

Peachtree City Airport Authority (PCAA)
Thursday, November 12, 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, Max Braun – Member, Greg Garmon – Alternate, Nathan Lee – Airport Attorney, and Hope Macaluso, A.A.E. – Airport Manager.

I. CALL THE MEETING TO ORDER

Kevin Lund called the meeting to order at 7:02 pm.

II. APPROVAL OF MINUTES

Allen Morrison made a motion to approve the October 2020 minutes, seconded by Charles Murray.

Motion carried 5/0

Kevin opened up a ten-minute comment period.

Tommy Turner requested to have a workshop to talk about the reversion clause before the final decision is made. He believes we all have the same common goal, which is to keep the best interest of the airport. He thinks we can come up with something better than a reversion clause.

John Poulter said that we have a good airport and are not on the FAA's Airport Non-Compliance List (ANL). John quoted FAA Order 5190.6b, that this order is not regulatory and is not controlling in regard to the conduct of the airport sponsor. The airport compliance program does not control or direct the operation of airports. He does not think that the issue of a reversion clause has a clear-cut answer. He asked for a temporary extension on leases that are expiring now and in the near future. He stated he bought his hangar less than a year ago and that he will have \$250,000 tied up in it. He stated he planned to sell the hangar in a few years and use that money for retirement. He believes that if a reversion clause is put in his lease, he will no longer be able to recoup that money. Before he bought his hangar, he said he asked if we had reversion clause. At the that time, he was told that we did not have one. He was not expecting there to be a reversion clause added to the lease renewal. He thinks we need to work together to come up with a solution. Hope asked what hangar he was in. John replied by saying D-30.

Mike McGowan stated that he owns a hangar here and has not had an opportunity to speak up about his lease yet. He has had a hangar here for over twenty years. He stated that three years before his hangar lease expired, he was told by management that their hands were tied by the airport board and they couldn't discuss the lease renewal. He was told that for 3 years. He was then given a lease that the board said he could not have a discussion about. He is skeptical about the process.

George Harrison stated that he supports the idea of a workshop. He believes that there is considerable knowledge about the reversion clause among the tenants and wants the chance to have a discussion. He does not believe that this will be solved to the tenant's satisfaction during a monthly meeting. He thinks there needs to be a workshop.

III. REPORTS

Finance & Capital Budgeting – Allen Morrison

Allen mentioned that he met with Hope earlier in the week and that things are looking good. They are a bit tighter than we are used to, but still good.

Operations- Manager of Operations, Mike Melton

Mike Melton reported:

Wildlife Update

USDA has continued to monitor the wildlife situation and is tracking the movement of a couple of deer on airport property. They will be removing the deer in the near future.

GDOT Airport Inspection

Alan Hood reached out to us to report that our Bi-annual State Airport inspection is tentatively scheduled for February 12th.

Localizer Intermittent

We received two pilot reports that the localizer was intermittent yesterday evening. Our contractor was on property this morning and repaired the issues.

The localizer and glide slope antennas have been ordered and should be installed in the next month or so. This capital expense was approved by the Authority at a previous meeting.

Asphalt Repair – Area C

The asphalt between C3 and C4 will be repaired tomorrow. After the repair is made, we will clear any FOD left over from the projects in the area and revisit again once construction is complete.

Formation Flying Clinic – Commemorative Air Force

Starting tomorrow the CAF will be hosting a formation flying clinic. The event will run through Sunday evening. The CAF will have marshalers on the terminal ramp. We ask all tenants to do their best and stay clear of the “hot ramp” throughout the weekend. NOTAM’s will be issued for any closures. The helipad will be closed during the event and NOTAM’d as so.

Food Truck Friday

On December 4th from 11am to 1pm, The Mad Mexican food truck will be here at the terminal building selling tacos and other Mexican fare from their brand-new food truck. Bring your friends and come support local business. If this goes well, we will continue to invite food trucks monthly for “Food Truck Friday’s”.

IV. FINANCIAL REVIEW

Hope reported:

Revenue and Expense Highlights:

October revenues were above budget by 5.5% thanks to fuel sales, particularly jet. Maintenance was over budget due to the repair of the old flight school women’s restroom, putting overall expenses over budget by 3.1%. Overall net income exceeded budget by almost 11%, which is a good start to the fiscal year.

End of Year

The annual audit is underway.

Grant Update

No updates this month.

V. OLD AGENDA ITEMS

20-08-04 Discussion of Reversion Clause

Kevin revisited the reversion clause discussion from the last meeting by saying that Max had challenged everyone to do their own research. Kevin took that to heart and decided that this was the month that he was going to do his own research. He rounded up a total of thirteen leases that were online from airports around the country. Out of those thirteen leases, twelve of them did not have a reversion clause and one did. He called a couple of the thirteen airports and verified that their leases were current. He assumed that the rest were also up to date. From this research, he suspected that the ratio of airports in the country that have a reversion clause in them to the airports that do not, is a 12:1 ratio. He stated that there is a push among the FAA for there to be no discrimination among all aspects of aviation. Kevin’s fear is that since the twelve out of thirteen airports he researched do not have a reversion clause, that if we implement one, that we would open

ourselves up to be reprimanded by the FAA for discrimination. He stated that he does not want to put a reversion clause in the lease. He said that if we have a hangar that comes up in the next couple of years, we don't have to sign a lease on that hangar. He said that there is already a built-in reversion clause. In twenty years, if we do not want to sign another lease with someone, we can make them remove their hangar. The core issue is with the financials. He found the leases that he gathered to be interesting. They had come up with some different ways of tackling the financial issue at the end of a lease. He restated that he feels that we would be putting ourselves in a position of discrimination because twelve of the other thirteen leases that he found did not have a reversion clause.

Allen Morrison said he thinks we already have total control, which is one of the big things that the FAA is driving. In an active lease now, if we want to redevelop, we can move the hangar. He continued stating we maintain full control because at the end of the lease, if we want to be done, we can be. The tenant can either leave their hangar and we take it over, or they can take their hangar and leave. He believes that we have full control and because of that, that we are in full compliance with the FAA. He stated that one of the things that the grant assurance talks about is that the airport has to be self-sustaining. He didn't think we need to put ourselves in a position to be forced to take over a forty to fifty year old hangar and taking on the cost of maintenance. He had an issue with people investing a lot of money in a hangar and then us implementing a reversion clause. He thinks that puts us in a position that we don't want to be in.

Charles Murray stated that he has researched the reversion clause quite a bit. He has worked with the government for nearly thirty years. He talked with a representative from the FAA about the reversion clause. It became clear to him that the board does have a lot of control. He said that it is very important before we put in place any language, that we equally consider both the tenants and the board. He drafted language that he passed out to the board. He disagreed with Kevin. He believes there is a liability with not having the reversion clause language in the lease. Reversion language is a condition of funding with the FAA. They want to have the title "Reversion Clause" in the contracts. That was clear to him during the discussion with the FAA agent. By intentionally not addressing that, he believes that we are opening ourselves up to some concerns as a board and as an airport. He believes there is a way that the language can be written so that it can both fulfill the FAA Requirements, while also being sensitive to the needs of the tenants. He mentioned that the board has terms of five years and that none of the current board members will be on the board in twenty years. He further stated that for the board to presume that we know the circumstances of the airport twenty years from now is irresponsible. It is important to have a language that can address the concerns of the FAA but also give the future board members flexibility. It is important for us to keep in mind that we do not know the future situation of the airport. We should put language in the lease that allows the future board to have discretion and not be locked into specifics. He does not agree with having a workshop, however, is open to having representatives selected by the

tenants to look at the proposed language on behalf of the tenants, instead of a workshop. He then read his proposed language, which is as follows.

“After year twenty (20), the Authority has the option to accept the grounds and hangar as is and take ownership or instruct the lessee to return the grounds to its original condition, including the removal of certain improvements. One-year prior to the end of the lease expiration, the lessee shall provide to the Authority an inspection report as to the conditions of the grounds and hangar to ensure they have been maintained properly. Within this year, the Authority will address with the lessee any concerns or deficiencies found in the inspection report. Consideration may be given by the Authority to the economic needs, interests and impact to the airport and lessee before the Authority exercises any options available to it under the lease regarding the grounds and hangar.”

Charles thinks that this is a good compromise and that the tenant representatives should look over this and make their comments to the board.

Kevin said that he liked Charles’ idea to have tenant representatives instead of a workshop because he thinks it will be more productive. He thinks Charles’ language is a good start. Kevin has not found a set-in stone document that says that it is a law for there to be a reversion clause in every lease. He suspects that the twelve leases that he found still get grant funding from the FAA, even though they do not have a reversion clause in their lease.

Max Braun appreciated Charles’ language. He believes that there is a middle ground. He said that there was a tenant at the last meeting who instructed the board to reach out to the FAA and specifically get language about this issue. This was done and everyone on the board had the opportunity to read that email. Max explained that there is no law that says we will go to jail if we do not include a reversion clause in our lease. However, if we want funding from the FAA, then we are required to have a reversion clause in our lease. This was clearly laid out, along with the repercussions for not doing so. He wants to leave the future authority the ability to make decisions that suit the airport at the time. He stated that the airport received an email on the prior Monday from a hangar owner stating his case about the reversion clause, however the airport has no record of him being a hangar owner. He said that if we do not have clear language that sets expectations at the end of the term, then we are doing a disservice to the future board and the airport, much like the previous authority did to the current authority twenty-five years ago. He said that the authority needs to think long and hard about what their goal is.

Allen stated that we already have the flexibility to redevelop land if we want to. Max then clarified that it will be a substantial cost if decide to redevelop a piece of land because we will have to relocate the hangar. Allen said that he worked with the FAA for over 16 years and there is a big difference between can, should, will, and must. Language is

specific. He stated that the grant assurance does not list a reversion clause specifically, just that we must maintain control and stay financially stable. He believes that we can come up with a plan on how to maintain control. He wants to make sure we aren't forcing ourselves into a reversion clause that could be problematic. He stated that this "airport" is the tenants, and that the "airport" is not management and not the authority. He said that the airport makes money on leases and fuel and if we start making it difficult for tenants to be here, then the financial stability of this airport is gone.

Kevin stated that we could look bad to other airports if we get ourselves into a mess. He said that his goal when he joined the board was to make things better for both sides (tenants and board). Middleton Airport, one of the leases that he found, has language that states that the airport will pay fair market value for the hangar when the lease is up. Kevin said that this could seem one sided from the other direction, but that if this was part of the reversion clause, that the tenants would agree to it. He thinks that maybe there is a middle ground and that this could potentially be a part of the language.

Charles argues that no one is wanting a "flat out reversion". He stated that everyone wants to find a balance. Charles said that Max had a good point. We can't be blind and not be sensitive to the concerns of the FAA, who funds us. A reversion clause can come in many different forms. We need to find the one that works for us.

Kevin commended Charles and said he is all for doing a "workshop" in the form of tenant representatives speaking with the authority and figuring out the best way to handle the issue.

Max agreed with Kevin, by saying that he would like to meet to figure it all out, as well. He said that the phrase "we are going to sue you if you don't do this" is not the right answer, however that is the argument that he has heard from a lot of people. He thinks we need to come up with something that is reasonable. He doesn't think that leaving a reversion clause completely out of the lease is reasonable. He likes the idea of getting feedback from the tenant representatives. He said that the authority needs to hear what the tenants are saying, because the reversion clause will affect the tenants. He mentioned that Kevin is a hangar owner, and it will affect him as well. Max said that he is okay with something along the lines of what Charles suggested in his language.

Kevin stated that he has full confidence that the tenant representative meeting will be productive. Charles clarified that he is open to a tenant representative meeting, but not a workshop. Kevin agreed with Charles. Charles said that he thinks this will be a good starting point. He stated that the airport authority has the final say so on this, but we should consider what the tenants think, as well. Charles stated that we need to consider the economic interest, economic concerns, and the impact on the airport and the tenants.

Kevin agreed. He asked how many tenant representatives should be allowed. Nathan Lee stated that if there are three or more authority members, then the authority needs to make sure that they advertise it to make it legal. Kevin assured him that it would be advertised. Max said that it is not going to be a negotiation, but a time for the tenants to provide feedback. Tom Lacy asked how many people in the audience had read the letter from the FAA. The audience said that it had not been sent to them. Allen said that it can be sent out to everyone, along with Charles' proposed language, and all other information, so that everyone can be well informed.

Tom stated that the airport does not want anyone's hangar. Allen said, "I am not entirely sure about that." Tom said that the authority is there to represent the airport, whether they "are the airport" or not and that jeopardizing the future funding of the airport is a bad thing. The fifty-year deadline to him, sounds like a hard deadline. He is open to any idea that maximizes the amount of time that tenants can have in their hangar or that is fairer to them. However, he doesn't think we should make a decision that puts the airport's future in jeopardy. Rick Escarra asked Kevin if he may speak. Kevin allowed it. Rick stated that there are twelve leases that Kevin found that do not have a reversion clause in them. He asked if there had been any investigation into whether any of them has had their grant funding jeopardized. Kevin stated that he never made a phone call to ask this, because he felt that would be an awkward thing to ask an airport manager.

Allen stated that if a meeting with the tenants is had, that it needs to be a back-and-forth discussion where we try to find language that is acceptable to all parties.

Charles said that he has been in the law business for a long time. He has had people say to him, "I never speed, Judge." Charles stated that when you press them on it, they will admit that they do speed, but just had previously never been caught. He said that there may be other airports that do not have the reversion language in their lease, however that doesn't mean that it doesn't have to be there. It just means that they made the decision to not have it and chose to take the risk. He feels that as a board, it is irresponsible not to address the concerns that the agency who funds us, has asked us to address, in hopes that they won't press us about it. He agrees with Tom and Max, that we need to have some sort of reversion clause in our lease because it is a requirement to be responsible members of the board.

Charles Murray made a motion to use the language that he proposed as a starting point. It will be provided to the tenant group of no more than 5 representatives. There will be a discussion about which language would be appropriate to both the airport and the tenants in regard to a reversion clause. The meeting should be held soon.

Kevin said that he would like to add a time frame to the motion. He would like it to be held in the next 45 days.

Tom Lacy seconded Charles' motion.

Charles amended his motion to include a time stamp of 45 days. He summed up his motion to say that the tenants can review the language and then may have a discussion with the board. The board can then come back with their response. The tenants will have the language and the letter from the FAA.

Tom Lacy seconded Charles' amended motion.

Motion carried 5/0

Allen made a second motion to say that any lease that expires before the reversion clause language is finished, will have the option to go to a month-to-month lease with the current terms, until the new language is complete, seconded by Charles Murray. Nathan Lee mentioned that this was not necessary, since there is a Tenant at Will clause in the leases. Allen stated he would still like it on record.

Motion carried 5/0

VI. NEW AGENDA ITEMS

20-11-01 Consideration of 5 Year Capital Improvement Plan (CIP) for Grant Applications

Hope reviewed the current year and first year of the CIP, which is as follows:

2021:

- Conduct Airport Layout Plan Update
- Conduct EA (Obstruction Clearing) - Add. Svcs. #1 (reimbursement)
- Conduct EA (Obstruction Clearing) - Add. Svcs. #2 (reimbursement)
- Remove Obstructions – Design

2022:

- Remove Obstructions - Bid & Construction
- Acquire Easement for Approaches (parcels 0615-007, 0615-028, 0613-012)
- Improve Airport (Install Security Fencing) - Bid & Construction
- Area B - Environmental Assessment
- Acquire Miscellaneous Land (2 TTF Taxilane Esmts.)
- Acquire Miscellaneous Land (2 TTF Taxilane Easements) - Land Acquisition Services (reimbursement)

- Acquire Esmt. for Approaches (parcels 0615-007, 0615-028, 0613-012) - Land Acq. Svcs. (reimb.)
- Conduct DBE Plan: FY 2021-2023 (reimbursement)
- Conduct Zoning/Airport Overlay District (reimbursement)
- Rehabilitate Taxiway F & Hangar Area C Apron (Crack Seal & Re-mark) & Improve Airport (Install Security Fencing) - Design (reimb.)

Allen Morrison made a motion to approve the five-year capital improvement plan, seconded by Max Braun.

Motion carried 5/0

20-11-02 Consider FY 2020 Employee Incentive Plan Payout

Hope explained that the incentive fund was \$10,000 less than it was last year. The incentive system has already been approved, but just to review, the airport has to make a minimum of \$200,000 in net income and then 10% of any sum larger than that goes to the employees for the incentive plan. Also, the bonus cannot exceed 10% of the employee's income. The employee has to have still been on payroll as of September 30th of this year and have been working here for at least 3 months, while also performing no less than satisfactorily. It is based on a point system and there are three tiers. The first is based on the employee's position in the company, whether it is a manager, supervisor, lead, or staff. The second is based on their performance during the previous year. The third is how many hours they worked during the year. Based on our internal audit, the available share is \$24,371.90 to be distributed to all employees, except Hope, who is not a part of the incentive plan. Hope is asking for the approval to distribute this payout.

Max Braun made a motion approve the 2020 employee incentive plan, seconded by Allen Morrison.

Motion carried 5/0

VII. ADJOURNMENT

Prior to adjournment, Kevin acknowledged Ralph Trapaga's (AKA "Trapper") accident and let everyone know that he lost a leg but is in pretty good spirits. Kevin asked that he be kept in everyone's prayers.

At 8:12 pm Allen Morrison made a motion to adjourn the meeting, seconded by Charles Murray.

Motion carried 5/0

Attest

Kevin Lund, Chairman