

The regular meeting of the Pitt-Greenville Airport Authority was held Wednesday, March 15, 2017 at 11:30am in the Conference Room of the Airport's Terminal Building. Board Members in attendance were: John Banks, Chairman; Eric Clark, Vice-Chairman; Buddy Zincone, Secretary/Treasurer; Jimmy Garris, Commissioner; Jim Morris, and Aileen Wilson. Staff members in attendance were Betty Stansbury, Executive Director; April May, Business Manager; Erin Henry, Executive Assistant; and David Silver, Airport Counsel. Visitors attending were Dave Nelson, Transportation Security Administration; and Eric Harrell, Flowers & Stanley.

Chairman Banks called the meeting to order and confirmed there was a quorum and then opened the Public Comment Period and explained the procedures to be followed by those wishing to speak. Chairman Banks then invited any members of the public registered with the Authority to come forward. With there being no comments the board continued with the meeting.

The Board then addressed the MINUTES OF THE REGULAR MEETING HELD February 15, 2017. With there being one change made to the visitors name and no questions, a motion to approve the minutes was offered by Jim Morris, seconded by Buddy Zincone, and the vote to approve was unanimous.

Next item discussed was the acceptance of the FY 15-16 audited statements presented by Eric Harrell. All board members reviewed their copy of the audit. Eric Harrell advised that based on their opinion, based on the audit the financial statements referred to above present fairly, in all materials the respective financial position of the business type activities of the Pitt-County-City of Greenville Airport Authority as of June 30, 2016 and the respective changes in financial position and cash flows, were appropriate, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. Eric next advised the financial statement of financial position. The total assets are \$47,048,179. The total net position \$46,581,388 with \$42,431,259 is classified as net investment in capital assets, and \$2,165,324 restricted for capital projects. The operating revenues were \$2,591,722 and operating expenses at \$2,771,233, a depreciation of \$1,209,238 and a loss of \$1,388,749 totaling \$(179,511). Capital contributions were \$2,150,582 for federal and state, with local capital contributions of \$130,584. This gave a net position of \$1,031,845. Eric advised there were loss of cash of \$2,747,000 due to local shares with construction on hangar projects. Harrell advised that the service enhancements on the statements are the economic stimulus plan credits.

Banks advised that storm water fees, and unreimbursed LEO costs equal the year end loss. Operational cuts have slowly attempted to help, but these two items will increase our losses. Banks and Garris stated that these financial obligations should be addressed during the next meetings with the City and County presentations. Garris stated the issue with the security costs has been discussed with the National Association of Counties. Banks advised that TSA is considering getting rid of all LEO reimbursements which will cause more expenses for Law Enforcement coverage at the airport. This is where the City and County assistance will be needed. Grants can only cover so much without local assistance. Banks stated that anytime you get Federal grants you must keep the airport open or be subjected to paying the grant money back. It was a question of how long until airport would need help and Stansbury stated 2019. A motion to approve the audited statements was offered by Buddy Zincone, seconded by Eric Clark, and the vote to approve was unanimous.

#### Updates:

Community Service has had 2 people who have worked a total of 4 visits totaling 46 hours this month.

Stansbury advised that the fuel contamination findings concluded with test results that found the samples to be mostly cotton fiber, with some polyester fibers, and also found building dust consisting of gypsum, quartz and calcite usually found from drywall. There were paint fragments and aluminum shavings also present. An insurance adjuster was here on the 23<sup>rd</sup> to do an inspection, look through the records and inspect the aircraft. As

of yesterday morning they have not made a decision on the potential claim. Banks stated that filters and truck were found clean.

#### Wildlife Management:

The airport had a bird strike occur on 2/15/17 about 6:00pm at 1500' AGL while crossing mid-field for landing runway 2. A based Beech Jet with 5 souls on board, had no injury to the occupants, but left engine sustained significant damage. The pilot originally thought it was a goose, but DNA testing found it to be a ring-billed gull. The cost to replace the engine is \$650,000 and cost to replace cowling was \$6000. This is not airport liability. We did have USDA Wildlife Services do a population count and depredation on two targeted species (deer and coyote) on March 2. There were no deer or coyotes found inside the fence. USDA will do a follow-up count in the fall at no cost to the airport, because the state aviation agency pays for it. Stansbury stated that a future project is being considered to raise the height of the fence to over 5ft tall and to skirt the bottom. Silver questioned about the airport owning a gun and who has access to it. Stansbury stated only employees who are trained and qualified have access to it and use when there is a specific need.

#### Taxi-lane replacement project:

The project cost estimated at \$1.86 Million will have the bid opening mid-May. Construction should start early July, with a completion time in early October. We have applied for a Golden Leaf Disaster Recovery Grant of \$1.66 million as well as a state aviation agency grant. Gold Leaf Disaster Recovery has set aside 30 million worth of disaster recovery grants. Golden Leaf stated they have sufficient amount of funds to cover the first round of grants. The Golden Leaf Board will review the application on April 4<sup>th</sup>. Stansbury stated that FAA declined to assist because they are already committed to the runway rehab project.

#### Federally funded projects:

Lights/signs/vaults project will start in a few weeks. This project is estimated at \$2.8 million. The taxiway lights will be done during the day, but the runway work will be done during the night.

The Runway Rehabilitation project is in design and should open bids by June 6th. The grant is expected to be received in August. This project will be to reconstruct the primary runway in the summer of 2018.

#### Haw Drive/ Noise Mitigation:

In 2014 the airport offered to purchase several properties along Haw & Belvoir Drive. Several property owners declined at that time. A second attempt for considering the airports offer will be sent to property owners. FAA has offered funding for second attempt if we can do it this fiscal year. We will need to reappraise, if there are any willing sellers. Stansbury also stated that she would like to partner with the neighborhood association to do something with the vacant property on the corner of Haw and Belvoir Drive. Consideration of a community garden or help with community improvements is on her list. Morris stated that there are foundations that offer assistance.

#### LEO Reimbursement:

County Commissioner Charles Farley sponsored NACO resolution for reimbursement of actual cost. The proposed FY18 federal budget is expected to be released March 16. Stansbury stated that funding for LEO reimbursement program is expected to be reduced or eliminated to pay for border wall. Currently the 2017 reimbursement is on hold due to budgeting and awards. If this federal grant program is cut or eliminated, options are off-site flexible response, cost-sharing with city and county or pay all of it ourselves. Off-site

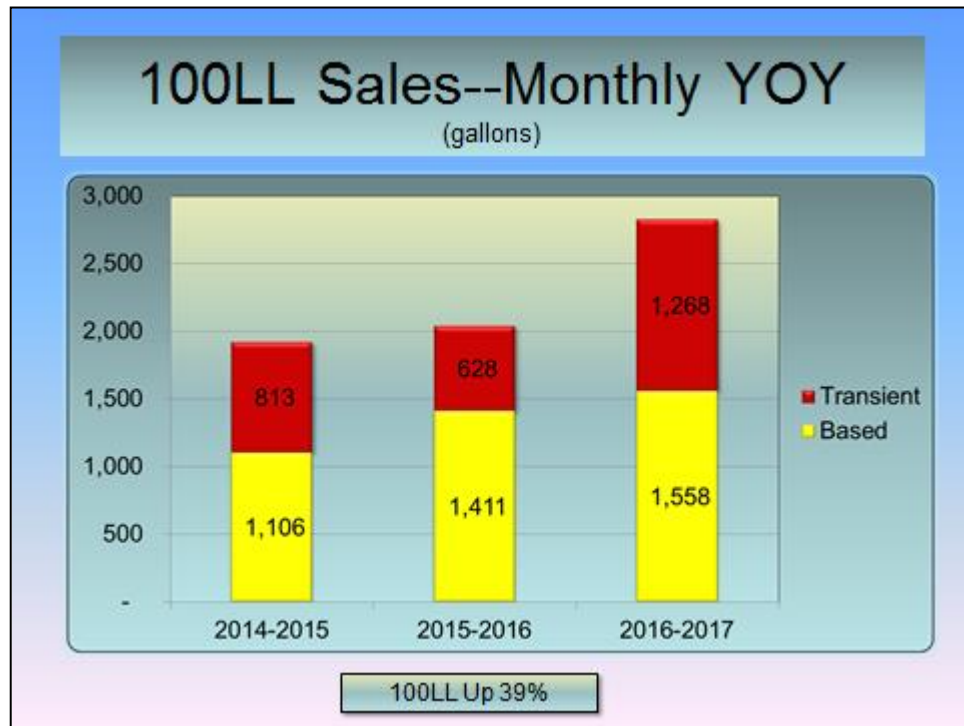
flexible response has to be within a set time of response to the airport. It has been advised to say that the cost will dependent on the department handling the law enforcement. Zincone questioned why the officers had to be there all day, when they are only required to be there when the plane is loading or unloading. Stansbury stated that this is a program that is required by our security policy to have an on-site Law Enforcement Officer. A revision to the TSA policy last fall states TSA would need to approve the flex response program before implemented.

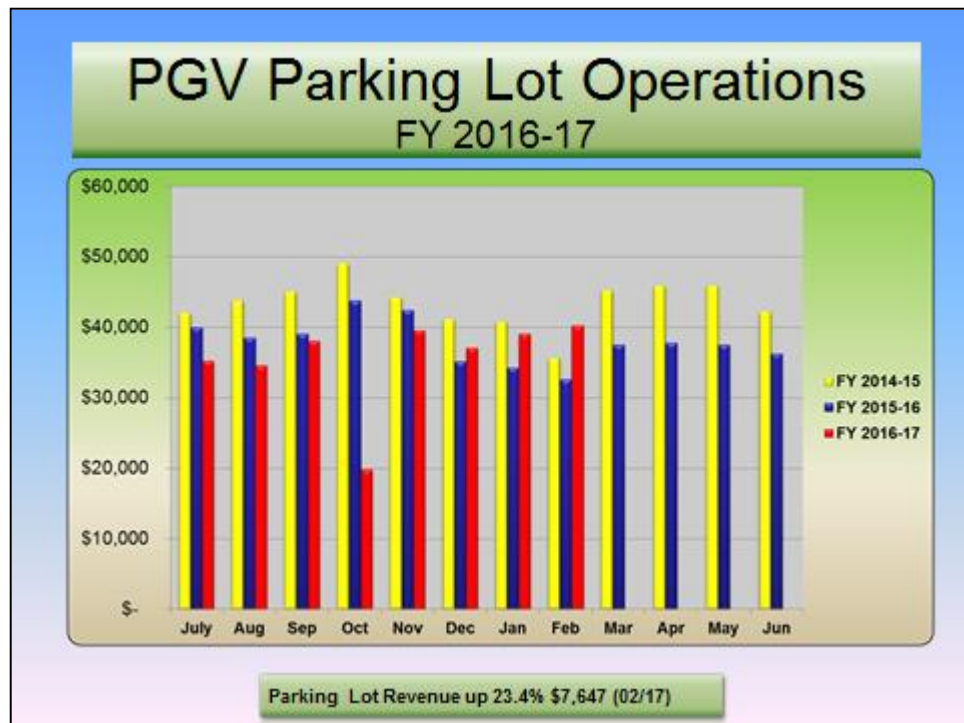
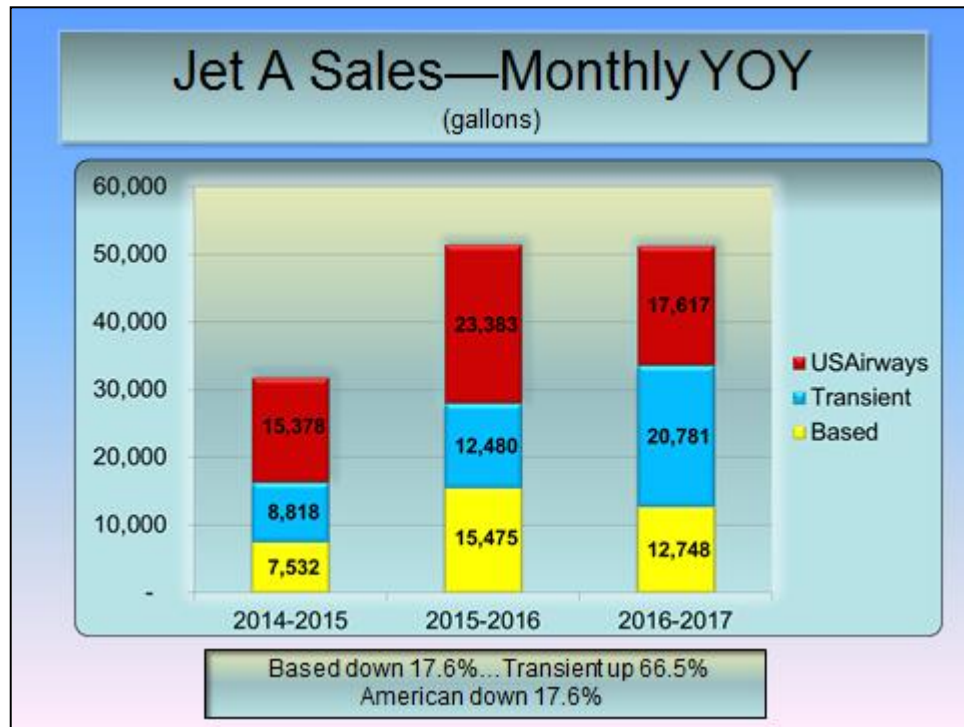
The board then discussed the Financial Report:

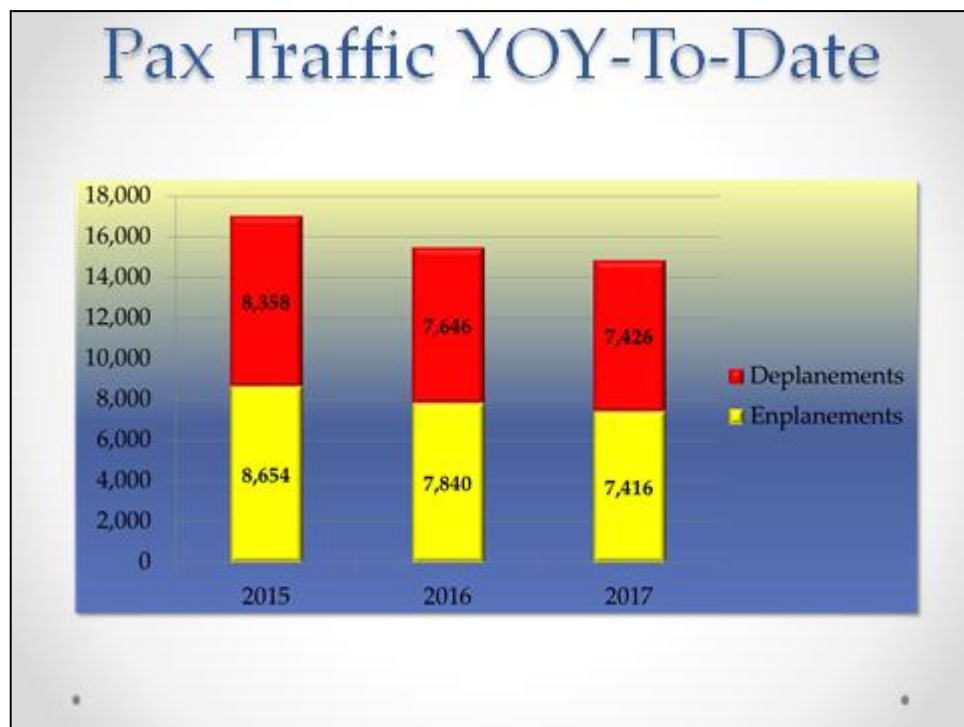
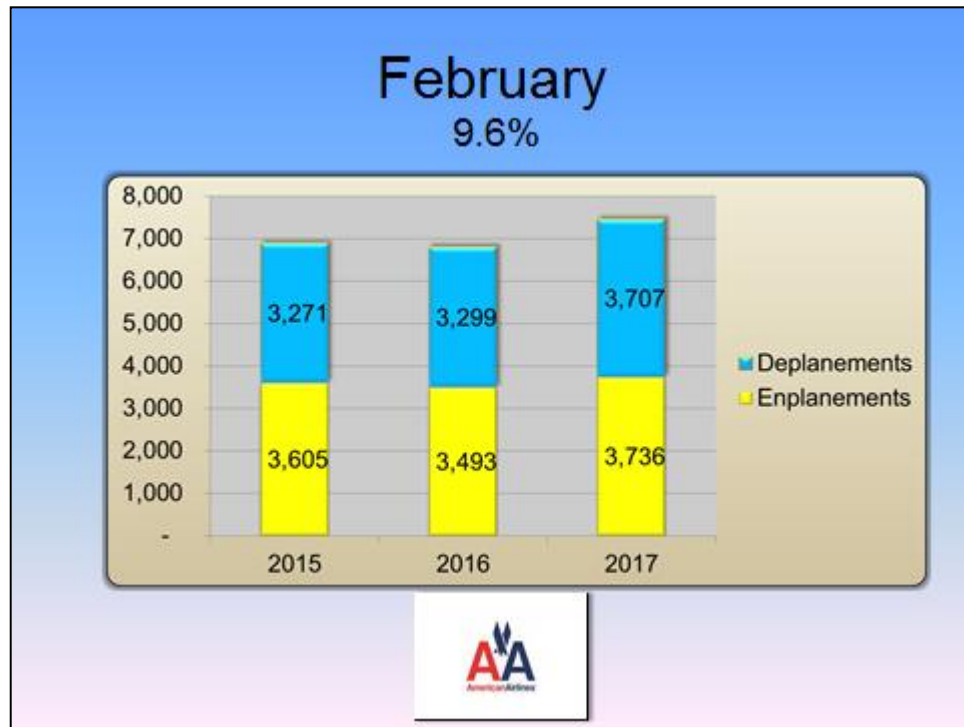
In February the Revenues are \$215,609, Expenses \$437,656, Net loss (\$222,047). The loss includes four payrolls instead of two because of how the billing was received from the City. Building maintenance is also showing a variance due to expenses from flood. This will be changed after the reimbursements are applied. Year to date (target 67%) Revenues 64%, Expenses 71%. Salaries and Benefits 63%, other line items vary from 13% - 100% (average 57%), If building maintenance is subtracted, remaining amount is at 63%.

The Authority was then requested to take under discussion the Airport’s Operational & Maintenance Report, Parking Lot Operations and Regional Airline Carrier activity

Stansbury started out stating that the fuel sales for February were 2,826 gallons of 100LL (up 39%), 33,529 gallons of JetA (up 66%) and 17,617 gallons of Airline (down 17.6%). The parking lot revenue was \$40,259 (up 23.4%). Total passengers are at 7,443 (up 9.6%). The load factors for the airline flights for February average 75% high 98% low 41%.







Next item brought to the board was a briefing on the Presentation to Pitt County. A meeting will be held March 16, 2017 with the County Commissioners.

The Executive Director and Chairman will be meeting with a few airlines at a conference in Florida. PGV Airport will be applying for a SCASDP grant for \$750,000 and include a \$500,000 local match to use as a revenue guarantee. Stansbury stated we need assistance with the local match and incentives from the County and City for advertising/marketing for whichever airline is selected.

**Storm Water Fees:**

In FY 2016 storm water fees were \$105,410, For FY 2017, fees paid YTD \$106,125, year-end estimate \$141,500, an increase of 34% an increase of \$36,000.

**LEO Program:**

CY2016 cost \$131,000, Reimbursement \$79,200, Out of pocket \$51,800.

**Operating Budget:**

FY17 year-end estimated operating loss \$200,000 if no change to LEO grant, if LEO grant discontinued add another \$40,000 (6 months x \$6600).

**Financial:**

Stansbury stated that over the past 6 of 9 years the airport has operated on a deficit with a total of cumulative net loss of (\$801,643). Current budgets YTD rev \$1,805,010, YTD expenses \$2,011,016, Net loss \$206,006 Cash Balance \$4,071,723, Unrestricted \$2,277,734, Restricted \$1,793,989, LEO additional cost \$52,800, Storm water additional \$36,000. FY18 operating budget expected to be flat for fifth year. If airport must absorb all of the LEO cost (\$131, 0000), and the storm water costs (\$141,500), cuts must be made elsewhere or other funding sources found.

**Capital Projects 5year CIP estimated:**

2016 and 2017 projects

Total cost	\$16,137,106
Grants for	\$14,149,395
Local share	\$1,987,711

2018 – 2022 projects

Total cost	\$28,270,000
Grants for	\$26,343,000
Local share	\$1,927,000

Stansbury stated most of the projects are to preserve existing infrastructure. The Airport is expected to have insufficient reserves to pay the local match on federal funded projects (10%) starting in 2019, and may request City and County financial assistance with the local match.

**Airline Incentive:**

Stansbury stated that on April 2<sup>nd</sup> she and Banks will be attending the Sixel conference in Florida to meet with several airlines. Some of the incentives to consider are to waive landing fees, waiver of terminal fees, and discount on fuel, assistance with \$250,000 Marketing / Advertising, and revenue guarantees. Waived landing fees two year value \$119,720, Waived terminal fees two year value \$278,856, Fuel Discount two year value \$882,000, Marketing/Advertising two year value \$250,000, Revenue Guarantee \$1,250,000 (\$750K SCASD grant +500K local match), Total value \$2.78m, Airport share \$1.3 million, Local share \$750K. Stansbury also stated that the LEO program will also change again if another airline chooses to come into the airport. This is because security will require different standards with more flights. Banks stated that this will increase PFC and Parking revenue. Stansbury stated that the second loading bridge would need to be repaired

for a second airline. A motion to authorize the Executive Director and Chairman to prepare and present an incentive package to potential airlines in support of new service was voiced by Jimmy Garris, seconded by Jim Morris, and the vote to approve was unanimous.

Chairman Comments:

Banks stated that he and Stansbury went to Raleigh to meet with NCDOT for assistance with the 1.86 million cost of the taxiway repair last year. He stated that we are still waiting on the grant from the hangar project not to mention the other grants that they have offered to help. Unfortunately we are still in a cycle where we are not getting any funding. The board needs to consider and understand that it is not easy to get assistance even though there have been many negotiations taking place for projects.

Zincone made a request that the new restaurant The Red Heron Café be considered for internal catering functions when possible. Clark stated that the event in April with Chamber of Commerce Board of Directors would be a good starting date.

As there was no more business to attend to a MOTION TO ADJOURN was made by Jimmy Garris, seconded by Buddy Zincone and the meeting was adjourned following a unanimous vote. The next meeting of the Airport Authority will be held at 11:30am on April 12, 2017.

Respectfully submitted,

Betty Stansbury