



HALL COUNTY AIRPORT AUTHORITY | MINUTES
Regular Meeting | July 12, 2013

The Regular Meeting of the Hall County Airport Authority (HCAA) Board was held at the Airport Authority Conference Room, 3743 Sky Park Road, Grand Island, Nebraska 68801 on July 12, 2013. Pursuant to proper legal notice, Board Chair Werner called the meeting to order at 8:04 a.m., and announced location of the Nebraska Open Meeting Act for public viewing.

The Pledge of Allegiance was said in unison.

AIRPORT AUTHORITY BOARD MEMBERS PRESENT: Chair Lynne Werner, Vice-Chair Larry Hobbs, and Joe Cook, Secretary/Treasurer Brian Quandt and Ken Caldwell.

AIRPORT AUTHORITY STAFF PRESENT: Executive Director Mike Olson, Human Resource/Accounting Manager Annette Schimmer, Assistant Operations Manager/Security Coordinator Steve Magnuson, and Operations Secretary Carole Harmon.

LEGAL COUNSEL PRESENT: Airport Authority Attorney Ron Depue.

OTHERS PRESENT: Zach Thompson from Trego/Dugan Aviation of Grand Island; Paul Strege, Matt Dubbe, and Brett Barry from Mead & Hunt; Dan Smith and Cody Wickham from D.A. Davidson; and Bob Beran from Dana Cole.

PUBLIC REQUEST TO SPEAK ON AGENDA: None.

REVIEW AND APPROVAL OF ADMINISTRATIVE CONSENT AGENDA:

- Minutes from Regular Meeting on June 13, 2013.
- RESOLUTION NO. 13-40: CLAIMS NO. 2915-2921.
- RESOLUTION NO 13-41: REIMBURSEMENT RESOLUTION FOR EXPENDITURES RELATED TO BUILDING 113A (LIFETEAM) PROJECT.
- RESOLUTION NO 13-42: REIMBURSEMENT RESOLUTION FOR EXPENDITURES RELATED TO REMOTE PARKING LOT + EAST TERMINAL LOT, RECONSTRUCT BUILDING 113 APRON, AND GATE 8 ENTRANCE ROAD WIDENING FOR TREGO/DUGAN AVIATION OF GRAND ISLAND FBO TERMINAL PROJECT.
- RESOLUTION NO 13-43: REIMBURSEMENT RESOLUTION FOR EXPENDITURES RELATED TO 5-UNIT AIRCRAFT HANGER PROJECT.

Motion by Mr. Caldwell, second by Mr. Hobbs to approve the Consent Agenda. Upon roll call, motion was approved with a 5-0 vote.

CONSIDERATION AND APPROVAL OF RESOLUTION NO 13-44: ISSUANCE OF BOND ANTICIPATION NOTE (BAN) FOR 2013-2015 CONSTRUCTION PROJECTS. Dan Smith from D.A. Davidson explained the Bond Anticipation Note (BAN). The Authority currently has A, B, and C Series Bonds with some tax-exempt and some taxable. Since this is short-term financing, the Bond Attorney recommends that they be treated as taxable bonds to simplify the process. The maturity date is 9/1/14. If the projects proceed as anticipated, they will probably be paid off later in the year or early the next year with a set of bonds for permanent financing. Dan pointed out the anticipated interest rate of 3.15% which is an inflated number. He thought the actual cost of borrowing would probably be closer to 1.5% or in that

vicinity. Mike Olson asked if we still have to go through a public process. Dan said we would have to have a TEFRA Hearing.

Motion by Mr. Caldwell, second by Mr. Cook to adopt Resolution 13-44, Issuance of Bond Anticipation Note for 2013-2015 Construction Projects. Upon roll call, motion was approved with a 5-0 vote.

ACTIVITY REPORTS | JUNE 2013:

Air Traffic Activity Report by Executive Director Mike Olson:

Central Nebraska Regional Airport

| Itinerant Operations | JUNE 2012 | JUNE 2013 | % Change |
|----------------------|-----------|-----------|----------|
| Air Carrier | 41 | 47 | 15 |
| Air Taxi | 257 | 252 | (2) |
| Civil Aviation | 700 | 802 | 15 |
| Military | 165 | 124 | (25) |
| Total OPS | 1163 | 1225 | 5 |
| Local Operations | | | |
| Civil | 442 | 448 | 1 |
| Military | 100 | 102 | 2 |
| Total LCL | 542 | 550 | 1 |
| TOTAL TRF | 1705 | 1775 | 4 |

Enplanement Report by Executive Director Mike Olson:

| | 2013 | 2013 | 2012 | |
|------------|--------|---------------|--------|-------|
| | June | Load Factor % | June | +/- % |
| Allegiant | 2858 | 89 | 2,588 | 10% |
| American | 1763 | 74 | 1940 | -9% |
| Charters | 149 | | 248 | -40% |
| Mo. Emp | 4770 | | 4776 | 0% |
| Yr to Date | 28,023 | | 28,838 | -3% |

Operations Report by Assistant Operations Manager/Security Coordinator Steve Magnuson:

- Provided Aircraft Rescue and Fire Fighting (ARFF)/Direct Ramp Observation (DRO) for Allegiant flights and ARFF for American Eagle daily flights. Allegiant's extra flight on Tuesdays for four weeks ended 7/9.
- 60% complete on painting runways and taxiways.
- Mowing ongoing.
- Weed spraying ongoing.
- Sprinkler repairs ongoing.
- Airport Certification Manual updated and approved by FAA. Thanked Carole for outstanding job.
- Fixed loading ramp on Gro-rite building #847.
- Performed roof repairs to Terminal and Grand Island Area Clean Community buildings.
- Getting everything ready for FAA Part 139 inspection on August 22nd and 23rd.
- The insurance inspection is on August 29th and 30th.
- Transportation Security Administration Security Drill was held on June 19th. Great job, appreciated everyone's help.
- All Drivers' tests complete for everyone qualified to drive on movement areas.
- All farmers' driving tests complete.
- Fence and gate repairs for perimeter fence.
- Weekly Safety/Security and ARFF training.

- Numerous other daily projects and repairs completed and scheduled.
- Continued working on general repairs to terminal and airport buildings.

FINANCIAL REPORTS | JUNE 2013:

Financial Reports by Human Resource/Accounting Manager Annette Schimmer:

- Operating Income and Operating Expenses should be at 75%
 - Operating Income is at 82.79% | \$71,230.04 | YTD \$871,356.99
 - Operating Expenses is at 63.53% | \$103,516.61 | YTD \$914,614.15
 - Total Operating Income/Loss is at 11.17% | (\$32,286.57) | YTD (\$43,257.16)
 - Total Net Income/Loss is at -18.13% | \$117,651.48 | YTD \$248,563.04
- Past Dues Report: (Aging over 30 days) \$6,478.42 as of today.
- Covered Parking Report: 81 transactions with a net revenue of \$1,938.52 | YTD \$12,334.98
- Fuel Flowage Report: Trego/Dugan Aviation of Grand Island
 - Jet A & 100LL ▪ 116,409.00 gallons delivered | YTD 1,035,828.00
 - Fuel Flowage ▪ \$6,402.50 fuel flowage received | YTD \$56,970.54
 - Diesel ▪ 0.00 gallons delivered | YTD 2,821.00
 - Unleaded ▪ 481.70 gallons delivered | YTD 2,753.80
 - Fuel Flowage ▪ \$26.49 fuel flowage received | YTD \$306.60

Mike Olson stated that by next month he expects fuel flowage to be at the same amount for all of last year. The extra Allegiant flights have helped but the Airbus 319 does use less fuel. To be at the million gallons level already is good.

Construction & Planning Report: Mead & Hunt Project Manager Paul Strege gave an overview of airport projects.

Prior to Paul's updates, Mike Olson explained that on Monday, July 8, Annette Schimmer, Paul Strege and Mike had a conference call with the FAA. The FAA Manager of Airports was on the call and they gave us a choice. Because of sequestration this year there were very few discretionary dollars divvied out in the Central Region and subsequently those projects have been pushed to next year. Since we are working on two projects and both projects will need discretionary dollars – the Terminal Project and the Runway Extension Project – the FAA asked what project was higher priority. Obviously, they were told the Terminal was. In order to appease Washington next year and looking at the ranking of both projects, the Runway Extension is ranked 49th out of 100. The Terminal is ranked 48th out of 100. In order to not get the FAA in Washington confused and potentially lose the funding for the Terminal Project in favor of the Runway Extension Project, a “kibosh” was put on the Runway Extension Project. It was put on hold at least for a year until the financial situation becomes clearer. So there is a stop on the Runway Extension project. A choice had to be made and from what has heard from Board previously, the Terminal is a higher priority. Mike asked if anyone disagreed with the choice made. No one did.

Paul Strege, Mead & Hunt Project Manager, added that the FAA is putting pressure on airports across the country to take a hard look at their entitlement dollars because entitlement dollars that aren't used in a given year get turned back into discretionary and that is the FAA's stop-gap measure for keeping some projects going because their discretionary budget for this entire year is shot. The hope is that the Runway Extension Project taking a backseat for the interim maybe will help when it comes time to ask for discretionary money for construction next year. That's a strong argument that the airport can leverage with the Central Region – that there were two immediate needs and one was put on hold to be put in a better position for funding for construction.

The FBO Terminal project design is about 95% complete on the redesign now. Mead & Hunt is in the process of sending everything to Mike Olson for review to finalize the layout. The next decision to be made is when to bid the project. There are three options – putting it out for bid now, waiting until December, or having it bid concurrently with the Terminal. The Terminal bid would not go out until spring of 2014. He asked the Board to think about it over the next month. Mike Olson said his recommendation to the Board would be to do it in January. He feels the Airport would get better pricing when done in the middle of winter versus the spring. He feels like we would be first on the contractor's list that way. Award the bid in March

or April and have some lead time for the contractor to get materials. If we wait until late spring to put the bid out, we've lost our window of opportunity.

Parking Lot Expansion Phase I. A pre-construction meeting will be held Tuesday, July 16. Anticipated construction start date looks like it will be the last week in August or first week in September.

5-Unit Aircraft Hanger. The design should be completed by the end of July with bids going out in August.

Paul Strege introduced Matt Dubbe and Brett Barry from Mead & Hunt. Both are working on the Terminal project. Matt Dubbe who is the architect on the Terminal project went through a PowerPoint presentation explaining all the phases on the Terminal Design. Design of the Terminal is through 2030, with 3 phases – Construction of fully functional terminal and demolition of Administration building; Expansion of inbound baggage and additional boarding bridge; and Expansion of ticketing, airline offices, outbound baggage, and baggage screening. They are about to start the schematic design period. Key milestones are: April 2014 drawings will be complete and put out for bid; June 2014 construction begins; and September 2015 construction complete.

CONSIDERATION AND APPROVAL OF RESOLUTION NO. 13-45: BUDGET FOR FISCAL YEAR 2013-2014.

Motion by Mr. Caldwell, second by Mr. Hobbs approving the budget for fiscal year 2013-2014, subject to formal adoption of the 2013-2014 budget in accordance with state auditor requirements.

Mr. Caldwell and Mrs. Werner thanked Annette Schimmer and Mike Olson for all the hard work done in preparing the budget.

Upon roll call, motion was approved with a 5-0 vote.

CONSIDERATION AND APPROVAL OF RESOLUTION NO. 13-46: PRELIMINARY LEVY ALLOCATION FROM HALL COUNTY BOARD.

Motion by Mr. Caldwell, seconded by Mr. Cook resolving that the Board's tax request for budget year 2013-2014 is: General Fund – Operations \$192,780; and General Fund Designated for Air Service Development \$250,000. Total tax request \$442,680. Upon roll call, motion was approved with a 5-0 vote.

CONSIDERATION AND APPROVAL OF RESOLUTION NO. 13-47: INCREASE IN RESTRICTED FUNDS BY 1% FOR FISCAL YEAR 2013-2014.

Motion by Mr. Cook, second by Mr. Quandt approving a 1% increase in Restricted Funds for Fiscal Year 2013-2014 in accordance with the State Allowable Increase in Base Limitation (Statute 13-519). Action requires 75 percent majority approval of board.

Bob Beran from Dana Cole explained that restricted funds are the amount of revenue that can be raised from certain types of revenue. The Board is allowed to increase that by 1% each year. If you don't keep up on the 1%, it will affect your general operating tax asking and the way the airport is growing, it's essential that you do this. It's not really affected by the bonds in the construction projects you have but in general operations the increase is needed or you won't be able to ask for the tax that may be necessary. So, it's a pre-emptive increase so you can always stay up with the progress at the airport. Bob added that he reviewed the budget with Mike Olson and Annette Schimmer. They looked at the bond cash flow and wanted to make sure that by the time the major payment is due in 2015 that we have an adequate reserve to make that and he feels we will be there. He wanted to make sure that the Airport doesn't have a deficiency at any time on their funds for the bond payments.

Upon roll call, motion was approved with a 5-0 vote.

CONSIDERATION AND APPROVAL OF RESOLUTION NO. 13-48: PROFESSIONAL SERVICES PROPOSAL WITH QUADREX AVIATION, LLC, TO CONDUCT AN AIRPORT REGIONAL VALUE STUDY.

Mike Olson explained that what we are asking to do is an impact survey. The last one was done by the State of Nebraska back in the 2003 – 2004 time period. The EIS is important because it puts a value on the progress made and it helps when obtaining funding for projects. It can show what kind of value the airport brings. It helps not only at the federal level but at the state level.

Mike introduced Dr. Dave Byers. Dr. Byers explained the Airport Regional Value also known as Airport Community Value is designed to show what the value of the airport is as an asset not just as an economic engine. Essentially it creates a good news story for the airport, that it's not a drain on the community, that it actually creates more economic value than it costs to operate. It's just like a business in town that creates a positive benefit to the community. Generally the outcome of the study will be to identify all those different facets of what the airport means to the community. You'll have a tool to manage the perception of the airport - that it is an asset and you can estimate the value of future development. It will support your financial goals also. He hopes to deliver a report by October.

Motion by Mr. Quandt, second by Mr. Hobbs authorizing the Executive Director to execute Professional Services Proposal with Quadrex Aviation, LLC to conduct an Airport Regional Value Study. The goal of this study is to better understand the economic benefit the Central Nebraska Regional Airport (GRI) provides to the community as a transportation asset. Upon roll call, motion was approved with a 5-0 vote.

At this point, Mr. Caldwell excused himself from the meeting.

CONSIDERATION AND APPROVAL OF RESOLUTION NO. 13-49: EQUIPMENT SPACE LEASE AGREEMENT WITH FEDERAL AVIATION ADMINISTRATION FOR BUNKER 301 LOCATED AT 2563 AMMUNITION WAY, GRAND ISLAND, NE.

Motion by Mr. Quandt, second by Mr. Hobbs authorizing the Executive Director to execute the Equipment Space Lease Agreement with Federal Aviation Administration for Bunker 301 located at 2563 Ammunition Way, Grand Island, NE. Lease commences July 1, 2013 and terminates September 30, 2018. Rent is \$125/mo. Upon roll call, motion was approved with a 4-0 vote.

CONSIDERATION AND APPROVAL OF RESOLUTION NO. 13-50: LEASE AGREEMENT WITH JOHN SCHROEDER DBA SCHROEDER FUR COMPANY FOR BUNKER 302 LOCATED AT 2563 AMMUNITION WAY, GRAND ISLAND, NE.

Motion by Mr. Cook, second by Mr. Quandt authorizing the Executive Director to execute the Lease Agreement with John Schroeder DBA Schroeder Fur Company for Bunker 302 located at 2563 Ammunition Way, Grand Island, NE. Lease commences July 3, 2013 and terminates June 30, 2014. Rent is \$125/mo. Upon roll call, motion was approved with a 4-0 vote.

CONSIDERATION AND APPROVAL OF RESOLUTION NO. 13-51: LEASE AGREEMENT WITH RICHARD GREENWALT DBA GREENWALT SANDBLASTING FOR BUILDING 315 LOCATED AT 2570 AMMUNITION WAY, AND BUILDING 316 LOCATED AT 2569 AMMUNITION WAY, GRAND ISLAND, NE.

Motion by Mr. Hobbs, second by Mr. Quandt authorizing the Executive Director to execute the Lease Agreement with Richard Greenwalt DBA Greenwalt Sandblasting for Building 315 located at 2570 Ammunition Way and Building 316 located at 2569 Ammunition Way, Grand Island, NE. Lease commences September 1, 2013 and terminates August 31, 2014. Rent for both buildings is \$480.80/mo., plus \$27.67/mo. for fire and extended insurance coverage. Upon roll call, motion was approved with a 4-0 vote.

CONSIDERATION AND APPROVAL OF RESOLUTION NO. 13-52: LEASE AGREEMENT WITH CMG ENTERPRISE, LLC, FOR BUNKERS 306 & 308 LOCATED AT 2563 AMMUNITION WAY, GRAND ISLAND, NE.

Motion by Mr. Cook, second by Mr. Hobbs authorizing the Executive Director to execute the Lease Agreement with CMG Enterprise, LLC for Bunkers 306 & 308, located at 2563 Ammunition Way, Grand Island, NE. Lease commences July 1, 2013 and terminates June 30, 2014. Rent is \$50.00/mo. per Bunker for a total of \$100/mo. Upon roll call, motion was approved with a 4-0 vote.

CONSIDERATION AND APPROVAL OF RESOLUTION NO. 13-53: LEASE AGREEMENT WITH KENT ORR FOR BUNKER 310 LOCATED AT 2563 AMMUNITION WAY, GRAND ISLAND, NE.

Motion by Mr. Quandt, second by Mr. Cook authorizing the Executive Director to execute the Lease Agreement with Kent Orr for Bunker 310, located at 2563 Ammunition Way, Grand Island, NE. Lease commences July 15, 2013 and terminates June 30, 2014. Rent is \$50.00/mo. Upon roll call, motion was approved with a 4-0 vote.

CONSIDERATION AND APPROVAL OF RESOLUTION NO. 13-54: EXTENSION OF RESTAURANT/LOUNGE MANAGEMENT AGREEMENT WITH ALOHA INVESTMENTS, LLC.

Motion by Mr. Quandt, second by Mr. Hobbs authorizing the Executive Director to execute the Extension of the Restaurant/Lounge Management Agreement with Aloha Investments, LLC. Term shall be extended for two (2) years commencing September 1, 2013 and terminating August 31, 2015, upon the same terms and conditions as set forth in the Agreement. Operator is granted a one-year option term commencing September 1, 2015 providing Authority receives written notice exercising the option on or before July 1, 2015. Upon roll call, motion was approved with a 4-0 vote.

EXECUTIVE DIRECTOR'S REPORT:

Wings of Freedom Tour – Nice to work with this group. They didn't ask for any money and they were thankful to be here. When they left on Wednesday, Mike received a call Wednesday afternoon, from one of the members telling him they really appreciated being allowed to stop here. There was a person from Grand Island who made a sizeable donation to the foundation. We are going to try to get them back next year hopefully over a weekend where we can do a pancake breakfast and car show. Unfortunately due to the hot weather, the turnout was not stellar.

ANNOUNCEMENTS:

- a) Monday, July 15, 2013, 9:30 am, County Board Room, Budget Presentation to the County Board of Supervisors. Would like HCAA Board attendance so Mike can recognize them.
- b) Next Board Meeting on Wednesday, August 14, 2013.

EXECUTIVE SESSION:

Motion by Mr. Quandt, second by Mr. Hobbs to go into Executive Session to discuss lease, airline and personnel negotiations. Upon roll call, motion was approved with a vote of 4-0 and Board went into Executive Session at 9:40 a.m.

Motion by Mr. Quandt, second by Mr. Hobbs to come out of Executive Session with no decisions being made and reconvene to Regular Session. Upon roll call, motion was approved with a vote of 4-0 and Board came out of Executive Session and into Regular Session at 9:50 a.m.

ADJOURNMENT:

Motion by Mr. Cook, second by Mr. Quandt to adjourn the meeting. Upon roll call, motion was approved with a vote of 4-0 and meeting was adjourned at 10:00 a.m.

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Carole Harmon | Operations Secretary

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Lynne Werner | Board Chair

Brian Quandt | Board Secretary/Treasurer

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323 (SIGNATURES ON FILE)

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