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AIRPORTS BOARD MEETING MINUTES
OF JUNE 10, 2010

The print media was notified in accordance with the State Freedom of Information Act.

The regularly scheduled meeting of the Beaufort County Airports Board was held at 1:30 PM on Thursday, June 10, 2010 in the Council Chambers of the Beaufort County Government Center. Chairman Pete Buchanan called the meeting to order.

A motion was made and seconded to approve the June 10, 2010 agenda. The motion passed unanimously.

A motion was made and seconded to accept the May 20, 2010 meeting minutes. The motion passed unanimously.

Prior to the vote, Mr. Dopp wanted to know why the minutes only reflect votes for, against and abstained without showing how each member voted. Mr. Buchanan asked Councilman McBride to comment. Councilman McBride stated that while the County Council minutes reflect the names of each Councilman and how they voted, the minutes for the Committees only show the number of votes like the Airports Board. Mr. Buchanan stated that the Airports Board minutes would remain as written. Mr. Dopp accepted this decision.

GUEST INTRODUCTIONS – Guests attending the meeting introduced themselves.

MEMBERS PRESENT

Pete Buchanan – Chairman
Jared Newman – Vice Chairman
Councilman Rick Caporale – Beaufort County Liaison
Will Dopp
Joseph Mazzei
Joe Zimmerman
Derek Gilbert
Graham Kerr
Leonard Law
Paul Jorgensen
Noel Duncan

MEMBERS ABSENT

Councilman Ken Heitzke – Town of Hilton Head Liaison
Ross Sanders

STAFF

Paul Andres – Airport Director
Larry Yeager – Chief of Operations
Linda Wright – Admin. Asst.

GUESTS

Councilman Steve Baer
Councilman Bill McBride
Councilman Stu Rodman
Joe Croley – Resident
Leo Brennan – Resident
John Morrisette – Resident
Jim Fisher – Resident

PUBLIC COMMENTS

1. Jim Fisher – Mr. Fisher stated he had attended the March 9th and May 19th joint sessions of the Master Plan. He stated that he found them to be extremely heavy on information, but weak on analysis. Mr. Fisher stated the Airports Board should provide the average citizen with something they can understand regarding the conclusions that are drawn. Mr. Fisher further stated that the question that the average citizen should have answered is whether there is a risk of losing Delta or US Airways service.
2. Leo Brennan – Mr. Brennan stated he is of the understanding that the Airports Board may make a decision today on which alternative to recommend. He stated there are still a number of unanswered questions and asked the Board to consider these questions before voting. Mr. Brennan stated that in his opinion the consultants have not presented all of the options. Mr. Brennan then noted various options that could use a shorter runway. He continued by stating that while the politicians seem to like the options that would not affect St. James Baptist Church, he has talked to people from the church who are still not comfortable with the plan because of the displaced threshold.
3. John Morrisette – Mr. Morrisette stated he would like for the Board to come up with figures that would differentiate between the cost of doing 5,400' now as compared to doing Phase I and Phase II due to the cost of the EMAS.

UNFINISHED BUSINESS

1. HXD Master Plan Update: Pete Buchanan
 - Mr. Buchanan stated the members have had time to look over the alternatives presented by Talbert & Bright. He stated the Board needs to recommend one of the alternatives to County Council in order for the consultant to be able to move forward. Mr. Buchanan stated that a motion had been tabled at the last meeting which would allow him to forward a letter to County Council recommending Alternative No. 2.

Mr. Mazzei stated he flew into Charlotte and noticed they have EMAS. He stated that in response to Mr. Morrisette's comment about the EMAS, the one in Charlotte is modular so it appears it can be repositioned if necessary.

Mr. Newman wanted to know if the costs are known for doing the expansion in stages as well as doing it all at once. Mr. Newman wanted to know if, in fact, the EMAS can be repositioned. Mr. Andres stated it is his understanding that it could be repositioned. He added that with a phased approach there would be an additional cost because of using contractors twice and repositioning the EMAS. He did not know how much more this would cost. Mr. Andres reminded everyone that once the consultants have received guidance on the alternative to pursue they still have to do an environmental overview, financial analysis and the ALP. Mr. Kerr wanted to know if the runway expansion would be done under the normal financing where 95% would be paid for by the Federal government, 2.5% by the State and 2.5% County. Mr. Andres stated that the funding scenario is correct.

Mr. Buchanan stated Alternative No. 2 allows us to begin the work while staying within the confines of Airport property during Phase I. Phase II is when some

land would need to be purchased off Airport property, but that would be several years from now giving us time to assess the situation at that time.

Mr. Dopp stated there are still several questions that need to be answered and wondered if the Airports Board recommendation should be deferred until the information is given to Town and County Council. He added they also need some cost figures. Mr. Dopp stated this topic will not likely go before County Council before the July Airports Board meeting. Mr. Buchanan stated the consultants cannot give the cost until they know which alternative they are pursuing. He stated they cannot keep asking the consultants for more information without paying for it. Mr. Mazzei stated the time has come to decide on which alternative they need to recommend.

Mr. Zimmerman stated he feels there is another option between the current 4,300' runway and the proposed 5,000' runway that was not considered. Mr. Mazzei disagreed stating it is better to have too much runway rather than not enough. Mr. Newman stated it was his understanding that 5,000' was the absolute minimum that is needed.

Mr. Kerr stated he was a Captain on a Dash 8 for 11 years for Piedmont Airlines flying in and out of Hilton Head Island. He stated the Dash 8 is going to go away and they will only be replaced with jets so we may lose commercial service. Mr. Kerr asked Mr. Andres about Delta's flights. Mr. Andres stated that he has been informed by Delta that they will retire their turboprops in 2011 and they will only be replaced with regional jets. Mr. Kerr stated this limitation of the current airport for the ability of the airlines to service Hilton Head will have a tremendous economic impact. He said that if we want to maintain commercial service then we must do something with the Airport. Mr. Kerr stated there is a lot of controversy over the Airport, but he believed Alternative No. 2 was the best option as it is incremental and would allow us to get started and then make adjustments as needed.

Mr. Andres reminded everyone that the Master Plan is a planning document and does not answer highly specific or technical questions. He stated that a separate Environmental Impact Study will answer the detailed questions about noise and other environmental considerations

Councilman Caporale stated that the questions that he, Councilman Rodman and Councilman Baer sent to Talbert & Bright have been received and the consultants have said they will try to have the answers by June 30th. He stated these questions are a prerequisite for the joint meeting of Town and County Council which is likely to happen in mid-July according to Mr. Kubic. Councilman Caporale stated that his point is that none of these issues will get to County Council until sometime in late July or August. He stated it is his opinion that the Council will not endorse any alternative until after the joint meeting with the Hilton Head Town Council.

With no further discussion, Mr. Buchanan called for a vote on the following tabled motion.

A motion was made and seconded that Alternative No. 2 of the Hilton Head Island Master Plan be recommended to County Council. The vote was 7 for, 2 against and 1 abstained. The motion passed.

HILTON HEAD ISLAND AIRPORT REPORT

1. Tower Report: Paul Andres
For the month of May 2010 there were 3,974 total flight operations of which 2,154 were conducted under IFR procedures.
2. Projects: Paul Andres
 - Tree Obstruction Removal – Mr. Andres stated the FAA is currently reviewing the 90% design plans for the removal work on Airport property. He stated they will phase the tree obstruction removal project by starting with the on Airport property then moving to the off Airport property trees. Mr. Andres stated he is still waiting to hear from the US Fish and Wildlife Service concerning the required eagle permits and for OCRM to review the plans and issue their letter of consistency for the process to be used in the wetlands on Airport property. These permits are needed before he can submit to the Town for their permit. Mr. Buchanan wanted to know when the project would start. Mr. Andres stated he hopes to start removing the tree obstructions in September as long as there are no obstacles in obtaining the permits.
 - ARFF Station and Runway Safety Area Drainage Improvements – The foundation work for the ARFF station is underway and the utility service is being installed to the site. Mr. Andres stated the contractor is accelerating the construction schedule for this project. He stated they are waiting for the Town to issue the work permit for the drainage improvement work. Mr. Andres stated the Town has concerns regarding the eagle's nest so he has supplied the Town with information from the US Fish and Wildlife Service which states they will allow the work to occur once the eagles have vacated the nest for the nesting season. Mr. Andres stated he believes the eagles are gone for the summer, but he is waiting for this to be confirmed. He stated the Town is also concerned about how the surface will be treated once the storm water is piped underground. Mr. Andres stated he had wanted to install grass like the rest of the runway safety area, but the Town wanted water quality plants installed. The appropriate FAA Regulations and Advisory Circulars have been provided to the Town concerning the use of grass in this area and Mr. Andres is waiting on their response.

Mr. Mazzei wanted to know the total cost of the ARFF project and if most of the work was awarded to local contractors. Mr. Andres stated the construction company is located on Hilton Head although the prime contractor is a company in Tennessee. The total amount for the construction contract is just under \$1.7 million and the total project cost is approximately \$2 million.
 - Hilton Head Master Plan – Previously discussed above.
 - Design Projects –These projects are still on hold pending completion of the Master Plan. Mr. Andres stated that the RFQ to select architectural/engineering and professional consulting firms for the Airport has been advertised. Those

qualification proposals are due back June 24th.

Mr. Andres stated the rental car RFP has been advertised and the responses are due back on July 8th.

3. Operations Report: Chief Yeager

- For the month of May 2010 there were 6 medivacs and 1 medical response call at the commercial passenger terminal.

4. Noise Complaints & Traffic Counters: Chief Yeager

- There were 12 noise complaints. Two were related to Coast Guard helicopter operations and 10 were related to a general aviation aircraft doing a banner towing operation along the beach which was not authorized by the Airport. Mr. Andres stated the tail number was recorded and he did work with the Town's Codes Enforcement staff. He stated it was determined that this aircraft was supposed to be in the Savannah area. Mr. Buchanan wanted to know if the Airport has any authority over this type of aircraft outside of the tower airspace. Mr. Andres stated the Airport does not have authority outside of the controlled airspace.
- The after hours traffic count was 90.

BEAUFORT COUNTY AIRPORT REPORT

1. Fuel Sales: Paul Andres for Joel Phillips

The total fuel sales for May were 9,947 gallons (5,559 gallons of AvGas and 4,388 gallons of jet fuel). There were 1,730 total operations. Fuel sales and total operations were up slightly from the same time period last year.

2. Projects: Paul Andres

- Tree Obstruction Removal – Mr. Andres stated they are still waiting for the FAA's response regarding the SCE&G power poles.
- Master Plan – The consultant is finishing the development alternatives for a phased approach to runway expansion which includes improvements in the runway safety area and expansion of the runway to 4,400' total length with an ultimate build out to 5,000' twenty years out. Mr. Andres stated they are doing the environmental overview and have solicited input from the appropriate regulatory agencies. The consultant is also updating the ALP. Once this information has been obtained they will be scheduling a joint session between County Council and Beaufort City Council

Runway Overlay and Airfield Electrical Improvements Projects – The permanent marking on the runway is the only remaining item for the Runway Overlay project. This will be done through a State contract on June 22nd and they hope to finish this in one day. Mr. Phillips will be notifying the tenants in case they want to relocate their aircraft on this day since the Airport will be closed. The Airfield Electrical Improvements project consists of the REILs, wind cone and rotating beacon. Mr. Andres stated the work on the rotating beacon is essentially finished. They are finishing up with the installation of the REILs on the South end and they will also be finishing up the improvements on the wind cone. Mr. Andres stated there will be a brief press release about the installation of the REILs so motorists

will not be alarmed by the flashing strobe lights. Mr. Duncan asked if a sign could be placed in the area. Mr. Andres stated he will check into the placement of a sign.

Mr. Newman wanted to know if it would be possible to expand the manned hours of the Lady's Island Airport since there is more daylight in the summer. Mr. Andres stated he would have to talk to Mr. Phillips, but budget constraints for personnel salaries may pose a problem.

Mr. Andres stated that the South Carolina Division of Aeronautics and the Aeronautics Commission have requested a security plan for the Lady's Island Airport. The plan is to be submitted to the State for their review by July 30th.

COMMITTEE REPORTS

1. Finance: Leonard Law – No Report.
2. Lady's Island Airport Operations: Graham Kerr – No Report.
3. Hilton Head Island Airport Operations: Will Dopp
 - Mr. Dopp stated Republic Parking's new equipment, which includes a credit card reader, is currently operational. The new parking rates became effective May 1st and the new operating agreement became effective April 1st.

UNFINISHED BUSINESS (Continued)

2. Aircraft Hangars (Rental Rate/Sell): Will Dopp
 - Mr. Buchanan stated no decision has been made yet as to whether the hangars should be sold or not so there was no need to discuss this again. He stated that Mr. Dopp had written a memorandum concerning the hangar rates. Mr. Dopp stated the anniversary date for the hangar rental rates is July 1st and he wanted to recommend an increase in hangar rates (Attachment A). Mr. Dopp gave some background information and then stated he was recommending the hangar rental rates at the Hilton Head Island Airport be increased by approximately 2.5% and that the rates at the Lady's Island Airport should remain the same. Mr. Dopp noted that the Civil Air Patrol does not pay any rent and wondered if they could perhaps make a token payment. Mr. Andres stated the Civil Air Patrol has no source of income so they are unable to make any rent payment. Mr. Mazzei wanted to know if the Air Force subsidized the Civil Air Patrol. Mr. Andres stated it is a very minimal amount.

A motion was made and seconded to recommend to County Council to raise the hangar rental rates at the Hilton Head Island Airport by 2.5% rounding to the nearest dollar, that the current hangar rental rates at the Lady's Island Airport remain the same and that the rent for the Civil Air Patrol be discussed as a separate issue.

Mr. Duncan wanted to know if tenants would leave if they raise the rent. Mr. Mazzei stated it is possible, but his main concern is why the recommendation differentiates between the two Airports. He stated if there is a shortfall for paying off the hangars then the rates should be raised at both Airports. Mr. Duncan stated he could not support this recommendation. Mr. Buchanan stated that while

there is a waiting list at Lady's Island it is not nearly as large as it used to be and they have a lot of competition due to the facilities at surrounding airports. He added that Mr. Phillips had stated that he did not want to raise the rent on the hangars. Mr. Mazzei stated that even with an increase at Hilton Head, a significant portion will be given to Signature Flight Support. Mr. Kerr wanted to know if there was an increase at both Airports last year. Mr. Andres stated the rates were increased 5% at both Airports last year. Mr. Newman stated he still has not received any adequate answer as to why there is a difference in price between the new and old hangars at Lady's Island. He stated that in his opinion the old hangars are better than the new hangars because they do not rely on electricity to open the door. Mr. Mazzei stated he wanted to amend the original motion.

A motion was made to amend the original motion to make the hangar rents at Lady's Island Airport equal for both types of hangars and that the rate increase of 2.5% rounded to the nearest whole dollar apply to both Airports. The motion died for a lack of a second.

Because of the objections from Mr. Dopp, Mr. Buchanan and Mr. Duncan, Mr. Mazzei rephrased his motion.

A motion was made to amend the original motion to increase all hangar rents at the Hilton Head Island Airport and the hangars with electric doors at the Lady's Island Airport by 2.5% rounded to the nearest whole dollar. The motion died for a lack of a second.

Mr. Newman asked that the original motion be split so they could vote on Hilton Head Island Airport and Lady's Island Airport separately. There were no objections.

When the vote was called to raise the Hilton Head Island Airport hangar rents 2.5% rounding to the nearest dollar the motion passed unanimously.

A motion was made and seconded to equalize the hangar rental rates at the Lady's Island Airport to \$252.00 thereby increasing the older hangars from \$210.00 to \$252.00 and not raising the rates on the newer hangars.

Mr. Dopp asked for Mr. Andres' opinion. Mr. Andres stated that Mr. Phillips had said before the Board meeting that he (Mr. Phillips) did not want to see any changes or increases in the hangar rental rates in order to stay competitive with surrounding airports. Mr. Andres stated there is a waiting list at the Lady's Island Airport, but he did not know if this change would result in any vacancies.

A motion was made and seconded to table the original motion until Mr. Phillips could express his opinion at the next meeting. The motion passed unanimously.

3. Aircraft Property Tax Recommendation: Will Dopp

- Mr. Andres presented an overhead graphic showing the aircraft property tax rates as of July 2009 (Attachment B). The map revealed that the majority of counties in South Carolina have a 4% tax rate. Mr. Dopp stated the subcommittee for aircraft property tax wanted to present a recommendation (Attachment C). Mr. Dopp stated there are 111 aircraft registered in Beaufort County that are currently

being assessed at 10.5%. He stated the subcommittee is recommending that the aircraft property tax rate be reduced to 6%. Mr. Dopp stated they also suggested the County considered a way of modifying the tax policy to implement an aircraft registration like they do for motor vehicles and boats. The sub-committee had also suggested the County require aircraft owners to register their aircraft in Beaufort County if they want to rent a hangar. Mr. Newman stated the FAA has made it very clear that you cannot do this. Mr. Dopp stated the FAA had informed Mr. Andres this topic had caused considerable discussion indicating that nothing was in black and white. Mr. Andres stated the FAA meant that they had referred this topic to their senior legal counsel in Washington, DC and it was their determination that you cannot discriminate based on location of aircraft registration at public federally funded airports. Mr. Dopp stated this is not part of the recommendation, it was only a suggestion. A discussion was then held as to how the aircraft values are assessed.

A motion was made and seconded to recommend to County Council that the aircraft property tax be lowered to 6%. The motion passed unanimously.

NEW BUSINESS – None

PUBLIC COMMENTS

1. Councilman Rodman – Councilman Rodman asked the Board to let them know if there are other questions the Board would like to have submitted concerning the Master Plan. He stated he may have a slightly different position as that of Councilmen Caporale and Baer of when the joint meeting may be held with the Town. He stated that he believes they are in a position where this could take place independently because all they would be doing is saying that they agree with the approach of Alternative No. 2 and that there will be other questions. He stated this is just a place to start so the consultants can move forward. Councilman Rodman stated that in regards to the aircraft property tax there is an appraised value and then they apply an assessment ratio and then the millage is applied. He stated the reduction from 10.5% to 6% is not the tax rate, but rather the assessment ratio. Councilman Rodman stated there is a shift in the counties across the state in lowering the rates. Regarding hangar rental rates, Councilman Rodman commented on the Signature Flight Support contract stating that it is not entirely their fault because it is an old contract that they purchased at fair market value. He stated there is nothing wrong with negotiating a new contract in the future. Councilman Rodman stated that it sounds like some of the Town's regulations relative to the tree cutting are still onerous. He stated this is something they may want to look at in the near future if this starts to drive up the cost in removing the trees. Councilman Rodman also stated that he looks at the cash flow as opposed to profit because the profit is impacted by the depreciation. He stated if you adjust for depreciation it appears both Airports are profitable.
2. Councilman Baer – Councilman Baer stated that he tracked the monthly IOU's to taxpayer's general fund from the two Airports and it is up to \$2.2 million total this month or approximately \$100,000.00 more in debt. He stated this breaks down to approximately \$1.8 million for the Hilton Head Island Airport and approximately \$400,000 for Lady's Island Airport.
3. Jim Fisher – Mr. Fisher wanted to know the rationale for airport expansion. He started

there seems to be different views and different questions that require valid answers. Mr. Fisher stated they need to go back to the original question which is what is the maximum runway length that will fit on the Airport. He stated another question is what is the minimum runway length needed to support commercial aviation that has the minimum effect on the surrounding community. Mr. Fisher felt the questions have not been answered for commercial service. Mr. Fisher stated the residents did not get four alternatives, they only received two which is either do nothing or go to 5,400'. He continued by stating that we are spending taxpayers' dollars to have the consultants come up with a detailed plan when they do not have the basics. Mr. Fisher also stated that the question needs to be asked if the consultant provided us with what they were contractually required to do. Mr. Fisher concluded by stating the politicians and the residents need to ask hard questions and find out what they want and what the rationale is for expanding the Airport.

4. Leo Brennan – Mr. Brennan stated we still don't know what the runway requirements are for the aircraft being used today. He stated that it was mentioned that the Dash 8's will be going away in the near future. He stated that Air Canada just bought 20 Dash 8's and Jazz just purchased 15 and that Bombardier has a production schedule through 2016. Mr. Brennan stated he read that the turboprops are becoming more popular because of their fuel efficiency. Mr. Brennan concluded by asking why the officials are settling for 5,400' when the consultant has stated that the replacement regional jets require 5,600' for the CRJ200 and 5,500' for the CRJ700. He stated the officials should then consider the 5,600' to ensure commercial service to the island.
5. John Morrisette – Mr. Morrisette stated that it was his understanding that the Board would not discuss the Master Plan until it had been presented so he had hoped they would discuss the Master Plan at this meeting. He stated that he is disappointed in the shallow discussion before the vote was taken on the Board's recommendation. He stated that he has a copy of the questions generated by Councilmen Caporale, Baer and Rodman that consists of four or five pages and yet the Board did not even mention this. He wanted to know if the Board had a copy of the questions and he wanted to hear more from the Board.

FUTURE MEETINGS

The next meeting of the Airports Board will be held on Thursday, July 15, 2010 at 1:30 PM in the County Council Chambers of the Beaufort County Government Center.

ADJOURNMENT

With no further business to discuss, the meeting was adjourned at approximately 3:25 PM.