

Peachtree City Airport Authority (PCAA)

Thursday, July 9, 2020

7:00 p.m.

In Person & via Zoom Conference Call

Regular Meeting Minutes

Members Present: Kevin Lund – Chairman, Charles Murray – Vice Chairman, Allen Morrison – Secretary/Treasurer, Tom Lacy – Member (in attendance via Zoom Conference Call), Max Braun – Member, Greg Garmon – Alternate and Hope Macaluso – Airport Manager.

I. CALL THE MEETING TO ORDER

Kevin Lund called the meeting to order at 7:00 pm.

II. APPROVAL OF MINUTES

Allen Morrison made a motion to approve the June 14, 2020, meeting minutes as presented, seconded by Charles Murray.

Motion carried 5/0

III. REPORTS

Finance & Capital Budgeting – Allen Morrison

Allen mentioned that he had a meeting with Hope, Mike and Ryan this week. He said despite the situation, they have done a fantastic job weathering the “Covid” Storm. He noted that Hope would cover the details but we did come in positive this month. Allen also mentioned that the small short fall we have had so far will be more than covered by both the CARES Act and a Jet Fuel Tax Refund that we will get back.

Operations- Manager of Operations, Mike Melton

Newsletter

As many of you have noticed, we have been pushing out Monthly Newsletters with content such as current fuel prices and how they compare to other airports and other information that is pertinent to tenants and users of the airfield. We have also included additional “articles” that include information about the airport infrastructure, its history and other topics of interest that come up from time to time about the airfield. Our goal is to continually provide information about the airport and hopefully answer questions that get asked from time to time.

Hangar Availability

I mentioned last meeting that one T-Hangar will come available in August. That has now grown to two T-Hangars becoming available. One of which we have already filled and the other will be filled shortly as we continue down the T-Hangar waiting list.

Area C Gate Update

Unfortunately, we are still waiting for a solar panel that has been backordered with Lift Master since the installation. This was because the supplier had some issues with parts related to COVID-19 and their employees. I have been in frequent contact with the installation company and they have assured me that if the part does not come in tomorrow that they will replace the existing Lift Master gate with a comparable operator at no additional cost to us next week.

IV. FINANCIAL REVIEW

Airport Manager, Hope Macaluso, A.A.E.

June 2020

Revenue and Expense Highlights:

June had us back to normal operationally and financially. Revenues were above goal for jet fuel and just below for avgas. We were also below budget in expenses. We were right on budget for net income for the month.

Grant Update

I invoiced GDOT on July 6th for the CARES Act funding. Turnaround on payment is usually a few weeks.

GDOT still has not approved the Environmental Assessment for Obstruction Clearing. We expect that they will have it completed and ready to send to the FAA for review next week.

We received our tentative allocation for the next round of grants.

V. OLD AGENDA ITEMS

None

VI. NEW AGENDA ITEMS

20-07-01 Consider Assignment of Hangar B3 Lease

Hope recapped the purchase of the hangar and recommended the Authority assign the lease to the new owner with no need for changes in that lease at this time.

Max Braun made a motion to assign the B3 lease to the new owner, seconded by Charles Murray.

Motion carried 5/0

20-07-02 Consider Contract with WK Dickson to Update DBE Plan

Hope explained that the FAA requires our federally funded projects use a DBE (Disadvantaged Business Entity) business for a certain percentage of grant projects. This plan is required to be updated every three years. WK Dickson is now doing DBE plans in house for \$11,425 and will take care of us through 2023. Allen asked how that compared with what we spent for our last DBE update. Hope answered that it was right in line with the last update.

Max Braun made a motion to approve the contract with WK Dickson for the DBE plan as presented, seconded by Allen Morrison.

Motion carried 5/0

20-07-03 Discussion of Ground Lease Renewal Items

1. Term Length

Allen explained the intent is discussing the ground lease renewal terms publicly. He noted that once they had been established that he would like to see them on the website, so there are no questions as to what the terms are for the leases.

Hope gave an overview of the leases in the D Hangar area. She explained that most hangars in that area had 20-year initial term leases with the exception of two hangars that had 25-year terms. She explained that some of those leases started to expire a few years ago and at that time the Airport Authority was only giving 5-year renewals on those leases. Hope believed the Authority at that time did not understand the depths of issues that such a short-term lease would create. Hope did not recommend to the Authority that they do such short-term leases again as it is not favorable to the tenants and an administrative hassle for both staff and the Authority. Hope did recommend that there be a reversion clause somewhere toward the end of the lease or near the FAA limit of a 50-year lease. Hope explained that after 50 years, the FAA considers that a disposal of land and could violate a federal grant assurance. Hope noted that the 21 acres that the D-Hangars sit on was purchased with Federal funding and is subject to those grant assurances in perpetuity. Allen commented that it was his opinion there is a lot of interpretation to the FAA 50-year limit. Allen said it is worthy of a bigger discussion. Max stated he would certainly like to be in compliance with the FAA but he would like to see something more formal in writing from the FAA. Max noted that the lease terms

could be constantly reviewed annually just to make sure we are fair but he did not want to cross the FAA in regards to the reversion clause. Hope notes an email from Heather Haney with the FAA compliance department regarding Grant Assurances. Max noted that the reversion clause was a significant issue for the tenants and needs to be considered carefully.

Allen stated he would like to see some documentation as it related to the definition of the term of the lease and if a renewal is considered a new agreement and if that kicked off another 50 years. He said he would like to see guidance on that specifically.

After much discussion regarding the reversion clause it was to be considered further and at another time.

Max noted it was important to recognize that if we have good tenants that we want to encourage that stability and longevity of those tenants and have the terms reflect that. Max also commented that there was also a need to have the airport's interest in mind as well and not limit the flexibility of the airport.

Allen asked Hope what she thought the renewal term should be on the leases and Hope recommended a 20-year renewal would be appropriate.

Allen Morrison made a motion to change the current offered ground lease renewal from 5 years to 20 years for ground lease renewals, seconded by Max Braun.

Prior to the vote, Charles Murray asked Allen where the 20 years came from. Allen explained that is was a standard throughout aviation and he trusted Hope's recommendation.

Max Braun asked the question if there were no decision on a reversion clause would there be any value in the airport only doing a 15-year lease, giving the airport more flexibility with a reversion clause later. Hope noted we still have flexibility in the lease, it just becomes expensive if we needed to relocate hangars in the future at the airport's expense.

Motion carried 4/1, Tom Lacy opposed

2. Type of Lease Executive Storage Lease vs. General Aviation Service Hangar Ground Lease

Hope explained that of all the hangars that are in the D Hangar area there are only four hangars that were built to commercial hangar standards, with different building and accessibility requirements. Hope explained those four hangars are considered a General Aviation Service Hangar as opposed to the other hangar that were Executive Storage

Hangar for the purpose of aircraft storage only. Hope further clarified that the service hangars allowed for commercial maintenance repair of general aviation aircraft. Because the service hangars have a higher and better use, they pay a higher price per square foot for the ability to conduct aircraft maintenance commercial activity. Hope suggested the language be simplified to either you have a commercial lease or you do not. Allen made the comment that he was a fan of simplifying the lease. Hope made the recommendation of there being a small difference in rates moving forward since the service hangars had the ability to conduct commercial activity. Allen asked if the language could reflect if the tenant only had aircraft for storage they would be at a lower rate but if they were conducting business it would be at that higher rate.

Charles asked if there were any legal requirements in the difference between the storage lease and the service lease, to which Hope responded that there were none from the airport's perspective. Hope commented that there may be a requirement by the city for a business license but that would likely be the only requirement.

Max Braun made a motion to differentiate in the language of the lease the difference between Executive Storage Leases and General Aviation Service Hangar ground leases in the "D" Hangars, seconded by Allen Morrison.

Motion carried 5/0

3. Additional Rent

Hope explained that there was some history of where the additional rent numbers came from and it had to do with another company that ran the airport at the time before the Authority took over and that company had to pay additional fees. Hope asked for Jim Savage (former Airport Manager) to expound if he could. He said that yes that is where that came from roughly and the fee became impossible to administer. He noted that there were many issues with it and each Authority had a different opinion on it.

Hope stated that in the 5-year renewals a 10% vs a 2% additional rent fee was assessed and she said she couldn't tell you what the Authority's thinking was on that number. Hope stated that the audit of those fees is an administrative nightmare in just trying to keep up with the fees and who owes what and when. Hope recommended that additional rent should be eliminated and possibly could be made up elsewhere in a different form.

Kevin noted that he had spoken with Jay Herrin (D31 Tenant) about their being an option in the past that if you subleased to just pay a higher amount in monthly rent with no audit required. Hope agreed that was the case for a hand full of hangars.

Max Braun asked how much revenue the additional rent generated last year. Hope responded it was around \$5,000. Max agreed we could make up difference in a slightly

higher square footage rate. Charles asked the question if tenants were being treated consistently. Hope said that no they were not with the way things were structured right now. Charles asked if we had ever been audited on this particular subject. Hope stated that they had not been audited and the FAA's stance is that as long as we are fair and equitable they would not have an issue. Charles reiterated the need and his desire to be fair and equitable.

Allen Morrison made a motion to eliminate the additional rent out of the renewal leases going forward, seconded by Charles Murray.

Motion carried 5/0

4. Insurance Requirements

After much discussion about hangar keeper's insurance and the possibility of including the requirement for tenants that sublease to obtain hangars keepers insurance, the Authority saw no need to decide about that at this time.

No action was taken by the Authority

5. Price Per Square Foot

Hope explained that the D hangars under the new lease and T Hangar "C" are at \$0.54 per square foot per year (PSFPY). She continued on say that the first renewal started at \$0.50 and has increased annually with CPI to arrive at the current \$0.54 PSFPY rate.

Hope stated she had done some research and her recommendations for a rate for just storing aircraft would be \$0.56 PSFPY and a commercial rate would be \$0.58 PSFPY. Hope believed that it was reasonable and it would make up for the difference in eliminating the additional rent. Allen stated he looked at Hope's number and appeared to be a fair model for establishing a new rate. Charles asked Hope to explain, why the \$0.02 difference versus a higher or lower amount. Hope stated the differential seemed fair between the two types.

Max Braun made a motion to approve the proposed \$0.56 square foot per year for storage hangars and \$0.58 square foot per year for commercial hangars, seconded by Allen Morrison.

Motion carried 5/0

6. Consumer Price Index Increments

Hope stated that this would be very straight forward. She noted that in the original leases the CPI increases were annually but the administrative headache of managing that every year did not make sense. The Airport Authority at that time decided to make CPI increases every three years, which was much more manageable. Hope also noted that the industry standard was every three years. Hope noted that annual increases had some advantages and one of the advantages was that the increase to the tenant was a smaller one than that of a three-year increase, depending on the economy during that period. Hope recommended to the Authority that increases go to every three years.

Allen commented that he would like to see the three-year increase take place across all leases at the airport.

Allen Morrison made a motion to place a moratorium on the CPI increases for 2020 and beginning 2021 increases will occur and then every three years after that, seconded by Max Braun.

Motion carried 4/1, Charles Murray opposed

7. Special Events

Hope explained that there are events here that affect not only the airport operations but also tenant's neighbors. Hope gave the example of the Blue Angels/Thunderbirds flyover and tenants had invited people out, she had tenants calling and complaining there were kids and dogs in areas that they should not be. The tenant that Hope spoke with asked if that was how things were handled out here. She wanted to make sure that the primary use of the hangars is for storage of aircraft and while it is ok to invite guest out, it is important to remember that the tenants are responsible for their guests. Hope also noted an event where we had found spent fireworks near hangars and airplanes, a clearly dangerous scenario. Hope clarified that the tenants just loop us in so we can anticipate a larger gathering. She also explained that there had been scenarios where people were having gatherings and we were glad to oblige leaving a gate open for them for a period of time to allow guests in. Hope understood that owners have an investment in their hangar and their airplanes but she also noted that so does the neighbor next to you and to be cognizant of those neighbors and the airport.

Kevin Lund agreed. Charles Murray stated he would like to see some language specifying the Special Events.

This item was tabled till the next Authority meeting.

8. Administrative Costs and Legal Fees

Hope explained there are many situations in which legal fees are incurred by the airport as a result of a sale of a privately-owned hangar. For instance, a lease assignment. She explained that the airport has been covering these expenses and should be a cost covered by the tenant. She explained that she would like to see a fee schedule established/published or language in the lease explaining who is responsible for these fees.

The Authority agreed that a fee schedule be presented to the Authority and they would consider at the next Authority meeting.

This item was tabled until the next Authority meeting.

Hope explained the need to add an agenda item to accept the tentative allocation of funds for multiple grant projects.

Max Braun made a motion to amend the agenda and add Agenda Item: 20-07-04 Tentative Allocation of Funds for Grant Funding of no less than \$216,292 from Georgia Department of Transportation, seconded by Allen Morrison.

Motion carried 5/0

20-07-04 Tentative Allocation of Funds for Grant Funding for the amount of \$216,292 from Georgia Department of Transportation

Hope noted that because of the CARES Act there would be no local funds required for these projects.

Allen Morrison made a motion to accept Tentative Allocation of Funds for Grant Funding of no less than \$216,292 from Georgia Department of Transportation, seconded by Max Braun.

Motion carried 5/0

VII. EXECUTIVE SESSION

It was determined that no executive session was needed.

VIII. ADJOURNMENT

Prior to adjournment, Kevin opened the floor for any public comment.

Tommy Turner commented that the Authority had removed the additional rent language for the lease but wanted to know when the new language would apply. Allen Morrison said those would be the terms when your lease expired. Tommy petitioned to have a new lease to be on the new terms that were laid out during the meeting.

Dean Marvin commented that it seemed like the Authority was applying these increases without applying those increases to the budget surplus. Hope commented that we do not have a budget surplus. Dean stated that there was a lot of money sitting on the table. Allen reminded the audience that the Authority was not tied to the city or the county so the money in the bank was needed for capital improvements or other capital projects. Dean continued on to note that the rents were egregiously high and the Authority was not tying it to a current budget. Max stated that we could go through the entire capital plan that was presented during the September 2019 public meeting next meeting and that it has all been laid out.

Tommy asked if the Authority would be willing to discuss the 5-year leases and what could be done with those moving forward. The Authority agreed they could discuss that at another meeting.

John McClanahan asked if longer term leases would be discussed for Port-A-Ports that are currently under month to month leases. Kevin Lund stated that the Authority would discuss those leases during possibly the next meeting.

Mike McGowan commented that this was a refreshing change from past Authorities and thanked the Authority for the transparency.

Jim Campisi thanked the Maintenance and Line crew for scrubbing the mold off of the hangars.

Jim Savage commented he had been through a lot of different Authorities and complemented that this is one of the most common-sense Authorities this airport has seen.

Vic Syracuse asked for clarification for thinking with some of the commercial rates that were considered tonight? He commented that the rates were almost half of what they are paying at it devalued our business and our hangar. Hope explained that Vic only pays for the footprint of his building where as the D-hangars pay for the foot print of their building plus the concrete pad in front of their hangar and a buffer around the hangar

therefore paying for a much larger area. Vic asked if the monthly cost would be about the same. Kevin Lund stated that the cost difference was about the same from D-hangar vs C-hangars. Kevin also noted that they are taxed on that additional square footage as well whereas the C-Hangar are only taxed on the footprint of their building. Vic closed by saying thanks and commented that it was fair.

Ralph Trapaga asked about the base rate of the T-Hangars and that they were supposedly 2 times the amount of the surrounding airports. He commented that he thought it was partly because of the County and that the County did not contribute a nickel back to the airport. He asked why they were paying taxes to the County when nothing comes back to the airport. Tommy Turner noted that most of that goes to the school board. Allen Morrison recommended the citizens and tenants reach out to the County Commissioners directly as their voices would have more impact than the Authority's. Ralph commented that the last time Tara field had a hangar increase was in the year 2000. Allen commented that they will continue to look at hangar prices moving forward.

At 8:20 pm Max Braun made a motion to adjourn the meeting, seconded by Allen Morrison.

Motion carried 5/0

Attest

Kevin Lund, Chairman