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AIRPORTS BOARD MEETING MINUTES
OF JANUARY 20, 2011

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, January 20, 2011 in the Council Chambers of the Beaufort County Government Center. Chairman Pete Buchanan called the meeting to order.

It was moved by Mr. Kerr, seconded by Mr. Gilbert, that the agenda for the January 20, 2011 meeting be accepted. The vote was: FOR – Mr. Sanders, Mr. Dopp, Mr. Zimmerman, Mr. Buchanan, Mr. Law, Mr. Kerr, Mr. Wirth, Mr. Jorgensen, Mr. Gilbert. ABSENT – Mr. Mazzei and Mr. Newman. The motion passed.

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

GUEST INTRODUCTIONS – Guests attending the meeting introduced themselves.

MEMBERS PRESENT

Pete Buchanan – Chairman
Councilman Rick Caporale – Beaufort County Liaison
Will Dopp
Joe Zimmerman
Graham Kerr
Ross Sanders
Leonard Law
Richard Wirth
Paul Jorgensen
Derek Gilbert

MEMBERS ABSENT

Councilman Ken Heitzke – Town of Hilton Head Liaison
Jared Newman – Vice Chairman
Joseph Mazzei

STAFF

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

GUESTS

Councilman Bill McBride
Judy Elder – Talbert & Bright
Joe Croley – Resident
Bill Coleman – Resident
John Morrissette – Resident
Mike Bennett – Signature Flight Support

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

HILTON HEAD ISLAND AIRPORT REPORT

1. Tower Report: Paul Andres
 - For the month of December 2010 there were 2,288 total flight operations of which 1,256 were conducted under IFR procedures. Mr. Andres stated the counters were out of service most of December so they were unable to capture the after hours count. The counters have now been repaired and are back in service.

2. Projects: Paul Andres
 - Tree Obstruction Removal – The construction administration/construction engineering inspection contract is moving forward to the Public Facilities Committee Tuesday January 25th for their consideration and recommendation to County Council. Chester Williams, on behalf of the St. James Baptist Church, has filed suit in Circuit Court to appeal the decisions of the Board of Zoning Appeals to allow the tree clearing to proceed. Our attorneys are preparing appropriate responses to that action. Mr. Buchanan wanted to know if they could proceed with the project during this time. Mr. Andres stated they could not because the court will have to make a decision before they can proceed. Mr. Dopp wanted to know if the FAA would be a "friend of the court" since the Airport is only enforcing the FAA requirements for this slope. Mr. Andres stated this would be up to the attorneys and the information provided to the Circuit Court judge during the appeal. He stated this information from the FAA has been documented and is available. Mr. Kerr wanted to know how long the delay would be. Mr. Andres stated he was of the understanding that our attorneys are going to ask for an expeditious scheduling of the hearing, but did not know when that would be. Mr. Kerr wanted to know if this would be in terms of months or years. Mr. Andres stated it should be a matter of months.

 - ARFF Station – The building is now approximately 80% complete. They are currently touching up the roofing system, finishing the landscaping around the building and completing the work on interior finishes. The construction should be finished in approximately 3 weeks. Mr. Andres stated they are still in the process of obtaining the furniture and equipment for the interior which will be owner supplied. He added that MIS is in the process of completing the fiber optic connectivity to the facility and the upfit of telecommunication devices which should take approximately 3 or 4 weeks.

 - Runway Safety Area Drainage Improvements – This project is still on hold due to trying to resolve water quality issues with the Town of Hilton Head staff. A recommendation was submitted to them, but they responded stating they would like to have more of a variety plants as opposed to just one type of plant. The consultant is examining this because it appears that a lot of the plants the Town is recommending constitute wildlife attractants which would not be suitable to the FAA.

 - Hilton Head Master Plan – The Master Plan has been submitted to the FAA for their review. Mr. Andres stated he hopes to receive their comments and responses in the near future.

- Design Projects – The commercial terminal improvement design and the commercial apron joint repairs are still on hold, but hopefully will resume in a couple of months.
3. Operations Report: Paul Andres for Chief Yeager
 - For the month of December 2010 there were 4 medivacs.
 4. Noise Complaints & Traffic Counters: Paul Andres for Chief Yeager
 - For the month of December 2010 there were 2 noise complaints from the same resident living near the Airport which were due to general aviation overflights.
 - For the month of December 2010 the after hours traffic count was not available due to the general aviation traffic counters being out of service for most of the month. These counters have been repaired and are back in service.

BEAUFORT COUNTY AIRPORT REPORT

1. Fuel Sales: Joel Phillips
 - For the month of December 2010 there were a total of 1,027 operations. The total flow of fuel was 5,825 (3,372 gallons of AvGas and 2,453 gallons of jet fuel).
2. Projects: Paul Andres
 - Tree Obstruction Removal – Mr. Andres stated it has been approximately one month since they met with the FAA and SCE&G officials. He stated the FAA is still working on the power pole issue and he has not received a response regarding resolution of this matter.
 - Master Plan – Mr. Andres stated that he, Mr. Buchanan and Mr. Phillips responded for the third or fourth time to the consultant's questions regarding the Airport Layout Plan drawing set. Mr. Andres stated those revisions should be made and the consultant should be finalizing the Airport Layout Plan drawing set as well as completing the remaining chapters of the Master Plan. He stated that when this is complete, the information will be provided to both County and City of Beaufort officials with sufficient time for them to examine the reports and ask questions. The questions will then be forwarded to the consultant for answers. Mr. Andres stated that after this step is complete a joint council session will be scheduled in order to receive a formal presentation and make the appropriate decisions. Mr. Buchanan wanted to know if they would still be using Wilbur Smith all the way to the presentation. Mr. Andres stated they would handle everything up to and including the presentation and submission of the completed report to the FAA.

COMMITTEE REPORTS

1. Lady's Island Airport Operations: Graham Kerr
 - Mr. Kerr asked Mr. Phillips to comment on the fuel savers. Mr. Phillips stated that Dow Technical Services who was contracted by Eastern Aviation Fuels has received the final parts for completing the sump saver system. He stated work will commence again approximately the first week of February with completion

expected to be around February 11th. Mr. Phillips stated the paint for the fuel tanks is a two part epoxy paint that is temperature critical. He stated the painting cannot occur until the temperatures reach 55° or higher. Mr. Phillips stated they will soda blast the tanks down to bare metal, re-prime and then epoxy paint both tanks. There will also be some welding and pipe fitting that has to be completed prior to this. Mr. Phillips stated the saver system should be up and running by the next time the Airports Board meets.

2. Hilton Head Island Airport Operations: Will Dopp

- Aircraft movements for the year were 40,800, which is the same as last year. Mr. Dopp wanted to know if an average of the previous months should be put in the after hours count when the general aviation traffic counters are out of service because they need to have 40,000 movements in order to maintain control tower support. Mr. Andres stated an estimate would be difficult because the flight operations vary from month to month. Mr. Andres added that the FAA goes strictly by the tower report in regards to funding and not by after hours operations.
- The passenger count is up 13% compared to the same time period last year. Mr. Dopp stated that for November and December the US Airways count was up 18% over 2009.
- Signature Flight Support's revenues for 2010 were just over \$4 million which is up approximately 10% over last year. The County's share of the 2010 revenues amounted to approximately \$110,000.00 versus \$86,000.00 for 2009 which is about a 30% increase. Fuel sales were approximately 722,000 gallons this year compared to 752,000 gallons in 2009. Mr. Dopp stated the average price per gallon this year was \$4.52 versus \$3.92 in 2009.
- The December report was not available for Republic Parking, but Mr. Dopp stated we should be ahead from the same time period last year.
- Mr. Dopp stated the hangar debt note as of December 31, 2010 is \$1,661,000.00. He stated that the debt service on this note is \$126,000.00 a year and our share of the hangar rents for 2010 was \$119,000.00. Mr. Dopp stated that another increase in hangar rents may get them to where they need to be to break even on the debt service.
- Mr. Dopp wanted to know where things stand for Coin Toss. He stated the Board approved this proposal, in principal, back in May 2009 and the County Council approved it a year ago, but no new information has been received. Mr. Andres stated that all of the appropriate paperwork has been filed with the FBO and the FBO is in the process of coordinating their sublease arrangement with Coin Toss. Mr. Bennett stated the sublease is in the final review, will be given back to Coin Toss and then returned to Mr. Andres for final execution. Mr. Bennett stated he expects to receive this in about 1 month with the possibility of a ground breaking early in the second quarter.

- Mr. Dopp stated that on behalf of Mr. Bennett and Signature Flight Support all members of the Airports Board are invited to an informal and casual reception for the president of the National Air Transportation System, Mr. James Coyne. Mr. Dopp stated he would be sending out emailed invitations to the Board members with an RSVP to Mr. Bennett. Mr. Dopp stated that Mr. Coyne has been the President since 1994 and that this aviation group was founded in 1940 by President Roosevelt. The reception will be held from 4:30 p.m. to 5:30 p.m. at Signature Flight Support on Monday January 24th. Mr. Dopp stated he would also be sending invitations to the Hilton Head Island Town Council and staff, but the County Council will be conducting a meeting at this time.

UNFINISHED BUSINESS

1. Aircraft Hangars (Rental Rate/Sell): Paul Andres

- Mr. Andres stated that he spoke with Mr. Bennett of Signature Flight Support this morning and learned that he (Mr. Bennett) is still in the process of developing a pro forma statement that needs to be forwarded to his corporate headquarters for review. Mr. Andres stated that not only is Signature Flight looking at the revenue side of this, but also the contractual legal side of the addendum that goes along with the operating agreement. Mr. Andres hopes to receive their response in the near future.

2. Sea Breeze: Paul Andres

- Mr. Andres stated Councilman Rodman had indicated a desire to discuss this proposal in greater detail so they are trying to schedule a time for this discussion. Mr. Buchanan wanted to know if all Sea Breeze has to do is submit a proposal. Mr. Andres stated that in their letter they indicated they are interested in building a large maintenance hangar and possibly starting a Part 135 charter service. This letter was forwarded to the consultants to review for compliance with the Master Plan and their response was that the only location currently available within the next five years would be a position between the control tower and the new fire station. Mr. Andres stated that this particular site has an isolated wetland that will require permitting and issues to be dealt with along with infrastructure upgrades that will be required for site development to include a connecting taxi lane that could cost in excess of \$300,000.00. Mr. Andres stated that when this proposal was brought to them several years ago, the owner indicated that he felt it was the Airport's responsibility for site development. Mr. Andres stated the Airport's financials cannot support this obligation. He added that if this proposal were to move forward a full due diligence would be requested from the proposer which would contain more detailed information including a business plan. Mr. Buchanan believed the County would have to open this up to other bidders as well. Mr. Andres agreed that we may have to put out a Request for Proposals for private hangar construction on the Airport. Mr. Buchanan stated that in his opinion there was nothing for the Board to consider at this point. Mr. Dopp stated that he and Mr. Zimmerman had met with the owner of Sea Breeze at the suggestion of the Mayor and Town Manager of Hilton Head. Mr. Dopp stated he thinks the entire Board and possibly Councilman Rodman should hear what Mr. Craig has to say and ask him questions and then if he (Mr. Craig) is still interested he could make a more formal presentation. Mr. Buchanan stated the procedures

are eventually going to require the County Administration to see if this complies with the rules. Mr. Dopp concurred. Mr. Buchanan stated he would not be opposed to Mr. Craig speaking to the Board for approximately ten minutes. Mr. Kerr stated that until Mr. Craig states what he wants to do and what he expects the Airport to do this proposal should be taken off the table. Mr. Andres offered to speak to Councilman Rodman and then get back with the Board.

3. Through-the-Fence Agreement: Paul Andres

- Mr. Andres stated he received the latest draft proposal from the consultant and provided his comments. He is now waiting for the County Attorney to provide his comments before finalizing the draft agreement. Mr. Andres stated there will be one last discussion with Exec Air and then hopefully they will be able to move forward. Mr. Dopp wanted to know if there would be some kind of clarification on ownership. Mr. Andres stated that the response he received from the through-the-fence operation is that their horizontal property regime owns all of the land and that individuals only own the improvements on the land (their hangars). Mr. Andres stated he asked the consultant to go back and get clarification on any first right of refusal and if the FAA's intent is that they want land acquired at the same time as the improvements. He stated they are currently waiting for the FAA's response.

NEW BUSINESS

1. FY-12 Budget Preparations: Paul Andres

- Mr. Andres asked Mr. Buchanan to select Board members from both North and South of the Broad to assist in the FY-12 budget preparation. He said he hopes to meet with them by the end of this month or the first part of February. Mr. Dopp, Mr. Zimmerman, Mr. Kerr, Mr. Buchanan and Mr. Jorgensen volunteered. Mr. Andres stated that once the draft is put together it will be brought to the Board for their review. He added that the budgets are usually submitted sometime in March.

CONTINUATION OF PUBLIC COMMENTS - There were no public comments at this time.

Mr. Zimmerman asked Ms. Elder of Talbert & Bright for an explanation of the full budget in the Executive Summary of the Master Plan. He stated that he is concerned about the comparison between the full budget in the Executive Summary and the financial table in the Master Plan draft. Ms. Elder stated there is a difference between the two tables. Ms. Elder stated the table in the Executive Summary is just the projects overall. She stated there is some disconnect about what the State will and will not pay and also regarding hangars. Ms. Elder stated the FAA's stance on hangars is that if everything within the airfield is complete and all of the safety issues are taken care of, they will look at funding hangars. Therefore, going under the assumption of putting together the projects rather than the financials that there is a possibility that the FAA will participate. Ms. Elder stated the financials only deal with the first 5 years and the hangars are falling into the 6-20 year time frame so they take into consideration that everything is not taken care of and that there will be no participation from the FAA. Mr. Zimmerman stated that from a full disclosure standpoint it might be good to put a caveat out for the public. Ms. Elder stated the document is not complete because they are still waiting on comments from the FAA. As soon as they receive these comments they can

put the caveat in.

FUTURE MEETINGS

The next meeting of the Airports Board will be held on Thursday, February 17, 2011 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 2:15 PM.