

Peachtree City Airport Authority (PCAA)
Thursday, August 13, 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

Max made a motion to approve the July 9, 2020, meeting minutes as presented, seconded by Allen Morrison.

Motion carried 5/0

III. REPORTS

Finance & Capital Budgeting – Allen Morrison

Allen mentioned that it was another positive month and with the CARES Act money it would bring us pretty close to budget for the year. He deferred to Hope for the details in the finance report later in the meeting.

Operations- Manager of Operations, Mike Melton

Wildlife Update

On July 18th at approximately 8pm local time a based tenant aircraft was impacted by a deer on roll out near Taxiway Bravo and Runway 31. Hope and two other employees who were in the area were on site shortly after the strike to assess the damage. The deer ran off into the woods before they were able to get to it. The damage initially to the aircraft seemed minimal, with a small amount of damage to the cowling of the aircraft and seemingly superficial damage under the wing. After further investigation, it was determined the wing spar had been slightly bent and would require replacement.

Hope immediately sent an email to Georgia Department of Transportation asking the status of the security fencing project that had been submitted on August 11th of 2019. The email to GDOT that included the Airport Authority has not been replied to by the state. On Monday July 20th, I reached out to the USDA Wildlife Department asking for assistance with our deer issue. By that Thursday we had USDA on property to evaluate the

issue. By the end of the week, we had entered into an annual contract with USDA to eliminate deer on an as needed basis.

A few days after we had signed the contract, USDA was on property and had lethally removed 4 deer during a night hunt. The Peachtree City Police Department was contacted regarding the hunt, in case any tenants or citizens had any concerns.

Initially it looked like we had eliminated much of the deer population that was familiar with the airfield and had a routine of coming in and out of the airfield on a daily basis. After a report from a tenant that a few deer were spotted outside of the fence, on the morning of August 12th we had two large bucks and a doe inside the fence. Authorized Airport Staff were able to lethally remove one of the deer but the others were able to escape into the woods. I immediately contacted USDA and scheduled another visit for them to lethally remove the remainder of the deer on the airfield.

Over the last couple of weeks, we have begun to have issues with coyotes. Coyotes are not native to Georgia and tend to sit at the edge of the runway in search for prey. While we have not had any run ins, the USDA will address any terrestrial mammals they see during their hunts.

Brush Clearing

Some of the users of the airport may have noticed a few brushy areas that were recently addressed. There are a number of areas on the airfield that our equipment is not able to address in the regards to clearing. So, we hired a company to eliminate the eventual obstructions that would not be addressed in the future grant project. This also assisted in eliminating wildlife areas identified as problem areas by the USDA in their visit last May and this July.

Nav-Aid Inspection & Update

On August 11th we had a FAA inspection of our Nav-Aids that included the Localizer, DME, Glideslope and NDB. The NDB site in Brooks passed the inspection with only just a few minor details to be tended to regarding FAA signage around the facility. The Localizer and DME passed inspection. The Glideslope also passed inspection but will need some cabling and antennas replaced over the next year. The DME will also need cabling and antennas in that same time frame. The DME has additionally been unmonitored since the DME monitor in the FBO went out several years ago.

The estimated cost for the DME and Glideslope repairs is about \$35,000 and the replacement of the DME Monitor is an additional \$10,000 for total of about \$45,000. We are awaiting final pricing and plan to bring this capital expense to the Authority in the September meeting. This is something that needs to be addressed sooner than later. We want to keep going with our proactive approach of addressing these issues while we have

the capital to do so. Lead time if approved would be about 2 months before repair and installation.

T-Hangar Roof Repairs

The two T-Hangars that the airport owns and rents out have a few issues that need to be addressed. Some of the doors need to be serviced and there are some leaks in the roof from fasteners that have degraded over time. Replacing the 20,000 plus fasteners would be cost prohibitive and time consuming so we reached out to a couple roofing companies to see what the cost would be to coat the roofs and address the leaks. I am still waiting for additional quotes to come back before we present this to the Authority but the ball park figure for this is around \$25,000 for both hangars.

We have not forgotten about the floors in T-Hangar B, but want to address some of the other issues before we ask for the \$52,000 that it would cost to address the floors.

Tenant Meeting

A couple of weeks ago I met with a small group of tenants who had questions about the airport organization and finances. I think all questions that were asked at the last airport authority meeting were answered and all in all was a great meeting.

Leo Giles Gate (smaller vehicles)

We have had a request from a few tenants who drive motorcycles or scooters through the back gate to have the sensitivity adjusted to accommodate those types of vehicles. We attempted to adjust this ourselves with not much luck. We will have our gate repair vendor look at this the next time they are out for a larger repair. In the mean time we encourage motorcycle and scooter users to exit via the Falcon Drive gate.

South Hangar Road Gate

The South Hangar Road Gate project to area C has been completed.

FINANCIAL REVIEW

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

July 2020

Revenue and Expense Highlights:

July was not as good as June but was still pretty decent considering. We were below in both gallons and revenues for jet fuel and avgas. Revenues were down 18% overall, but expenses were held down by 5%. Overall income was below 52% for the month and almost 19% for the year. However, as stated last month, the annual shortfall will be replaced by the CARES Act grant and the jet fuel tax refund.

Capital Spending

The largest expense in the month was for the Update to the Hydrology Study for Area C for \$16,675. The other expense was for the left hydraulic pump for the Scag mower for \$946.

Hope addressed the tenants and ask that they be patient with the mowing in the hangar areas as our mowers have been down a lot this year but we are doing our best to get them repaired and maintain all of the grass. She stated that airfield safety issues would be addressed first and then hangars after that.

Grant Update

We still have not received payment for CARES Act funding but did not expect is this soon.

The FAA now is reviewing the Environmental Assessment for Obstruction Clearing.

Last Thursday we had a video conference call with GDOT to review the direction of our upcoming Capital Improvement Plan that is due in November. Max Braun and Phil Cannon from WK Dickson were on the call with us. GDOT recommended we focus on easement acquisition at this time as our top priority for both obstructions clearing and the fencing project.

V. OLD AGENDA ITEMS

20-07-03 Discussion of Ground Lease Renewal Items:

7. Special Events

Hope proposed the following changes as recommended by our attorney (changes highlighted in BOLD and RED):

11. INDEMNIFICATION.

*Lessee agrees to indemnify, defend and save the Lessor, its agents, officers, representatives, and employees, harmless from all liability or loss resulting from claims or court actions arising from the activities of the Lessee, its agents, employees, sub-lessees, **invitees, licensees**, or guests under this agreement, or by reason of an act of omission or commission of such person, including all damages, expenses, costs of litigation, court costs and attorney's fees.*

Further, Lessee agrees to assume and pay for, without costs to Lessor, the defense of any and all such claims, litigation and actions, including all expenses incidental to the defense of same."

*The other is Administrative Costs and Legal Fees. We want to specify in the Rules and Regulations Section that "Any rates and charges now in effect or hereafter adopted or revised, upon adoption or revision, are incorporated into the Rules and Regulations by reference. The administration of these rules and regulations shall be under the authority, responsibility and control of the Airport Manager. **A copy of these rules and regulations, including all rates and charges, is available at the office of the Airport Manager.***

Charles Murray asked Hope for an example of a licensee or invitee and Hope explained that it could be a guest of a tenant or even a contractor of a tenant. She explained that those would be the most common visitors as examples.

Allen Morrison made a motion to accept the changes to the indemnification section of the new leases as presented, seconded by Charles Murray

Motion carried 5/0

8. Administrative Costs and Legal Fees

Hope reminded the Authority that this was language specific and not fee specific as it pertained to legal fees. She gave an example of the fees associated with transferring a lease from one owner to the other for ground leases and stated those costs should be borne by the tenant and not the airport. She stated those were the types of legal fees that were looking to be covered. Hope proposed the following changes to the ground leases (changes highlighted in BOLD and RED):

9. RULES AND REGULATIONS.

The Lessee agrees to abide by all Rules and Regulations, as may be enacted from time to time, concerning operational safety, parking of aircraft and other vehicles, fire prevention and all other pertinent provisions as promulgated by the Lessor, copies of which Rules and Regulations are available to Lessee in the office of the Lessor. Lessee shall at all times conduct its business in a lawful manner and at all times conform to the rules and regulations of the Lessor and of the Federal Aviation Administration insofar as applicable to the possession and business operations of Lessee.

*We would like to add "**Any rates and charges now in effect or hereafter adopted or revised, upon adoption or revision, are incorporated into the Rules and Regulations by reference. The administration of these rules and regulations shall be under the authority, responsibility and control of the Airport Manager.**"*

Max Braun made a motion to approve the changes to the ground lease as presented, seconded by Allen Morrison.

Motion carried 5/0

VI. NEW AGENDA ITEMS

20-08-01 Consider Right of First Refusal for Hangar B2

Hope explained that in the past the Authority had approved a Right of First Refusal would be approved in one meeting and then the assignment would be approved in a different meeting. In effort to clean that process up she included both on the same agenda with the assignment contingent upon the closing of the property.

Hope had completed an assessment of the property if the airport was to purchase the property and rent it out, which she has presented to the Authority in their books. Hope did not believe that purchasing the hangar would be beneficial for the airport at this time. She noted that she had taken many factors into consideration, including whether there had been a loan taken out or whether the airport paid cash, it would not produce positive cash flow for quite some time. Hope recommended the Authority not execute its Right of First Refusal on the property.

Allen Morrison commented that with everything going on, it was not the time to purchase a hangar and agreed with Hope's assessment.

Allen Morrison made a motion to not execute the airports Right of First Refusal for Hangar B2, seconded by Max Braun.

Motion carried 5/0

20-08-02 Consider Assignment of Hangar B2 Lease

Hope commented that the lease would be need to be assigned to the purchaser contingent upon the closing of that property and recommended the Authority assign the lease as so.

Max Braun made a motion to assign the lease to the purchaser contingent upon the closing of the property, seconded by Allen Morrison.

Motion carried 5/0

20-08-03 Consider Contract with W.K. Dickson for Additional Easement Acquisitions (Obstruction Clearing)

Hope stated she does not have a price yet as anticipated and asked the Authority table the discussion to a future meeting. Kevin Lund asked if there were any anticipated push back with any of those parcels, to which Hope responded yes. Hope continued on to explain the negotiations could be potentially difficult.

No action was taken this item.

20-08-04 Discussion of Reversion Clause

Hope explained this had come up in last month's meeting, during the discussion of the lease terms. Hope noted that she had supplied the Authority with additional documentation in their books regarding the requirement of a Reversion Clause and the 50-year limit that starts at the origination of the first lease on a building not with any renewals and options. Hope also commented that herself and Mike had attended a virtual conference with the FAA Southern Region and she was able to print out where the FAA's presentations back up the before mentioned requirement. Hope explained that not including a reversion clause could violate the grant assurance that specifically addresses the airports rights and powers to maintain the airport. Hope also explained that federal dollars were spent to acquire the land that the hangars in question were built on and that those grant assurances were to be complied with in perpetuity because it was a land purchase.

Hope explained that the consequences of non-compliance could be an audit with corrective action and in a worst-case scenario they could make the airport pay back every dime that was put into the airport up to that point. She noted that would be a worst case but it could happen. Hope noted that she had seen corrective action including the Henry County Airport as well as the Toccoa airport in North Georgia. Hope closed by noting the provided guidance and ultimately that the decision would be in the hands of the Airport Authority.

Kevin Lund commented that he had done a good bit of digging on this particular subject. He stated that he found many articles that related to the subject and that he did find a lot of information. Kevin said that he found an article that explained very well where reversion clauses came from and it made some sense to him. He explained that a number of years ago there was a group of concerned tax payors that wanted to know where their tax dollars were going to. The community was subsidizing the airport and demanded to know where the money was going and that the airport in question was constantly in the red and the FAA started doing some more investigation. The FAA audited a number of airports and found there to be second generation families that were living in hangars with a ground lease of 60 years. What the FAA found is a number of airports had similar problems. What the original concerned group realized was that they were subsidizing people living in the hangars. He noted that at one airport there were five auto shops that were being subsidized by the county and FAA, which was not the purpose of those

hangars. Kevin and Hope commented that there was a particular airport in the area that actually had similar issues.

Kevin stated that the FAA went to the commercial world to see what the standards were for situations like these. He noted that the FAA did not want a sponsor to get in to the situation where a piece of land is being perpetually leased and essentially dispose of it.

Kevin noted that through his digging he kept running into the comments from the FAA for airports to be self-sustainable and not relying on the FAA for every little thing.

Charles Murray thanked Kevin for his time to do the research. Charles stated that reversion clauses are appropriate and necessary. The question that he had was that was reversion language standard in our leases. Hope responded that they were not standard in the leases currently. She read the memorandum that includes current lease language “to renew the lease agreement or negotiate a new lease agreement for the leased premises at the sole discrimination of the lessor, to sell and transfer to a third-party subject to the right of first refusal of the Authority and the last option is the removal of the hangar if the tenant and lessor not come to an agreement at the end of the lease.”

Kevin Lund commented that this was a very complex discussion and topic. He commented that there were some leases that did not give up the equitable structure but creates a financial structure toward the end of the lease to benefit the airport. Kevin did not expect the Authority to come up with a vote tonight.

Max Braun stated that he had spoken to another airport district office in the country and surprisingly they hit on the same points that Hope and Kevin had mentioned. He noted that the one thing they kept mentioning was the 50 years from the time of construction and disposal of that land after the 50 years. Max also commented that there was a sort of de facto revision clause in the leases currently, in that the Authority could opt to not renew the lease at the end of the term.

Karl Gardner spoke up from the audience and asked why the Authority was even discussing the issue and asked if the Authority was not making money off of the leases. Allen Morrison quickly stated that the Authority’s intent of the discussion was to insure the airport continued to be compliant with the FAA’s regulations and to not lose federal funding for airport infrastructure. Allen stated that he would want more time to look at all the options before making a decision on the matter.

An audience member asked if it was the goal of the airport to own every hangar at the airport and Kevin Lund responded that it was not. Kevin stated that if the FAA started seeing perpetual leases, that it could result in the FAA not continuing to fund the airport as it has.

After some back and forth with the audience Charles Murray stated it was a good subject to talk about and he agreed with Allen about needing to look in to the subject further.

Tommy Turner asked what the harm was in doing a 20-year lease and not addressing reversion at this point. Kevin thanked Tommy for his good input. Jay Herrin stated he was soon to sign another 20-year lease and said that if he got to the end of the lease he wouldn't do a thing with the hangar maintenance wise until his lease was up and have the hangar destroyed at the end. Kevin said he understood where he was coming from.

Kevin reiterated that there would not be a decision made on subject matter tonight but something needed to be done in the future. Allen stated that some of the grant assurances are in conflict with each other.

Max Braun made a motion to table the agenda item, seconded by Allen Morrison.

Motion carried 5/0

20-08-05 Consider Request by D27 Hangar owner to Terminate Current lease and Enter into New 20-year Lease

Hope explained that the particular hangar owner signed the 5-year lease a couple of years ago and if the Authority did make the decision to terminate the 5-year lease and enter into a new lease, that it would also need to be extended to the other tenants on the 5-year lease.

Kevin asked if there was an issue with approving the request without resolving the reversion clause issue. The Authority collectively agreed and Charles Murray commented that it could be setting a not so favorable precedence for the Authority for anyone who wanted to change their lease.

Clark Schadle, part owner in the hangar, voiced his concern over the additional rent clause in the current lease and that if the Authority did not act on their request, he would have to continue the monthly additional rent payments until a decision was made. Clark stated he was willing to pay the extra per square foot cost to get out of the additional rent he is paying now. Kevin stated that the Authority was only going to table the request for a short period of time.

Allen reiterated the original intent was to publicly publish the lease terms and the need to come to an agreement on that before we move on an individual lease.

Allen made a motion to remove the agenda item from the agenda, seconded by Max Braun.

Motion carried 5/0

20-08-06 Discuss Longer Terms for Port-a-Port Hangars

Hope explained that those hangars are currently on a month to month lease. Kevin asked how long the Port-a-Port hangars have been on the field. Hope answered that they have been in that location since 1993 and prior to that since the mid 1980's. Hope noted that they are portable and that she used to own one herself and understood where the request for a longer-term lease was coming from. Hope also noted that their document doesn't really even currently read as a lease but was more of a permit.

Kevin stated he was all in favor of a longer-term lease. Charles asked why it had only been month to month and many members answered him with that the hangars are portable and we have inherited what we have today.

Max Braun asked Hope what she would recommend and she said 5-years. Everyone agreed with the recommended 5-years lease. Kevin stated that in 5 years, the airport would likely not be in a position financially to move those hangars for any other use and the airport would still want the rent collected from those hangars. He stated the bottom line was the Port-a-Ports were not going anywhere anytime soon.

Allen Morrison made a motion to formalize the Port-a-Port leases into a 5-year lease, seconded by Max Braun.

Motion carried 5/0

20-08-07 Consider Hangar C4 Owner Request for Rent Abatement

Hope explained that it would be both C4 and C5 and that the issue is that the water and sewer lines are not currently tied in. She explained a number of reasons as to why the request was being made. Hope continued on that the airport was paying for the extension of the utilities to all of the hangars. Hope explained that one of the owners has tenants and that one of their tenants will not occupy the hangar until those utilities are finalized. Hope also noted that the airport was paying for portable toilets in that area for \$900 per month so that they could get their certificate of occupancy, which is only \$200 more than we are getting for their ground leases now. Hope said she did certainly see their point though.

Allen Morrison asked what the difference was between what C4 could do and a T-hangar? Hope said there was not much of a difference between the two and that they both have aircraft stored in there now.

Charles Murray stated that the Authority needed to know an amount before properly discussing and voting on abatement.

Paul Behrens stated the reason behind the request was that a hangar with utilities and a hangar without certainly have a different value. He stated that he was losing \$500 per month from a tenant who does not want to rent a spot in the hangar until we have utilities. Paul stated that he did not want to be punitive and he felt that a \$250 abatement was reasonable and was half of what he is losing. He did not feel the lease was fully executed until the utilities were in place.

Hope pointed out that the lease states that the tenant could tie into the closest utilities at the tenant's expense. She said that technically the airport had met the obligation of the lease but the airport was doing its best to get those utilities closer than they are now.

Kevin asked Hope how long till the completion of the utilities and Hope responded that we had to jump through the hoops of GDOT so we were reimbursed so it was important to use the same contractor.

After some clarification from one of the owners of C5 and Hope, George Shemo felt Paul's request was reasonable and requested the same for C5.

Max stated that he was sensitive to the fact they did not have utilities and that if they did not have heat in November that would be a different story.

Regarding value, Hope gave the example of D19 has the ability to tie into the water and sewer and have not. She noted that they pay the same as everyone else but have the option to connect in to those utilities if they so choose.

A discussion was had regarding the utility issue and what and what was not in place.

Charles Murray made motion to table the request for up to two months and see what needs to be addressed and reserve the right to reconsider abatement at that time, seconded by Allen Morrison.

Motion carried 5/0

VII. EXECUTIVE SESSION

Allen Morrison made a motion to enter into executive session to discuss real estate matters, seconded by Max Braun.

Motion carried 5/0

Allen Morrison made a motion to adjourn the executive session and enter back into the regular meeting, seconded by Charles Murray.

Motion carried 5/0

VIII. ADJOURNMENT

At 8:39 pm Allen Morrison made a motion to adjourn the meeting, seconded by Charles Murray.

Motion carried 5/0

Attest

Kevin Lund, Chairman