

**REGULAR MEETING
ASHEVILLE REGIONAL AIRPORT AUTHORITY
August 8, 2008
8:30 AM**

The Asheville Regional Airport Authority ("Authority") met on Friday, August 8, 2008, at 8:30 AM in the Conference Room at the Authority's Administrative Offices, Asheville Regional Airport ("Airport"), 61 Terminal Drive, Suite 1, Fletcher, NC 28732.

MEMBERS PRESENT: David R. Hillier, Chairman; Rhett Grotzinger, Vice Chairman; James E. Ellis, Secretary/Treasurer; David Gantt, Brownie Newman, Jeff Piccirillo, Susan Fisher and Chuck McGrady (Ex-Officio Member)

MEMBERS ABSENT: None

STAFF AND LEGAL COUNSEL PRESENT: Victor Buchanan, Authority Legal Counsel; David N. Edwards, Jr., A.A.E., Airport Director ("Director"); Lew S. Bleiweis, Deputy Airport Director; D. David Nantz, Director of Operations and Maintenance; Kevin Howell, Development Manager; Royce Holden, IT Director, C. Jeffery Augram, Chief of Public Safety, Christy Brunson, Finance Manager, Suzie Baker, Administration Manager, Jen Trinque, Guest Service Coordinator and Debra Roman, Recording Secretary.

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

APPEARANCES: None

WELCOME AND SWEARING IN OF NEW BOARD MEMBER: The Chairman welcomed Mr. Piccirillo, who was appointed by the Buncombe County, to the Asheville Regional Airport Authority. Mr. Piccirillo was then sworn in by the Recording Secretary.

ELECTION OF AND SWEARING IN OF AT LARGE BOARD MEMBER: The Board elected Mr. Chuck McGrady as the new At-Large Board Member by a unanimous vote. Mrs. Fisher, Nominating Chairman, moved to elect Mr. Hillier as Chairman, Mr. Gantt as Vice-Chairman and Mr. McGrady as Secretary/Treasurer. Mr. Newman seconded the motion, and it carried by a unanimous vote. Mr. McGrady was then sworn in by the Recording Secretary. Messer's Hillier, Gantt and McGrady were sworn in as officers by the Recording Secretary.

SERVICE RECOGNITION AWARDS: The Chairman read a Resolution of Appreciation to James E. Ellis regarding his service to the Authority. The Chairman thanked Mr. Ellis for his years of dedication and service to the Authority. The Resolution read as follows:

Asheville Regional Airport Authority

~ Resolution ~

WHEREAS, the Asheville Regional Airport Authority was created by the City of Asheville and the County of Buncombe for the purpose of maintaining, operating, regulating and improving the Asheville Regional Airport; and

WHEREAS, the Asheville Regional Airport Authority appointed James E. Ellis as a Member of the Asheville Regional Airport Authority; and

WHEREAS, James E. Ellis served as a Board Member of the Asheville Regional Airport Authority from July 2000 through June 2008; and

WHEREAS, during his tenure the Authority focused on growth and development, and has strengthened its role and image in the community; and

WHEREAS, with his guidance, common sense, and good judgment the Authority continued to be successful and experienced positive growth and development; and

NOW, THEREFORE, BE IT RESOLVED that the Asheville Regional Airport Authority expresses its sincere thanks and gratitude for *James E. Ellis's* tireless and dedicated efforts in serving the needs of the Asheville Regional Airport Authority and the community.

Adopted this 8th day of August, 2008

David R. Hillier, Chairman

Mr. Ellis stated that he was grateful for the opportunity to serve the Asheville Regional Airport Authority and that although this Board had had some ups and downs it was a great Board. Mr. Ellis continued by stating that the Director had recruited a very professional Staff and had achieved great things. The Authority and the Public gave Mr. Ellis a standing ovation.

The Chairman stated that Mr. Mozian was not able to attend to receive his Service Recognition Award or Resolution. The Resolution read as follows:

Asheville Regional Airport Authority

~ Resolution ~

WHEREAS, the Asheville Regional Airport Authority was created by the City of Asheville and the County of Buncombe for the purpose of maintaining, operating, regulating and improving the Asheville Regional Airport; and

WHEREAS, the County of Buncombe appointed Gerard P. Mozian as a Member of the Asheville Regional Airport Authority; and

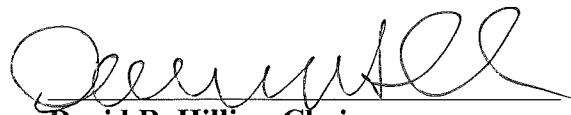
WHEREAS, Gerard P. Mozian served as a Board Member of the Asheville Regional Airport Authority from July 2004 through June 2008; and

WHEREAS, during his tenure the Authority focused on growth and development, and has strengthened its role and image in the community; and

WHEREAS, with his guidance, specifically his financial expertise, the Authority continued to be successful and experienced positive growth and development; and

NOW, THEREFORE, BE IT RESOLVED that the Asheville Regional Airport Authority expresses its sincere thanks and gratitude for *Gerard P. Mozian's* tireless and dedicated efforts in serving the needs of the Asheville Regional Airport Authority and the community.

Adopted this 8th day of August, 2008



David R. Hillier, Chairman

Mrs. Fisher moved to approve the Resolutions. Mr. McGrady seconded the motion, and it carried by a unanimous vote.

The Chairman relayed to the Authority that Mrs. Roman, Recording Secretary, would be leaving the Authority to pursue opportunities in Atlanta. The Chairman relayed to Mrs. Roman that she will be missed.

CONSENT AGENDA:

A. Approval of the Asheville Regional Airport Authority, June 13, 2008, Regular Scheduled Meeting Minutes: Mr. Grotzinger stated that the dialogue between the Board members regarding whether the additional land leased to Encore/Landmark would result in additional investment by Encore/Landmark, should be included into the June 13, 2008 minutes. Mr. McGrady relayed that the statement made in the June 13, 2008 minutes regarding his observation of camp movements was only during the first session, and he would like to see that change reflected. Mr. McGrady moved to approve the regular meeting minutes of the June 13, 2008 Board Meeting with the changes. Mrs. Fisher seconded the motion and it carried by a unanimous vote.

PRESENTATIONS:

A. Presentation of Revised Alternatives for Roadway and Parking Lot Improvements: Mr. Howell reported to the Board that in November 2007 the Board approved a fee and scope with WK Dickson for professional services related to the Planning and Programming Phase for the Asheville Regional Airport Landside Roadways, Access and Parking Lots Improvement Project. Mr. Howell stated that the Terminal Area Planning study (TAP) adopted in 2005 identified a need for improvements to the landside roadways and parking lots. The concept planning phase included surveying and testing of the existing roadway and parking lot areas, development of up to 4 alternatives and analysis of each alternative.

Three alternative layouts were presented to the Board at the April 2008 Authority Board Meeting. The Board requested that Staff and the Consultant further analyze and reduce Alternative C. These alternatives were presented to the Board.

Mr. Howell introduced Mr. Tom Slater, WK Dickson.

Mr. Slater presented to the Board three options to Alternative C. Mr. Slater stated that at the present time along with Staff the recommendation was to choose Option C-3.

There were discussions regarding using other options in the future, parking spaces, AIP funding, commercial traffic, the auxiliary building and a commercial curb.

Mr. Grotzinger stated that the Authority should get more parking spaces for the dollar on the south end of the property, but felt that there was no need at this time to lose the spaces in the short term lot for a commercial curb. Mr. Grotzinger stated that he was more in favor of Option C-2. The Director relayed to the Board that in order to put in a commercial curb in a few years that C-2's work would have to be torn up.

There was a discussion regarding the old Rental Car Service Facilities and their possible use in the future.

The Chairman asked what the estimated useful life of Option C-3 was. The Director stated that Staff estimated that Option C-3 would last up to five years. There was a discussion regarding the phasing of Option C-3.

The Director stated that in the long term Staff felt that a commercial curb would be a benefit to the airport. The Director gave examples of issues that Staff deal with today but would be resolved with a commercial curb. The Chairman inquired as to what would stop the Authority from proceeding with a commercial curb in any year if Staff proceeded with Option C-3. The Director stated that there would be nothing to keep Staff from proceeding with a commercial curb in the future.

The Chairman inquired as to whether the auxiliary building found in Option C-1 could be incorporated into Option C-3. Mr. Howell stated that it was possible to incorporate the auxiliary building into Option C-3.

Mr. Grotzinger relayed to the Board that he was more inclined to choose Option C-2 due to the fact that more spaces will be made available to the public. Mrs. Fisher agreed with Mr. Grotzinger, and stated that there should be an option that allows the Authority to gain the additional spaces, along with the auxiliary building while still planning for the commercial curb for the future. There was discussion regarding a hybrid option between Options C-2 and C-3. Mr. Grotzinger stated that he would like to see a design on Option C-2 with the exceptions that the short term lot will be handled as it is in Option C-3, and the addition of the auxiliary building is to be included from Option C-1. There was a discussion regarding cost.

The Director requested a consensus of the Board for Staff to move forward on the hybrid concept discussed and bring back to the Board a scope and fee proposal to move the project forward. The Chairman requested a consensus of the Board to have Staff move forward with the proposed hybrid option that has been discussed, and such consensus was received.

B. Volunteer Program Presentation and Frequent Flyer Program Update:

Ms. Trinque relayed to the Board that when the Marketing and Public Relations Department first presented Guest Services, Staff stated that it would be supplemented with volunteers from the area to allow for enhanced customer service. Ms. Trinque stated that research had been conducted and a determination was made amongst various methods that working with several organizations would be beneficial to the airport. These organizations included The RSVP (Retired and Senior Volunteer Program) of Hendersonville, Hands of Buncombe-Asheville and Volunteer Match of Asheville. Mrs. Trinque stated that the cost to move forward with the program has already been allocated in the current budget. Mrs. Trinque continued with a presentation to the Authority.

There were discussions regarding associated costs such as uniforms and badges. Mrs. Fisher stated that she liked the idea and was in favor of seeing it continue. Mr. McGrady stated that he saw only favorable things happening from this program. Mr. Piccirillo inquired as to what training would be necessary. Ms. Trinque stated that the volunteers

would shadow Staff to get the necessary training needed. Mr. Grotzinger inquired as to whether the Volunteer Program would cut down on Staffs hours. The Director stated that they would not as Staff must be there to oversee the Volunteers.

The Director stated that the Frequent Traveler Program is a good idea even though there was not much interest shown at the Business Forum that was held in April. The Director stated to the Board that Staff would return with a plan at the October Board Meeting. The Chairman thanked Staff for work well done on both programs.

OLD BUSINESS: None

NEW BUSINESS:

A. AWARD OF CONSTRUCTION CONTRACT FOR THE AIRCRAFT STORAGE HANGAR PROJET – 16 WRIGHT BROTHERS WAY: Mr. Howell reported to the Board that in June 2007, the Authority approved a bulk hangar project under a management agreement with Million Air. A project budget was approved of \$2,489,562.00 and the contract documents were provided to Million Air. Million Air executed and returned the contract documents in November 2007.

Mr. Howell relayed to the Board that Staff had finalized the design with the LPA Group and completed the necessary planning reviews, design reviews and permitting process with the city of Asheville. The construction has been publicly bid and bids are scheduled to be opened on September 3, 2008.

Mr. Howell stated to the Board that the final project costs, including the professional design costs, construction administration, construction costs, and owners contingency are estimated to remain below the approved total project budget. If construction bids escalate the total project costs over the already approved amount, Staff will present a separate recommendation at the next Board meeting.

Staff respectfully requested that the Airport Authority Board resolve to (1) approve awarding the construction contract for the Aircraft Storage Hangar Project – 168 Wright Brothers Way to the lowest, responsive and responsible bidder so long as the total project costs do not exceed \$2,489,562.00, and (2) authorize the Airport Director to execute the necessary documents.

The Chairman inquired that Staff reiterate what would happen if the bids came in over budget. Mr. Howell stated that if the bids came in over budget then Staff would have to bring the item back before the Board for additional discussion.

There was a discussion regarding the use of local companies.

Mr. Grotzinger inquired as to why this project couldn't be brought to the Board at the October meeting, as there was discussion regarding cancelling the September Board meeting. Mr. Buchanan relayed to the Board that the Authority could call a Special

Meeting to discuss this item or give Staff the authorization to choose the bidder as requested.

The consensus of the Board was to have a September Board meeting and to bring this item to the Board for award.

B. Final Rankings of the Request for Qualification (RFQ) Submittals for the Asheville Regional Airport – General Consultant Services Contract:

Mr. Howell relayed to the Board that advertisements were placed in accordance with the Authority policies for the General Consultant Services RFQ and fourteen (14) submittals were received. The Selection Committee reviewed the submitted qualifications and six (6) firms/teams were invited for presentations. The Selection Committee discussed and reviewed the final six (6) firms at length. The Selection Committee has identified the top three (3) submitting firms/teams as; AVCON, LPA, and RS&H.

Mr. Howell stated to the Board that in accordance with Authority policies, the final recommendations are being presented to the Authority Board for approval. Upon authorization, Staff will attempt to negotiate a professional services contract with these firms. Should Staff be unable to finalize the contract, the negotiations with that firm will be formally terminated. All negotiated compensation contracts are handled on a project-by-project basis through separate fee and scope authorizations.

There was a discussion regarding why a former consultant wasn't chosen.

Mr. Grotzinger moved to (1) award general consultant professional services agreements to AVCON, LPA and RS&H; (2) authorize Staff to negotiate contracts with the three (3) firms identified; and (3) authorize the Airport Director to execute all necessary documents. Mr. Gantt seconded the motion, and it carried by a unanimous vote.

DIRECTORS REPORT:

The Director introduced Ms. Suzie Baker as the Authority's new Administration Manager. The Board welcomed Ms. Baker.

A. Airline Merger Update: The Director relayed to the Board that the merger appears to be close to being approved and that he was contacted by the Justice Department for input on the merger. He also indicated that there would be a potential further loss of Cincinnati service due to the merger between Delta and Northwest.

B. Encore/Landmark Project Update: The Director relayed to the Board that Encore/Landmark had been before the Asheville City Council for a Level III review of their project and that it was approved. The Director stated that he expected Encore/Landmark to be fully operational by March 31, 2009.

C. Million Air Administrative and Civil Filing Update: The Director updated the Board on the Administrative Filing of Million Air and relayed that staff had submitted

the final documents to the FAA. The FAA has 90-120 days to reply. The Director stated that in regards to the Civil Filing that Legal Council had filed for dismissal and was to appear before Buncombe County Superior Court on August 18, 2008.

The Director referred the Board to a few articles and information that had been placed before them prior to the meeting.

The Director stated that Million Air Asheville was undergoing a lawsuit brought on by Million Air Corporate.

The Director stated that the Airport Authority received a letter of thanks from the United States Secret Service for Staffs assistance in receiving the First Lady Laura Busch at the airport.

The Director also directed the Boards attention to an article written in the Airport Revenue News publication regarding Guest Service Centers in airports. The Director stated that this article touched on what the Asheville Regional Airport was doing with its Guest Services Program.

The Director relayed to the Board that the AAAE Energy/Air Service Task Force that he sits on is working on environmental policies that will go to Congress for consideration. The Director let the Board know that the draft policies were in the additional information distributed to the Board prior to the meeting.

D. Air Service Update: The Director made an Air Service presentation to the Board. The Director spoke to the fact that Delta had cancelled the Orlando flight already and intended to pull a Cincinnati flight in the near future. The Director stated that although these flights are being pulled according to current flight schedule statistics that operations and seats will actually be increasing due to additional flights to Atlanta and Charlotte. The Director hoped that this increase in operations and seats would translate to more competitive fares.

There were discussions regarding the Airfare Watch Dog Widget on AVL's website, strategies for airline passengers, and additional flights for Continental and Northwest.

E. Financial/Budget Update: The Director made a presentation to the Board regarding Financials and the Budget. The Director covered FY 2007/2008 year-end Net Operating Expenses and the Investment Income and projected FY 2008/2009 year-end Net Operating Expenses and the Investment Income. The Director stated he and Staff developed a revenue sensitivity analysis of potential passengers reduction on 10%, 15% and 20%. He then reviewed a Interim Target Budget based on a 15% reduction in passengers, with certain O&M, Renewal & Replacement, Small Capital Outlay, etc. and expense cuts or deferrals. There was a discussion regarding items that had been cut or deferred.

Mr. Grotzinger inquired as to how the Director calculated the reduction of revenue. The Director relayed to the Board that Staff went over the budget line item by line item and adjusted only the ones that a decrease in passenger numbers would affect.

Mr. Grotzinger stated that he was nervous about deferring any Aircraft Rescue Fire Fighting, safety equipment or building maintenance.

The Director turned the Boards attention to the currently approved Capital Improvement Program (CIP) vs. a revised CIP. There were discussions regarding the improvements on State Road 280, North General Aviation development, potential new revenue streams and reallocation of AIP funds.

The Chairman thanked the Director and Staff for being proactive during this time of strain on the economy.

The Director requested from the Board a consensus for Staff to move forward as outlined concerning the O&M budget and Revised Capital Plan. Mrs. Fished stated that it was her desire to have Staff work within this frame work; and also that Staff update the Board with any changes.

The consensus of the Board was for Staff to move forward both the O&M budget recommendations and the Revised Capital Plan, and to keep the Board updated with any changes.

Mr. Grotzinger was concerned about the growth around the airport and felt we may need to have a noise plan developed soon. The Director agreed with Mr. Grotzinger concerning the amount of development occurring around the airport and that Staff has a draft Airport Overlay District Ordinance that it is working on. The Director also indicated that in order to fully protect the airport that all five (5) jurisdictions the the airport touches will need to adopt the ordinance. The Director did state though that most of the complaints the airport gets due to noise are in conjunction with Military Aircraft movement and not commercial traffic.

Mr. Grotzinger complimented Staff on the new Security System but felt that cameras were needed in the public parking lot. The Director stated that Staff was waiting to see where the Roadway and Parking Lot Improvement Project was going to determine where to put the cameras and potentially emergency pull boxes as well.

F. Environmental/Sustainability Update: Mr. Bleiweis made a report to the Board regarding an Environment/Sustainability Update.

Mr. Gantt inquired as to whether there were any green airport certification programs. Mr. Bleiweis stated that although there weren't any official ones; that airports around the country have been networking or sharing information by way of various trade organizations and conferences.

Mr. Gantt relayed to the Board that he felt strongly that the Authority should be aggressive with their marketing, regarding what the airport is doing environmentally.

The Director stated that the airport industry has been discussing an airport certification program for just this subject. In addition, the Director indicated that Staff will be seeking to produce an annual report where items like this can be highlighted. The Director relayed to the Board that Staff would like to come back to the Board with a task list from an environmental standpoint that will encompass what Staff would like to accomplish within the next 5 years.

Mr. Gantt stated that the report Mr. Bleiweis made was wonderful and he felt that what Staff had been discussing was the right thing to do.

Mr. McGrady informed the Board that the Fitzpatrick family has approached the Henderson County Commissioners with a conservation easement plan and the he would be consulting with the Director about how the Authority's plans will integrate with the Fitzpatrick plan..

The Chairman stated that the presentations made were wonderful and thanked Staff for their efforts.

INFORMATION SECTION:

Mr. McGrady relayed to the Board that he felt Staff could tie in the website, specifically the booking engine, into the Frequent Flyer Program. Staff is to look into this.

The Chairman inquired about the CFC Revenue Budget. Ms. Brunson stated that there had been a resolution, approve by the Authority in 2007, to increase the CFC revenue from \$2.00 to \$4.00 and that Budget Rent A Car had not been remitting the higher amount. Ms. Brunson relayed that the additional revenues were increased when this error was caught and addressed.

Mr. Grotzinger inquired as to how the Canmark Survey information is collected. The Director stated that the information was gathered via internet surveys.

AUTHORITY MEMBERS REPORT: None

PUBLIC AND TENANT'S COMMENTS: None

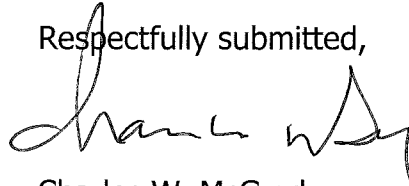
CLOSED SESSION: None

ADJOURNMENT:

Mrs. Fisher moved to adjourn the meeting at 11:35 AM. Mr. Grotzinger seconded the motion and it carried by a unanimous vote.

The next regular meeting of the Authority will be on September 12, 2008 at 8:30 AM in the Conference Room at the Authority's Administrative Offices, Asheville Regional Airport, 61 Terminal Drive, Suite 1, Fletcher, NC 28732.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Charles W. McGrady".

Charles W. McGrady
Secretary-Treasurer

Approved:

A handwritten signature in cursive script, appearing to read "David R. Hiller".

David R. Hiller
Chairman