



Airport Authority Board of Directors Minutes of April 17, 2019

Directors Present: John Picard, Rich Jacob, Peter Leonardi, Vin Petrini, Mark Sklarz, David White, Matt Hoey, Dan Adams, Kevin Arnold

Via Telecom: Serena Neal-Sanjuro, Paul Constantinople Jr., Karen O'Connell

Directors Absent: J. Peter Wilson, Anthony Verderame

Others in Attendance: Jeremy Nielson, Felipe Suriel, Alicia Seremet, Karen Wait, Dean Wojtak, Diane Proto, Evan Warren, Mark Zaretsky

The meeting was called to order at 4:00PM by Mr. Picard.

Motion to approve meeting minutes from March 20. Approved unanimously.

1. Interim Executive Director's Report

Mr. Hoey informed the Board that, on March 27th, the Airport received official notice from American Airlines that Republic Airways, a regional subsidiary flying under American Eagle, would be flying one of the daily flights to PHL using their Embraer Regional Jet 175 (E175) fleet. PSA would also be flying the CRJ700 on a regularly scheduled basis. With the increase in aircraft size, the TSA requires airports with regularly scheduled air carrier service with 61 seats or greater to maintain a complete TSA-approved Airport Security Program, which would require significant investment on behalf of the airport, including enhancements to security infrastructure and increased personnel to manage these systems.

Mr. Hoey stated that meetings between management and TSA officials have been held, and that both parties will closely coordinate while the Airport completes the necessary steps to increase the airport's security category from a CAT IV to CAT III. Mr. Hoey also reported the Airport has received TSA approval for an Alternate Means of Compliance (AMOC) to meet the necessary security requirements, allowing all flights to operate out of HVN in the interim. It was also noted that HVN has already implemented the



necessary measures to comply with the AMOC, which will expire on September 30, 2019, at which time the Airport expects the TSA will have approved the CAT III Airport Security Program.

Mr. Hoey stated that the required updates to the access control system will cost approximately \$450,000-500,000. Due to the time-sensitive nature of the required security improvements, AvPORTS has agreed to serve as lead contractor for the access control project. As a result, the AvPORTS management agreement will be amended, extending the agreement for an additional year, among other changes.

Mr. Hoey also referenced an airport security related incident that occurred on March 21st. The threat surfaced on social media and was ultimately deemed to be non-credible by the FBI. The Airport will continue to work with tenants and stakeholders to keep all informed of any similar future incidents, as directed by law enforcement.

2. Chairman's report

Mr. Picard stressed that, in regards to the upcoming improvements to air carrier service at Tweed, the Airport must move forward and make the necessary investment in the security upgrades, or else risk losing additional business / larger aircraft to other airports.

Mr. Picard introduced Resolution #479: Approval of AvPORTS' Funding Commitment for Security Enhancement Project, which was read to the Board. Motion to approve the resolution was received. The Resolution was unanimously approved. Mr. Leonardi clarified that the security system upgrade is out of capital expense and not operating.

Mr. Picard introduced Resolution #480: Approval of Procurement of Consulting Services on an Emergency Basis for the Security Enhancement Project, which was read to the Board. Motion to approve the Resolution was received. The Resolution was unanimously approved. Mr. Adams asked if the \$500,000 price was for the entire project or just consulting. Mr. Picard advised the fee is for the completion of the entire project.



3. Audit and Finance Report

Mr. Arnold stated revenues are down and expenses up for the month of February. Although Net Income reflects a loss of \$6,270, the Airport remains approximately \$115,000 in the black YTD, which is partially due to the Executive Director position salary no longer being paid.

Mr. Arnold reported that both he and Mr. Hoey completed a comprehensive review of the draft budget submitted by AvPORTS and feel more comfortable with the numbers than ever in the past. Mr. Arnold noted that Mr. Hoey has agreed to serve as the Interim Executive Director until August / September 2019 timeframe, allowing for a FY2020 balanced budget. If and when a new executive director is hired, the salary will more than likely fall within a lower range in comparison to the previous director's compensation. Increases to the Operations Department payroll reflect hiring four additional personnel to provide for the necessary TSA security requirements previously discussed. It was also noted that Payroll taxes are now reflected as a separate line item. Removing the necessity of adding the new employees to operations, this year's budget is comparable to the current year's budget. A Motion to approve the draft budget, as presented, was passed by a unanimous vote.

4. Airport Managers Report

Mr. Nielson reported two responses were received for the Master Plan Update. Currently, AvPORTS is in the process of submitting to FAA for funding for this project, on behalf of the Authority.

Mr. Nielson also reported that replacement of the Airport Security Coordinator will be on hold until August to meet budget constraints. New rates and charges will take effect July 1st. Meanwhile, the staff is getting ready for the FAA inspection in June. At this moment, the airport is waiting on the CAA to issue the letter of demand to the property owner of tree obstruction in relation to the displacement of runway 20. If the owner does not comply, then a court order will be issued to remove the tree. Finally, Mr. Nielson reported the airport is currently working closely with the TSA to update the Airport Security Program to ensure compliance by the September 30, 2019 deadline.



Mr. Petrini noted that the enplanements rose 23% from last year. Mr. Nielson stated that Jumpstart will be June 3-5 in Nashville, where the Airport be represented and meet with eight airlines to promote new service. Efforts are also in the works to meet with American Airlines at their corporate office in Dallas.

Other Business:

Mr. Hoey informed the Authority that he would be presenting the TNHAA FY2020 Operating Budget to the Board of Alders on April 25, 2019.

Public Comment:

None

Meeting adjourned at 4:41PM by Mr. Picard

Respectfully submitted,

Alicia Seremet
AvPORTS