

**REGULAR MEETING**  
**ASHEVILLE REGIONAL AIRPORT AUTHORITY**  
**August 13, 2010**  
**8:30 a.m.**

The Asheville Regional Airport Authority ("Authority") met on Friday, August 13, 2010 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:** David R. Hillier, Chairman; David Gantt, Vice-Chairman; Chuck McGrady, Secretary-Treasurer; Susan C. Fisher; Jeffrey A. Piccirillo; Brownie Newman and Bob Roberts

**MEMBERS ABSENT:** None

**STAFF AND LEGAL COUNSEL PRESENT:** Victor Buchanan, Authority Legal Counsel; Lew Bleiweis, Airport Director; C. Jeffrey Augram, Chief of Public Safety; Royce Holden, IT Director; Suzie Baker, Administration Manager; Vickie Thomas, Director of Finance and Accounting; Amy Burritt, Interim Manager of Marketing and Public Relations; and Ellen Heywood, Recording Secretary.

**ALSO PRESENT:** Tina Kinsey; Jerry Rice; Paul Puckli, RW Armstrong; Jeff Kirby, LPA Group; Mike Darcangelo, AVCON; Nate Otto, RS&H; Mark Barrett, Asheville Citizen-Times; Bill Frizzell, MSE Branded Foods.

**CALL TO ORDER:** The Chairman welcomed everyone in attendance and called the meeting to order at 8:30 a.m.

**WELCOME OF NEW BOARD MEMBER:** The Chairman welcomed Bob Roberts to the Board. Mr. Roberts was appointed to the Authority Board by the City of Asheville.

Mrs. Fisher arrived at 8:33 a.m.

**INTRODUCTION OF NEW STAFF MEMBERS:** The Director introduced Mrs. Tina Kinsey to the Board as the new Director of Marketing and Public Relations effective Monday, August 16. Mr. Cortez Johnson, Network Engineer, was also introduced to the Board. The Board welcomed both new staff members.

**APPEARANCES:** None

**PRESENTATIONS:** None

**FINANCIAL REPORT:** The Director reviewed the airport activity section of the Executive Summary for the month of June and reported a record number of enplanements for the fiscal year for the first time since 1994. Vickie Thomas reported on the operating revenue and expenses for the month.

**CONSENT AGENDA:**

Mr. Gantt requested Consent Agenda Item B be pulled for discussion.

**A. Approval of the Asheville Regional Airport Authority June 11, 2010 Regular Meeting Minutes:** Mr. McGrady requested a grammatical correction to the last sentence of Consent Agenda Item B to re-word that the motion carried unanimously.

**C. Approval of Audit Contract with Burleson & Earley, P.A.:**

**D. Approval of Terminal Space Lease with TSA:**

Mr. McGrady moved to approve Consent Agenda Items A, C, and D, with a grammatical correction to the June 11, 2010 Regular Meeting Minutes. Mr. Gantt seconded the motion and it carried unanimously.

**B. Approval of Amended Tobacco/Smoke-Free Workplace Policy:** Mr. Gantt stated that he would like to see the policy changed to ban smoking on all airport property rather than have designated smoking areas. Mr. Gantt made a motion to recommend the Director make a smoke-free policy with no designated smoking areas on airport property. Mrs. Fisher agreed with Mr. Gantt's concerns about the effects of smoking and felt the trend for the state of North Carolina was to become smoke free. Mrs. Fisher felt this issue needed to be revisited. Mr. McGrady was opposed to the motion making the airport property smoke free at this time and felt more input was needed from tenants and people working at the airport. Mr. McGrady suggested staff survey other airports of similar size for their smoking policies.

The Chairman inquired if there was a second to Mr. Gantt's motion to ban smoking on airport property. There was no second and the motion failed. The Chairman agreed with Mr. McGrady's suggestion and instructed staff to look to other airports for their smoking policies and to keep the Board informed on this topic.

Mr. McGrady moved to approve the Amended Tobacco/Smoke-Free Workplace Policy. Mr. Newman seconded the motion and it carried by a 6 to 1 vote with Mr. Gantt voting against.

**OLD BUSINESS:** None

**NEW BUSINESS:**

**A. Approval of Scope of Services for an Environmental Assessment for a New Parallel Taxiway and Runway 16/34 Reconstruction:** The Director reviewed the Board's intentions of proceeding with the construction of a new parallel taxiway west of the runway and reconstruction of the runway 75' further to the west to meet current FAA safety standards pending project funding from the FAA.

The Director stated that the next step for this project was to have an Environmental Assessment (EA) completed. The EA would need to be completed in time to submit a Letter of Intent to the FAA by March of 2011 to request funding for the project. Staff has received a Scope of Services and Fees from The LPA Group for the Environmental Assessment with a lump sum project amount not to exceed \$193,293. Staff has also submitted a request to the FAA to provide discretionary funding for the EA.

The Director further stated that if the application for funding of the reconstruction project is approved by the FAA, the Authority may be reimbursed for the cost of the EA. If the reconstruction project is not approved and a rehabilitation of the runway is determined by the Board, the Authority will have to pay for the EA as the rehabilitation project does not necessitate an environmental assessment.

The Chairman noted that if the EA is not approved by the Board, the reconstruction project cannot be done. Mr. McGrady moved to approve the Scope of Services and Fee Proposal with The LPA Group of North Carolina for a lump sum price not to exceed \$193,293 plus a 10% contingency of \$19,329, for a total of \$212,622 and to authorize the Director to execute the necessary documents. Mr. Piccirillo seconded the motion and it carried unanimously.

**B. Approval of Scope of Services and Fees for Site Preparation, Construction Phase Services and Supplemental Environmental/Permitting Support Services for the Westside Site Development Project with AVCON Engineers & Planners, Inc.:** The Director reviewed the Board's approval of the fill project with Charah, Inc. for the Westside area at the June 12, 2009 meeting and the approval of the contract with AVCON Engineers and Planners, Inc. for the design services of this project at the February 12, 2010 meeting. The cost of the design phase

for this project with a not to exceed amount of \$250,000.00 was covered by Charah, Inc. The design phase is complete and construction has just started. Staff has received a Scope of Services and Fees for Site Preparation, Construction Phase Services and Supplemental Environmental/Permitting Support Services from AVCON Engineers and Planners, Inc. with a contract amount of \$290,000 and a not to exceed amount of \$325,000 to cover any incidental environmental costs. The cost of this pass-through contract will also be covered by Charah, Inc.

Mr. Newman requested more information on the use of fly ash and engineered fly ash as fill material and any risks associated with the use of it. The Director stated that fly ash and engineered fly ash was the same product coming from Progress Energy and the way the fill is being placed is an engineered process. The Environmental Protection Agency (EPA) has deemed fly ash safe for use as fill, concrete, drywall, etc. The storage of fly ash is what is being discussed in Washington and the use of wet storage ponds is what is at issue. The use of fly ash as fill for the project is in full compliance with the North Carolina Department of Environment and Natural Resources and Charah has gone above and beyond the current standards in the placement of the fly ash material. Liners are used and testing wells put in to monitor runoff for any type of sediment.

Mr. Newman brought forth the issue that the rules around the management of this material may soon be changing. Mr. Newman further stated that he thought the EPA was considering redesignating the use of this material and felt the Board should think this through carefully as rules could change in the near future. Mr. Newman also thought the Board should gather more information from our consultants. The Director stated that he does not know what the EPA will do in the future but that the Authority is acting in accordance with the current standards. The Director reminded the Board that Progress Energy owns the material forever and is responsible for monitoring it and becoming compliant if any changes are made in the future. The Director further stated that without the use of this fill, the Authority would not be able to develop the Westside area. The Director also informed the Board that he had a meeting scheduled with senior officials from Progress Energy and Charah and would relay the Board's concern and would be in touch with the Board after the meeting.

Several Board members shared Mr. Newman's concerns but since this project was compliant with current laws and there was no basis not to proceed, Mr. McGrady moved to approve the Scope of Services and Fee Proposal with AVCON Engineers and Planners, Inc. not to exceed the amount of \$325,000.00 and to authorize the Director

to execute the necessary documents. Mr. Roberts seconded the motion and it carried unanimously but with concerns as articulated by various Board members.

**C. Approval of FY2011 Budget Amendment:** The Director informed the Board he was addressing the Deputy Director of Development and Operations and the Parking Lot Expansion and Overflow Lot items from the Director's Report section of the agenda at this point as these items were to be addressed by Mrs. Thomas in the proposed FY2011 Budget Amendment.

The Director reported that since Mr. Howell's departure from the Authority, the job description for Director of Properties and Development has been reviewed and combined with the Deputy Airport Director position to create a Deputy Director of Development and Operations position. The Director felt this position would be a continuation of the Authority's succession plan and combining the two positions would be advantageous to the Authority. The position would be responsible for capital planning and project management as well as overseeing the Maintenance and Operations Department and DPS. There would be an increase in the salary, however the Authority would be saving approximately \$130,000 per year by eliminating the Deputy Airport Director position. The position would not require any new net money as roughly \$52,000 in business insurance savings this year would eliminate the need for additional money for the position for this fiscal year.

The Director reminded the Board that at the June 11 meeting parking concerns were brought to the Board's attention. Since that time, 121 spaces were added to the lower level lot at a cost of approximately \$18,000 for paving and lighting. Numerous complaints have also been received from passengers about the long walk from the lower lot to the terminal building. Staff has met with Standard Parking and the recommendation is to offer a courtesy shuttle. The Director advised that an additional \$24,000 should be put into the budget to cover the necessary equipment for a shuttle if parking continues to be a problem.

Mr. McGrady commented that succession planning was a responsibility of the Board and requested some consultation by the Director with the Board Chairman for the Deputy Director of Development and Operations position. The Chairman agreed with Mr. McGrady and stated that he and possibly other officers would be involved with the Director on this.

Mrs. Thomas informed the Board that since the budget is prepared so early in the year using estimates, the proposed FY2011 Budget Amendment was necessary to update

some of the estimates. The first item the amendment addresses is reclassifying the budgeted expenditures so they are reported on a department basis rather than a cost center basis. Also in the budget amendment is the inclusion of revenue from Part B of the current year's entitlement funds. The \$1.3 million grant is expected to arrive by the end of August and needs to be added to the budget. The budget amendment addresses the carry-over of capital for construction projects not completed by the end of FY2010. A few projects staff was not able to start before the end of FY2010, specifically the redesign of the website and air service and leakage studies are included in the amendment as well. Also included in the amendment are line items for the Airfield Improvements, Environmental Assessment funding, parking lot courtesy shuttle, additional costs for the Deputy Director of Development and Operations position and the Westside site development costs to be billed to Charah. Mrs. Thomas reviewed the Budget Amendment Detail and Projected Capital Carry Over reports and reported that the total budget amendment needed is \$3,925,122. Mrs. Thomas recommended the Authority Board resolve to amend the FY10/11 Budget by adopting the following budget ordinance amendment:

**BE IT ORDAINED** by the Asheville Regional Airport Authority that the following amendment be made to the annual budget ordinance for the fiscal year ending June 30, 2011:

**Section 1.** To amend the appropriations as follows:

**EXPENDITURES:**

	<u>Decrease</u>	<u>Increase</u>
Administration	\$ 1,540,567	
Terminal	2,389,219	
Airfield	1,217,701	
General Aviation	418,011	
Parking Lot/Roadway	677,234	
Other	206,134	
Administrative Department		452,825
Development Department		267,360
Executive Department		467,994
Finance Department		335,310
Guest Services Department		188,206
Information Technology Department		549,342
Marketing Department		494,573
Operations Department		2,530,331
Public Safety Department		1,222,925

Reimbursable Costs		325,000
Carry-over Capital Expenditures		3,516,122
Equipment and Small Capital		24,000
Outlay		
Totals	<u>\$6,448,866</u>	<u>\$10,373,988</u>

This will result in a net increase of \$3,925,122 in the appropriations. To provide the additional revenue for the above, revenues will be revised as follows:

**REVENUES:**

	<u>Decrease</u>	<u>Increase</u>
Reimbursable Costs		325,000
Federal Grants – AIP Entitlement		3,436,475
Funds		
Federal Grants – AIP	332,500	
Discretionary Funds		
Transfer from ARAA Cash		496,147
Totals	<u>\$332,500</u>	<u>\$4,257,622</u>

**Section 2.** Copies of this budget amendment shall be furnished to the Secretary of the Asheville Regional Airport Authority, who for purposes of this ordinance, is designated as the Clerk to the Asheville Regional Airport Authority, and to the Budget Officer and to the Finance Officer for their direction.

Adopted this 13<sup>th</sup> day of August, 2010.

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David Hillier, Chairman

Attested by:

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Charles W. McGrady, Secretary-Treasurer

Mr. Gantt inquired if there were time limits with the federal government in which to complete the projects to avoid penalties and Mrs. Thomas replied there were no issues with that. The Director stated that with the stimulus money, the A Gates project must be completed by February and the project is slated to be finished by the end of the year.

Mr. Gantt moved to approve the Amendment to the FY10/11 Budget as presented by staff. Mr. McGrady seconded the motion and it carried unanimously.

**D. Approval of The Paradies Shops Proposal to Operate the Food and Beverage, and Gift Concessions at the Asheville Regional Airport:**

The Director reported that the Concessionaire Agreement with MSE Branded Foods expired on June 30, 2010. Negotiations over the last several months with MSE have reached an impasse and the agreement was not renewed. MSE will continue to operate the food and gift business at the airport until a new concessionaire is in place. The Director informed the Board that if a company brings in a national brand, the Authority is able to directly negotiate with them. The Director has been in discussions with three companies for the concessionaire program at the airport, two of which declined to negotiate due to the size of the airport. After several discussions, The Paradies Shops submitted a final proposal for approval by the Board. The Director reviewed the history of The Paradies Shops, outlined the following details of the proposal and requested Board approval of the contract with a few remaining details to be ironed out:

1. A pre-security location featuring a nationally branded license concept such as Brueggers Bagels or Dunkin Donuts.
2. The post-security area will include two distinct concepts featuring casual dining QSR with bar reflecting a sense of place for Asheville as well as a CNBC concept for news, gifts and convenience.
3. All of the proposed stores will be state of the art concepts equal to any Paradies locations in their portfolio.
4. An anticipated capital expenditure of approximately \$1,350,000.
5. A contract term of ten years with two five-year options. The first five-year option is at the discretion of Paradies, provided they exercise this option before the end of the 9<sup>th</sup> year and make a capital refurbishment expenditure of not less than \$250,000 prior to the expiration of the original ten year term. The second five-year option shall be at the mutual discretion of both parties.
6. A minimum annual guarantee (MAG) of \$75,000 against 5% of sales up to \$2,000,000 per year, and 8% of sales over \$2,000,001 per year.
7. Equal or exceed DBE goals through wholesale purchasing agreements.
8. The Authority would provide an \$80,000 improvement allowance. This money is anticipated to come from the terminal renovation project allowances.
9. The Authority will allow the current kitchen equipment and machinery to be used and incorporated into the tenant buildout.
10. Planned opening date of the new concession facilities no later than March 1, 2011.



Mrs. Fisher moved to accept the proposal from The Paradies Shops as presented by staff to operate the food and beverage, and gift concessions at AVL and authorize the Director to finalize and execute a concession agreement with The Paradies Shops consistent with terms outlined above. Mr. McGrady seconded the motion and it carried unanimously.

**DIRECTOR'S REPORT:**

**A. FAA Part 139 Inspection:** The Director was pleased to report that the FAA recently conducted the annual Part 139 Inspection and for the fifth consecutive year did not find any discrepancies.

**B. Letter of Default for Odyssey Aviation:** The Director advised the Board that staff had been in discussions with Odyssey Aviation regarding late payments and had requested payment by the end of June. A letter of default was sent to Odyssey Aviation in early July for non-payment and a few days later the Authority received payment in full.

**C. Use of a Signature Stamp:** The Director informed the Board that North Carolina State Statutes requires Board approval for the use of a signature stamp to sign checks. The Director further stated that the stamp is locked securely in a safe. The Director requested approval from the Board for the use of this stamp. The Chairman inquired if the Director was the only person to use the stamp and the Director responded that was correct.

Mr. Roberts moved to approve use of a signature stamp by the Director for the purpose of signing checks and documents. Mr. McGrady seconded the motion and it carried by a 6 to 1 vote with Mr. Piccirillo voting against.

**D. EDIS Website:** The Director advised the Board of an EDIS website, the state's economic development website, which is used by businesses moving to or starting up in North Carolina. Air service is a key component for economic development in communities and the Director has recently learned that the Asheville Regional Airport is not recognized on the state map on this website. The Director will work with the Buncombe County EDC, Carolina West and Advantage West to rectify this with the state.

**E. Tampa/Dallas Service:** The Director reported that the seasonal service with AirTran to Tampa has done very well but the service is being pulled as the aircraft has

already been committed elsewhere. The Director has met with AirTran to bring service to Tampa back as yearly service and also discussed service to other destinations. AirTran will also expand service to Orlando to six days per week for the period of October 7 through November 7 of this year.

The airport will also lose the Dallas service with American Airlines in October. The airline is pleased with the service but has not said why they will not extend it. Service will hopefully be reinstated next spring.

**F. AIP Funding:** Another two-month extension through September for AIP funding was granted by Congress. The Director was not sure what to expect for a long term bill since it is election time in Washington, DC this fall.

**G. Grant Award:** The Director reported that acceptance of Part B of the grant for \$1.3 million was approved by City Council and was on the agenda for acceptance by the Buncombe County Commissioners at their next meeting. The funding should be received by the end of the month.

**H. Conference Information:** The Director advised the Board that information was at their seats for the ACI-NA Annual Conference in Pittsburgh and the National Airports Conference in San Diego. The Director told the Board to let him know within the week if there was interest in attending either conference.

**I. AirTran Magazine:** The Director informed the Board that AirTran's Go Magazine featured Asheville and Western North Carolina in their July edition.

**INFORMATION SECTION:** No comments

**AUTHORITY MEMBERS' REPORTS:**

**A. Proposed Amendment to the By-Laws of the Asheville Regional Airport Authority:** The Chairman proposed an Amendment to the By-Laws of the Authority regarding Member Attendance at regular meetings. The Chairman is adamantly opposed to teleconference attendance for a regular meeting. There was a brief discussion and action will be taken at the next Board meeting.

**CANCELLATION OF SEPTEMBER AUTHORITY BOARD MEETING:** Mr. McGrady moved to cancel the September 10, 2010 meeting of the Authority Board subject to call of the Chairman. Mr. Piccirillo seconded the motion and it carried unanimously.

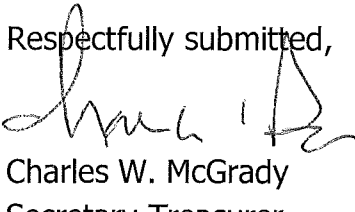
**PUBLIC AND TENANTS' COMMENTS:** Mr. Jerry Rice appeared before the Board to express his opinion on the Westside fly ash fill material.

**CLOSED SESSION:** None

**ADJOURNMENT:** Mr. McGrady moved to adjourn the meeting at 10:05 a.m. Mr. Gantt seconded the motion and it carried unanimously.


The next regular meeting of the Authority will be on Friday, October 8, 2010 at 8:30 a.m. in the Conference Room at the Authority's Administrative Offices, Asheville Regional Airport, 61 Terminal Drive, Suite 1, Asheville, NC 28732.

Respectfully submitted,



Charles W. McGrady  
Secretary-Treasurer

Approved:



David R. Hillier  
Chairman