

County Council of Beaufort County
Hilton Head Island Airport – www.hiltonheadairport.com
Beaufort County Airport – www.beaufortcoairport.com
Post Office Box 23739 – 120 Beach City Road
Hilton Head Island, South Carolina 29925-3739
Phone: (843) 255-2950- Fax: (843) 255-9424

AIRPORTS BOARD MEETING MINUTES
OF MARCH 15, 2012

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, March 15, 2012 in the Council Chambers of the Beaufort County Government Center. Chairman Joe Mazzei called the meeting to order.

PLEDGE OF ALLEGIANCE

The Chairman led those present in the Pledge of Allegiance to the Flag.

Prior to voting on the agenda, Mr. Mazzei stated he wanted to add an item concerning the letter circulated by County Administrator Gary Kubic to the Town of Hilton Head Island regarding planting in the safety area.

It was moved by Mr. Buchanan, seconded by Mr. Gilbert to amend the agenda to include the letter circulated by County Administrator Gary Kubic to the Town of Hilton Head Island regarding planting in the safety area under New Business. The vote was: FOR – Mr. Mazzei, Mr. Sanders, Mr. Dopp, Mr. Buchanan, Mr. Smetek, Mr. Kerr, Mr. Wirth, Mr. Gilbert. AGAINST – None. ABSENT – None. The motion passed.

It was moved by Mr. Dopp, seconded by Mr. Kerr that the minutes of the January 19, 2012 meeting be accepted. The vote was: FOR – Mr. Mazzei, Mr. Sanders, Mr. Dopp, Mr. Buchanan, Mr. Kerr, Mr. Wirth, Mr. Gilbert. AGAINST – None. ABSTAINED: Mr. Smetek. ABSENT – None. The motion passed.

GUEST INTRODUCTIONS – Guests attending the meeting introduced themselves.

MEMBERS PRESENT

Joe Mazzei – Chairman
Will Dopp – Vice Chairman
Councilman Rick Caporale – Beaufort County Liaison
Councilman Ken Heitzke – Town of Hilton Head
Liaison
Pete Buchanan
Ron Smetek
Graham Kerr
Derek Gilbert
Ross Sanders
Richard Wirth

GUESTS

Gary Kubic – County Administrator
Councilman Paul Sommerville
Councilman Stu Rodman
Councilman Steve Baer
Judy Elder – Talbert & Bright
Tom Barton – Island Packet
Bob Richardson – Resident
Bob Gentzler – Resident
Bill Coleman – Resident
Joe Zimmerman – Resident
Jim Fisher – Resident

STAFF

Paul Andres – Airport Director
Rob McFee – Director, Eng. & Infrastructure Div.
Joel Phillips – Beaufort Co. Airport Supv.
Linda Wright – Admin. Asst.

MEMBERS ABSENT

None

PUBLIC COMMENTS.

1. Jim Fisher – Mr. Fisher, Port Royal Plantation, stated that Port Royal Plantation is a unique community that is referred to as a "noise sensitive area". He stated that they used to have problems with noise, but thanks to the Airports Board and the FAA the noise problem had improved over the years concerning flyovers. However, this is starting to change with the Coast Guard helicopters flying over their neighborhood repeatedly. Mr. Fisher stated he knows the Coast Guard serves the community and he wants them here, but stated the frequent flyovers lately have become a problem again. He stated that in the past Chief Yeager had met with the Coast Guard about this problem. As a result, the Coast Guard Commander flew to the area and came to the conclusion that this was not the best place for practice runs. Mr. Fisher added that Port Royal Plantation has 3 golf courses which attract as many as 300 to 400 golfers during tournaments and that they also have weddings in the plantation. Therefore, the sound of helicopters overhead has become a nuisance and needs to be addressed.

Mr. Fisher also stated that he knows trees will be cut in the area of Port Royal and that there needs to be a united front of opposition based on what has been done on-airport. He stated they were told that heavy equipment would be kept out of the buffers, the low brush would be protected, and none of this has happened. He stated something needs to be published to inform the residents of what is coming and how the problem will be fixed.

2. Bob Richardson – Mr. Richardson, Palmetto Hall, wanted to know if the Airports Board was aware of the information that had been presented at both the County Council meeting and the Town Council meeting with respect to the tree trimming on the Airport property. He stated from articles in the paper the Town has suggested perhaps a berm be included as part of the mitigation plan to provide sound attenuation to the immediate residents which would be the Baygall, Port Royal and Palmetto Hall communities, as well as the St. James Baptist Church. Mr. Richardson stated he hopes the Board will study this problem and make an appropriate recommendation for some sort of sound and aesthetic mitigation for the work that has just been completed.

Mr. Mazzei suggested that Mr. Fisher and Mr. Richardson stay for the entire meeting because some of their concerns would be addressed during later discussions.

AIRPORTS FINANCIAL UPDATES/BUDGET

1. Hilton Head Island Airport Financials: Paul Andres for Alicia Holland
 - Mr. Andres pointed out when looking at operating revenue and expenses before depreciation as of the end of January 2012, the Hilton Head Island Airport is approximately \$11,000.00 behind. He stated that because of FAA grant monies drawn down as reimbursement for previous expenses, the net asset value of the Airport has gone up by approximately \$300,000.00 on the capital side.

2. Lady's Island Airport Financials: Paul Andres for Alicia Holland

- Mr. Andres stated that for the January 2012 report, operating revenue versus expenses excluding depreciation, the Lady's Island Airport is negative by approximately \$23,000.00. He stated that Mr. Phillips informed him that this probably reflects the value of fuel that is contained in the fuel storage tanks which has not yet sold. Mr. Andres stated once this fuel is sold it will probably break even.

Mr. Mazzei stated that before going any further he wanted to welcome the new Board member, Mr. Smetek, and that he wanted to go over the proper procedures during discussions. He asked that they be considerate in the amount of time they use so that everyone has the opportunity to express their comments. He stated that from here on the members are to ask the Chairman to be recognized before making comments. He stated he would like the comments to be kept at 2 minutes and then they will decide if the time needs to be increased.

Before continuing with the Airports' budgets, Mr. Andres stated that with regard to the Hilton Head Island Airport financials, the revised FBO and Through-the-Fence agreements have been put in place and these agreements should significantly contribute to a more positive operating revenue balance.

3. Hilton Head Island Airport Budget: Paul Andres for Alicia Holland

- Mr. Andres stated that he met with Alicia Holland and Chief Yeager to discuss the Hilton Head Island Budget. He stated they took last year's 5-year budget and made minor changes based on grant revenues and some additional revenues that may be generated on initiatives that would be discussed later. Mr. Andres stated that for next year the net income before depreciation will be approximately \$158,000.00. He stated it will go negative in 2014 because this is the year when the major expense of the land acquisition associated with Phase I of the Master Plan occurs. Mr. Andres stated we will have to participate at least at the 5% level and maybe a 10% level since the State will not participate in land acquisition. In the remaining 3 years there will be a positive cash flow from \$200,000.00 to \$400,000.00. Mr. Andres stated this is only a proposed budget and is subject to change.

Mr. Mazzei stated that last year he, Mr. Zimmerman, Mr. Dopp and other members of the Board looked at each line item for the budgets. He stated that since so many issues were changing he felt that basing the budget on last year's budget was the best approach. Mr. Smetek asked if he could get the details of how the numbers were decided on. Mr. Mazzei stated that last year he, Mr. Andres and other Board members went through every sub-account. Mr. Andres stated that Mr. Zimmerman gave some insight in his briefing for last year's budget process. He stated they took a very detailed look at the previous 3 years budgets to actuals on every line item and compared this to known and predicted conditions then adjusted the numbers accordingly. Mr. Smetek asked, for example, what went in to creating the number for land acquisition and how confident are they that this is a good number. Mr. Andres stated they are very comfortable with the \$313,000.00 land acquisition figure because they are in the processing of negotiating that acquisition and it will come in under this amount. Mr. Andres stated that this amount is what is remaining in the FAA grant funding for this particular project. Mr. Mazzei stated this is a previously

approved process and that if Mr. Smetek wants to be considered for the budget subcommittee next year he would be happy to entertain that suggestion at that time, but he would not go through each line item at this time. Mr. Smetek stated he agreed, but wanted to know if there was some documentation that he could look at to see how these numbers were decided on. Mr. Smetek stated that "our concern" is that the County has underestimated the costs on several things in the past and "they" would like to gain some sort of confidence in the quality of the numbers. Mr. Mazzei asked who Mr. Smetek was referring to when he said "our concern" and "they". Mr. Smetek stated he was referring to the citizens of Beaufort County. Mr. Andres suggested that after the County's budget process is over a detailed discussion be held with Ms. Holland, the County Controller, if desired. Mr. Andres stated that they have applied what he believes to be a more realistic cash flow projection regarding the capital funds associated with FAA grants. He stated that in the previous budgets they reflected the entire grant amount in one fiscal year. He stated the money is granted in one fiscal year, but not necessarily expensed in the same fiscal year. Mr. Andres stated they put this in a cash flow process where they reasonably believe how much money is going to actually be obtained and actually expensed that year to make it more of a cash flow instead of an accrual based budget. Mr. Andres stated that the land acquisition line item is very involved. He stated that it involves the acquisition of one piece of property in the Through-the-Fence complex which was tied to the Through-the-Fence negotiations. He stated that it is a requirement from the FAA that any encumbrances and covenants associated with this parcel be released before the property can be acquired. Grant funding was put in place 4 years ago for this purchase and now there is an agreement to release the covenants and restrictions in order to allow the acquisition of this property. Mr. Dopp added that this property contains a fuel farm.

4. Lady's Island Airport Budget: Paul Andres for Alicia Holland

- Mr. Andres stated that the biggest difference in this budget pertains to the capital funds. He stated that in discussions with Ms. Holland they felt that since the Lady's Island Master Plan has not been approved it would not be prudent to include capital components because it could radically skew the budget. Mr. Andres stated they took what they anticipated for capital this fiscal year and put it in the budget. Once decisions are made regarding the Master Plan, appropriate numbers can be put in the budget. Mr. Andres stated that when you look at operating revenues versus expenditures before depreciation you end up with a net loss of \$37,000.00 for next year. He stated this number drops to \$5,600.00 the following year and may be positive the following years. Mr. Mazzei wanted to know if the final approved version would be ready next month. Mr. Andres stated he was not certain that it would be approved by next month, but he hoped that Ms. Holland will be available to go into more detail at the next meeting.

HILTON HEAD ISLAND AIRPORT REPORT

Before starting on the reports, Mr. Andres wanted to clear up some confusion regarding quorum requirements for the Board. He stated that if there is not a quorum of members the Board can still meet, but they cannot vote on any item. He stated that since only 5 members were going to be present at the rescheduled February meeting the meeting was canceled. Mr. Dopp stated it was his understanding that even if there were only 5 or 6 members present it would be an official meeting

and they could vote. Mr. Andres stated he was advised by the County Attorney that the Airports Board can only vote if they have a quorum of 6 or more members.

1. Tower Report: Paul Andres

- For the month of January 2012 there were 2,512 total flight operations of which 1,284 were conducted under IFR procedures. For the month of February 2012 there were 2,637 total flight operations of which 1,351 were conducted under IFR procedures.

2. Projects: Paul Andres

Tree Obstruction Removal – The trimming and removal activity for the on-airport North end tree obstruction removal project has been completed. The mitigation plan was prepared in February and submitted to the Town's Design Review Board on March 13th for review at their March 27th meeting at 1:15 PM in Town Council Chambers. The plans emphasize dense replanting in the buffers areas. Along Beach City Road to the North, and behind the church will be intense replanting within the first 75' of buffer. This will be a combination of trees that are authorized for replanting by the LMO that will not exceed the approach slopes in the future. These trees include yaupon holly, wax myrtle, little gem magnolias and red cedars. According to the landscape design engineer these trees will be planted at eight foot centers so these plants will be extremely dense in the 75' buffer.

Mr. Smetek wanted to know if the mitigation plan had been made available to the communities surrounding the Airport. Mr. Andres stated it has not because the plan has been forwarded to the Design Review Board and they will send out public notice. Mr. Smetek asked then if that means they will not have the opportunity to look at it while the Town is looking at it. Mr. Andres stated that Mr. Smetek could contact the Town and ask to look at the plan, but to please bear in mind that this is only a proposed plan and is subject to change. Mr. Smetek stated "we" may also have some changes to make. Mr. Mazzei again asked Mr. Smetek to clarify who "we" is that he referred to. Mr. Smetek stated he was referring again to the citizens of Beaufort County. Mr. Mazzei asked Mr. Smetek to be clear in the future when he is speaking for the citizens so there is no misunderstanding when the minutes are being transcribed. Mr. Mazzei added that the Board is not asking for any changes to the mitigation plan.

Mr. Smetek wanted to know if whoever put the mitigation plan together gave thought to any sensitive issues from the historical perspectives in terms of digging up dirt in that area to plant trees. Mr. Andres stated that there is ongoing dialogue between the consultants and the State Historic Preservation Office.

Councilman Caporale encouraged anyone interested in the mitigation plans to attend the DRB meeting on March 27th at the Town Hall at 1:15 PM.

Mr. Andres stated they are still in the process of obtaining avigation easements for the North end off-airport tree obstruction removal project. Currently 9 of the 17 needed easements have been acquired. One of the 17 is the DOT right-of-way and they should be obtaining that easement in the near future. This project will emphasize trimming and will take into consideration Mitchellville and the Ft. Howell

historic sites. Mr. Andres stated we do have guidance from the State Historic Preservation Officer regarding Ft. Howell. Their initial comments were that they approve of the removal of trees on Ft. Howell because it restores the fort more to its original condition, but they have concerns about replanting on the fort property, particularly on the berms. The mitigation plan will be developed after the trimming and removal is complete. It will then be submitted to the DRB with emphasis on dense replanting in the buffer areas. The attorneys are still working on the avigation easements on the South end. Only 3 more easements are needed. Mr. Andres stated they hope to receive grant funding this summer for the South end. He stated they hope to start that project this fall. The South end will also emphasize trimming and mitigation plans the same as is being done for the North end.

Mr. Smetek wanted to know if the off-airport tree trimming computations are relative to the existing length of the runway. Mr. Andres stated that was correct.

- Runway Safety Area Drainage Improvements – The Taxiway F repairs have been completed. Mr. Andres stated that we are waiting for additional FAA funding in order to complete the project hopefully this spring.
- Master Plan – Mr. Andres stated the Environmental Assessment is currently underway which is expected to take 18 months. The 12 month design phase will follow with concurrent permitting and land acquisition that is required for the parallel taxiways and extensions. Construction is expected to take another 18 months. In all this entire process will take approximately 4.5 years. Mr. Andres stated this information has been posted on the Airport's website. He stated a public information meeting regarding the Environmental Assessment has been scheduled for April 3, 2012 between 5:00 PM and 8:00 PM at the Hilton Head Island Library. The consultant will be available to discuss and review progress being made. Graphics will be available of their findings in the field associated with the environmental assessment which includes; wetlands delineation, archeology work, threatened and endangered species, and hazardous materials.
- Design Projects – Mr. Andres stated they are still in discussions about completing the design work on the commercial terminal improvements. The design of the runway lighted sign relocation design is underway and should be completed shortly.
- Passenger Facility Charge (PFC) Program – After approval by County Council, the program was submitted to the FAA on February 22nd. Approval from the FAA has been received and collections are to start on May 1st. This program is expected to generate approximately \$258,000.00 in the first year. Mr. Mazzei commended Mr. Andres and Talbert & Bright for all of their hard work getting this program put into place.

3. Operations Report: Paul Andres

- For the month of January 2012 there were 8 medivacs. There was 1 ground emergency which involved a small twin engine aircraft that lost control on landing, departed the side of the runway and ended up on the GA ramp. No damage or injuries were reported.

- For the month of February there were 9 medivacs. There was 1 ground emergency which was due to the pilot of a small single engine aircraft that lost control on landing. The nose gear collapsed and the aircraft ended up on its nose on the GA parallel taxiway. There was extensive damage to the aircraft and it is under FAA investigation because of the amount of damage to the aircraft. There were no injuries.

4. Noise Complaints & Traffic Counters: Paul Andres

- For the month of January 2012 there were 2 noise complaints regarding helicopter operations over Port Royal Plantation. As a result, Chief Yeager spoke with the Commanding Officer of the Coast Guard located at the Savannah Airport. Chief Yeager emphasized the noise sensitivity of this area. Mr. Andres stated he understands that most of these flights are orientation flights for new crew members of the Coast Guard who are evaluating all of their landing locations and medivac pickup locations. Chief Yeager encouraged them to do any hovering over the water as opposed to the communities.
- For the month of February there were 3 more noise complaints all associated with Coast Guard operations over Port Royal Plantation. Chief Yeager again called the Commanding Officer and if this continues to occur, Mr. Andres stated he will personally make a trip to Savannah to speak to the Commanding Officer.
- For the month of January 2012, the after hours GA traffic count was 53.
- For the month of February 2012, the after hours GA traffic count was 92.

Mr. Smetek asked for an explanation of traffic counters. Mr. Andres stated there are cables stretched across the taxiway on the GA side that records (after hours) every time a GA aircraft enters or exits the runway. Mr. Andres stated the control tower closes at 9:00 PM so this procedure enables the Airport to record activity after the tower closes.

BEAUFORT COUNTY AIRPORT REPORT

1. Fuel Sales: Joel Phillips

- For the month of January 2012 there were a total of 1,018 operations. The total flow of fuel was 5,650 gallons (3,130 gallons of AvGas and 2,520 gallons of Jet fuel). There were no accidents or incidents.
- For the month of February 2012 there were a total of 984 operations. The total flow of fuel was 3,911 gallons (2,029 gallons of AvGas and 1,882 gallons of Jet fuel). There were no accidents or incidents.

2. Projects: Paul Andres

- Tree Obstruction Removal – The FAA is actively working with SCE&G to resolve the power pole issues in the approach to the Airport. Over 600 tree obstructions remain in the approach and transition zone to Runway 07. Mediation was attempted with the property owners back in October, but was unsuccessful. The County attorney is preparing for the associated trials.

- Master Plan – A joint Council presentation was held on January 18th. Meeting minutes were generated and distributed as well as the consultant’s response to comments provided during that meeting. There will be an additional presentation March 22nd from 6:00 PM until 8:00 PM at the Beaufort High School Art Center on Lady’s Island. The consultant will be present to provide a brief recap of the Master Plan, its recommendations, and to entertain questions from elected officials and the public. Once the presentation has concluded and the Councils have decided on approving or modifying the plan, it will be submitted to the FAA and the South Carolina Aeronautics Commission for their review and approval.

Mr. Dopp asked how many acres cover the Lady’s Island Airport and how many of these acres are within the limits of the City of Beaufort. Mr. Andres stated the Airport is approximately 110 acres. He stated that to the best of his knowledge the terminal building and the runway are located in the County and everything else is in the City limits. Mr. Buchanan stated it is his understanding that this was annexed several years ago and then they worked with the County to de-annex it. Mr. Andres stated only a small portion was de-annexed.

Mr. Smetek asked who is preparing the Master Plan. Mr. Andres stated it was prepared by CDM Smith, formerly Wilbur Smith Associates. Mr. Smetek asked if the plans are available to the public. Mr. Andres stated they are posted on the website.

COMMITTEE REPORTS

1. Lady’s Island Airport Operations: Pete Buchanan

- Mr. Buchanan reminded the Board of the presentation that he had given in the January meeting, noting that he had added 2 slides to the presentation (See Attachment "A"). Mr. Buchanan stated the Capital Program Cost is \$24,000,000.00. He stated the FAA funds approximately \$14,000,000.00, private funding is approximately \$8,000,000.00 and the State of South Carolina is just under \$400,000.00 and the County is approximately \$400,000.00. He stated the FAA portion does not come from individual taxpayers. He stated this amount comes from the Aviation Trust Fund which is funded by taxes on sales of tickets, taxes on fuel that is sold to airlines, charter groups, cargo carries and general aviation. Mr. Buchanan stated the basic funding for aviation activity comes from people who make use of aviation. He stated the private funding portion is what they estimate people will spend to build hangars at Lady’s Island. He stated that to date they have had 4 people inquire about land leases at the Airport in order to build a hangar. Mr. Andres stated he is of the understanding that if the Board wants to recommend and Council concurs to allow private hangar development an RFP would have to be generated since this is public land. Mr. Buchanan stated he would not want to change the County’s procedure, but since the first Master Plan in 1978 there were provisions for additional hangars. Mr. Andres stated the previous Master Plan was looking at using Airport funds for hangar development whereas these would be private investors. Councilman Caporale asked if this was something the Council would have to approve. Mr. Andres stated it is his understanding that the Council has to approve any private development at the Airports. Mr. Mazzei stated this was the same process that was used for Coin Toss at the Hilton Head Island Airport.

Mr. Buchanan continued by explaining the second slide he added to his January presentation covered noise contours (See Attachment "B"). He stressed that aircraft coming to Lady's Island Airport do not fly over any school.

2. Hilton Head Island Airport Operations: Will Dopp

- Mr. Dopp stated movements are up 17% from this time last year. The total passenger count for this year compared to last year is up 24%.
- Mr. Dopp stated the total revenues for Signature Flight Support for January and February are approximately \$550,000.00. He stated the County's share is approximately \$15,500.00. Fuel revenues were up 48%. The gallons were 84,000 for an increase of 37% over the same time period of last year. He also noted that with the new FBO agreement in place the hangar management fee decreased from 25% to 15% as of March 1st.
- There have been no changes in hangar tenants.
- Republic Parking revenues were down \$2,000.00. He stated the contract period ends March 31st so the County will receive approximately \$45,000.00.
- The date of the Open House will have to be changed due to some conflicts. It will probably be held the first Saturday in June, but this has not been confirmed. Mr. Dopp stated that in addition to the public being able to view the tower, they will also be able to see the new ARFF Station and various aircraft.
- Mr. Dopp stated the discussions on parking fees for general aviation was deferred until the new FBO agreement was concluded. He stated a recommendation may be made in the next month or two. Mr. Mazzei stated that Leonard Law was on this committee, but since he is no longer a member of the Board he suggested that Mr. Smetek meet with Mr. Dopp on this topic. Mr. Mazzei stated there have been good negotiations with Signature Flight Support over the management fees and the Board should make sure they meet Signature's needs concerning this parking lot matter. Mr. Dopp stated this would not be a high revenue project. Mr. Mazzei stated they do not want to start charging general aviation customers, but rather the people who are using the parking lot to store their vehicles.

Mr. Kerr wanted to know if aircraft based at Lady's Island are charged ramp fees when they come to Hilton Head Island. Mr. Dopp stated they are not charged if they buy fuel. He stated he would check if Lady's Island based aircraft are supposed to be exempt.

Mr. Smetek wanted to know where he could find Mr. Dopp's statistics that he just reported. Mr. Dopp stated they would be in the minutes. Mr. Smetek also stated that he was at the Hilton Head Island Airport earlier in the week and the parking arm was inoperable. He stated the Law Enforcement Officer opened the gate for other visitors of the Airport so this resulted in a loss in revenue. Mr. Mazzei stated we only receive a commission, so Republic Parking has a high incentive to make sure the gates work.

NEW BUSINESS

1. Airport Funding Initiatives: Paul Andres

- Mr. Andres stated this topic has been talked about over the last couple of years. He stated the overall goal is to enhance revenue at the Airport in order to be as fiscally self-sufficient as possible. According to Wilbur Smith's Economic Study in 2006 the Hilton Head Island Airport generates approximately \$82,000,000.00 worth of economic impact annually and the Lady's Island Airport generates approximately \$5,000,000.00. As part of the ongoing Environmental Assessment another Economic Impact Analysis is being done that will update the figures for the Hilton Head Island Airport. Mr. Andres stated that one of the new revenue sources that was brought forward for consideration was the Passenger Facility Charge which should generate \$259,000.00 a year. It was approved and will be implemented May 1st. He stated that the FBO Agreement has been approved and will provide an additional \$134,000.00 per year. The Through-the-Fence Agreement will provide another \$21,000.00 per year. The Hilton Head Island hangar construction debt service and the ATAX requests were denied. Mr. Andres stated the reduction in aircraft property tax has caused a decrease in revenues being collected. He stated that if the Board concurred they should go back to the Finance Committee and ask them to revisit and reconsider the reallocation of aircraft property tax to the Airports. Mr. Andres stated that the taxes on the aircraft storage hangars which started a number of years ago amounted to approximately \$11,000.00 at the Hilton Head Island Airport and \$7,000.00 at the Lady's Island Airport. The Airports have become the tax collector for these hangar taxes. He said the Airports pay the taxes up front to the County and then go back to collect the taxes from the tenants. Since some of the money is not collected from the tenants, the Airports end up losing money on this arrangement. Mr. Andres feels this item should also be reconsidered as well as the Lady's Island/St. Helena's Fire Department ground rent which amounts to about \$12,000.00 per year. He also stated other items discussed for possible revenue was a ground lease and fuel subsidy for Mosquito Control as well as rental fees for the conference room at the Lady's Island Airport.

Mr. Mazzei stated that with regard to the ATAX request for this coming year they need to start in Columbia, SC and make sure that it is a legitimate request. He stated they need to consider requesting funds for Lady's Island Airport this year. Mr. Andres stated it would be more challenging with the Lady's Island Airport because it would involve the County and the City of Beaufort and also because they would have to break out the number of tourists that are using the Airport. Mr. Smetek asked what the percentage of tourists use the Airport. Mr. Andres stated the exact amount is in the application, but he believed it was between 76% and 84% of the people using the Hilton Head Island Airport are tourists/visitors. Mr. Smetek asked where this number comes from and Mr. Andres stated they were derived from surveys and the Economic Impact Study done in 2006.

Mr. Mazzei stated the aircraft and hangar taxes are generated because of the existence of the Airports and yet we are incurring expenses in paying and collecting the taxes. Councilman Sommerville stated if they want to bring a recommendation before Finance Committee it could be looked at.

It was moved by Mr. Buchanan, seconded by Mr. Kerr to recommend that the Finance Committee revisit the aircraft property tax, the hangar property tax and the Lady's Island/St. Helena's Fire Department ground rent.

Mr. Gilbert asked what would actually be revisited in regards to the aircraft property taxes. Mr. Andres stated that aircraft registered and based in Beaufort County pay aircraft property taxes. He stated that without the Airports these aircraft would not be based or registered in Beaufort County and this revenue would not be generated. This is revenue that is being generated by the Airports which should be used for the benefit of the Airports.

Mr. Dopp wanted to know if they were talking about revisiting the 6% versus the 10.5% assessment rate. Mr. Andres responded that the current 6% assessment rate was not being considered.

The vote was: FOR – Mr. Mazzei, Mr. Sanders, Mr. Dopp, Mr. Buchanan, Mr. Smetek, Mr. Kerr, Mr. Wirth, Mr. Gilbert. AGAINST – None. ABSENT – None. The motion passed.

Councilman Caporale asked for clarification as to who would be doing the work to revisit these issues. He stated it sounds as if the Board wants him and Councilman Rodman to bring this topic before the Finance Committee. Mr. Mazzei stated there is nothing the Board can do on the tax issue of returning the money from the taxes back to the Airport, but he concurred with Councilman Caporale that it is unclear as to who will deal with this topic. Mr. Andres stated that the intent is that if the Board agrees to have these items revisited, he would prepare an agenda item with background information for the Finance Committee to consider. Mr. Andres stated that what occurred the last time with the Lady's Island/St. Helena's Fire Department was that the Fire Chief came in and said they could not afford to pay anymore without a tax increase. Mr. Andres stated that at that time, County Council decided it would not be fair to use General Fund money to subsidize the Lady's Island/St. Helena's Fire Department because that would mean taxpayers in Southern Beaufort County and other places would be contributing to that fire district to offset their cost.

Mr. Mazzei asked if this matter should be forwarded to the Finance Committee or County Council. He asked Councilman Rodman for clarification. Councilman Rodman stated that these are different issues. He stated that relative to the property taxes and the Mosquito Control, it does not affect the total budget of the County. He stated one argument would be to leave it as it is whereas the other argument is that good accounting practices would say that you should try to match revenues and expenses the best you can in order to have better management. He stated this two would be appropriate to come forward. Councilman Rodman stated the ground rent for the Fire Department is probably an administration item which can be brought back to them. Councilman Caporale, referring to the rental of the conference room, stated it may speed things up if they made a recommendation in that regard. Mr. Mazzei asked Mr. Phillips to bring back the data as to who uses the conference room and what the revenue could be.

Mr. Andres asked if they want all of this information put together as one package or broken up into pieces. Mr. Buchanan stated he will prepare a proposal for the LI/SH Fire Department ground rent for the next meeting based on historical activity of similar situations at Charleston.

Mr. Buchanan stated the next item is the cleaning of the conference room. For example he commented that on Election Day Lady's Island residents use to the conference room and it has to be cleaned.

Mr. Mazzei recapped the action items. He stated Mr. Phillips would bring back data on the conference room, Mr. Buchanan would bring back data on the ground rent, and the tax items would be separate. Mr. Andres asked for confirmation that the taxes were to move forward separately. Mr. Mazzei stated that was correct because he feels it is a straight forward issue of either aligning the revenues with the expenses or not. Mr. Andres stated the issue with Mosquito Control is subsidized operations; reduced fuel costs, no charge for the ground or access to the runway. Mr. Andres stated this would affect Mosquito Control's budget. Mr. Andres stated this matter should be handled separately.

2. Feasibility of Alternative Remediation Options Associated with North End Tree Removal Project: Joe Mazzei

- Ms. Elder of Talbert & Bright stated that she had received a call from Mr. Andres concerning berms associated with replanting. She stated they looked at the requirements from an operational standpoint and said there is not a problem with building a berm, but there are several issues to consider. She stated the berms have to be outside of the runway/taxiways, safety areas and the object free areas. Ms. Elder stated the runway safety area and the object free area on the Master Plan are extensive. The object free area goes over Beach City Road which takes it off the Airport property. She stated berms also cannot penetrate the runway departure and approach surfaces; cannot create any hazard to air navigation or airfield ground maneuvering; cannot adversely affect the navigational aids; cannot obstruct the line of sight from the air traffic control tower; and cannot attract wildlife. Ms. Elder stated they are talking about building a berm and planting plants that produce berries that will attract birds or create a wildlife hazard. She stated the FAA will only fund noise barriers if there is a substantial noise impact in accordance with federal regulations and at this time there is no noise impact. Ms. Elder stated they are in the process of rerunning the noise contours. She stated berms do not deal with noise over flight only ground operations. The noise contours they ran for the Master Plan showed that the 65 LDN does not go off the Airport property, but they will rerun this for the Environmental Assessment. Ms. Elder stated they are not saying a berm cannot be built, but whether they receive FAA funding depends on whether it is needed for noise and at this point there is no justification for noise.

Mr. Smetek stated that the public is talking about berms in the general area where the mitigation plan is to take place. He stated it is important for the public to see the mitigation plans which they will be able to do at the meeting next week. He stated he took objection with Ms. Elder's comments about the noise because they do not have good noise data. He stated all they have is what the noise level was before all of the massive tree removal took place. He continued by stating they do not have a second set of data points for what the noise level is now. Mr. Smetek stated it is important to have this data before making any decisions with regard to berms, no berms, trees, no trees, etc. He stated that he understood Mr. Andres to say that the second phase of the noise study is about to take place. Ms. Elder stated this is incorrect because the second phase of the noise study will not take place until all of the trees are removed both on and off Airport property on the North end. Mr. Smetek stated this gets to his point that you cannot make any decisions regarding noise mitigation until they have a definition of what the noise level was before the trees were removed and then a sound set of data on what the noise level is after the

trees are removed. Ms. Elder stated she understood what Mr. Smetek was saying, but until the trees are removed off Airport the second set of noise studies will not be done.

Councilman Caporale stated he understands Ms. Elder's answers have to be tentative and he also understands the process concerning the second part of the noise study, but he did have a question. He stated that down at the end, close to the church where the trees have been cleared on the Beach City Road side of the Airport there is a 75' buffer. He wanted to know if this is part of the obstacle free zone. Ms. Elder stated that part of it is. Councilman Caporale stated what Ms. Elder is telling them then is that while berms might be a good idea at some point in mitigation they could never really build them along Beach City Road near the church because this is within the obstacle free zone. Ms. Elder stated they would have to look into it, but it needs to stay out of the obstacle free area. She stated there is an area between the end of the obstacle free area and the church boundary, but they will have to look at it in relation to the approach slope. Councilman Caporale stated then simply put there is no way to know in advance. Ms. Elder stated that is correct. Councilman Caporale wanted to know at what point in the process she would be able to answer this question. Ms. Elder stated they need to have the consultant look at it now, but they have to take into consideration that they are asking the consultant to do things that may be removed later.

Mr. Kerr stated he studied the FAA design requirements for airfields. He stated if the berm does not meet the design requirements of the FAA they will not get funding. Ms. Elder stated the FAA will fund only the berms if they are required from a noise standpoint.

Mr. Mazzei stated that they need to wait until the data comes back before drawing conclusions. He stated the studies used at this Airport have been used at every Airport where any changes are made and all of these studies show there is no noise impact so the FAA will not provide funding. He stated it is hard to believe that this is such a special case considering there are thousands of airports. Mr. Smetek stated he would like to see Mr. Mazzei's statistics on this issue because he wanted to challenge what Mr. Mazzei just stated. Mr. Mazzei informed Mr. Smetek that he had not interrupted him when had something to say that he felt was incorrect and therefore did not want Mr. Smetek to try to correct his viewpoint. Mr. Mazzei urged Mr. Smetek to look at the design standards rather than speculate.

3. HHI Master Plan Implementation Schedule: Joe Mazzei

- Mr. Mazzei gave a PowerPoint presentation concerning the Hilton Head Island Airport Master Plan implementation schedule to see if there is a way to shorten Phase I of the Master Plan and to explore the possibility of the Airport opening a line of credit (See Attachment "C"). At the conclusion of his presentation, Mr. Buchanan wanted to know if the land acquisition that is contemplated under the Master Plan is for safety areas and not for any hard runway surface. Ms. Elder stated the land acquisition requirements on the South end are for straightening out Taxiway Foxtrot because it currently comes in at an angle. Ms. Elder stated it would also move Taxiway Alpha from 200' to 300'. Mr. Buchanan wanted to know if all of this could fit on the current Airport property. Ms. Elder stated it

cannot because the taxiways currently sit on the property line. She stated the FAA has given the Airport a modification to standards for what is existing. She said the FAA will not give a modification to standards when Foxtrot and Alpha are relocated and therefore want the County to buy these 7 properties.

Mr. Smetek stated it was his understanding that when the Chairman of County Council, Mr. Kubic and others met with US Airways/Piedmont that Piedmont committed to the Dash 8 for at least another 10 years. He stated the hypothesis for accelerating any of this might be false. He stated that he does a lot of work with the Department of Defense and that analysis of alternatives is the entering criteria of any major project. He stated that even if Piedmont did away with the Dash 8 they could possibly bring in the Q400 which requires less runway for takeoff with a heavier load. Mr. Smetek stated there are members of the public who have done a counter cost estimate to what the consultants did. He stated the current cost estimates in the Talbert & Bright report is off by tens of millions of dollars. Mr. Smetek stated that if they are going to do an analysis of alternatives they need to work on the statement of work that would drive what the consultants look at in order to look at other options. Mr. Mazzei stated he is not looking to include studies of Q400s or looking at a cost analysis of their cost analysis, he is looking at this simply that they should look at the issues he presented.

It was moved by Mr. Mazzei, seconded by Mr. Buchanan to recommend to the Facilities Committee that they authorize the consultant to do a study of what is feasible, practical and prudent to accelerate Phase I and Phase II of the Master Plan and to recommend that the Finance Committee authorize the Finance Department to explore the feasibility of the Hilton Head Island Airport opening a letter of credit to support its capital improvement projects including the Master Plan Phases I & II thereby limiting General Fund borrowing.

Mr. Smetek stated that the scope of the effort that Mr. Mazzei is asking the contractor to do is much too limited and is based on perhaps some faulty assumptions and that if it were to be done the way it is outlined at present it would be a waste of money.

Mr. Dopp stated that if they talk about on-airport property, do we know what the maximum length of runway they can put in. Mr. Mazzei stated he is not looking to modify Phase I and Phase II. He stated the motion is for what can be done to take pieces of Phase I and Phase II and fit them together in a way to make this a better position for the future. Mr. Mazzei stated that he specifically does not want to get into redesigning. Mr. Dopp wanted to know if Mr. Mazzei's motion involved some type of expansion. Mr. Kerr stated they are not talking about details, but rather broad brush concepts. Mr. Mazzei stated he is only asking if there are things they can do to accelerate the plan. He stated the Council may say they are not in the position to take this risk or that there is no funding available.

Mr. Smetek stated Mr. Mazzei's motion was very vague and does not seem to say anything. Mr. Mazzei stated that is Mr. Smetek's opinion. Mr. Smetek stated he would like to see this in writing and Mr. Mazzei stated he would provide it to him.

When the vote was called: FOR – Mr. Mazzei, Mr. Sanders, Mr. Dopp, Mr. Buchanan, Mr. Kerr, Mr. Wirth, Mr. Gilbert. AGAINST – Mr. Smetek. ABSENT – None. The motion passed.

4. Mr. Kubic's Letter to the Town of Hilton Head: Joe Mazzei

- Mr. Mazzei stated Mr. Kubic had sent a letter to the Town of Hilton Head Island to accept the FAA recommendations relative to planting in the safety area. Mr. Mazzei informed Mr. Kubic that he had done an excellent job of framing the letter (See Attachment "D").

It was moved by Mr. Mazzei, seconded by Mr. Dopp that the Airports Board support Mr. Kubic's letter to the Town of Hilton Head Island to accept the FAA recommendations relative to planting in the safety area.

Mr. Smetek stated he was not clear on what was being addressed. Mr. Mazzei stated Mr. Kubic's letter was circulated before he (Mr. Smetek) had joined the Airports Board. Mr. Smetek asked for a copy and wanted to know specifically what they were asking to do. Mr. Mazzei stated the Town has asked for a deviation from the FAA recommendation relative to the plantings in the safety area. He stated the FAA has told the Town that there is no substantiated example of water quality degradation and therefore using that for a justification for planting different materials than those recommended and supported by the FAA is inappropriate. He stated there is no deterioration of the water quality, no problems to solve, and these particular LMO plantings would be attractants to wildlife. Mr. Mazzei stated the FAA had written a strong letter stating they are on their own if there is an accident. He stated that if the Town forces the issue they are accepting responsibility and liability if an accident happens. Mr. Mazzei stated that Mr. Kubic's letter states that the County will do what the Town forces us to do, but to be clear that the Town is accepting responsibility for that decision.

Mr. Kerr thanked Mr. Kubic for his letter. He stated that he was a professional pilot and has made this approach many times and that it was one of two approaches in the US Airways system that he hated, especially at night. He stated Mr. Kubic's letter was absolutely on the mark, thanked him for the letter again and expressed his support.

Mr. Smetek stated that as a point of order, he noted that Mr. Kubic's letter was dated March 10th and wanted to know why this was not included in the materials for the meeting. Mr. Mazzei stated it was emailed.

When the vote was called: FOR – Mr. Mazzei, Mr. Sanders, Mr. Dopp, Mr. Buchanan, Mr. Kerr, Mr. Wirth, Mr. Smetek, Mr. Gilbert. AGAINST – None. ABSENT – None. The motion passed.

5. Rescheduling of June Meeting: Joe Mazzei

- Mr. Mazzei stated there is a conflict with the June meeting and asked the Board if they would prefer to hold the meeting on June 14th or June 28th. It was decided the meeting would be rescheduled for June 14th.

UNFINISHED BUSINESS

1. FBO Agreement: Paul Andres
 - Mr. Andres stated the FBO agreement is now in place with an effective date of March 1st.
2. Through-the-Fence Agreement: Paul Andres
 - Mr. Andres stated that the Through-the-Fence agreement is being signed and will include provisions for the release of the covenants and restrictions on the fuel farm parcel that will be acquired with federal grant money that already is in place.
3. HHI Accommodations Tax Application: Paul Andres
 - Mr. Andres stated the Town has denied the ATAX application. He stated this will be an ongoing item throughout the year since the Board wishes to pursue this matter again.
4. GA Landing Fees: Joe Mazzei
 - Mr. Mazzei stated the consideration of landing fees was held in abeyance while they renegotiated the FBO agreement. He stated that part of this agreement is that landing fees are not to be implemented during the term of the agreement which ends 2033.

Mr. Smetek asked for an explanation of the Through-the-Fence agreement. Mr. Mazzei stated these are condominium hangars that have access to the Airport. He stated that up until now these owners did not contribute to the Airport. Without a revenue agreement in place, we would need to close their access to the Airport at the expiration of their current arrangement. Mr. Mazzei stated a mutual agreement was reached and they are now contributing to the Airport's expense. He stated we are looking at acquiring some property in this area.

CONTINUATION OF PUBLIC COMMENTS

1. Councilman Rodman – Councilman Rodman stated the Finance Committee looks forward to seeing what the impact of the capital budgets are as they are prepared. He also stated he appreciated the fact that the Board is looking at the possibility of doing some of the activities in parallel in the Master Plan rather than in sequence. He stated he sees the risks as nonexistent since it is reimbursable by the FAA. Councilman Rodman stated the only thing he would take issue with is that the additional FBO revenue number might be greater than \$200,000.00 when they get the 5,000' done only because of the possibility of additional traffic. He stated there is a significant amount of money that can be collected if they can get the runway done sooner.

Councilman Rodman stated he was the one who initiated the Line of Credit discussion. He stated there has been an ongoing dialogue as to whether the General Fund is being adversely impacted by money owed from the Airport. He stated that years ago the Airport borrowed on its own so it might make sense to go back to doing this.

Councilman Rodman stated that in regard to the runway length they are wise to not be wading into the Phase II piece. He stated that if it turned out that in the course of looking at the engineering and design that the on-airport length could be increased this should not be an issue.

Councilman Rodman stated he was the one who set up the meeting with US Airways that Mr. Smetek made reference to and that they (US Airways) did not make reference or commitments as to how long they would operate the Dash 8. He further stated that he did not see the Q400 operating in the Southeast.

2. Bob Richardson – Mr. Richardson stated he wanted to make a comment in reference to the motion that was passed in regards to intermingling Phase I and Phase II efforts. He stated the Town of Hilton Head has put a 5,000' cap on the runway. He wanted to know if it would be prudent to have some understanding as to whether the Town is considering 5,400' rather than 5,000' before changes are made. Mr. Mazzei stated the proposal is not to commingle the projects, but rather to look at pieces and issues. He stated that if the study goes through it may amount to nothing more than acquiring the land faster since it is necessary for Phase I.
3. Joe Zimmerman – Mr. Zimmerman stated that in looking at the Hilton Head Island Master Plan the airport trust fund comes from taxes and fees collected for aviation use, but for the last several years 25% of the airport trust fund has come from general funds appropriated by Congress. He stated that of the \$14 million that Mr. Buchanan referred to in his presentation 25% or \$3.6 million will come from taxes and the remaining 75% from aviation fees collected.

Mr. Zimmerman stated he understood Councilman Rodman say that he has not heard much objection and that there is community support for moving beyond 5,000' in the design phase. He stated that 100% of the people in the room with him today would not support this and that they need to be careful going against what they heard County Council and Town Council say at the meeting on October 27, 2010.

4. Councilman Baer – Councilman Baer stated that when they have a radical proposal like the acceleration that was presented at the meeting it would be courteous to see this in advance. He stated he believed more people would have been in attendance at the meeting had this been publicized. Councilman Baer stated that according to Mr. Mazzei's presentation there will be a 6% to 9% increase in FBO fees with a 5,000' runway. He stated that this should be 8% going to 9% when they hit 5,000' or more.

Councilman Baer stated he would like to know how much Airport plus berms will fit on the property because the more runway you have the less room you have for berms, beautification and noise features. He stated that instead of going for a 5,400' marginal runway he would like to see a plan also for a beautiful and quiet 5,000' runway.

Councilman Baer stated he would like the consultant to explain some of the measurements that appeared in the Master Plan. He stated several people have looked at this so he did the calculations himself. He said the claimed 12.5' clearance of the church looks like it is 7.8'. He said it looks like there is an approach glide slope that is going through the church. Councilman Baer stated that if they are going to talk about safety implications he would like to understand the safety implications of these two things in the existing published Master Plan today before they proceed with any extensions.

5. Fran White – Ms. White stated she is a representative of the Baygall Property Owner's Association as well as St. James Church. She stated she is concerned with the lack of information provided to the new member of the Board. She suggested they have an orientation session for new Board members as well as an annual orientation for current members.

Ms. White stated that in regards to asking the Airport contractors to look at accelerating Phase I to Phase II, what would happen to the FAA funding if the Dash 8's were removed and who then would pay the balance. She stated that they should be thinking comprehensively and not just one side of the ledger. She stated that it appears that this accelerated plan is going to have a very large negative affect on St. James. Ms. White stated she is concerned that there seems to be no discussion about what would happen to the church. She stated the church was there in that location since 1886 and that she did not know how the runway was placed in a fashion that the planes fly directly over the steeple of the church. She stated now that the trees have been removed, they come in even lower than before. Ms. White stated there is concern about mitigation because it has not been dealt with for what has already been done. Ms. White wanted to know if the plans are accelerated would they also look into what the mitigation affects would be because it does not make sense to plan even more disruption without looking at the end game.

6. Jim Fisher – Mr. Fisher stated he felt as though he had been blind sighted with this new proposal which is an extremely sensitive issue. He stated he did not know what the Board is doing because they voted on something that no one knew was coming up and may not have understood. He stated the consultants worked on a master plan that they felt had a very good conservative timeline, but they must not have looked at these other considerations. He stated the consultants only received so much time and meetings and now the Board wants to dissect their timeline to look at something else. Mr. Fisher stated the big issue is whether they are going to take hundreds of people again spending 3 and 4 hours at Town and County Council meetings. He said the Town should speak up and be very clear before Facilities Committee looks at this. Mr. Fisher referred to the former Mayor Tom Peoples saying that if you ask for too much you won't get anything. He stated that 5,000' was somewhat acceptable to the community and 5,400' was marginal. Mr. Fisher stated cost benefits came up before and wanted to know if we are going to spend another \$10 million and get 256 more aircraft. He stated he wasn't sure of the numbers, but it was a marginal benefit to move forward. He said he thought any money they had was to pay down the debt to the taxpayers and now they want to spend the money on a new study. Mr. Fisher stated the bottom line is what is the Board is trying to achieve and what are the benefits. He stated Town Council needs to speak up.

Mr. Buchanan responded to Mr. Zimmerman's comment concerning the 25%. He stated that there is FAA funding that comes from the General Fund of the Federal government, however almost all of that is marked for specific purposes such as studying and developing equipment for the FAA.

Mr. Mazzei stated that most of the guests are leaping to an end point that was never proposed concerning his motion. He stated that he understands their concerns, but they need to understand the Board is not acting on anything, they merely suggested a study be done.

Mr. Dopp asked Councilman Caporale if he knew where things stand on obtaining a full 11 member Board. Councilman Caporale stated the Town appointment has been made and will be confirmed at the next Council meeting and there are 2 appointments pending. Mr. Andres stated that both of these appointments are associated with the Lady's Island Airport. Councilman Caporale stated he realizes this puts the Board at a disadvantage and he regrets this, but he is not sure there is anyway around it in order to find qualified people.

FUTURE MEETINGS

The next meeting of the Airports Board will be held on Thursday, April 19, 2012 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 4:05 PM.