

# SEC JOURNAL

**INSIDE THIS ISSUE:**

<i>Lynchburg Grant</i>	<b>1</b>
<i>Corporate Committee Works</i>	<b>1</b>
<i>Hoerter Retires-Stevens Empires</i>	<b>2</b>
<i>Specialty Sales Adjust</i>	<b>2</b>
<i>Memphis is A+</i>	<b>3</b>
<i>Nashville Suspends DBEs</i>	<b>3</b>
<i>Jets go to Pitt-Greenville</i>	<b>4</b>

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## LYNCHBURG REGIONAL AIRPORT AWARDED \$250,000 FROM DOT

The USDOT has awarded Lynchburg Regional Airport a \$250,000 grant under the Small Community Air Service Development Program (SCASD). The grant, similar to one awarded to Lynchburg in 2002 that resulted in the introduction of regional jet service by Delta Connection, will be used mainly to attract a United Express carrier to provide service to Washington Dulles International Airport.

“This is great news for the airport as well as air travelers in the central Virginia region,” said Lynchburg Regional Airport Director Mark Courtney, A.A.E. “When combined with existing financial incentives made possible through

area governments and the Lynchburg Air Service Development Partnership, this grant should substantially increase our chances of seeing a return of Washington Dulles service.”

The \$250,000 SCASD grant will be combined with a total of \$155,000 in local cash and in-kind incentives to attract a United Express carrier back to Lynchburg. The Lynchburg Regional Chamber of Commerce is spearheading the community match portion of the grant and they have secured \$66,526 in commitments from local organizations thus far. Of the total amount, some \$330,000 will be used as a “Direct Operating Cost Offset” to cover the initial

startup costs typical during the new service phase of the development of an additional connecting hub route. It is expected that this direct incentive will be offered during the first six months of service, with a commitment by the air carrier of three daily departures for a minimum of one year. An additional \$55,000 in community and airport funds will be dedicated to marketing the new service. Finally, an in-kind contribution in the form of the waiving of landing fees for the first six months will bring the total value of the incentive package to \$405,000.

SCASD was authorized by Congress as part of AIR-21.

## *Corporate Membership Expects Big Year*

This year promises to be very exciting for all members of the SEC-AAAE.

The Executive Members of the SEC-AAAE have always recognized the commitment and support the Corporate Members provide to the Association year after year and the members of the Board of Directors continually work to increase the

members’ value for their membership. There are several initiatives currently in the works to bring more value to corporate sponsorships and increased exposure for corporate membership. More bang for your buck!

These initiatives for our Corporate Members can only be achieved with your assistance. The Corporate Committee, spearheaded by Bill Hogan with

RS&H who also serves on the SEC-AAAE Board of Directors as the Association’s corporate representative, is currently searching for active members to participate on the committee. If you are interested in becoming an active member of the Corporate Committee, please contact Bill Hogan at bill.hogan@rsandh.com.

## SAM HOERTER PREPARES FOR RETIREMENT AS SUE STEVENS PREPARES FOR PROMOTION

Another era comes to an end.

Sam Hoerter, A.A.E., Director of Airports for the Charleston County Aviation Authority (South Carolina), has announced his retirement.

Sam Hoerter the educator; Sam Hoerter, the author; Sam Hoerter, the public speaker; Sam Hoerter, the community leader; Sam Hoerter, the founding father of the SEC-AAAE and its sixth president; Sam Hoerter, one of the most admired and respected leaders in the airports industry; Sam Hoerter, friend to all and enemy to none (well, ok, few).

There simply are not enough lines in this newsletter to pay the appropriate tribute to this gentleman. For as long as I have been attending airport conferences, when the argument breaks out in the bar as to who is the best airport manager, Sam Hoerter's name has, more times than not, topped that list. Having had the privilege of working for him and with him these past few years, I can certainly understand why. Sam Hoerter is a man who holds a firm grip on life, a man who has excelled in his profession, a man still in love with his beautiful wife, Nancy, and who savors every success of his son, Joe. Sam Hoerter is a man with values. He is

a man whose word is his bond and whose handshake is a contract. He is a man to be admired.

Hoerter became one of the nation's youngest airport directors when the Charleston County Aviation Authority stole him from Gulfport some 20 years ago. The Aviation Authority would tell you that he is the best deal they ever made.

And he will be difficult to replace.

But the Aviation Authority once again showed great foresight in choosing his successor. After studying about 45 resumes for weeks they obviously determined the best way to maintain the continuity of the staff and continue the great successes that Hoerter put in place was to hire his former protégée, Susan M. Stevens, A.A.E.

Sue Stevens, Deputy Director of Airports, like Hoerter, is also a past president of the SEC-AAAE and subscribes to Hoerter's core values. Stevens has, over the course of the past 19 years, held leadership roles in the finance and operations ends of the three airports owned and operated by the Avia-

tion Authority.

The Authority was unanimous in its decision to hire Stevens. David G. Jennings, Chairman of the Aviation Authority stated, "She knows the operations, she knows the people, she knows the community." Hoerter claims he had nothing to do with influencing the decision of the Authority and he applauds Stevens' advancement with the organization. As a friendly joke, when Stevens was named as the new Director of Airports, he immediately broke out a box of cigars emblazoned with the message, "It's a girl!" "She's solid, and she has the support of the staff as well as the Board," said Hoerter. Jennings said Stevens stood out among the short list of finalists. He said the Board ultimately decided it didn't need to go to the expense of interviewing the others.

Hoerter says he isn't leaving Charleston, but he remains uncommitted as to his next career move which includes some opportunities in the aviation industry.

Stevens, meanwhile, has made the entire SEC-AAAE quite proud.

## SPECIALITY FOOD SALES ADJUST TO NEW RULES

Fifteen live lobster you can take onboard your next commercial flight, but you have to leave the ice or gel packs that keep the lobsters alive behind. They are not allowed on board under the recent ban on liquids and gels in carry-on luggage implemented by the TSA.

The restrictions are forcing airport businesses that sell edible local specialties to adapt. Omaha Steaks has been selling steaks at airfields since the late 1970's. So some retailers

are now providing free shipping, or in Omaha Steaks' situation, a free cooler package for a \$50 purchase.

Clearwater Seafood Company needed to keep their live lobsters cold. Gel and ice packs were out. Their solution—frozen vegetables. Management checked with the TSA and were given the go ahead. Employees went to the store and bought frozen carrots, peas and cauliflower. Now, they pack their

product with veggies.

Some duty-free shops are being allowed to deliver goods to passengers that are already onboard the aircraft.

One perfume shop turned into a leather goods shop—overnight.

No one has figured out how to cope with tropical fish. Oh, you can bring the fish, you have to leave the water.

## MEMPHIS EARNS A+ FROM FITCH

Fitch Ratings affirms its underlying 'A+' rating on approximately \$552.2 million outstanding general airport revenue bonds issued by the Memphis-Shelby County Airport Authority. The Ratings Outlook is Negative. The bonds are payable from the net revenues generated by the operation of Memphis International Airport. The lead managing underwriter for the airport's most recent bond offering was Morgan Keegan and Co., Inc.

The 'A+' rating reflects the airport's status as the central sorting location for Federal Express Corporation, who makes the airport the largest cargo hub in the world; consistently sound financial operations with a cost per enplaned passenger at a moderate \$6.79 and debt service coverage 1.35 times on the outstanding general airport revenue bonds in fiscal 2005 (year ended June 30); and a moderately scaled capital program with minimal anticipated future borrowing needs. Credit concerns and the negative rating outlook center on the financial condition of Northwest Airlines, the airport's largest passenger carrier which operates its third largest network hub into Memphis International Airport. While other carriers would likely enter the market to

serve origin and destination passengers should Northwest's financial condition lead it to significantly alter its operations at the airport, the airport authority would likely experience a displacement in its financial operations.

The airport ranks as the 35th busiest passenger facility in the nation having served 5.4 million enplaned passengers in fiscal 2005. Passenger levels have fluctuated in the past few years as Northwest implemented several schedule adjustments following the overall decline in travel demand after the events of September 11, 2001, and to address its own financial difficulties. Northwest, including its regional affiliates, is the airport's leading passenger carrier representing 80.2% of total enplanements in Fiscal 2005. Delta is the next largest carrier at 7.3% of total enplanements in fiscal 2005, followed by American at 2.9%.

The presence of Federal Express balances the operations of the airport and provides a cushion against any decline at Northwest. Federal Express accounted for 98% of total cargo volume at the airport in Fiscal

2005, and has represented at least 92% of such activity since Fiscal 1992. Cargo volume at the airport has increased at an 8.5% annual rate over the past five years, with much of this growth related to Federal Express becoming a contract carrier for the United States Postal Service in 2001.

The airport's consistently sound financial operations reflect the residual nature of the use and lease agreement that expires in June 2007. Operating revenues increased in each of the last four years, driven by gains in non-aviation sources such as parking, rental cars, and concessions. Airport management successfully controlled operating expenses, which rose at a scant 0.3% average annual rate from Fiscal 2002 to 2005. As a result, the airport retained a competitive cost structure, while debt service coverage was in line with the rate covenant as allowed under the use and lease agreement. Northwest and Federal Express combined to account for over 60% of airport operating revenues in Fiscal 2005.

## Metro Nashville Airport Suspends DBE Program

The Metro Nashville Airport Authority has temporarily suspended its DBE Program that last year resulted in \$1.5 million of \$7.9 million in airport contracts going to minority or female enterprises. Minority business leaders are not pleased.

With the country turning more politically conservative and the U.S. Supreme Court agreeing that some DBE programs may be considered reverse discrimination, the Metro Nashville Airport Authority felt it was in their best interest to suspend the program.

According to Bill Young, Executive Vice President of Tennessee Associated General Contractors, it won't make much difference to local minorities because general contractors are scrambling for qualified sub contractors.

## LITTLE ROCK INTERNATIONAL ROUTES

Officials at Little Rock National Airport are working to develop flights to Mexico, but adding the international travel will require a facility that meets customs and security requirements. SECAA member and Executive Director of the Little Rock National Airport, Deb-

orah Schwartz, says advances in trade with Mexico and the state's fast-growing Hispanic population are reasons enough to try to extend the airport's reach south of the border. Along with that, the Airport Commission has approved a \$5 million study whether the airport

terminal should be renovated or replaced. Part of the study will explore how the airport could handle international flights such as those offered by Mexicana who has approached Little Rock about establishing flights into the airport.

## Southeast Chapter—AAAE

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### SEC-AAAE BOARD OF DIRECTORS MEETINGS

The Board of Directors of the Southeast Chapter of the American Association of Airport Executives will hold meetings on October 13 and 14, 2006.

On October 13, the Board will continue the retreat work it began July 28, 2006, at the Biltmore Estates in Asheville, North Carolina.

On October 14, the Board will hold a Board of Directors' Meeting.

Both meetings will be held at the Intercontinental Hotel and Resort in the French Quarter of New Orleans in conjunction with the Annual AAAE National Airports Conference. Both Meetings will run from 3 pm to 6 pm and be held in the Veranda Restaurant at the hotel.

## In Memoriam

Arven Sanders, A.A.E., 88, past president of AAAE in 1965, passed on August 20 at his home in San Antonio, Texas. He is survived by his wife, Louise; children Gayle, Arven III, Bryan and Kent; 11 grandchildren, and one great grandchild.

Saunders started his aviation career with American Airlines and served during WWII in the Coast Guard Merchant Marine Service. For his outstanding service he received the Congressional Metal of Valor.

After the war he returned to American Airlines but left the company after 12 years to manage airports in Raleigh-Durham and Cincinnati and serve as executive director of Washington Dulles and Washington National Airports.

After 50 years in aviation, he retired at 72 and moved to San Antonio where he lead the Citizen's Advisory Committee during San Antonio's Airport Master Plan Update.

## TURCOTTE LANDS US AIRWAYS FOR PITT-GREENVILLE AIRPORT

SEC-AAAE member Jim Turcotte, Airport Manager at Pitt-Greenville Airport (North Carolina), welcomed US Airways regional jet service to his facility on October 5 with a grand celebration of the inaugural flight.

Now there are no long drives to Raleigh-Durham to catch a jet plane. Airport officials are calling it a "new era of jet airline service."

"Jet aircraft will simply be an enhancement of our existing service," said Turcotte.

US Airways will will be converting two of its existing turbo-prop flights to pure jets to deliver Pitt-Greenville passengers more quickly and efficiently to its hub in Charlotte. The new jets cost approximately \$30 million each, about twice as much as the turbo props, Turcotte said.

Jets will reduce flight times by about 18 minutes, resulting in a 30-minute flight between Pitt-Greenville and Charlotte. The airport will continue its current schedule of five round trips to Charlotte per day. Three of the flights will remain with turbo-prop

equipment and ticket prices will remain the same regardless of the equipment used for the flight.

"These 50-seat jets carry people to the hub and when passengers get there they are generally going in 50 different directions," Turcotte said. "Passengers can fly from here to Charlotte and on to the whole world."

All commercial flights from Pitt-Greenville currently fly to Charlotte but Turcotte is working with US Airways to provide direct service to Philadelphia, but details have not been finalized.