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**AIRPORTS BOARD MEETING MINUTES
OF APRIL 28, 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, April 28, 2011 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. Kerr, that the agenda for the April 28, 2011 meeting be accepted with amendments presented by Mr. Buchanan to add a report on the Airports' financials by Mr. Starkey and to also add the topic of changing the date of the June meeting. The vote was: FOR – Mr. Mazzei, Mr. Jorgensen, Mr. Dopp, Mr. Zimmerman, Mr. Buchanan, Mr. Newman, Mr. Law, Mr. Kerr, Mr. Gilbert. ABSENT – Mr. Sanders, Mr. Wirth. The motion passed.

It was moved by Mr. Zimmerman, seconded by Mr. Law that the minutes for the March 17, 2011 meeting be accepted. The vote was: FOR – Mr. Mazzei, Mr. Jorgensen, Mr. Dopp, Mr. Zimmerman, Mr. Buchanan, Mr. Newman, Mr. Law, Mr. Kerr, Mr. Gilbert. ABSENT – Mr. Sanders, Mr. Wirth. The motion passed.

GUEST INTRODUCTIONS – Guests attending the meeting introduced themselves.

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
Graham Kerr
Derek Gilbert
Leonard Law
Paul Jorgensen

MEMBERS ABSENT

Ross Sanders
Richard Wirth

STAFF

Paul Andres – Airport Director
Larry Yeager – Chief of Operations
Joel Phillips – Beaufort Co. Airport Supv.
Linda Wright – Admin. Asst.

GUESTS

Councilman Bill McBride
Councilman Bill Harkins
Judy Elder – Talbert & Bright
Mike Bennett – Signature Flight Support

PUBLIC COMMENTS

1. Airports Finance – David Starkey

- Lady's Island Airport – Mr. Starkey stated that compared to March 31, 2010 there has been an increase from \$3.2 million in total net assets to \$3.8 million. The majority of this has occurred through the purchase of capital assets; however, the Lady's Island Airport's cash position has improved because the amount owed to the general fund decreased from \$293,000.00 to \$277,000.00. Mr. Starkey stated that if this trend continues over the next year or two, the Lady's Island Airport could have positive cash by fiscal year end. Mr. Starkey stated the change in net assets from the beginning of Fiscal Year 2011 until March 31, 2011 is approximately \$7,500.00. The majority of that increase has offset the operating loss from FAA revenues of non-operating grant expenditures which include tree cutting and other items that are not capitalized.
- Hilton Head Island Airport – Mr. Starkey stated the total net assets have increased from March 31, 2010 to March 31, 2011 from \$14.5 million to \$15.9 million. The majority of that increase has occurred through the purchase of capital assets. Mr. Starkey stated their cash position has also increased from \$1.5 million owed to the general fund, outside of the note, to \$1.4 million. The Hilton Head Island Airport has experienced a change in net assets of \$696,000.00 to the positive from the beginning of Fiscal Year 2011 to March 31, 2011. The operating loss of \$307,000.00 has been offset by FAA grant revenues of \$1.1 million. Mr. Mazzei wanted to know if the note has improved since the payments are being made every quarter. Mr. Starkey stated that is correct because the principal has been paid off on the note and as of June 30th the 4th quarter payment will be made. Mr. Mazzei wanted to know if it was correct then to say that the cash position, the note and the operations of the Airport have improved. Mr. Starkey stated that was correct. Mr. Newman wanted to know if the purchase of the new ARFF Station accounted for the increase in capital assets. Mr. Starkey stated this was part of it, but it is still considered construction in progress since it is not yet complete.

Mr. Dopp wanted to know if we are current with the FAA grants. Mr. Starkey stated that due to some change over within the Airport's accounting position, there was a time when they stopped drawing on the FAA grants because if you overdraw you can get in trouble with the Federal government. So, they wanted to make sure that when they transitioned over to a new accountant that everything was being done properly before doing a draw down. Mr. Starkey stated everything is working as it should.

HILTON HEAD ISLAND AIRPORT REPORT

1. Tower Report: Paul Andres

- For the month of March 2011 there were 3,060 total flight operations of which 1,575 were conducted under IFR procedures. Comparing March 2011 to March 2010, the total operations are down approximately 12%. Mr. Andres stated this is a combination of the loss of Delta service as well as a decrease in general aviation activity.

2. Projects: Paul Andres

- Tree Obstruction Removal – This project is still on hold pending resolution of the

St. James Baptist Church litigation. Mr. Andres stated they appeared April 21st in Circuit Court in Beaufort and the judge has not made a ruling yet. Mr. Andres stated that it was reported in the newspaper that the St. James Baptist Church's new attorney has filed a lawsuit in Federal court which will also have to be dealt with as well.

- ARFF Station – This project is just about complete. A Certificate of Compliance on the site work was received, but they have not received the Certificate of Occupancy. Mr. Andres stated the Town has added some additional requirements and the MIS people are still working on getting the internal portion of the building wired with data and telephone service. Mr. Dopp wanted to know what additional requirements the Town is requiring. Mr. Andres stated the latest is that there is a residential hood on the stove in the kitchen area that has a fire suppression system. The Town now wants the fire suppression system tied into the fire alarm monitoring system. Mr. Buchanan wanted to know if this is part of the Town's code. Mr. Mazzei wanted to know who would be notified because they already have firemen in the firehouse. Mr. Andres stated that it would go to a monitoring agency and they would in turn notify the fire department. Mr. Dopp wanted to know if this was the first additional requirement since the Town approved the building plans. Mr. Andres stated that there have been a few other changes since the building plans were approved. Mr. Buchanan wanted to know how much this would cost. Mr. Andres stated he does not know at this time, but it should not be expensive.
- Runway Safety Area Drainage Improvements – This project is still on hold. Mr. Andres stated he has had numerous telephone conversations with the FAA. The FAA has serious concerns with planting any vegetation other than grass in the runway safety area so until this is resolved the project is on hold. Mr. Andres stated he will probably receive something in writing from the FAA on this matter.
- Master Plan – Ms. Judy Elder of Talbert & Bright stated there have been several statements in the last few weeks about the fact that Talbert & Bright is making significant changes to the Master Plan. Ms. Elder stated that was not true and that they have not made any significant changes to the document since it was submitted in December. She stated they have received comments from the FAA regarding changes to the Airport Layout Plan in accordance with their requirements, but nothing has been changed to the document. Ms. Elder stated that one of the things the FAA did not want them to do at the time was putting the tree obstructions on the Airport Layout Plan. The FAA now wants them to depict the tree obstructions on the approach sheets since the trees have not been cut. Ms. Elder stated the FAA has also asked that the Airport Layout Drawing be made into three separate drawings; Existing, Phase I showing the 5,000' and the ultimate 5,400 feet. A Modification to Standards form will be submitted for approval to the FAA since the Airport does not own all of the obstacle free areas. Ms. Elder stated they will also submit a Modification to Standards form to address the taxiway separation. She stated everything should be done by next week so they can get the ten sets to the FAA for formal review and approval within a couple of months. Mr. Buchanan wanted to know how the trees are depicted. Ms. Elder stated the trees that are supposed to be cut will be indicated with dots on the approach sheet and another sheet will show all of the heights of those trees. Originally the FAA had assumed these trees would be cut at this point, but since

they have not, they want the additional information shown on the sheets.

- Design Projects – The commercial terminal improvement design and the commercial apron joint repair project should resume shortly.
3. Operations Report: Chief Yeager
 - For the month of March 2011 there were 3 medivacs.
 4. Noise Complaints & Traffic Counters: Chief Yeager
 - For the month of March 2011 there were 3 noise complaints from Port Royal Plantation. Two of these were due to Coast Guard operations and one was a single engine general aviation over flight.
 - For the month of March 2011 the after hours traffic count was 117.

BEAUFORT COUNTY AIRPORT REPORT

1. Fuel Sales: Joel Phillips
 - For the month of March 2011 there were a total of 1,847 operations. The total flow of fuel was 8,171 (5,166 gallons of AvGas and 3,005 gallons of jet fuel). This is about a 40% increase over the same time period last year.

Mr. Zimmerman wanted to know if any business was derived from the Sun and Fun ad. Mr. Phillips stated they received very little business mainly due to the inclement weather.

Mr. Dopp wanted to know if the movements in and out of the T-hangars are counted in the total operations. Mr. Phillips stated that if they cross the counters going to the runway they are counted. He stated they do not count touch and go's which average 30 to 40 per day.

2. Projects: Paul Andres
 - Tree Obstruction Removal – Mr. Andres stated the attorney is still trying to finish up the remaining litigation cases and hopes to have them resolved by this summer. The FAA is still working on the power pole issue with SCE&G. Mr. Andres stated the smaller and lower distribution lines that run through the marsh immediately off the end of the runway appear to be out of service.
 - Master Plan – Mr. Andres stated the final review comments on the ALP have been given to the consultant. Now the consultant needs to complete the remaining chapters of the Master Plan Study which are the Environmental Overview Chapter and the Financial Implementation Plan then schedule the joint presentation to County/City Councils.

COMMITTEE REPORTS

1. Lady's Island Airport Operations: Graham Kerr
 - Mr. Kerr stated Sun and Fun is one of two major general aviation air shows in the

country. He wanted to thank Mr. Phillips for taking the lead in setting up this year's program to try to capture business from this event as well as thank anyone else who helped on this event. There were four Warbirds and at least 3 additional airplanes that flew into Lady's Island Airport as a result of the ad. Mr. Kerr stated the terrible weather did have adverse affects, but they did learn how they want to address this event in future years.

2. Hilton Head Island Airport Operations: Will Dopp

- In comparing the first three months of 2011 to the same time period last year, aircraft movements were down 12%, but the passenger count for US Airways was up 10%.
- Signature Flight Support's revenues were \$806,000.00 which is an increase of 10% over the same time period last year. The County's share was approximately \$23,000.00 which is up by 117%. Fuel sales were up approximately 12% over the same time period last year although the number of gallons was down slightly.
- Under the new contract with Republic Parking, the County received approximately \$55,000.00 in revenue versus \$18,000.00 for the preceding contract. Even with the absence of Delta, the March 2011 revenues were almost the same as they were in the spring and summer of 2010.
- The County hangars have remained stable. There have only been 2 new tenants in the last 4 months and there is a waiting list of approximately 60 people. Some have been offered hangars, but declined so they are moved to the bottom of the list. It appears that out of the 60 people, 20 are bone fide renters on the waiting list.
- This year the final Heritage game was on Easter Sunday. In comparing this year's tournament to the last time the final game was held on Easter Sunday, which was in 2009, the total operations were down. This year there were 213 jet operations versus 263 in 2009. Eighty-two percent of those flying in on turbine aircraft took fuel which is an increase over 2009. During Heritage week, the operations are between 50% and 60% higher than a normal April week. AvGas was sold to 100 customers as compared to 157 customers for the 2009 week.
- The Coin Toss sublease arrangement was originally presented and approved by the Board in May 2009. Mr. Dopp stated that he was not in agreement with this arrangement because he did not believe Signature Flight Support had the right to sublease this property because they inherited it from CACI and because they failed to exercise their options back in 2004. Mr. Dopp stated this arrangement was then approved by the Public Facilities Committee in February 2010 and County Council in March 2010 and yet nothing has been signed to date. Mr. Dopp felt there should be a "sunset" date on all future arrangements. He stated this will only amount to approximately \$2,000.00 per year to the County, but the property should not be tied up for 15 months.

UNFINISHED BUSINESS

1. Aircraft Hangars (HXD): Paul Andres

- Mr. Andres spoke with FBO Manager, Mike Bennett, and has learned that

Signature Flight Support has forwarded a proposed modification to their hangar management agreement to their corporate headquarters for their review.

- Mr. Andres stated that now is the time for the Board to consider and make recommendations to County Council regarding any adjustments in hangar rents. He suggested that hangar rent recommendations be placed on the agenda for the next meeting under New Business.
 - Mr. Andres stated that the rising fuel costs cause flight operations and activities to decrease. He stated that it is also that time of the year when US Airways is starting to bump passengers off their flights because of the increasing temperatures. There is more demand than they are able to carry with the higher temperatures.
2. Through-the-Fence Agreement: Paul Andres
- Mr. Andres stated the County attorney and the Exec Air attorneys met a couple of weeks ago and could not agree so there is no resolution at this time. Mr. Andres stated that absent a default on Exec Air's part nothing can be done until 2013. He stated the inducement for them to negotiate and set a revenue contract in place now is to extend their access agreement through the options years for another 10 years beyond 2013. Mr. Andres stated what is still being discussed is how much credit will be offered for their maintenance of the common areas within the complex which amounts to approximately 2 acres.
3. Sea Breeze Airways: Paul Andres
- Mr. Andres stated that following Mr. Craig's presentation last month to the Board, a list of questions was submitted to Mr. Craig to be answered in the form of a proposal. To this date, Mr. Andres has not received a proposal from Mr. Craig.

Mr. Kerr wanted to know when the last hangar rate increase was. Mr. Andres stated it was last year. At the Hilton Head Island Airport the rent went up 5% and at Lady's Island Airport the \$210.00 hangars were raised to \$252.00, comparable with the new hangars.

Mr. Zimmerman wanted to know if the PFC had been submitted to the Public Facilities Committee to be forwarded to County Council. Mr. Andres stated they have the approval to proceed with the contract. He stated he will be meeting with the consultant on May 4th to start the process. Mr. Zimmerman wanted to know if it was possible to have this effective by July 1st. Ms. Elder stated they have to submit this to FAA for their approval so it is not likely it will go into effect by July 1st. Mr. Zimmerman wanted to know if they still have to run it by US Airways. Ms. Elder stated that was correct. Mr. Zimmerman stated the \$225,000.00 was put in the Airport's budget to start July 1st. Ms. Elder stated that one of the reasons it will not be ready by July 1st is because there is a 30 day public comment period. Mr. Zimmerman wanted to know if it is possible the airlines would not agree with the PFC. Mr. Elder stated they would have to wait and see. Mr. Andres stated there are many possibilities that could occur. Mr. Andres stated that he has met with the US Airways manager and that the manager is very supportive of the need for the PFC. He also reminded the Board that the revenue received from the PFC is for the capital budget only and cannot be used for operating expenses. He stated that they are going to try to recover some of the capital investment that resulted in the \$1.4 million advance from the General Fund as well as the Airport's share of matching funds for the Master Plan recommendations as well. Mr. Andres reiterated what Mr. Starkey had said

previously that the PFC revenue will be cash when it comes in so it will have a very positive impact on the Hilton Head Island Airport cash balance.

Mr. Dopp wanted to know if there would be any advantage to just trim the trees in light of the court hearings since trimming can be done by the property owner under the Town's guidelines without any permit. Mr. Andres stated that the Town's revised ordinance says the new procedures apply to the trimming, topping or removal of trees both On and Off-Airport property. Mr. Dopp stated that property owners are allowed to trim a certain percentage without approval. Mr. Andres stated the obstructions are so great right now that a lot would have to be removed. Mr. Dopp was concerned that this would take too long since they are now filing in Federal Court. Mr. Newman stated that things move much more swiftly in Federal court than they do in State court because Federal courts do not like to exercise jurisdiction where they are not capable of doing it.

NEW BUSINESS - NONE

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

Mr. Buchanan asked for the new guest at the Hilton Head Island Library to be introduced. Councilman Caporale stated it was Hilton Head Island Town Councilman Bill Harkins. Mr. Kerr stated that Councilman Harkins is on the Safety Committee and asked him to look into the issue concerning the fire hood attachment requirement at the new fire station. Councilman Harkins stated he would look into the matter and report back.

FUTURE MEETINGS

The next meeting of the Airports Board will be held on Thursday, May 19, 2011 at 1:30 PM in the County Council Chambers of the Beaufort County Government Center.

The June meeting will be changed to June 30, 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 2:30 PM.