

Peachtree City Airport Authority (PCAA)
Thursday, October 8, 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 7:01 p.m.

II. APPROVAL OF MINUTES

Allen Morrison made a motion to approve the August 13, 2020, meeting minutes as presented, seconded by Charles Murray.

Motion carried 5/0

III. REPORTS

Finance & Capital Budgeting – Allen Morrison

Allen mentioned that he has had a couple of meetings with Hope Macaluso and that even with COVID-19, we finished the fiscal year right where we should be. Allen commended Hope and Mike for managing well in a difficult year.

Prior to the Operations Report, Kevin stated that he wants to have a specific time during this meeting for comments and that each comment should be kept under a minute. This will take place before the agenda items. He stated that the reason for this change is that the last meeting got a bit unorderly.

Operations- Manager of Operations, Mike Melton

Mike Melton reported:

Wildlife Update

We have been continuing to monitor the wildlife situation here at the airport, working closely with USDA to continue to mitigate the issues. USDA has trapped a few coyotes and even a bobcat. The deer signs continue to become less as less with the mitigation techniques being used. Which leads me to the next topic of Brush Clearing.

Brush Clearing

We have continued with the brush clearing project that not only eliminates future obstructions but also eliminates areas where wildlife can hide. We plan on continuing with this clearing project as the budget will allow.

Rotating Beacon, RWY 13 PAPI and Taxiway F

The green lamp on the rotating beacon was out and has since been replaced. We also had an issue with the 13 PAPI but it was just lamps that were out. Mike asked that anytime tenants can report an outage, please do as soon as possible so we can get these repaired quickly. Additionally, we had a number of transformers that were out on Taxiway Foxtrot. TCA electrical was able to come out and repair these as well.

Mike asked that if anyone notices an issue with the PAPI, to please let he or Hope know, as it is often hard to notice from the ground.

Traffic Counts Up

Overall the airport traffic count is up. With now three new flight schools and an increase in business traffic, everything around the airport is getting busier. This is primarily due to the growth in and around the county. Based off of what we have heard, we can expect to see continual growth in the area and business traffic will likely follow.

Asphalt Repair – Area C

The asphalt between C3 and C4 will be repaired in the next couple of weeks. Once that is complete, we will do a thorough FOD sweep for any rocks or debris left over.

IV. FINANCIAL REVIEW

Hope reported:

August 2020

Revenue and Expense Highlights:

August revenues were below budget due to the Toybox and the old flight school office still being unoccupied. We fell short in avgas sales, but more than made up for it in jet fuel sales. Expenses were below budget for the month, but the overall net income was 11% below what was projected.

Capital spending in the month was \$7000 for land clearing and \$124,400 for the area C waterline.

September 2020

Revenue and Expense Highlights:

September revenues were barely above budget. The new flight school tenant paid half rent for September. Again, we fell short in avgas sales, but more than made up for it in jet fuel sales. The maintenance expense was double due to \$3,126 to repair lights on Taxiway Foxtrot, which are the older lights and not the LEDs. Also, we had a final month

of the port-a-potties in area C for \$802. There were also \$1300 worth of tires on the fuel trucks that had to be replaced. Overall net income was again below budget.

End of Year

Without the CARES Act, we would have been short for the year we have experienced an almost dormant period this spring due to COVID 19. However, thanks to the grant, we are right at budget for the year, prior to any adjustments.

We have a CPA scheduled to review our books next week and the annual audit is scheduled to begin November 2.

Grant Update

The public comment period for the Environmental Assessment for Obstruction Clearing ended last Friday. The comment period for state and federal agencies will end tomorrow. Any comments will be incorporated into the final EA and given to the FAA no later than October 16 for their final signature.

Kevin opened up the floor for a comment period.

Jeff Morrison stated that the service from the Customer Service Representatives (CSRs) and Line has been much better than usual. He attributes that to what Mike and Hope are doing. He sees that there are Line people out on the ramp to meet planes. Also, when tenants call for fuel, the employees are very attentive, call you by name, and ask if there is anything else that they can do. Specifically, Matthew Perry is very engaging at the front desk. Jeff finds there to be a very positive atmosphere in the FBO. The service being provided by the Line and CSRs is much better than it used to be. He wants to give them a pat on the back and thank them for what they do.

Jack Campbell asked about the status of both self-serve fuel and internet for the tenants. Hope answered by saying that the first step for self-serve fuel is to identify a location in the updated Airport Layout Plan (ALP). The ALP is an agenda item, which is coming up. Hope said that we are still looking into internet options. Allen followed that by stating that because of COVID-19, we want to make sure that we are in a good place financially before pursuing the tenant internet any further. Jack then proceeded to ask how we are doing with the two avgas trucks, stating that we had justified the expense by the expected usage. Hope stated that we got rid of the truck that Jack is referring to at the beginning of COVID-19. We did, however, recently get a second avgas truck again, but that we do not pay for this one because it is an incentive from Shell. We knew that we would need this truck now that we have added additional flight schools. Mike also offered to explain this more in depth to Jack, if he would like.

Tommy Turner asked about the reversion clause. He would like for there to be a workshop about the reversion clause so that everyone can understand each other better. He stated his point about the reversion clause by saying that when people built their hangars on the airport, there was never a thought that they would have to, at some point, give the hangar away. He knew that if the airport wanted it, that they could buy it, but he

didn't think he would have to give it up. He also touched on Jack's internet question by stating that there is a bit of internet on the north end of the airport that is available to others who are near.

Kevin closed the comment period.

V. OLD AGENDA ITEMS

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

Hope explained that there are certain properties off each end of the runway that need obstructions cleared, but our current easements don't expand far enough for us to be able to clear them. In our call with GDOT for our Capital Improvement Plan (CIP), they highly recommended that we focus on expanding those easements, because clearing can't happen until we do. Now is the time, during the design phase of the obstruction clearing, to do this. The budget amount is \$51,000 for this. Tom Lacy asked what they do for special services and land acquisition services. Hope answered that they survey the property, they engage with the right of way company, and there is an FAA appraisal. There are certain targets that they have to hit leading up to the appraisal and then that appraisal is reviewed. Then, the right of way company will negotiate with the property owner on the state's behalf. Allen asked if there was a cap on the hours. Hope replied, stating that yes, there is. Allen asked if we knew what the cap was. Hope stated that it is the dollar figure, not to exceed it. Allen said that his concern is that it won't cover everything. Hope assured him that it will. She said that with land acquisition projects, the state will not participate until the project is complete and they have a final number, just in case it was to go to condemnation and they have court expenses. They want to know the final number before they enter into a contract. This will be a 90/10 project. The state will not participate in their 5% match on a reimbursement like this, so we will get 90% back. An audience member asked what property we were buying and to that Hope responded that we are not buying any land, that this is an aviation easement. It's an easement over their property, so that if an obstruction grows on it, then we have the right to cut it.

Max Braun made a motion to approve the work authorization number seventeen with a not to exceed of \$51,514.73, seconded by Allen Morrison.

Motion carried 5/0

20-08-04 Discussion of Reversion Clause

Max stated that he has spent a significant amount of time researching the reversion clause and that he recognizes the importance of it to everyone. He has spoken with different airport managers, the FAA, and the point of contacts provided by Hope. He was put in

touch with the Airport Districts Office (ADO) compliance manager and that person walked him through the grant assurance process. He stated that his concern regarding a lack of reversion clause has to do with funding, because we are reliant on the federal government. He explained that if you are out of compliance, the FAA will send you a letter stating what you are in violation of and what you need to do to fix it. If you do not fix it, then things escalate from there. The level of severity ranges from the FAA withholding funding to the airport having to repay funding that has already been given out. Max said that while this does sound extreme, his concern still stands. If we are found in violation of this, then there is a potential that we won't be eligible for a reimbursement of the items on our CIP. We cannot afford these things on our own. There are some items that we won't even be able to prepay. We will need to borrow the money. If we are holding a letter from the FAA stating that we are at risk for not receiving our reimbursement, then we will not be able to get a loan, because the lender would have to be able to count on the FAA to pay them back. Not having a reversion clause is a risk. Max continued by saying that on the other side of the spectrum, if we make our terms unappealing, then the tenants might go to another airport, which is also a risk. To conclude, he stated that he is very concerned about our funding, especially because the other airport managers that he spoke to had it in their leases.

Kevin asked if we have any data on airports that have been reprimanded by the FAA for not having had a reversion clause. Max responded that in his research, he has not found this, however all of the airports that he has talked to, have had a reversion clause.

Tom asked if we had any language for it. Hope responded, stating that we do not have any in place yet, because there are a lot of ways that it could be structured based on specifics, such as a five- or ten-year hangar inspection, which would make sense for the airport. Hope also said that there are a lot of examples from other airports that do have language set in place. Kevin asked Nathan if there is any issue with us adopting a reversion clause in principle with the details to be filled in later. Nathan stated that because they can vary so much, he would rather us have the actual language voted upon. Allen said he thinks that we could agree to it in principle, if that were the way to go. Then, actually approve the new language as we go.

Allen's concern is that a lot of the airports that Max was referring to, had the clause set in place when the hangars were built. Allen worries that to change things up now would put us in an actionable position and that it would be almost unethical. Greg Garmon stated that for someone to sign a renewal, they will be signing a document that includes the reversion clause, or not, depending on the decision. He stated that nobody is tricking anybody or changing the game. Allen argued that there are people who invest \$250,000 in a hangar and that if we were to tell them that if they won't give up their hangar, that they have to take it down and leave, then that is changing the game. Kevin said that his concern is for someone who bought a hangar three years ago but might not would have

bought it if they had known there was going to be a reversion clause added to the next renewal. He also stated that it will damage resale market value of hangars, which would be a concern for our tenants. If we lost tenants, we could turn into an airport that only has jets. He also fears that investors won't want to build here. Tom stated that there has to be some kind of limiting principle. He said that fifty years is a hard ceiling and that we can't let someone go beyond that and jeopardize the airport's funding. Kevin said that he wants to see the data, to see who has been penalized for not having the clause. Max followed by saying that he is not comfortable being a case study. Max talked to one airport that was asked about their reversion clause during an audit. Max also said that when you sign something, it is only for the known period, because circumstances do change. He added that we are under the guidance of the people who pay us.

Charles Murray asked if there were any airports that we know of that had a reversion clause for any reason other than to appease the FAA. Max said that he didn't ask that specifically. He believes it was driven by compliance to the FAA. Kevin asked why the FAA would want it. Allen answered that it would be a disposal of land otherwise. Kevin said that he was curious to hear about the smaller local airports that have a reversion clause. Max said that Coweta County and Athens have one. Charles stated that we are talking like a reversion clause is standard in every case, but that that is simply not true. He thinks it is important for us to see what is appropriate for our airport specifically. He doesn't think we should do it without just cause.

Allen stated that he thinks 99% of the airports that have a reversion clause had it when the hangars were built and he believes that is a totally different situation. Hope explained that a reversion clause was originally supposed to go in our leases, but because we had tenants on the board, it did not get put in our leases. Kevin responded by agreeing with Charles and summarizing an article that he read about a study on why the FAA started recommending a reversion clause. It was because small airports had people living in hangars and had generations of families owning the hangars. The counties that subsidized these airports wanted to do away with the airports. They didn't want to subsidize them any longer. The FAA wanted to stop this from happening, so they came up with the reversion clause to take back failing airports. Kevin argued that because we are not subsidized by the county, that a reversion clause should not apply to us. Max stated that we are only self-sustaining because the FAA gives us the means to be. Max suggested that if we decide to bypass the reversion clause, that maybe we can have a five-year lease instead.

Tom stated that it really doesn't matter what our personal feelings are towards the reversion clause. The government doesn't care whether we like it or not, or if it is unfair to the tenants or not. That is irrelevant. What matters is being good stewards of the airport and making sure we don't jeopardize our funding. Allen thinks there is an argument to be made, that if you still control the lease at 50 years, that you are still in control of the land.

Tom suggested tabling the discussion until there is language to look at. Kevin agreed with Tom. Allen argued that we are running out of time to make this decision because there are leases expiring. Allen didn't want to keep pushing this decision off. Tom made a motion to include a reversion clause in the leases and determine the language later.

Charles added that we need to look at the needs of the airport and follow through with those needs in reference to a reversion clause or not. Greg Garman asked Max if he had come across any airport that had "grandfathered in" current hangars and only applied the reversion clause to the new hangars. Max said that he can't speak for the FAA and had not run across that. However, the FAA believes that all tenants should be treated equally.

Kevin asked if we can bring the FAA here to talk about it with them in person. Nathan stated that that would be difficult. Kevin doesn't know if he is prepared to vote on "literally robbing equity from folks that own hangars here and transferring it to the airport's bank account."

Hope stated that if we implement a reversion clause, then at the end of the lease, the tenant will still have access to the hangar, they will just be renting it from the airport. Instead of paying a ground lease to the airport, taxes to the county, insurance for the building, and maintenance for the building, they will then only be paying the airport rent for the building. She stated that this will probably be more cost effective for the tenant. She followed by saying that if the purpose of owning the hangar is to store your aircraft, then this should suffice. Kevin argued that he does not believe that this will be cheaper for the tenant because they will be losing the initial investment of the hangar. Hope then pointed out that the hangar will depreciate over the course of the 20-year lease. Allen said that he doesn't want to lose tenants or avgas sales from those tenants. He is also afraid that we will get sued if we implement a reversion clause. Hope assured him that because this is an FAA requirement, anyone who tries to sue us will not have a leg to stand on. Max made a motion to table this until the next meeting. He would like to see some language and encourages all of the board members to review that.

Max Braun made a motion to table the discussion of reversion clause, seconded by Tom Lacey.

Motion carried 4/1 Allen Morrison opposed

VI. NEW AGENDA ITEMS

20-10-01 Consider Proposal from DBT Transportation to Replace Glideslope and DME Equipment

Hope explained that when we had our last inspection of the system, it was noted that the equipment for both the DME and the glideslope will need replacing within a year or so. DBT is the company that we contract for this; we have used them for years. We got a quote for \$44,392 to replace that equipment before it breaks.

Allen Morrison made a motion to approve the proposal for DBT Transportation to replace the glideslope and DME and not to exceed \$44,392, seconded by Max Braun.

Motion carried 5/0

20-10-02 Consider Grant Acceptance for Update to Airport Layout Plan and Design of Obstruction Clearing

Hope explained that we received the tentative allocation earlier this year and it was already approved to receive the funds from GDOT. We don't have the grant yet. However as soon as we get it, she would like the ability to sign it and turn it around. She said that we are limited on time because we have to have leaves on the trees to do this. This first thing that the grant will consist of is the ALP update, which is about \$175,000. Second is the obstruction clearing design, which is \$40,000. Third is for the reimbursement for the overage in the last grant, which was the Environmental Assessment (EA) for clearing. That is \$14,190. The fourth part is the completion of our Disadvantaged Business Entity Plan (DBE Plan) for \$11,425. That will be a reimbursement to us as well. Hope stated that the total that she is expecting for the grant will be no less than \$241,000. She would like to sign this when it gets in and then turn it back in so that we can move forward with our ALP.

Charles asked if this requires an action tonight. Hope replied with yes, it does. She explained that if the board approves it, she can sign it when it gets in. Charles asked what the time limit is. Hope stated that we have until early November. Phil Cannon of W.K. Dickson, the airport's engineering firm, then said that it was clarified this week that this situation is unique in that the LIDAR was provided by GDOT, so the leaf on condition is not a consideration anymore and that it can wait until November. Allen followed by saying that the ALP is a critical piece and that he has no problem making a motion to approve this.

Max Braun made a motion to allow the airport manager to accept the grant, provided it comes in as described today, seconded by Allen Morrison.

Motion carried 5/0

20-10-03 Management Presentation of 5 Year Capital Improvement Plan for Grant Applications

Hope stated that our applications are due at the end of November. What we have done in the past is wait until the November meeting to look at it, but that does not give the board much of a chance to look at it before they vote. Hope reviewed the Capital Improvement Plan, specifically including Fiscal Year 2022, including:

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.)

No action was taken on this item.

20-10-04 Consider FY 2021 Budget

Hope reviewed the Fiscal Year 2021 Budget Planning Summary:

The draft of the FY 2021 budget is completed. The following is a summary of the key points in this budget.

Overall Summary

- The anticipated income from operations for FY21 is \$375,000. This number represents a decrease over anticipated FY 2020 income from operations, and includes the City contributions of \$63,750, which is down 14% from last year.

However, it is in line with what we would have actually made in FY 2020 had we not gotten the \$69,000 from the CARES Act.

FY 2021 Revenue Highlights

- Revenues are anticipated to increase by less than 3%.
- Hangar leases are increasing due to the addition of the C hangars and the Toy Box being occupied at a higher rate than the last tenant.
- We are anticipating an increase in the volume of gallons sold for both jet and avgas, mainly due to the dip in gallons this past year for the Coronavirus, the addition of a Gulfstream IV to our based aircraft, and the two new flight schools on the field.
- We also have budgeted for a reasonable margin on both fuels based on this past year's average margins.

FY 2021 Expense Highlights

- Overall anticipated expenses are increasing by just over 10%.
- Our insurance policies have increased by over 13% overall.
- Payroll is only up by less than 2%, even with hourly wage increases. Since we are anticipating a lower net income, we are accruing less for the bonuses.
- We received \$69,000 in FY2020 for the CARES Act funding that went against payroll.

FY 2021 Other Income Highlights

- The 10-year City Agreement – There is a decrease this fiscal year and we are entering year 9.

Kevin asked about the insurance budget increase and Hope explained that that is mainly due to employee health insurance.

Allen stated that this budget is conservative and responsibly done. He said that he is wholeheartedly behind it.

Allen Morrison made a motion to accept the Fiscal Year 2021 budget, seconded by Charles Murray.

Motion carried 5/0

VII. ADJOURNMENT

Prior to adjournment, Kevin asked if anyone had any questions. Charles wanted to clarify that the reversion language was going to be initiated and that everyone would have a chance to review it before the next meeting. Hope assured him that this would be the case. Charles asked if there would be any discussion of it outside of the meeting or if the

board was going to wait until the next meeting to discuss this. He also asked Nathan if this was okay. Nathan responded saying that it would only be a problem if there were a quorum of members without it being advertised. He also stated that discussion via email is acceptable. Kevin said that the board has “homework” to do over the next month, to research the reversion clause and become better aware and more prepared. Hope suggested Shreveport, Louisiana as a place that has been through this before, along with Chico, California. Greg stated that because he works closely with the Airports District Office, he cannot reach out professionally to airports.

At 8:14 pm Allen Morrison made a motion to adjourn the meeting, seconded by Max Braun.

Motion carried 5/0

Attest

Kevin Lund, Chairman