been installed and roof and electrical repairs have been made. Also, there was a discovery of previous water damage on the walls that need to be addressed. Shorter said that the airport is currently using the space for a climate-controlled storage which will help lower insurance rates. In January of 2022 Craven County entered a partnership between Fleet Readiness Center East (FRC East) launching the Eastern North Carolina Tech Bridge. The program was established under the US Navy with the purpose to assist FRC and the Navy. Shorter commented that there are about twenty tech bridge locations around the country outside the fence of a military base for the purpose of bridging new solutions to issues they may have. Wood added that one of the things that is necessary to maintain your tech bridge status is to have a facility outside the fence of a military installation that would allow FRC to meet with businesses and find those innovative opportunities. He said that Economic Development has been working with the Navy on various things to include property. He said that they have visited multiple locations within the County with specific interest with the property at 634 Airport Road. Craven County has received their first proposal



request that will need to go before the Commissioners at their next scheduled meeting for approval. Wood advised that he comes before the Airport Authority as a partner of the Economic Development Department to work together to put a proposal together to express what we intend to offer. Shorter advised that for the Navy to use the building on the property that there will be some construction cost associated with getting the office spaces ready for use. Repairs include floor cleaning and new carpet, bathroom upgrades, electrical and plumbing repairs. The estimated cost for the repairs is estimated at \$16,000. Shorter commented that there are funds in maintenance, buildings and grounds. He added that the cost of repairs could possibly be reimbursed through the proposed use agreement. Wood commented that it's important to know that the Navy does not have lease agreements or rental agreements but rather they look at ways to compensate the Airport Authority with the construction costs associated with getting the facility ready for them to use. Wood advised that he will be meeting with the Navy tomorrow morning to outline whether it's construction costs that they would be interested in helping with or if there would be other solutions that we would be able to work out between the Airport Authority, Craven County, and FRC. He said that the big picture is that this is a great opportunity that would bring a revenue stream into the Airport Authority.

On motion by Morris, seconded by Pope the Board approved the Director to spend up to \$18,000 to make improvements to the building located at 634 Airport Road for office space. In favor 7, opposed 0.

#### Old Flight Service Station Building FAA Lease Agreement Renewal

Shorter advised that Ritchie was able to negotiate a new lease agreement with the FAA and that the airport will assume the responsibility for power of the building eliminating the need to split electrical service for tenants.

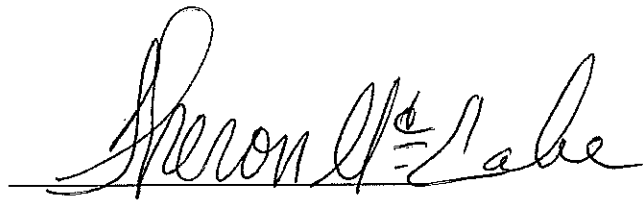
Open Discussion

There was no discussion.

Executive Session

There was no need for an executive session.

On motion by Morris, seconded by McCabe the Board adjourned.

A handwritten signature in black ink, reading "Theron McCabe". The signature is written in a cursive style with a horizontal line underneath the name.

Secretary Theron McCabe