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AIRPORTS BOARD MEETING MINUTES
OF SEPTEMBER 16, 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, September 16, 2010 in the Council Chambers of the Beaufort County Government Center. Chairman Pete Buchanan called the meeting to order.

It was moved by Mr. Dopp, seconded by Mr. Duncan, that the agenda for the September 16, 2010 meeting be accepted. The vote was: FOR – Mr. Mazzei, Mr. Jorgensen, Mr. Dopp, Mr. Zimmerman, Mr. Buchanan, Mr. Newman, Mr. Law, Mr. Kerr, Mr. Duncan, Mr. Gilbert. ABSENT – Mr. Sanders. The motion passed.

It was moved by Mr. Jorgensen, seconded by Mr. Zimmerman that the minutes for the July 15, 2010 meeting be accepted. The vote was: FOR – Mr. Mazzei, Mr. Jorgensen, Mr. Dopp, Mr. Zimmerman, Mr. Buchanan, Mr. Newman, Mr. Law, Mr. Kerr, Mr. Duncan, Mr. Gilbert. ABSENT – Mr. Sanders. The motion passed.

GUEST INTRODUCTIONS – During the guest introductions, Judy Elder of Talbert & Bright and Allen Ward of Ward Edwards Engineering stated that as the new consultants for the Airports they would be attending all Airports Board meetings.

MEMBERS PRESENT

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

MEMBERS ABSENT

Ross Sanders

STAFF

Paul Andres – Airport Director
Rob McFee – Director, Engineering and Infrastructure Division
Larry Yeager – Chief of Operations
Joel Phillips – Beaufort Co. Airport Supv.
Linda Wright – Admin. Asst.

GUESTS

Bill Coleman – Resident
Allen Ward – Ward Edwards Engineering
Judy Elder – Talbert & Bright
Tom Barton – Island Packet
Gary Burgess – Andrews & Burgess
Steve Andrews – Andrews & Burgess

PUBLIC COMMENTS – There were no public comments at this time.

HILTON HEAD ISLAND AIRPORT REPORT

1. Tower Report: Paul Andres
 - For the month of July 2010 there were 3,893 total flight operations of which 2,097 were conducted under IFR procedures. For the month of August 2010 there were 3,447 total flight operations of which 2,040 were conducted under IFR procedures.

2. Projects: Paul Andres
 - Tree Obstruction Removal – The grant funding is now in place for the on-airport portion of this project. The construction contract has been awarded by County Council. The recommendation for contract award for the arborist will be going forward to Finance Committee September 20th around 3:15 p.m. in the Executive Conference Room.

 - ARFF Station – The construction is coming along nicely. Most of the exterior block work has been completed and they are finishing the rough in for all of the utility connections. They have started to install all of the roof trusses. They expect to have the building dried in within a couple of weeks. The new facility is approximately 50% complete at this point. The contract calls for completion of work by March 2011, but the contractor anticipates they should be able to finish a couple of months early.

 - Runway Safety Area Drainage Improvements –In regards to the runway safety area drainage improvements plan, Mr. Andres stated they are still trying to develop a water quality plan that is required by the Town before they will issue the work permit for that project.

 - Hilton Head Master Plan – The consultants are finishing up the environmental overview, financial feasibility assessment and the ALP drawing set. They are planning on holding the next joint presentation to both Councils the later part of October.

 - Design Projects –The design projects that were started which included the commercial service apron improvements and the terminal renovation improvements are still on hold pending the outcome of the Master Plan.

Mr. Buchanan wanted to know what had been decided on the water quality plan. Mr. Andres stated that nothing has been decided. He stated that the Town said they need to submit a plan to enhance water quality associated with the project which entails installation of a storm water pipe in an approximately 300 yard long open drainage ditch and covering it over with grass. Mr. Andres stated this is the outfall of the drainage from the Airport that works its way into Fish Haul Creek. The storm water people and the County Engineer are still looking at this to see if there are ways to further mitigate water quality runoff that might be associated with this project, but no solutions have been reached at this time. Mr. Buchanan stated he is disturbed with the phrase "water quality". Mr. Andres stated the Town staff's concern is that if water is allowed to sit in an open drainage ditch it would be allowed to percolate which tends to enhance the water quality. Mr. Andres stated this is a safety concern to have an open drainage ditch off the end of

the runway in the event an aircraft would go off the end of the runway.

Mr. Dopp wanted to know if the drainage project was tied into the tree cutting project. Mr. Andres stated those projects are not related. Mr. Andres stated they will still be able to start the on-airport tree obstruction removal project in October.

Mr. Mazzei wanted to know if the noise study was completed last weekend. Mr. Andres stated the consultant gathered the data Saturday, Sunday and Monday at four sites around the North end of the Airport. The consultant reported that he had captured a sufficient mixture of aircraft and he feels he has an adequate base on which to compare in the future after the tree obstruction project has been completed and the mitigation has taken place. The consultant will then come back to take similar recordings to compare the before and after situation.

Mr. Law wanted to know if the concern over the water quality is the fact that the water from this drainage ditch eventually gets into Fish Haul Creek. Mr. Andres stated he was not certain, but he believed that is the Town staff's concern.

3. Operations Report: Chief Yeager

- For the month of July 2010 there were 11 medivacs.
- For the month of August 2010 there were 8 medivacs.

4. Noise Complaints & Traffic Counters: Chief Yeager

- For the month of July 2010 there were 3 complaints; 1 from Hilton Head Plantation and 2 in Port Royal Plantation. This was due to an over flight of GA aircraft.
- For the month of August 2010 there were 7 complaints some of which were due to mosquito control operations.
- For the month of July 2010 the after hours traffic count was 96.
- For the month of August 2010 the after hours traffic count was 124.

BEAUFORT COUNTY AIRPORT REPORT

1. Fuel Sales: Joel Phillips

- The total fuel sales for July were 8,214 gallons (5,260 gallons of AvGas and 2,954 gallons of jet fuel). There were 1,312 total operations. This is approximately an 11% increase from the same time period last year.
- The total fuel sales for August were 6,232 gallons (4,277 gallons of AvGas and 1,955 gallons of jet fuel). There were 1,010 total operations. This is approximately a 25% decrease from the same time period last year.

2. Projects: Paul Andres

- Tree Obstruction Removal – Mr. Andres stated the FAA has finally issued their air space determination letters regarding the SCE&G utility power poles. Most of

the utility poles have been identified as obstructions to aviation. Mr. Andres stated there are a few differences noted in the heights of the poles when comparing the consultant's data with the FAA's data. The consultants and the FAA are working to resolve this issue. Mr. Andres stated once this is resolved they hope to resume the tree obstruction removal project.

Mr. Buchanan wanted to know if a determination had been made regarding the poles being lit that were located on the border. Mr. Andres stated this topic involves two different entities within the FAA; those who deal with the air space and those who deal with the flight procedures. Mr. Andres stated the determination letter said that each and every pole has been identified that is an obstruction and that in accordance to regulations those poles must either be lit with an obstruction light or lowered to a certain height out of the air space. Mr. Andres stated the last he had heard from SCE&G was that they still intend to lower most of the poles out of the air space.

- Master Plan – The consultant has produced a draft Development Alternatives Chapter and Environmental Overview and they are also working on the Financial Plan in draft format.

Mr. Zimmerman wanted to know if the consultant has met with the Beaufort City Council. Mr. Andres stated they want to complete the work on these particular chapters before they schedule a joint presentation with the City of Beaufort and the County Council.

COMMITTEE REPORTS

1. Lady's Island Airport Operations: Graham Kerr – No Report.
2. Hilton Head Island Airport Operations: Will Dopp
 - Mr. Dopp stated Delta will terminate service November 1st and resume service on March 3, 2011. Mr. Dopp stated it is important to note that the Delta spokesman stated they are happy with the seasonal service. He stated there is still no indication as to what type of aircraft they will use in the forthcoming season.
 - Mr. Dopp stated that for first 8 months of 2010 there were approximately 28,000 movements which is about the same amount for the same time period for 2009. He stated that the passenger count is up by approximately 11,000 from last year.
 - Mr. Dopp stated the revenues for the first 7 months for the FBO are up 10%, but fuel sales are down by 5%. He stated this is because the price of fuel is currently averaging \$4.58 per gallon versus approximately \$4.00 per gallon at the beginning of the year.
 - Mr. Dopp stated the Board had made a recommendation to increase hangar rents at Hilton Head Island Airport by 2.5%, but County Council raised it to 5%. Therefore, effective October 1st a T-hangar will rent for \$380.00 per month and approximately \$25.00 for real property tax.

UNFINISHED BUSINESS

1. Aircraft Hangars (Rental Rate/Sell): Joe Zimmerman
 - Mr. Zimmerman stated that in regards to the hangar sale decisions they are still waiting for County Attorney Howell's opinion on the Signature Flight Support management fee. Mr. Zimmerman stated this issue was discussed at the July meeting and the resolution at that time was to pass it on to Mr. Howell via the Airport staff. Mr. Andres stated this information was given to Mr. Howell the later part of July or early August. Mr. Dopp stated there has been some interest concerning the purchase.
2. Financials: Pete Buchanan and Joe Mazzei
 - Mr. Buchanan stated that there is an ongoing year end audit by the County to reconcile the activities at both Airports. He stated this will be discussed further once the audit is concluded. Mr. Dopp wanted to know if the information received for the year ending in June was therefore invalid. Mr. Buchanan stated that is correct.
 - Mr. Mazzei gave a presentation concerning the role of asset depreciation in regards to the Airports financials (see Attachment A).

NEW BUSINESS

1. Airport Consultants: Paul Andres
 - Mr. Andres stated the firms of Talbert & Bright and The LPA Group have been approved by County Council to replace Wilbur Smith as the Airport consultants. Talbert & Bright are out of Charlotte and Columbia and have partners locally. The LPA Group is out of Columbia and has local partners here as well. They will serve as Airport consultants for one year with renewable options.
2. Noise Monitoring Study: Paul Andres
 - Mr. Andres stated the pre-tree obstruction removal monitoring was conducted this past weekend. A public meeting was held on September 10th at the Hilton Head Island Library and a number of residents attended. He said the consultants explained the process and several residents asked questions. The actual noise collection was done September 11th, 12th and 13th. They were rained out late Saturday afternoon, but the consultants informed Mr. Andres that they were still able to capture sufficient quantity and mix of aircraft noise levels at the four sites around the North end of the Airport. They will monitor the area again after the tree obstruction removal project is complete in order to compare the before and after noise levels. The public session will be rebroadcast Friday and Sunday evening at 8:00 p.m.
3. FY-10 FAA Grant Offer – Hilton Head Island Airport: Paul Andres
 - Mr. Andres stated the FY-10 FAA grant offer has been received and has been accepted by County Council. The grant funding for the Hilton Head Island Airport was in the amount of \$1,243,296.00 and is primarily intended for the on-airport tree obstruction removal project. Some other minor components are the preparation of the required DBE plan for the coming year and a small amount for reimbursement of legal expenses that occurred over the last year in the process of obtaining avigation easements at Hilton Head. Mr. Andres stated a small design

contract was included for relocation of some lighted airfield signage that needs to be moved further away from the runway. Mr. Andres stated no grant was requested for the Lady's Island Airport because they are in the process of switching consultants and the Master Plan that is underway will be concluding in the near future that will have a number of recommendations for consideration that could impact future projects. Mr. Andres stated the FAA will carry over the entitlement funding for this year to next year until projects are identified at the Lady's Island Airport next year. Mr. Newman wanted to know if there are any projects that were urgent at the Lady's Island Airport. Mr. Andres stated there are not other than completing the tree obstruction removal. Mr. Law wanted to know where we stand on preventative maintenance at the Hilton Head Island Airport terminal building. Mr. Andres stated it has been postponed while he looks for opportunities for funding. He said they hope to obtain this additional funding through the budget initiatives that were previously discussed.

4. Reschedule April 2011 Airports Board Meeting: Will Dopp

- Mr. Dopp stated the Heritage Golf Tournament has been moved back one week in April 2011. He stated that since some of the members of the Airports Board are involved in the Heritage as volunteers, he suggested the Airports Board meeting be changed to either April 13th or April 28th and he suggested April 28th.

It was moved by Mr. Zimmerman, seconded by Mr. Kerr, that the April 2011 Airports Board meeting be changed to April 28, 2011. The vote was: FOR – Mr. Mazzei, Mr. Jorgensen, Mr. Dopp, Mr. Zimmerman, Mr. Buchanan, Mr. Newman, Mr. Law, Mr. Kerr, Mr. Duncan, Mr. Gilbert. ABSENT – Mr. Sanders. The motion passed.

CONTINUATION OF PUBLIC COMMENTS

1. Councilman Caporale – Councilman Caporale wanted to know the status of the Coin Toss agreement. Mr. Andres stated that both parties have signed the non-disturbance agreement. The County Attorney has been asked to draw up the addendum that will lease the land to Signature Flight Support. Signature Flight Support has submitted two draft sublease agreements for the County Attorney's review where Signature Flight Support will sublease to Coin Toss the land that we lease to Signature Flight Support. Councilman Caporale wanted to know if this would go back to Councilman Glaze's committee for review. Mr. Andres stated he did not know for sure, but he believed the decision was made to lease the land so this is just a matter of putting the contract into place. Councilman Caporale stated he would like to see the contract Mr. Howell comes up with.

Councilman Caporale stated he has noticed some substantial credits while looking at the Airport's financials. He stated there appears to be adjustments in Signature Flight Support's payments between \$6,000 and \$7,000. Mr. Andres stated he was briefed on this matter, but he will need to get specific information from the Airport's financial technician.

Councilman Caporale stated there was an issue put on the table several weeks ago concerning some funding that may have fallen through the cracks on the 2006 noise study. Mr. Andres stated an application has been made to the FAA for them to issue a grant. He stated funding for these types of projects come from funding sources different

than the normal grant funds that are associated with the projects typical done. Councilman Caporale wanted to know if this amounted to a couple hundred thousand dollars. Mr. Andres stated the total project was approximately \$284,000.00 and the FAA's share of 95% would equal approximately \$270,000.00. Councilman Caporale wanted to know if Mr. Andres expected to receive this money. Mr. Andres stated he believes this is a legitimate expense so he is hopeful this money will be received. Councilman Caporale wanted to know if the money would go straight into the Airport's bank account as revenue. Mr. Andres stated it would be shown as direct revenue, but even though he could not speak for Mr. Starkey from conversations he believes this will be applied to further reduce the advances from the General Fund.

Councilman Caporale wanted to know if he understood correctly that Mr. Andres does not expect any delays in the tree obstruction removal project on the North end of the runway on Airport property. Mr. Andres stated that is correct at this point in time.

Councilman Caporale wanted to know if he correctly understood Mr. Andres to say at the meeting Friday with Andy Harris that he (Mr. Andres) had received 3 or 4 of the required 16 aviation agreements. Mr. Andres stated that is correct. Councilman Caporale wanted to know if this would cause some long delays. Mr. Andres stated the next step for the off-airport trees is for the legal staff to handle the acquisition of the easements. Councilman Caporale asked if this was the same process as they went through at Lady's Island. Mr. Andres stated that is correct. Councilman Caporale wanted to know how long it took for this process at Lady's Island. Mr. Andres stated it did not take long because once a portion of the easements had been obtained a decision was made to initiate condemnation action on the air space on the other properties where the requested easements had not been provided. Mr. Dopp wanted to know who handles the aviation agreements. Mr. Andres stated this is a legal process that is handled by the County Attorney. Mr. Dopp asked if any outside counsel is used. Mr. Andres stated they could outsource to Howell, Gibson and Hughes who handled Lady's Island and has done some work for the Hilton Head Island Airport regarding the easements. Mr. Newman added they usually outsource this when the matter goes to litigation. Mr. Andres stressed that this is an airspace easement and does not involve ground acquisition.

FUTURE MEETINGS

The next meeting of the Airports Board will be held on Thursday, October 21, 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 2:25 PM.