

CARTERET COUNTY-BEAUFORT AIRPORT AUTHORITY MINUTES

Regular Meeting

October 28, 2021

Video Conference Call

Members Present:

Jon Brearey, Bob Coles, Scott Evans, John Floyd, Tom Higgins, WF Parker and Chairman Pat Joyce were present. A quorum was established. Others present were Jesse Vinson, Airport Manager, Kristen Sanner, Business Manager, Anthony Held, Buildings and Grounds Technician, Randy Fender of Talbert and Bright, Reid Parker of Carr, Riggs & Ingram CPA and Advisors, Chad Noble of Crystal Coast Aviation, and members of the public.

Call to Order:

Chairman Joyce called the meeting to order at 6:00 p.m. and led the meeting attendees in the Pledge of Allegiance.

Approval of Agenda:

The agenda was reviewed. *Resolved, Mr. Parker made a motion to approve the agenda as presented, while Mr. Brearey seconded the motion.* The motion was unanimously carried.

Consent Agenda:

The following items were reviewed as a part of the consent agenda: Minutes of September 23, 2021, Committee Reports, Financial Reports, Management Report, FBO Report, 5010 Inspection Report & Response, and the 2022 Meeting Schedule. *Resolved, Mr. Higgins made a motion to approve the consent agenda as provided, while Mr. Parker seconded the motion.* The motion was unanimously carried.

Public Comments:

There were no public comments.

Chairman's Report:

Chairman Joyce thanked the staff for an outstanding job on the field. Mr. Joyce noted that he has been going over the financials with Mr. Vinson to make sure that there are sufficient funds in order to complete the taxilane work near Hangar 19.

Old Business:

Chairman Joyce reminded the board that Talbert & Bright's monthly update was provided in the agenda packet for review. Mr. Fender lost connection during this portion of the meeting.

Review / Approval of Ground Lease

Chairman Joyce acknowledged that the ground lease revision has been under review for some time and described the two changes that are included in the latest version attached in the board packet. The first item was brought forward by a future tenant that was concerned about the lack of language related to the death of the lessee. Dr. Coles and Mr. Higgins spoke regarding the death language and confirmed that the transfer of the lease would be consistent with that of NC estate law. Mr. Higgins asked that the previous statement be removed and to just list that NC estate laws would apply.

The second item was the potential to increase the ground lease price per square foot, should the lease be sold and assigned to a new party. This item was discussed in detail by the board. The board agrees to remove the language

referring to the authority adjusting the rate if transferred, as the rate has not changed when a lease has been transferred in the past. Instead, the board requested an adjustment to the ground lease rate at five (5) year intervals based on the then-current CPI rounded to the next whole percent. The board acknowledged that the current ground lease rate is \$0.40 per square foot. *Resolved, Dr. Coles made a motion to adopt the lease as amended with \$0.40 per square foot in 2021 dollars with the ground lease to be adjusted at five-year increments based on the consumer price index, referencing the initial price and date in the lease, and rounded to the next whole percent. Additionally, the lease language should be adjusted to state that in the event of a death, NC estate laws would apply to the transfer of the lease. Mr. Higgins seconded the motion.* The motion was unanimously carried. The board requested that the updated lease be distributed to them for one last review after the discussed changes have been made.

Talbert & Bright (TBI) Update

Mr. Fender was able to rejoin the meeting. Mr. Vinson began by informing the board that Trader Construction will be onsite beginning 11/1 and plan to start demolition right away. Mr. Fender reviewed Talbert & Bright's monthly update as provided in the agenda packet. For the ALP, TBI and the Airport received notification that the Airport Layout Plan (ALP) was conditionally approved by the FAA on 9/28. Both the Airport and NCDOA have signed the ALP and TBI will deliver the Airport's hardcopy the next time they are at the airport. There are no updates on the Fuel Farm at this time. Mr. Fender will follow-up with Mr. Joyce and Mr. Vinson regarding Sunland Builders. For the Airfield Vault Electrical Utilities, the project was substantially completed on 9/30. A Pre-Final Inspection was held on 10/18 and was attended by the Airport, TBI, TBI's electrical engineering subconsultant, and the Contractor. A punch list was generated from the inspection and distributed to attendees. All punch list items were completed on 10/18 with the exception of switch and receptacle labels, which will be installed once engraved labels are received. The contractor is currently working through project closeout documentation. The Airport is now clear to start on the T-Hangar and Taxilanes Project. Shop drawings are well underway. TBI received and approved the hangar drawings yesterday. A Preconstruction meeting was held on 10/18 with the Airport, TBI, and Trader Construction. Minutes of the meeting were prepared and distributed. Construction Notice to Proceed (NTP) has been issued to Trader and will commence on 11/1. Current contract end date is 4/29/22, however due to extended material lead times, it is anticipated that construction will be completed in June 2022. For the Runway 3/21 Rehabilitation, the Airport received the Notice of Award from the NCDOA on 9/28 for funds associated with the design of the project. The Grant total is \$400,000 (\$360,000 State Funds/\$40,000 Local Funds). At this time, the Airport and NCDOA has approved TBI's Preliminary Investigation Work Authorization for \$116,914 which will require \$11,692 in local funds; which need to be approved by the Authority today. After the Authority votes to approve the local match and the signed DBE paperwork is received from the Airport, TBI will upload the RFA application to the NCDOA. The Preliminary Investigation Phase WA will be executed after the grant is executed and in place. A work authorization amendment will be submitted after the completion of the Preliminary Investigation phase to complete the design and bid documents. For the Hangar Layout and Permitting Assistance, TBI received an additional survey from the Airport's surveyor and is currently working through taxilane widening design/grades to determine finished floor elevations for new hangars. TBI is awaiting site information for hangar developers before a stormwater permit modification can be prepared and submitted. The Airport is looking at three hangars in the immediate future. TBI believes the stormwater modification will be sent next week.

Local Match Approval for Runway 3/21 Rehabilitation Design

Chairman Joyce explained the request for approval of the local match (10%) for the Runway 3-21 Rehabilitation Preliminary Design in the amount of \$11,692. *Resolved, Dr. Coles made a motion to approve the local match in the amount of \$11,692, while Mr. Brearey seconded the motion.* The motion was unanimously carried.

New Business:

Audit Report

Mr. Reid Parker presented the Audit Report for the Carteret County-Beaufort Airport Authority year ending June 30, 2021. Mr. Parker is a CPA with Carr, Riggs, & Ingram (CRI), located at the New Bern office, and this is his fifth year in charge of this audit engagement. In CRI's opinion, the financial statements are presented fairly in all material effects,

therefore there is a clean audit opinion. CRI is not required to offer an opinion on internal controls this year due to the single audit requirements. But with audit procedures they are always to make sure internal controls are in place to prevent and detect any material misstatements and any noncompliance of grant requirements. Mr. Parker was glad to report that he did not have anything to report from an internal control standpoint and Mr. Vinson and his team do great in providing information as requested. The authority was not required to have a federal or single audit this year, but early indication is that a federal and state audit potentially will be required for next year. That single audit has the potential to come from the Department of Commerce whereas they typically come from the Department of Transportation. The change in financial statements this year can really be summarized by three drivers, the insurance proceeds of \$1.05 million, the \$600,000 loan proceed from the county, and approximately \$100,000 of CARES grant funds. Two major projects were put into service this year, the pavement rehabilitation, about \$3.7 million into the capital fixed assets schedule, and the fuel farm, about \$985,000 into the fixed asset schedule as well. At the end of the year there were two ongoing projects still on the financial statements, the hangar replacement, which is a Department of Commerce grant funded project, and the Airport Layout Plan project, which seems to be wrapping up right now. Page 32 lists two subsequent events, the Covid-19 uncertainty and the \$2 million dollar loan agreement with the county that was finalized after year-end but before the issuance of the financial statements. Mr. Parker thanked Mr. Vinson, Mrs. Piner and Ms. Sanner for their engagement and assistance in providing all required documentation for completion of the audit.

Additional Information:

Mr. Fender made the board aware the NCDOA's project manager, Ashley Lowrey, has completed her last day of work with the DOA today. The DOA now has only two project managers for 72 airports in NC. There is a new email structure to collect inquiries, but it may be a while to get an answer from their office, as they are very understaffed at this time.

Mr. Vinson noted that he tried contacting the DOA to check on the airport's NPE funding and Mrs. Lowrey did respond and say that the FAA was changing some of the administration guidelines and they were a bit behind. Mr. Joyce clarified that the first payment of \$600,000 is due back to the county in the near future.

Closed Session:

Resolved, Dr. Coles made a motion to enter into a Closed Session for purpose of discussing confidential information, legal matters, personnel, and contract negotiations as permitted by NCGS 143-318.11(a)(1), (3), (5) and (6), while Mr. Floyd seconded the motion. The motion was unanimously carried.

Hearing no further discussion Mr. Brearey made a motion to return to Regular Session, while Mr. Floyd seconded the motion. The motion was unanimously carried.

No action was taken during closed session.

Hearing no further discussion, Dr. Coles made a motion to adjourn, while Mr. Brearey seconded the motion. The motion was unanimously carried.

Respectfully Submitted,

Jesse Vinson

Interim Airport Manager / Secretary to the Board

Minutes prepared by:
Kristen Sanner