

REGULAR MEETING
ASHEVILLE REGIONAL AIRPORT AUTHORITY
February 12, 2010
8:33 a.m.

The Asheville Regional Airport Authority ("Authority") met on Friday, February 12, 2010 at 8:33 a.m. in the Ballroom at the Holiday Inn/Clarion Inn, 550 Airport Road, Fletcher, NC 28732.

MEMBERS PRESENT: David R. Hillier, Chairman; David Gantt, Vice-Chairman; Chuck McGrady, Secretary-Treasurer; Susan C. Fisher; Rhett Grotzinger; Brownie Newman; and Jeffrey A. Piccirillo.

MEMBERS ABSENT: None

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; Captain Kevan Smith, Lieutenant Jimmie Brissie; and Ellen Heywood, Recording Secretary.

ALSO PRESENT: Nancy Marstall, WNC Pilots Association; Hope Herrick; John Fletch, Asheville Citizen-Times; Charles Thomas, WNC Aviation; Amy Thomas, WNC Aviation; Paul Wood, Landmark Aviation; Cindy Carter, WNC Pilots Association; Nathan Otto, RS&H; Adam McAnulty, WLOS; Mark Barrett, Asheville Citizen-Times; Kevin Frank, Odyssey Aviation; Sherrill Barber, WLOS; Steve H.; Nancy Grace; Jerry Rice; Henry Johnson, WNC Pilots Association; Bill Keith, WNC Pilots Association; Phil Kelley, Old Shoals Partners.

CALL TO ORDER: The Chairman welcomed everyone in attendance and called the meeting to order at 8:33 a.m.

APPEARANCES: None

PRESENTATIONS:

A. Proposed FY 2010/2011 Budget Presentation: Vickie Thomas presented a brief overview of the proposed FY2010/2011 Budget. Mrs. Thomas reviewed operating revenue and expenses and noted the higher parking management fees, new parking equipment, and higher professional fees for the redesign of the website and reexamination of air service initiatives. Mrs. Thomas informed the Board that the deletion of the Deputy Airport Director position from the FY2010/2011 Budget should help to offset some of these costs and also stated that operating expenses were consistent with the prior year. Mrs. Thomas discussed the largest sources of operating revenue, specifically being parking, rental cars and airlines. Also presented were the capital program funding sources as well as carry-over capital projects. Mrs. Thomas noted the equivalent of six months of operations and maintenance expenses in reserve funds, and also reported no changes to supplemental fees in the next fiscal year.

Kevin Howell informed the Board of proposed airport deicing effluent limitation guidelines and discussed the fiscal impact to the Authority when the Environmental Protection Agency finalizes the regulations.

The Chairman thanked Mrs. Thomas for her presentation and stated there would be a more in-depth discussion of the budget at the Board Retreat on February 26.

CONSENT AGENDA:

A. Approval of the Asheville Regional Airport Authority December 11, 2009 Regular Meeting Minutes: Mr. Grotzinger requested a correction to the second paragraph of New Business Item D to reflect that the Board did not approve a runway reconstruction project at the April, 24, 2009 Board Meeting. Mr. Grotzinger also requested the correction of the spelling of the Broadmoor Golf Course. Mr. McGrady moved to approve as corrected the regular meeting minutes of the December 11, 2009 Authority Board. Mr. Piccirillo seconded the motion and it carried by unanimous consent.

B. Approval of the Asheville Regional Airport Authority December 11, 2009 Closed Session Minutes: The Chairman reported that the minutes to the December 11, 2009 Closed Session would be read during the closed session portion of the meeting and approved when open session resumed.

OLD BUSINESS: The Chairman stated that the Board would hear from members of the public regarding the Old Business Agenda items.

Ms. Cindy Carter appeared before the Board and asked that as a flight instructor and member of the Western North Carolina Pilots Association (WNCPA), the Board make the runway rehabilitation a priority as she felt it was very important.

Mr. Henry Johnson spoke to the Board and said as President of the WNCPA, he represented its members and echoed Ms. Carter's statement. Mr. Johnson also asked that the Board preserve the option to resurface the runway in the event the reconstruction option does not go through.

Mr. Charles Thomas appeared before the Board to request the Board have a back-up plan to rehabilitate the runway, to talk about the funding sources for this project and to give his opinion that the stimulus money should have been used for the runway.

The Chairman requested the Airport Director review the status of the runway project. The Director gave an overview of what transpired at the April 24, 2009 Board meeting when our consultants from RS&H made their presentation to the Board. The Director also discussed the letter received from the state in November, 2009 approving \$300,000 in grant funds which he noted did not specify any specific project in the letter. The Director further stated that the Authority has not submitted an application for any grants. At Mr. McGrady's request, the Director explained the process for the Letter of Intent staff will seek from the FAA for the runway project.

A. Authorize the Budget Officer to Transfer Certain Budget Appropriations: Vickie Thomas reported that North Carolina General Statutes 159-15 allows for governing boards to authorize the Budget Officer to transfer funds from one appropriation to another within the same fund subject to limitations and procedures it may prescribe. Mrs. Thomas anticipates the need for a transfer before the end of the fiscal year.

Mrs. Thomas requested that the Airport Authority Board resolve to authorize the Budget Officer to transfer appropriations as follows:

- a. He may transfer amounts between line item expenditures within a budget ordinance line item/cost center without limitation and without a report being required. These changes should not result in increased recurring obligations such as salaries.
- b. He may transfer amounts up to \$50,000 between budget ordinance line items/cost centers, including contingency appropriations, within the same fund.

He must make an official report on such transfers at the next regular meeting of the Board.

A discussion of the dollar amount of transfers took place with Mr. Newman proposing transfers be limited to no more than \$10,000.00 and limit the number of transfers between Board Meetings to three (3) transfers. A discussion of the reporting to the Board of such transfers took place with Mrs. Thomas giving examples of transfers within budget line items that did not require reporting. The Director stated that transfers between budget ordinance line items within the same fund would always be reported to the Board.

Mrs. Fisher moved to amend the motion to authorize the Budget Officer to transfer appropriations as proposed by Mr. Newman as follows. Mr. McGrady seconded the motion and it carried by a 4 to 3 vote with Messrs. Hillier, Gantt and Piccirillo voting against the motion.

The Budget Officer is hereby authorized to transfer appropriations as contained herein under the following conditions:

- a. He may transfer amounts between line item expenditures within a budget ordinance line item/cost center without limitation and without a report being required. These changes should not result in increased recurring obligations such as salaries.
- b. He may transfer amounts up to \$10,000 between budget ordinance line items/cost centers, including contingency appropriations, within the same fund. The number of transfers between board meetings is limited to three (3) transfers. He must make an official report on such transfers at the next regular meeting of the Board.

Mrs. Fisher made a motion and Mr. McGrady seconded the motion to authorize the Budget Officer to transfer certain budget appropriations incorporating the above amendment. The motion passed by a 6 to 1 vote with Mr. Grotzinger voting against the motion.

B. Approval of Amendment to the FY 2009/2010 Budget: Vickie Thomas informed the Board that in response to the auditors' management letter, staff is proposing an amendment to the Fiscal Year 2009/2010 Budget. The proposed budget amendment is to address capital authorization changes by the Board during the year ended June 30, 2009 that were made after the current year's budget was approved.

Mrs. Thomas reviewed the Proposed Budget Amendment Detail with the Board as well as the FY09/10 Budget Projected Capital Carry-Over schedule.

Mr. McGrady stated that he and Mr. Grotzinger met with Mrs. Thomas in January to review in detail the proposed amendment and ask questions. After that meeting, both he and Mr. Grotzinger understood and were comfortable with the proposed changes as recommended by the auditors. Along with the additional background information provided at this meeting, Mr. McGrady felt confident that what was being proposed by staff was consistent with the auditors' recommendations and was supportive of the proposed budget amendment. There was a discussion on the funding for the runway project and the timeframe for completion of the project. To alleviate any concerns Board Members may have, staff offered to present the information that was given to the Board at the April 24, 2009 meeting on the runway project at the next Board Meeting in March. The Chairman agreed that would be prudent.

Mr. McGrady moved to amend the FY09/10 budget by adopting the following budget ordinance amendment. Mrs. Fisher seconded the motion and it carried by a 6 to 1 vote with Mr. Grotzinger voting against the motion.

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, 2010:

Section 1. To amend the appropriations as follows:

EXPENDITURES:

	<u>Decrease</u>	<u>Increase</u>
Administration	\$ 75,000	
Other		\$ 250,000
Other Reserve Funds	3,479,880	
Contingency		75,000
Carryover Capital from Prior Year		9,334,419
Capital Improvement Fund	5,450,068	
Totals	<u>\$9,004,948</u>	<u>\$9,659,419</u>

This will result in a net increase of \$654,471 in the appropriations. To provide the additional revenue for the above, revenues will be revised as follows:

REVENUES:

	<u>Decrease</u>	<u>Increase</u>
Administration (Interest Income)	\$ 134,200	
Other		\$ 250,000
FY08/09 Capital Carryover Funds	6,625,658	
Federal Grants FY09/10		7,302,901
NC DOT Grants FY09/10		35,161
Transfer from ARAA Cash	173,733	
Totals	<u>\$6,933,591</u>	<u>\$7,588,062</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 12th day of February, 2010.

David Hillier, Chairman

Attested by:

Charles W. McGrady, Secretary-Treasurer

The Chairman called for a break at 10:24 a.m.

The Board reconvened at 10:37 a.m.

NEW BUSINESS:

A. Discussion of Response to Congressman Shuler's January 17th Letter:

The Chairman opened the discussion for the draft of the letter to be sent to Congressman Shuler. A discussion of the runway project and net assets took place. The Board agreed on changes to be made to the letter. The Chairman was to make the

revisions and distribute to Board Members before sending the letter to Congressman Shuler.

B. Discussion and Adoption of Travel Policy: The Chairman informed the Board that the focus of the discussion was for the Travel Policy as it impacts Board Members.

Mr. Newman suggested rewording the Planning and Approving section of the Travel Policy to read as follows:

At a regularly scheduled Board Meeting early in the budget process, prior to either the November or December Board Meeting, the Airport Director will present the Authority Board with a list of conferences or training opportunities to be held during the upcoming fiscal year. The Airport Board shall discuss which conferences it may be beneficial for the Board to participate in, either to represent the Airport or for the educational benefits of the Board Members. After identifying which conferences or trainings may be of benefit, the Board will decide who from the Board shall participate in the conference. All decisions regarding Board Members' participation in conferences and trainings that require travel outside western North Carolina or which are expected to cost more than \$250 shall be made at a regular meeting of the Board.

Travel by Board Members for the exclusive purpose of business development at the airport will not require advance approval at a Board Meeting. For example, the Airport Director would be allowed to invite a Board Member to accompany them to a meeting with an airline industry representative considering new service to Asheville. Board Member travel for the purposes of business development should be approved by the Chair of the Board. The Board should be made informed of such travel at or before its next regularly scheduled meeting.

The Board agreed decisions could also be made throughout the year for travel especially when a new member was appointed to the Board.

Mr. Grotzinger suggested language be added to the Travel Policy that prohibits reimbursement of tickets purchased with a Board Member's frequent flyer miles.

Mr. McGrady suggested a clean draft of the Travel Policy be put on the Consent Agenda for the March Board Meeting.

Mr. McGrady moved to instruct staff to incorporate Mr. Newman's changes in overall Travel Policy. Mrs. Fisher seconded the motion and it carried by unanimous consent.

C. Approval of Scope of Services and Fees for Design Services for the Westside Site Preparation Project: Kevin Howell reported to the Board that after an environmental due diligence audit, site survey, geotechnical testing and investigation, wetlands and stream identification and delineation, and conceptual site design, staff was ready to proceed with full construction design on the Westside area. Mr. Howell discussed the proposed Scope of Services and Fees with AVCON Engineers and Planners, Inc. for a not to exceed amount of \$207,000.00. Mr. Howell reviewed the fiscal impact of the project and informed the Board that there is a small potential risk if Charah fails to reimburse the Authority for engineering work done by AVCON. However, Mr. Howell also stated that the Authority can suspend any further work limiting the Authority's liability only to that work completed prior to suspension.

A discussion of the liability for the Authority over the use of fly ash as a fill took place and Mr. Howell reported that as the provider of the fly ash, Progress Energy would be liable for eternity for the fly ash and they are holding the permits from the state. Also discussed was the importance of following state guidelines for the soil cap over the fly ash.

Mr. Howell requested the Authority Board resolve to approve the Scope of Services and Fee Proposal with AVCON Engineers & Planners, Inc. not to exceed the amount of \$207,000.00 and to authorize the Airport Director to execute the necessary documents. Mr. Grotzinger moved to approve the Scope of Services and Fee as presented by staff. Mr. McGrady seconded the motion and it carried by unanimous consent.

D. Approval of Change Order Number 8 to the Patton Construction Group, Inc. Toll Plaza Expansion Project Construction Contract in the Amount of \$5,913.00: Mr. Howell presented the Board with a walk-on agenda item for the approval of a change order to the toll plaza expansion project to include 4" security conduit, window revisions to match the existing facility, and a restroom heater. Mr. Howell reported that this change order has been flagged as a design error and staff intends to withhold a negotiated amount from the final payment to the design team.

Mr. Howell reviewed the previous change orders to this project and informed the Board that this change order will exceed the 10% contingency budget approved by the Board. Mr. Howell further informed the Board that change orders 1 and 2 were for work performed by Patton Construction Group for the Wright Brothers Way Project as staff

was unable to negotiate a reasonable change order with the contractor for that project. These fees will be deducted from the Toll Plaza Project budget and properly assigned to the Wright Brothers Way Project funding, bringing both projects within budget.

Mr. Newman moved to approve Change Order Number 8 with Patton Construction Group, Inc. in the amount of \$5,913.00 and authorize the Airport Director to execute the necessary documents. Mr. Gantt seconded the motion and it carried by unanimous consent.

DIRECTOR'S REPORT:

A. Airline Passenger Bill of Rights: The Director briefly outlined the Airline Passenger Bill of Rights and informed the Board that the bill would take effect in April. The airport has some responsibility with regard to being able to accommodate passengers by providing places to sit as well as having cots and blankets available if needed.

B. AIP Update: The Director reported that Congress and Senate failed to move forward with a reauthorization of the AIP. Some federal funding has been released but in two parts, A and B. Staff is expecting to submit an application for Part A within a couple of weeks with funds to arrive 6 to 8 weeks later. Part B will be released in late spring with funds expected in late summer.

C. CNN Airport News Replacement: The Director informed the Board that due to recent changes by CNN, updates to the equipment would require an investment of \$5,000 to \$35,000. Staff has found a company called ProDIGIQ which offers television service through the internet. Individual televisions throughout the terminal could be programmed for different shows and there is also an opportunity to advertise which could provide a percentage of the revenue to the Authority. This new television service would be at no cost to the Authority and staff expects the installation to be complete by late spring or early summer.

D. New Reporting Procedures: The Director stated that beginning with the March or April Board Meeting, Vickie Thomas would give the Board a verbal executive summary of the Authority's financial position.

E. Snow Removal Costs: The Director apprised the Board of the cost of snow removal for the December snow storm. The majority of the costs were due to

overtime. The Director hopes to recoup some of the costs through the rates and charges with the airlines.

F. Bond: The Director advised the Board that one of the deficiencies reported in the recent audit was lack of a bond for the Director of Finance and other staff members. Staff researched our insurance policy and reported that crime insurance is a part of our policy and provides more coverage than a bond required by state statutes. The Secretary of Treasury accepted this insurance coverage in lieu of a bond and the Authority is and has been in full compliance of the law.

Mr. McGrady requested an update on the Authority's Document Retention Policy. The Director responded by stating that the issue arose after the December Authority Board Meeting. The Director has been in touch with Jeff Futch in Buncombe County's office of the Department of Cultural Resources. Mr. Futch worked with staff in the past to develop the Authority's Retention Policy. The Director reviewed with Mr. Futch the Authority's policy of destroying audio tapes of Authority Board Meetings after the official minutes have been approved by the Board and staff has been advised that our policy is in full compliance with state statutes. Also being reviewed is the issue of e-mail retention. The airport does not fall into a specific category like other state agencies which follow the state retention policy. Staff is working with the Department of Cultural Resources to create an updated schedule for records retention to include e-mail retention for the Authority. In the meantime staff is retaining all business related e-mails until a schedule is ready for approval and adoption by the Board.

INFORMATION SECTION: The Director reported that traffic for the month of December was down slightly but up by 4.1% for the calendar year. The Director made note of the fact that the snow storm in December caused 28 flights to be cancelled and based on load factors reported by the airlines, the airport lost approximately 1,000 passengers. Traffic for December would have increased by almost 2% had the flights not been cancelled.

AUTHORITY MEMBERS' REPORTS:

A. Aviation Issues Conference Briefing: The Chairman updated the Board on his attendance at the Aviation Issues Conference by sharing some of the knowledge he gained in the different sessions. Mr. Gantt and Mrs. Fisher also talked about their experiences at the conference and the contacts made with various officials. All agreed the conference was very beneficial to their roles on the Authority Board and were grateful to have been able to attend this conference.

B. Presentation of Draft Authority Environmental Policy: The Chairman informed the Board that he had been advised by the committee that a draft Authority Environmental Policy was not ready for presentation. The Chairman planned to negotiate with fellow Board Members to see who would be interested in serving on this committee and would update the Board after closed session.

PUBLIC AND TENANTS' COMMENTS: Mr. Jerry Rice spoke to the Board about the rules and procedures for closed session item discussions and also recommended the Authority Board videotape the meetings for public television.

Mr. Charles Thomas updated the Board on the growth of his businesses, WNC Aviation and Belle Aircraft Maintenance. Mr. Thomas also spoke about the acquisition of a full motion stimulator, one of only a few in the state, and encouraged the Board Members to stop by WNC Aviation to try it out.

At 12:15 p.m. the Chairman called for a break.

CLOSED SESSION: At 12:25 p.m. Mr. McGrady moved to go into closed session pursuant to Subsections 143-318.11(a)(3) and (4) of the General Statutes of North Carolina for the following purposes:

To consult with the Asheville Regional Airport Authority's legal counsel in order to preserve the attorney-client privilege between the Asheville Regional Airport Authority and its legal counsel, and during this closed session, or a portion thereof, the Asheville Regional Airport Authority expects to consult with its legal counsel concerning an existing lawsuit commenced in the Buncombe County Superior Court, File Number 08 CvS 697, the parties to which are Asheville Jet, Inc., d/b/a/ Million Air Asheville (which is now d/b/a Odyssey Aviation), as plaintiff, and the City of Asheville, the Asheville Regional Airport Authority, and possibly the County of Buncombe, as defendants; and

To discuss matters relating to the location and/or expansion of industries or other businesses in the area served by the Asheville Regional Airport Authority, including agreement on a tentative list of economic development incentives that may be offered by the Asheville Regional Airport Authority in negotiations. Mrs. Fisher seconded the motion and it carried by unanimous vote.

Open Session resumed at 1:25 p.m.

The Chairman announced that Susan Fisher and Brownie Newman were the new members of the Environmental Policy Drafting Committee and appointed Mrs. Fisher as the chairperson.

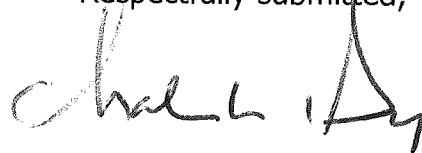
MOTION FOR APPROVAL AND SEALING OF CLOSED SESSION MINUTES: Mr. McGrady moved to approve the minutes for the December 11, 2009, closed session and to seal and withhold the minutes from public inspection so long as public inspection would frustrate the purpose or purposes thereof. Mrs. Fisher seconded the motion and it carried by unanimous vote.

MOTION FOR SEALING OF CLOSED SESSION MINUTES: Mr. McGrady moved to seal and withhold the minutes for the February 12, 2010, closed session from public inspection so long as public inspection would frustrate the purpose or purposes thereof. Mrs. Fisher seconded the motion and it carried by unanimous vote.

ADJOURNMENT: Mr. McGrady moved to adjourn the meeting at 1:27 p.m. Mrs. Fisher seconded the motion and it carried by unanimous vote.

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