

Morehead-Rowan County Airport Board Meeting Agenda

Thursday, 27 April 2023– 6:00 PM

Morehead-Rowan County Clyde A. Thomas Regional Airport

1800 Rodney Hitch Blvd., Morehead, Kentucky

- A. Call to Order
- B. Confirmation of a Quorum
- C. Recognition of Guests
- D. Approval of Minutes from the 30 March 2023 Meeting and April 7th Special Called Meeting
- E. Receive Financial Report for March 2023
- F. Public Comment

- G. Reports
 - a. FBO Activity Report: Mr. Holley
 - 1. Jet A Fuel Truck

 - b. Garver Report: Mr. Sisemore
 - 1. Runway Rehab Phase I - Drainage
 - 2. Electrical Project – Radio interference
 - 3. Apron Expansion Project

 - c. Building and Grounds: Mr. Oliver/Dr. Derrickson

 - d. Legal Report: Mr. Rogers

 - e. Communications and Security: Mr. Roberts

 - f. Chair Report: Mr. Oliver

- H. Old Business: Discuss Airport Apron Expansion funding with the Board.

- I. New Business:
 - a. VirTower
 - b. Nomination Committee
 - c. By Laws Amendment(s)

- J. Adjournment

Next Regular meeting: 25 May 2023

Morehead-Rowan County Airport Board Meeting
Meeting Minutes
March 30, 2023

Chairman Bruce Mattingly called the meeting to order at 6:00pm in the Airport Conference Room with board members David Perkins, Charles Derrickson, Tom Fossett, Aaron Roberts, Porter Dailey, Wes Holland, and Tim James. Members present via Zoom were Ron Oliver and Shannon Murphy. Guests present via Zoom were Jack Holley, Jr. – FBO, Holley Aviation LLC; Ryan Sisemore – PE, Garver; and Jason Slone – Interim Executive Director MRC-Economic Development Council/Executive Director, Morehead-Rowan County Chamber of Commerce. Guests present included Josh Clark, Hangar Tenant/Airplane Instructor, and Barbara Marsh – Assistant Secretary-Treasurer.

Dr. Mattingly presented the Minutes of the February 2023 meeting. The motion to approve the February 23, 2023, Meeting Minutes was made by Mr. Roberts, seconded by Mr. James, and approved unanimously.

Dr. Mattingly presented the February 2023 financial reports consisting of Statements of Activity and Financial Position. The motion to approve the February 2023 financial reports was made by Dr. Derrickson, seconded by Mr. Oliver, and approved unanimously.

Public Comment

None

Reports

a. **FBO Report.** Mr. Holley reported on airport activities, maintenance, and fuel.

1. Fuel Report February. AvGas100LL - 697 gallons; JETA - 2513 gallons.

2. Community Hangar/Tie Downs. Matt Oldham-Eagle Upholstery; Wings of Grace; Zane McGlade; Brandon Hamilton. Tie Downs: Charlie Hamilton and Johnnie Broughton.

3. Prospective Corporate Hangar Tenant. A gentleman who was visiting here will be relocating and has two aircraft. I gave him our mechanic's name. He wanted to be advised about our expansion project.

4. Transportation Cabinet Economic Impact Survey. Surveys were passed on to Independent Stave/Commonwealth Cooperage, Mr. Eric Stinson, Mr. Brandon Hamilton, AppHarvest and other contacts in the area. We are trying to list major users in the area for the survey. The KDA is trying to build an economic case why airports are important. If anyone has a copy of the form, please pass it on to others. Anyone using the airport should be included such as National Guard, helicopter operators, etc.

7. JETA Fueler. Weather permitting, will fly up to Akron this weekend or next to inspect the fueler.

b. **Garver Report.** Mr. Sisemore

1. Airfield Electrical – Radio Interference. In a continued dialog with ADB about a new regulator, we have asked for a field technician and are waiting to hear back. It is an equipment related issue. We think that a new regulator may solve the issue. Dr. Mattingly asked what if Appalachian Foothills does not participate in the repairs. Mr. Sisemore responded that the removal of the regulator won't be their responsibility. ADB may have to foot the bill, but installation may be by others. Mr. Roberts asked if the equipment was

provided by Appalachian Foothills or if the airport purchased the equipment. Mr. Sisemore responded that Appalachian Foothills provided the equipment, but that doesn't preclude us using from working directly with ADB. We may need a replacement regulator from ADB. Mr. James commented that the interference has been a safety issue for over a year, and we are constantly apologizing to patrons. Mr. Sisemore responded that the final resolution may be through legal action. Mr. James said the board is tired of hearing excuses about the safety issue here.

2. Runway Rehab Phase I – Construction Drainage. Contractor Walker was on site to look at the grounds recently. They have every intention of making the repairs to the grounds. Funds are being held until final resolution.

3. Apron Expansion Project. The pre-bid meeting was held on Tuesday, April 28, with Mr. James, Mr. Dailey, and Mr. Oliver in attendance. Three contractors attended: Hinkle, Walker, and Shamrock which may be a sub to Hinkle. The bid opening is Tuesday, April 4. The grant application is due to the FAA on Monday, April 10.

Plans Redesigned. Dr. Mattingly said one of the issues in the design was environmental, and another important one was geotechnical. After the 90% plan was completed, it was found that about 1/3 of the south end of the apron included organic matter making it unsuitable. We would need to excavate the organic matter and re-fill with appropriate material at a cost of @ \$200,000. Mr. Sisemore said an alternate plan is to shift the apron 75' to the north, to the south side where the fill is. While we cannot negotiate unit prices with a contractor in a multiple bid situation, we are allowed to reduce quantities up to 25% without any change to pricing. Given the planned width of the apron, we do have some flexibility in reducing it slightly.

Costs Have Escalated from Original Design. Dr. Mattingly reported that another aspect of the project for us is to try to stay within last year's design showing sufficient funds acquisition and money in hand. Last summer we didn't have the money. Phase 1 on the south side had sufficient funds and Phase II. So we went forward with the FAA demonstrating appropriate funding and the plans were approved. The concern now is the amount of money which we thought was \$1.56M. Our original engineering estimate cost was \$230,000-\$250,000, but now it has gone up to \$366,000 which is related to construction administration. We also thought the job was 60 days, but now it is more than 120 days.

Mr. Sisemore responded that the selected contract day duration of the project was based on the scale of project elements including the excavation and construction of the pavement section. An observer from Garver must be on site when contractors are present doing work such as utility installation and paving. Of the 120 allotted construction an estimate of an observer onsite may only be 90 days. We are hoping the costs come in lower, and we may want to ratchet down on the front end if funding is limited. We don't want to do anything more aggressive and use good sound judgment.

Observers. Mr. Oliver asked if Mr. Adams would be an observer. Mr. Sisemore responded that observers would be onsite for any paving, but they could go with part-time observers if the construction is not going to be covered up. Above ground construction where observers are not required include fencing and hangars for example, anything that is visible. The FAA requires observers on site if there is work that will be covered up. Observers will include

Garver staff and possibly a subconsultant. Mr. Adams will serve as our project manager, and he will not be an observer.

Dr. Mattingly continued with the next steps. The Board is concerned that the bids will be high and geotechnical issues will exacerbate the situation. The original engineering estimate @ \$1.7M had all the stabilization in. Mr. Sisemore commented that Garver is considering modifying how we tie into the parallel taxiway to reduce the amount of new asphalt that will be placed. RE: stabilization: the depth of the apron can't be changed but we can work with width. To avoid fire walls in the new hangars, there is a requirement of 50' between hangars. We could narrow the new apron a little without impacting the spacing. We are committed to the whole project but can have small reductions to keep within budget. Dr. Mattingly commented if we can move 75' north, that should drop the price. Mr. Sisemore responded with the timeline unfolding, we plan to accomplish this post-bid via change order. Dr. Mattingly inquired as to the apron panel size. Mr. Sisemore said 12x12' or 15x15'. It is a 300' apron which allows you to build all hangars. Mr. Perkins commented he thought the size may be 320'. Mr. Sisemore said it could be shrunk down potentially from 320' to 300'.

Collaboration with Board. Dr. Mattingly asked how Garver will interface with the airport board after the bids are opened. Special meetings were discussed. Garver will need 48 hours to present a recommendation to the board. The Board can apply for FAA funds, but the board is not committed until the grant is signed off. Dr. Mattingly is concerned about needing additional funding we would need to put in place. Mr. Sisemore said an application could be made for FAA discretionary funds and state funds to make up the difference. We could cut stabilization down and seek \$75,000 out of FAA discretionary or with state funds, it is routine to see state help in some instances.

Short Timeline for Grant Application. Mr. Dailey commented that a lot has to be done between April 4 and 10, and if the bid is hot, a lot more homework will have to be done. Dr. Mattingly will be out of town. We would like to see Garver interacting with the board on every step, and possibly having around 3 meetings.

1. April 4: Post bid meeting – Executive Committee – will be a Teams meeting by phone with Mr. Oliver.
2. Implement cost reduction meeting – if needed and as needed, finding additional funding.
3. A final meeting will take place on Friday, April 7, as a Special Meeting at 3:00pm via Zoom. The executive committee will work with Garver and receive a contractor recommendation.

Funding Source. Mr. Dailey worked with Mr. Holland on additional funding sources. If the project comes in at \$1.7M and engineering at \$366,000, the final cost would be @ \$2.1M, we will need to borrow \$435,000. This is the limit on using BIL money, then additional money from KDA. Frontier Housing with director Tom Manning-Beavin had agreed to be the lender. Our attorney, Mr. Earl Rogers is on the Frontier Housing board as well as Mr. Holland. Frontier Housing seeks to be a good community partner loaning us \$435,000 at 6% interest. I earlier talked with Gateway Add District which did not have sufficient funds and would have charged a higher interest rate. We will repay over three years with the first payment being October 1, 2023, to coincide with the BILs payment of \$145,000. The principal will immediately reduce the cost of interest over the three-year period. We cannot use BIL money for interest payments. We will use our operating funds for the interest payments. Mr. Perkins

commented that the city and county stepped up their monthly support payments to the airport last year. Over the last three years, \$35,000-\$50,000 has accrued in our depreciation account. An estimate of interest is \$24,000 for the project.

MOTION: That the Board authorize its Executive Committee to negotiate, commit to and enter into a loan agreement, as and if necessary, for approximately \$435,000, for partial funding related to the Apron Expansion project. The loan principal is to be repayable over three (3) years beginning no sooner than October 1, 2023, utilizing Federal Bipartisan Infrastructure Law funding available to the Board through the FAA with the interest expense to be paid utilizing the Board's general operating funds. The Board's Treasurer or other board officer is hereby authorized to execute a loan upon the recommendation of the Executive Committee and subsequent ratification of the Board. Motion made by Mr. Dailey, seconded by Dr. Derrickson, and approved. Mr. Holland abstained.

c. **Buildings & Grounds Report.** Mr. Oliver, Dr. Derrickson, Mr. James
None

d. **Legal Report.** Mr. Rogers
None

e. **Communication & Security.** Mr. Roberts

1. Radio License Call sign WQSJ922. The FRN number has been updated to match the other two licenses. We can't renew until 90 days before, which will be this summer.

2. Internet Connection to Hangars. The internet in the hangars has not been restored yet.

f. **Chair Report.** Dr. Mattingly
None

H. Old Business

Accelecom – Fiber Optic to Airport. Mr. Perkins has not heard back from Accelecom since contacting them the day after our last meeting.

I. New Business

1. Apron Project Loan Options. RE: page 3: Funding Source. Dr. Mattingly reported that the airport board did not expect the project to go up over \$100K and found out only after the FAA returned the project with the higher figure. The markup went from 1.3M to 1.7M with the engineer's estimate changing to \$400K higher which included the number of observers.

2. Resolution Honoring Lee Lipps. Dr. Mattingly read a resolution honoring Mr. Lipps in memory of his life and service to the airport community. Services on April 22 will include a military guard provided by the American Legion Post 126. The resolution will be presented to the family. Mr. Jim Stevens, EAA Vice President, is working with the family with plans to hang Mr. Lipps' plane in the community hangar. The motion to approve the Lee Lipps resolution was made by Mr. James, seconded by Dr. Fossett, and approved unanimously.

J. Adjournment

The meeting was adjourned at 7:35pm.

Morehead-Rowan County Airport Board Meeting
Special Meeting Minutes
April 7, 2023

Vice Chairman Ron Oliver called the meeting to order via Zoom at 3:00pm in the Airport Conference Room with board members David Perkins, Charles Derrickson, Tom Fossett, Porter Dailey, and Tim James. Members present via Zoom were Wes Holland and Shannon Murphy. The members absent were Bruce Mattingly and Aaron Roberts. Guests present via Zoom were Jack Holley, Jr. – FBO, Holley Aviation LLC; Ryan Sisemore – PE, Garver; Will Adams – PE, Garver; Earl Rogers – Attorney, Campbell, Rogers & Stacy PLLC; and Jason Slone – Interim Executive Director MRC-Economic Development Council/Executive Director, Morehead-Rowan County Chamber of Commerce. The guest present was Barbara Marsh – Assistant Secretary-Treasurer.

A. New Business

1. Apron Project - Consider Approval of FAA Grant Application.

Mr. Dailey reported that a loan offer has been received from Frontier Housing. An email from President & CEO Tom Manning-Beavin was read.

“Mr. Dailey:

I have received the loan request from the Morehead-Rowan County Airport Board for a loan of approximately \$435,000. Thank you for being interested in working with Frontier Housing to finance this project. As a community development financial institution, we are eager to support community development projects throughout our region.

I am glad to relay to you that pending final approval by Fronter Housing’s Executive Committee, Frontier is prepared to make a \$435,000 loan to the Morehead-Rowan County Airport Board for 3 years at 6% interest, for the purpose of partially funding improvements to the airport facilities. Customary fees, closing conditions, and reporting requirements will be negotiated after final approval. Best Wishes, Tom Manning-Beavin”

Mr. Rogers disclosed that he and Mr. Holland are on the board of Frontier Housing.

Bid Opening. Mr. Sisemore reported that two bids were received at the bid opening on April 4. The lowest bidder was Shamrock at \$2,431,844 which was higher than the engineer’s estimate of \$1,709,620. He has noticed increased construction costs of approximately 20% with other job bids. The amount of additional funding needed to fund the project without taking any additional loans is \$722,234. A breakdown of the funding plan and sources was distributed to all board members via email by Mr. Will Adams on April 5, 2023 (copy below).

Project Cost as Estimated	
Engineer's Estimate	
(with contingency)	\$ 1,709,610.00
Engineering Cost	\$ 366,640.00
Total Project Cost	\$ 2,076,250.00

Project Cost as Bid	
Shamrock	
(Low Bid)	\$ 2,431,844.00
Engineering Cost	\$ 366,640.00
Total Project Cost	\$ 2,798,484.00

Funding Plan	
AIP Entitlement	\$ 300,000.00
BIL	\$ 304,000.00
913 Loan	\$ 300,000.00
State Match (5%)	\$ 50,222.00
Airport Board	\$ 1,122,028.00

Board Funding Sources	
Reserves	\$ 320,000.00
Loan	\$ 435,000.00
Other	\$ 367,028.00

Cost Delta	
(Bid - Estimated)	\$ 722,234.00 Amount of additional funding needed to fund project without taking any additional loans over what was planned.
90% of Total Project	\$ 2,518,635.60 Amount of FAA money that would equate to a typical 90-5-5% funding structure for a project.
FAA Funding Shortfall	\$ 1,614,635.60 Difference between 90% of the total project cost and the existing amount of FAA funding we have.

In summary, we need a minimum of \$722,234 combined from the FAA and KDA to proceed with the project as planned on the left.

Mr. Sisemore will reach out to the FAA and KDA to help with the shortfall. The Mt. Sterling/Montgomery County Airport has an expiring AIP amount of \$62,000 which has been offered and would need to be paid back within three years. Mr. Sisemore and Mr. Dailey contacted KDA officials Mr. Brad Schwandt and Mr. Joe Carter seeking funding support. It was an encouraging meeting, but KDA did ask what kind of support the City of Morehead and Rowan County Fiscal Court was offering. City and county monthly fund support will be used to pay interest costs on the Frontier Housing loan. Mr. Dailey reported that Mr. Jason Slone has been contacted about the funding shortfall. Mr. Slone working with Mr. Harry Clark, Rowan County Judge-Executive, subsequently made a request to the KY Transportation Department for left over funds from the AppHarvest road project totaling \$330,000. With these possible sources, a balance of @ \$492,000 would be needed for the project.

Mr. Dailey reported that Mr. Schwandt had been notified in emails of the shortfall and that a deadline of Monday, April 10 (FAA grant submission due date) was pending. Due to the Good Friday 1/2-day state government holiday, an answer may not be forthcoming today.

Mr. Sisemore reported that Mr. Adams had prepared the AIP and BIL documents to fill in amounts later. It is doubtful that the FAA will come through with help.

The motion to authorize a board officer, upon recommendation of the Executive Committee, to execute the FAA Grant Application when funding is realized and all conditions are met, was made by Mr. Dailey, and seconded by Dr. Murphy and approved unanimously.

J. Adjournment

The meeting was adjourned at 3:30pm.

Morehead-Rowan County Airport Board

Statement of Activity

July 2022 - March 2023

	TOTAL
Revenue	
43400 Direct Public Support	
43420 County Operating Support	39,750.03
43440 City Operating Support	29,999.97
43460 State Appropriations	200,000.00
Total 43400 Direct Public Support	269,750.00
44500 Government Grants	
44520 Federal Grants	153,639.00
Total 44500 Government Grants	153,639.00
45000 Investments	
45030 Interest-Savings, Short-term CD	2,235.41
45031 Interest, checking account	97.01
45040 Interest Income, savings account	452.96
Total 45000 Investments	2,785.38
47500 Rentals	
47520 T-Hangars	39,769.00
47550 Late Fee	337.91
47570 Residence	4,000.00
Total 47500 Rentals	44,106.91
Total Revenue	\$470,281.29
GROSS PROFIT	\$470,281.29
Expenditures	
62100 Contract Services	
62111 Attestation/Audit	5,500.00
62112 AWOS Maintenance	2,421.00
62120 Web Fees	500.00
62140 Legal Fees	950.00
62150 FBO	27,000.00
62170 Administrative	6,750.00
62190 Consulting Services	3,000.00
Total 62100 Contract Services	46,121.00
62800 Grounds and Facility Support	
62830 Facility Repair and Maintenance	9,500.86
62831 Facility Repair & Maintenance Reserve	16.48
62840 Equipment, Repair, and Maintenance	768.25
62870 Vehicle Registration/Repair/Mainte	3,979.74
Total 62800 Grounds and Facility Support	14,265.33

	TOTAL
63000 Insurance	
63010 Insurance - Property, Er/Omis	11,478.13
63040 Surety Bond	153.72
63050 Liability Insurance	4,745.91
Total 63000 Insurance	16,377.76
64400 Utilities	
64410 Electric	8,079.23
64420 Telecommunications	1,795.32
64430 Waste Disposal	178.58
64440 Water and Sewer	1,008.29
64450 TV	470.45
Total 64400 Utilities	11,531.87
65000 General Administration	
65010 Bookkeeping Software and Subscriptions	1,540.89
65020 Postage, Mailing Service	166.39
65030 Printing and Copying	45.00
65040 Material & Supplies	134.49
65110 Promotions and Advertising Expenses	12.00
65130 Business Registration Fee	410.75
65140 Bank Fees	131.53
65150 Memberships and Dues	400.00
65890 Events, Ceremonies, & Meetings	450.00
65895 Travel	60.00
Total 65000 General Administration	3,351.05
65200 Fuel Expenses	1,425.00
80100 Capital Purchases	
80170 Capital Purchase Vehicle	49,750.00
80191 Capital Purchase Apron Recon/Drainage (Trench Drain)	4,000.00
80194 Capital Purchase 2021 Runway Rehab - Phase II - Mill & Overlay	2,515.00
80158 Construction Runway Rehab - Phase II - Mill & Overlay	138,872.43
80159 Engineering - Runway Rehab Phase II Mill & Overlay	12,251.25
Total 80194 Capital Purchase 2021 Runway Rehab - Phase II - Mill & Overlay	153,638.68
80197 2019 Runway Rehab Phase I CONSTRUCTION ONLY	
80157 Runway Rehab Phase I CONSTRUCTION	114,867.64
Total 80197 2019 Runway Rehab Phase I CONSTRUCTION ONLY	114,867.64
Total 80100 Capital Purchases	322,256.32
Total Expenditures	\$415,328.33
NET OPERATING REVENUE	\$54,952.96
NET REVENUE	\$54,952.96

Morehead-Rowan County Airport Board

Statement of Activity

March 2023

	TOTAL
Revenue	
43400 Direct Public Support	
43420 County Operating Support	4,416.67
43440 City Operating Support	3,333.33
Total 43400 Direct Public Support	7,750.00
45000 Investments	
45031 Interest, checking account	1.32
45040 Interest Income, savings account	35.63
Total 45000 Investments	36.95
47500 Rentals	
47520 T-Hangars	2,210.00
47550 Late Fee	25.00
47570 Residence	353.24
Total 47500 Rentals	2,588.24
Total Revenue	\$10,375.19
GROSS PROFIT	\$10,375.19
Expenditures	
62100 Contract Services	
62150 FBO	3,000.00
62170 Administrative	750.00
Total 62100 Contract Services	3,750.00
62800 Grounds and Facility Support	
62830 Facility Repair and Maintenance	159.45
62870 Vehicle Registration/Repair/Mainte	3,104.50
Total 62800 Grounds and Facility Support	3,263.95
64400 Utilities	
64410 Electric	977.83
64420 Telecommunications	202.13
64430 Waste Disposal	64.90
64440 Water and Sewer	147.27
64450 TV	55.15
Total 64400 Utilities	1,447.28
65000 General Administration	
65010 Bookkeeping Software and Subscriptions	340.89
65040 Material & Supplies	38.91
Total 65000 General Administration	379.80
Total Expenditures	\$8,841.03
NET OPERATING REVENUE	\$1,534.16
NET REVENUE	\$1,534.16

Morehead-Rowan County Airport Board

Statement of Financial Position

As of March 31, 2023

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
Citizens Bank Bldg/Grnds Dep Reserve NOW Acct. .25%	21,335.03
Citizens Bank CD - Fuel Reserves .20% Matures 12.21.22	0.00
Citizens Bank CD Fuel Reserves .20% Matures 11.14.21	0.00
Citizens Bank Construction Account NOW .25%	31,136.94
Citizens Bank Operating Account NOW .25%	61,335.10
LM&C Fund Offset	-77,230.00
Local Match & Construction Fund	0.00
LM&C June 2020	27,230.00
LM&C June 2022	50,000.00
Total Local Match & Construction Fund	77,230.00
Whitaker Bank CD 12.21.20 Fuel Res 12 mo .30%	0.00
Whitaker Bank CD Bldgs/Grds Res .25% - Matures 12.21.22	0.00
Total Bank Accounts	\$113,807.07
Other Current Assets	
Edward Jones CD 3 mo 4% matures 2.28.23	0.00
Edward Jones CD 3 mo 4.7% matures 6.5.23	202,000.00
Edward Jones CD 6 mo 4.4% matures 5.30.23	200,138.00
Edward Jones Money Market	36.85
Total Other Current Assets	\$402,174.85
Total Current Assets	\$515,981.92
Fixed Assets	
15000 Furniture and Equipment	643.94
Total Fixed Assets	\$643.94
TOTAL ASSETS	\$516,625.86
LIABILITIES AND EQUITY	
Liabilities	
Total Liabilities	
Equity	
30000 Opening Balance Equity	321,613.58
32000 Unrestricted Net Assets	140,056.70
Net Revenue	54,955.58
Total Equity	\$516,625.86
TOTAL LIABILITIES AND EQUITY	\$516,625.86