

Airport Authority Meeting Minutes

Regular Meeting: September 1, 2022

Place: Shelbyville Municipal Airport, Board Room, Shelbyville, TN

Call to Order: The meeting was called to Order by Chairwomen Helene Wharton at 12:00 PM

Roll Call: A sign-in sheet was passed around for Roll Call and the following were present: Chairwoman Helene Wharton, Member Eric Cazort, Member Gary Fayard, (via Zoom) Councilmember Rick Overcast and Member Erick Larson. Also, present were City Recorder Lisa Smith, Airport Director Paul Perry, and City Attorney Ginger Shofner. A quorum was declared and the meeting open for business.

Consideration of a motion to adopt the Agenda: Chairwoman Wharton requested to amend the Agenda by adding the minutes from the Special Called Meeting of August 22nd to the Approval of Minutes. **Member Cazort made a motion to amend the Agenda as requested and adopt the Agenda as amended, Member Larson seconded, and the motion passed by unanimous oral vote.**

Consideration of a motion to approve the minutes. Hearing no additions or corrections, **Member Cazort made a motion to approve the minutes of the previous meeting of August 4th, Member Larson seconded, and the motion carried by unanimous oral vote.** The minutes of the Special Called Meeting of August 22nd were then up for approval, **Member Larson made a motion to approve the minutes, Member Cazort seconded the motion and the motion passed unanimously by oral vote.**

Reports:

Director Perry gave the monthly manager's reports stating there had been almost 1,500 more operations than this time last year. He noted some fuel prices are starting to slowly adjust down but forecasters are not confident they will stay down. Perry advised the proposed purchase of land which was a part of the proposed property line is good for the future of the Airport and will alter the Airport Layout Plan which is being completed. He noted the plans for the expansion of the terminal were not approved under the BIL process. However, it has been taken as a possible discretionary project. Perry advised there were several applications received for the full-time positions open and both have been filled. He acknowledged the increase in pay approved by the City Council made a big difference.

In the Maintenance Report Perry advised that mowing was the primary function this month and the airport took a full load of 100LL. Other items covered included the fire extinguisher inspections which were completed with one needing to be replaced and the blub was replaced in the beacon. The septic tank had to be pumped due to the rain. The electrical service upgrades on the sign had to be postponed due to the current line being a direct burial versus in conduit. This caused the bid to increase above the purchasing threshold so three bids have to be obtained.

The were no Financial Reports available this month due to the yearend work. With no further discussion, **Member Cazort made a motion to accept all reports, Member Larson seconded, and the motion carried unanimously by oral vote.**

Old Business:

New Business: Mack Air, LLC Lease Renewal: Director Perry reminded there will be two (2) different companies, with three (3) different Leases for three (3) different hangars, the Tillet Hangar (Hangar #6), the North Hangar and the current MackAir Hangar (Hangar #8). He noted Charles McGaughy of Mack Air is requesting five (5) year Leases with Hangars #6 and #8 almost being identical with the square footage being different. The third lease for the North Hangar will be under the same LLC that will be leasing in Hangar #6, and it would be for the storage of aircraft. Perry noted that currently the Airport collects \$1,979 from rent in this hangar so he would suggest \$2,000 a month for rent with a 3% automatic annual escalation clause. He stated it would be a positive as the Airport would no longer have the liability of moving the aircraft in that hangar. Member Larson ask for a printout of the last five (5) years of claims. Member Fayard voiced a few concerning of leasing the hanger to get out of the liability issue. He stated the issues with how the airplanes are moved should be addressed. Secondly with this would we be leasing basically all the space we have at the Airport. Finally, Fayard stated he felt the rent of \$2,000 was very far below market value. Member Larson stated these are some of the same concerns this Board has dealt with for years. He noted aviation is a different business. Fayard acknowledged hangars are different than storage units but with that said the difference is the responsibility of the taxpayers. Member Larson stated he agrees there is an issue with training that needs to be addressed in the future. Chairwomen Wharton questioned what would happen to the current tenants in the North Hanger and Mr. McGaughy stated they would still make the hangar available to them however the rent would be different, and they would have to agree to use Mack Air for maintenance. There are currently ten (10) flyable airplanes in the Hangar. Director Perry stated the new full-time positions will help with the training. Discussion then turned to lease terms stating that the services Charles provides should be laid out in the lease and noted they will continue in the future. Perry stated the main thing he was requesting today was that the Board give guidance to the terms on the North Hangar today.

Chairwoman Wharton recognized citizen David Brown who stated he felt the 3% escalation clause would set precedent for all other hangar rentals on the Airport. Attorney Shofner stated someone could make that argument, but it is not a legal requirement. Director Perry noted that all businesses on the Airport do require operating permits so they would be necessary. **Member Larson made a motion to direct the Airport Director to move forward in developing a Lease for the North Hangar to Charles McGaughy and whatever entity he names as holder of the Lease for a term of five (5) years at \$2,000.00 a month with a 3% annual escalation clause, storage only and other paragraphs as they pertain, Member Cazort seconded, and the motion passed unanimously by oral vote.**

NEW BUSINESS

Adjustments/New Lease with Azure Airport Development: Director Perry advised when the originally Construction Lease was established with Azure it was known it was a place holder until a formal agreement could be made for a long-term Lease would come back with some changes. Perry stated that is the large document before the Board today for discussion. Attorney Shofner noted this is not the standard Lease the Board has approved but was provided by Azure's Attorney Sandra Trial. She further advised she had been in a Zoom meeting with officials from MTSU but has not had any discussion with any of their attorneys. Shofner stated the Lease is not on the Agenda today for approval, but they are looking for feedback from the Board. Member Larson asked that Attorney Shofner identify any concerns with the Lease from the City's viewpoint. Shofner advised the Lease is somewhat premature until an agreement is set with MTSU, but she should be able to review it more thoroughly at the next meeting. Director Perry advised Azure is leasing the property for MTSU to use and there will be changes to the footprint due to the recent property purchase. The area covered under the Azure Lease will be used for student parking, temporary classrooms, and parking for 30 aircrafts.

This is being done this way because Azure can work faster than MTSU as there are not as many parties involved during the negotiations. David Augustin with Azure stated that is correct they can move faster with one business partner and an attorney. A representative from MTSU added that they would not get approval to build a temporary facility, but they have funds to build a permanent facility, so this is an efficient quicker way to get started moving MTSU here. Director Perry stated he did request the Board make a motion on where the initial property for the Construction Lease for Azure was laid out needs to be flip flopped with the property under the Quigley/Deweese Leases. Quigley/Deweese would be built behind the Feed Store and Azure would be approximately 150 feet to the South. Director Perry advised Quigley and Deweese were ok with the swap of property. **Member Cazort made a motion to amend the current leases with Azure and Quigley / Deweese by swapping the identified property in each Lease and as shown on the attached map, Member Larson seconded, and the motion carried by unanimous oral vote.**

Discussion then returned to feedback of the proposed Lease and Members noted they did not like the 50-year term. Member Larson stated he felt as much as possible we should use our already approved Lease and modify when needed. He noted the already approved ground lease rate for rent should be used for the rental amount and he felt the 12-month delay in the start of rent was excessive. Additional concerns included an inflation clause, the residual value amount if the Lease was terminated early and one of the biggest concerns was the separate fueling facility. Member Larson then addressed some definitions that needed to be moved from Article 10. In Article 14, paragraph 3 the change in language was much more favorable to the Lessee than the Lessor and Member Larson did not understand why that should be different for MTSU. Finally, he addressed the insurance portion of the Lease and questioned naming the City as an alternate insured.

Other Business: Director Perry advised Aviation Day will be September 24th and volunteers are needed.

Citizen Comments: None

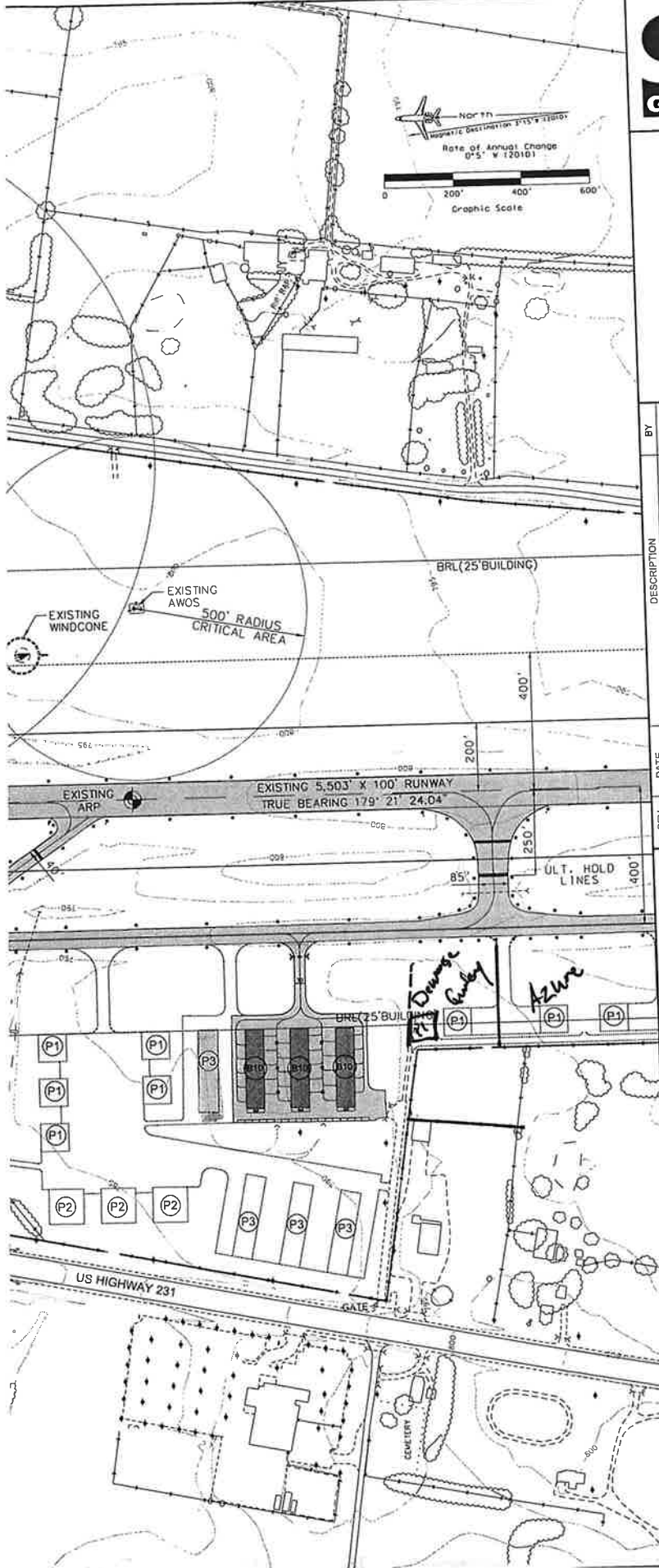
Adjourn: **Member Larson made a motion to adjourn, and Member Cazort seconded. The meeting adjourned at 2:00 PM.**

Approved:

Helene C. Wharton
Chairwoman, Helene Wharton

Attest:

Lisa Smith
City Recorder, Lisa Smith



REV.	DATE	DESCRIPTION	BY

**SHELBYVILLE MUNICIPAL AIRPORT
SHELBYVILLE, TENNESSEE**

AIRPORT LAYOUT PLAN SET

**TERMINAL
AREA
DRAWING**

Scale: As Shown
 Job No.: 09061060
 Date: April 2010
 Designed by: RBH
 Drawn by: DWD

Sheet Number

Handwritten notes and markings along the right margin of the drawing, including various lines and symbols.