

REGULAR MEETING
ASHEVILLE REGIONAL AIRPORT AUTHORITY
December 11, 2009
8:30 a.m.

The Asheville Regional Airport Authority ("Authority") met on Friday, December 11, 2009 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; Chuck McGrady, Secretary-Treasurer; Rhett Grotzinger; Brownie Newman; and Jeffrey A. Piccirillo.

MEMBERS ABSENT: David Gantt, Vice-Chairman; Susan C. Fisher

STAFF AND LEGAL COUNSEL PRESENT: Victor Buchanan, Authority Legal Counsel; Lew Bleiweis, Airport Director; D. David Nantz, Director of Operations and Maintenance; Kevin Howell, Director of Properties and Development; Patti Michel, Director of Marketing and Public Relations; Royce Holden, IT Director; C. Jeffrey Augram, Chief of Public Safety; Suzie Baker, Administration Manager; Vickie Thomas, Director of Finance and Accounting; and Ellen Heywood, Recording Secretary.

ALSO PRESENT: Charles Thomas, WNC Aviation; Amy Thomas, WNC Aviation; Ken Holt, The LPA Group; Paul Wood, Landmark Aviation; Cindy Carter, WNC Pilots Association; Glenn W. Wilcox, Sr., Wilcox Travel; Sandeep Singh, AVCON; Mike Darcangelo, AVCON; L. Whitfield, Civil Air Patrol; William Sandifer, RS&H; Bill Hogan, RS&H; Nate Otto, RS&H; Patty Beaver, CIBO; Adam McAnulty, WLOS; Mark Barrett, Asheville Citizen-Times; Mason Sexton, Moore & Son; Kevin Frank, Odyssey Aviation; Sherrill Barber, WLOS-TV

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

APPEARANCES: None

PRESENTATIONS:

A. Information Technology: Royce Holden appeared before the Board and gave a presentation on the functions of the Information Technology Department. Mr. Holden gave examples of the services the IT staff provides and the customers that receive assistance. A summary of the accomplishments and goals for the department was also

presented along with an overview of the various types of equipment throughout the terminal and offices that are maintained by the IT staff.

There was a discussion of the common-use equipment used by the airlines and the plan for cameras and emergency call phones in the parking lot. The Board thanked Mr. Holden for his presentation.

B. Strategic Business Plan: The Director presented a draft of the Strategic Business Plan that was prepared at the request of the Board. The Director informed the Board that the Authority is reorganizing its priorities over the coming year and stated that operating revenues have been undergoing a transformation to maximize its potential however operating expenses have also been reduced. The Director pointed out the new service the airport has attracted as well as the demand for the general aviation services. The Director further reviewed external threats such as the economy, terrorism and the instability of the airline industry. A list of the goals the Director plans to accomplish as well as a review of capital projects to be completed was addressed.

A discussion of the Director's goals and establishing benchmarks for accomplishing these goals ensued with the Board requesting a copy of the Director's Strategic Business Plan for further input from the Board. It was the consensus of the Board to provide feedback to the Director on the plan and approve the final Strategic Business Plan at a future Board meeting.

CONSENT AGENDA:

A. Approval of the Asheville Regional Airport Authority October 9, 2009 Regular Meeting Minutes: Mr. Grotzinger requested a correction of the amounts in the Current AIP Status section of the Director's Report from \$1 million to \$1 billion as well as \$4 million to \$4 billion. Mr. Grotzinger moved to approve as corrected the regular meeting minutes of the October 9, 2009 Authority Board. Mr. McGrady seconded the motion and it carried by unanimous consent.

B. Ratification of the Appointment of Acting Secretary-Treasurer for the October 9, 2009 Regular Authority Board Meeting: Mr. McGrady moved to designate, and approve and ratify the designation of, Mr. Piccirillo as the Acting Secretary-Treasurer for the Authority's October 9, 2009, regular meeting and for the preparation of the minutes for such meeting. Mr. Grotzinger seconded the motion and it carried by unanimous consent.

C. Ratification of the Creation of an Environmental Policy Drafting Committee: Mr. McGrady moved to create, and approve and ratify the creation of, a

committee, to be known as the Environmental Policy Drafting Committee, for the purpose of preparing a draft of a proposed environmental policy for presentation to, and consideration by, the Authority and to designate and ratify the designation of, Mr. Grotzinger as the committee chairman. Mr. Newman seconded the motion and it carried by unanimous consent.

OLD BUSINESS: None

NEW BUSINESS:

A. Designation of the Airport Director as the Budget Officer: Vickie Thomas reported to the Board that North Carolina General Statutes require the appointment of a Budget Officer. Staff's recommendation was that the Authority Board designate the Airport Director as the Budget Officer.

Mr. Grotzinger questioned if this was a new statute and Mrs. Thomas responded that it was not.

The Chairman questioned the length of term the Airport Director would serve as the Budget Officer and Mrs. Thomas replied that it would be until the Authority Board appointed someone else.

Mr. Charles Thomas appeared before the Board to recommend the Board appoint someone other than the Airport Director as the Budget Officer or at the very least to delay voting on this item until after New Business Item C, Approval of Amendment to the FY 2009/2010 Budget, was discussed.

A discussion of the appointment of the Airport Director as the Budget Officer ensued. Mr. McGrady moved to authorize the Airport Director serve as the Budget Officer and Mr. Newman seconded the motion. The motion carried by a 4 to 1 vote with Mr. Grotzinger voting against.

B. Authorize the Budget Officer to Transfer Certain Budget Appropriations: Vickie Thomas informed the Board of the NC General Statute which allows the Authority Board to authorize the Budget Officer to transfer monies from one appropriation to another within the same fund. Transfers would then be reported to the Board at the next regular meeting. There have been no transfers in FY09/10, however, staff anticipates there will be a need to do so before the end of the year, particularly some cost centers related to contingency line items that would be used for IT costs related to the new United service for approximately \$12,000.00. Staff

requested the Authority Board resolve to authorize the Budget Officer to transfer appropriations as follows:

- a. Budget Officer may transfer amounts between line item expenditures within a budget ordinance line/cost center without limitation and without a report being required. These changes should not result in increased recurring obligations such as salaries.
- b. Budget Officer may transfer amounts up to \$50,000.00 between budget ordinance line items/cost centers, including contingency appropriations, within the same fund. Budget Officer must make an official report on such transfers at the next regular meeting of the Board.

Mr. Charles Thomas spoke to the Board to request the Board wait a month to take action on this agenda item. Mr. Thomas suggested it would be reckless of the Board to give that authority at this time as he felt there were accounting irregularities at the airport.

There were discussions on the transfer of funds and items within the cost centers with Mrs. Thomas stating that there is no change to the budget, overall revenue, or overall expenditures, just a transfer of funds within the cost center. The Director informed the Board that crossing cost centers would still require Board approval. The Chairman affirmed that transferring funds was not a change from past procedures but a change since there is now a Budget Officer to account for this. Mrs. Thomas replied that this was correct. Mr. Grotzinger stated that the Authority needs to have more, not less visibility in our budget and would like to see staff come before the Board to transfer funds. Mr. McGrady stated that as a practical matter decisions need to be made and not wait for two months for Board approval and did not see any basis not to approve this request.

Mr. McGrady moved to make a motion as completely stated by Mrs. Thomas to authorize the Budget Officer to transfer appropriations and Mr. Piccirillo seconded the motion. The motion did not pass due to lack of majority vote with the Chairman and Messrs. McGrady and Piccirillo voting for the motion and Messrs. Grotzinger and Newman voting against.

C. Approval of Amendment to the FY 2009/2010 Budget: Vickie Thomas reported to the Board that since the FY09/10 Budget was adopted, significant changes have occurred, primarily in the capital spending plan. There were a lot of estimates used for the budget as the budget is due to the County in early spring. The Authority

Board has approved changes to the capital spending plan but the budget was not amended to reflect those changes. Our auditors pointed out that this is a compliance violation and recommended that the Board adopt budget amendments as the capital spending changes. The Auditors also recommended the removal of the Operations and Maintenance Reserve from the operating budget since it is not budgeted expenditures expected to be spent. Staff has also proposed amendments for the Westside Expansion project costs to be billed to Charah, reduced budgeted interest income, and reclassified the Contingency appropriation to a separate Budget Ordinance line item.

Mrs. Thomas reviewed the Proposed Budget Amendment Detail as well as the FY09/10 Budget Projected Capital Carry-Over Schedule with the Board. There were discussions on the west side fill project, the decrease in the emergency repair reserve, and the runway rehabilitation project.

Mr. Charles Thomas appeared before the Board to request the Board look into the budget further, appoint a subcommittee of the Board to research the issue and not approve the amendment to the FY09/10 Budget.

The Director explained to the Board that staff is only trying to comply with the findings of the audit, to categorize accounts correctly, and to comply with the LGC moving forward with timely, accurate data. Mr. Newman recommended the Board wait until the next Board meeting to approve the amended budget in order for the information to be made available to the public. Mrs. Thomas assured the Board that all the capital projects had been approved by the Board and that budget amendments were not an unusual event in governmental entities but that it was not critical to have the budget amended at this time.

Mr. McGrady felt the need to be transparent was important and agreed it would be prudent to wait until the next Board meeting to approve the amendment to the budget.

Mr. Newman moved to table the Approval of Amendment to the FY09/10 Budget to the next meeting. Mr. McGrady seconded the motion and it carried by a 4 to 1 vote with the Chairman voting against the motion.

The Chairman called for a break at 10:12 a.m.

The Board reconvened at 10:25 a.m.

D. Adoption of Asheville Regional Airport Five-Year Capital Improvement Plan (CIP) for FY 2011-2015: Mr. Howell informed the Board that the Capital

Improvement Plan (CIP) comes before the Board annually. The CIP is submitted to the Federal Aviation Administration (FAA) to be used as a planning tool and is a requirement by the FAA to be eligible for discretionary funds. The CIP will be submitted to the FAA in January of 2010. The Board was also given an eight year CIP for information purposes only. Mr. Howell reviewed the projects included in the CIP and several projects were discussed.

Mr. McGrady questioned the funding for the runway reconstruction project from the FAA and staff's plans if the funding is not available. Mr. Howell reviewed the runway reconstruction option and the option of rehabilitating the runway if funding is not available from the FAA. Mr. Howell informed the Board of staff's plan to apply for a Letter of Intent (LOI) from the FAA in March of 2011 for funding of this project. A discussion on the timeframe of the application for the LOI took place with Mr. Howell stating that staff should have an answer regarding funding from the FAA by the end of September of 2011. The CIP will need to be adjusted if the funding for the runway reconstruction project is turned down by the FAA.

Mr. McGrady moved to adopt the Asheville Regional Airport Five-Year Capital Improvement Plan as presented for submission to the FAA. Mr. Grotzinger seconded the motion and it carried by unanimous consent.

DIRECTOR'S REPORT:

A. Proposed 2010 Board Meeting Dates: Proposed 2010 Board Meeting Dates were distributed to the Board. The Chairman requested the April meeting be moved to April 23, 2010 and the Board agreed.

B. US Airways Service Reduction Announcement: The Director informed the Board of US Airways' strategic plans to strengthen their airport network. They are scaling down their Los Angeles hub and concentrating on their Charlotte hub. There is a possibility of lay-offs of 1,000 people after the first of the year.

C. Broadmoor Golf Course: The Director informed the Board of the negotiation for the sale of the Broadmoor Golf Course and the fact that the lease between the Authority and the golf course allows for the assignment of the lease to the new owner.

D. United Bookings: The Director stated that United's bookings were at 80% for December with little advertising. January through the spring bookings are slowly increasing.

E. AIP Extension: The House approved another three month extension on Bill 4217. The Senate passed the same bill last night which allows for a 3 month extension of the AIP. Staff expects some kind of movement in early spring.

F. Part 16: The Part 16 case with Odyssey Aviation has been finalized with the FAA. Odyssey Aviation requested a 30-day extension to file the appeal. The FAA granted a 15-day extension. Odyssey did not submit an appeal within the 15 day extension. The result is that the ruling in our favor stands.

INFORMATION SECTION: None

AUTHORITY MEMBERS' REPORTS:

A. Discussion of Draft Authority Environmental Policy: Mr. Grotzinger presented a PowerPoint presentation on a Board environmental policy. He requested input from the Board to develop a draft policy for presentation at the next Board Meeting. He agreed to distribute his PowerPoint presentation to members of the Board so that all members could provide input to the Committee. The consensus of the Board was to keep the policy simple and allow staff the opportunity to develop a plan to carry out the policy.

B. Discussion of Authority Smoking Policy: The Director reported his findings to the Board concerning smoking policies in other airports in North Carolina and their plans regarding the new state statute that bans smoking in certain public places. The Chairman stated that the new state statute may or may not allow the Authority to ban all smoking on airport property. Mr. Buchanan suggested this discussion take place in Closed Session as it is an interpretation of the law. Mr. Buchanan further stated that the City of Asheville is revisiting their smoking policy but a new policy has not been approved by the City Council. The consensus of the Board was not to change the current policy.

C. Discussion of Protocol for Evaluation of Airport Director: The Chairman stated that the evaluation piece received from the Sarasota Manatee Airport Authority was tailored for use by the Asheville Regional Airport Authority to evaluate the Director. A discussion of the evaluation tool took place. The consensus of the Board was for the Airport Director to evaluate himself and for the Board to evaluate the Director at the Budget/Workshop Retreat Meeting. The Chairman was commended for his leadership in this area.

Mr. Grotzinger updated the Board on his recent trip to Austin for the ACI Annual Conference and Exhibition and shared some of the information he received at the conference.

PUBLIC AND TENANTS' COMMENT: No Comments

At 11:46 a.m. the Chairman called for a break.

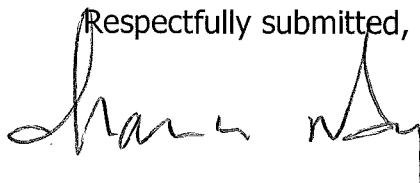
CLOSED SESSION: At 11:55 a.m. Mr. Mr. McGrady made a motion to go into closed session pursuant to Subsections 143-318.11 (a) (3) and (4) of the General Statutes of North Carolina, to consult with the Asheville Regional Airport Authority's Legal Counsel in order to preserve the attorney-client privilege and to discuss matters relating to the location or expansion of industries or other businesses in the area served by the Authority, including agreement on a tentative list of economic development incentives that may be offered by the Authority in negotiations. Mr. Piccirillo seconded the motion and it carried by unanimous vote.

Open Session resumed at 12:52 p.m.

ADJOURNMENT: Mr. McGrady moved to adjourn the meeting at 12:53 p.m. Mr. Grotzinger seconded the motion and it carried by unanimous vote.

The next regular meeting of the Authority will be on Friday, February 12, 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