

Minutes of the
 GILLESPIE COUNTY AIRPORT ADVISORY BOARD
 Monday, Sept 19, 2022
 @ County AgriLife Building

MEMBERS PRESENT:	STAFF PRESENT:	GUESTS PRESENT:
David Smith	Tony Lombardi, Manager	Ethan Crane
Keith Keller	Keith Kramer, County	Tim Lehmborg
Judie Mooney, EAA Rep		Darren Flores
Steve Allen		Charles Olfers
Paul Hannemann		Randal Fuchs (TFS)
		Gwen Fullbrook
		Tom Bierschuale
	Absent	Dawn Duley
Greg Snelgrove	Bobby Watson, City	Bev Smith
Chad Ellebracht		

CALL TO ORDER

The meeting was called to order at 1:30 PM by the Chairman, David Smith

Opening Comments by Mr. Smith: Mr. Smith mention that the board was down one member, so having a majority on some topics might not happen.

APPROVAL OF MINUTES

Minutes of the regular Aug 15, 2022, meeting were approved.

AIRPORT MANAGER’S REPORT

- Upcoming Events/Court Actions – The AM reviewed the upcoming events for the airport and the recent commissioners court actions.
 - Event Update – “Jacob Brodbeck Day”, Sept 20th at 0900. No date for EAA’s Airport Day and Santa’s Fly in.
 - Court Action – On 8/22, the Court approved the advertisement for the personnel vacancy at the Airport. On 9/12, the Court approved the AWOS yearly service invoice; the FY23 RAMP agreement and the SSBT modification to the exterior of the facility at 224 Business Court.
- T-hangars occupancy update. The AM stated that we are 100% full...waiting list is at 36.

- Airport Status – the AM reviewed the current status of the airport.

	Lights (PAPIs, Beacon, Rwy Edge, Taxiway, Signs) <ul style="list-style-type: none"> • Runway lights - PIC only (waiting parts) •
	Communication (CTAF, GCO, AWOS)
	Weather Station
	Facilities
	Miscellaneous (Construction, Closures, etc) briefed during the Phase II update

- Airport Development Update:
 - Active Private Projects

#	Developer	LOI Date Rev'd	Status	Comments
1	Rhett Hawk Expansion	12/28/21	II	Response required by 01/18/23
2	FBO Expansion	02/02/22	III	Lease under review at Courthouse
3	Darren Flores (Private Hangar)	02/18/22	III	Lease under review at Courthouse
5	McKnight	5/12/22	II	
6	224 Bus Crt LLC (2.55 acs south of SSBT)	6/22/22	II	

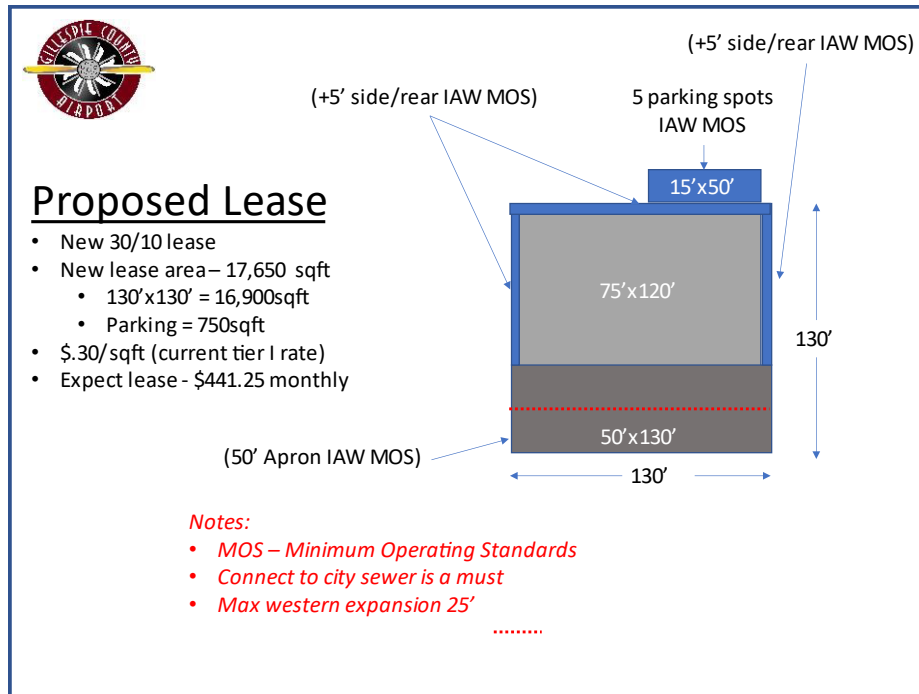
- CPI Adjustment update. The AM reviewed the CPI adjustment for the airport. CPI was released on Sept 13th...8.3%. The AM mentioned that he has sent the rent adjustment letters to all tenants. He also mentioned that the ground lease rates have also increased:
 - Tier I Adjustment - \$.30 annually
 - Tier II Adjustment - \$.24 annually
 - Tier III Adjustment - \$.22 annually
 He concluded the topic by mentioning that the T-hangar rent will also increase from \$240 to \$255, effective Jan 1st.

OPEN FLOOR

- Crosswind Aviation. Gwen Fullbrook reviewed the flyer for the “Jacob Brodbeck Day”.
- Texas Forest Service – Randal Fuchs provided a quick update for the Forest Service. All air assets have been released.
- FBO ops – Ethane Crane discussed their new Jet fuel truck with board

NEW BUSINESS

- Tac Aero's Proposal. The AM reviewed the Tac Aero's proposal to purchase Steve Allen's business hangar. The AM reviewed the current lease and the proposed new lease requirements. The board voted to approve.

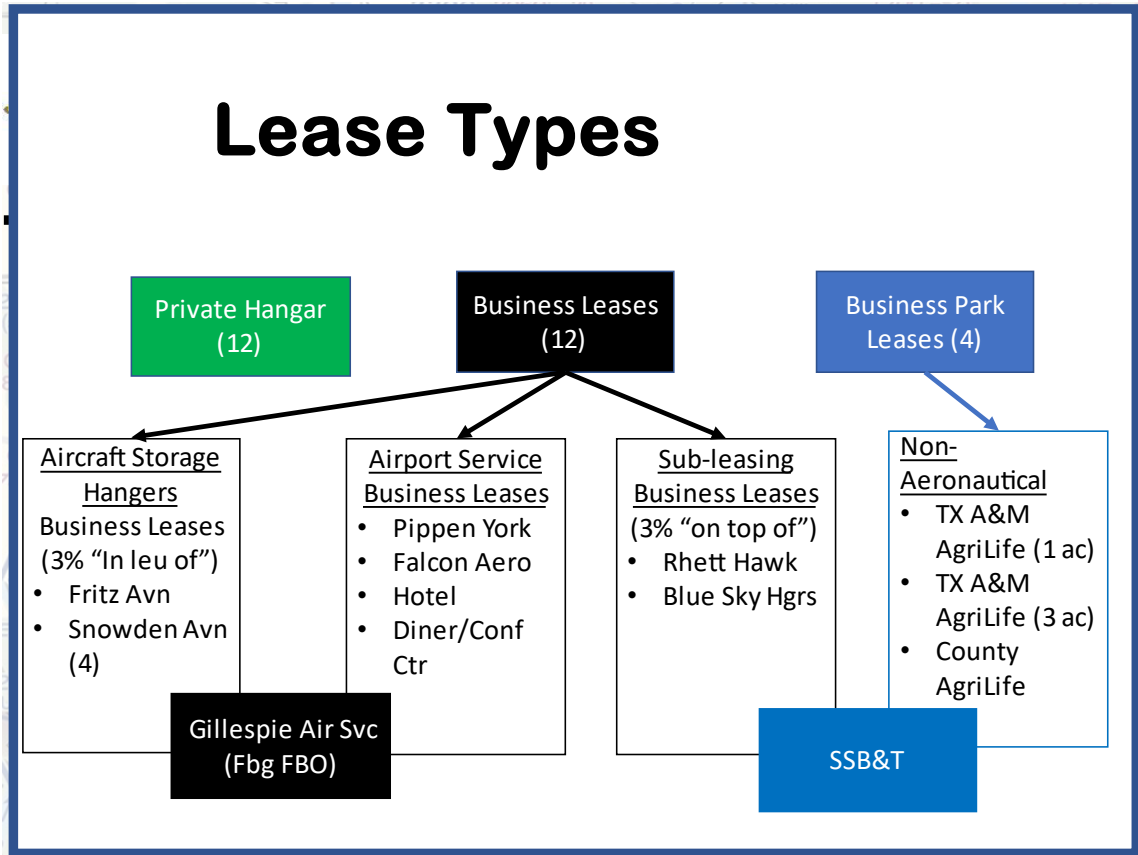


- Airport Service Business Lease Review. The AM reviewed the history of the 3% annual revenue clause. Following the presentation, David Smith announced that he has finish the lease review and here are his comments:

Comments by the Chairman

- Review Completed (Found 3 issues):
 - a) Among Aviation Service Business Leases, there are two agreements with problems:
 - a) The Rhett Hawk lease has two issues
 - A sentence which limits A&P services activity (Fed Grant Assurance issue)
 - A paragraph which adds 3% of gross revenue for leased office and hangar space within the facility, on top of basic land rent
 - b) Not a lease problem for Steve Allen's BlueSky Hangars, but an issue with the sub-lease approval letter. That letter contain the 3% of gross revenue clause on top of the ground lease.
 - b) Among Business Park leases, the SSBT agreement has the same 3% of gross revenue for leased office and hangar space within the facility, on top of basic land rent.
- These problems can be resolved by action of our Court to offer to strike the problem sections from the 2 lease agreements by amendments and change the sublease approval letter for Steve Allen.

Following David’s discussion, the AM gave a quick explanation of the types of leases to the board. Here is a graphic representation of the types of leases:



OLD BUSINESS.

- CIP updates:
 - Phase II update. The AM gave a quick update on the construction. The AM mentioned an issue with the new pavement on the entry way to the terminal ramp. There is a crack in the pavement that stretches from one side to the other...no resolution at this time. For the new apron, after a retest of the pavement, it has been decided to accept it and move forward.
 - Planning Study Update. Garver is ready to present the study to Comm Court. The Special court is scheduled for Sept 29 at 0900.
 - “FAA Acknowledgment of Turf Options” update. The AM reviewed the progress on this topic. The AM met with the EAA group in Aug, and organized a meeting with a small group of local pilots to discuss operating procedures and field prep. The local pilot group plans to work on removing the “bonsai” mesquite trees in the landing area on Saturday Sept 24th. The AM stressed that this grass landing area is for occasional use only...it is **NOT** a grass runway.

REPORTS

David Smith reviewed the fuel sales for last month and Tim Lehmborg reviewed the sale tax reports for the City and County.

ADJOURNMENT (3:05). The board was adjourned. The next meeting is Oct 17th.

Note: all minutes are available on the airport website (<http://www.gillespiecounty.org/page/airport%20-%20AAB%20Minutes>)

Attachment



1

A presentation slide titled "Agenda". In the top left corner is a circular logo for "SUNSHINE COUNTY AIRPORT" featuring a stylized sunburst or wheel design. The word "Agenda" is written in a large, black, sans-serif font. Below the title is a numbered list of eight items:

1. Call to Order
2. Approval of Minutes
3. Airport Manager's Report
4. Open floor (Crosswind, TFS, Tac Aero, and guest)
5. New Business
5. Old Business
6. EAA report/update/comments
7. Comments-FBO, EDC, and Board Members
8. Adjourn

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AAB

- Aug’s Minutes Approval – vote needed
- Airport Manager’s Report
 - Event Update (*Italicized - Unconfirmed*)
 - “Jacob Brodbeck” Day – Sept 20th at 0900
 - *Airport Day - ??????*
 - *Santa Fly-in - ??????*

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AAB

- Airport Manager’s Report
 - Court Review – On 8/22, the Court approved the advertisement for the personnel vacancy at the Airport. On 9/12, the Court approved the AWOS yearly service invoice; the FY23 RAMP agreement and the SSBT modification to the exterior of the facility at 224 Business Court.
 - T-Hangar Occupancy – 100% (36)
 - Airport Status:

	Lights (PAPIs, Beacon, Rwy Edge, Taxiway, Signs) <ul style="list-style-type: none"> • Runway lights - PIC only
	Communication (CTAF, GCO, AWOS)
	Weather Station
	Facilities
	Miscellaneous (Construction, Closures, etc) We brief during the Phase II update

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AAB

- Airport Development Update:
 - Active Private Projects:

#	Developer	LOI Date Rcv'd	Status	Comments
1	Rhett Hawk Expansion	12/28/21	II	Response required by 01/18/23
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AAB

- CPI Adjustments
 - 8.3% (released 9/13/22)
 - Ground leases (effective Oct 1st)
 - Monthly increase - \$1,213.35 (Yearly increase - \$14,560.20)
 - Lease Rates
 - Tier I Adjustment - \$.30 annually
 - Tier II Adjustment - \$.24 annually
 - Tier III Adjustment - \$.22 annually
 - County T-hangar rent increased from \$240 to \$255 per month (effective Jan 1st)

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AAB

- Open Floor
 - Crosswind
 - Texas Forest Service
 - Rhett Hawk
 - Tac Aero Tailwheel Academy
 - Tac Aero MX
 - Guest


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Tac Aero's Proposal



(New Business)

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AAB



15 September 2022

To: Gillespie County Airport Advisory Board

RE: Intent to Enter into New Ground Lease; 465 Airport Road, Fredericksburg, TX.

Dear Airport Advisory Board Members,

Hood Tech Corp. Aero Inc. (DBA: "TACaero") is pleased to announce our intent to exercise the option to purchase the hangar facility located at 456 Airport Road, Fredericksburg, TX. As such, we would like to enter into a new ground lease in accordance with the most current Minimum Standards. TACaero respectfully requests the following lease:


- New 30/10 Lease.
- 130' X 130' = 16,900 sqft @ \$.30/sqft
- Parking= 750 sqft @ .30/sqft
- Total: \$441.25/Month

TACaero will be working with other tenants to figure out a path forward to connect with the city sewer.

Over the past 18 Months, Tac Aero has happily and successfully operated the maintenance shop located at the above mentioned facility and have been able to increase staffing from 3 full time employees to 5. We have been exceedingly pleased with the level of professionalism of the maintenance staff and look forward to continuing to offer top level maintenance service for the local General Aviation community of Fredericksburg as well as transient aircraft support. TACaero has recently made the decision to move the entire TACaero branded operation to Fredericksburg from Oregon. This move further demonstrates our commitment to establishing a long term presence at the Gillespie County Airport.

Please accept this letter as our official request to enter into a new ground lease for 456 Airport Road, Fredericksburg, TX. Thank you for your help in making TACaero maintenance successful and bringing new opportunities to the local aviation community.

Very Respectfully,



Brock Bielen
Director of Airport Operations, Hood Tech Corp. Aero Inc.
361-645-5235
brock@tac aero.com

Hood Tech Corp., Aero Inc. | 1750 Country Club Road, Hood River, OR 97031 | 844.FLY.CUBS

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Current Lease

- Start Date: 11/01/2015
- 30 year: 10/31/2045
- Lot size: 12,000 sqft

Current Rent info:


- Price per sqft - ~\$0.20
- \$198.28 (monthly)

Note: Originally built by Joe Fritz 11/03/1999

Septic tank and leach field not part of the lease area.



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Proposed Lease

- New 30/10 lease
- New lease area – 17,650 sqft
 - 130'x130' = 16,900sqft
 - Parking = 750sqft
- \$.30/sqft (current tier I rate)
- Expect lease - \$441.25 monthly

Diagram labels: (+5' side/rear IAW MOS), 5 parking spots IAW MOS, 15'x50', 75'x120', 130', 50'x130', 130', (50' Apron IAW MOS)

Notes:

- *MOS – Minimum Operating Standards*
- *Connect to city sewer is a must*
- *Max western expansion 25'*

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Aug 2022

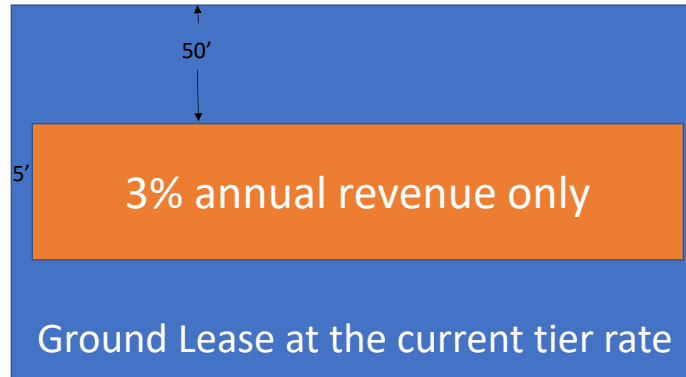
Airport Lease Review

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3% Clause History

- 3% “in leu of”:
- Started in 1972 with Triple K to generate revenue for the Airport...Added apron ground lease in 2002.



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3% Clause History

- 3% “in leu of” is for aircraft storage hangars only
 - T-Hangars
 - Box Hangars (like the FBO’s hangars)
- Note: It is beneficial for the lessee (Airport loses revenue)

T-hangars	Monthly Ground Lease Rent	Current 3% Monthly Revenue	Total Combined Monthly Rent
Fritz	\$207.57	\$95.40	\$302.97
Snowden Thangar (all 4)	\$818.49	\$499.20	\$1,317.69

What if?

T-hangars	Ground lease only	Monthly Change
Fritz	\$434.35	\$131.39
Snowden T-hangar (all 4)	\$1,662.36	\$344.67

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3% Clause History

- The FBO does not take advantage of the 3% “in leu of” policy
 - They pay a flat ground lease for the entire land area.
 - ASB 1 – 12K sqft
 - ASB 2 – 12K sqft
 - ASB 3 – 12K sqft
 - ASB 4 – 10K sqft
 - ASB 5 – 10K sqft
- 56K sqft @ \$.28 = \$1,306.67 per month
- If they paid the 3% “in leu of”
 - Aug numbers - FBO's average revenue from their hangars is \$21,686.05

3% “in leu of” revenue= \$650.58 per month

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3% Clause History

- The Morphing of the 3% Clause (3% “on top of”)
 - 2016...During the lease negotiations between the Airport and Dick Estenson, the board recommended the 3% “on top of” the ground lease.
 - From the board’s minutes of Nov 2016... *“If sub-leasing of improvements is part of the Business Plan, the Sponsor will require a 3.0% participation of the gross rent consideration.”*

Note1: the 3% revenue fee on top of the ground lease was unprecedented, but the Rhett Hawk business plan was also unprecedented. They were the first of their kind at the airport to have a business plan of sub-leasing their facility, other than the aircraft storage hangars (i.e. t-hangars and box hangars).

Note2: The addition of 3% “on top of” fee is not in any way a violation of any rules or grant assurances.

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3% Clause History

- The Morphing of the 3% Clause (3% “on top of”)
 - In Dec of 2019, the Rhett Hawk facility was finally finished, and they received approval from Comm Court to sub-lease. They started paying their 3% “on top of” fee.
 - In Jan of 2020, Steve Allen sold his A&P business and wanted to sub-lease his business Hangar to Tac Aero.
 - Business plan changed to sub-leasing and the 3% “on top of” clause was added to the sub-lease approval letter.
 - In Apr of 2020, 224 Business Court LLC wanted to develop a facility in the Business Park the had the same business model as Rhett Hawk, except non-aeronautical. The 3% “on top of” clause was added to their lease.
 - In May of 2022, SSB&T purchased 224 BC, and the 3% “on top of” clause was added to their lease.

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3% Clause History Conclusion

- Pros and Cons for the 3% “on top of”
 - Pro - It is good for the County and the Airport.
 - It discourages sub-leasing (which is prohibited by the lease, unless approved by Comm Court), and if they do, the County/Airport gets revenue.
 - Con – More bookkeeping on both sides (Lessor and Lessee)

Lessees w/ 3% “on top of”	Current 3% Monthly Revenue	Annual Projected 3% Revenue
SSBT (224 Business Court)	\$200.00	\$2,400.00
Blue Sky Hangars	\$60.00	\$720.00
Luftplatz (Rhett Hawk)	\$165.00	\$1,980.00
Total	\$425.00	\$5,100.00

Note: the \$5,100 equates to 1.4% of the airport revenue.

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Comments by the Chairman

- Review Completed (Found 3 issues):
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AAB

- Old Business:
 - Capital Improvement Projects (CIP)
 - Phase II update T82


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AAB

- EAA report/update/comments
- Comments-FBO, EDC, and Board Members

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FBO Fuel Sales

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD Total	
AvGas - Gals														
Gillespie Air Services @ Retail	8,665	9,307	11,616	12,850	12,679	9,721	10,286	9,858						
Net total AvGas Market T62	8,665	9,307	11,515	12,850	12,679	9,721	10,286	9,858						
Total Market, Same Month, Prior Yr	9,323	6,051	9,839	11,914	8,806	11,848	9,384	9,918	14,726	13,413	10,574	10,411	126,208	
Percent Growth (Decline)	-7%	54%	21%	8%	44%	-18%	10%	-1%						
Cumulative YTD - This Year	8,665	17,972	29,687	42,737	55,416	65,137	75,424	85,281						
Last Year	9,323	16,374	25,213	37,127	46,933	57,783	67,166	77,084	91,811	106,224	115,797	126,208		
Percent Growth (Decline)	-7%	17%	19%	15%	21%	13%	12%	11%						
% Total by Month	23.6%	25.7%	20.4%	25.1%	23.8%	16.4%	17.1%	26.1%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!		
Jet A - Gals														
			FF 12,005 Gal	FF 9,883 Gal	FF 5,458 Gal	FF 11,350 Gal	FF 15,732 Gal	FF 8,444 Gal						
Gillespie Air Services @ Retail	27,790	26,870	46,538	38,290	40,675	49,566	49,764	27,866						
Net Total Jet A Market T62	27,790	26,870	46,538	38,290	40,675	49,566	49,764	27,866						
Total Market, Same Month, Prior Yr	28,532	19,431	31,218	31,285	26,550	45,694	31,347	28,892	35,271	44,024	43,315	38,309	403,868	
Percent Growth (Decline)	-3%	38%	49%	23%	53%	8%	56%	-6%						
Cumulative YTD - This Year	27,790	54,660	101,198	139,488	180,163	229,729	279,493	307,359						
Last Year	28,532	47,963	79,181	110,466	137,016	182,710	214,057	242,949	278,220	322,244	365,559	403,868		
Percent Growth (Decline)	-3%	14%	28%	25%	31%	26%	31%	27%						
% Total by Month	76.2%	74.3%	78.0%	74.9%	76.2%	83.6%	82.9%	73.9%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!		
Total Fuels														
Total Fuels Market T62 - Gals	36,455	36,177	58,453	51,140	53,354	59,287	60,051	37,724						
Total Market, Same Month, Prior Yr	37,855	25,481	41,059	43,200	35,306	57,542	40,711	39,811	49,997	67,437	53,889	48,720	530,077	
Percent Growth (Decline)	-4%	42%	42%	18%	51%	3%	47%	-5%						
Cumulative YTD - This Year	36,455	72,632	131,365	182,225	235,579	294,866	354,917	392,641						
Last Year	37,855	63,336	104,364	147,594	182,950	240,462	281,223	320,034	370,031	427,468	481,357	530,077		
Percent Growth (Decline)	-4%	15%	26%	23%	29%	23%	26%	23%						
Market Change by Quarter														
Market by Quarter			1st			2nd			3rd				4th	YTD Totals
Percent change 2021 to 2022			26%			20%								
Year 2022 Total Fuels by Quarter			131,365			163,781			129,536				160,046	254,688
Year 2021 Total Fuels by Quarter			104,364			136,066								530,077

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