

**REGULAR MEETING
GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY
August 10, 2018**

The Greater Asheville Regional Airport Authority ("Authority") met on Friday, August 10, 2018 at 8:30 a.m. in the Conference Room at the Authority's Administrative Offices, Asheville Regional Airport ("Airport"), 61 Terminal Drive, Suite 1, Asheville, NC 28732.

MEMBERS PRESENT: Matthew C. Burrell, Chair; K. Ray Bailey, Vice-Chair; William L. Moyer; Stephanie Pace Brown; and George H. Erwin, Jr.

MEMBERS ABSENT: David Gantt, Brad Galbraith

STAFF AND LEGAL COUNSEL PRESENT: Cindy Rice, Authority Legal Counsel; Lew Bleiweis, Executive Director; Michael Reisman, Deputy Executive Director of Development and Operations; Kevan Smith, Chief of Public Safety; Suzie Baker, Director of Administration; Tina Kinsey, Director of Marketing and Public Relations; Janet Burnette, Director of Finance and Accounting; Shane Stockman, IT Director; John Coon, Director of Operations; Samuel Sales, Public Safety Captain; and Ellen Heywood, Clerk to the Board

ALSO PRESENT: James Moose, Avcon; Paul Puckli, CHA Consulting; Vijay Kapoor, Asheville City Council; Eric Rysdon, RS&H; David Barlow, CHA Consulting; Dillon Davis, Asheville Citizen Times

CALL TO ORDER: The Chair called the meeting to order at 8:30 a.m.

SERVICE AWARD PRESENTATION: The Chair recognized Suzie Baker with a service recognition award and gift for her 10 years of service with the Authority.

The Director stated that Mrs. Baker has also announced her retirement and will be retiring at the end of August. The Board wished Mrs. Baker well in her retirement.

The Director commented that in addition to Mrs. Baker's retirement, two other employees have announced retirements for the end of September; Sherman Stark, the Operations Supervisor, after approximately 15 years of service; and Laura Foster, the Custodial Supervisor, after 10 years of service.

FINANCIAL REPORT: The Director reported on the airport activity for the month of June which included enplanements, aircraft operations, and general aviation activity. Janet Burnette reported on the financial activity for the month of June.

PRESENTATIONS:

A. Terminal Building Assessment Study: David Barlow of CHA Consulting presented high-level findings of the terminal's building systems and infrastructure assessment that was recently completed. Recommendations were provided for all systems including mechanical HVAC, mechanical plumbing, fire protection, electrical, water, sewer, and architectural items. A timeline for the replacement of the various systems as well as associated costs was identified.

Mr. Bailey inquired if it would make sense to hold off on these types of renovations until it was determined what was necessary for the expansion of the terminal building and they could all be tied together. The Director stated that a presentation of the terminal facility requirements would be made at the October Board meeting. The systems reviewed by CHA Consulting are the items that would need to be replaced if the terminal facility was not going to be addressed. Mr. Barlow assured the Board that money would not be wasted on new mechanical equipment since some of it could be repurposed within the renovation or expansion of the terminal building.

Ms. Brown questioned how much of the list is unrelated to an expansion. Michael Reisman responded that this presentation was not meant to overlap with a terminal expansion. Some of the infrastructure deficiencies, especially the water and sewer systems, need to be addressed to bring the building's infrastructure up to a good position. Everything else could possibly get folded up into a decision-making process on how the Authority proceeds with the terminal building.

The Board thanked Mr. Barlow for his presentation.

CONSENT ITEMS: The Chair stated that Consent Item B, Approval of the Greater Asheville Regional Airport Authority June 8, 2018 Closed Session Minutes Parts A and B, would be pulled for review in Closed Session.

A. Approval of the Greater Asheville Regional Airport Authority June 8, 2018 Regular Meeting Minutes: Mr. Bailey moved to approve the Greater Asheville Regional Airport Authority June 8, 2018 Regular Meeting Minutes. Mr. Moyer seconded the motion and it carried unanimously.

Mr. Erwin moved to approve Consent Items C and D. Mr. Moyer seconded the motion and it carried unanimously.

OLD BUSINESS:

A. Public Hearing and Final Adoption of the Authority's Amended Ordinance 201601 for Airline Rates, Fees and Charges for the Asheville Regional Airport:

The Chair opened the floor to public comments at 9:08 a.m. There being no public comments, Mr. Moyer moved to close the floor at 9:08 a.m. Mr. Bailey seconded the motion and it carried unanimously.

Mr. Bailey moved to adopt the Amended Ordinance 201601 to implement the Schedule of Airline Rates, Fees and Charges for the Asheville Regional Airport for FY2018/2019. Mr. Erwin seconded the motion and it carried unanimously:

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY
AMENDED ORDINANCE NO. 201601
AN ORDINANCE TO IMPLEMENT A SCHEDULE OF AIRLINE RATES, FEES AND CHARGES
FOR THE ASHEVILLE REGIONAL AIRPORT.

IT IS HEREBY ENACTED AND ORDAINED BY THE GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY AS FOLLOWS:

Section 1. CITATION.

1.1 This Ordinance may be cited as the "Airline Rates, Fees & Charges Ordinance".

Section 2: FINDINGS.

2.1 The Greater Asheville Regional Airport Authority was created by Session Law 2012-121, which was ratified by the General Assembly of North Carolina on June 28, 2012.

2.2 Section 1.6(a)(7) of Session Law 2012-121 gives the Greater Asheville Regional Airport Authority the ability to, among other things: *"[m]ake all reasonable rules, regulations, and policies as it may from time to time deem to be necessary, beneficial or helpful for the proper maintenance, use, occupancy, operation, and/or control of any airport or airport facility owned, leased, subleased, or controlled by the Authority . . ."*

2.3 Section 1.6(a)(6) of Session Law 2012-121 gives the Greater Asheville Regional Airport Authority the authority to: *"[c]harge and collect fees, royalties, rents, and/or other charges, including fuel flowage fees for the use and/or occupancy of*

property owned, leased, subleased, or otherwise controlled and operated by the Authority or for services rendered in operation thereof."

2.4 Section 1.6(a)(21) of Session Law 2012-121 gives the Greater Asheville Regional Airport Authority the ability to: *"[e]xercise all powers conferred by Chapter 63 of the General Statutes [of the State of North Carolina] or any successor Chapter or law."*

2.5 North Carolina General Statute Section 63-53(5) further gives the Greater Asheville Regional Airport Authority the authority: *"[t]o determine the charge or rental for the use of any properties under its control and the charges for any services or accommodations and the terms and conditions under which such properties may be used, provided that in all cases the public is not deprived of its rightful, equal, and uniform use of such property."*

2.6 The Greater Asheville Regional Airport Authority is obligated under federal law to maintain an airport user fee and rental structure that, given the conditions of the Airport makes the Airport as financially self-sustaining as possible.

2.7 The Greater Asheville Regional Airport Authority is further obligated under federal law to establish an airport user fee structure that is fair and reasonable to all users, and not unjustly discriminatory.

2.8 In or around Fall 2014, the Greater Asheville Regional Airport Authority contracted with an airport consulting firm, who conducted a comprehensive airline rate and charge study at the Airport, in accordance with the methodology stated in the Rates and Charges Policy promulgated by the Office of the Secretary of the Department of Transportation and by the FAA.

2.9 Since approximately February 2015, the Greater Asheville Regional Airport Authority has consulted with and made repeated, good faith efforts to reach an agreement regarding rates, fees and charges with the Airlines, and to resolve all disputes asserted by the Airlines, and after adequate and timely consultation with the Airlines and with the airport consulting firm, Greater Asheville Regional Airport Authority now desires to implement, by ordinance, the fair, reasonable and not unjustly discriminatory rates and charges structure as proposed by the airport consulting firm.

Section 3. PURPOSE AND SCOPE

3.1 The Greater Asheville Regional Airport Authority finds and determines that it is in the public interest to establish a schedule of Airline rates, fees and charges by ordinance.

3.2 This Airline Rates, Fees & Charges Ordinance shall be applicable to all Airlines utilizing the Asheville Regional Airport.

Section 4. EFFECTIVE DATE

4.1 The Airline Rates, Fees & Charges Ordinance shall take effect as of the 9th day of December, 2016.

Section 5. DEFINITIONS

5.1 "Affiliate" shall mean any airline or other entity designated in writing by Airline as an Affiliate that is operating under the same flight code designator and is: (1) a parent or subsidiary of Airline or is under the common ownership and control with Airline or (2) operates under essentially the same trade name as Airline at the Airport and uses essentially the same livery as Airline or (3) is a contracting ground handling company on behalf of Airline at the Airport.

5.2 "Airline(s)" shall mean each airline providing commercial passenger service to and from the Airport and using the Airport Terminal Building to enplane and deplane passengers or cargo service to and from the Airport.

5.3 [RESERVED]

5.4 "Airlines' Revenue Landed Weight" is for the applicable Fiscal Year the sum of the products determined by multiplying each Revenue Aircraft Arrival by each of the Airlines by the applicable Certified Maximum Gross Landed Weight of the aircraft making the Revenue Aircraft Arrival.

5.6 "Airport" is the Asheville Regional Airport as it presently exists and as it is hereafter modified or expanded.

5.7 "Airport Operating Requirement" for any Fiscal Year, consists of all of the following: (1) Operation and Maintenance Expenses; (2) O&M Reserve Requirement; (3) Depreciation; (4) Amortization; (5) Debt Service; (6) coverage required on any Bonds; (7) fund deposits required under any Bond Ordinance; (8) the net amount of any judgment or settlement arising out of or as a result of the ownership, operation or maintenance of the Airport payable by Authority during any Fiscal Year. This amount would include, but not be limited to, the amount of any such judgment or settlement arising out of or as a result of any claim, action, proceeding or suit alleging a taking of property or an interest in property without just or adequate compensation, trespass, nuisance, property damage, personal injury or any other claim, action, proceeding or suit based upon or relative to the environmental impact resulting from the use of the Airport for the landing and taking off of aircraft; and (9) any and all other sums, amounts, charges or requirements of the Airport to be recovered, charged, set aside, expensed or accounted for during any Fiscal Year, or the Authority's accounting system.

5.8 "Amortization" is the amount determined by dividing the net cost of each Airport non-depreciating asset by an imputed estimated life for the asset as determined by the Authority.

5.9 "Assigned Space" means for each Airline, those areas and facilities in the Terminal Building and those areas adjacent to and outside the Terminal Building which are assigned to such Airline for its Preferential use.

5.10 "Authority" means the Greater Asheville Regional Airport Authority.

5.11 "Bond Ordinance" is any ordinance, resolution or indenture authorizing the issuance of Bonds for or on behalf of the Airport or Authority, including all amendments and supplements to such ordinances, resolutions and indentures.

5.12 "Bonds" are all debt obligations issued for or on behalf of the Airport or the Authority subsequent to July 1, 2009, except obligations issued by or on behalf of the Authority for a Special Facility.

5.13 "Capital Charge or Capital Charges" charges that include Amortization, Depreciation and Debt Service.

5.14 "Capital Outlay" is the sum of one hundred thousand dollars (\$100,000) or as otherwise determined by the Authority.

5.15 "Certified Maximum Gross Landed Weight" or "CMGLW" is, for any aircraft operated by any of the Airlines, the certified maximum gross landing weight in one thousand pound units of such aircraft as certified by the FAA and as listed in the airline's FAA approved "Flight Operations Manual".

5.16 "Debt Service" for any Fiscal Year is the principal, interest and other payments required for or on account of Bonds issued under any Bond Ordinance.

5.17 "Depreciation" is the amount which is the net cost of any Airport asset, except a non-depreciating asset, divided by its estimated useful life as determined by the Authority.

5.18 "Enplaned Passengers" are the originating and on-line or off-line transfer passengers of each of the Airlines serving the Airport enplaning at the Airport.

5.19 "Fiscal Year" is July 1st of any calendar year through June 30th of the next succeeding calendar year, or such other fiscal year as Authority may subsequently adopt for the Airport.

5.20 "Holdrooms" means the gate seating areas currently situated in the Airport Terminal Building, as they now exist or as they may hereafter be modified or expanded or constructed by Authority within or as part of the Terminal Building for use by Airline and the other Airlines for their Joint Use.

5.21 "Joint Use Formula" is, for any Fiscal Year, the formula used for prorating Terminal Building Rentals for Joint Use Space.

5.22 "Joint Use Space" means that common use space not assigned, which Airline uses on a joint use basis with other airline tenants.

5.23 "Landing Fees" are the airfield related charges calculated by multiplying the landing fee rate established in the Schedule of Rates, Fees and Charges for the applicable Fiscal Year by the applicable Certified Maximum Gross Landed Weight ("CMGLW") of Revenue Aircraft Arrivals.

5.24 "Operation and Maintenance Expenses" or "O&M Expenses" are, for any Fiscal Year, the total costs and expenses, incurred or accrued by the Authority for that Fiscal Year, in providing for the administration, operation, maintenance and management of the Airport, including, without limitation, the performance by Authority of any of its obligations related to the Airport.

5.25 "O&M Reserve Requirement" is the requirement adopted by the Authority that defines the amount of operating cash reserves to be available within the O&M Reserve Fund. The O&M Reserve Requirement may be revised from time to time and is currently set to equal at least six (6) months of the annual O&M Expenses budgeted for the current Fiscal Year.

5.26 "Passenger Facility Charge (PFC)" is the charge imposed by the Authority pursuant to 49 U.S.C. App. 513, as amended or supplemented from time to time, and 14 CFR Part 158, as amended or supplemented from time to time, or any other substantially similar charge lawfully levied by or on behalf of the Authority pursuant to or permitted by federal law.

5.27 "Preferential Use Space" means that Assigned Space for which Airline holds a preference as to use, and which may be used on a non-preferential basis by another airline or tenant.

5.28 "Rentable Space" is that space within the Airport Terminal Building which has been constructed or designated as rentable space by Authority, including such deletions therefrom and additions thereto as may occur from time-to-time.

5.29 "Revenue Aircraft Arrival" is an airline aircraft landing at Airport, excluding those returning to the Airport due to an emergency, and for which Landing Fees are charged by Authority.

5.30 "Special Facility" is any Airport facility acquired or constructed for the benefit or use of any person or persons, the costs of construction and acquisition of which are paid for (a) by the obligor under a Special Facility agreement, (b) from the proceeds of Special Facility bonds, or (c) both; provided, however, that Airport facilities built by an Airport tenant under a ground lease or any other agreement which by its terms is not indicated to be a Special Facility agreement shall not be considered a Special Facility under this definition.

5.31 "Schedule of Rates, Fees and Charges" is the schedule the rates, fees and charges due by Airline to the Authority and is reestablished each Fiscal Year.

5.32 "Terminal Building Rentals" are the Terminal Building rents calculated by multiplying the Terminal Building Rental Rate times the then-applicable square footage of the Assigned Space in question.

Section 6. RATE MAKING METHODOLOGY

6.1 Rates and charges shall be established annually based on the methodology set by the Authority below and in the Schedule of Rates and Charges referenced in Section 8 below.

6.2 Rates and charges shall be developed under a commercial compensatory rate making methodology.

6.3 Rates and charges shall be calculated and set at the beginning of each Fiscal Year.

6.4 Terminal Building Operating Requirement.

6.4.1 For purposes of this Ordinance, the Terminal Building Cost Center shall consist of the current Terminal Building, including the ticketing wing, the Holdrooms, baggage claim facilities, baggage make-up facilities, and passenger loading bridges/regional boarding ramps, as well as the areas immediately adjacent to the west side of the terminal building utilized for baggage tug drives and baggage tug storage, and all public areas, concession areas, and other leasable areas.

6.4.2 The Terminal Building Operating Requirement shall be calculated as specified in Sections 6.4.2.1 through 6.4.2.4 below:

6.4.2.1 By summing the elements of the Airport Operating Requirement allocated to the Terminal Building Cost Center. Currently, this includes O&M Expenses, O&M Reserve Requirement, net Depreciation, Amortization, Capital Outlay, and Debt Service.

6.4.2.2 By then reducing the total from Section 6.4.2.1 by non-airline revenue credits applied by the Director. These revenue credits are reimbursements and offsets to base costs. This results in the Net Terminal Building Operating Requirement.

6.4.2.3 The Net Terminal Building Operating Requirement calculated in Section 6.4.2.2 is then divided by Rentable Space to obtain the Terminal Building Rental Rate.

6.4.2.4 Finally, each Airlines' share of cost is then derived by multiplying the Terminal Building Rental Rate by the Terminal Building Airlines' rented space (preferential use) and Airlines' share of Joint Use Space as determined by the Joint Use Formula.

6.5 Airfield Area Operating Requirement.

6.5.1 For purposes of this Ordinance, the Airfield Area Cost Center consists of those areas of land and Airport facilities which provide for the general support of air navigation, flight activity and other aviation requirements of the Airport. The airfield includes runways, taxiways, the terminal apron, aircraft service areas and those ramp areas not included in any other cost center, approach and clear zones, safety areas and infield areas, together with all associated landing navigational aids and Airport facilities, aviation controls, and other systems related to the airfield. It also includes areas of land acquired for buffer requirements for the landing areas of the Airport, all land acquired for Airport expansion until the land is used or dedicated to another cost center, and all Airport noise mitigation facilities or costs. The Airport's triturator facility, storage areas for airline glycol equipment and tanks, and any fueling facilities and equipment provided to serve the airlines on the terminal apron are also included in the airfield cost center.

6.5.2 The Airfield Area Operating Requirement shall be calculated as specified in Sections 6.5.2.1 through 6.5.2.4 below:

6.5.2.1 By summing the elements of the Airport Operating Requirement allocated to the Airfield Area Cost Center. Currently, this includes the O&M Expenses, O&M Reserve Requirement, net Depreciation, Amortization, Capital Outlay, and Debt Service.

6.5.2.2 By then reducing the total calculated in Section 6.5.2.1 above

by non-airline revenue credits applied by the Director. These revenue credits are reimbursements and offsets to base costs. This results in the Net Airfield Area Operating Requirement.

6.5.2.3 The Net Airfield Area Operating Requirement calculated in Section 6.5.2.2 is then divided by the estimated Certified Maximum Gross Landed Weight (CMGLW) of all Airlines' Revenue Aircraft Arrivals to determine the Airlines' Landing Fee rate.

6.5.2.4 The Airlines' Landing Fee rate is then multiplied by the estimated CMGLW of the Airlines.

6.5.3 All costs incurred by the Authority for mitigation or damages resulting from noise, environmental incidents or conditions, aircraft fueling, or other Airport aircraft-related conditions or activities will also be charged and allocated to the Airfield Area Operating Requirement.

6.5.4. [RESERVED]

6.5.5 Affiliate. Each Affiliate's operations shall be counted and recorded jointly with Airline's and shall be at the same rate.

6.5.6 Joint Use Space. Airline's share of the Total Terminal Building Rentals for Joint Use Space will be determined as follows: (1) sixty-five percent (65%) of the total rentals due shall be prorated among Airlines using Joint Use Space based upon Airline's share of Enplaned Passengers, (2) thirty-five percent (35%) of the total rentals due shall be prorated among the Airlines using Joint Use Space based upon Airline's share of aircraft departures.

6.5.7 Other Cost Centers. All other cost centers are not included as part of the Airlines' rates, charges and fees. Authority may apply revenues from the other cost centers to offset expenses at a time, and in an amount, based on the sole discretion of the Director.

6.5.8 Unless otherwise provided herein, all rates, fees and charges are calculated as described in Schedule of Rates, Fees and Charges referenced in Section 8 below.

Section 7. RENTALS, FEES AND CHARGES

7.1 The Authority shall establish the Schedule of Rates, Fees and Charges at the beginning of each Fiscal Year.

7.2 Prior to the establishment of the Schedule of Rates, Fees and Charges each Fiscal Year, the Authority shall formally notify Airline in writing of the anticipated Schedule of Rates, Fees and Charges to be in effect for the upcoming Fiscal Year. Authority's notification to Airline shall include notice of the time and place of a meeting to present the Schedule of Rates, Fees and Charges, expenses and capital charges used in the calculation, and to answer questions of Airline. The anticipated Schedule of Rates, Fees and Charges shall be set forth and supported by a document prepared by the Authority.

7.3 So long as Airline has been notified per above, the implementation of the upcoming Schedule of Rentals and Charges will be effective on the first day of the Fiscal Year.

7.4 Each Airline operating at the Airport shall be responsible for paying those rates and charges itemized below in the amounts specified in the Schedule of Rates, Fees and Charges in Section 8 below:

7.4.1 Preferential Use Space - Each Airline shall pay the Authority for its use of the assigned, Preferential Use Space in the Terminal.

7.4.2 Joint Use Space – Each Airline shall pay the Authority its share of rentals on Joint Use Space used by Airline in common with other airline tenants.

7.4.3 Landing Fees –For its use of the airfield, apron and appurtenant facilities, Airline shall pay a landing fee for each and every aircraft landed by the Airline at the Airport except as otherwise noted herein.

7.4.4 Passenger Facility Charge. Airline shall comply with all of the applicable requirements contained in 14 CFR Part 158 and any amendments thereto. Airline shall pay the Authority the Passenger Facility Charge applicable to all of Airline's revenue passengers enplaning at the Airport imposed by the Authority from time to time pursuant to applicable Federal law and regulations.

7.4.5 Other Fees and Charges. Airline shall also pay all miscellaneous charges assessed to and owed by Airline to the Authority including, but not limited to, the cost of utilities and services, employee parking fees, telecommunications charges, paging system fees, triturator fees, skycap services, preconditioned air and fixed ground power fees, security measures, such as key cards and identification badges and the like, common use fees and common equipment charges, and law enforcement fees (net of TSA reimbursement).

7.4.5.1 Such other fees and charges shall be detailed by the Authority in the Schedule of Rates, Fees and Charges.

Section 8. SCHEDULE OF RATES, FEES AND CHARGES

8.1 The Authority's 2018-2019 Schedule of Rates, Fees and Charges effective July 1, 2018 is attached hereto and incorporated herein by reference as Exhibit A.

Section 9. PAYMENT OF RENTALS, FEES AND CHARGES

9.1 Airlines shall pay for space rentals for Preferential Use Space and Joint Use Space, monthly, without invoice, demand, set-off, or deduction on or before the first (1st) day of each calendar month.

9.2 On or before the fifteenth (15th) day of each month, Airlines shall pay for their Landing Fees for the immediately preceding month.

9.3 Airlines shall report to the Authority on or before the fifteenth (15th) day of each month the Airlines actual operating activity for the prior month by submitting a written report. All such monthly reports shall be submitted on a standardized form provided by the Authority, such form shall act as the actual invoice.

9.4 Payment for all other fees and charges shall be invoiced by the Authority and shall be due upon receipt of the Authority's invoice. Such payments shall be deemed delinquent if not received within thirty (30) calendar days of the date of such invoice.

9.5 Except as provided above, or if such payments or reporting is under dispute by Airline, Airline shall be in violation of this Ordinance if its payments and reporting information required above are not received by the Authority on or before the fifteenth (15th) day of the month in which they are due.

9.6 Security Deposit. If in the reasonable business discretion of the Authority, it is determined that the financial condition of Airline, at the beginning of air service at the Airport, or an incumbent Airline that has displayed an irregular payment history, then Airline may be required to submit a cash security deposit in an amount not to exceed the equivalent of six (6) months estimated rentals, fees and charges.

9.6.1 In the event that the Authority determines a security deposit is required, the Airline shall deposit such sum with the Authority within thirty (30) days of being so notified by the Authority, and such sum shall be retained by Authority as security for the faithful performance of Airline's obligation hereunder.

9.6.2 The Authority shall have the right, but not the obligation, to apply said security deposit to the payment of any sum due to Authority which has not been paid in accordance with this Ordinance, including, but not limited to, reimbursement of any expenses incurred by Authority in curing any default of Airline, or to the cost of restoring the Assigned Space or its furnishings, fixtures or

equipment to their original condition, reasonable wear and tear excepted.

9.6.3 In the event that all or any portion of the security deposit is so applied, the Airline shall promptly, upon demand by Authority, remit to Authority the amount of cash required to restore the security deposit to its original sum.

9.6.4 An Airline's failure to remit the amount of cash required to restore the security deposit in accordance with Section 9.6.3 above within ten (10) calendar days after its receipt of such demand shall constitute a breach of this Ordinance.

9.6.5 If said deposit shall not have been applied for any of the foregoing purposes, it shall be returned to Airline, without interest, within sixty (60) days of the Airline ceasing operation at the Airport. The Authority will not pay interest on any security deposit.

9.7 Airlines shall pay all rates, fees and charges established herein to the Authority monthly, without set-off, and except as specifically provided above, without invoice or demand therefore, in lawful money of the United States of America, by check payable to Authority delivered or mailed to the Authority or by wire transfer to the Authority.

Section 10. PENALTIES AND ENFORCEMENT

10.1 Unless otherwise specified herein, violation of any provision of this Airline Rates, Fees & Charges Ordinance shall be enforced in accordance with, and subject to the penalties specified in, this Section 10.

10.2 In addition to any civil or criminal penalties set out in this Section 10. or in any other Section or Subsection herein, this Airline Rates, Fees & Charges Ordinance may be enforced by an injunction, order of abatement, or other appropriate equitable remedy issuing from a court of competent jurisdiction.

10.3 This Airline Rates, Fees & Charges Ordinance may be enforced by one, all or a combination of the penalties and remedies authorized and prescribed in this Section 10, or elsewhere herein, except that any provision, the violation of which incurs a civil penalty, shall not be enforced by criminal penalties.

10.4 Except as otherwise specified herein, each day's continuing violation of any provision of the Airline Rates, Fees & Charges Ordinance is a separate and distinct offense.

10.5 A violation this Airline Rates, Fees & Charges Ordinance shall not be a misdemeanor or infraction under N.C. Gen. Stat. §14-4; however, civil penalties shall be assessed and civil citations issued for the administrative violation of any provision_in accordance with Section 10.6 through 10.7 below.

10.6 The Executive Director shall authorize specific Authority personnel to enforce all administrative violations of this Airlines Rates, Fees & Charges Ordinance.

10.7 Upon any administrative violation of this Airline Rates, Fees & Charges Ordinance, personnel designated in accordance with Section 10.6 shall cause a civil citation to be issued to the violator.

10.7.1 All civil citations shall be hand-delivered to the violator or shall be mailed by first class mail addressed to the last known address of the violator. The violator shall be deemed to have been served upon hand-delivery or the mailing of the civil citation.

10.7.2 Unless otherwise expressly specified herein the civil penalty associated with each civil citation issued for an administrative violation of this Airline Rates, Fees & Charges Ordinance shall be as follows: By a fine of up to \$500.00.

10.8 Any person may submit, within ten (10) days of receipt of a civil violation, a written request that the Executive Director review the civil citation, in accordance with Sections 10.8.1.1 through 10.8.3 below.

10.8.1 A request to the Executive Director shall be in writing and shall be hand delivered to the Office of the Executive Director and must be signed for by and employee of the Authority, or shall be mailed to the Executive Director by certified mail, return receipt requested.

10.8.2 A request to the Executive Director must specify in detail all of the reasons why the civil citation should be modified or withdrawn and must provide a mailing address for the Executive Director to submit a response to the request.

10.8.3 Within ten (10) days of receipt of a request in accordance with Section 10.8.1, the Executive Director shall mail a written decision to the requesting party at the address provided.

10.8.4 Unless a written request for review in accordance with Section 10.8.1 above, civil penalties issued via civil citation for an administrative violation of any Section of this Airport Rates, Fees and Charges Ordinance shall be due and payable to the Authority within 30 days of receipt.

10.8.5 If a written request for review is appealed and the civil citation is not withdrawn, payment of the civil penalty shall be due and payable to the Authority within 30 days of issuance of the Executive Director's written decision to the violator.

10.8.6 Unless other provided, if the violator fails to respond to a citation within 30 days of issuance and pay the fine prescribed therein, the Authority may institute a civil action in the nature of a debt in the appropriate division of the state general court of justice to collect the fine owed.

Section 11. SEVERABILITY

11.1 If any provision, clause, section, or provision of this the Airline Rates, Fees & Charges Ordinance shall be held by a court of competent jurisdiction to be invalid, illegal or unenforceable, such invalid, illegal or unenforceable provision shall be severed from the remainder of the Airline Rates, Fees & Charges Ordinance, and the remainder of shall be enforced and not be affected thereby.

Section 12. AMENDMENT.

12.1 The Authority reserves the right to amend the Airline Rates, Fees & Charges Ordinance, as well as the attached Schedule of Rates, Fees and Charges, at any time, by ordinance, after due notice and public hearing, in accordance with the Authority's Resolution No. __ establishing The Greater Asheville Regional Airport Authority's Policy and Procedure for the Adoption of Ordinances.

ADOPTED THIS the ___ day of _____, 2018, after due notice and a public hearing, by the Greater Asheville Regional Airport Authority.

**GREATER ASHEVILLE REGIONAL
AIRPORT AUTHORITY**

By: _____
Matthew C. Burrell, Chair

ATTEST:

Ellen M. Heywood, Clerk to the Board

Exhibit A

Asheville Regional Airport

2018-2019 Fiscal Year

Schedule of Rates, Fees and Charges

(Proposed)

SUMMARY TABLE**RESULTS****GARAA**

(Fiscal Years Ending June 30)

	Budget	Budget
	2018	2019
<u>Signatory Airline Rates & Charges:</u>		
Terminal Building Rental Rate (per s.f.)	\$44.61	\$46.35
Passenger-Related Security Fee (per EP)	\$0.72	\$0.67
Landing Fee (per 1,000-lbs)	\$1.69	\$1.60
Ticket Counter & Queue Fee (per EP-unassigned)	\$0.56	\$0.48
Baggage Make-Up & Claim Fee (per bag)	\$1.12	\$0.93
Baggage Make-Up & Claim Fee (per airline)	\$12,238	\$12,715
Gate Area Charge per (enplaned pax)	\$1.67	\$1.43
Gate Area Fee (per airline)	\$31,262	\$32,481
Loading Bridge Fee (per depart.)	\$9.91	\$10.02
Checkpoint Lane Fee (per EP)		\$0.15
Turn Fees ¹		
Per Turn Fee for Exempt Carriers (0-70 seats)	\$297.00	\$272.00
Per Turn Fee for Exempt Carriers (71-135 seats)	\$354.00	\$324.00
Per Turn Fee for Exempt Carriers (136+ seats)	\$396.00	\$363.00
Average AVL CPE	\$6.61	\$6.07

¹ Includes use of holdroom, bag claim, bag make-up, passenger loading bridge, apron, tug drives, and

Source: Airport management records

Compiled by Trillion Aviation, February 2018 (Updated June 2018)

Table 1

AVIATION ACTIVITY (Fiscal Years Ending June 30)	GARAA	
	Budget	Budget
	2018	2019
<u>Enplaned Passengers:</u>		
Allegiant	144,938	180,000
American ¹	98,575	103,000
Delta	137,241	138,000
United	44,364	95,000
Total	425,118	516,000
<u>Estimated Checked Bags:</u>		
Allegiant	53,627	93,600
American ¹	70,974	55,600
Delta	90,579	109,400
United	31,942	52,100
Total	247,122	310,700
<u>Departures:</u>		
Allegiant	987	1,200
American ¹	2,175	2,262
Delta	2,300	2,389
United	1,024	1,631
Total	6,486	7,482
<u>Landed Weight (1,000-lb units):</u>		
Allegiant	145,059	170,000
American ¹	103,761	125,600
Delta	177,231	161,050
United	46,450	108,373
Total	472,501	565,023

Note: Amounts may not add due to rounding.

¹ Includes US Airways activity prior to the merger of the carriers into American Airlines Group.

Source: Airport management records

Compiled by Trillion Aviation, February 2018 (Updated June 2018)

Table 2

TERMINAL SPACE (s.f.)		GARAA	
(Fiscal Years Ending June 30)			
		Budget	Budget
		2018	2019
<u>Preferential Space:</u> ¹			
Allegiant		1,153	1,704
American		2,102	2,102
Delta		2,609	2,609
United		1,593	1,593
Total Preferential Space	[A]	7,457	8,008
<u>Joint Use Space:</u>			
Baggage Make-Up		3,192	3,192
Baggage Claim		4,124	4,124
Gates 1-3 Holdroom		8,517	8,517
Gates 4-7 Holdroom		6,751	6,751
Gates 4-7 Secure Enplanement Corridor		3,421	3,421
Total Joint Use Space	[B]	26,005	26,005
Total Airline Rented	[C=A+B]	33,462	34,013
<u>Other Rentable:</u>			
Ticket Counter (unassigned)		103	103
Queue (unassigned)		193	193
Vacant Airline Preferential Space		3,343	2,792
Concession Space		13,553	13,553
FAA Tower & Related Office Space		4,374	4,374
TSA Offices & Breakroom		2,418	2,418
TSA Passenger Security Screening		2,210	2,210
TSA Offices Adjacent to Passenger Screening		396	396
Total	[D]	26,590	26,039
Total Rentable Space	[E=C+D]	60,052	60,052
Public and Other Areas	[F]	47,797	47,797
Total Terminal Space	[G=E+F]	107,849	107,849

Note: Amounts may not add due to rounding.

¹ Includes ticket counter, queue, and office space.

Source: Airport management records

Compiled by Trillion Aviation, February 2018 (Updated June 2018)

Table 3

DEPRECIATION, AMORTIZATION, & CAPITAL OUTLAY		GARAA	
(Fiscal Years Ending June 30)			
		Budget	Budget
		2018	2019
<u>Depreciation:</u> ¹			
Gross Depreciation		\$4,700,000	\$4,700,000
Less: Grant & PFC Amortization		(3,200,000)	(3,200,000)
Net Depreciation	[A]	\$1,500,000	\$1,500,000
<u>By Cost Center (%):</u>			
Airfield Area	[B]	14.0%	14.0%
Terminal Building	[C]	30.0%	30.0%
Parking, Roadway, and Ground Trans.	[D]	33.0%	33.0%
General Aviation Area	[E]	16.0%	16.0%
Other Area	[F]	7.0%	7.0%
Total		100.0%	100.0%
<u>By Cost Center:</u>			
Airfield Area	[A*B]	\$210,000	\$210,000
Terminal Building	[A*C]	450,000	450,000
Parking, Roadway, and Ground Trans.	[A*D]	495,000	495,000
General Aviation Area	[A*E]	240,000	240,000
Other Area	[A*F]	105,000	105,000
Net Depreciation	[A]	\$1,500,000	\$1,500,000
<u>Amortization:</u>			
Gross Amortization		\$242,056	\$242,056
Less: Grant & PFC Amortization		(162,475)	(162,475)
Net Amortization	[G]	\$79,581	\$79,581

Table 3

DEPRECIATION, AMORTIZATION, & CAPITAL OUTLAY **GARAA**
 (Fiscal Years Ending June 30)

		Budget	Budget
		2018	2019
<u>By Cost Center (%):</u>			
Airfield Area	[H]	100.0%	100.0%
Terminal Building	[I]	0.0%	0.0%
Parking, Roadway, and Ground Trans.	[J]	0.0%	0.0%
General Aviation Area	[K]	0.0%	0.0%
Other Area	[L]	0.0%	0.0%
Total		100.0%	100.0%
<u>By Cost Center:</u>			
Airfield Area	[G*H]	\$79,581	\$79,581
Terminal Building	[G*I]	0	0
Parking, Roadway, and Ground Trans.	[G*J]	0	0
General Aviation Area	[G*K]	0	0
Other Area	[G*L]	0	0
Net Amortization	[G]	\$79,581	\$79,581
<u>Capital Outlay:</u>			
Capital Outlay	[M]	\$100,000	\$100,000
<u>By Cost Center (%):</u>			
Airfield Area	[N]	50.0%	50.0%
Terminal Building	[O]	50.0%	50.0%
<u>By Cost Center:</u>			
Airfield Area	[M*N]	\$50,000	\$50,000
Terminal Building	[M*O]	50,000	50,000
Capital Outlay	[M]	\$100,000	\$100,000

Note: Amounts may not add due to rounding.

¹ Depreciation is based on the prior year's actual depreciation

Source: Airport management records

Compiled by Trillion Aviation, February 2018 (Updated June 2018)

Table 4

OPERATION AND MAINTENANCE EXPENSES **GARAA**
(Fiscal Years Ending June 30)

		Budget	Budget
		2018	2019
<u>By Category:</u>			
Personnel Services		\$5,283,529	\$5,572,510
Professional Services		368,950	387,450
Utilities		520,817	525,467
Promotional Activities		349,290	317,390
Maintenance and Repairs		251,800	262,200
Contracted Services		884,424	826,723
Insurance Expense		252,700	234,000
Materials and Supplies		452,760	467,425
Other Expenses		503,870	393,905
Total O&M Expenses	[A]	<u>\$8,868,140</u>	<u>\$8,987,070</u>
<u>By Cost Center (%):</u>			
Airfield Area	[B]	26.3%	26.3%
Terminal Building	[C]	47.7%	48.0%
Parking, Roadway, and Ground Trans.	[D]	12.4%	12.0%
General Aviation Area	[E]	9.7%	9.7%
Other Area	[F]	3.9%	4.0%
Total		<u>100.0%</u>	<u>100.0%</u>
<u>By Cost Center:</u>			
Airfield Area	[A*B]	\$2,329,399	\$2,366,072
Terminal Building	[A*C]	4,233,699	4,313,970
Parking, Roadway, and Ground Trans.	[A*D]	1,100,934	1,074,732
General Aviation Area	[A*E]	858,402	872,685
Other Area	[A*F]	345,705	359,611
Total O&M Expenses	[A]	<u>\$8,868,140</u>	<u>\$8,987,070</u>

Note: Amounts may not add due to rounding.

Source: Airport management records
Compiled by Trillion Aviation, February 2018 (Updated June 2018)

Table 5

LANDING FEE AND REVENUE		GARAA	
(Fiscal Years Ending June 30)			
		Budget	Budget
		2018	2019
<u>Airfield Requirement:</u>			
O&M Expenses		\$2,329,399	\$2,366,072
Less: Deicing Chemicals		(68,000)	(70,040)
O&M Reserve Requirement		63,007	18,336
Net Depreciation		210,000	210,000
Net Amortization		79,581	79,581
Capital Outlay		50,000	50,000
Debt Service		0	0
Debt Service Coverage (25%)		0	0
Total Requirement	[A]	\$2,663,987	\$2,653,949
<u>Landing Fee Credits:</u>			
Non-Airline Revenue	[B]	\$77,000	\$90,000
Other	[C]	0	0
Total Credits	[D=B+C]	\$77,000	\$90,000
Net Landing Fee Requirement	[E=A-D]	\$2,586,987	\$2,563,949
Airline Landed Weight	[F]	472,501	565,023
Airline Landing Fee (pre-Revenue Share)	[G=E/F]	\$5.48	\$4.54
Revenue Share Credit	[H]	\$1,789,390	\$1,660,376
Adjusted Airline Net Requirement	[I=E-H]	\$797,598	\$903,573
Airline Landing Fee	[J=I/F]	\$1.69	\$1.60
Airline Landing Fee Revenue	[K=F*J]	\$797,598	\$903,573

Note: Amounts may not add due to rounding.

Source: Airport management records

Compiled by Trillion Aviation, February 2018 (Updated June 2018)

Table 6**TERMINAL RENTAL RATE AND REVENUE****GARAA**

(Fiscal Years Ending June 30)

		Budget	Budget
		2018	2019
<u>Terminal Requirement:</u>			
O&M Expenses		\$4,233,699	\$4,313,970
O&M Reserve Requirement		114,515	40,136
Net Depreciation		450,000	450,000
Net Amortization		0	0
Capital Outlay		50,000	50,000
Debt Service		0	0
Debt Service Coverage (25%)		0	0
Total Requirement	[A]	\$4,848,214	\$4,854,106
<u>Terminal Credits:</u>			
Passenger-Related Security Charges		\$305,873	\$344,750
AirIT Landside Expenses		16,463	16,463
Loading Bridge Fees		64,249	75,000
Total Terminal Credits	[B]	\$386,585	\$436,213
Net Requirement	[C=A-B]	\$4,461,629	\$4,417,893
Rentable Space (s.f.)	[D]	60,052	60,052
Terminal Rental Rate	[E=C/D]	\$74.30	\$73.57
Airline Rented Space (s.f.)	[F]	33,462	34,013
Airline Requirement	[G=E*F]	\$2,486,096	\$2,502,261
Revenue Share Credit	[H]	\$993,487	\$925,880
Adjusted Airline Requirement	[I=G-H]	\$1,492,609	\$1,576,382
Airline Rented Space (s.f.)	[F]	33,462	34,013
Adjusted Airline Terminal Rate	[J=I/F]	\$44.61	\$46.35
Airline Terminal Rentals	[K=F*J]	\$1,492,609	\$1,576,382

Note: Amounts may not add due to rounding.

Source: Airport management records

Compiled by Trillion Aviation, February 2018 (Updated June 2018)

Table 6A

LOADING BRIDGE FEE AND REVENUE		GARAA	
(Fiscal Years Ending June 30)			
		Budget	Budget
		2018	2019
<u>Loading Bridge Requirement:</u>			
Operating Expenses		\$64,249	\$75,000
Capital Outlay		0	0
Debt Service		0	0
Debt Service Coverage (25%)		0	0
Total Requirement	[A]	\$64,249	\$75,000
Total Departures	[B]	6,486	7,482
Loading Bridge Fee (per Departure)	[C=A/B]	\$9.91	\$10.02
Total Loading Bridge Revenue	[D=B*C]	\$64,249	\$75,000

Note: Amounts may not add due to rounding.

Source: Airport management records

Compiled by Trillion Aviation, February 2018 (Updated June 2018)

Table 6B

JOINT USE CHARGES		GARAA	
(Fiscal Years Ending June 30)			
		Budget	Budget
		2018	2019
Adjusted Signatory Airline Terminal Rate	[A]	\$44.61	\$46.35
<u>Joint Use Space (s.f.):</u>			
Baggage Make-Up	[B1]	3,192	3,192
Baggage Claim	[B2]	4,124	4,124
Gates 1-3 Holdroom	[C1]	8,517	8,517
Gates 4-7 Holdroom	[C2]	6,751	6,751
Gates 4-7 Secure Enplanement Corridor	[C23]	3,421	3,421
Joint Use Space		26,005	26,005
Baggage Make-Up & Claim Requirement	[D=A*(B1+B2)]	\$326,338	\$339,071
Gate Areas Requirement	[E=A*(C1+C2+C3)]	833,643	866,169
Total Joint Use Requirement	[G=D+E+F]	\$1,159,981	\$1,205,239
<u>Baggage Make-Up & Claim:</u>			
Baggage Make-Up & Claim Requirement (85%)	[H=D*0.85]]	\$277,387	\$288,210
Checked Bags	[I]	247,122	310,700
Baggage Make-Up & Claim Fee (per bag)	[J=H/I]	\$1.12	\$0.93
Baggage Make-Up & Claim Requirement (15%)	[K=D*0.15]	\$48,951	\$50,861
Number of Airlines	[L]	4	4
Baggage Make-Up & Claim Fee (per airline)	[M=K/L]	\$12,238	\$12,715
<u>Gate Area:</u>			
Gate Area Requirement (85%)	[N=E*85%]	\$708,597	\$736,243
Enplaned Passengers	[O]	425,118	516,000
Gate Area Charge per (enplaned pax)	[P=N/O]	\$1.67	\$1.43
Gate Area Requirement (15%)	[Q=E*15%]	\$125,046	\$129,925
Number of Airlines	[L]	4	4
Gate Area Fee (per airline)	[R=Q/L]	\$31,262	\$32,481
Total Joint Use Revenue	[G]	\$1,159,981	\$1,205,239

Note: Amounts may not add due to rounding.

Source: Airport management records

Compiled by Trillion Aviation, February 2018 (Updated June 2018)

Table 6C**TICKET COUNTER & QUEUE FEES (UNASSIGNED)****GARAA**

(Fiscal Years Ending June 30)

		Budget	Budget
		2018	2019
Adjusted Signatory Airline Terminal Rate	[A]	\$44.61	\$46.35
<u>Ticket Counter and Queue Space (s.f.):</u>			
Ticket Counter		1,755	1,755
Queue Space		3,181	3,181
Ticket Counter and Queue Space	[B]	4,936	4,936
Ticket Counter and Queue Space Requirement	[C=A*B]	\$220,176	\$228,766
AirT Landside Expenses	[D]	16,463	16,463
Ticket Counter and Queue Requirement	[E=C+D]	\$236,639	\$245,229
Enplaned Passengers	[F]	425,118	516,000
Ticket Counter & Queue Fee (unassigned)	[G=E/F]	\$0.56	\$0.48
Enplaned Passenger Use	[H]	144,938	180,000
Ticket Counter & Queue Fees (unassigned)	[I=G*H]	\$80,679	\$85,545

Note: Amounts may not add due to rounding.

Source: Airport management records

Compiled by Trillion Aviation, February 2018 (Updated June 2018)

Table 7

PASSENGER-RELATED SECURITY CHARGE
(Fiscal Years Ending June 30)

GARAA

		Budget	Budget
		2018	2019
Personnel-Related Security Cost	[A]	\$1,102,750	\$1,230,700
<u>Officer Deployment Hours:</u>			
Total Hours (12 Officers at 42 hrs/week; 2 officers at 40 hrs/week)		2,169	2,169
Holiday (11 Holidays)		(132)	(132)
Vacation (12 Days)		(144)	(144)
Training (8 hrs per month per officer)		(96)	(96)
Sick Leave (12 Days Allowed; 9 Days Average Used)		(108)	(108)
Available Hours/Officer	[B]	1,689	1,689
Number of Officers	[C]	14	14
Total Available Hours	[D=B*C]	23,648	23,648
Less: Admin Hours Total	[E]	(2,016)	(2,016)
Total Officer Deployment Hours	[F=D-E]	21,632	21,632
Personnel-Related Security Cost per Hour	[G=A/F]	\$50.98	\$56.89
<u>Passenger-Related Security Charge:</u>			
Terminal Airlines (18 hrs/day Security Checkpoint)		\$334,924	\$373,784
Less: TSA Reimbursement		(127,631)	(131,459)
Net Personnel-Related Costs	[H]	\$207,293	\$242,325
TSA Passenger Security Screening Space (s.f.)	[I]	2,210	2,210
Terminal Rental Rate	[J]	\$44.61	\$46.35
Security Checkpoint Space Costs	[K=I*J]	\$98,579	\$102,426
Passenger-Related Security Charges	[L=H+K]	\$305,873	\$344,750
Enplaned Passengers	[M]	425,118	516,000
Passenger-Related Security Charges per Enplaned Passenger	[N=L/M]	\$0.72	\$0.67
Passenger-Related Security Charges	[O=M*N]	\$305,873	\$344,750

Note: Amounts may not add due to rounding.

Source: Airport management records

Compiled by Trillion Aviation, February 2018 (Updated June 2018)

Table 8

COST PER ENPLANED PASSENGER		GARAA	
(Fiscal Years Ending June 30)			
		Budget	Budget
		2018	2019
<u>Airline Revenue:</u>			
Terminal Rentals		\$1,492,609	\$1,576,382
Loading Bridge Fees		64,249	75,000
Landing Fees		797,598	903,573
Unassigned Ticket Counter Charges		80,679	85,545
Passenger Related Security Charges		305,873	344,750
Checkpoint Lane Fee			77,400
Deicing Chemicals		68,000	70,040
Total	[A]	\$2,809,007	\$3,132,690
Enplaned Passengers	[B]	425,118	516,000
Cost Per Enplaned Passenger	[C=A/B]	\$6.61	\$6.07

Note: Amounts may not add due to rounding.

Source: Airport management records

Compiled by Trillion Aviation, February 2018 (Updated June 2018)

Table 9**PER TURN FEE FOR MARKET SHARE EXEMPT CARRIERS**
(Fiscal Years Ending June 30)**GARAA**

		Budget	Budget
		2018	2019
<u>Per Turn Requirement:</u>			
Joint Use Cost ¹		\$1,159,981	\$1,205,239
Loading Bridge Cost		64,249	75,000
Unassigned Ticket Counter Cost		236,639	245,229
Passenger Related Security Charge Cost		305,873	344,750
Deicing Chemicals Cost		68,000	70,040
Total	[A]	\$1,834,742	\$1,940,259
Total Departures	[B]	6,486	7,482
Average Per Turn Cost	[C=A/B]	\$282.88	\$259.32
Per Turn Fee for Exempt Carriers (0-70 seats)	[D=C*105%]	\$297.00	\$272.00
Per Turn Fee for Exempt Carriers (71-135 seats)	[E=C*125%]	\$354.00	\$324.00
Per Turn Fee for Exempt Carriers (136+ seats)	[F=C*140%]	\$396.00	\$363.00

Note: Amounts may not add due to rounding.

¹ Includes the cost of baggage areas and gate areas.

Source: Airport management records

Compiled by Trillion Aviation, February 2018 (Updated June 2018)

The Director reminded the Board that the Rates, Fees and Charges was updated to include costs associated with the expedited lane at the security checkpoint. The Director advised the Board that 7,500 passengers have gone through the lane over the last month with early and mid-morning being the busiest times. Staff will continue to monitor these numbers after the summer months and determine if the hours for the security personnel need to be decreased in order to reduce the cost of the checkpoint lane.

NEW BUSINESS:

A. Approval of Airline Incentives for Spirit Airlines: The Director reported that Spirit Airlines will begin service in September to three Florida locations: Tampa, Orlando, and Ft. Lauderdale. In accordance with the Authority's Air Service Incentive Policy, Spirit has been offered \$100,000 for marketing for each of the three new routes as well as airport-related fee waivers excluding PFC's for the new service for one year. The Director stated that in addition to these incentives, staff would like to offer an incentive package up to \$98,000. This includes ground handling and passenger service fees of 50% per aircraft turn up to \$250.00 per flight for two flights per week through the one-year anniversary of the inception of the new service as well as station start-up costs up to \$20,000 of which up to \$15,000 is for the Amadeus common-use airline computer system. The total incentive package is worth approximately \$875,000 with direct expenditures to the Authority totaling approximately \$398,000. The incentive package will require the following budget amendment:

BE IT ORDAINED by the Greater Asheville Regional Airport Authority that the following amendment be made to the annual budget ordinance for the fiscal year ending June 30, 2019:

Section 1. To amend the appropriations as follows:

EXPENDITURES:

	<u>Decrease</u>	<u>Increase</u>
Marketing Department		<u>\$84,500</u>
Total		<u>\$84,500</u>

This will result in a net increase of \$84,500. in the appropriations. Revenues will be revised as follows:

REVENUES:

	<u>Decrease</u>	<u>Increase</u>
Transfer from GARAA Cash		<u>\$84,500</u>
Total		<u>\$84,500</u>

Section 2. Copies of this budget amendment shall be furnished to the Clerk to the Greater Asheville Regional Airport Authority, and to the Budget Officer and to the Finance Officer for their direction.

Adopted this 10th day of August, 2018.

Matthew C. Burrell, Chair

Attested by:

Ellen Heywood, Clerk to the Board

The Director advised the Board that the budget amendment is only for \$84,500 as the last two months of ground-handling fees will occur in next fiscal year's budget.

The Chair inquired if the Board would have to increase the budget or go through a budget amendment if another airline were to come along with new service during the current fiscal year. The Director responded that the Authority's policy states that the airport offers incentives up to the amount that is budgeted each year. Staff does not have to offer incentives for the remainder of the fiscal year since all of the funds will be used for the new service with Spirit Airlines. The Director further stated that staff does have the ability to seek a budget amendment to provide incentives to other airlines.

Mr. Moyer moved to approve the airline incentives (ground handling and station start-up costs) with Spirit Airlines for AVL-TPA, AVL-MCO and AVL-FLL service as presented by staff; authorize the Executive Director to execute the necessary documents; and amend the FY 18/19 Budget by adopting the budget ordinance amendment presented by staff. Ms. Brown seconded the motion and it carried unanimously.

B. Approval of Contract with Faith Group, LLC for Consulting Services for Airport Security and Identity Management System Project:

Michael Reisman informed the Board that the airport's security system is nearing the end of its useful life and is not capable of meeting modern airport security system functions and integrations. The system needs to be replaced in order to meet all TSA and FAA requirements. Staff advertised for Statements of Qualifications and selected Faith Group, LLC as the most qualified for consulting services for this project. The FAA has reviewed and approved the scope of work and negotiated fee. Mr. Reisman stated that the cost of the consulting services for this project is \$327,486.27 of which \$294,737.64 will be funded with an FAA grant and \$32,742.63 with airport funds. Mr. Reisman further stated that once the design work was completed, a request for bids would be issued for a contractor to complete the project and that contract would be brought before the Board as well.

Mr. Erwin inquired if security systems was addressed in the terminal assessment study, and if so, could this be taken off the list. Mr. Reisman responded that it was addressed in the study and that the security system's core infrastructure will be scalable to accommodate future development.

Mr. Moyer commented that it seemed like an excessive amount for a consulting contract for a project of this size. Mr. Reisman responded that from a percentage base standpoint, it does seem excessive, however, for the type of work that is taking place, it is a reasonable price. As part of the FAA approval, an independent fee analysis was completed and the negotiated fee was actually below the amount provided by the independent fee analysis.

Mr. Erwin moved to approve award of contract to Faith Group, LLC for consulting services for the Airport Security and Identity Management System project at a cost not to exceed \$327,486.27 and authorize the Executive Director to execute the necessary documents. Mr. Bailey seconded the motion and it carried unanimously.

C. Approval of Agreement for Planning Consulting Services with CHA, Inc.:

D. Approval of Agreement for Architectural Consulting Services with GS&P, N.C., an Affiliate of Gresham Smith and Partners:

E. Approval of Agreements for Civil Engineering Consulting Services with Avcon Engineers and Planners, Inc., and Parrish and Partners of North Carolina, PLLC: Michael Reisman advised the Board that New Business Items C, D, and E were all substantially similar in nature, and with the Board's approval would provide an explanation for all three agenda items at the same time. Mr. Reisman stated that the Authority selects and maintains professional consultants on a five-year contractual basis.

The current contracts are set to expire shortly. The 2019-2023 CIP program contains projects requiring distinctive consultant specialties that require different consultants as required by the FAA. A bid for Statements of Qualifications was advertised and bids received were reviewed by a committee of five staff members. Mr. Reisman advised the Board that the agenda package contained the established rankings of the top consultants for each specialty. Based on qualifications, the following firms were selected by the committee: (1) CHA Consulting, Inc. for planning services; (2) GS&P, N.C. an affiliate of Gresham Smith and Partners for architectural services; (3) Avcon Engineers and Planners, Inc. and Parrish and Partners of North Carolina, PLLC for civil engineering consulting services. Mr. Reisman informed the Board that any work performed under the contracts with all of the firms would require negotiations for a scope of work and fee which would require approvals from both the FAA and the Board.

Mr. Bailey moved to approve the established rankings of the top two consulting firms for planning services; approve the award of an Agreement for Professional Consulting Services with CHA Consulting, Inc.; and authorize the Executive Director to execute the necessary documents. Mr. Moyer seconded the motion and it carried unanimously.

Mr. Moyer moved to approve the established rankings of the top two consulting firms for architectural services; approve the award of an Agreement for Professional Consulting Services with GS&P, N.C., an Affiliate of Gresham Smith and Partners; and authorize the Executive Director to execute the necessary documents. Mr. Erwin seconded the motion and it carried unanimously.

Ms. Brown moved to approve the established rankings of the top three consulting firms for civil engineering services; approve the award of Agreements for Professional Consulting Services with Avcon Engineers and Planners, Inc. and Parrish and Partners of North Carolina, PLLC; and authorize the Executive Director to execute the necessary documents. Mr. Moyer seconded the motion and it carried unanimously.

DIRECTOR'S REPORT: The Director advised the Board that he had a couple of additional items to include that were not on the agenda.

A. Report on Farnborough Air Show: An update on the Director's attendance at the Farnborough Air Show was provided to the Board. This aviation trade show was very productive as the Buncombe County EDC was able to schedule 14 official meetings with manufacturers ranging from small to large.

B. Update on State Funding: The Director stated that last year and this fiscal year the airport has received \$2 million in grant money from the state's budget. Airports in the state are working with the lobbyists to push for aviation funding to remain in the

state's budget. Staff recently received a notice of an additional \$500,000 in grant money from the state. This grant money will be designated for the north apron project and some of the state's funds originally earmarked for the north apron project will be shifted to the terminal project.

C. Contingency Transfer: The Director reported that staff transferred \$20,000 from contingency to the operating budget to cover the cost of office modernization and construction for new staff, some furniture, and fireproof file cabinets.

D. Staff Recognition: The Director was pleased to note that Lieutenant Keith Duffie recently completed the Law Enforcement Leadership Academy.

E. Spirit Inaugural: The inaugural and ribbon cutting event for Spirit Airlines' new service to Orlando, Tampa, and Fort Lauderdale will take place on September 6th at 11:30 a.m. The Board was encouraged to attend if available.

F. FAA Statistics: Calendar Year 2017 statistics from the FAA have been posted and Asheville has moved up in the rankings of small hub airports. AVL is now ranked 127 out of 398 commercial service airports.

G. Garage Nomination: The airport's parking garage has been nominated for an award in the concrete industry.

H. DOT Meeting: A meeting of the North Carolina, Georgia, and Tennessee Departments of Transportation was recently held in the Public Safety building. All three entities sent letters to the Director thanking Public Safety staff for the hospitality that was provided.

I. Construction Update: Michael Reisman gave an update on the construction projects underway: (1) Airfield Re-development Project - some forward progress on the runway has been made. A lot of work is being done overnight and staff is hopeful that some paving will be done in the next couple of weeks; (2) North Apron Project – the contractor is a little behind schedule due to weather. Lanes of concrete are being poured and should be finished next week; (3) South Apron Expansion – the environmental assessment was sent out for public comment for 30 days with no comments received. The FAA will need to review and give approval before staff proceed with the design phase.

AIRLINE INCENTIVE/DEVELOPMENT: Mr. Moyer remarked that the Authority should have a reserve for potential air service development and suggested it might be prudent to make a budget transfer to ensure the funds are available should an opportunity arise.

The Chair inquired if the airport has the logistic footprint to accommodate another airline. The Director responded that vacant ticket counter space was available as well as gate availability. There would be concerns if an airline wanted to park overnight since there is limited space, however, the north apron expansion will help. Staff usually knows in advance if an airline has interest in starting new service and has the flexibility to do what needs to be done.

The Chair stated that the money would not be spent, rather it would just be a line item for marketing. The Director replied that if a proposed new service is one of Asheville's top 25 markets, staff can spend incentive money without Board approval. Otherwise, staff would need to seek the Board's approval to grant incentive money to an airline for new service.

Mr. Moyer commented that if staff is going to award the incentives without Board approval, it has to be in the budget. The Director responded that this was correct.

Mr. Moyer moved to transfer \$150,000 from the cash fund balance to business development and to amend the FY 18/19 Budget by adopting the following budget ordinance amendment. Mr. Bailey seconded the motion and it carried unanimously:

BE IT ORDAINED by the Greater Asheville Regional Airport Authority that the following amendment be made to the annual budget ordinance for the fiscal year ending June 30, 2019:

Section 1. To amend the appropriations as follows:

EXPENDITURES:

	<u>Decrease</u>	<u>Increase</u>
Business Development		<u>\$150,000</u>
Total		<u>\$150,000</u>

This will result in a net increase of \$150,000. in the appropriations. Revenues will be revised as follows:

REVENUES:

	<u>Decrease</u>	<u>Increase</u>
Transfer from GARAA Cash		<u>\$150,000</u>
Total		<u>\$150,000</u>

Section 2. Copies of this budget amendment shall be furnished to the Clerk to the Greater Asheville Regional Airport Authority, and to the Budget Officer and to the Finance Officer for their direction.

Adopted this 10th day of August, 2018.

Matthew C. Burrell, Chair
Attested by:

Ellen Heywood, Clerk to the Board

INFORMATION SECTION: No comments

PUBLIC AND TENANTS COMMENTS: None

CALL FOR NEXT MEETING: It was determined that the meeting of the Authority Board scheduled for September 7, 2018 was tentative and may be cancelled.

The Chair inquired if there was any interest from the Board in moving Authority Board meetings to a different day of the week, possibly a Wednesday or a Thursday. The consensus of the Board was to leave the Authority Board meetings on Fridays.

CLOSED SESSION: At 9:58 a.m. Mr. Bailey moved to go into Closed Session Pursuant to Subsections 143-318.11 (a) (3), (4) and (6) of the General Statutes of North Carolina to Consult with Legal Counsel Regarding, Among Other Things, That Lawsuit Entitled Tricor Construction, Inc. vs. RS&H Architects-Engineers-Planners, Inc., Thalle Construction Co., Inc. and Liberty Mutual Insurance Company and vs. Defendant & Third-Party Plaintiff, Greater Asheville Regional Airport Authority, vs. Third-Party Defendant, Avcon, Inc. d/b/a Avcon Engineers and Planners, Inc. in Order to Preserve the Attorney-Client Privilege; to Discuss Matters Relating to the Location and/or Expansion of Industries or Other Businesses in the Area Served by the Greater Asheville Regional Airport Authority, Including Agreement on a Tentative List of Economic Development Incentives that may be Offered by the Greater Asheville Regional Airport Authority in Negotiations; and to Consider Personnel Matters. Mr. Moyer seconded the motion and it carried unanimously.

The Chair indicated they would break for five minutes at which time the Board would resume in closed session.

Open Session resumed at 12:10 p.m.

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY AUGUST 10, 2018

CLOSED SESSION MINUTES: Mr. Bailey moved to seal the minutes for the Closed Session just completed and to withhold such Closed Session minutes from public inspection so long as public inspection would frustrate the purpose or purposes thereof. Ms. Brown seconded the motion and it carried unanimously.

EXECUTIVE DIRECTOR RETENTION BONUS: Mr. Bailey moved to approve a retention bonus for the Executive Director in the amount of \$25,000 on December 31, 2019 and a retention bonus in the amount of \$25,000 on December 31, 2020. Mr. Moyer seconded the motion and it carried unanimously.

AUTHORITY MEMBERS REPORTS:

A. Attendance: The Chair stated that a couple of members have been having some difficulties with attendance at the Authority Board meetings. All Board Members should make attendance a priority to ensure continuity of the Board as well as discussions throughout the year. The Chair stated that he has asked Ms. Rice to look at the authorities that appoint to the Authority Board for a frame of reference on their policies for attendance so that the Board could possibly adopt a policy that is similar or mirrors a policy of one of those entities. A brief discussion ensued regarding attendance expectations. The consensus of the Board was for Ms. Rice to draft revised bylaws that addresses attendance for consideration by the Board with proper notice provided.

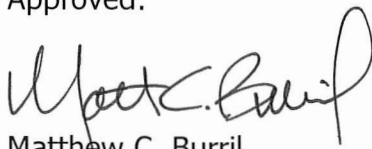
ADJOURNMENT: Mr. Bailey moved to adjourn the meeting at 12:20 p.m. Mr. Moyer seconded the motion and it carried unanimously.

Respectfully submitted,



Ellen Heywood
Clerk to the Board

Approved:



Matthew C. Burrell
Chair