

February 24, 2015

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// A regular meeting of the Council of the City of Lynchburg was held on the 24th day of February, 2015, at 4:00 P.M. in the Council Chamber, City Hall, Michael Gillette, President, presiding. The following Members were present:

Present: Foster, Helgeson, Nelson, Perrow, Tweedy, Gillette 6

Absent: Johnson 1

// Vice Mayor Johnson arrived at 4:10 P.M.

// Davenport & Company LLC, representative Courtney Rogers provided the Bond Refunding proposals. Due to lower interest rates, the City's financial advisor, Davenport & Company LLC, recommended the City currently refund the General Obligation Public Improvement Refunding Bonds, Series 2005A through the issuance of General Obligation Public Improvement Refunding Bonds, Series 2015. Mr. Rogers stated that Requests for Proposals for a private placement with a fixed rate were distributed to financial institutions on January 28, 2015. Proposals were received on February 12, 2015 and were evaluated by City staff and the financial advisor. American National Bank was selected as the best response. Consistent with Council's policy, this refunding will net 8.1% savings on an aggregate basis, which is well above the 3% savings required by the policy. After the presentation and discussion from Council the following actions were taken. A motion was made by Council Member Perrow, seconded by Council Member Foster to consider adopting a Resolution authorizing the issuance of \$16,000,000 General Obligation Public Improvement Refunding Bonds, Series 2005A. Council by the following recorded vote adopted Resolution #R-15-009, as presented, authorizing the issuance of \$16,000,000 General Obligation Public Improvement Refunding Bonds, Series 2005A:

Ayes: Foster, Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette 7

Noes: 0

On motion of Council Member Perrow, seconded by Council Member Foster to consider amending the FY 2015 General, Water and Sewer Funds Adopted Budget and appropriating \$71,000, \$15,008 and \$17,492 respectively, with resources from the refunding bond proceeds for a total of \$103,500 for estimated issuance costs related to the General Obligation Public Improvement Refunding Bonds, Series 2015. Council by the following recorded vote introduced and laid over to a later meeting for final action Resolution #R-15-010, as presented, amending the FY 2015 General, Water and Sewer Funds Adopted Budget and appropriating \$71,000, \$15,008 and \$17,492 respectively, with resources from the refunding bond proceeds for a total of \$103,500 for estimated issuance costs related to the General Obligation Public Improvement Refunding Bonds, Series 2015:

Ayes: Foster, Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette 7

Noes: 0

// City Manager Kimball Payne gave a brief summary of the Freedom Aviation/Virginia Aviation Lease. First a work session discussion would be held and at 7:30 p.m. a public hearing would be held to receive public comments. Airport Manager Mark Courtney provided a summary of the Freedom Aviation/Virginia Aviation Lease. Mr. Courtney stated In June of 2014 Freedom Aviation purchased Virginia Aviation.

Since that time Freedom Aviation has been providing Fixed Base Operator (FBO) services at Lynchburg Regional Airport utilizing both its own facilities and those formerly leased by Virginia Aviation from the Airport. Mr. Courtney went on to say that the City has allowed this arrangement to proceed on a month-to-month basis until Freedom Aviation's request to assume the former Virginia Aviation lease for the remainder of its term. Two options are before Council for consideration:

- #1—Airport management provides limited FBO services, including the exclusive fueling of commercial and military aircraft, with Freedom Aviation retaining certain retail fueling rights.
- #2—Freedom Aviation assumes the Virginia Aviation lease through June 2017 and obtains all fueling rights at the airport, subject to the retention of some facilities (Hangar 1, Hangar 3 with its associated offices, and Hangar 6) by the Airport, and increased lease payments for the remaining facilities. The fuel farm would continue to be leased to Freedom Aviation on a month-to-month basis, pending further review of its operations. A new lease would need to be negotiated for any term beyond June 2017.

The Lynchburg Regional Airport Commission has recommended against the assignment of the lease and has expressed its preference that the City exercise its exclusive rights to fuel commercial and military aircraft and that Airport management also provide limited FBO services to the General Aviation community.

Freedom Aviation President Dave Young stated that Freedom Aviation is the best choice for the short and long term future of the Lynchburg Regional Airport. Mr. Young further stated that Freedom Aviation purchased the other FBO, Virginia Aviation, in June 2014 and sought to assume the lease. The business provides fuel and repair services, among others, to general aviation users at the airport and is looking to spend millions in capital investments and nearly double its employment and economic output in upcoming years, according to projections that was presented to the City.

After the discussion from Council several major issues were identified. The following issues were major concerns that Council identified in the Lease:

- Control v. Revenues
- Revenues
- Private v. Public Issue – Role of Government
- Risk v. Reward
- Guarantees for the General Aviation Community
- Quality Performance (Customer Satisfaction)
- Gateway to City (preservation, identity)
- Public Asset
- Separation of Church and State (non-discrimination)
- Term of Lease (permanency)
- Short-term v. Long Term
- Airport Authority Implications
- Job Creation v. Career Creation

In conclusion, a public hearing to receive comments from interested parties is scheduled for Council's regular session at 7:30 p.m. Staff and the petitioner will make short presentations for public comment. After the public hearing, the matter will rest with Council.

// There were no roll call items.

// City Council recessed the meeting at 6:40 p.m.

// City Council reconvened the meeting at 7:30 p.m.

The following Members were present:

Present: Foster, Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette 7

Absent: 0

Council Member Tweedy gave the Invocation, followed by the Pledge of Allegiance led by Girl Scout Troop 261.

// Mayor Gillette and Vice Mayor Johnson presented Certificates of Recognition to E. C. Glass Boys and Girls Cross Country Teams. Libby Davidson received a Certificate of Excellence for the Virginia High School League 4A State Championship Girls Cross Country Team and Peter Seufer received a Certificate of Excellence for the Virginia High School League 4A State Championship Boys Cross Country Team.

// In the matter of Fire – General, Resolution #R-15-008 to amend the FY 2015 City/Federal/State Aid Fund budget and appropriate \$52,542 with resources from the 2014 State Homeland Security Program (SHSP) grant from U.S. Department of Homeland Security (DHS), Federal Emergency Management Agency (FEMA) for the Lynchburg Fire Department's CBRNE (Chemical, Biological, Radiological, Nuclear, Explosive) Equipment project, laid over from the February 10, 2015 meeting, was again presented and read, and on motion of Council Member Nelson, seconded by Council Member Perrow, Council by the following recorded vote adopted the Resolution:

Ayes: Foster, Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette 7

Noes: 0

// In the matter of Community Development/CDBG, a public hearing was held regarding City Council Report #5 to receive citizens comments concerning the Community Development Block Grant (CDBG) and HOME Program housing and non-housing goals for the 2015-2020 Consolidated Plan. Grants Manager Melva Walker gave a summary of the request with recommendations from the Community Development Advisory Committee (CDAC). Three individuals spoke and thanked Council for their past support and asked Council to continue supporting their programs. There was no one else present who wished to speak to this item, and the public hearing was closed. On motion of Council Member Helgeson, Chair of the Community Development Advisory Committee (CDAC), seconded by Vice Mayor Johnson, Co-Chair of CDAC, Council by the following recorded vote adopted Resolution #R-15-011, as presented, regarding the Community Development Block Grant (CDBG) and HOME Program housing and non-housing goals for the 2015-2020 Consolidated Plan:

Ayes: Foster, Helgeson, Johnson, Nelson, Perrow, Tweedy, Gillette 7

Noes: 0

// In the matter of Airport – General, a public hearing was held regarding City Council Report #6 regarding a request by Freedom Aviation to assume the lease of city-owned airport facilities formerly leased by Virginia Aviation. Approval of such assumption would require the negotiation of a new lease between the City and Freedom Aviation for all or some of the facilities formerly leased by Virginia Aviation and would allow Freedom Aviation to provide Fixed Base Operator (FBO) services to the general aviation community. An alternative, as recommended by the Lynchburg Regional Airport Commission, would be for the City to retain its exclusive rights to fuel commercial and military aircraft and for the City to provide limited FBO services to the general aviation community. This alternative would also potentially require the negotiation of a new lease between the City and Freedom Aviation for certain city-owned facilities at the Lynchburg Regional Airport. City Manager Kimball Payne stated that during the work session presentations were made by the Airport staff, Airport Director Mark Courtney and Freedom Aviation President Dave Young. Mr. Payne stated that Council identified the following major issues:

- Control v. Revenue
- Revenues
- Private v. Public Issue – Role of Government
- Risk v. Reward
- Guarantees for the General Aviation Community
- Quality Performance (Customer Satisfaction)
- Gateway to the City (preservation, identity)
- Public Asset
- Separation of Church & State (non-discrimination)
- Term of Lease (permanency)
- Short-term v. Long Term
- Airport Authority Implications
- Job Creation v. Career Creation

Airport Manager Mark Courtney stated that for well over ten years, the airport staff has pursued a goal of fostering and maintaining FBO competition at Lynchburg Regional Airport. Mr. Courtney stated the following two options:

#1: Lynchburg Municipal Airport maintains facilities and retains a second FBO, while Freedom Aviation retains certain retail fueling services.

#2: Freedom Aviation to keep a portion of those assets, which means they would lose control over all retail and contract fueling.

Freedom Aviation President Dave Young stated that Freedom Aviation purchased the other FBO, Virginia Aviation, in June 2014 and sought to assume the lease. The business provides fuel and repair services, among others, to general aviation users at the airport and is looking to spend millions in capital investments and nearly double its employment and economic output in upcoming years. There were 11 individuals who spoke opposing the City becoming a Fixed Base Operator (FBO) and believed the private sector would be better suited to handle that role. There was no one else present who wished to speak to

this item, and the public hearing was closed. Council discussed the options at length, in deciding to move forward with a long-term lease arrangement with Freedom Aviation, and to make sure the agreement addresses and covers the number of concerns discussed.

On motion of Council Member Helgeson, seconded by Council Member Perrow, to approve Option #2 which states that Freedom Aviation assumes the Virginia Aviation lease through June 2017 and obtains all fueling rights at the airport, subject to the retention of some facilities (Hangar 1, Hangar 3 with its associated offices, and Hangar 6) by the Airport, and increased lease payments for the remaining facilities. The fuel farm would continue to be leased to Freedom Aviation on a month-to-month basis, pending further review of its operations. A new lease will need to be negotiated for any term beyond June 2017. Council Member Foster offered a friendly amendment to that motion adding more options. Council Member Helgeson agreed to the friendly amendment and Council Member Perrow seconded the motion. Vice Mayor Johnson stated he would not support this motion at this time stating he was against finalizing Freedom Aviation's plan and went on to say he felt the City should capitalize on the opportunity of selling fuel and other services.

Council by the following recorded vote adopted Resolution #R-15-012, as amended, approving the request of Freedom Aviation to assume the lease for some or all of the facilities previously leased by Virginia Aviation at the Lynchburg Regional Airport as of July 1, 2013. City Council further authorizes City staff to negotiate a new lease between the City and Freedom Aviation/Virginia Aviation for an initial term of no more than three years with an extension of up to five years. The new lease will allow the Airport to retain control of some facilities previously leased to Virginia Aviation and will establish new rates for the leased facilities. The new lease between the City and Freedom Aviation/Virginia Aviation shall address the following: appropriate performance standards related to such issues as general aviation services, including fuel prices and hangar space; customer satisfaction; maintaining an appropriate gateway to the City; the separation of church and state, and other items considered appropriate by staff:

Ayes: Foster, Helgeson, Nelson, Perrow, Tweedy, Gillette

6

Noes: Johnson

1

Once City staff and Freedom Aviation/Virginia Aviation have completed the terms of the new lease, the new lease shall be brought back to City Council for Council's approval. If a new lease cannot be successfully negotiated, Council will consider allowing Airport management to provide limited Fixed Base Operator (FBO) services, including the exclusive fueling of commercial and military aircraft.

// The meeting was adjourned at 9:45 P.M.

Clerk of Council