

Minutes

Coastal Carolina Regional Airport Authority

December 19, 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, Brinson, Eckert, Harris, Jones, McCabe, Pope, and Wood.

The following Board members were excused: Morris and Murray.

Burns and Frazer were 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 and Facilities Manager; Patrick Manzo, Operations Manager and Melissa Riggle, Tourism Development Authority, Executive Director.

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

Secretary's Report

On motion by Wood, seconded by Eckert the minutes of November 21, 2023, were approved. In favor 7, opposed 0.

Treasurer's Report

Wood reported that the monthly report shows a typical ebb and flow for an annual budget that's broken down on a month-to-month basis. He said that there are no outlying concerns that he or Shorter have discussed. We are \$31,983 ahead in revenue collections and \$267,822 under expended to date.

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

Marketing Update

Melissa Riggle reported that she, the airport staff, and George Durant have been meeting on Mondays. She said that the meetings are going well and that they have had good conversations. Riggle also gave a report on the digital campaign results for the month of November. She said that November yielded strong results with the click through rates performing above the national average. The committee saw growth with followers on Facebook and Instagram. Riggle commented that the largest social media post with the most engagement was a Facebook post about the recent air show downtown. Posts about the terminal expansion project continue to gain attention from followers resulting in a high number of comments and reactions with the progress and enthusiasm of the future terminal. Riggle mentioned that the holiday advertisements also performed well on Facebook with more than 6,000 views. She advised that there will be more to come on the vision, mission and goals for 2024 and where the committee is headed with the regional community campaign.

Commercial Development and Planning Committee

Pope advised that the committee will not be meeting in December but did meet in November. He reported that they discussed the Corporate Aerospace Development area and airport funding. He said that John Massey is working on a work authorization for a new access road for the development and the fence height for new fencing. The committee is continuing their discussions with the attorneys on the contract language for the pending non-aeronautical lease agreement. Pope also reported that the committee discussed updates on part two of the terminal improvements. Pope asked Shorter, Wood and Dunn to expound more in detail the updates for each project. Shorter reported that he and Wood had a phone conversation with the FMR Group last week and currently the committee is in a holding pattern still

awaiting decisions for acceptable terms to generate a lease agreement. Wood advised that it may be a couple of months before they know any more updates. Shorter commented that during talks with the business associates with FMR, they have made it very clear that they are still very excited about this partnership. He said that even though the project is in a holding pattern, FMR has not lost interest. He said that this is the first piece of the puzzle and that they see this as part of a bigger picture in the area. Shorter also shared diagrams of the property at 634 Airport Road. He said that they contracted an architect to produce some diagrams of the building for the preferred Tech Bridge layout. He explained the upgrades the airport has made to make the facility as flexible as possible. Considering the current layout of the facility and the potential ground space for future buildings behind the facility, Shorter commented that Tech Bridge is already envisioning the property as a potential campus. Wood gave a quick overview of things that the Economic Development department is doing with the project. Wood said that FRC will bring in defense contractors that would give an opportunity for people who have never worked with the Department of Defense to meet with them and to discuss some of their needs. Wood commented that he is excited for this opportunity. He added that this is a multifaceted initiative but will be the physical piece that he hopes people will see the importance of a Tech Bridge. Shorter advised he will give an update on the aerospace development under his director's report.

Director's Update

Enplanements: Shorter reported that the CY23 enplanements exceeded CY22 enplanements. He said that the adjustments that have been made with revenue management seem to be working appropriately. Shorter mentioned that during a recent media interview he was able to report that the airport has seen a 20% increase in the number of seats this December over last December. He commented that everything is trending in the right direction and that he is

happy with that right now. He said that he continues to talk with other airlines and that will continue to be important moving forward. Shorter also commented that January and February are historically low months for the airport but by March the number of scheduled seats will start increasing. By the month of April, it is projected that the number of monthly seats assigned to the airport will be close to 9,000.

New FAA Airline Incentive Program Policy: Shorter advised that the FAA has published a new policy for air service incentive programs. He said that the airline consultants have reviewed the new policy to identify the changes. He commented that the changes seem to be most changes in definitions and use of certain terms.

Shorter said that the airport has revised its incentive program to align with the new FAA policy but suggested an additional change within the document. Shorter commented that the marketing incentive plan states that if an airline is going to provide a new annual service that the airport would offer \$48,000 in marketing. If the airline is going to provide a seasonal service, then the airport would offer \$20,000 in marketing. Shorter said that the current plan was written about four years ago. Within those four years the airport has done a lot of marketing and has seen positive results from those efforts. Shorter expressed that the current dollar amounts under the current incentive plan are low for a new carrier entering the market, so the airport consultant recommends that the airport double the dollar amount offered to airlines for new service. He advised that several years ago the Authority set aside a reserve line of \$500,000 to do whatever it takes to protect, maintain and then grow new air service. Shorter reported that the reserve line has since increased to \$636,000 just through interest. With that, Shorter recommended that the Authority increase the funds offered in the airport's incentive package to include \$96,000 in marketing for an annual new service and \$40,000 for a new seasonal service from a new carrier

or a new route. Additionally, Shorter recommends that the Authority approve the redefined definitions and terms in accordance with the new Federal regulations.

On motion by Pope, seconded by Wood, the Board approved to increase funds offered in the airport's incentive package for new airline carriers or a new route as recommended by Shorter. The new incentive package will offer up to \$96,000 in marketing for a new carrier providing annual service and \$40,000 in marketing for a new carrier providing seasonal service. In favor 7, opposed 0.

Terminal project: Shorter reported that the brick work has started around the new hold room. It was originally expected that the new hold room would be open for operation in May but that has now changed to June due to some schedule software issues not any actual project delays. Shorter said that the overall project schedule is currently six weeks ahead of the original completion schedule.

Department of Transportation Funding: Shorter announced that the airport has been allocated the Transportation Reserve funding of \$5 million. He commented that the language in the law looked like the funds were going to the County but after some discussion the DOT has clarified the language stating that the funds will be coming directly to the airport via NCDOT. Shorter advised that the airport will need to have a policy addressing conflicts of interest. Dunn passed out a copy of the airport's conflict of interest policy that was approved and signed in 2018 for the Board to review. Harris asked that all members review the policy and to let the attorneys know if they have any questions. Shorter advised that the Airport Authority also needs a sworn statement of no overdue taxes. He said that the County Manager and the County Finance Officer have verified and signed off for the airport. Shorter advised that he expects the funds to be available by January 11th.

Coordination Meeting for the Tower Siting Study: Shorter reported that the first coordination meeting for the tower siting project was held and he said that it is an involved complex process that is going to take several sets of meetings. Ultimately, the airport will receive three virtual models of suggested sites for a new tower. There will be a VR headset available for tower employees to view the suggested sites so they can provide feedback on the position of the proposed sites. Shorter also advised that the airport has submitted a new BIL funding application for the design of the tower. Shorter commented that if the airport can get the funds to design a new tower, then the project would be shelf ready for future supplemental funding for the construction of a new tower. Shorter added that the construction of a new tower is not eligible for discretionary FAA funding and that the airport would not be able to save up enough of entitlement money since the airport only gets about \$1.3 million a year and can only be saved for up to four years. A new tower is projected to cost at least \$7M.

Corporate Aerospace Development Pre-Bid Meeting: Shorter advised that there was a pre-bid meeting held for the site clearing project and that there were three contractors that attended that meeting. He said that the bid opening will be held on January 8th and therefore he will be prepared to offer a contract at the January board meeting for approval. He said that he will present a budget ordinance at that time as well. Shorter also mentioned that the airport did not receive any public comments for the short form EA and expects the finding of no significant impact from the FAA hopefully sooner than later. He said that the goal is to get the trees cut down before the first of April.

New Business

Talbert and Bright Work Authorization-Aerospace Development Area: Access Road Design and Bidding: Shorter presented a Talbert and Bright work authorization in the amount of \$116,035 for the Board's approval. The work

authorization will provide subsurface consultant services for the design and bidding phase for a new access road to the aerospace development area.

On motion by McCabe, seconded by Wood, the Board approved Chairman Harris to sign Talbert and Bright's work authorization in the amount of \$116,035. In favor 7, opposed 0.

Budget Amendment for Architectural and Engineering Plus-Up: Shorter advised that the request for approval on the budget amendment for architectural and engineering plus-up has been postponed. He said that Craven County finance needs to complete their financial audit and then the project ordinance first.

Ground Transportation Policy Review and Approval: Shorter advised that the policy for ground transportation has been reviewed and updated. He asked Dunn to discuss the updates. Dunn commented that the airport currently has a ground transportation policy in place that the airport has been operating under but has been recently under review for up-to-date modifications and organizational structure in a way that they thought made better sense for the airport. Specifically, added into the policy were constitutional due process protections that relate to the denial of a permit. Dunn explained that if a permit is denied there is a clause for a due process right for a notice and hearing. If a ground transportation permit is suspended, there is a clause for a due process of rights. Also added to the policy is a constitutional due process notice and the right to be heard for the revocation of a permit to operate on airport property. Dunn advised that he has copies of the amended policy for the Boards review.

On motion by Wood, seconded by McCabe, the Board approved to adopt the amended Ground Transportation Policy as presented by Dunn. In favor 7, opposed 0.

Open Discussion

Eckert commented that he read through the work authorization and asked if the airport was under any sort of impervious surface restrictions? Shorter advised that the airport does not have specific restrictions but that the airport does evaluate surface conditions project by project. He continued saying that airports may apply for a DEQ waiver for needing stormwater holding ponds since they are an attractant for waterfowl wildlife threats to aircraft. Shorter commented that the airport does have a stormwater pollution prevention plan that is evaluated twice a year.

Bender commented that on December 7th the 2nd MAW, Commanding General from MCAS Cherry Point held an event at Marine Corps Outlying Field (MCOLF), Oak Grove for County electives. During the event the Marine Corps demonstrated many of the expeditionary capabilities at the event. Bender said that there seemed to be some real emphasis not only on expanding encroachment guarantees around MCOLF Oak Grove but also doing some significant runway improvements. He said what really piqued his interest was a comment that the Marine Corps made where they would like to start doing some things at MCOLF Oak Grove since it's closer and not have to go all the way to the Global Trans-Park. Bender commented that he didn't know what that meant and whether that's got any economic development impacts but anything that officials can do to keep operations closer to MCAS Cherry Point was a good thing. He said that he was hoping that Murray would be at today's meeting to discuss this with her. He said that there were four of the seven Jones County Commissioners at the event and before they left, they had invited Murray to come to a County Commissioners meeting to discuss with them what the County needs to focus on for operations at MCOLF Oak Grove. Nonetheless, Bender said that this is good news for Jones County.

Harris commented that he and Wood have discussed with Shorter the DOD grant that the airport applied for but unfortunately did not receive. He said that the DOD was allegedly going to provide an opportunity for the airport to review the scoring of the grant and what the airport did not score high enough on to receive the grant. Harris asked if there were any updates on the findings. Shorter advised that he has reached out to their point of contact but that he has not heard back from them. He said that he was going to ask Murray to help by reaching out to them as well.

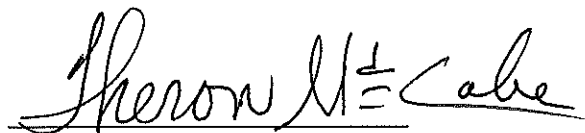
Eckert asked for an update on the two properties that the airport is acquiring on Clermont Road. Stanton advised that there should be a survey completed this week then a review of that survey must be completed. Once the surveys and appraisals are completed then the airport will be able to make an offer on the properties.

Executive Session

On motion by McCabe, seconded by Brinson, the Board went into executive session at 3:04 PM in accordance with 143-318.11(a) (3) (4) to consult with the attorneys concerning the handling of the administrative procedure and to discuss matters relating to the location and expansion of industries or other business in the area served by the Airport Authority.

On motion by Pope, seconded by McCabe the Board came out of executive session at 3:18 PM. In favor 6, opposed 0.

On motion by Wood, seconded by Brinson the Board adjourned at 3:19 PM. In favor 6, opposed 0.

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

Secretary Theron McCabe