

March 9, 2021

A Special Joint Meeting of the City Council of the City of Hickory and Burke County Board of Commissioners was held at the Hickory Regional Airport, FBO Conference Room, Located at 3103 9th Avenue Drive NW, Hickory, North Carolina, on Tuesday, March 9, 2021 at 11:00 a.m., with the following members present:

Tony Wood	Hank Guess	David L. Williams
Charlotte C. Williams	Aldermen	David P. Zagaroli
Danny Seaver		Jill Patton

A quorum was present.

Also present were: City Manager Warren Wood, Deputy City Manager Rodney Miller, City Attorney John Crone, Deputy City Attorney Arnita Dula, Airport Manager Terry Clark, Communications Specialist Sarah Killian, Executive Assistant Deisy Zavala Vazquez, and City Clerk Debbie Miller.

Burke County Commissioners present were: Chairman Jeffrey Brittain, Vice Chairman Scott Mulwee, Wayne Abele Sr., Johnnie Carswell, Maynard Taylor

Others Present: Clerk to the Burke County Board of Commissioners, Kay Honeycutt Draughn, Burke County Manager Bryan Steen, Finance Officer, Margaret Pierce, and Burke County Attorney J.R. Simpson II

I. Call to Order

Mayor Guess called the meeting to order for the City of Hickory at 11:05 a.m. All Council members were present with the arrival of Alderman Williams at 11:08 a.m.

Burke County Commissioners Chairman Jeffrey Brittain called their meeting to order and advised all the Commissioners were present as well as their Clerk and Attorney. He expressed his appreciation to the City of Hickory for hosting the meeting. He asked for a motion to approve the agenda. Burke County Commissioner Abele moved approval. The motion carried unanimously.

II. Approval of a Memorandum of Understanding for a Partnership between the City of Hickory and Burke County for Construction of an Airplane Hangar at the Hickory Regional Airport in Burke County – Presentation by City Manager Warren Wood.

Mayor Guess asked City Manager Warren Wood to start the presentation.

City Manager Warren Wood thanked everyone for being present. They were excited about this opportunity. He advised he would discuss the Memorandum of Understanding as well as some other things that were going on around the airport in Burke County. He had not realized how significant the dollar amount was. He presented a PowerPoint presentation. He advised the City of Hickory's city limits and extra territorial jurisdiction encompassed approximately 1,800 acres in Burke County. The Hickory Regional Airport was in Burke County. The City of Hickory owns approximately 750 acres of property in Burke County, mostly at the airport, by L.P. Frans Stadium and some property along the lake. The City had over \$41 million dollars being invested in public infrastructure projects in and around the Hickory portion of Burke County including: the widening of 9th Avenue Drive NW, the main road from L.P. Frans Stadium up to the airport; that was through a partnership already with Burke County. Burke County applied on behalf of the City of Hickory for an Appalachian Regional Grant for the widening of that road and making improvements for that to be a three-lane road. That was about a \$3 million dollar project and was currently being designed. Another grant application that Burke County submitted on Hickory's behalf was extending sewer service to areas around the Hickory Regional Airport. That was also in the design phase. The City had already extended a large 16-inch waterline to Hickory Regional Airport. Part of that was because of the fire suppression system at the new hangar. The system was extremely robust. They had water to the airport, but it was 12-inch lines and they needed additional water and pressure. He advised the City was building a 10-foot-wide multi-use walk system. The portion that would come by the airport was referred to as the Aviation Walk. That was a \$17 million dollar project that would expand over US321 by L.P. Frans Stadium all the up to the airport. That was also in the design phase. Bids on that should be let this summer. He advised the City's Riverwalk project, on Catawba River, Lake Hickory, was a 10-foot-wide multi-use walk. There would also be a bridge at the Deidra Lackey Park and that would be an approximate \$16 million dollar investment. The City would be making some park improvements to that park as well in the amount of approximately \$3 million dollars. Those projects totaled \$41 million dollars. He noted the City had been working on these for multiple years, and now everything was coming to reality and would be on the verge of the construction phase.

City Manager Warren Wood referred to a map on the PowerPoint. He pointed out the Burke County line. He noted the majority of the airport was in Burke County. He pointed out the City's extra territorial jurisdiction. He advised the runway which the Commissioners and Council members were just on ran north and south. They were in the process of working to close that runway so they could do more hangar construction and some potential industrial projects on the end of it that were aviation related. That would leave the airport with the main runway which was 6,400 feet. He commented there was a project which he had not included which would be mostly Federally funded that would extend the main runway to just over 7,000 feet. That project was in process. He referred to the PowerPoint and pointed out the area where all the development was taking place and to the area where not as much development was happening, but they could see all of the opportunity that was available in terms of future development around the airport.

City Manager Warren Wood referred to the PowerPoint and displayed a rendering of the Riverwalk project. He pointed out US321 and noted there would be a bridge that comes out over the lake and would tie into a trail system. At the terminus of the Riverwalk there would be the Lackey Project. He explained that a local businessman had planned an event center and the City would be naming the park in honor of his late wife in exchange. Mr. Wood asked Deputy City Manager Rodney Miller to discuss the scope and scale of that project.

Deputy City Manager Rodney Miller referred to the PowerPoint and pointed out the Lake House, which was an event center and primarily would be used for weddings on the weekend, but also corporate retreats, meetings, etc. He advised they would have a restaurant component with the Lake House. He did not know all of the details yet, but there would be an opportunity for a walkup restaurant/drink from the outside as well as using the interior of the Lake House for a restaurant component. That building was over 25,000 square feet in design. They had begun to price that project with local contractors. They were finalizing that design and the costs for that. Once they agree on a price with a contractor, they were looking at approximately six more months to complete the construction drawings and then they could bid the project. He noted the City's portion was located on the right part of the rendering on the PowerPoint. He pointed out the boat and fishing docks, secondary water access, park lawn, and the park restroom. He pointed out the main parking lot which was the City's responsibility. He pointed out the overflow parking component. The Lackey family would be responsible for paying of the overflow parking because if they had a wedding of 250 people, which would tax the existing parking lot, then they need to pay for the overflow parking. He noted that additional parking would be at Hilton Park and Hickory City Park that they would entertain shuttles to move folks back and forth to a large wedding.

City Manager Warren Wood explained the reason he wanted to highlight this was it was the first private sector project that had come along and had been years in the making. There was interest in a lot more in this area. With the infrastructure finishing up they felt like there was a lot of opportunity for development on the Burke County side.

Deputy City Manager Rodney Miller added that part of City Council's agreement with the family was in the conservatory building, once the Lake House was complete, there was a time limit in the contract for when they need to begin the conservatory building. That would house the remains of the Lackey family, and Ms. Deidra Lackey herself. Once it was constructed it would be a park amenity. It would be glass that you could see through with lush gardens and plants. Mr. Lackey described it as being similar to the Biltmore Gardens, high end park/landscape amenities. That was probably in the next few years per the contract that they have to construct that facility.

City Manager Warren Wood commented it would all be taxable property. Mr. Wood referred to the PowerPoint and displayed a rendering of a bridge that was being designed to go over US321 as part of the Aviation Walk, it would be a nice entrance to the City.

City Manager Warren Wood discussed hangars. There were 62 general aviation airports in North Carolina. General aviation airports were airports that do not have commercial service, although Hickory was trying to get commercial service. He showed how the Hickory Airport compared to those 62 airports around the State. Hickory was 26th best in economic output, 24th best in the number of jobs, 22nd best in State and local taxes reduces; and 26th best in personal income. That put Hickory in the top 40 percent. There was room for improvement, which was why they were focused on the airport. They had not historically used it as an economic driver, but that was changing with all of the investments that they were making. They felt like there was a lot of room for improvement in those numbers. Additionally, there was approximately \$37.6 million dollars in aircraft property tax value at the Hickory Regional Airport. The good thing about that type of tax value was they do not have to provide general services to that.

City Manager Warren Wood displayed a photo of the new 32,000 square foot hangar. He noted it was \$2.5 million dollars. The City had received some insurance money towards that. When you get over 12,000 square feet it kicks you into a fire code category that requires a really robust system. The fire system in this hangar was over a half of a million dollars by itself.

City Manager Warren Wood showed a photo on the PowerPoint of the proposed 12,000 square foot hangar in terms of hangar construction. He advised this hangar was located on the west end of the airport and there was room for another one at that location. He noted you could get three to four aircraft in there. When these are built, they will be set aside for the larger aircraft that they have been turning away. When you get these multimillions of dollars planes the owners do not want them sitting in the weather, so that would be accommodating for those types of larger aircrafts. He asked Deputy City Manager Rodney Miller to discuss the details of the Memorandum of Understanding.

Deputy City Manager Rodney Miller referred to the PowerPoint and advised that he had just listed the highlights of the Memorandum of Understanding. The City and County agreed that an increase in aircraft tax base was mutually beneficial by providing additional property tax revenue. The higher dollar aircraft(s) they get to call Hickory and Burke County home, the larger the revenue source they would have in the form of property tax revenue. The existing hangars at the airport were not sufficient to attract additional aircraft(s). They had been getting hounded for months to get the 32,000 square foot hangar built because they want to put their planes there. That hangar was now full, and they have more demand than they have supply. That was why City Manager Warren Wood and Burke County Manager Bryan Steen got together late last year and discussed what they could do. If there was any interest? They landed on a 12,000 square

foot hangar that City Manager Warren Wood had mentioned. The addition to that hangar obviously would provide space to attract additional aircraft. They had a person in Michigan currently that wanted to bring his plane to the Hickory Airport and had not been able to do that yet. It was a high dollar airplane and that was the one they were attracting. This man was building a home in the mountains of North Carolina. He was going to move here, and he wants to bring his plane and they have welcoming arms to bring that aircraft to Hickory, Burke County. The City agreed to design and construct the additional hangar, the City would handle the design, bidding, construction, and construction management. He reiterated that it was 12,000 square feet. Per the code if you stay 12,000 feet or under you do not have to have the additional fire suppression capability that they had to have for the 32,000 square foot hangar. They would need to sprinkle that building. There would be a normal sprinkler system in the building, just water no foam, because of the number of gallons that would be in the fuel tanks of those aircraft. The City intended to use the new hangar solely for aircraft with tax values in excess of \$1 million dollars. He commented that was not to say they were going to kickout a plane that was only worth \$950,000 but that was their intent. He referred to a plane that was being taxied as Council members and Commissioners were walking into the facility. He advised that was the size of the aircraft and larger that they would target. He referred to the one in Michigan and advised it was \$10 million plus. He commented when you add zeros to those aircrafts that adds zeros to the property tax revenue as well. The taxable value per Burke County's tax department, July 1, 2020, was \$37,641,250 in aircraft value. That was what they were proposing would be the baseline that they would set, mutually agree, and anything in excess of that, the County would agree to contribute 50 percent of that excess revenue, anything above that baseline, towards the cost of the new hangar. He mentioned the listing period he thought ended in April for personal property in Burke County. The City would rely on their tax office, their bills for Burke County, which included the Hickory Airport and would go in July typically. Once that comes from the Burke County Tax Department, they would compare that value to what it valued each year and if it were higher, the additional revenue, 50 percent of that, in this agreement it said that Burke County would contribute towards the hangar. They had tentatively estimated the hangar to be approximately one million dollars. They think it could be up to \$1.2 million dollars. He reiterated as long as that baseline was exceeded the additional money each year above that, 50 percent of that would be contributed by Burke County and then their cap would be 50 percent of the cost. They would continue that until they hit 50 percent of whatever that cost was. The City and County per the agreement would mutually decide if that additional hangar construction under this agreement should commence. Meaning, let us hope we are very successful with hangar number one, let us hope the aircraft values exceed that baseline by a significant amount and they are able to pay that hangar off. They would then comeback together and see if they wanted to do this again or if they were done. That was what the agreement said. The agreement said that Burke County's costs would be capped at 50 percent of the costs or half of \$1.2 million dollars. The most they would pay would be \$600,000 toward the hangar, yet it was capped if it were lower at 50 percent. He noted that was not reflected on the PowerPoint slide but was in the agreement. He asked for any questions.

Discussion ensued with questions from Burke County Commissioners. One commissioner had anticipated more than four aircrafts, but maybe he was not thinking big enough on the aircrafts. Based on the figures, he questioned how many years it would take them to pay the \$600,000 share of Burke County's commitment.

Deputy City Manager Rodney Miller advised it would depend on the value of the aircrafts. If they financed the hangar, they thought ten years based on their estimation, worst case.

City Manager Warren Wood added after that 100 percent of that particular hangar would be retained by Burke County.

A Burke County Commissioner assumed there would be additional tax dollars, but it would not be related to the hangar or the airplanes. They had discussed an airport between McDowell and Burke at one point. He asked if they could anticipate influencing some airport park business that obviously would generate a whole lot faster than just the taxes off of the aircraft. He asked if that had been thought through and if there was an estimate or guess.

Deputy City Manager Rodney Miller explained a \$10 million dollar aircraft, they exceed that by \$10 million dollars. Burke County's tax rate rounded at 60 cents, that would be \$60,000 dollars per year that they would get in revenue. Half of that would be \$30,000 that they would put towards this hangar. They thought that it was going to be in excess of \$10 million dollars. He advised that \$20 million dollars provides \$120,000 in Burke County. The target of \$20 million dollars of aircraft, would be \$120,000 in Burke County tax revenue. If they provide \$60,000 of that to Hickory for the hangar that would be ten years, \$60,000 times ten would be \$600,000. That was where the ten years came from. They were shooting for more than that. The higher the tax value of the planes that come in, the quicker that gets paid off. He advised they felt like there was a significant amount of economic development opportunity around the airport, both inside the fence and out. The City owns two large parcels just outside the airport and there had been some interest in those parcels. In fact, the project that was going to happen went elsewhere in Burke County, at their business park.

City Manager Warren Wood interjected it was the pet foods project.

Deputy City Manager Rodney Miller advised they had looked at this site and there had been a second interest in that, but it had not come to fruition. They thought those economic development opportunities benefited both Burke County and the City.

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City Manager Warren Wood explained another scenario. For example, they fill the hangar up with \$20 million dollars' worth of jets and they lose the \$20 million dollars, then Burke County's obligation would be zero. The City would be the one paying back the debt on the hangar at 100 percent.

Deputy City Manager Rodney Miller advised based on the City's interest they thought they could significantly increase the tax value that the City got at the airport in aircraft.

A Burke County Commissioner commented the formula was there to do that. He did some calculations on his own and had come up with somewhere around \$40,000 per year in additional taxes which would get them many more years on this agreement. But if it were going to be \$60,000 that would please him a good deal. It shortened the time down because he had doubled that. Ten years would be wonderful.

Deputy City Manager Rodney Miller mentioned that the other 50 percent of that Burke County would keep. He referred to City Manager Warren Wood's comment that he did not know of any County services that they would be providing for the additional aircraft, unless those folks moved here and were in the County outside of the municipality, but he did not know exactly where they were moving. In this particular instance, with the gentleman from Michigan he was living outside of the County anyway.

A Burke County Commissioner asked Mr. Miller in his estimation, by the time they build the hangar, if they were going to have it full.

Deputy City Manager Rodney Miller responded yes.

Alderwoman Williams questioned the timeline. They did not want to lose potential customers.

Deputy City Manager Rodney Miller advised they had already begun a process with the Federal government through General Services Administration. He advised they had actually narrowed that down. They had two bidders, there was 27 or so certified bidders in the United States for a project like this. They had two bidders that were interested but their numbers came in a little higher than expected. They had since learned that they could do that much cheaper locally. Both of those companies were based out of State and some of their numbers were higher than they expected them to be. They had a local design firm that would be giving them a proposal, hopefully by the end of the week, assuming that the agreement was executed they would pursue that design immediately. They were probably looking at two to three months to complete the design and then they could start construction. He added where they plan to situate the first hangar, there was an old glass wall sitting out there, and they had contracted with a local company to begin removing the glass wall and grading the site. The contractor had told them a week ago he would start in three weeks. They were inside two weeks for him to go ahead and start that. They had tried to do as much as they could without interfering with the potential of the Memorandum of Understanding.

A Burke County Commissioner asked how the fuel sales worked out in this agreement.

Deputy City Manager Rodney Miller advised fuel sales were not included in the agreement. The City of Hickory would retain the fuel sales of course which offset the staffing needed to fuel and move those planes. They did not include anything related to fuel sales in the agreement.

Alderman Wood asked how hangar space was leased right now, what kind of terms. If the gentleman from Michigan brings the \$10 million dollar aircraft, how long would the length of the contract be.

Deputy City Manager Rodney Miller asked Airport Director Terry Clark to discuss the lease terms.

Airport Director Terry Clark explained the lease terms. The airport has an agreement with whoever for whatever type of aircraft and it was usually on a month-to-month basis. Someone like that, a company like that would be negotiable. They could look at them, and it would be according to if they were bringing in their flight department also with that which would take office space and they would have to look at that. When the City took over the FBO ten years ago, they looked at the whole area and they had the fees posted from the small aircraft to the large aircraft that they had saw earlier on the north ramp that was being towed out. They have a hauler at a certain price. They have all of that per hangar. He advised they only have one open hangar left and the rest of them are closed heated hangars.

Deputy City Manager Rodney Miller commented it was fair to say it was a mixed bag depending on the type of aircraft.

Airport Director Terry Clark commented it was so hard to answer because there was so many different types of aircrafts.

City Manager Warren Wood advised that money typically would go to cover insurance, water and sewer, the utilities, and all the things going on with the hangars.

A Burke County Commissioner asked why the 7,000-foot runway was the sweet spot.

Deputy City Manager Rodney Miller explained that in the aviation work it was an attractive number. They had been told that planes that travel from east coast to west coast, because their tanks are not large enough, they cannot get from the east coast to the west coast, from here to

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California without stopping to land, which costs them time and money. Having a longer runway gives them further distance to primarily takeoff. When you have a bigger fuel tank it was harder to take off and land.

A Burke County Commissioner asked that out of the 62 general aviation airports how many of them were 7,000 feet.

Deputy City Manager Rodney Miller guessed a handful.

Airport Director Terry Clark guessed there was a handful and Hickory was at 6,400 feet on the main runway.

City Manager Warren Wood mentioned they were saying 7,001 feet because they could say they are over 7,000 feet.

A Burke County Commissioner asked if they expand the runway to take on bigger planes, would by placing this hangar keep that from continuing. He had noticed they were going to close one runway. He noted that he took his airplane pilot lessons here under Don Woods. It was kind of convenient to have two runways to use. He asked if they had space to have two runways lined up together north south.

Deputy City Manager Rodney Miller responded no they did not.

City Manager Warren Wood replied one of the challenges that they had ran into with a secondary runway was the resurfacing of that was 100 percent on the City and that was about a \$4 million dollars resurfacing deal that they would have to pay. If it were a taxiway, they could get Federal money.

Deputy City Manager Rodney Miller interjected 90 percent.

City Manager Warren Wood continued, the economics of that and the traffic on that particular runway.

Airport Director Terry Clark advised it was very low compared to the main runway it was probably two to three percent.

Deputy City Manager Rodney Miller explained the thought on closing that was that they would have more opportunities for hangars and aircraft and the volume of air traffic, which was obviously, fuel, land, or hangar and economic development opportunities. If you close that then there was an aviation business, Fed Ex for example, they wanted to come to Hickory and Burke County, they have an opportunity for them to go out there on the old, closed runway.

A Burke County Commissioner asked if they had enough room to accommodate a carrier like they used to with Piedmont.

City Manager Warren Wood asked Airport Director Terry Clark to explain.

Airport Director Terry Clark commented that they were still in pursuit of commercial services and would love to have commercial service back. They had hired a consulting company to help them with that. They would love to setup some type of model like what Concord did for the region. They knew that there was a lot of second homes in Western North Carolina that need to go south to Florida. They knew there was a market, and they were trying to work on that. Anything they were doing with the secondary runway would not have any bearing on a commercial runway.

City Manager Warren Wood advised there was a certificate that they had to have in order to be eligible to have commercial services and Hickory had held on to that certificate.

Airport Director Terry Clark commented at one period of time they had DELTA ASA coming in, and that particular model did not work, but they held on to their 139 FAA Certificate with the hope that it would come back one day. Every year they go through their FAA inspection.

City Manager Warren Wood commented and having a manned tower, was majority Federally funded, which was a great asset for the airport.

Airport Director Terry Clark advised they have a contract tower seven days a week from 7:00 a.m. to 9:00 p.m. and they have fully manpowered stations on the field that were ready. There are a lot of great airports sitting around Hickory, but they do not meet the 139. They were welcoming them back as soon as they could.

Deputy City Manager Rodney Miller mentioned 139 was the FAA Certificate inspection of the code, Section 139 and the only folks that have that are the big guys, PTI, Concord, Asheville, no one up north and Charlotte and South Carolina.

Airport Director Terry Clark commented west of Hickory, they were the 139.

Deputy City Manager Rodney Miller advised they could turn the switch on very quickly.

A Burke County Commissioner commented that every County around them would love to have a commuter airline out of Hickory, it would be very convenient. He did not know why it would not

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pay for itself. He wanted to know if that would hinder them in anyway to have a commuter airline if they placed the additional hangar wherever they were putting it.

Deputy City Manager Rodney Miller shared that the City had engaged with a consultant to begin pursuing commercial air service last summer. They had done a study, a catchment area. They looked at the areas on this side of Greensboro, Charlotte, Asheville, all the way to Boone. In that particular market they found all the people that had traveled within the last two years. Which airport they went to and where they went. They captured that information and the feedback from the consultant was favorable that Hickory would be inline and be very attractive to a commercial air carrier. Concord has the ability to add another gate for another airline. They would probably go before Hickory, but Hickory would be second because there was no one else in the Western part of the State. Hickory's attractive enough and they do not want to compete with the other carriers currently existing in Concord. Hickory would be a great opportunity for a commercial air carrier. Staff had planned to go to an air conference in January, it was canceled due to COVID, to start getting Hickory's name out in front of these air carriers across the country.

City Manager Warren Wood thanked Burke County Manager Bryan Steen and his staff, they had been great to work with and done a lot of different things together and they were excited about the opportunity to partner with them on this.

Mayor Guess echoed what had been said, and Council was extremely pleased, to prospectively enter into this partnership with Burke County. He knew that a lot of staff from both entities had worked together to make this happen. It was an exciting day for Hickory and Burke County.

Mayor Guess moved seconded by Alderwoman Patton approval of the Memorandum of Understanding with Burke County. Mayor Guess confirmed that all members of the Hickory City Council were present. The motion carried unanimously.

Burke County Board of Commissioners Chairman Jeffrey Brittain commented they had heard the information and had asked questions. He entertained a motion on the matter.

Burke County Commissioner Carswell moved approval of the Memorandum of Understanding between Burke County and the City of Hickory as presented. The motion carried unanimously.

Burke County Commissioner Chairman Jeffrey Brittain wished to commemorate their agreement and partnership with the City, and he hoped it would be an opportunity for them to partner with the City in other things in and around the airport in the City of Hickory. He expressed his appreciation to City Manager Warren Wood and Burke County Manager Bryan Steen for their vision and insight together to bring that project to them. He thought it was a great project and they looked forward to working together. He knew the City had been working on a trail/walk system and they had been doing the same thing in Burke County around the lake and the Fonta Flora State Trail. As means to commemorate their time today, he asked their Clerk to assist him, and he presented members of City Council and staff with a walking stick. He invited them to come to Burke County and walk with the walking stick.

A Burke County Commissioner noted they were within three easements of closing the entire 26 miles around Lake James and that should occur within the next month and they should have those easements done. As soon as they close the 26-mile loop they will proceed through McDowell County and on to Asheville with the remainder of the trail. He encouraged everyone to come up and take a look at it, especially around Lake James. It was a gorgeous trail and had a walkway. They anticipated the park would be opening before too long, they were closing out some deals on that. It was a tremendous asset. He thought that the tie in with the airport and the trails systems that they were having, he did not think they had recognized what that was yet. He advised that tourism was huge in Burke County right now and had been a God send to them. They were hoping the vision that they had, as the City had had over the last years, and the tie in with Highway 321 and the airport itself and tourism in Burke County would be a tremendous asset for both of them.

Mayor Guess commented they would need to see what the closest point would be to connect the Aviation Walk to Burke County's walk.

Burke County Board of Commissioners Chairman Jeffrey Brittain entertained a motion to adjourn. A motion was made and carried unanimously at 11:45 a.m.

Mayor Guess thanked them for the gift and commented they greatly appreciated it and they look forward to future meetings such as this. He asked for a motion to adjourn.

Alderwoman Patton moved, seconded by Alderman Seaver to adjourn. The motion carried unanimously.

III. There being no further business, the meeting adjourned at 11:45 a.m.

Mayor

City Clerk