

Airport Authority Meeting Minutes

Regular Meeting: April 6, 2023

Place: Airport Terminal Conference Room, Shelbyville, TN

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

Roll Call: A sign-in sheet was provided for the roll call with the following members being present: Chairwoman Helene Wharton, Member Eric Cazort, Member Erick Larson, Member Gary Fayard, Councilmember Bobby Turnbow and Member Kelly Wilson. Also, present were Airport Director Paul Perry, Mayor Randy Carroll, City Treasurer Kay Parker, and City Recorder Lisa Smith. Additionally, MTSU President Dr. Sidney McPhee and several other MTSU representatives were in attendance. City Manager Scott Collins was absent. 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 moving Item 2 under Old Business to the top after Reports, **Member Cazort made a motion to amend the Agenda as requested and adopt the Agenda as amended, Member Larson seconded, and the motion carried unanimously by oral vote.**

Consideration of a motion to approve the minutes. The minutes from March 2, 2023, were up for approval and hearing no corrections or additions, **Member Larson made a motion to approve, Member Cazort seconded, and the motion passed by unanimous oral vote.**

Reports:

Director Perry gave a report on the Tennessee Airports' Conference noting he had met with several of the vendors who submitted RFQs for the fuel project. Tennessee is doing better than other States as far as the aviation business is concern. Operations here were up for the month.

In the Maintenance Perry advised we took a load of JetA, had put a light kit on the Durango and staff was working on cleaning up the trash around the rental house on the new Airport property. Additionally, there had been some trees planted and the flowerpots outside the terminal were rehab for the Spring.

There was no Financial Report provided this month, however City Treasurer Parker was present for any questions. She advised the Board their numbers are good. **Member Fayard made a motion to accept all reports given, Member Cazort seconded, and the motion was carried unanimously by oral vote.**

Old Business:

MTSU Lease Exhibits: City Attorney Shofner summarized the meetings between the Airport Subcommittee and MTSU concerning the Lease and advised that several issues had been resolved during those meetings. MTSU Attorney Farrar had provided an updated Lease Agreement with those changes, however there are still some outstanding issues particularly dealing with money. Director Perry had made some recommendations concerning those items and Shofner then reviewed those with the Board as follows:

- 1) First, Exhibit A to the Lease Agreement shows the area of property for the MTSU project and there is also an additional "L" shaped parcel that is 4.8 Acres which is currently included as potential adjacent property that could also be purchased. Mr. Perry's recommendation is that be struck, Perry stated he believes putting it in the Lease would handcuff the City as to what they can do with the property. If

during the design process MTSU decides they need the property, they can come back then and ask for the specific amount needed. Member Larson stated he agreed, the front of that property is a prime parcel on the 231 corridor. Member Fayard stated MTSU knows they only need part of the property, but they do not know how much at this time. He further noted that MTSU will be bringing \$65 million dollars into the Community for construction, \$2.5 million dollars in property taxes without a single person moving here. Also, a \$9 million Grant to the Airport for Airport Improvement that we will not get if they do not come. Fayard then noted that we can nitpick and try to get money from MTSU, but that money is State of Tennessee money which comes from the Citizens. He then stated his opinion was to just get this thing done we will get repaid multiply times over. Councilmember Turnbow stated he agreed 100%, noting a lot of people do not realize the economic impact this project will have. After discussion the consensus of the Board was to take out the "L" parcel at this time.

- 2) This deals with the 16 Acres parcel of land, realizing MTSU is not sure how much property they will need but using an estimate it is recommended that 10 acres located on the highway would be considered non-aeronautical and the remaining 6 acres on the backside would be considered for aeronautical use. This designation is important for the airport layout plan policy and should also figure into the dollar amounts used for the rental payments. (MTSU plans to eventually purchase the 10 acres of non-aeronautical land, but the 6 acres of aeronautical land will continue to be leased)
- 3) Perry's recommendation in consideration of the annual lease payment for the property would be the 6 acres of aeronautical land at the current base rate for the Airport of \$.35 cents a square foot and for the 10 acres of non-aeronautical a rate of \$.70 cents per square foot. Additionally, Shofner noted we have received a Draft Exhibit from MTSU that has an annual rental payment of \$300,000 with a 1% escalation clause. Using Perry's numbers, the annual rent payment on the aeronautical land would be \$91,476 and \$304,920 for the non-aeronautical portion for a total annual payment of \$396,396.
- 4) MTSU is requesting 100% credit for all lease payments made on the full 16 acres to go towards the eventual purchase of the 10 acres of non-aeronautical land. Perry recommends that MTSU not receive any credit for the rent paid on the 6 acres of the aeronautical parcel as it will continue to be a Leased property. On the aeronautical parcel he recommends MTSU receive credit for ½ of the annual rental payment or \$.35 cents a square foot to go towards the eventually purchase of the 10 acres.

Member Fayard stated we are talking about a public institution not a private company and he believes we should go with what MTSU has proposed and go for it. The City will recoup a tremendous amount from this project. He further noted MTSU will buy the 10 acres and once they build the campus the remaining property will be move valuable, therefore the question is what the lost interest is the City would have made on the funds spent for the portion they will eventually buy. He further noted the Economic Impact Study, which did not consider any students or teachers moving into the area, shows the City will recover any costs very quickly. Member Wilson stated it is ultimately the City Council's decision, but the more MTSU gets credit for the sooner they can purchase the property at market value. He suggested MTSU get the numbers up to accomplish getting the property purchased as quickly as possible. Dr. Sidney McPhee spoke to this noting they are a State agency, and they must go before the State Building Commission with any recommendation for approval and they cannot pay more than value. He further noted he met with the Chair of the State of Tennessee House Finance Committee, and she stated the State is invested and MTSU is invested, but what about the City of Shelbyville. He cautioned to be aware the final decision is a State decision and there are certain benchmarks they will use in comparison. Alan Thomas, Vice President for Business & Finance at MTSU reminded the Board they had also agreed to make the first payment as soon as the Lease is signed so they will basically make

two payments within the first year. Four members of the Board agreed with giving full credit to MTSU for all payments, however Member Larson stated he agreed with Perry's proposal of giving them credit for anything over the \$.35 cents a square foot.

Discussion then turned to the price and Vice President Thomas stated they based the \$300,000 on previous experience and a having a comfort level when taking it to the State for approval. Wilson questioned who decided what market value was and when MTSU would purchase the property. Thomas stated they would be aggressive and with an appraisal determine when the land had reached that value. Member Larson stated the amount of rent does not matter to him it is the question of credit back. First you are going to give them full credit back on the portion of land that they are not ever going to buy and full credit for the land they eventually intend to purchase, and he feels the Airport should receive the standard amount of a ground lease for that. He noted he did not think it was right to give credit for land that MTSU will never purchase.

- 5) MTSU proposes an annual escalation clause of 1% and Perry recommends 4%. A majority of the members a good with MTSU's proposal.

Perry stated this could establish a practice of wavering from your policies and you would have others coming in expecting different rates and credits. He further noted he does understand this is three Government entities trying to work through this and it does make things different.

Member Fayard then made a motion to forward a recommendation to the City Council to accept the rental payment structure that MTSU has proposed in Exhibit B, an annual rental payment of \$300,000 with a 1% annual escalation clause and they be given credit for the entire rental payment for the eventual purchase of the property, Member Wilson seconded, and the roll call vote was as follows: Member Larson – No, Member Cazort – Yes, Member Wilson – Yes, Chairwoman Wharton – Yes and Member Fayard – Yes. Recorder Smith stated the motion passed with a vote of 4 to 1.

Shofner stated the only other issue was about purchase price, but it appears the Board is expecting MTSU to pay what the City paid for the property which is approximately \$2.55 a square foot or approximately \$1,110,780 for the 10 acres. Perry's recommendation had been different. Member Fayard noted when the City paid for the property originally, they paid more than the appraised value so if they pay us back what we paid that would be good. Member Wilson reminded the "L" portion is not to be included. **Member Fayard made a motion to agree with MTSU's proposed purchase price of what the City paid or \$2.55 a square foot, Member Wilson seconded, and the roll call vote was as follows: Member Larson – No, Member Cazort – Yes, Member Wilson – Yes, Chairwoman Wharton – Yes, Member Fayard – Yes.** Motion passed with a 4-1 vote.

Member Larson made a motion to remove the option on the additional "L" shaped parcel of land, Member Cazort seconded, and the motion was approved with all Members voting Yes.

Hearing no other changes or discussion, **Member Cazort made a motion to recommend the Lease as submitted with the recommended changes to the City Council for consideration, Member Fayard seconded and the roll call vote was as follows: Member Larson – No, Member Cazort – Yes, Member Wilson – Yes, Chairwoman Wharton – Yes, Member Fayard – Yes.** The Motion passed with a 4-1 vote.

Sewer Project Update: Director Perry stated there had been some updates to the drawings due to changes required by Shelbyville Power. He advised there was another issue with the Dr. George's hangar, a requirement to have an oil and water separator, which he disagrees with but in order to be on the sewer system each hangar

must have one in the future. Member Larson questioned if all the new hangars waiting to be built were still a go and Perry stated yes, but they are not happy with the change.

Azure Lease Update: Perry advised this item is on the Agenda because it had been tabled until the MTSU Lease was settled and now that has been done so we need to move forward. The Board has reviewed the Lease and has sent in changes which are being addressed and an updated Lease will be brought back before the Board next month for their review.

NEW BUSINESS:

Community Project Funding Grant Report: Perry gave a report noting a request for a \$8.9 million AIP Funding Request through the Federal Aviation Association that was on the Council's Agenda for approval. This will be in connection with MTSU coming to the Airport and will be used for the taxiway, apron, lighting and security fencing expansion to support their training aircraft. Any local share will be paid by MTSU. Perry noted he does not expect to receive the full amount. **Member Cazort made a motion to recommend to the City Council the approval of the request for the AIP Funding, Member Larson seconded and the motion carried unanimously by an oral vote.**

Airport Security Cameras Upgrade: Perry advised the Airport Security Cameras would be upgraded using a Grant Fund and the remaining amount coming from the City. This was included in the Airport's FY23 Operations Budget and will be the total amount of \$25,544. The cameras will cover the runway and other Safety Areas as well as entrances in and out of the property.

Aviation Fuel Provider – 5-year Agreement – Seal Proposals: Perry noted this year the Contract will be for 5-years instead of the previous 3-years and this provided more a better choice of vendors. Member Larson stated that he would not be voting on this item as he feels he has a conflict of interest as he does regular business with multiply vendors who responded to the Request for Proposals. Perry stated there were four companies, Avfuel, Campbell Oil, Epic Fuels and our current provider Titan Aviation Fuels. The Airport Staff reviewed and rated the proposals, and it was a hard choice, but they chose to recommend Campbell Oil Company, Elizabethtown, NC. Perry advised all proposals were good and each vendor offered competitive incentive packages, which he reviewed for the Board, but he felt the best potential for growth was with Campbell. After further discussion, **Member Cozart made a motion to recommend to the City Council Campbell Oil Company for the Fuel Provider at the Airport for the next 5-years, Member Wilson seconded and the motion carried by the following roll call vote, Member Larson – Abstain, Chairwomen Wharton – Yes, Member Fayard – Yes, Member Cazort – Yes and Member Wilson – Yes.**

Other Business: None

Citizen Comments: David Brown made a comment concerning the choice of fuel providers.

Adjourn: Member Larson made a motion to adjourn, and Member Cazort seconded. The meeting adjourned at 1:42 PM.

Approved:

Helene C. Wharton
Chairwoman, Helene Wharton

Attest:

Lisa Smith

City Recorder, Lisa Smith