

**BLOOMINGTON - NORMAL AIRPORT AUTHORITY
BOARD OF COMMISSIONERS
REGULAR MEETING MINUTES
TUESDAY, MARCH 14, 2017
4:30 PM**

I. CALL TO ORDER

Vice Chairman Allen called the meeting to order at 4:30 p.m. Commissioners Hanson, Whisman, and Sender were present. Commissioner Denault was present via telephone. Commissioner Kannady and Chairman Colee were absent. A quorum was acknowledged.

II. PUBLIC COMMENTS

No public comment

III. APPROVAL OF FEBRUARY BOARD MEETING MINUTES

Commissioner Whisman made a motion to approve the February Board meeting minutes. The motion was seconded by Commissioner Hanson and upon a unanimous vote, the motion carried.

IV. OLD BUSINESS

V. COMMITTEE REPORTS

- A. **Audit/Finance Committee** – The Committee met on February 28th to review the draft budget materials.
- B. **General Aviation Committee** – No report.
- C. **Personnel Committee** – The Committee is getting ready to set a date for Carl's annual review.
- D. **Public Policy Committee** – Hasn't met, but discussions on the restructuring of the airport will be had in the upcoming weeks.

VI. NEW BUSINESS

- A. **Approval of February Financials** – Diane Andes Finney provided a report on the Authority's financial position. The members were advised that February did not experience any unanticipated financial events even as there was a small amount of weather expense early in the month. It was reported that General Fund revenues were on target as expenses were significantly

below budget projections; resulting in a bottom line materially above YTD expectations. The Hangar Fund and the CFC Fund also ended the month with positive balances. It was noted the most significant transaction for the month was the receipt of the TSA grant reimbursement totaling \$912,000 from the CBIS project. The two noteworthy A/R accounts each made a payment this month, however they continue to operate a month behind. Diane advised discussions with both account holders is ongoing and focuses on bringing both accounts current and preventing them from sliding back into former payment habits.

Commissioner Sender made a motion to approve the February financial statements. The motion was seconded by Commissioner Whisman and upon a unanimous vote, the motion carried.

- B. Approval of Tentative Budget Materials for Fiscal Year 2018** – Recognizing there wasn't sufficient time between the April and May Board meetings to publically display the draft budget per state requirements, Staff revised the schedule to begin a month early. Remaining consistent with the Authority's budgeting practices, the budget materials proposed should be viewed as a continuing budget based upon historic trends while being modestly adjusted to compensate for updated conditions. As expected, the three funds with independent revenue streams (CFC Fund, General Fund, and Hangar Fund) are projected to produce a modest operating surplus.

During a previous meeting with the Audit/Finance Committee, Airport Staff reviewed both the overall structure of the budgets as well as the individual revenue/expense line items. As a part of the discussion of the General Fund, Staff highlighted the modest rate increases suggested for the car rental terminal lease rate (3% per the current agreement) and a ¼ of a cent increase in the fuel flowage fee from 6.75 cents/gallon to 7.0 cents/gallon (the first increase since 2011).

The Hangar Fund budget tracks with the projected occupancy rate. Staff did not suggest a hangar rate increase at this time, but the Committee did have discussions in regards to increasing the hangar rent by CPI measure in the future. The pavement maintenance line item in the Hangar Fund was increased to accommodate pavement repairs until a final decision is reached on where capital funds should be invested for GA facilities.

The CFC budget tracked with historical revenues and expenses with no material changes. The PFC budget and Debt Service budgets are set by Ordinance with no new/material changes.

As previously approved via the TIPs program approved this past November, the capital budget includes the runway rehab project, the proposed taxiway rehab project, and the purchase of a new emergency response vehicle. Additionally, the following local only projects were included in the proposed capital budget request; replace airfield vehicles/mowers, airfield signage upgrades, airfield drainage improvements, and the purchase of a new pavement painting truck.

Commissioner Denault made a motion to approve the tentative budget as presented and place it on display for 30 days. The motion was seconded by Commissioner Sender and upon a unanimous vote, the motion carried.

- C. Approve Execution of Intergovernmental Agreement with McLean County Sheriff's Department** – Carl Olson reported the McLean County Sheriff's Department has provided armed law enforcement officers at the checkpoint, in accordance with the TSA requirements, since 2005. Carl also shared how the Sheriff's Deputies have consistently done a fantastic job both from a security/law enforcement prospective, as well as their professional interaction with

tenants and passengers. The agreement presented is a renewal of the existing agreement with a new 3-year term. There are no material changes to the language. The rate of reimbursement would increase by 3% retroactive back to January 1, 2017 with another 3% increase effective in January 2019. The agreement will go before the County Board this month.

Commissioner Hanson made a motion to approve the execution of the Intergovernmental Agreement with McLean County Sheriff's Department as presented. The motion was seconded by Commissioner Whisman and upon a unanimous vote the motion carried.

- D. Approve Execution of Ground Lease with Synergy Flight Center** – In 2012 and again in 2013, the Board approved a lease agreement with Synergy Flight Center to lease 3 hangars from the Airport Authority for Synergy to open and operate a fixed based operator service at the airport. In the time since then, Synergy has proposed increasing their presence/investment at the airport by purchasing/renovating the hangar structures while leasing the property underneath the hangars from the Airport Authority. The term of the agreement would be an initial 30 years with 2 separate five-year renewal options for a total term of 40 years. The current lease rate is 28 cents per square foot/per year with CPI adjustments every five years. At the end of the original term, a new appraisal would be done in order to determine the lease rate for the first renewal period.

Synergy presented a proposal to the GA Committee in 2015. At that time, the Committee voted to recommend the approval to the full Board without having to come back to the Committee, unless there were material changes in the scope of the project. The project being proposed is not materially different from what was proposed in 2015, but as a precaution, each of the members of the GA Committee were consulted, individually, to share the updates and ask if they warranted a meeting of the Committee. Both members concurred that a separate meeting was not needed.

Commissioner Denault made a motion to approve the execution of the ground lease with Synergy Flight Center as presented. The motion was seconded by Commissioner Hanson and upon a unanimous vote, the motion carried.

- E. Approve Execution of Sales Agreement for Sale of Hangars to Synergy Flight Center** – In conjunction with the previous agenda item, Airport Staff asked for Board authorization to sell the three (3) aircraft hangars currently leased to Synergy Flight Center to Synergy as a component of their proposed renovation/expansion project. These hangars were originally constructed decades ago by private businesses in accordance with ground leases with the Airport Authority. Upon the expiration of those agreements, ownership of these structures reverted to the Authority who in turn leased them to new business entities over time.

It was noted that there is not a deed or title to the buildings so legal counsel has prepared a sales agreement outlining the terms/conditions of the sale. The buildings are being sold in an "as is" condition with no warranties implied or expressed. The Airport would continue to own and control the property on which the hangars are located. The recommended sale price for all three hangars was \$114,000. It was reported this figure was the result of negotiations/discussions with Synergy over a long period of time and calculated using future rental revenues. Any changes, modifications or demolition of the hangars would require Synergy to return to the Authority for separate Board approval.

Commissioner Whisman made a motion to approve the sale of the 3 hangars to Synergy Flight Center for \$114,000, with the proceeds being deposited into the Hangar Fund. The motion was seconded by Commissioner Hanson and upon a unanimous vote, the motion carried.

- F. **Approve Execution of Memorandum of Understanding with Synergy Flight Center** – The Memorandum of Understanding is a one page document, prepared by legal counsel, to memorialize a tentative agreement with Synergy for the refurbishment of the parking lot and access road leading into the parking lot. The agreement calls for the Airport Authority to refurbish the pavement on the service road, as well as a portion of the parking lot, which is outside Synergy's leasehold. Synergy in turn would fund the refurbishment of the parking lot within their leasehold. Synergy would award and manage the contract. The Airport will approve the design specifications of the work and be invoiced separately for the Airport's portion of the work. The funds would come from the Hangar fund. The refurbishment would come at the end of Synergy's first phase of construction work so the construction equipment does not damage the new pavement. Should Synergy need to do the work sooner, they may do so, but they must bear the responsibility to restore the pavement area.

Commissioner Sender made a motion to approve the execution of the Memorandum of Understanding with Synergy Flight Center as presented. The motion was seconded by Commissioner Hanson and upon a unanimous vote, the motion carried.

- G. **Approve Phase I Project Design for Synergy Flight Center** – Carl Olson introduced Andrew Dustman from Synergy Flight Center to discuss their final plans for phase I of construction on the western most hangar, formally known as the Loravco hangar. Andrew shared that the current facility is used largely for aircraft storage. The proposed work will transition this hangar into the home of Synergy's Part 145 aircraft repair station activities, which are currently housed in a smaller adjacent hangar.

Synergy proposed to replace both the roof and vertical siding components, in addition to expanding the west side and a portion of the north side of the building to allow for a larger footprint. The larger areas will be used for additional shop and storage space, thereby also enlarging the hangar bay. The goal is to start in late spring with a 6 month completion time.

Commissioner Denault made a motion to approve phase I of the project design for Synergy Flight Center. The motion was seconded by Commissioner Sender and upon a unanimous vote, the motion carried.

VII. STAFF REPORTS

- A. **Executive Director's Report** – Carl introduced Mr. Evan Hardie, the newest member of the Operations Staff. Evan comes from California and is a recent graduate of Embry Riddle in Arizona.

Carl shared with the Board that Staff has recently received the most recent Pavement Condition Index report from the State of Illinois. This analysis conducted this past summer by an engineering firm under contract with the IDA revealed the Authority's recent investments to the G.A. apron surfaces have generated documented improvements.

Carl also shared with the Board some new developments have arisen related to the soccer fields currently leased to the Prairie City Soccer League (PCSL). Noting the widely understood expiration for the current lease will be this coming December 31st, and with the recent surge in community conversations about potentially extending this lease, Carl reported on recent discussions with the City Manager from the Town of Normal. Expressing concern that a replacement facility won't be completed in time for the 2018 season, Mr. Peterson highlighted the existing interest in the Authority further extending the current PCSL lease. Further, it was reported the Town was also now interested in securing congressional support for seeking a FAA approval to permanently allow the soccer fields to remain on Airport Authority property; or at least for a minimum of ten years.

Ahead of the ensuing discussion, Carl provided the members with a brief recap of the history of this issue along with pertinent concerns and potential options the members would want to consider during their future deliberations.

A lengthy discussion commenced among the members as Commissioner Sender asserted the Airport Authority is in the middle between the FAA and the soccer community. He suggested it wasn't the Airport Authority's responsibility to make the community's case to the FAA nor is it the Authority's responsibility to provide space for the PCSL. He believes the soccer community/project leaders should make their case to the FAA, whether that's through their legislators or through direct contact with the FAA. If the FAA doesn't have a safety concern with the soccer fields being on Authority property, then he doesn't have a concern. Mr. Sender continued by sharing that if the community can agree and get the FAA to agree on a rather lengthy extension, he would also be agreeable to this; noting he would like to support both the community and the FAA.

Commissioner Hanson noted the Airport Authority shouldn't be considered the 'bad guy' in this discussion. If the FAA has a safety or compliance concern with soccer fields being on Authority property, then the Authority needs to be sensitive to this.

Continuing this conversation, Commissioner Whisman inquired about the FAA's position on potential safety or compliance concerns related to the existing and possible future extension of the agreement; specifically could the Authority be punished for not adhering to FAA guidance. In response, Carl briefly explained the background and potential administrative actions open to the FAA. Carl continued by briefly reading an excerpt from FAA policies which highlighted what approach the FAA would consider with respect to allow the interim use of this property for non-aeronautical purposes. As a balance, Carl also touched upon specific FAA grant assurance and environmental/land use conflicts in addition to the potential for outside legal concerns. Ms. Whisman then inquired if the Airport Authority had been exposed to this level of risk during the current lease extension period. Carl responded the Authority had been able to remain compliant during this time, aided in part by keeping the agreement as a private use with PCSL and not needing to end the agreement early. Ms. Whisman also noted she would like to receive the opinion of Mr. Pablo Nuesch, and, she also shared the Board should arrive at a consensus, one way or the other, to allow PCSL to make future plans.

Commissioner Allen discussed how the Airport Authority is the owner and steward of the property; which was purchased using federal/FAA grant funds to acquire property to be used for aeronautical purposes. To that end, Mr. Allen reiterated the Airport Authority's responsibility to satisfy federal obligations. Noting that he has personally experienced numerous examples of

revised FAA policies which have evolved over time, the current environmental and land use positions of the FAA are not a surprise; suggesting while there haven't been any problems over the past 25 years, what was acceptable 25 years ago wouldn't necessarily work now or in the future. As such, Mr. Allen reported he may be open to some level of a short term extension if it was approved by the FAA, but that he would not be receptive to a permanent or long term agreement.

Commissioner Sender noted this was not the time to be evaluating the risks or specific courses of action because nothing had been presented for their consideration; noting that more information was needed from the FAA concerning their position on this issue. Closing out member discussion, several Commissioners expressed an interest in receiving additional information from legal counsel.

At this point Mr. Mark Peterson, City Manager for the Town of Normal and Ms. Kathleen Lorenz, a Normal Council member were present and spent a few minutes addressing the Board. Mr. Peterson thanked the Board for all of their support with the soccer fields and noted that they have been great to work with. He also noted that a soccer complex will not be built by the end of the year, but this is something that is very vital to the community. Mrs. Lorenz noted the complexity of PCSL and the growth it has seen through the years. She also noted the Sports Commission is a great point of contact if anyone has further questions.

Closing out the discussion, Commissioner Denault touched upon some of the safety concerns associated with the PCSL site being so close to CIRA's primary runway and the aircraft traffic pattern above the fields. Also noting the Authority should be careful not to be bearer of risk, especially should there ever be a bad outcome. Mr. Denault also commented that if the FAA were to possibly allow a temporary lease extension, that he would be open to considering such a move; recognizing the Board members have both a responsibility and accountability to make this decision and to consider the safety merits as a part of their decision making process.

- B. Deputy Director of Marketing** – Fran Strebing went over the monthly operations report with the members. Numbers for the month of February were down, primarily due to reduced seat capacity. Fran also shared she recently attended the Routes Conference and met individually with representatives from American and Delta airlines in addition to potential new entrant carriers. During this discussion, Fran shared examples of the positive feedback that was received from each of the incumbent and potential new entrant carriers. It was also reported the next collection of meetings are being scheduled for this coming June.

Fran also shared she is receiving a lot of data being generated from the new website. The new website is getting quite a bit of traffic. She also shared that at the same time the kiosk has not been generating significant data. Fran shared the office has been having discussions with Dr. Byers about moving the kiosk to a location beyond the security checkpoint. Relatedly, Fran also reported she would be meeting with representatives from the ISU social center at the end of the month to receive/review the first round of results.

Lastly, as a part of ongoing efforts to secure TSA Pre-check services for CIRA, Fran reported that discussions with the TSA have started to advance. Additionally, discussions have also started with a firm which contracts with the TSA to enroll new program participants with a goal of hosting an enrollment event here at CIRA.

VIII. ADJOURNMENT

There being no other business to come before the Board, upon a motion being made, seconded and approved, the March 14, 2017 meeting of the Bloomington-Normal Airport Authority adjourned at 6:55 p.m.

Alan Smore
Secretary

APRIL 17 2017
Date