

The North Little Rock Airport Commission Meeting was held at noon on Thursday, August 15, 2019 at the NLR City Services building, planning department conference room.

Chairman Mark Halter called the meeting to order.

The roll being called, the following Commissioners attended: Mark Halter, Brad Hughes, Mark Bentley, Adrienne Smith. Don Blakey arrived after roll call. Adrienne Smith was on via telephone but had to leave halfway through. Mr. Hughes moves to excuse the absence of Jim Julian, Mr. Bentley seconds; the motion carries unanimously.

Also Present: Clay Rogers, Jordan Culver-Garver, Marie Miller- City Attorney's Office

Minutes

Mr. Hughes moves to approve the July meeting minutes, Mr. Bentley seconds, the motion carries unanimously.

Financial Report

Mr. Rogers goes the budget statement through July. Mr. Rogers says nothing stands out to him as a problem. Rent is coming in as it's supposed to, bills are being paid, and fuel sales are still strong. Mr. Bentley moves to approve, Mr. Hughes seconds. The motion carries unanimously.

Old Business

Deer Maintenance- Mr. Rogers updates the commission on progress made on deer maintenance, and efforts he's making with Lt. Honeycutt. Mr. Rogers says the ECO land clearing company from Northwest Arkansas will begin work clearing out the areas where deer are bedding down on the north part of the airport in the next week or two, depending on weather.

Expansion Project- Mr. Rogers updates the commission on how the project is progressing. Mr. Rogers thanks the commissioners that were at the city council meeting where the bond issue funding was approved. Mr. Rogers says he's working with Mr. Halter on leases to show the mayor to get his blessing before moving forward. Mr. Rogers says there may need to be a special call meeting for the commission before the next regular meeting to approve the leases. Mr. Blakey asks about the process for the lease for the restaurant since we've never had one before. Mr. Rogers says he's reached out to Commissioner Bentley with this real estate knowledge, as well as former airport commissioner Rick Ashley who have restaurant leases, the Mayor, and other airport restaurants and comparable restaurants. He is looking for comparable circumstances and leases. Marie Miller from the city attorney's office said they would like to see any proposed leases as well. Mr. Blakey would like to be able to see proposed leases before they have to be voted on, Mr. Rogers says he will send them out when they are ready for the commission.

AWOS update- Mr. Rogers updates the commission on the grant project. We have submitted the application, and he anticipates the grant offer to arrive in the next week or so. Mr. Rogers says he's discussed the project with the FAA program manager and informed her that we would like to vote to approve the grant at this meeting because of the quick turnaround required once the grant offer is received. Mr. Rogers says the program manager told him the grant has been approved and been given a federal grant number, and a do-not-exceed amount, and so he'd like to vote to approve the grant so that when it arrives he can sign it and send it back quickly. Mr. Blakey moves to approve the grant, Mr. Hughes seconds. The motion carries unanimously.

Abandoned Plane- Mr. Rogers says he was contacted by the plane's owner who explained how the mixup happened and his health problems. Mr. Rogers says the owner will pay the back rent, and would like to continue renting a hangar for it.

New Business

NLR Aviation Partners Lease- Mr. Rogers says NLR Aviation Partners wants to build a hangar on three of the plots on the newly constructed apron on the east side. Mr. Rogers says Roger Marlin is in attendance representing NLR Aviation Partners. Mr. Rogers says NLR Aviation Partners is requesting one change to the standard 40 year lease that is for new construction. NLRAP would like to add language that the airport commission will agree that if the airport builds an airport-owned hangar to be leased out, that they will not charge below "the market rate" and that the market rate will be established by consensus of rental rates of like-size hangars located at the NLR airport. NLRAP is concerned that the airport could use grant money or city money to build a hangar and charge less rent which could take customers away from them. Mr. Blakey asks if that language is in any of the other leases we have signed, Mr. Rogers says no it is not. Mr. Blakey shares his concerns on adding that language in. Mr. Halter says he understands the concept but shares some concerns about the impact that has on other existing leases and airport owned hangars being rented, and that we'd obligating ourselves to something when we don't even know what that market rate number is right now, or what it would be in the future. Mr. Marlin says his concern is that the commission has mentioned interest in building a hangar on that apron, and he wants to protect his group's investment. Mr. Halter says he'd like some time to think about it and that we could have a vote on the issue at a special call meeting that Mr. Rogers says we will be having anyway. Bill Schlatterer is in attendance and shares concerns. Mr. Halter suggests we look at these issues and vote at a special call meeting. Mr. Blakey agrees. No motion is made.

AWOS Grant- Mr. Rogers says this has already been covered.

NLR Jet Center Lease- Mr. Rogers says the NLR Jet Center is up for renewal soon. Mr. Rogers gives the commission a list of changes that Tommy Murchison is requesting on the new lease. Mr. Murchison is requesting the assignment clause be the same as what is in the standard leases that allow for lease assignment with commission approval. Mr. Halter says he is comfortable with that. Mr. Rogers says Mr. Murchison is requesting a 10 year lease with 3 10 year options, and a rental rate of \$1.00 per square foot rate. Mr. Rogers would like to see a CPI adjustment every 5 years. Mr. Blakey asks if everything else in the new lease would be the same as the old lease, including the provision that the airport agrees to not engage in fuel sales during the term of this lease. Mr. Rogers says that point is listed to discuss, but that Mr. Murchison would like to keep that provision in the lease. Mr. Rogers says the other item to discuss is the maintenance agreement. Mr. Blakey says he has an issue with the fuel sales restriction and that it limits what the airport is able to do. Mr. Rogers says Mr. Murchison is concerned that the airport could use grant or city money to put in a fuel system to compete against him, and the airport won't have the same issues of paying off the investment with interest the way a private company does. Mr. Rogers says he has added in proposed language to that clause that if the NLR Airport could step in and sell fuel if the Jet Center isn't meeting its obligation to sell fuel, or if the airport would like to sell fuel that is not currently offered at the airport, such as auto gas if that's the way the aviation industry changes. Mr. Hughes asks if that language applies to only the airport commission, or to other entities. Mr. Rogers says the commission is not allowed to give exclusive rights, and that we can't keep another private entity from selling fuel if they would like to do so. Mr. Rogers says we are in a good position because of the electric department and water department paying us rent, and not all airports are able to do that so selling fuel is the best way for those airports to generate revenue. Mr. Rogers says the NLR Airport is self-sufficient because of those entities and hangar rents around the airport. Mr. Blakey says the airport might want to sell fuel on the east side of the airport at some point, but our hands would be tied for the entire length of this lease and we would not be able to sell fuel if we wanted. Mr. Blakey says we don't want to do that right now, but we might want to in the future and we should be able to. Mr. Rogers says he understands that and that's why he tried to come up with language that gives us more options. Presley Melton is in attendance and asks about the rental rate if it's the same as other ground leases. Mr. Rogers says a ground lease for new construction starts at 40 cents per square foot, and when the airport owns the ground and the hangar, it's \$1.00 per square foot. Mr. Melton asks if the airport has done any market research on rental rate for a hangar that size. Mr. Halter says we did several years ago but not recently. Mr. Blakey says that would be a good idea to do. Mr. Murchison is in attendance and says based on what is charged at other bigger airports, that is a competitive rate. Mr. Murchison says he took a chance on the business when he started, and he's helped the airport business grow over the years. He says they have helped support the airport in their endeavors and airshows, and continued operating even after

a catastrophic tornado did damage to his hangar and after having a deer strike. Mr. Murchison says he would like to continue being an asset to the airport. He says he understands Mr. Blakey's concerns, but with all he's invested he would like to continue that, and he doesn't not want to have to be in competition for fuel with his landlords. He wouldn't want to be in business competition with his landlord anywhere, whatever it was. Mr. Murchison says the fuel restriction does give equity in the business that benefits him, but it also benefits the airport should something happen to him and he has to sell, the airport would have a lease with equity to entice a new owner. He says that lease would help attract a new owner. He says he understands and agrees to the language that if he isn't fulfilling his obligation to sell fuel that the airport could step in, and that language gives the airport more options than the original lease. Mr. Murchison says he believes his proposed changes mirror other leases and are fair. Mr. Halter says the new Canino lease is also at \$1.00 per square foot. Mr. Blakey says he thinks Marion Burton, a former Arkansas Department of Aeronautics commissioner, told him at one point the airport cannot bar anyone from selling fuel, including itself. Mr. Murchison says he disagrees with that and the FAA advisory circular says you can't grant a monopoly on services, but that doesn't mean the airport can't agree to not sell fuel. Ms. Miller from the city attorney's office says she can look into that issue when she is back in her office. Renee Garris is in attendance and shares concerns of it hurting private business. Mr. Schlatterer shares concerns that rate and that the lease term is too long, and it ties up the airport commission for that whole time. Mr. Halter says \$1.00 per square foot is the going rate on airport owned hangars. Mr. Halter says we need to move on unless someone wants to make a motion on the proposed lease changes. Mr. Rogers says we can think on this and vote on the lease at the special call meeting. Mr. Melton asks what advantage is it to the commission to give 40 years worth of options on a building that likely won't be around for 40 years. There is general discussion on lease term options. Mr. Halter says if there is no motion we need to move on. No motion is made.

State Grant options- Mr. Rogers says he talked to Jerry Chism at the ADA about the possibility of a state grant to build a T-Hangar. Mr. Chism said it still depends on how the income goes in the near future, but right now they have approved a couple of T hangars at other airports. Mr. Rogers says there is also a need for some repair work on the perimeter road in an area that is washed out and needs to be fixed. He says the issue is drainage related, and would be costly to fix. MR. Rogers says if we want to apply for a grant to build a hangar, we should submit an application to go ahead and get it in the queue. Mr. Blakey says he would like to do a grant for a new hangar. Mr. Hughes agrees.

2020 Budget- Mr. Rogers presents the proposed 2020 budget to the commission. He says he's added in what he anticipates in increased revenue from hangar leases, and dispersed that additional revenue into expense line items, mostly in the line item for maintenance

of building and grounds, which is always the biggest expense. He says he added some more money into professional services as well anticipating architecture and engineering fees associated with the expansion project. Mr. Hughes moves to approve the budget, Mr. Bentley seconds. The motion carries unanimously.

Engineer's Report

Jordan Culver says he has nothing further.

Directors Report

None.

Public Comment

Mr. Melton asks if the windsock has been repaired on runway 5. Mr. Murchison said it looked hung up the other day. Mr. Rogers says he'll look into it.

Mr. Bentley moves to adjourn, Mr. Hughes seconds.

The meeting is adjourned.