

**REGULAR MEETING
GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY
August 9, 2019**

The Greater Asheville Regional Airport Authority ("Authority") met on Friday, August 9, 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; George H. Erwin, Jr.; Brad Galbraith; Carl H. Ricker, Jr.; and Thomas M. Apodaca

MEMBERS ABSENT: K. Ray Bailey, Vice-Chair; Stephanie Pace Brown

STAFF AND LEGAL COUNSEL PRESENT: Cindy Rice, Authority Legal Counsel; Lew Bleiweis, Executive Director; Michael Reisman, Deputy Executive Director; 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 and Maintenance; Christina Madsen, Airport Properties and Contracts Manager; Lisa Jump, Director of Administration and Human Resources; Samuel Sales, Public Safety Captain; and Ellen Heywood, Clerk to the Board

ALSO PRESENT: David King, Gresham Smith; James Moose, Avcon; Jeff Kirby, Parrish & Partners; Jon McCalmont, Parrish & Partners; Patrick Pettit, Haskell; Paul Puckli, CHA Consulting

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

WELCOME OF NEW BOARD MEMBER – THOMAS M. APODACA: The Chair welcomed Mr. Apodaca to the Board.

INTRODUCTION: The Director introduced Lisa Jump as the Authority's new Director of Administration and Human Resources. The Board welcomed Ms. Jump.

PRESENTATIONS: None

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. The Chair requested information on the \$91,000 loss for the month. Mrs. Burnette responded that

this was attributable to repairs for the ARFF truck in the amount of \$166,000 as well as the payment to Spirit Airlines for \$295,000.

CONSENT ITEMS: The Chair stated that Consent Item B, Approval of the Greater Asheville Regional Airport Authority June 14, 2019 Closed Session Minutes, would be pulled for review in Closed Session.

A. Approval of the Greater Asheville Regional Airport Authority June 14, 2019 Regular Meeting Minutes: Mr. Erwin moved to approve the Greater Asheville Regional Airport Authority June 14, 2019 Regular Meeting Minutes. Mr. Ricker seconded the motion and it carried unanimously.

OLD BUSINESS: None

NEW BUSINESS:

A. Approval of Agreement with GS&P, NC, an Affiliate of Gresham Smith & Partners for Terminal Building Design Services: Michael Reisman explained to the Board that the scope of Task Order No. 2 with GS&P is the actual design services for the terminal building project. In order to ensure flexibility for the Authority in committing funds for this project, the design services can be split into two phases. The first phase will include design development and schematic design. This will bring the project to near the 30% design point and will provide a clear path on what is built as well as how the terminal will be built. A Construction Manager at Risk (CMR) could be selected for the project at the conclusion of phase I, as well as time for an evaluation and refinement of the scope of work for any adjustments to the scope and design fees. The second phase would then see the design work through to the end, with construction starting at the conclusion. Once the CMR selection is completed it will be possible to complete the scope of Resident Project Representative (RPR) services either with GS&P or another outside firm. RPR services will be added to the agreement under separate action by the Board. Mr. Reisman reviewed the fees for the design services which included \$3,969,904.50 for Phase I and \$8,638,889.50 for Phase II for a total of \$12,608,794.00. As required by the FAA, an Independent Fee Estimate (IFE) was conducted by Mead and Hunt to validate the proposal submitted by GS&P. The IFE estimated the cost at \$11,741,040.00, however, the FAA considers a fee proposal to be reasonable if the proposal and IFE are within 10% of each other. Mr. Reisman informed the Board that \$25 million has been approved by the Board in the current fiscal year's capital budget for the terminal project. Mr. Reisman pointed out to the Board that in the time since the Board memo was prepared for the agenda package, staff has received the FAA's approval of the overall

scope of work. The FAA has also approved the fee for Phase I, but have asked staff to come back separately for approval of the fee for Phase II once the work is completed in Phase I. Mr. Reisman stated that David King with GS&P was in attendance and could answer any questions the Board may have.

The Board inquired if Ms. Rice had read through the agreement. Ms. Rice responded that she had read through the documents that had been included in the agenda package and that late the day before was provided the underlying Agreement for Professional Services that relates to this project. Mr. Reisman stated that the master consulting services agreement which was executed in August of 2018 was the Authority's standard boiler plate contract. This agreement was produced by the Authority and has been used for every other consulting contract since both the Director and Mr. Reisman have been with the Authority.

A question was asked regarding use of a CMR and if this was included in past documents. Mr. Reisman stated that the Authority has never used a CMR, however, this project was fairly complex because the terminal will be built on top of the existing footprint and there were a lot of unknowns. Using a CMR is the most practical and effective method and puts the risk for additional costs and unknowns on the CMR. Mr. Reisman further stated that by using the CMR process, the Authority will be picking a contractor based upon their qualifications rather than on a low bid. The contractor's bid may not be as low as picking a contractor through the low bid process, however, this project will be best served with a quality contractor. The FAA does have a process for an airport to go through using a CMR and staff will need their approval, however, a contractor will not need to be picked based on a low bid. Mr. King informed the Board that the CMR will be brought on board after the first phase and that the CMR will have a direct contract with the Authority.

The Board asked for the opinion of Ms. Rice and if she felt she needed to review the contracts. Ms. Rice responded that she has reviewed the documents but not for the purpose of providing a legal opinion and that it was up to the Board if they chose to have her review from a legal perspective. A brief discussion ensued regarding the review of contracts by legal counsel. Ms. Rice stated that she will be happy to review the contract for professional services that is already in place as well as the current scope of work to determine if anything needed to be modified and to report back with recommendations. The possibility was brought up of the Board approving the scope of work with GS&P contingent upon legal review with no substantial changes or allowing time for Ms. Rice to review the contracts and then schedule a special meeting. Ms. Rice stated that her preference is always for the Board to approve a final document as there can be a question as to what is considered a major revision or she would err on the side of caution and request a special meeting if there was anything remotely major. Mr. Reisman advised

the Board that any changes to the scope of services would require review and approval by the FAA and changes to the master agreement will require staff to renegotiate the terms with GS&P and then approval by the Board.

Mr. Apodaca moved to approve Task Order No. 2 with GS&P N.C. an Affiliate of Gresham Smith and Partners for Phase 1 in the amount of \$3,969,904.50 pending legal review of the contract with no material changes and to authorize the Executive Director to sign the necessary documents. Mr. Galbraith seconded the motion and it carried unanimously.

The Chair stated that a review of contracts as policy for the Board may be something to look at for the future. Ms. Rice said that she would be happy to discuss this, and for the Board to set some parameters and the scope to ensure the role of the Board is to assist and not hinder administration. The Director stated that a review of new boiler plate documents would be a good idea.

B. Ratify Approval of Right of Way Encroachment Agreement with NCDOT and Three Party Right of Way Encroachment Agreement with NCDOT and the City of Asheville Water Department: Michael Reisman informed the Board that the design work for the water and sewer infrastructure along Terminal Drive has been substantially completed. The new water and sewer lines will tie in with existing water and sewer main lines located in the NCDOT right of way along NC-280 at two locations. The airport's contractors will be required to encroach into both locations of the NCDOT right of way to accomplish the work and the airport's privately owned water and sewer lines will remain permanently inside the right of way as will a portion of the water system that will belong to the City of Asheville Water Department. Mr. Reisman stated that the agreement between the Authority and the NCDOT is for the sewer line encroachment and the agreement between the Authority and the City of Asheville is for the water line encroachment. In order to keep the project on schedule, it was necessary to execute the documents. In the absence of the Executive Director, the Deputy Executive Director, with authorization, executed these documents on behalf of the Authority.

Mr. Erwin moved to ratify approval for the Deputy Executive Director to execute the Right of Way Encroachment Agreement with NCDOT, and the Three Party Right of Way Encroachment Agreement with NCDOT and the City of Asheville Water Department. Mr. Ricker seconded the motion and it carried unanimously.

C. Approval of Agreement with LAZ Parking to Operate Shuttle Buses: The Director advised the Board that this item was pulled from the agenda. Staff has not received a complete agreement, therefore, this item will be brought back to the Board in September.

D. Approval of Contract for South Apron Expansion Project: The Director stated that this item was also pulled from the agenda. Bids were set to be opened on July 30th, however, only two bids were received. North Carolina requires three bids, therefore, the bid opening was rescheduled for August 22nd. Staff will bring this back to the Board in September.

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

A. Allegiant Operations: The Director reported that Allegiant is basing a third aircraft in Asheville beginning on August 14th. A fourth aircraft could also be scheduled to be based in Asheville in December. Staff is working with Allegiant on parking options. Allegiant has notified staff that they will be scaling back their Fort Lauderdale service from the 17 flights per week that are currently offered. Staff does not yet have the new Fort Lauderdale schedule.

B. Spirit Airlines: Spirit Airlines has released their fall schedule and are pulling both the Fort Lauderdale and Tampa service to concentrate on daily Orlando service.

C. Broadmoor Golf Course: The Authority is owed \$12,000 by Broadmoor Golf Course and Broadmoor has filed for bankruptcy. The Director informed the Board that since Patla, Straus, Robinson & Moore does not specialize in bankruptcy, the Authority has retained Gum, Hillier & McCroskey to file a bankruptcy claim on behalf of the Authority.

D. Airline Rates and Charges: The Director stated that the Authority is ending the fiscal year with almost \$6 million net into the fund balance. The airport's intent is to keep the rates and charges as low as possible for the airlines to ensure profitability in Asheville. The airport has made approximately \$500,000 in net revenue above and beyond what the airlines expensed using the facility. Staff met with the airlines last week and may move forward with an amendment to the ordinance reducing the rates for the next fiscal year.

E. United Airlines: The Director reported that all the airlines, with the exception of United Airlines, have signed the airport's operating agreement. The agreement contains a clause stating the airlines will strive to deliver baggage within 25 minutes of the flight landing or the airport can assess fines. Staff has talked with a consultant who confirmed that it is extremely rare for an airline to not sign the operating agreement. Staff may seek approval for a new rate ordinance on a penalty for those airlines that elect not to sign.

F. Airfield Update: Michael Reisman informed the Board that since the revised takeover agreement has been in place, there has been a very aggressive effort to get the work done. Unfortunately, Rogers Group, the paving contractor, is having difficulties meeting the specifications on grade control and the process to protect the surface. They have been working to correct the issues, but in the process the paving has stopped for the time being. In the interim, a lot of electrical work and secondary dirt work is taking place. RS&H will be detailing the issues in a letter which will be supplied to Ms. Rice for submittal to Travelers.

INFORMATION SECTION: No comments

PUBLIC AND TENANTS COMMENTS: None

CALL FOR NEXT MEETING: The Chair stated that the next regular meeting of the Authority Board will be held on September 6, 2019.

AUTHORITY MEMBER REPORTS: None

CLOSED SESSION: At 9:36 a.m. Mr. Erwin 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 in Order to Preserve the Attorney-Client Privilege; and 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. Galbraith 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 10:52 a.m.

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY AUGUST 9, 2019

CLOSED SESSION MINUTES: Mr. Erwin 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. Mr. Ricker seconded the motion and it carried unanimously.

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY JUNE 14, 2019 CLOSED

SESSION MINUTES: Mr. Erwin moved to approve the minutes for the June 14, 2019 Closed Session and to seal and withhold the minutes for the June 14, 2019 Closed Session from public inspection so long as public inspection would frustrate the purpose or purposes thereof. Mr. Ricker seconded the motion and it carried unanimously.

ADJOURNMENT: Mr. Erwin moved to adjourn the meeting at 10:55 a.m. Mr. Ricker seconded the motion and it carried unanimously.

Respectfully submitted,



Ellen Heywood
Clerk to the Board

Approved:



Matthew C. Burrell
Chair