

FORT WAYNE-ALLEN COUNTY AIRPORT AUTHORITY

Fort Wayne-Allen County Airport Authority Board Meeting

Regular Session

September 17, 2018

3:00pm

A meeting of the Fort Wayne-Allen County Airport Authority Board was held in the Airport Authority Conference Room, on September 17, 2018 at Fort Wayne International Airport, 3801 W. Ferguson Rd., Fort Wayne, Indiana 46809, pursuant to proper legal notice. A quorum being present, Mr. Michael Gouloff, President, called the meeting to order at 3:04 p.m.

ATTENDANCE:

**AIRPORT AUTHORITY
BOARD MEMBERS:**

Michael S. Gouloff, President, present
Richard B. (Barry) Sturges, Jr., VP, present
Timothy J. Haffner, Secretary, present
Benjamin (Ben) T. Johnston, present
Jerome F. (Jerry) Henry, Jr., present
Cornelius B. (Neil) Hayes, present

**AIRPORT AUTHORITY STAFF
& LEGAL COUNSEL PRESENT:**

Scott Hinderman, Executive Director
Robin Strasser, Dir Admin. and Finance
Joe Marana, Dir of Operations and Facilities
Mike Deam, Airport Authority Attorney
Patrick Dooley, Airport Development
Joe Behling, FBO General Manager
Laura Hakes, Purchasing Manager
Ronnie Portis, Controller
Doug Robertson, Accounting Manager
Ryan Bauer, Airport Operations Supervisor
Rebecca Neild, Air Service & Marketing Manager
Mary Easterday, Administrative Asst.

CALL TO ORDER:

A quorum being present, Mr. Gouloff, President, called the meeting or order at 3:04 p.m.

1. CONSIDERATION AND APPROVAL OF TODAY'S AGENDA:

Mr. Scott Hinderman informed board members there would be one change to the posted agenda, and that staff would have one item to present under "Other Business". Mr. Tim Haffner made a motion to approve the September 17, 2018 Board Agenda as amended. Mr. Ben Johnston seconded the motion; the motion carried.

**2. CONSIDERATION AND APPROVAL OF ADMINISTRATIVE CONSENT
AGENDA:**

Mr. Tim Haffner made a motion to approve the Administrative Consent Agenda as follows:

- Board Meeting Minutes 8.20.2018
- Review and Approval of Claims #18-09
- Accounts Receivable Report

Mr. Barry Sturges seconded the motion; the motion carried.

3. BID CONSENT AGENDA

- a. Consideration and Approval of RFQ Results for: Indefinite Delivery Professional Engineering Service – Federally Funded Projects

Airport staff solicited proposals for the selection of a firm to provide Indefinite Delivery Engineering Services for federally funded projects. The selection committee consisted of three airport staff members.

The Airport Authority received two proposals in response to the solicitation. After initial review of the proposals received, scoring resulted in CHA as selection for the top-rated firm of the two proposals received. Based on these results, it was determined that further interviews were not warranted to determine the most qualified firm for recommendation to the Board. Having completed this process, the selection committee is recommending CHA Consulting Inc. to the Board as the firm for award of this indefinite delivery contract. Staff recommended a contract for a one-year period with 4 one-year renewal options.

Staff recommended that the Board motion include the award to CHA Consulting Inc. as the offer whose qualifications have been determined to be the most advantageous to the Authority and authorization for the Executive Director of Airports to sign the professional services agreement. Fees will be negotiated in accordance with federal guidelines on a project by project basis.

Mr. Tim Haffner made a motion to approve the Bid Consent Agenda as presented. Mr. Barry Sturges seconded the motion; the motion carried.

4. CONTRACT CONSENT AGENDA

- a. Change Order Number 3 Runway 5-23 Rehab-Phase 1 with The Harper Company, AIP
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This change order is a decrease of \$35,345.64 to lower the total contract amount with the Harper Company to \$3,427,228.67. This change order includes final quantity adjustments for the AIP portion of the contract.

Staff recommended approval of this change order #3 in the deduct amount of (\$35,345.64) with signature authorization for the Executive Director of Airports.

Board members inquired if this was the same company the Airport Authority had worked with on other runway reconstruction and rehab projects and staff indicated that it was.

Mr. Tim Haffner made a motion to approve the Contract Consent Agenda as presented. Mr. Ben Johnston seconded the motion; the motion carried.

5. ACTIVITY REPORT – AUGUST 2018

Ms. Rebecca Neild reported to board members on recent Airport Authority air service and marketing activity. Her report to the board included the following:

- August 2018 enplanements were up 3.52 % compared to August of last year. Year to date, enplanements are up 3.18%.
- American Airlines continues to hold the greatest market share at over 33% - American is also up 19% due to the addition of the Philadelphia flight.
- Delta is up 3% year over year – Ms. Neild noted this is the first month we have seen positive growth in Delta since the recent loss of frequency with the loss of one Detroit flight.
- Allegiant is down 6% year over year due to disappointing numbers in the seasonal Myrtle Beach flight.
- United is down 16% due to the loss of the Newark flight – this is not unexpected.

Ms. Neild completed her activity report by reporting on the following marketing events:

- Ms. Neild informed board members that staff will host the annual Air Service Luncheon for community leaders on November 7, 2018 from 12:00 – 1:30 PM at the Courtyard Marriott Downtown – all board members will be invited and are encouraged to attend. This event is held annually to inform community leaders about NE Indiana’s Air Service market. A dinner is also being planned for the evening prior, with our Aviation Consultant. Additional information regarding both events will be forthcoming.
- The 3rd Honor Flight of 2018 is now set for September 19, 2018. The schedule is anticipating an 9:15 pm arrival and the use of Gate #4 for arriving veterans. Airport Authority plans to use the same crowd control procedures that we have used in the past.
- The Annual SMD Fall Tenant Meeting and Appreciation Cookout is being scheduled for Friday, October 5, 2018.

6. COMMITTEE REPORTS

Mr. Hinderman reported that the Real Estate Development Committee met in both executive and regular sessions on September 10, 2018. Mr. Hinderman informed board members that formal action was taken on one item during the public session – Review and Approval of RFP Results for FWA Farming Services. Mr. Hinderman told board members, this specific item does appear on the board agenda and will be discussed later-on, during the September 17th board meeting.

7. LEASE REVIEW AND APPROVAL

Mr. Hinderman reported that the Airport Authority has successfully negotiated a 2-year lease agreement with HKL, Inc. for the operation of the Brookwood Golf Club. The current lease with HKL, Inc. for the operation of Brookwood Golf Club, is in a “Hold Over” status and a new lease is being presented for consideration and approval. The lease agreement is a two (2) year lease (retroactive to November 1, 2017), with four (4) two-year options to extend based on tenant achieving performance metrics. The metrics include; succession planning, revenue performance, capital investment, quality service and marketing. Mr. Hinderman summarized the lease agreement as follows:

Total Square Feet:	Approximately 20,056 sf of building space on 180 acres
Lease Type:	Lease Agreement
Lease Term:	2 years – retroactive to November 1, 2017
Start Date:	November 1, 2017
End Date	October 31, 2019
Annual Rental Rate (base term):	\$78,000 = \$6,500.00 monthly – tenant will also pay monthly percentage rent in the amount of 10% of monthly gross revenue above \$65,000
Annual Minimum Rental Rate (option period):	November 1, 2019 – October 31, 2021 = \$81,900 = \$6,825 monthly November 1, 2021 – October 31, 2023 = \$85,992 = \$7,166 monthly November 1, 2023 – October 31, 2025 = \$90,288 = \$7,524 monthly November 1, 2025 – October 31, 2027 = \$94,800 = \$7,900 monthly
Monthly Percentage Rent (option period): 10% of Monthly Gross Revenue as indicated during each option period	November 1, 2019 – October 31, 2021 = 10% of Gross Revenue > \$68,250 November 1, 2021 – October 31, 2023 = 10% of Gross Revenue > \$71,660 November 1, 2023 – October 31, 2025 = 10% of Gross Revenue > \$75,240 November 1, 2025 – October 31, 2027 = 10% of Gross Revenue > \$79,000
Rent Credits:	No rent credits available
Improvements:	Any capital improvement projects on the premises shall be negotiated in good faith by landlord and tenant including the approval of the project and the allocation of the cost however nothing within the lease agreement will require either party to approve a capital improvement project or to share in the cost

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Other special terms and conditions:

- Operation of the premises will include the operation of an 18-hole championship golf course, a 9-hole par-three golf course and driving range, a restaurant with full bar service and a golf pro shop
- The agreement is a two (2) year lease with four (4) two year options to extend based on tenant achieving performance metrics. The metrics include; succession planning, revenue performance, capital investment, quality service and marketing
- FWACAA will hold the Alcohol Permit for the operation of Brookwood Golf Club
- Tenant pays property and real estate taxes, utilities, maintains insurance coverage, maintains the grounds, parking areas and buildings – tenant is also responsible for all staffing
- Specific Option Period Performance Metrics (in order to exercise each specific option period, tenant must provide documentation verifying at least 3 of 5 performance requirements have been met during proceeding 12 months)

Mr. Hinderman also noted that unfortunately, a signed agreement with HKL, Inc. was not received prior to the September 10th READ Committee meeting, and so the READ Committee was not able to review the lease agreement or make a recommendation for approval. The agreement has received full legal review.

Board members inquired if staff felt the operation of Brookwood Golf Club was sustainable and staff responded that they felt it was. Board members added they felt the operation of the Brookwood Golf Club was a community asset and wanted to ensure that its operation remained that way into the future.

Board members also asked Mr. Hinderman on the status of the 2009 DuPont Tree settlement the Airport Authority had received, and Mr. Hinderman responded that there is approximately \$500,000 in escrow in that account, set aside for capital improvements to the Brookwood Golf Club facility.

President Gouloff also requested, that since this agreement was not able to be brought before the READ Committee prior to receiving review and approval by the full board, that the READ Committee be fully updated and the specifics of the lease agreement be discussed at the next READ Committee meeting.

Mr. Tim Haffner made a motion to approve the lease agreement with HKL, Inc. for the operation of the Brookwood Golf Club as presented. Mr. Ben Johnston seconded the motion; the motion carried.

8. CONSIDERATION AND APPROVAL OF REQUEST FOR PROPOSAL (RFP) RESULTS FOR FARMING SERVICES AT FWA

Ms. Robin Strasser informed board members that a RFP was issued in July 2018 for proposals to lease the farm land around FWA. The RFP combined all farm parcels into one lease of approximately 1,930 acres of land. As a result of the RFP issued, three (3)

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proposals were received – proposals were received from Nidlinger Farms, Vada Farm, Inc. and Advanced Grain Farms.

Ms. Strasser reported that each proposal was reviewed and scored, and FWACAA staff is recommending awarding the five (5) year lease agreement (effective January 1, 2019) with an annual rental rate of \$221 per acre to Advanced Grain Farms – the current farmer. Ms. Strasser noted the annual rental rate of \$221 per acre represents a \$30 per acre increase in the rental rate secured with the previous farm lease agreement. Ms. Strasser also informed board members that the RFP for Farm Services at FWA was discussed at the September 10, 2018 READ Committee meeting and received a recommendation of approval from the READ Committee.

Board members inquired if the farm lease agreement contained provisions for the use of some of the farm land being leased during the up-coming 2019 Air Show for parking. Ms. Strasser replied that the two parcels in questions are stipulated in the agreement to be planted in rye grass.

Mr. Tim Haffner made a motion to approve the RFP for Farming Services at FWA to Advance Grain Farms, as presented with authorization for the Executive Director to execute the lease documents. Mr. Neil Hayes seconded the motion; the motion carried.

9. REVIEW AND APPROVAL OF EASEMENT IN SUPPORT OF THE CITY OF FORT WAYNE'S EXPANSION OF ARDMORE AVENUE

Mr. Scott Hinderman informed board members that The City of Fort Wayne has requested two separate easements, a Temporary Highway Easement and a Perpetual Drainage Easement. Both of these easements are in support of the expansion of Ardmore Avenue from a two-lane road to a three-lane road – from Airport Expressway to the front of the terminal building. Mr. Hinderman noted that expanding the road will have significant vehicular traffic flow to the airport as well as increase the value of our James E. Kelley Commerce Center business park. Mr. Hinderman further explained each of the easements as follows:

The Temporary Highway Easement grants the City of Fort Wayne the right to enter onto Airport Authority property to grade some land that is outside of the perpetual easement during construction. Once the Ardmore Road Expansion project is complete, this easement will terminate.

The Perpetual Drainage Easement grants the City of Fort Wayne permeant access on Airport Authority property to construct a common drainage ditch. Currently, along Ardmore there is a two-ditch environment. One ditch belongs to the Airport Authority and it drains (channels) storm water as part of the JEKCC site. The other ditch is within the existing Ardmore Avenue right-of-way and it manages the road storm water. The Ardmore Avenue expansion will remove the two-ditch environment and create one common drainage ditch. Additionally, the City has

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agreed to make the ditch banks no more than a 4:1 slope so the Airport Authority can safely mow them.

Mr. Hinderman indicated both easement agreements have received full legal review. Mr. Hinderman further informed board members that Airport Authority staff believes the city will bid this project out in late October and work would begin in the spring of 2019.

Mr. Haffner made a motion to authorize and approve granting the City of Fort Wayne, Indiana a Temporary Highway Easement in order to grade land in conjunction with the Ardmore Avenue expansion project and also a Perpetual Drainage Easement to construct a common drainage ditch in conjunction with the same project. Mr. Jerry Henry seconded the motion, motion unanimously carried.

10. OTHER BUSINESS

Mr. Hinderman informed members of the board that a signed lease agreement with SkyWest Airlines was received following the posting of the September 17, 2018 board meeting agenda and so staff will be presenting this lease agreement for review and approval under "Other Business".

Staff has negotiated and SkyWest Airlines has agreed to enter into a new lease with the Authority. Staff recommends approval of a lease with Skywest Airlines for the lease of Building 2003 located at 4555 Altitude Drive in the airports West Aero Center for a three-year term retroactive to April 1, 2018 and ending March 31, 2021 at a monthly rental rate of \$14,250.00. Tenant pays utilities and maintains the building. The premises is 60,000 square feet and includes 45,000 SF hangar and 15,000 SF of office and shop space with adjacent aircraft apron and vehicle parking. SkyWest has operated at FWA successfully since February 2015 and this lease renewal increases rent from \$2.65 psf to \$2.85 psf.

Mr. Hinderman further explained that SkyWest is a contract carrier for all three airlines flying out of FWA including American, Delta and United Airlines. Mr. Hinderman noted this most certainly enhances the opportunities of attracting air service to FWA. SkyWest is also able to provide maintenance and service to both larger and smaller aircraft. Other details of the agreement included the following:

Total Square Feet:	60,000 square feet of Building 2003 located at 4555 Altitude Drive (located in West Aero Center) 45,000 sf of hangar space 15,000 sf of office and shop space
Lease Type:	Standard Building Lease
Lease Term:	3 Year Lease Agreement
Start Date:	Retroactive to April 1, 2018

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End Date March 31, 2021

Minimum Monthly Rent \$14,250.00 = \$2.85 per square foot
Previous rental rate = \$2.65 per square foot

Rent Credits: No rent credits available
(\$80,000 in lease credits were provided and used during previous lease period for building improvements)

Improvements: NA

- SkyWest has successfully operated at FWA since February of 2015 and this signed agreement increases rent from \$2.65 to \$2.85 per square foot
- Use of leased space:
Providing aircraft maintenance, storage of such aircraft owned by Tenant or its customers, storage of Tenant's materials and equipment used for the business of conducting aircraft maintenance, disassembly, cleaning, inspection, overhaul and recertification of Tenant owned and operated wheels and other related uses
- SkyWest is a contract carrier for American, Delta, and United Airlines
- SkyWest has increased number for full time employees from 25 to over 80 over the past 3 years
- Tenant also has access to adjacent aircraft apron and vehicle parking
- Tenant is responsible for all utilities
- FWACAA maintains insurance on the building; tenant is responsible for commercial general liability insurance for limits not less than \$1,000,000; tenant also responsible for all personal property located on the Premises

It was also noted that the services provided by SkyWest has presented a huge success story for the Airport Authority, Ivy Tech, and SkyWest in that the operation of Ivy Tech's aviation technology program at SMD has been extremely beneficial to SkyWest as they have grown their workforce from 25 – 80 full time employees over the past 3 years.

Mr. Tim Haffner made a motion to approve the lease agreement with SkyWest Airlines for the lease of building 2003 as presented. Mr. Neil Hayes seconded the motion; the motion carried.

Also under "Other Business", Mr. Hinderman informed board members that after 26 years of service, FWACAA Controller Ronnie Portis would be retiring in October 2018 and that this would be his final board meeting as a FWACAA staff member. Board members congratulated Ron on his up-coming retirement and thanked him for his years of dedicated service and outstanding work for the Fort Wayne-Allen County Airport Authority.

11. ADJOURNMENT:

Mr. Haffner moved to adjourn the September 17, 2018 Regular Session Board Meeting at 3:37 pm; the meeting was adjourned.

EXECUTIVE SESSION:

An Executive Session was not held following the regular session board meeting.

Signatures on File

Mr. Michael Gouloff
Board President

Mr. Timothy Haffner
Board Secretary