

Peachtree City Airport Authority (PCAA)
Regular Minutes
Thursday, September 13th, 2012
Aviation Center, Peachtree City-Atlanta Regional Airport
7:00 p.m.

Members Present: Chairman – Richard Whiteley, Vice Chairman – Bill Flynn, George Harrison, Zaheer Faruqi, Bill Rial. Aviation Director – Bryan LaBrecque, Airport Manager –Hope Macaluso, A.A.E. and Airport Attorney – Doug Warner.

I. CALL THE MEETING TO ORDER

Richard Whiteley called the meeting to order at 7:05 p.m.

II. APPROVAL OF MINUTES

Bill Flynn made a motion to approve the August minutes, seconded by George Harrison. Motion Carries, 5/0.

III. REPORTS

Airport Safety & Operations - George Harrison (Present)

George Harrison noted that during the NASCAR weekend, everyone was professional and safety conscious. He wanted to note that Baird Huffstickler did an outstanding job when a customer was in need of a rental car and handled the situation quickly and professionally.

Bill Flynn asked for an update on the issue of fuel storage in hangars. George responded that he had not had the opportunity to look at it in detail. Richard Whiteley made the recommendation that once a year the Fire Marshall and airport management should conduct an audit of hangars. Richard further stated that the Authority would need to come up with a plan of action and that the topic should become an agenda item. Bill Rial moved to make the hangar audit process an agenda item. Bryan LaBrecque noted that the airport has not received specifics on what will be required of an audit but he would pursue the issue further with the Fire Marshall. Bill Rial agreed that we needed more guidance prior to moving forward. Richard agreed we should move forward with the beginnings of a plan. George Harrison agreed that the plan should be an agenda item. Bryan continued on to inform the board that he had pulled the lease and sections 23 and 24 stated the following:

Section 23:

“HAZARDOUS OPERATIONS. Unless the hangar or structures location the Premises are protected with a fire protection system as required under NFPA Fire Code 40, or as required by the Fire Marshall of Peachtree City, hazardous

operations such as fuel transfer, welding, torch cutting, torch soldering, doping, spray painting or as may be otherwise specified in NFPA Fire Code 409, are prohibited inside the hangar or structures.”

Section 24

“...RIGHT TO ENTER. Lessor shall have the right to enter the Premises at any time for purposes related to public health, safety and welfare. Lessee agrees to provide Lessor with a key to any lock used to secure the Premises, and Lessor agrees to maintain any such key in a secure location under its direct control.”

Finance & Capital Budgeting - Bill Flynn (Present)

Bill Flynn mentioned that the budget was sent out with minor changes. Bill also noted that there were no issues to report. Richard asked Bryan if budget was distributed to the board, where Bryan acknowledged that it had been sent out.

Tenant & Community Relations - Bill Rial (Present)

No items.

Marketing - Zaheer Faruqi (Present)

Zaheer Faruqi noted that the meeting with Mike Melton about NASCAR was a great meeting and a good job to the staff for a successful event. Zaheer noted that he would like to see more traffic in the future and stated that location seemed to not be an issue for many of the crews.

Operations – Airport Manager, Hope Macaluso (Present)

Hope Macaluso began by mentioning that she began the process of reviewing the employee medical insurance renewal. She has had the initial conference call this week, but will not know next year’s premiums for several weeks. She is also waiting on a quote from our airport liability carrier. She expects an increase in premium which is reflected in the Fiscal Year 2013 budget.

Hope noted that Taty Nizker and she have been working hard to close out AIP 22, which is the last remaining grant directly with the FAA. The only other open grant at this time is with GDOT for the design of the overlay, which has still not been completed.

Hope noted she and Bryan are planning to review the proposals for our engineering services. They will also be conducting face to face interviews with many of the firms. Unfortunately, with the budgeting process going on this for the majority of this month, they were not able to complete their assessment of the proposals in order to make a

recommendation this month. The board can expect a recommendation in the October meeting.

Hope noted that one of the linemen, Tristen Jerome, has elected to terminate his employment with us. He had been working part-time with Delta Air Lines and has been given a full time position with them as of today. We are in the process of interviewing for his replacement. We have elected not to fill one position at the front desk, but have been filling in as needed - with linemen - that have cross trained on the position. This has worked out very well so far. Bryan stated we were sad to see Tristen leave but were glad to see him in a full time position at Delta.

Hope further noted that she and Danny Sorrells have been working to renew our Wildlife Control permit with the GA Department of Natural Resources. Our current permit expires at the end of this month.

Hope spent the next few moments discussing internet issues with the Authority. She indicated that for the past few years the airport has been providing internet to many of the tenants at no cost to them. This has been accomplished by one of the tenants adding a repeater to the airport's wireless internet. He has a signal booster in the FBO equipment closet and an antenna repeater on the exterior corner of the FBO building on the airport's satellite tower. Last week Mike Melton ran a diagnostic on the speed of internet service and found that the speed is cut in half because of this added equipment. Hope spoke to the tenant and let him know they needed to find an alternative due to the decrease in our productivity caused by his repeater. Customer Service has had complaints from transient passengers and crews that the internet service within the FBO walls is slower than they are used to. We assume that may have complaints from tenants as a result of this situation. We are in the process of exploring other options. Hope noted this situation resulted from a decision made by previous management and there was currently nothing in writing regarding the past agreement. Zaheer asked if there were any potential security issues, to which Hope responded there were none due to our fire wall. Bill Rial understood that there may need to be a change to the previous agreement between the tenant and previous management, but suggested that prior to implementing, there be communication/discussion with the tenant in question.

Lastly, the airport received an email from the fire marshal in regards to hangar inspection. It is his recommendation that "annual inspections be made of every hanger to ensure compliance with all applicable code requirements. The Peachtree City Fire Department Fire Marshal office is willing to conduct these inspections with or without a representative of the Board present."

Mike Melton gave a quick rundown of the numbers produced from the NASCAR Race Weekend. During the course of 4 days the airport pumped over 8,500 gallons of Jet fuel, meeting half the goal of September's budgeted Jet fuel target. Those numbers were nearly 2 and a half times what NASCAR weekend had produced for the airport in the past, on a similar weekend.

Hope also updated the board on the cleaning of the fuel farm. The tanks had been in need of some serious cleaning. She extended a special thanks to one of our linemen - Andrew Johnson - who spent a day cleaning the tanks (with water only).

IV. FINANCIAL REVIEW - Aviation Director - Bryan LaBrecque

Bryan LaBrecque reported that August was a strong financial month, more so than the previous two months and that the month of September was also off to an excellent start. Overall, the Net Income from Operations was \$16,794 - 58% better than budget and significantly improved over July.

Revenues were nearly \$12,000 higher than budgeted. The primary drivers were fuel sales (particularly Jet Fuel) and hangar leases. Jet fuel sales were vastly improved month over month, and an astonishing 45% better than budgeted. The increase is primarily attributed to strong volume (19,000 gallons) and strong margin (41.6%) AvGas volumes were on target as was the margin. Hangar leases were nearly 7% higher than budgeted, notwithstanding the fact that we still have three hangars currently vacant.

Expenses last month were approximately \$7,500 - or nearly 12% - higher than plan. The key expense drivers were payroll (17% over) and maintenance (60% over). With regard to the payroll miss, we are continuing to accrue for the incentive program, causing expenses to be up slightly. As we have seen throughout the year, the maintenance issues were wide and varied. A week ago Wednesday, the runway lights failed and we had to employ a contractor to help resolve the issue prior to the NASCAR race, which we paid a premium for the quick turnaround on the contractor's part. Bryan noted that 30% of the lights around the airport are out of tolerance and eventually we will need a new system to bring everything up to speed.

Overall the airport is on schedule to exceed the projected income for the year. Bryan credited all the team here at the airport for working hard and leading success. Bryan also noted that the incentive program has certainly helped the team go above and beyond. Bryan did report that runway length has been an inhibitor for some of the fuel sales but actual length numbers should be corrected with the FAA for the upcoming year.

Bryan noted that the airport's cash position was \$733,000, down from \$751,000 last month. Accounts Receivable was down and Accounts Payable was up to \$32,000. Bryan noted that the airport paid \$145,000 to have the roof repaired and has 25% of that amount

has already been replace in the cash reserves. Bryan then opened to the board for any questions.

Richard asked if we intentionally budgeted a \$1,000 loss for September. Bryan understood that it was budgeted that way and acknowledges that the budget is correct. Richard asked if the loss includes the incentive accrual. Bryan answered in the affirmative and further stated that by the end of the year the board will see several thousand put back in to correct. Following the internal financial audit – assuming authority concurrence - the airport plans pay out the incentive program to the employees. Richard inquired as to the dispersal timing. Bryan answered by saying the payout will be in November due to the timing of the internal audit. Richard stated that Hope and Bryan would do the math on the incentive, and the individual amounts do not need Authority approval.

V. OLD AGENDA ITEMS

8-11-02 Update on Ted Mallory Memorial Plaque

Bill Rial stated that he has coordinated with the board members regarding the date for dedication. Mrs. Mallory would like the event to be a “family only” event. Bryan asked if the agenda item is to be closed. Bill Rial recommended the items be closed. Richard stated the item was complete.

8-12-01 Callula Hills Rezoning Application Update and Discussion on Impact on Airport

Discussion on the potential rezoning of the Callula Hills project and its potential impact on the airport (current and future) ensued. As the airport undertook a review, we found that an earlier attempt to rezone this property resulted in a PCAA memo from previous management that conveyed no concern over the then proposed rezoning with several provisos (including a provision that the RPZ be protected from build). Since the initial proposal for the development in 2009 Atlanta Regional Airport runway has been extended further east which resulted in an expanded RPZ. In accordance with Federal Aviation Administration regulations, no building or gathering of people can take place within the RPZ. The new RPZ extends much further into the Callula Hills property. This situation prompted several discussions among the Authority. The following summarizes these discussions:

- Bryan stated that under today’s guidelines we cannot extend further north due to the location of the localizer antennae.
- Bill Rial stated that for the record that is our plan to take the runway to 6,001’ and we currently have an agreement with Sany Corp. Richard stated the agreement with Sany Corp. was to not move the displaced threshold.
- Bill Flynn stated that it is clear, the Callula Hills property infringes on our RPZ.

Bryan concluded his presentation to the board. Richard stated that our goal is to protect the future of the airport. George Harrison noted that when taking off on runway 31 toward the proposed development, he passes by the hill where the development would be located. He continued on to note that even as a pilot - who enjoys aircraft - he would be upset since an aircraft - even if it made an immediate left turn - would still be loud. Zaheer mentioned the upcoming meeting with the planning commission regarding the zoning of Callula Hills. George stated that as the airport we need to make this new information known to those making decisions. Richard agreed that this information (updated RPZ overlay) is new information since the previous proposal. George noted that should a light twin aircraft lose its right engine, it would most probably end up on the hill in the residential area should the pilot be unable to gain back full control. Bill Rial agreed with George and noted that even with a change in published instrument minimums, the development could still be a problem. Richard suggested we develop a deliverable that would exhibit our views and we meet with the decision makers to voice our concerns. Zaheer agreed and further supported the concern by noting during the recent NASCAR event, the airport had jets departing as late as 2:30am. Zaheer continued on to mention the airport needs more traffic and to accomplish that means more noise for that area. Bill Flynn moved to send a letter to the city council not supporting the project. Movement seconded by George Harrison. Motion passed 5/0. Item closed.

Following the motion, the meeting was opened to the public for comments. A representative of the Callula Hills development group expressed his displeasure with the findings and the motion passed.

VI. NEW AGENDA ITEMS

9-12-01 FY 2013 Budget Review and Consideration

Bryan quickly reviewed the email sent to the board regarding the proposed FY 2013 budget. Bryan mentioned that the key driver of the drop in Net Income (yr-over-yr) was due primarily to the cancellation of the 2012 air show – which would have taken place in FY 2013 (nearly \$30,000 in potential income). Unlike last year's budget, the proposed FY 2013 budget includes the new incentive program accrual. Forecasted fuel sales are based on lower volumes but higher margins. Bryan continued on to highlight some of the expense differences: Advertising cost are down, Slight increase in insurance cost, employee health insurance budgeted to expand participants, repairs and maintenance re-categorized, payroll increased by 2.5% (rate adjustments), and Hotel Motel Tax proposed fixed rate with CVB/PTC. Bryan further noted that one of the largest revenue hits in the budget was due to the hotel/motel tax adjustment and that the airport team is "mining" several new opportunities to re-coup that lost revenue. Finally, he mentioned that the Great Georgia Air Show has had several conversations with the airport regarding CY 2013 and we are all excited about the impending return of the show.

Richard asked what assumptions were made on developing the numbers for fuel. Bryan said they had taken out the appropriated numbers for the airshow and the remaining gallons were reduced to 95% of previous year sales volume. There was also an increase

of 2% on margins. He noted that this would result in competitive Jet fuel pricing and flat on Av Gas pricing.

Bill Flynn moved to approve proposed Fiscal Year 2013 Budget, George Harrison seconds and the motion carried unanimously 5/0. Item closed.

9-12-01 Discussion of Capital Improvement Program

Bill Flynn began the discussion by asking the management team how the AIP priorities were established. Bryan responded that the team set preliminary priorities but the final priority is established by the Authority. Before proceeding into the particulars regarding the proposed FY 2013 AIP, Bryan noted that in the past the FAA has assisted in 95% of approved funding for projects but that recently that participation has been reduced to 90%. The remainder of any future project costs would need to be locally funded.

The Authority was provided a written synopsis of the proposed plan, which included among other things, a summary discussion of each item. Hope then spent several minutes providing an overview of the plan. Hope noted that the list represents a "wish list" and priorities that are foundationally based on FAA safety related priorities as well as airport development and improvement projects.

Bill Flynn stated that airport lighting and signage were major issues and he asked if this could be moved up in priority. Bryan responded that because of airport overlay timeline slippage, the management team chose to place it in the 2014 CIP. Bill Flynn continued on to state that although it would be nice to expand the terminal building, he believed that to be discretionary and of lesser priority than some other projects. Bryan noted that the potential need to expand the terminal building came from an overabundance of office space requests from both tenants and other interested parties and was moved up due to demand.

Hope mentioned that Easement Acquisitions were important and we need to secure them to protect ourselves from property infringement issues. Hope continued on to give a brief description of the priorities with Hangar Areas B and C, and that the continuation of these projects would be three years out.

Bryan reviewed the CIP for 2013-2017 and noted the only new items to the CIP were the additional hangar development and the terminal expansion. He quickly noted however that the most important items on the CIP in the near term are the runway and apron overlay and the runway extension, set for 2014.

Bill Rial stated that the lighting system replacement in 2014 is extremely important and asked if it would be a remove and replace. Bryan noted that this would be a complete overhaul of the system and agreed with its importance. Richard agreed moving the lighting up in the time frame would be a priority.

George asked about the land acquisitions in 2016 and 2017. Bryan responded that these were carry overs from previous endeavors.

Bill Rial noted that he was glad the CIP was covered and well worth the time. Bryan noted that the CIP covers a broad range of items and that the details would be worked out later on down the road.

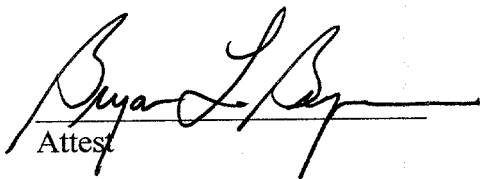
Richard thanked Hope and Bryan for the presentation. Bryan finished up by saying that he would come up with a proposal of priority items for the boards review.

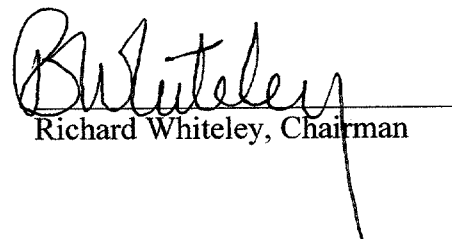
VII. Executive Session

The authority entered into executive session to discuss matters protected by the attorney client privilege and to discuss the future acquisition of real estate.

VIII. Adjournment

After exiting the executive session, Bill Flynn made a motion to adjourn the meeting which was seconded by George Harrison, Motion Carried 5/0. Time 9:37pm (local)


Attest


Richard Whiteley, Chairman

11/06/12

Peachtree City Airport Authority
Balance Sheet Prev Year Comparison
As of September 30, 2012

	<u>Sep 30, 12</u>	<u>Aug 31, 12</u>	<u>\$ Change</u>
ASSETS			
Current Assets			
Checking/Savings			
1000 · General Fund Account	156,118.28	125,744.64	30,373.64
1001 · General Fund	(892.04)	(545.76)	(346.28)
1002 · Reserve Account	563,168.07	563,168.07	0.00
1005 · Grant Account	294.55	294.55	0.00
1008 · Falcon Field Veterans Memorial	47,546.98	47,545.22	1.76
Total Checking/Savings	<u>766,235.84</u>	<u>736,206.72</u>	<u>30,029.12</u>
Accounts Receivable			
1100 · Accounts Receivable	38,759.70	11,455.99	27,303.71
1104 · Prepaid Accounts Receivable	18,341.22	29,715.59	(11,374.37)
1105 · A/R Loans/Other	1,062.50	1,000.00	62.50
Total Accounts Receivable	<u>58,163.42</u>	<u>42,171.58</u>	<u>15,991.84</u>
Other Current Assets			
1080 · Petty Cash	500.00	500.00	0.00
1101 · Accrued A/R-Hotel/Motel	21,424.10	20,529.03	895.07
1102 · Receivable	825.00	0.00	825.00
1150 · Grants Receivable	0.00	25,140.00	(25,140.00)
1200 · Inventory	65,157.57	74,187.83	(9,030.26)
1499 · Undeposited Funds	2.00	188.00	(186.00)
Total Other Current Assets	<u>87,908.67</u>	<u>120,544.86</u>	<u>(32,636.19)</u>
Total Current Assets	912,307.93	898,923.16	13,384.77
Fixed Assets			
1505 · Improvements(Airfield)	19,754,908.79	19,350,261.59	404,647.20
1506 · Land	7,687,974.01	7,687,974.01	0.00
1510 · Buildings & Improvement	7,073,107.50	7,073,107.50	0.00
1520 · Machinery & Equipment	316,165.67	384,232.61	(68,066.94)
1530 · Under Construction	87,924.40	428,891.60	(340,967.20)
1681 · Accum depreciation - Other	(13,290,719.77)	(13,241,061.37)	(49,658.40)
Total Fixed Assets	<u>21,629,360.60</u>	<u>21,683,405.94</u>	<u>(54,045.34)</u>
Other Assets			
1301 · Prepaid Sales Tax Liability	0.00	(100.42)	100.42
1320 · Prepaid Workers' Comp	2,336.25	1,883.81	452.44
1321 · Prepaid Ins/General Liability	0.00	603.83	(603.83)
1322 · Prepaid Prof.Liab. Ins.	0.00	303.35	(303.35)
1323 · Prepaid Property Ins.	4,162.65	5,232.00	(1,069.35)
1324 · Prepaid Auto Ins.	0.00	429.16	(429.16)
1330 · Prepaid Other (FAA/ASOS)	3,169.94	2,164.45	1,005.49

11/06/12

Peachtree City Airport Authority
Balance Sheet Prev Year Comparison
As of September 30, 2012

	<u>Sep 30, 12</u>	<u>Aug 31, 12</u>	<u>\$ Change</u>
1525 · Loan Costs	5,000.00	5,000.00	0.00
1682 · Accumulated Amortization	(4,375.00)	(4,326.00)	(49.00)
Total Other Assets	<u>10,293.84</u>	<u>11,190.18</u>	<u>(896.34)</u>
TOTAL ASSETS	<u><u>22,551,962.37</u></u>	<u><u>22,593,519.28</u></u>	<u><u>(41,556.91)</u></u>
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable			
2000 · Accounts Payable	37,373.76	32,271.61	5,102.15
Total Accounts Payable	<u>37,373.76</u>	<u>32,271.61</u>	<u>5,102.15</u>
Other Current Liabilities			
2001 · Accts Payable/Accruals	23,282.53	33,104.17	(9,821.64)
2050 · Accrued Wages	34,019.00	26,647.00	7,372.00
2055 · Compensated absences	6,713.52	3,344.80	3,368.72
2100 · Employee Health Ins. Payable	0.00	(699.89)	699.89
2101 · Employee Dental Ins. Payable	(49.37)	(869.34)	819.97
2110 · Co. Paid Employee Health	(367.32)	1,649.15	(2,016.47)
2111 · Simple IRA	0.00	(115.38)	115.38
2190 · Sales Tax Payable	6,616.04	6,512.01	104.03
2220 · State Withholding Tax Payable	1,160.09	1,162.81	(2.72)
2280 · Accrued FUTA	294.15	(203.59)	497.74
2285 · Accrued SUTA	664.37	428.32	236.05
2510 · Long- Term Debt	66,083.15	66,083.15	0.00
2690 · Deposits - Hangars	5,000.00	5,000.00	0.00
2962 · Unearned Prepaid Revenue	18,341.22	29,715.59	(11,374.37)
2963 · Veterans Memorial Donation	40,503.86	42,396.31	(1,892.45)
2964 · J.Cobb-Memorial	4,008.46	4,008.46	0.00
Total Other Current Liabilities	<u>206,269.70</u>	<u>218,163.57</u>	<u>(11,893.87)</u>
Total Current Liabilities	243,643.46	250,435.18	(6,791.72)
Long Term Liabilities			
2811 · Note Payable #20-Bldg Renov	15,736.75	19,145.67	(3,408.92)
2814 · Note Payable #23-CIP	369,746.71	371,889.54	(2,142.83)
Total Long Term Liabilities	<u>385,483.46</u>	<u>391,035.21</u>	<u>(5,551.75)</u>
Total Liabilities	629,126.92	641,470.39	(12,343.47)
Equity			
3030 · Contrib. Capital - Grant	19,933.87	19,933.87	0.00
3035 · Contrib. Capital - Donation	2,125,000.00	2,125,000.00	0.00

11/06/12

Peachtree City Airport Authority
Balance Sheet Prev Year Comparison
As of September 30, 2012

	<u>Sep 30, 12</u>	<u>Aug 31, 12</u>	<u>\$ Change</u>
3040 · Retained Earnings	9,398,851.92	9,398,851.92	0.00
3051 · Contr. Capital - FAA #02	1,221,311.00	1,221,311.00	0.00
3052 · Contr. Capital - FAA #03	2,126,666.00	2,126,666.00	0.00
3053 · Contr. Capital - FAA #04	2,126,667.00	2,126,667.00	0.00
3054 · Contr. Capital - FAA #05	2,126,667.00	2,126,667.00	0.00
3055 · Contr. Capital - FAA #06	183,844.00	183,844.00	0.00
3056 · Contr. Capital - FAA #07	710,537.00	710,537.00	0.00
3057 · Contr. Capital - FAA #08	653,506.00	653,506.00	0.00
3058 · Contr. Capital - FAA #09	390,320.00	390,320.00	0.00
3059 · Contr. Capital - FAA #10	184,408.00	184,408.00	0.00
3060 · Contr. Capital - FAA #11	271,956.00	271,956.00	0.00
3070 · Contr. Capital - State #1-113	38,857.55	38,857.55	0.00
3071 · Contr. Capital - State #2-113	66,500.00	66,500.00	0.00
3072 · Contr. Capital - State #3-113	104,000.00	104,000.00	0.00
3073 · Contr. Capital - State #4-113	7,425.00	7,425.00	0.00
3074 · Contr. Capital - State #5-113	96,640.00	96,640.00	0.00
3075 · Contr. Capital - State #6-113	316,950.00	316,950.00	0.00
3076 · Contr. Capital - State #7-113	29,519.00	29,519.00	0.00
3077 · Contr. Capital - State #8-113	9,180.00	9,180.00	0.00
3078 · Contr. Capital - State #9-113	16,707.10	16,707.10	0.00
3079 · Contr. Capital - State #10-113	60,566.44	60,566.44	0.00
3080 · Contr. Capital - State #11-113	511.13	511.13	0.00
3081 · Contr. Capital - State #12-113	5,697.90	5,697.90	0.00
Net Income	(369,386.46)	(340,173.02)	(29,213.44)
Total Equity	<u>21,922,835.45</u>	<u>21,952,048.89</u>	<u>(29,213.44)</u>
TOTAL LIABILITIES & EQUITY	<u>22,551,962.37</u>	<u>22,593,519.28</u>	<u>(41,556.91)</u>