

TRIANGLE NORTH EXECUTIVE AIRPORT COMMISSION

Tuesday, June 9, 2015

Minutes

The Triangle North Executive Airport Commission was called to order at 5:30 p.m. by Chairman John Allers on June 9, 2015 in the conference room of the Triangle North Executive Airport.

In attendance were Commissioners: John Allers, Herman Dickens, Taylor Bartholomew, Guy Martin and Phillip Stover. Also, in attendance were Steve Merritt (Airport Manager), David Buchanan (Pilot), Bruce Allen (Concerned Citizen), Pete Tomlinson (Davis, Sturges & Tomlinson) and Jason Elliott (Michael Baker Engineering). Absent from the meeting were Commissioners Don Lancaster and David Bunn.

The second agenda item was review and approval of minutes from the April 14, 2015 meeting. Commissioner Dickens motioned that the minutes be approved as read, with Commissioner Bartholomew seconding. The motion passed unanimously.

The third item on the agenda was public comments. Chairman Allers called for comments from the public. Bruce Allen, 992 Mays Crossroads Rd., Franklinton, said first, he would like to inform everyone that he is utilizing recording devices during this open meeting. He asked that everyone refrain from handling this equipment, as it represented a significant investment on his part and their settings were highly sensitive. He said he would remove the equipment, as quickly as possible, once the meeting was over.

Mr. Allen said at the April 14, 2015 meeting of the Airport Commission, the Airport Manager (Steve Merritt) said that he had made inquiries to Chuck Murray (former Franklin County Finance Director) regarding airport monies. Mr. Merritt stated that he had been unsuccessful in getting an answer from Mr. Murray regarding these inquiries, and that he would get with the new Finance Director, Mitchell Robinson, and start fresh. Mr. Allen said he made inquiries to both of these individuals and asked for numerous documents, including all communications of any type between Mr. Murray and Mr. Merritt, concerning inquiries into airport monies. Mr. Murray told Mr. Allen that he could not produce emails supporting Mr. Merritt's claims because no communications existed between Mr. Murray and Mr. Merritt concerning airport monies. Mr. Allen said as far as he is concerned, someone is telling a lie. Therefore, he said he was formally requesting that Mr. Merritt produce documentation supporting his claims of communication with Mr. Murray about airport monies. Mr. Allen said these communications are public record and the public has a right to know the truth.

Mr. Allen said after the April meeting, he was removing his recording devices from the table, etc. and was privy to two conversations that he considered disturbing. The first conversation was between Mr. Merritt and Commissioner Phillip Stover in reference to the skydiving operations. Mr. Allen said if you refer to the minutes of previous board meetings, you will find issues with the skydiving operations since they arrived at the airport in 2009, and Commissioner Stover also had issues with the skydiving operations at one point. However, Commissioner Stover is now a supporter of the skydivers and Mr. Allen said could this be because Greg Upper (owner of Triangle

Skydiving Center) is a tenant of Commissioner Stover's. Mr. Allen also questioned does this arrangement between Commissioner Stover and an airport tenant constitute a conflict of interest.

Mr. Allen said the second conversation involved Chairman Allers, Commissioner Stover and Mr. Merritt. Mr. Allen said that Chairman Allers realized that Mr. Allen had not finished removing his recording device and stopped the conversation between the three.

At this time, Chairman Allers informed Mr. Allen he had 30 seconds remaining for public comments. Mr. Allen said that he had a document, which he would like to be entered into the minutes. (Document is attached to these minutes.)

The fourth item on the agenda was the airport operations update by Steve Merritt. Mr. Merritt said wholesale fuel prices are up. The tie downs are nearly full. Total Flight Solutions has added a turbine helicopter to its fleet. Commissioner Stover asked if any progress had been made with repairing the GCO. Mr. Merritt said the Division of Aviation was trying to come up with an RTR, but haven't been able to package that. Right now, everybody uses their cell phones.

The fifth item on the agenda was the budget update by Steve Merritt. Mr. Merritt said the budget looks good and he feels the airport will show a profit at the end of June. The biggest difference this budget is that the wholesale price of fuel went down and stayed down. We've experimented with keeping our sales price up, and we are able to do that without losing any customers. Mr. Merritt said we don't have many transient customers. Johnston County is about 75 cents less than we are. Commissioner Dickens commented that he feels if we don't stay competitive with other airports we may lose customers.

The sixth item on the agenda was application for discretionary funds to support industrial area development by Steve Merritt. Mr. Merritt said we have talked about getting letters of intent to build hangars, and we now have three, with two more to come. Paul Schubert, Ricky Nel, Travis Janovich and Matt Berry have all expressed interest in building hangars. We have roughly half million now and want to see if we can get the rest in discretionary funds. As for the match, we could possibly get someone to come up with advance rent to cover the \$50,000. Also, there will be monies leftover that airports didn't use and we want to see if we can get some of that. Jason Elliott said he will get a draft letter to Mr. Merritt this week and attach a final estimate to that, as well.

The seventh item on the agenda was update on taxiway construction for former Anne Gordon property by Steve Merritt. Mr. Merritt asked Jason Elliott to give an update on this agenda item. Mr. Elliott said Mr. Merritt has been working on getting the erosion control permit in place and we should be ready to advertise for bids in about two weeks. Mr. Elliott said he should have the bids on hand for the next meeting. Also, Mr. Elliott said Franklin County Public Utilities should be starting on the water extension soon up to Bryant Road.

In other business:

- Steve Merritt said that Ronnie Martin's (airport employee) wife is very sick and he would like to send her some flowers from the Commission and the airport staff.
- Commissioner Stover asked Mr. Merritt had there been any feedback from the Finance department in reference to his request about the ad valorem taxes for the airport. Mr. Merritt said he spoke with Mitchell Robinson and he got some information from Dan

Williams (Tax Department), also. Mr. Merritt said that Mr. Robinson said the ad valorem taxes had not been put into a separate fund account, and basically went into the General Fund. The bottom line is, the money has been spent. The County paid \$1.5 million to Carlina and then there was the \$174,000 paid to Jack Benusiglio for the remaining balance of the lien on the maintenance hangar.

- The next meeting will be August 11th at 5:30 p.m.

With no further business, the meeting was adjourned at 6:05 p.m.

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TNEA Commissioner Meeting
June 9, 2015

First, I would like for all present to know I am utilizing recording devices during this open meeting. This equipment represents a significant investment on my part and their settings are highly sensitive. I must therefore insist you please refrain from handling my equipment. I will remove my equipment as expeditiously as possible at the adjournment of this meeting.

Language of the modern day – “gaming the system”, “blurring the lines”

Folk language – “yarn”, “forked tongue”

Educated language – “equivocate”, “prevaricate”

The commonality? All are euphemisms for a lie. Now, I don’t know which term this board prefers but something is definitely amiss.

At the April 2015 meeting of this board it was stated by the Airport Manager that he had placed inquiries to former Franklin County Finance Officer Chuck Murray regarding airport monies. The Airport Manager further stated he had been unsuccessful in getting any assistance from Mr. Murray concerning these inquiries. The Airport Manager went further and stated he would be in contact with the new FC FO Mitchell Robinson and start fresh. Well, I made inquiries to both of these gentlemen and I asked for numerous documents including all communications of any type between Mr. Murray and TNEA Manager Stephen Merritt concerning inquiries into airport monies. Mr. Murray informed me he could not produce communication records because no communications existed between himself and Mr. Merritt concerning explanation of airport monies. Now, gentlemen, you utilize any euphemism you want, but I have determined that someone is telling a lie. Therefore, I am formally requesting TNEA Manager Stephen Merritt produce documentation supporting his claims of communication with Mr. Murray concerning airport monies and their possible mishandling. These communications are public record and we the public have a right to know the truth.

After the April 2015 meeting of this board I was gathering my recording gear utilized during a public meeting in a public area and I was privy to two conversations that were most disturbing. The first of these two conversations was between TNEA Manager Stephen Merritt and Airport Commissioner Philip Stover. Rather than give any credence to those with issues concerning the skydiving operation these people were referred to as hot-heads by both Manager Merritt and Commissioner Stover. Commissioner referred to two hot-heads and Manager Merritt stated there were three hot-heads and other than these three there were no other complaints. Referring to the minutes of TNEA board meetings you will find issues with the skydiving operation have been an ongoing issue since their arrival in 2009. Those minutes will reflect complaints from

numerous different individuals as identified by Commissioner Stover himself. The June 2009 minutes even reflect the very contentious meeting concerning Commissioner Stover and his issues with the skydiving operation. The minutes do not include the totality of the conversation during this meeting because it became quite heated and the resolution was Commissioner Stover agreed to apologize to the skydiving operation. Commissioner Stover's original issue concerning the skydivers jumping through the clouds was not addressed and yes the event creating the entire situation was a broken and overcast day and yes the skydivers were jumping through the clouds. My first question, is Commissioner Stover just a hot-head or did he have a legitimate issue? My second question, Commissioner Stover now seems to be a strong advocate of the skydiving operation, could this be because the owner of the skydiving operation Greg Upper is a tenant of Commissioner Stover's? My third question, does this financial business arrangement between a TNEA Commissioner and a TNEA tenant constitute a conflict of interest?

The second conversation concerning me involved TNEA Commission Chairman John Allers, Commissioner Stover, and TNEA Manager Stephen Merritt. Chairman Allers realizing I had not yet collected my audio recording device halted conversation between the three, removed my recorder from the conference table and brought it to me. The three then proceeded in conversation during which I heard Mr. Merritt state, "What I can't tell Don is...". Chairman Allers then indicated Mr. Merritt should lower his conversation volume. My first question, what information pertaining to the operation of TNEA is not relevant to all TNEA Commissioners? My second question, was this conversation ethical? My third question, could this conversation be an illegal deception of not only a TNEA Commissioner but a Franklin County Commissioner as well?

My last point of contention tonight concerns the highly prevaricated budget analysis presented to this board at the April 2015 meeting. It was reported at that meeting the TNEA budget had revenues in excess of expenses in excess of \$60,000 when in fact there were two expense items not reported. One was the annual costs to the county for services provided during the year which is approximately \$20,000 and the other was the 9 year settlement affair with Carlina in the amount of 1.5 million dollars. These two items alone bring your budgetary balance to an approximate negative \$1,460,000. Even if the settlement were amortized over a 30 year period, assuming a zero percent interest loan, there would still be a budgetary loss of approximately \$10,000 and that would require amending previous years losses by \$50,000 each year back to 2006. Since 2009 TNEA's combined budgetary loss considering a \$50,000 amortization is approximately \$487,498 and that does not include this fiscal year's numbers. This does include the ad valorem taxes since 2008-09 fiscal year as revenue.

These numbers were retrieved from the new Franklin County Finance Officer Mitchell Robinson and indicate the highly accurate reporting of all airport monies as indicated in the annual FC CAFR and available online to any and all willing to peruse such information. Explanation of all TNEA monies are identified with project monies identified by project number which should be readily available to the TNEA Manager and should be easily explained to this

board. The financial numbers further indicate at the beginning of 2006-07, just after FC assumed operational control of TNEA, the Airport Capital Project Account had a balance of \$201,404 and as of today, with committed fund expenses included, there is less than \$43,920 in this account. This number takes into account all ad valorem tax monies contributed after TNEA operational losses since 2008-09 fiscal year. I have been told the beginning balance of \$201,404 was Franklin County monies contributed prior to Franklin County Commissioners approving TNEA utilization of aircraft ad valorem taxes for TNEA. Such being the case Franklin County was entitled to reassign this money to the general fund just as it does any other unspent budgetary money not spent during the fiscal year. Had Franklin County chosen to do such the losses for TNEA to date would exceed 1.8 million dollars since the 2008-09 fiscal year.

Gentlemen, put any name on it you want, but from my viewpoint anyone presenting a budgetary analysis for TNEA indicating a positive number of revenue above expenses is presenting an absolute lie.