

**SPECIAL MEETING
GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY
February 20, 2019**

The Greater Asheville Regional Airport Authority ("Authority") met on Wednesday, February 20, 2019 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; George H. Erwin, Jr.; and Brad Galbraith

MEMBERS ABSENT: Stephanie Pace Brown; Carl H. Ricker, Jr.

STAFF AND LEGAL COUNSEL PRESENT: Lew Bleiweis, Executive Director; Michael Reisman, Deputy Executive Director of Development and Operations; Kevan Smith, Chief of Public Safety; Tina Kinsey, Director of Marketing and Public Relations; Janet Burnette, Director of Finance and Accounting; Shane Stockman, IT Director; John Coon, Director of Operations; Frank Wheeler, Director of Administration and Human Resources; Christina Madsen, Airport Properties and Contracts Manager; and Ellen Heywood, Clerk to the Board

ALSO PRESENT: Paul Puckli, CHA Consulting; David King, Gresham Smith; Kevin Hopkins, Gresham Smith

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

TERMINAL BUILDING EXPANSION: The Director stated that an initial introduction of a terminal building expansion took place last fall. The size of the current terminal building compared to the passenger loads has accelerated the need for plans to expand the terminal facility. The Director introduced David King and Kevin Hopkins of Gresham Smith and Paul Puckli of CHA Consulting.

Paul Puckli provided background of the infrastructure needs as determined through the terminal assessment study and forecast of passenger enplanements, aircraft operations, and programming analysis of the terminal building CHA Consulting completed last year. Mr. Puckli reviewed the forecasts used to determine expected passenger growth and building size that were completed last May. Mr. Puckli advised the Board that the airport had a growth of 19% and hit the five-year forecast in year one. Mr. Puckli stated that

the forecast was a 20-year program, but due to the unprecedented growth, recommended expediting the 20-year program to be implemented a lot sooner. A discussion of the sustainability of the airport's growth and the continued demand to support the expense for a terminal expansion ensued. The Director informed the Board that Mrs. Burnette had looked into a \$150 million bond issuance at approximately \$10 million a year for 30 years on debt service. The current budget has approximately \$11 million in revenues and while this is a large amount of revenue, staff hopes to have some state and federal funding as well as PFC money to help pay for the project. The Director further stated that the outlook for Congress to increase the PFCs to \$8.50 is promising. The airlines have also been told that there is likely to be an increase in rentals by approximately \$3 per enplaned passenger. The airport may also have to change from rates by ordinance to some type of agreement to ensure the airlines are bound to a rental structure for terminal payments.

Mr. Puckli advised the Board that peak activity forecasts help program the size of the terminal facility. It was originally determined that 12 gates would be needed by 2038, however, it is likely that 12 gates will be necessary much sooner and it would be more cost-effective to build the 12 gates rather than add 2 or 3 gates in a few years. Mr. Puckli further stated that it was originally determined that an additional 100,000 sf would be necessary by 2023, however, the growth experienced in 2018 calls for this space at the present time. Mr. Puckli explained that because the program is sliding faster, it makes more sense to do the 2038 program at the outset. The Director remarked that if construction were to begin in 2021, it will be a 3 to 4-year construction period which brings the growth closer to the numbers predicted for 2038. The airport currently has 7 gates but should be at 9 gates. It doesn't make sense to prolong the expansion for 2 or 3 gates. Mr. Reisman informed the Board that it is expected to cost approximately \$40 million to build 3 gates at a later timeframe, but is only anticipated to cost between \$10 and \$15 million to build the 3 gates at the outset.

Mr. Puckli offered renderings of possible options for expansion and stated that to grow the building, it will be necessary to add a second floor with construction to begin on the south end before expanding to the north. A brief discussion of connecting the parking garage to the second level of the terminal building took place.

David King informed the Board that he would talk about next steps which included phase one of the project, the utility modernization; the project scope, a collaborative process with staff, major stakeholders and the community; as well as the project elements.

A question regarding a new air traffic control tower was raised and a brief discussion took place with respect to the location and funding of a tower. The Director advised the Board that he will continue to have discussions with the FAA headquarters and congressional leaders regarding the plans, location, and funding for a new tower.

Mr. King stated that the design of the terminal building will be a regional design process that will incorporate aspects of the local community into the design of the building. Input from stakeholders and the public will be pursued. Mr. King stated that as the project moves in to the design development phase, his firm will work with the airport on the procurement method. In the past, the airports have done design bid build projects, however, this is a very difficult project and operations have to be kept open. Mr. King stated that one of the things his firm has done successfully in the past is utilized a Construction Manager at Risk (CMR). The CMR would need to be brought on as early in the process as possible, preferably right after the schematic design phase is completed. Mr. King summarized the process of utilizing the services of a CMR.

Clarification on use of a CMR vs. public bid was requested. Mr. Reisman reviewed the bid process that has been used on projects at the airport in the past. Mr. Reisman explained that a CMR is a contractor that becomes a partner through the whole project, and a not-to-exceed price is negotiated. The contractor is taking on a certain amount of risk in that issues may need to be absorbed which lowers their profit margin on the project. Mr. King informed the Board that a CMR puts a big contingency in their price. The Board asked if a CMR was the recommended option for this project. Mr. King responded that this was his recommendation due to the complexity of the project. A question was raised about the inclusion of a liquidated damages clause if a CMR were to be used. Mr. King responded that if a liquidated damages clause were to be included, a bonus clause would also need to be offered. The Board asked if the \$150 million number that was used for this project included use of a CMR. Mr. King replied that this number was based on a design bid build and those numbers may change based on how the Board proceeds with the project.

Mr. Reisman informed the Board that staff is moving forward with the design on the infrastructure now and anticipates having the project bid for construction in the summer. While not a huge project, there will be closures of lanes on Terminal Drive as the project is all external construction. The repairs to the interior infrastructure will be dealt with during the terminal building process.

Mr. Reisman informed the Board that staff will start working with Gresham Smith on the scope of work for the design services and will bring to the Board for approval at a future date. The Board thanked Mr. Puckli and Mr. King for their presentation.

The Director advised the Board that he and Mrs. Burnette would be working with a financial consultant to explore the funding options for this project.

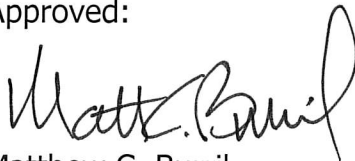
ADJOURNMENT: Mr. Erwin moved to adjourn the meeting at 10:31 a.m. Mr. Bailey seconded the motion and it carried unanimously.

Respectfully submitted,



Ellen Heywood
Clerk to the Board

Approved:



Matthew C. Burrell