



**CITY OF CLEVELAND
MUNICIPAL AIRPORT AUTHORITY
AGENDA
January 22, 2016
9:00 A.M.**

- I. CALL TO ORDER**

- II. ROLL CALL**
 - A. _____ Lou Patten (Chairman)
 - B. _____ Verrill Norwood (Vice Chairman)
 - C. _____ Lynn DeVault
 - D. _____ Mike McCoy
 - E. _____ Steve Wright

- III. ACCEPTANCE OF MINUTES (December 2015)**

- IV. COUNCIL APPOINTMENT OF LYNN DEVAULT (Filling Vacancy Left by the Resignation of LeRoy Rymer - Term Expires Sept. 2020)**

- V. ELECTION OF SECRETARY/TREASURER**

- VI. UPDATES**
 - A. Construction Updates (Mark Fidler)
 - B. Director's Report (Mark Fidler)
 - C. FBO Report (Taylor Newman)

- VII. UNFINISHED BUSINESS**
 - A. Discussion and Approval of Short-Term FBO Contract with Crystal Air

- VIII. NEW BUSINESS**
 - A. None

IX. BOARD MEMBER REPORTS

- A. Lou Patten**
- B. Verrill Norwood**
- C. Lynn DeVault**
- D. Mike McCoy**
- E. Steve Wright**

X. ADJOURNMENT

Next Scheduled Meeting – February 26, 2016

Informational Attachments:

Authority Attendance Log (Page 1)
Payments (Page 2)

CLEVELAND MUNICIPAL AIRPORT AUTHORITY

- ROLL CALL -

MEETING DATE: Jan 22, 2016

L Patten

Lou Patten

Verrill Norwood

Verrill Norwood

Lynn DeVault

Steve Wright

Steve Wright

Mike McCoy

Mike McCoy

CLEVELAND AIRPORT AUTHORITY

SIGN IN SHEET

MEETING DATE: Jan 22, 2016

Name & Company Name: (<u>PRINT</u>)	Address:	E-mail:
1 <u>Tara Newman Crystal Air Inc</u>		
2 <u>Joyanna Love</u>		
3 <u>Paul Lamb CHARTER?</u>		<u>lmoran@clevelandtn.gov</u>
4 <u>Brian Moran</u>		
5		
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Payments

PDC	South Development	Invoice 16	\$ 3,680.00
Evans-Alley	South Development (Utilities)	Invoice 16	\$ 92,150.00
PDC	Long Term Monitoring	Invoice 7	\$ 3,901.00

Date: 1/06/2016
 1
 Time: 12:10
 GL6660
 User: CHRISTY

City of Cleveland
 Expenditure Report
 December 2015

Page:
 Id:

Fund: 110-GENERAL FUND

Monthly Comparative % 50.0000

Acct Number -----Account Name-----

Acct Number	Account Name	ANNUAL BUDGET	MTD EXPENSES	YTD EXPENSES	UNEXPENDED
52500-111	SALARIES	73,400.00	5,640.48	34,215.15	39,184.85
52500-119	CONTRACTED SERVICES-FBO	92,000.00	5,821.73	35,435.41	56,564.59
52500-133	SOLD VACATIONS	1,500.00			1,500.00
52500-134	CHRISTMAS BONUS	200.00	108.28	108.28	91.72
52500-140	DENTAL INSURANCE				
52500-141	SOCIAL SECURITY TAX	5,900.00	485.69	3,024.84	2,875.16
52500-142	HEALTH INSURANCE			14.00	-14.00
52500-143	RETIREMENT EXP	12,600.00	1,013.61	6,530.13	6,069.87
52500-144	LIFE & DISABILITY INS	900.00	70.10	420.60	479.40
52500-145	VISION INSURANCE				
52500-149	WORKER'S COMP CLAIMS	500.00			500.00
52500-191	LAUNDRY & DRY CLEANING	600.00		13.90	436.10
52500-197	CLOTHING ALLOWANCE	400.00		350.00	50.00
52500-211	POSTAGE/SHIPPING EXP	300.00		43.56	256.44
52500-221	PRINTING EXP	500.00			500.00
52500-228	SERVICE AGREEMENT-CU				
52500-237	ADVERTISING	5,000.00	809.57	1,173.92	3,826.08
52500-239	SUBSCRIPTIONS/MEMBERSHIPS	1,000.00	401.40	401.40	598.60
52500-241	UTILITIES EXP	45,000.00	3,262.84	16,103.50	28,896.50
52500-245	TELEPHONE EXP	15,300.00	738.01	4,397.79	10,902.21
52500-251	CONTRACTED SVCS-SECURITY	1,000.00			1,000.00
52500-254	AIRPORT MASTERPLAN				
52500-266	BUILDING MAINTENANCE	6,000.00	2,115.04	3,475.21	2,524.79
52500-267	GROUND MAINTENANCE	8,000.00		3,866.82	4,133.18
52500-282	CAR ALLOWANCE	4,200.00	350.00	2,100.00	2,100.00
52500-283	TRAVEL & TRAINING EXP	3,000.00			3,000.00
52500-288	WORK SESSION MEALS	2,000.00			2,000.00
52500-290	CREDIT CARD FEES	12,000.00		4,443.16	7,556.84
52500-291	LEASE AGREEMENT EXPENSE	30,000.00	2,500.00	12,500.00	17,500.00
52500-292	FUEL TRUCK LEASES (2)	12,000.00	1,000.00	6,000.00	6,000.00
52500-319	OFFICE SUPPLIES	1,200.00	83.98	113.95	1,086.05
52500-321	OPERATING EXPENSES	1,500.00			1,500.00
52500-324	JANITORIAL EXPENSES	2,000.00			2,000.00
52500-331	GASOLINE EXP	3,000.00		377.38	2,622.62
52500-332	REPAIRS & PARTS	5,000.00	695.45	4,282.17	717.83
52500-333	AVGAS & JETFUEL PURCHASES	900,000.00	49,979.03	208,509.45	691,490.55
52500-511	INS-BLDGS & CONTENTS	9,800.00		9,628.07	171.93
52500-512	INS-VEHICLES & EQUIPMENTS			332.00	-332.00
52500-513	INS-GENERAL LIABILITY	3,500.00		1,216.00	2,284.00
52500-599	MISCELLANEOUS	500.00	33.34	851.83	-351.83
52500-921	HARDWICK BLDG-JONES				
52500-930	MITIGATION/ROLLING HILLS				
52500-942	SMALL EQUIPMENT	1,400.00			1,400.00

RP9230GL

TOTAL CLEVE REGIONAL JETPORT

1,261,200.00

75,108.55

359,928.52

901,121.48

Fund Total

1,261,200.00

75,108.55

359,928.52

901,121.48

359,928.52
- 284,056.14
75,872.38

11/15 YTD
12/15 YTD
12/15 MTD

12/15
v.2

12/15
v.2

**Cleveland Municipal Airport Authority
Cleveland Regional Jetport (KRZR)**

Operating Revenues and Expenses

FY 2015: July 1, 2015 thru June 30, 2016

Revenue Sources as of 01/07/16	December			Year to Date = 50% of FY 2016			YTD %'age of Budget	Budgeted	
	Quantity	\$ Amount	%'age	Quantity	\$ Amount	%'age		\$ Amount	%'age
Jet-A	13,526.00	\$ 36,205.25	61.5%	84,554.80	\$ 234,819.67	63.6%	26.5%	\$ 886,400.00	70.3%
100LL AVGAS	2,212.73	\$ 9,196.79	15.6%	14,979.61	\$ 66,897.55	18.0%	33.0%	\$ 202,500.00	16.0%
Total Fuel	15,738.73	\$ 45,402.04	77.1%	99,534.41	\$ 301,717.22	81.3%	27.7%	\$ 1,088,900.00	86.3%
4.5% Fuel Tax		\$ (2,043.09)	(3.5%)		\$ (13,577.26)	(3.7)%	27.7%	\$ (49,000.00)	(3.9)%
NET FUEL		43,358.95	73.6%		\$ 288,139.96	77.6%	27.7%	\$ 1,039,900.00	82.4%
Ramp Fees	16	\$ 1,200.00	2.0%	92	\$ 6,975.00	1.9%	43.6%	\$ 16,000.00	1.3%
Tie Downs	12	\$ 293.80	0.5%	88	\$ 3,873.50	1.0%	96.8%	\$ 4,000.00	0.3%
GPU Fees	1	\$ 25.00	0.1%	13	\$ 345.00	0.1%		\$ -	0.0%
Total Fees		\$ 1,518.80	2.6%		\$ 11,193.50	3.1%	56.0%	\$ 20,000.00	1.6%
Total Ramp Op's		\$ 44,877.75	76.2%		\$ 299,333.46	80.7%	28.2%	\$ 1,059,900.00	84.0%
T-Hangar Leases	22	\$ 6,350.00	10.8%	118	\$ 33,275.00	9.0%	33.0%	\$ 100,800.00	8.0%
Property Leases	10	\$ 7,284.18	12.4%	53	\$ 37,081.95	10.0%	57.0%	\$ 65,000.00	5.1%
Total Leases		\$ 13,634.18	23.1%		\$ 70,356.95	19.0%	42.4%	\$ 165,800.00	13.1%
FBO %'age Return		\$ 35.07		5	\$ 364.59	0.1%	24.3%	\$ 1,500.00	0.2%
Facility (Room) rent	2	\$ 350.00	3.5%	7	\$ 1,055.00	0.3%	14.1%	\$ 7,500.00	0.6%
Advertising								\$ 15,000.00	1.2%
Special Events								\$ 11,500.00	0.9%
Other		\$ -			\$ -			\$ -	0.0%
Other		\$ -			\$ -			\$ -	0.0%
Total Other Revenue		\$ 385.07	0.7%		\$ 1,419.59	0.4%	4.0%	\$ 35,500.00	2.9%
Total Ops Revenue		\$ 58,897.00	100%		\$ 371,110.00	100%	29.4%	\$ 1,261,200.00	100%
Budgeted Expenses - Prorated Retained		\$ 105,100.00 178.4% \$ (46,203.00) (78.4%)			\$ 630,600.00 169.9% \$ (259,490.00) (69.9%)		50.0%	\$ 1,261,200.00 100%	
Actual Posted Expen: 01/06/16 Retained		\$ 75,872.38 128.8% \$ (16,975.38) (28.8%)			\$ 359,928.52 97.0% \$ 11,181.48 3.0%		28.5%	\$ 1,261,200.00 100%	
Other:		\$ -			\$ -			\$ -	

Notes:

Cleveland TN Regional Jetport

Monthly Fuel Quantity Report

December, 2015

	Jet Fuel		AvGas		Totals	
As of 1 December, 2015						
Tank	6,240.00		10,452.00		16,692.00	
Truck	<u>3,000.00</u>	9,240.00	<u>1,000.00</u>	11,452.00	<u>4,000.00</u>	20,692.00
Fuel Purchased:						
12/07/2015	8,011.00				8,011.00	
12/29/2015	7,802.00				7,802.00	
		15,813.00		0.00		15,813.00
As of 31 December, 2015 and Purchases		<u>25,053.00</u>		<u>11,452.00</u>		<u>36,505.00</u>
Inventory at closing: 31 December, 2015						
Tank	8,572.00		8,303.00		16,875.00	
Truck	<u>3,000.00</u>		<u>1,000.00</u>		<u>4,000.00</u>	
		11,572.00		9,303.00		20,875.00
Estimated Fuel Sales from Farm		13,481.00		2,149.00		15,630.00
Metered Fuel Sold, December 2015		13,526.00		2,165.00		15,691.00
Self Serve Fuel Sold, December, 2015				47.73		47.73
Total Metered Fuel Sold		<u>13,526.00</u>		<u>2,212.73</u>		<u>15,738.73</u>
Difference from Estimated Fuel Sold		45.00		63.73		108.00
Percentage from Estimated		0.4%		0.7%		0.5%

Fuel on hand readings are based on calibrated dip-stick findings. Inherent errors accumulate during the fuel storage and transfer process (temperature fluctuation, residual fuel in system and pipes, evaporation loss, etc).

FBO Price List 2016				
Type	Ramp Fee	Fuel Purchase Waiver	Overnight Fee	Hanger Fee
Category 1A- single piston C-172/Bonanza/Cherokee/ETC.	\$0	0	\$7 Per	\$25 Per
Category 1B- twin piston C-421/Baron/Duke/ETC.	\$10	10 Gal. (T/O)	\$10 Per	\$35 Per
Category 1C- Helicopter	\$0	0	\$10 Per	N/A
Category 2-turbo prop/ light jet King Air/Eclipse/Premier/ETC.	\$50	50 Gal. (T/O)	\$50 Per	\$125 Per
Category 3- Jet Ultra/Excel/Beechjet/ETC.	\$75	100 Gal. (T/O)	\$75 Per	N/A
Category 4- Heavy Jet Falcon/Gulfstream/Challenger/ETC	\$125	200 Gal. (T/O)	\$125 Per	N/A
Category 5- Airliner B737/Airbus/DC9/ETC.	\$300	400 Gal. (T/O)	\$300	N/A
*All Fees Waived For Military/Government/and Medical Aircraft				

Service	Price	Fuel Purchase Waiver
GPU	\$25 Per Hour	*see category above
Lav Service (external)	\$20	no
Lav Service (internal)	\$35	no
Tow off of Runway or Taxiway	\$50+	no
Catering	20% of bill	no
Conference Room (small and midsize)	\$20 hr/\$100 day	1 hour free
Conference Room (large media Room)	\$50 hr/\$250 day	no
Catering kitchen	\$10 hr/ \$50 day	Negotiable

Jet Fuel Discount Structure
150 + Gallons -\$.15
300 + Gallons -\$.20
500 + Gallons -\$.30
800 + Gallons -\$.50

July 2013 - June 2014

	Qty	Amount	Avg Price
Inventory			
Jet Fuel	94,806.00	431,862.12	4.56
100LL	27,284.34	148,168.78	5.43
Total Inventory	122,090.34	\$ 580,030.90	\$ 4.75
Parts			
Discount			
Jones Jet Fuel (Contract Discount)	12,824.00	-16,719.94	-1.30
Ocoee Foundation (Contract Discount)	2,506.00	-2,689.72	-1.07
Total Discount	15,330.00	\$ (19,409.66)	\$ (1.27)
Service			
GPU			
Engine start	4.00	100.00	25.00
GPU - Other	3.00	115.00	38.33
Total GPU	7.00	215.00	30.71
Tiedown			
Large single	2.00	20.00	10.00
Large twin	3.00	45.00	15.00
Monthly single	6.00	270.00	45.00
Single (Tie down per night)	24.00	206.00	8.58
Twin	6.00	40.00	6.67
Tiedown - Other	8.00	64.00	8.00
Total Service	63.00	1,075.00	

Contract Discounts

Ocoee	\$	0.50
Jones	\$	0.30

Average Cost

Jet	\$	2.96
Avgas	\$	4.34

assumes 2014-2015 margin

Average sales price per gallon

Jet	\$	4.35
Avgas	\$	5.43

Average Margin per product

Jet	\$	1.39
Avgas	\$	1.09

Average Margin per product
not including contract customers

Jet	\$	1.60
Avgas	\$	1.09

Cleveland Regional Jetport Sales by Item Summary July 2014 through June 2015

	Qty	Amount	Avg Price
Inventory			
Jet Fuel	166,274.00	\$ 772,995.51	\$ 4.65
100LL	29,470.40	\$ 153,442.89	\$ 5.21
Total Inventory	195,744.40	\$ 926,438.40	\$ 4.73
Parts			
Discount			
Bob Miller Jet (Contract Discount Jet Fuel)	7,527.00	\$ (11,718.89)	\$ (1.56)
Jones Avgas (Contract Discount)	2,110.80	\$ (1,670.53)	\$ (0.79)
Jones Jet Fuel (Contract Discount)	98,097.00	\$ (170,339.99)	\$ (1.74)
Ocoee Foundation (Contract Discount)	23,556.00	\$ (34,428.21)	\$ (1.46)
Total Discount	131,290.80	\$ (218,157.62)	\$ (1.66)
Service			
GPU			
Engine start	10.00	\$ 250.00	\$ 25.00
Standby power	1.00	\$ 45.00	\$ 45.00
GPU - Other	2.00	\$ 50.00	\$ 25.00
Total GPU	13.00	\$ 345.00	\$ 26.54
Ramp Fee	130.00	\$ 9,750.00	\$ 75.00
Tiedown			
Heavy Jet (Overnight Jet Fee Over 20,000 lbs)	2.00	\$ 300.00	\$ 150.00
Jet - small (Under 20,000 overnight)	14.00	\$ 1,307.00	\$ 93.36
Large single	3.00	\$ 30.00	\$ 10.00
Large twin	9.00	\$ 135.00	\$ 15.00
Monthly single	15.00	\$ 675.00	\$ 45.00
Single (Tie down per night)	36.00	\$ 252.00	\$ 7.00
Turboprop	3.00	\$ 150.00	\$ 50.00
Twin	11.00	\$ 1,025.00	\$ 93.18
Tiedown - Other	7.00	\$ 58.00	\$ 8.29
Service Income	243	\$ 14,027.00	

Contract Discounts

Jones	\$	0.30
Miller	\$	0.45
Ocoee	\$	0.50

Average Cost

Jet	\$	2.61
Avgas	\$	4.12

Income per Item per gallon

Jet	\$	3.35
Avgas	\$	5.15

Average Margin per product

Jet	\$	0.74
Avgas	\$	1.03

Average Margin per product not including contract customers

Jet	\$	2.04
Avgas	\$	1.09

Top Fuel Purchasers

<u>Jul '15 - Dec 15</u>	
1 Jones Airways	\$ 114,024.26
2 Meridian 776KC, LLC	\$ 35,535.14
3 Crystal Air Inc.	\$ 17,212.74
4 Wright Steve	\$ 9,826.38
5 Calhoun, Alvin	\$ 7,068.93
6 Med-Trans	\$ 4,562.00
7 Bob Miller	\$ 3,181.18
8 State of Tennessee	\$ 2,563.00
9 TVA	\$ 2,497.31
10 Renner Rob	\$ 2,080.01
Walk in	\$ 95,538.87

Top 10 customers are
67% of sales

Walk in customers are
32% of sales

<u>Jul '14 - Jun 15</u>	
1 Jones Airways	\$ 300,505.89
2 Meridian 776KC, LLC	\$ 75,114.79
3 Crystal Air Inc.	\$ 63,784.39
4 Wright Steve	\$ 24,247.33
5 Bob Miller	\$ 22,992.13
6 Hutcheson, Rickey	\$ 2,591.63
7 TVA	\$ 2,502.09
8 State of Tennessee	\$ 2,252.54
9 Viser Tim	\$ 2,208.07
10 Renner Rob	\$ 2,078.86
Walk in	\$ 193,041.96

Top 10 customers are
70% of sales

Walk in customers are
27% of sales

<u>Jul '13 - Jun 14</u>	
1 Jones Airways	\$ 198,218.46
2 Crystal Air Inc.	\$ 54,615.19
3 Wright Steve	\$ 15,743.69
4 Meridian 776KC, LLC	\$ 12,756.99
5 Sheehan John	\$ 6,473.72
6 Voice of Evangelism	\$ 4,798.85
7 Ray, Troy	\$ 2,374.31
8 Renner Rob	\$ 2,042.75
9 Kalister Rick	\$ 2,028.52
10 Ellis, Claude	\$ 1,438.63
Walk in	\$ 225,093.05

Top 10 customers are
54% of sales

Walk in customers are
40% of sales

Does not include self serve fuel, which would all be Walk-In

**MINUTES
CITY OF CLEVELAND
MUNICIPAL AIRPORT AUTHORITY**

**January 22, 2016
9:00 A.M.**



Be it recorded that the Cleveland Municipal Airport Authority met in a regular session on Friday, January 22, 2016, at 9:00 a.m. in the Cleveland Municipal Council Room.

MEMBERS PRESENT: Lou Patten, Verrill Norwood, Mike McCoy, and Steve Wright

MEMBERS ABSENT: Lynn DeVault

CITY STAFF: Kristi Powers (PW Support Services Manager), Mark Fidler (Airport Manager), Renea Brown (Recording Secretary), Beverley Lindsey (Executive Assistant to the City Manager), Melinda Carroll (Assistant City Manager), Brian Moran (Social Media & Community Relations/Grants Coordinator), Janice Casteel (City Manager) and Shawn McKay (City Clerk)

FBO STAFF: Taylor Newman

CONSULTANTS: None

GUESTS: None

MEDIA: Joyanna Love (Cleveland Banner), Steve Crass (Cleveland Banner) and Paul Leach (Times Free Press)

CALL TO ORDER

The meeting was called to order by the Chairman, Lou Patten, at 9:05 a.m.

ROLL CALL

Chairman Patten called the roll and is recorded above as Members Present.

As the first order of business, Chairman Patten congratulated Steve Wright on being selected as an M.C. Headrick Free Enterprise Award winner at the Chamber banquet last night.

ACCEPTANCE OF MINUTES

The Chairman called for a motion to accept the minutes from the December 4, 2015, meeting. Verrill Norwood so moved, seconded by Mike McCoy and was unanimously passed.

COUNCIL APPOINTMENT OF LYNN DEVAULT (Filling Vacancy Left by the Resignation of LeRoy Rymer – Term Expires Sept. 2020)

Chairman Patten announced the Council's appointment of Lynn DeVault to fill LeRoy Rymer's term.

ELECTION OF SECRETARY/TREASURER

Chairman Patten called for a motion to elect a Secretary/Treasurer. Mike McCoy made a motion to elect Lynn DeVault; seconded by Verrill Norwood and was unanimously passed.

UPDATES

Construction Update (and slide show presentation)

South East Jet Center

Mark Fidler reported the foundation work with the South East Jet Center hangar project is complete; all that is left is to pour the driveway. They anticipate moving in sometime during March.

T-Hangars

The roof is currently being installed on the t-hangars. The panels that separate the hangars have already been completed, as well as the top half of the doors. Massey Electric has been on-site every day for the last couple of weeks installing the electrical conduit and pre-wiring throughout the building. Motors for the doors are already hung. Yesterday, Cleveland Utilities came by and conducted the electrical inspection for the installation of the initial power application to the building; which passed. Several days have been lost this week due to weather, but we are still looking between February 22nd and 25th for the completion date.

MedTrans/Erlanger Hangar

The MedTrans/Erlanger facility is almost finished. Inside the hangar, there are three resting rooms for the crew to go and relax; and will include a full kitchen complete with special equipment for plasma and blood. It will be staffed 24/7. The hangar is large enough for two helicopters and the helipad parking area has been widened enough to accommodate a fixed wing aircraft. They are looking to be moved in by the first week in February, and plan to have a reception/dedication ceremony to be announced at a later date.

One unique thing about this project is there were no utilities or anything going to this part of the field. Mark secured the funding from TDOT to go ahead and bring the infrastructure needs to the facility which meant nearly four hundred feet of water, gas and sewer lines had to be brought in from Dry Valley Road. The communications lines were brought in to run parallel to the water, sewer and electric lines. We were under obligation to have the work completed by December 15th in order to accommodate MedTrans/Erlanger's plans of occupation by late December. Even though we met our obligation, they had construction delays.

Alvin Calhoun Hangar

Alvin Calhoun's hangar was completed last week. He has moved his Cessna 412 in.

Other

The rotating beacon lights were replaced yesterday.

Director's Report

Tony Raspa

Mark Fidler reported he had sent Tony Raspa a note asking him if he wanted to join us at today's

meeting. He responded that he was not going to be able to build for at least another year and wanted to just move into a t-hangar. He has been added to the t-hangar list. His now vacant property location, North 6, is available for lease. It is the only 60 x 60 spot remaining at the Jetport.

Tennessee Aviation Task Force

The Tennessee Aviation Task Force, which Lou Patten has been involved with, is looking to find a solution to the funding issues we are faced with following the revision of the tax situation with FedEx. There is a funding shortage and the State, through this task force, is attempting to find a solution. They have come up with five alternative proposals; predominately...will take funds that are currently in the general fund and apply those to TDOT projects. There is also a proposal to revise the funding formulas. Previously throughout the State, funds were distributed 50/50 between the Part 139 Air Carrier Airports and the general aviation airports. The suggestion now is thirty-nine percent of the funds be applied to the general aviation airports and fifty-six percent to the 139 airports; the remaining percentage would go to TDOT administrative costs. There are some objections to this by all of the general aviation airports throughout the State. We are making a deliberate effort to try and get that consideration reviewed again. Tom Burgess explained there was only money for ongoing maintenance. Most of their funds are dedicated to obstruction clearance and safety related expenses.

Chairman Patten advised he spoke with the Governor last night and explained he was on the task force. The Governor mentioned he had spoken with Commissioner Boyd who is the Commissioner of Economic and Community Development and served as Chairman. He is hopeful there will be movement on some of the Task Force's suggestions at least for some additional funding for the Tennessee airports.

Mark explained that things were different as far as funds available to meet the Jetport's needs. The grants for grounds maintenance equipment have been eliminated, so now he has to start considering funding equipment purchases of that nature.

Lighting

Mark said he has been spending a great deal of time working on the taxiway lighting issues and the fire ants. Once the ants move into the circuit board, it is ruined. He currently has retained Daryl Finley with Custom Services to help with the problem. Mr. Finley helped combat the problem previously. Mark is also considering injecting the base of the lamps with silicone to close up the gap the ants travel through.

Financial Report

The financial reports were distributed.

FBO Report

Taylor Newman reported the following:

- It has been reasonably busy at the Jetport.
- There were three pilot completions in December. Two of them were ex-army aviators who had roto-craft licenses that they transitioned into fixed-wing licenses.
- They close today on another 172 aircraft. It will be stationed out of Chattanooga primarily.
- One new flight instructor has been hired to help with the demand. One new line service tech has been added and they are looking to possibly hire another in anticipation of the new contract.

UNFINISHED BUSINESS

Discussion and Approval of Short-Term FBO Contract with Crystal Air

Chairman Patten reviewed the changes in the new short-term FBO Contract:

- The term is from January 1, 2016, through June 30, 2016. This will line the contract up with the City's fiscal year.
- Item 4 (Insurance) – As long as there is \$1 million in insurance, Shell will provide an additional \$50 million in product liability. Janice Casteel wanted to make sure the Authority understood that the product liability only covers the fuel being put into the planes. There is only \$1 million for liability of the person pumping the fuel, etc. Chairman Patten asked if Taylor had an umbrella policy above said limits. Taylor said they actually go above the limit. He has \$2 million in liability that Mrs. Casteel is speaking of which is in their hangar keepers. Aviation umbrellas are hard to acquire.
- Section 17 (General Responsibilities of the FBO) – There will be two employees on site at all times with documentation of this. Board Member DeVault had previously expressed some concerns regarding employees who were dispensing or handling aircraft fuel and them being properly trained. There are some additional requirements added for that. Jones Airways will also be providing additional training for their particular aircrafts.
- Section 18 (Maintenance Responsibilities of the FBO) – The FBO will maintain the grounds adjacent to the terminal building and the community hangar. Prior to this, the FBO was taking care of the grounds throughout the Jetport. Now the Authority will be doing that.
- Section 19 (Additional Obligations of the FBO/Hours of Operation) – The FBO will be open from 8 a.m. to 5 p.m. seven days a week. The parties agree if the Authority expands the hours of operation, we will amend the agreement for additional compensation to the FBO based on the increased hours.
- Section 21 (Compensation to the FBO) – During the term of the agreement, the Authority will pay the FBO the sum of \$13, 695.42 per month. In addition to that, the FBO will receive an incentive payment equal to \$.20 per gallon for each gallon of fuel that is pumped by the FBO with the exception of the listed five entities. The FBO will submit fuel sales to the Authority monthly.
- Under the old contract, the FBO paid the Authority 3% of their gross receipts for the community hangar and other items. This has been changed to a flat amount for the lease of the community hangar of \$1,250.00 per month.

Janice Casteel wanted clarification regarding mowing. City crews will mow the majority of the property and the FBO will only mow directly around the buildings; also which equipment will the City be using and which equipment will the FBO be using? Chairman Patten said the FBO will mow around the terminal building and the community hangar as well as the mowing and landscaping of the flowerbeds. He said Taylor indicated he may contract the mowing out, so he probably will not be using any equipment.

Board Member McCoy mentioned someone had indicated last year they could do all the mowing for \$1,000.00 per month. He is aware that this will have to go out for bid; he just wanted everyone to know there were people interested. He will provide the interested party's information to Mark. Mr. McCoy said it was his understanding that the City did not have the time, manpower or equipment to do the mowing. Janice Casteel said it could not be added to the current staff in Recreation.

Board Member Norwood asked why, under Section 28, are notices to the Authority being sent to the airport. Chairman Patten said because that's where they have always been sent; that's where the FAA and the Tennessee Aeronautics Commission sends them. They go to the Jetport and to Janice.

Chairman Patten called for a motion to approve the FBO contract as it is written. Verrill Norwood so moved and was seconded by Mike McCoy. Lou Patten voted no. The motion passed 3-1.

Other

Board Member Wright is working on the minimum standards and should have something to present to the Authority by the February meeting. Mr. Wright advised he along with Robbie Garrison, Patrick Butler and Shawn McKay met last week to discuss and work on assignments. He is hoping to meet again next week to put some things together. There are areas he feels needs to be strengthened. His plan is to have them distributed before the February 26th meeting so there can be some discussion.

Also, at the last meeting, it was discussed to have the RFP available March 1st. Chairman Patten is going to ask Lynn DeVault if she will work on this to develop an RFP to go along with what Mr. Wright is doing with the minimum standards. Board Member Wright advised his group is also reviewing the RFP's. Chairman Patten said he was unaware they were doing that.

Board Member Wright wanted the opinion of the Authority. When his group met, they could not understand why an RFP was needed for charter services. If a charter operation is a group that would normally come and rent space from you and work and do business...all of their certifications are with the FAA or the City...is there any reason why the charter operator would need to be screened.

Janice Casteel said they are not required to, but normally when someone provides a service to the City, she believes they do. Just so you can make sure you are getting the best deal.

Mr. Wright said there would be a Special Operations in the minimum standards.

Melinda Carroll said this was outside of anything the City has ever done. If it's a service provided to the City, it would be an RFP or an RFQ to see what they are qualified to do. Is this an individual that's working with another individual for the chartering?

According to Chairman Patten, what they had talked about with the different functions, the FBO could handle operating the terminal building, doing the fueling and greeting...they could do the charter operations...they could do maintenance operations and flight school operations. To answer Steve's question, Mark said that went under the heading as a full service FBO that we were tasked to provide an RFP for; that's how it got included.

Board Member Wright asked if anyone saw that it made a difference. He would hate for an FBO who was not willing to provide a charter service to be ruled out. Both Chairman Patten and Janice Casteel suggested having it as an option or an alternative. Mr. Wright said the group was debating whether it even needed to do that if the City wasn't supporting them. It made sense to the small group...stuff like the FBO and where there's a contractual arrangement, other than leasing the office space...that there should probably be an RFP. They would be happy to write one; they just didn't know why they needed one.

Mr. Wright also noted that several times in the minimum standards, it mentions a license from the Airport Authority. He wanted to know what that meant; is it a letter of approval or does the Authority actually issue a license to be an FBO or to have a hangar. Mark Fidler said they have not issued any of

those yet because the situation has not arisen. It is a way for the Authority to vet them to make sure they have their insurance and are qualified to do whatever they seek to engage.

Mr. Wright said the other thing they looked at was separating the FBO from the maintenance; and do an RFP for maintenance, particularly the avionic shop. A good avionic shop would be a tremendous draw to the airport.

Chairman Patten thanked Mr. Wright for taking on this task. When they were originally written it was for Hardwick Field. Things have changed since moving to the Jetport.

NEW BUSINESS

Taylor Newman handed out various reporting that some of the Authority had asked for. What he distributed were Crystal Air's records.

The first handout broke down fuels and services for FY 2013-2014. The second handout is for FY 2014-2015 showing more fuel sales to base customers. Keep in mind these are averages and will fluctuate. The third handout shows who buys the most fuel. The top ten are listed by dollar amount. Fuel prices have decreased over the years, so just because the dollar amount decreased does not mean the quantity did. In addition, everyone who is not a regular customer is classed as a walk in customer. There was one error on this report; in 2013, John Sheehan and Meridian 776KC are the same entity.

Chairman Patten asked if there were many sales to visiting corporate jets. Taylor said it varies. That is where the fourth handout comes in. This is what he is proposing and hoping to receive the Authority's blessing on.

Here is the breakdown:

- Category 1A would stay the same as it is now.
- Category 1B would increase from \$0 ramp fee to \$10.00 or buy 10 gallons in fuel. The overnight fee would increase from \$7.00 to \$10.00.
- Category 1C (Helicopters) no charge for ramp fee or minimum fuel but overnight would go to \$10.00.
- Category 2 (small twin engine/light jet) would be a \$50.00 ramp fee unless you purchase 50 gallons of fuel; the overnight fee is \$50.00. If it is a corporately operated turbine airplane, the fee is \$75.00; there is no waiver for that.
- Category 3 (Ultra Beechjet) would go to a \$75.00 ramp fee unless 100 gallons of fuel is purchased, then the fee is waived; the overnight fee is \$75.00.
- Category 4 (larger corporate jets) would be a \$125.00 ramp fee unless 200 gallons of fuel is purchased, then the fee is waived; \$125.00 fee for overnight. The overnight fee cannot be waived.
- Category 5 (Airliner) would be a \$300.00 ramp fee unless 400 gallons of fuel is purchased and the overnight fee would be \$300.00.

The GPU fee is currently \$25.00 for a start and \$45.00 per hour. The fee would change to \$25.00 unless you make a qualifying fuel purchase, then it would be waived. This fee is regardless of plane size. The exception would be if you are sitting there for more than one hour running, then the fee would change to \$25.00 per hour. More and more modern airplanes don't need a GPU because they have a battery that will support it. Last year, there were about fifteen or twenty times a fee for a GPU was charged. Mark

Fidler voiced a concern regarding there being a lot of money tied into that piece of equipment and not being sure \$25.00 an hour was sufficient. Taylor said in the last fiscal year, \$345.00 was made from GPU's.

The upselling of fuel is the last little column on the sheet. It is the Jet Fuel Discount Structure off of retail. For example, you have a Category 3 plane come in. They know if they purchase 100 gallons of fuel, the ramp fee will be waived. What is structured is if you purchase 150 gallons, then we can bring \$.15 off of it. The only time you have that opportunity is at the plane right then. The 300 gallons allows for upsell of Category 3 or 4 airplanes; the 500 gallon discount allows for upsell of Category 4 or 5. The 800 gallon allows for upsell to anyone who purchases a lot of fuel. If they are purchasing \$4,000.00 or \$5,000.00 in fuel, a \$.50 discount is a good business model. You will find most of these are lower rent fees than the industry.

Chairman Patten likes the theory behind what Taylor is proposing. He feels there definitely needs to be incentives to try to sell more fuel and get more business. He wants Taylor to keep good records to see what impact this is having. Taylor plans to bring in a walk-in summary comparing last year's February transactions to this year's per gallon. Janice Casteel wanted to know if there is anything that says under his current structure now this is what he is making versus if he had already been under what he is proposing; so that she could see an actual. Taylor said no because some just paid the \$75.00 and left without buying any fuel; you don't have the opportunity to know how much fuel they would have bought.

Steve Wright added from his particular experience that every time he goes to Nashville, the minimum fuel purchase for a single engine turbo prop is 50 gallons at Atlantic Aviation. They also have a fuel discount program which makes it cheaper than he could buy it for in Cleveland. He will always buy the 50 gallons. Also, he burns about 60 gallons of fuel per hour. If you get it much more than an hour's fuel burned as a minimum fuel purchase to waive the fees, then you have to look a little harder at it. For example, when he traveled to Tri Cities last Sunday, it was a 100 gallon minimum fuel purchase to waive a \$75.00 ramp fee. The fuel was \$1.00 or \$1.20 per gallon more than he could buy it for in Cleveland; so he paid the ramp fee. There are nuances in how you structure. He knows the pilot will make a decision based on what is in his best interest every time. Steve asked Mark Fidler if that was what he was seeing.

Mark responded that it was hard to say. The jets now are operating so efficiently. For a lot of people, it's really a personal choice...do I want to buy some fuel or pay the ramp fee. Most of our flights are under an hour, stage length. Most of the airplanes can typically operate efficiently without...they can take on the fuel at departure point or presumably they've gotten a significant discounted fuel rate and they don't need to refuel when they get here. Taylor Newman added in that case, they just pay the ramp fee. On the other side, you try to get something for some money spent. This is a way for military, government and medical aircraft...which we have been currently waiving...the State of Tennessee came in last night; we don't charge them a ramp fee.

Taylor would like to try his proposal for the next couple of months. He can report back and show you what they can do with it. If it's a failed effort, then it's a failed effort and they will go back to no discount.

If it's done by walk-in customer, they can look at it on an individual transaction basis; not on a monetary basis. You can look at what they bought and whether they paid ramp fees or bought fuel and how much

fuel. He feels if you do it on a line by line basis of transactions, then the Authority will see where this is benefiting.

Janice Casteel wanted to know if it was clear that this discount cannot be taken by those who are already getting a discount. Taylor said it would not be. They do not bill the discount clients; Mark bills them under the contract. His proposal is for walk-in customers only; not for base customers. The idea is to sell more to the walk-ins. It can be applied to base customers, but that would be up to the Authority. Board Member Wright feels if a base customer purchases 200 gallons of fuel and is not on the discount program, then they should receive a discount just like everyone else. Chairman Patten agrees that there should be some sort of incentive for base customers.

Chairman Patten called for a motion. Verrill Norwood made a motion for the Incentive Fuel Price Program, the FBO price list 2016, be approved to include base customers with the exception of those already receiving the contract discount, to be terminated by the Authority as appropriate. Chairman Patten said the Authority will review the program; if it is not working, then it will be terminated. **Mike McCoy seconded and was unanimously approved.**

BOARD MEMBER REPORTS

Lou Patten – None

Verrill Norwood – None

Lynn DeVault – Absent

Mike McCoy –None

Steve Wright –

Adjournment

The next scheduled meeting is Friday, February 26th at 9:00 a.m. Since there was no further discussion, Chairman Patten adjourned the meeting at 10:10 a.m.

Respectfully submitted,

Renea Brown,
Recording Secretary

Attachments and Handouts:

Financial Reports

- Expenditure Report
- Operating Revenues & Expenses
- Monthly Fuel Quantity Report

Proposed FBO Price List

Municipal Airport Authority
January 22, 2016

Crystal Air's Fuel Sale Comparison

Information Attachments:

1. Authority Attendance Log
2. Payments