RALEIGH-DURHAM AIRPORT AUTHORITY
SPECIAL BOARD MEETING MINUTES
MARCH 1, 2019

Chair Ali presided. Present: Kane¹, Kushner, Morgan, Saidi, Teer², and Thompson. Staff present included: President and CEO Landguth, General Counsel Locklear, James Tatum, Esq., and other guests.

The Chair welcomed attendees, noting board members joining by phone. The Chair noted this was an important meeting as the Board considers moving forward to meet the needs of the growing region and ensuring the airport is safe and secure. Chair Ali stated that the staff was asked to bring forward a proposed lease with Wake Stone Corporation and he reminded attendees that this was a public meeting open to the public but not a public hearing and there would be no public comments. To enable all to hear the business at hand, the Chair requested that attendees refrain from loud or disruptive comments. He asked President and CEO Landguth and General Counsel Locklear to give details about the lease. Mr. Landguth recognized Jim Tatum, an attorney practicing with Hedrick, Murray, Bryson, Kennett & Mauch. Mr. Tatum shared details of the Option and Lease Agreement and Mineral Lease Agreement proposed with Wake Stone, before the Board for consideration:

I am here to share with you the details of the Option and Lease Agreement and Mineral Lease Agreement with Wake Stone that is before you for consideration today. The Authority’s approval of the lease is the first step in the process to determine whether a quarry is feasible. If all approvals and requirements are met and the Mineral Lease is triggered, it will provide needed funding for airport operations and development, which is a valid airport use of airport property.

The lease is for a 105 acre parcel often referred to as the Oddfellows parcel, because it was primarily purchased from the Independent Order of Oddfellows group in 1976 by the Authority. No federal funds, grant funds, or passenger facility charges were used for the purchase of the property. The Oddfellows parcel is located southeast of the airport and is adjacent to Umstead State Park to the northeast and an existing operating quarry to the southeast. If the requirements of the proposed Option and Lease Agreement are satisfied, then the result would be the expansion of that existing adjacent quarry, operated by the Wake Stone Corporation. The lease also provides a potential source of funding to address mountain biking activities that are currently being conducted on Airport lands without authorization and provides a path to facilitate the movement of those activities to areas where they would be authorized.

The lease begins with an examination period for Wake Stone to evaluate the property for the quarry use and obtain required permits and approvals. This period can last up to 2 ½ years, at the Lessee’s option, with annual payments of $40,000. Wake Stone must get all the necessary permits and approvals before the Mineral Lease can be triggered and quarrying operations can begin.

Lease Term:
- A 25 year mining operation lease term

¹ Vice Chair Kane joined via telephone
² Board member Teer joined via telephone
May be terminated early by Lessor if Lessee shuts mining down for two years or fails to pay royalties when due

May be terminated at any time by Lessee by written notice, subject to paying amounts due and restoring the site

Lease Payments:

- The proposed lease payments are structured to provide increasing minimum payments over the life of the lease. Over the 25 year term of the lease, the minimum payments total $8.5 Million.
- Percentage Royalty – 5.5% -- applies to all crushed materials mined and sold from the site; Estimated value = $24 Million

Additional Terms (Lessee responsibilities):

- Indemnity/Insurance
- Site security and Fencing
- Environmental and regulatory compliance & Permitting
- Overburden to Lessor (right of first refusal at no cost to Lessor, Lessor pays for transport)
- Site reclamation/restoration estimated at $3,000,000

Potential Mountain Bike Lease

Wake Stone pays an additional $3,600,000 to the Authority, in 10 annual installments of $360,000, to be applied to a potential mountain bike lease with a governmental unit or nonprofit for a separate parcel (identified in the Authority’s previous RFP). WSC’s obligation to pay begins when the Mining Lease begins and terminates if the Mining Lease terminates for any reason.

I’d also like to share with you some additional information for your consideration:

a. This proposed lease is consistent with the Authority’s recognition of its legal obligation to use its governmental authority to prevent land uses near the Airport that would be incompatible with its operations, to maintain large buffer areas around the Airport, and to ensure that its property is preserved or developed in a way that does not compromise the Airport’s safety.

b. The parcel is currently vacant, with very limited access, and is used only for unauthorized recreational activities by third parties that constitutes a trespass on airport land. The parcel is not needed, suitable, or desirous for aeronautical purposes.

c. The proposed lease authorizes a non-aeronautical use of the property consistent with the conditionally-approved, current Airport Layout Plan’s designation of the property for “Industrial/Quarry” use, and no revision to the Airport Layout Plan is required or necessary;

d. The proposed lease authorizes the expansion of an existing quarry that has been in operation for almost 40 years and, throughout that time, has presented no risks to, nor affected or interfered with, the operations of aircraft or the safety of people and property on the ground related to aircraft operations.

e. Both the Authority and FAA, through its conditional approval of the Airport Layout Plan, have determined that the activities and uses authorized under the Lease will not affect or interfere with safe and efficient operation of aircraft or safety of people and property on the ground related to aircraft operations;

Raleigh-Durham Airport Authority Board Members

Farad Ali, Chairman
City of Durham

John M. Kane, Vice Chairman
Wake County

Patrick Hannah, Esq., Secretary
Durham County

Robert D. Teer, Jr.
City of Durham

Dickie Thompson
City of Raleigh

David Morgan
Durham County

Sepideh Saeidi, P.E.
City of Raleigh

David Kushner
Wake County
f. The Raleigh-Durham Airport Authority will receive fair market value for the lease of the Property, including royalties on any extracted minerals and the proposed lease would provide the highest and best commercial use of the property, yielding funds to support the airport, which is a valid airport use of this Property.

g. No grants or other federal funding was used in the acquisition of the Property;

h. The Authority is authorized by its enabling legislation to approve and enter into the Lease.

i. The proposed lease will have no impact on the safe, efficient use and preservation of navigable airspace.

As I’ve mentioned before, the execution of this lease will begin the process to determine the feasibility of the quarry expansion and is a necessary step to do so. The result of the process may mean that a quarry isn’t feasible, but the execution of the lease must happen to allow that process to begin. If the quarry isn’t feasible, the Mineral Lease will not be triggered and quarrying will not happen.

So, considering the information I’ve presented to you, the Master planning process, the information you’ve heard in previous meetings, and the public discourse, the proposed action is Board approval of the Mineral Lease Agreement with Wake Stone Corporation, and authorization for the President and CEO to execute the Lease.

Chair Ali verified that the two board members joining by telephone had heard Mr. Tatum’s presentation. He asked for a motion.

*Motion by John Kane to approve the Raleigh-Durham Airport Authority entering into the Option and Lease Agreement and Mineral Lease Agreement with Wake Stone Corporation and for authorization for the President and CEO to execute the Agreement; Second by Morgan.*

Chair Ali asked if there were any questions or discussion and hearing none, he called the vote.

*ADOPTED BY UNANIMOUS VOTE*³

*Motion by Thompson to adjourn; Second by Morgan*

*ADOPTED BY UNANIMOUS VOTE*

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³ Board member Kushner recused himself due to a conflict of interest and abstained from voting