

***MINUTES OF AIRPORT COMMISSION REGULAR MEETING
TUESDAY – MARCH 28, 2023
FORT SMITH REGIONAL AIRPORT CONFERENCE ROOM***

The regular meeting of the Fort Smith Airport Commission was called to order at 5:30 p.m. by Chairman Grimes, presiding. Commissioners Hawkins, Pendergrass, and Ridgley were present. Commissioners Kelly, McGhee and Voris were absent. Also present were Michael Griffin, airport director, Lindsay Conley, finance director, and Kathey Boze, administration director.

ADOPTION OF MINUTES

On motion by Commissioner Pendergrass and second by Commissioner Hawkins, the Commission approved the Minutes of the Rescheduled Regular Meeting of February 21, 2023. Voting aye: Grimes, Hawkins, Pendergrass, and Ridgley. Voting nay: none. Motion carried.

TREASURERS' REPORT

Commissioner Treasurer Pendergrass gave a brief overview of finances, stating that staff had done an excellent job in presenting financial statement detail and backup. Director Griffin also gave a financial overview, stating fuel income was significantly under budget due to the self-serve fuel pump being out of service throughout February. The fuel pump originally placed in service in 2009 will be completely replaced, and is on backorder. A repair to the ARFF fire truck totaling \$39,800 caused maintenance & repair expense to be over budget. The newly installed Exit Lane System was paid with airport funds totaling \$126,000 in February, but will be a future PFC project that can be reimbursed with PFC funds. Director Griffin reported if CARES grant reimbursements were deducted from the financials, there would be a YTD Net Loss of \$125,547. However, excluding the \$126,000 future PFC reimbursable Exit Lane System would result in a YTD Net Income of \$453.

ITEMS OF BUSINESS

1. 2022 Audit and Annual Financial Report Review – David Coleman, auditor with Forvis, LLP, presented the results of the 2022 Fort Smith Regional Airport Financial Statement Audit. The only notable change to airport accounting policies was the adoption of the new standard, GASB 87 Leases. Forvis issued four opinions: 1) airport financial statements are materially correct; 2) airport internal controls have no significant weaknesses or material deficiencies; 3) the airport complies with major federal programs regulations; 4) the airport complies with PFC program regulations. The Statement of Net Position shows the airport's assets increased \$18 million from prior year due primarily to the newly adopted GASB 87 accounting standards for leases receivable, as well as the Runway Extension funding. Three new footnotes were added to airport financial statements: Note 3 Leases Receivable, Note 5 Lease Assets, and Note 6 Lease Liability. Overall, airport Net Position increased \$17.3 million in 2022. In response to questions, Mr. Coleman stated in order to test internal controls for material weaknesses, Forvis auditors provided airport staff with questionnaires regarding operating procedures, and subsequently walked through the described procedures with management to ensure the processes were operating as stated, both for financial statements and grant funds. There were no examples of immaterial deficiencies in internal control identified during the audit that were orally communicated to staff. The auditor did not request to speak to the commission without staff present, and affirmed that the Commissioners' contact information had been made available to auditors during the audit.

Minutes of F.S.A.C. Regular Meeting

March 28, 2023

Page 2

2. Taxiway E South Design Contract – Director Griffin reported that Taxiway E South is the only asphalt taxiway remaining on the airfield and is in a deteriorating condition that requires a large amount of crack sealing each year to maintain. The taxiway is listed on the 2023 Capital Improvement Plan (CIP) and is scheduled to receive Airport Improvement Program (AIP) funding from the FAA for design and rehabilitation. Staff and FAA recommend this project should be a “design only” AIP grant at this time. During the rehab construction project, Runway 8/26 would be shortened in length, and the Instrument Landing System (ILS) would be taken out of service. Halff submitted a proposal of \$221,000 for design engineering services for the project. An Independent Fee Estimate (IFE), as required for the AIP project, was obtained from KSA Engineers who determined the amount of the Halff design proposal of \$221,000 to be acceptable. Discussion was held regarding when actual completion of the rehabilitation would be necessary to be completed. General consensus was that this was a nonessential taxiway, and delaying the rehab project would not negatively affect airport operations.

A motion to approve making the Taxiway E South a design-only project and approve the design proposal from Halff was made by Commissioner Ridgely and seconded by Commissioner Treasurer Pendergrass. There was no further discussion. Voting aye: Grimes, Hawkins, Pendergrass, and Ridgely. Voting nay: none. Motion carried.

3. Solar Project Environmental Contract – An analysis of the feasibility of converting the terminal building to solar power was completed in 2021, at which time the project was not pursued because the upfront costs would negate any return on investment for several years. During 2022, the FAA announced that airports would be eligible for Airport Infrastructure Grants (AIG) as part of the Bipartisan Infrastructure Law and solar projects for terminal buildings are eligible. This solar project, which would now be grant funded, is listed on the airport’s Capital Improvement Program (CIP) for 2023. The solar farm for the terminal building would be located near the terminal secure area, on an area with no future business developments. Because this is an undeveloped area, the FAA requires an Environmental Assessment (EA) be completed. Garver has submitted a proposal for the EA with the base fee of \$48,401. Director Griffin presented a breakdown of Garver’s proposed EA fee, which included possible additional environmental costs, including public meeting costs of \$21,982, if the proposed site is determined a wetland area. The cost for Public Meetings would include charges for printing costs, service costs for engineers to attend and present at the meetings, and venue charges.

A motion to approve the Environmental Assessment proposal from Garver was made by Commissioner Treasurer Pendergrass and seconded by Commissioner Hawkins. There was no further discussion. Voting aye: Grimes, Hawkins, Pendergrass, and Ridgely. Voting nay: none. Motion carried.

4. Hotel Site Improvements – Developers of a new Hilton hotel to be built next to the Home2 by Hilton have requested assistance in bringing sewer lines to their development. The available sewer is located on the southwest corner of the Home2 lot and will need to be extended to the corner of the new development lot. The engineer’s opinion of probable construction cost for this project is \$117,780. This project would be bid, therefore Director Griffin requested commission approval to assist the developer with this task. The airport provided this assistance

Minutes of F.S.A.C. Regular Meeting

March 28, 2023

Page 3

to both existing Hilton properties during their development. Sewer extension is not necessary on the development west of the Homewood Suites. Additionally, Director Griffin requested approval to construct a shared access drive (estimated 310 feet in length) on the east side of the new Hilton, as there are a limited number of curb cut access drives allowed on Phoenix Avenue. If the hotel developer puts in the two entrances needed, only one curb cut would remain for all of the remaining parcels. A shared access drive between the upcoming development and the next parcel secures enough curb cut access and allows maximum use of Phoenix frontage airport property. The engineer's estimate for access road is \$389,086.49. Discussion was held regarding options. Director Griffin stated that the hotel lease rate would not be affected by the sewer extension as it had already been set. The discussion of the sewer extension was tabled to be discussed at the next meeting.

Commissioner Treasurer Pendergrass made a motion to approve only the request for the shared access road project. The motion was seconded by Commissioner Hawkins. There was no further discussion. Voting aye: Grimes, Hawkins, Pendergrass, and Ridgley. Voting nay: none. Motion carried.

5. Terminal Parking Canopy Design Contract – The construction of a canopy located in the secure area of the terminal where airport administration vehicles and terminal operations vehicles park was planned to take place in 2023. Currently airport vehicles are parked in the open and subject to all kinds of weather. Staff has coordinated with MAHG Architects for this project, and it was recommended that a more substantial canopy be constructed than staff originally planned. Director Griffin recommended that the scope of the project be increased to meet the airport's needs. MAHG submitted a design contract in the amount of \$29,050. If approved, staff will return to the commission for approval of the construction bids received after the project is designed. Director Griffin estimated construction of the canopy would cost \$100,000. The discussion of the Terminal Parking Canopy Design was tabled at this time.
6. Airport Hangar Development – At the January commission meeting, a discussion was held regarding the need for general aviation hangars and the potential costs for development. Since that time, staff obtained construction estimates based on 2023 hangar projects which range from \$85-\$96 per square foot. The alternatives for construction all include building on the existing Charlie South T-hangar ramp. Using existing rate structure, the units would rent for \$300 per month. The prices presented ranged from \$750,000 for a 6-Bay Rectangular Hangar up to \$1.8 million for a 12-Bay T-Hangar. An alternative to commission funding the construction would be to make a change in the airport's minimum standard that would allow private developers to construct and operate leased hangar space. If that option is chosen, staff would develop the change in the minimum standards and return it to the commission for approval. The discussion of the Airport Hangar Development was tabled until the next meeting, to get the opinion of the other Commissioners.
7. Bank Services Proposals – The Airport's current bank services provider is Cadence Bank, providing the airport 0.15% to 0.35% interest on our deposit accounts. Staff issued Request for Proposals for banking services in February. Proposals were submitted by five banks: Simmons, Cadence, Regions, Armstrong and Bank OZK. Upon review, staff determined that Regions

Minutes of F.S.A.C. Regular Meeting

March 28, 2023

Page 4

Bank offered the highest dividends on our deposits (up to 4.4%), lowest fees, ability to utilize electronic payments with dual approval, capability to integrate with our accounting software, and experience with airport banking requirements. Director Griffin noted that changing banks would not change current airport investment procedures; requests for bids for CDs and Treasury Bills would continue to be issued. Cadence submitted a proposal to keep the airport's business, but their proposed earnings interest rate was 1% lower than Regions. Staff noted that the process of requesting bank service proposals was initiated because the airport could earn more on its holdings by moving to a sweep account, as well as modernize services including the ability to submit payments electronically.

Commissioner Hawkins made a motion to approve the request to changing the airport bank account service provider to Regions Bank. The motion was seconded by Commissioner Ridgley. There was no further discussion. Voting aye: Grimes, Hawkins, Pendergrass, and Ridgley. Voting nay: none. Motion carried.

8. Director's Report – Arresting Gear Replacement is required to be in place prior to the arrival of the upcoming fighter mission. A special meeting may be called in coming weeks to approve the procurement of this equipment. The expense of the Arresting Gear will be reimbursed by the Air National Guard, but will need commission approval for the initial purchase.

NEXT COMMISSION MEETING

The date of the next regularly scheduled meeting of the Fort Smith Airport Commission will be Tuesday, April 25, 2023, at 5:30 p.m.

ADJOURNMENT

On motion by Commissioner Treasurer Pendergrass and second by Commissioner Hawkins the meeting adjourned 6:41 p.m. Voting aye: Grimes, Hawkins, Pendergrass, and Ridgley. Voting Nay: None. Motion Carried.

Respectfully submitted,

Michael Griffin, A.A.E.
Airport Director