



AGENDA

Greater Asheville Regional Airport Authority Regular Meeting
Friday, October 11, 2013, 8:30 a.m.
Conference Room at Administrative Offices

NOTICE TO THE PUBLIC: The Airport Authority welcomes comments from the public on any agenda item. Comments are received prior to the Board's discussion of the agenda item. Comments are limited to five minutes. If you wish to comment on an agenda item, please deliver a request card (available in the meeting room) to the Clerk to the Board prior to the agenda item being called by the Chair.

- I. CALL TO ORDER
- II. WELCOME OF NEW BOARD MEMBER – CAROL PETERSON
- III. PRESENTATIONS:
 - A. Enterprise/National/Alamo – John Valas ([document](#))
- IV. FINANCIAL REPORT ([document](#))
- V. CONSENT ITEMS:
 - A. Approval of the Greater Asheville Regional Airport Authority August 9, 2013 Regular Meeting Minutes ([document](#))
 - B. Approval of the Greater Asheville Regional Airport Authority August 9, 2013 Closed Session Minutes
 - C. Approval of the Greater Asheville Regional Airport Authority Board 2014 Schedule ([document](#))
 - D. Approval of Non-Federal Reimbursable Agreement with Department of Transportation, Federal Aviation Administration ([document](#))



- E. Approval of Amended Construction and Repair Contracts and Changes Policy ([document](#))
- VI. OLD BUSINESS: None
- VII. NEW BUSINESS:
- A. Presentation of the Annual Audited Financial Report for Fiscal Year 2012/2013 ([document](#))
 - B. Update to Budget Supplemental Fees and Charges ([document](#))
 - C. Approval of Agreements for Professional Consulting Services with Delta Airport Consultants, Inc. and Avcon, Inc. ([document](#))
- VIII. DIRECTOR'S REPORT:
- A. TSA Exit Lane Update
 - B. Industry Conference Schedule
 - C. ARFF Building Update
 - D. FAA Grant Update
- IX. INFORMATION SECTION:
(Staff presentations will not be made on these items. Staff will be available to address questions from the Board.)
- A. August 2013 Traffic Report ([document](#))
 - B. August 2013 Monthly Financial Report ([document](#))
 - C. October 2013 Development/Project Status Report ([document](#))
 - D. Potential Board Items for the Next Regular Meeting:
 - None identified at this time
- X. AUTHORITY MEMBER REPORTS



XI. PUBLIC AND TENANTS' COMMENTS

XII. CALL FOR NEXT MEETING

XIII. 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, to Discuss Matters Relating to the Location and/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, and to Consider Personnel Matters.

XIV. ADJOURNMENT

This agenda of the Greater Asheville Regional Airport Authority is provided as a matter of convenience to the public. It is not the official agenda. Although every effort is made to provide complete and accurate information in this agenda, the Greater Asheville Regional Airport Authority does not warrant or guarantee its accuracy or completeness for any purpose. The agenda is subject to change before and/or during the Board meeting.

The Enterprise Way

October 11, 2013

John Valas

Regional Vice President
Western North Carolina
Enterprise Holdings

Agenda

- Introduction
- The Journey: A defining moment
- The Balance
- Recruiting and developing great people
- Some reasons for success
- Open Discussion

ENTERPRISE HOLDINGS™

Alamo®

enterprise

National®

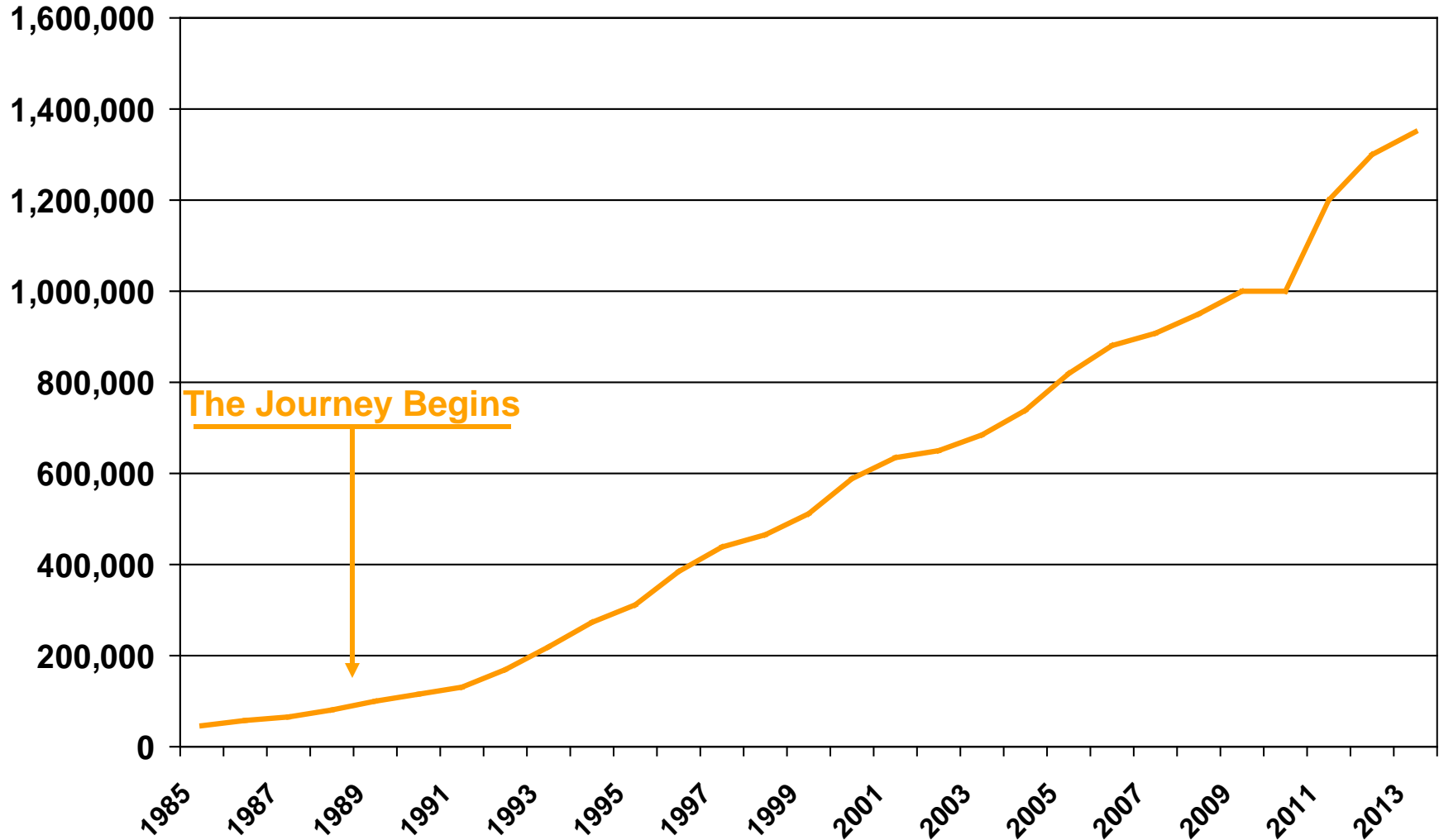
Key Statistics

- Family Owned & Operated: Ranked #20 on *Forbes* Top 500 Private Companies in America
- Operate largest fleet of passenger vehicles in world
 - Largest buyer/seller of vehicles
- Alamo, Enterprise and National brands
 - More than 1 million transactions per week
 - Operating in more than 40 countries
- \$16.4 billion revenue
- Largest recruiter of college graduates in U.S.
- More than 8,200 locations



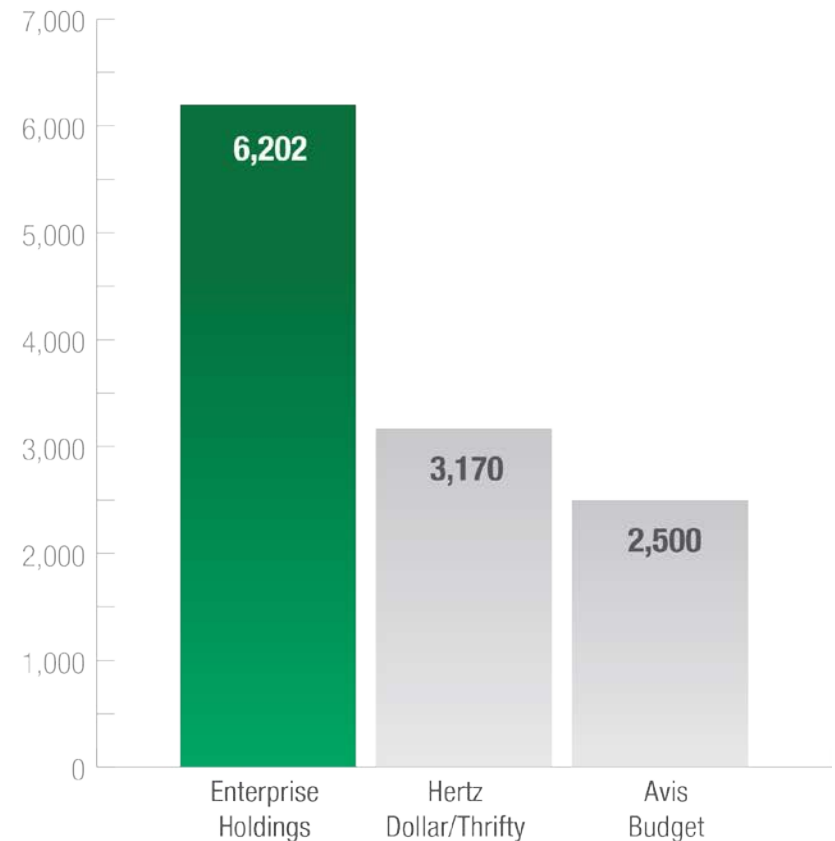
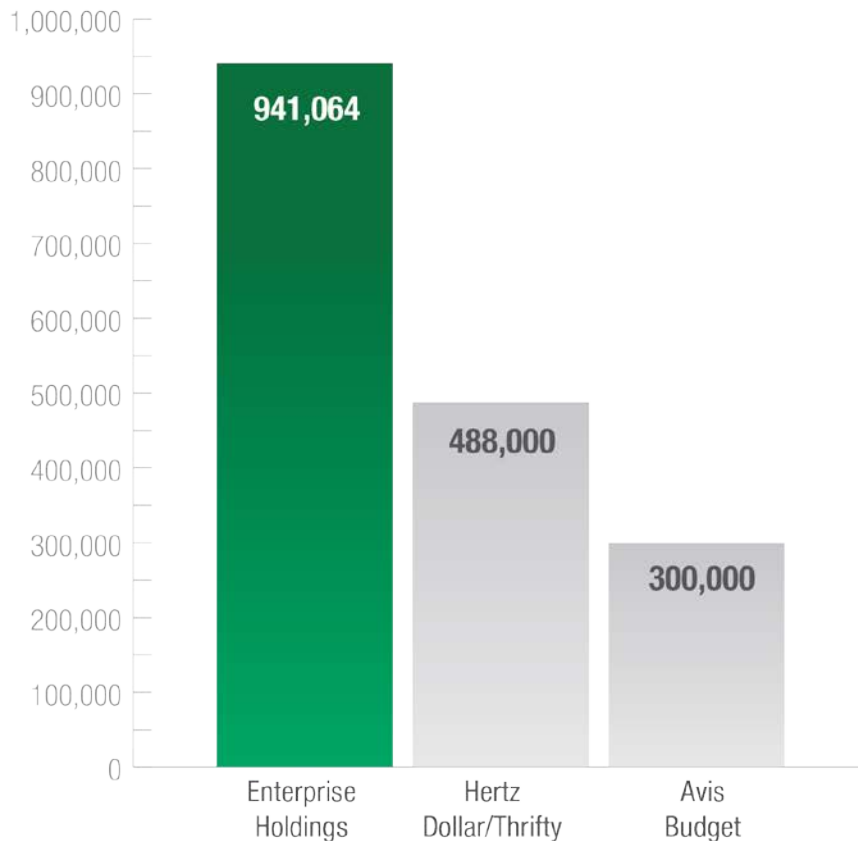
Enterprise Holdings: Consolidated Fleet

Fiscal Year 1985 - 2012



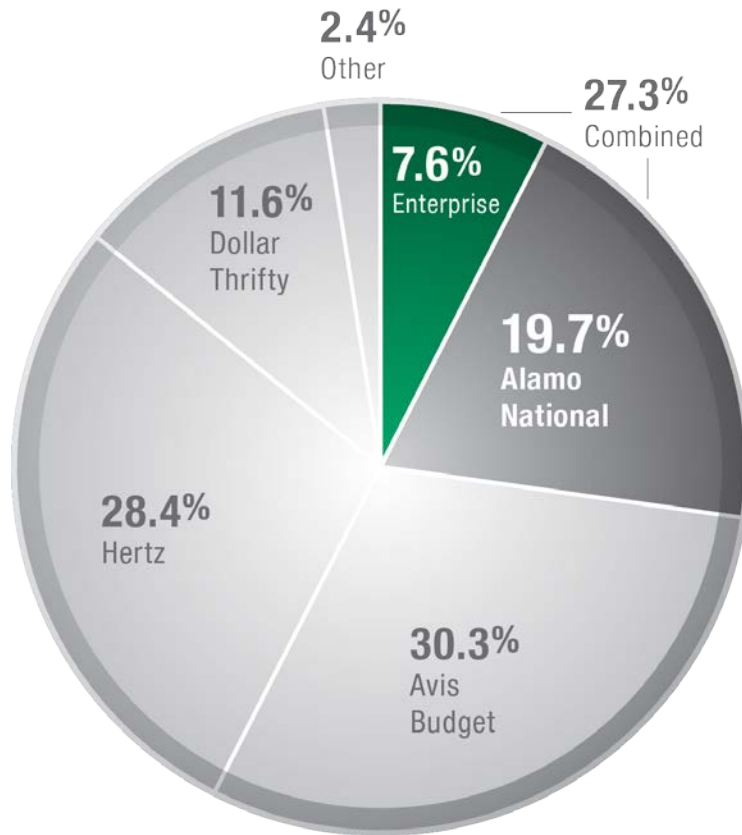
US Fleet and Locations

- A larger fleet and more locations than all of our major competitors combined.

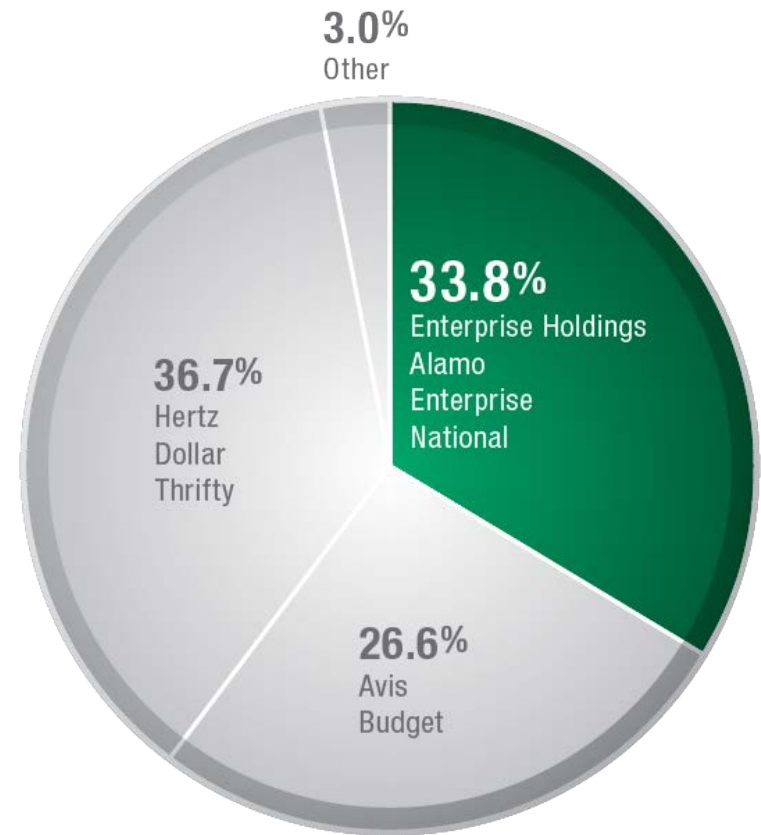


US Airport Market Share

2006 on-airport market positions



2012 on-airport market positions



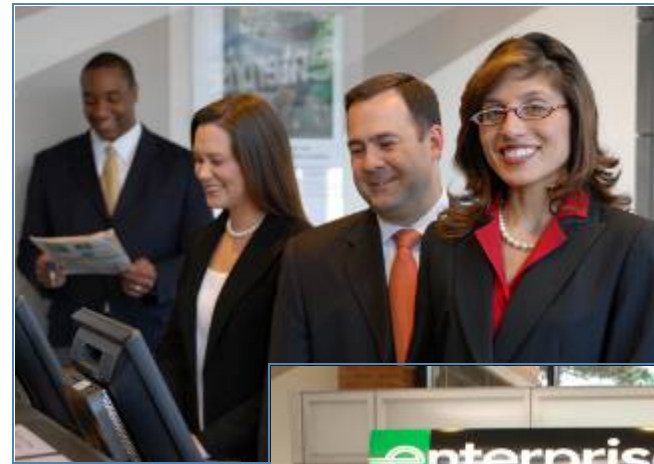


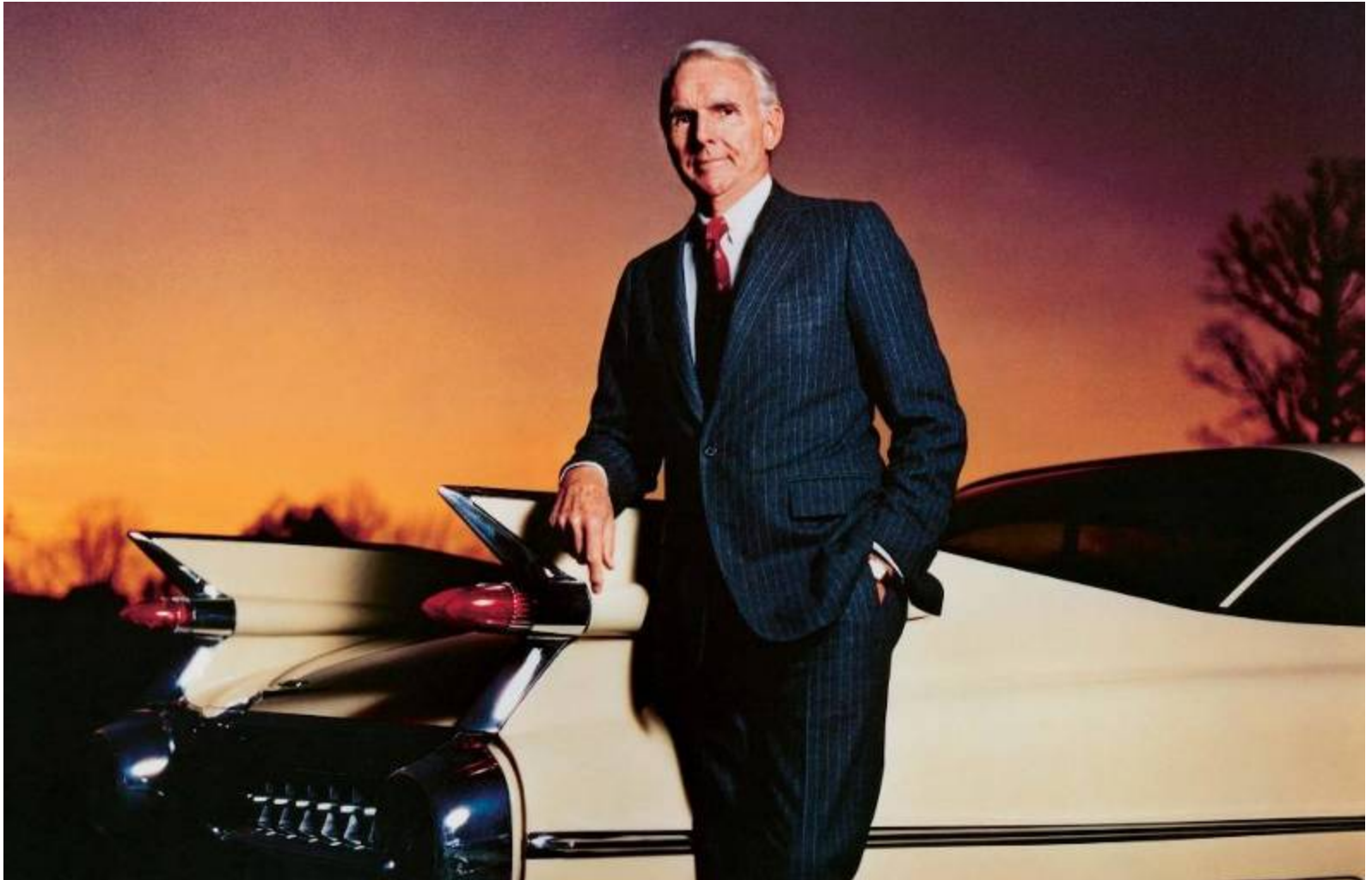
Confederation of small businesses



Typical neighborhood branch

- 5 – 7 employees
- 100 – 150 vehicles
- Decentralized
- Profit-and-loss responsibility
- Employee income tied to performance
- Responsibility to grow local business
- “The Balance”





**“Take care of your customers and employees first,
and growth and profits will follow.” - Jack Taylor**

“Top Box”



SQi: A Model for Customer Satisfaction

- J.D. Power & Associates
 - Three brands ... Top three spots
- *BusinessWeek*
 - Customer Service Champ
- Market Matrix
 - Enterprise: #1 in rental car industry



J.D. Power Results

North American Rental Car Satisfaction Study

2007

1. Enterprise
2. Hertz
3. National
4. Avis
5. Thrifty
6. Budget
7. Alamo
8. Dollar

2012

1. Enterprise
2. National
3. Alamo
4. Hertz
5. Avis
6. Budget
7. Dollar
8. ACE

A great place to begin a career





go.enterprise.com

HOW FAR CAN WE TAKE YOU?
THAT DEPENDS. HOW FAR DO YOU WANT TO GO?



Our people

- **Recruiting & Selecting:** impact culture first
- **The Learning Path:** skills, recognition, measuring, mentoring & expectations
- **Management:** The Matrix
- **Development:** local/national
- **Senior Leader Development Program**

* The Alamo & National people model is somewhat different

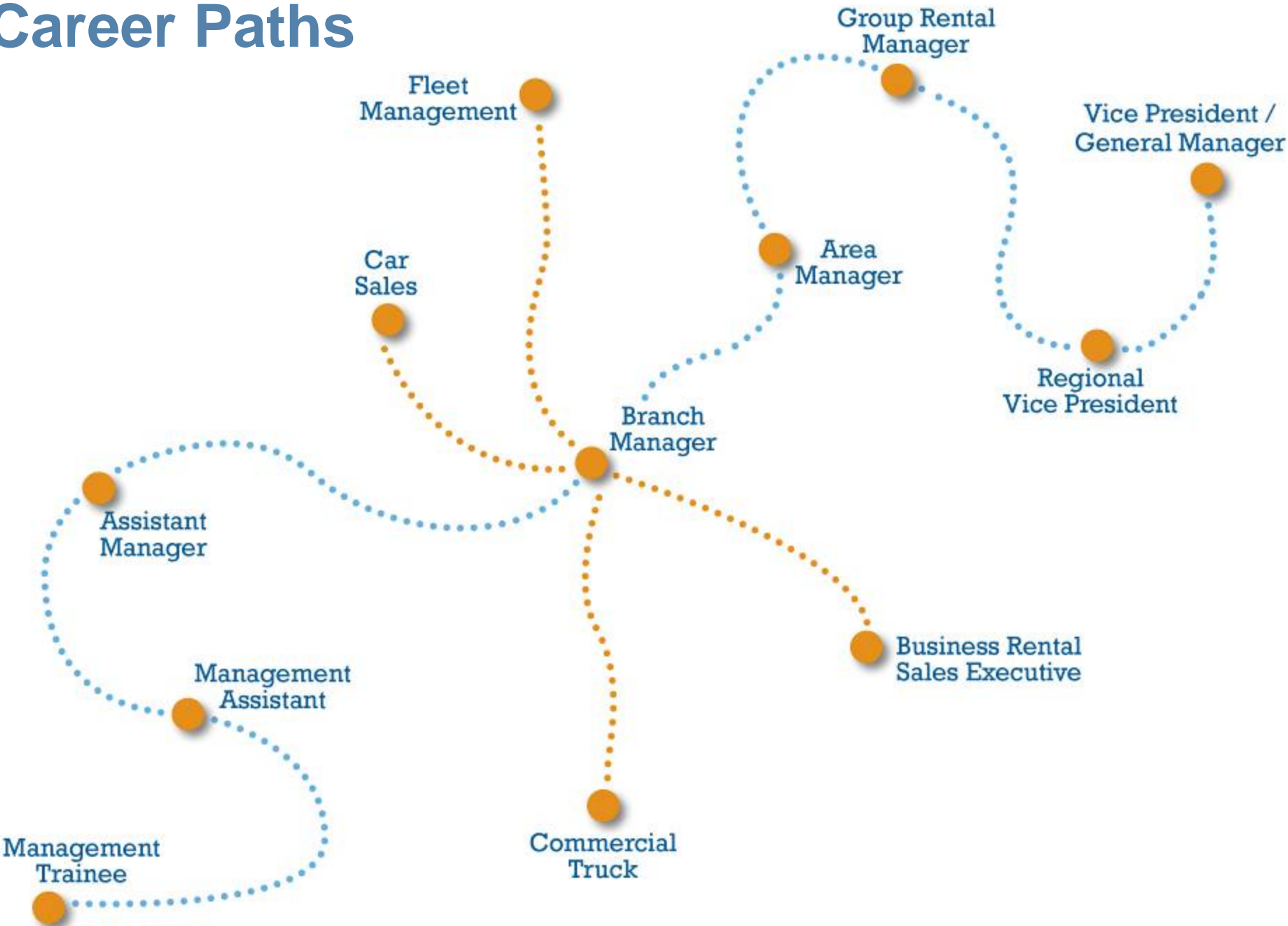
Skills/Traits

- Sales
- Service
- Flexibility
- Communications
- Leadership
- Work Ethic



“Behavioral Interviewing”

Career Paths



values

Personal honesty and integrity are the foundation of our success.

Our brands are the most valuable things we own.

Customer service is our way of life.

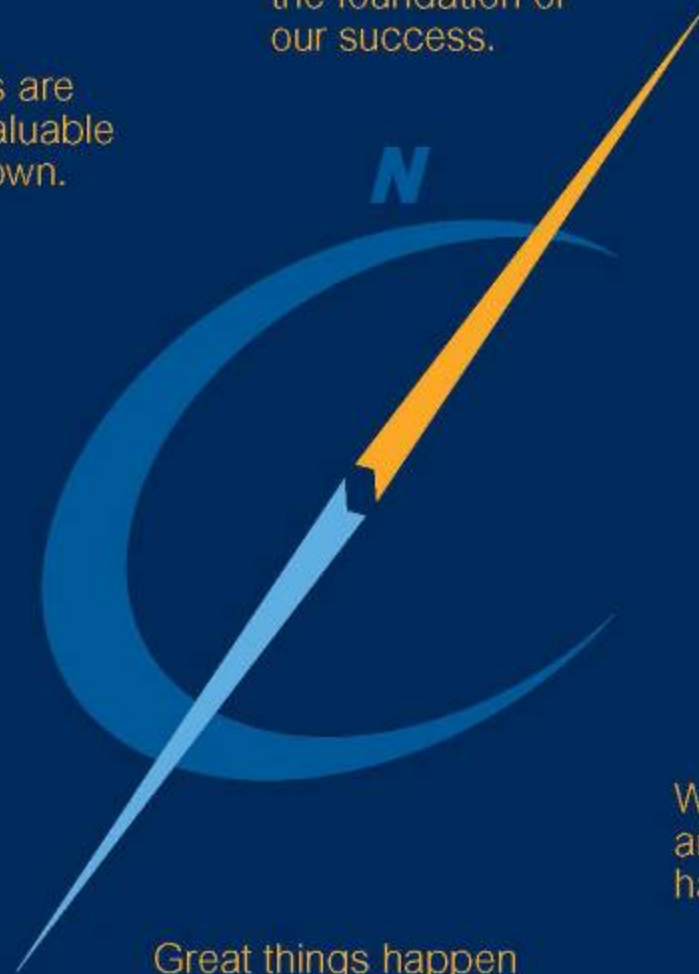
Our doors are open.

Our company is a fun and friendly place where teamwork rules.

We strengthen our communities, one neighborhood at a time.

We work hard... and we reward hard work.

Great things happen when we listen...to our customers and to each other.



Some Reasons for Success

- Founder with vision beyond just money
- Cooperative family/owners
- Under developed market space
- Vendor financing
- Distracted competitors
- Small group of senior leaders who were/are focused & unrelenting on growing a great business
- Knowing ourselves and saying “no” often
- Realistic & proactive about having the right people on the “bus”



Thank you!

**Asheville Regional Airport
Executive Summary
August-13**

AIRPORT ACTIVITY

| | <u>Month</u> | <u>Variance to Prior Year</u> | <u>Calendar Year to Date</u> | <u>Variance to Prior Year</u> |
|-------------------------------|--------------|-----------------------------------|----------------------------------|-----------------------------------|
| Passenger Enplanements | 34,275 | 13.2% | 217,902 | 2.1% |
| Aircraft Operations | | | | |
| Commercial | 1,626 | (9.2%) | 11,526 | (6.4%) |
| Scheduled Flights | 711 | 1.1% | | |
| Flight Cancellations | 3 | | | |
| Seats | 42,990 | 15.7% | 300,802 | 8.1% |
| Load Factor | 79.7% | (2.2%) | 72.4% | (5.6%) |
| General Aviation | 4,430 | 16.0% | 25,812 | (1.5%) |
| Military | 371 | (18.6%) | 2,859 | (4.4%) |

FINANCIAL RESULTS

| | <u>Month</u> | <u>Variance to Budget</u> | <u>Fiscal Year to Date</u> | <u>Variance to Budget</u> |
|---------------------------------------------------|-------------------|-------------------------------|--------------------------------|-------------------------------|
| Operating Revenues | \$ 766,735 | 6.9% | \$ 1,564,076 | 8.4% |
| Operating Expenses | 514,765 | (9.1%) | 1,017,818 | (11.6%) |
| Net Operating Revenues before Depreciation | <u>\$ 251,970</u> | 67.1% | <u>\$ 546,258</u> | 86.8% |
| Net Non-Operating Revenues | <u>\$ 249,818</u> | 29.9% | <u>\$ 483,444</u> | 21.0% |
| Grants: | | | | |
| FAA AIP Grants | \$ 846,448 | | \$ 846,448 | |
| NC Dept of Transportation Grants | 128,132 | | 284,385 | |
| Total | <u>\$ 974,580</u> | | <u>\$ 1,130,833</u> | |

CASH

| | |
|---------------------------------|----------------------|
| Restricted | \$ 1,276,416 |
| Designated for O&M Reserve | 3,742,872 |
| Designated for Emergency Repair | 650,000 |
| Unrestricted, Undesignated | 11,416,512 |
| Total | <u>\$ 17,085,800</u> |

RECEIVABLES PAST DUE

| | <u>Total</u> | <u>1-30 Days</u> | <u>31-60 Days</u> | <u>Over 60 Days</u> |
|-----------------------------------|------------------|------------------|-------------------|---------------------|
| American Airlines (In Bankruptcy) | 1,166 | | | 1,166 |
| Hertz | 1,259 | 81 | 1,178 | |
| TSA | 39,040 | 9,920 | 9,600 | 19,520 |
| United/Express Jet/SkyWest | 24,945 | 8,964 | 8,445 | 7,536 |
| Miscellaneous | 262 | 130 | 132 | |
| Total | <u>\$ 66,672</u> | <u>\$ 19,095</u> | <u>\$ 19,355</u> | <u>\$ 28,222</u> |
| % of Total Receivables | 14.24% | | | |

Note: Excludes balances paid subsequent to month-end.

REVENUE BONDS PAYABLE

| | |
|---------------------------------------------------------|--------------|
| Rental Car Facilities Taxable Revenue Bond, Series 2007 | |
| Original Amount | \$ 4,750,000 |
| Current Balance | \$ 2,518,030 |

CAPITAL EXPENDITURES

| | |
|-----------------------|---------------|
| Annual Budget | \$ 18,393,649 |
| Year-to-Date Spending | \$ 722,150 |

**REGULAR MEETING
GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY
August 9, 2013**

The Greater Asheville Regional Airport Authority ("Authority") met on Friday, August 9, 2013 at 8:55 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, Chair; Robert C. Roberts, Vice-Chair; Jeffrey A. Piccirillo; Martha W. Thompson; Andrew T. Tate; K. Ray Bailey; and Douglas J. Tate

MEMBERS ABSENT: None

STAFF AND LEGAL COUNSEL PRESENT: Victor Buchanan, Authority Legal Counsel; Lew Bleiweis, Executive Director; Michael Reisman, Deputy Executive Director of Development and Operations; C. Jeffrey Augram, Chief of Public Safety; David Nantz, Director of Operations and Maintenance; Vickie Thomas, Director of Finance and Accounting; Suzie Baker, Director of Administration; Tina Kinsey, Director of Marketing and Public Relations; Callie Polk, Marketing and Public Relations Specialist; and Ellen Heywood, Clerk to the Board

ALSO PRESENT: James Moose, AVCON; Jeff Kirby, Parrish & Partners; Nate Otto, RS&H; Mike Reiter, Michael Baker Corporation; Claudia Holliday, Michael Baker Corporation; Matt Fogleman, ECS Carolinas

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

The Director introduced Ms. Callie Polk to the Board. Callie was hired in July as a Marketing and Public Relations Specialist. The Board welcomed Ms. Polk.

FINANCIAL REPORT: The Director reviewed the airport activity section of the Financial Report for June which included enplanements, aircraft operations and general aviation activity. Vickie Thomas reported on the Financial Results for the month of June.

CONSENT ITEMS: Mr. Buchanan suggested that Consent Items B and D, Approval of the Greater Asheville Regional Airport Authority June 21, 2013 Closed Session Minutes, and Approval of the Greater Asheville Regional Airport Authority July 12, 2013 Closed Session Minutes, could be pulled for review in Closed Session.

A. Approval of the Greater Asheville Regional Airport Authority June 21, 2013 Regular Meeting Minutes:

C. Approval of the Greater Asheville Regional Airport Authority July 12, 2013 Special Meeting Minutes:

E. Approval of Amendment to the FY 2013/2014 Budget:

BE IT ORDAINED by the Greater Asheville Regional Airport Authority that the following amendment be made to the annual budget ordinance for the fiscal year ending June 30, 2014:

Section 1. To amend the appropriations as follows:

EXPENDITURES:

| | <u>Decrease</u> | <u>Increase</u> |
|--------------------------------------|-----------------|--------------------|
| Administrative Department | \$52,083 | |
| Development Department | | \$4,696 |
| Executive Department | | \$431 |
| Finance Department | | \$5,161 |
| Guest Services Department | | \$4,048 |
| Information Technology Department | \$2,923 | |
| Marketing Department | \$5,030 | |
| Operations Department | | \$17,631 |
| Public Safety Department | | \$28,069 |
| Carry-over Capital Expenditures | | \$1,557,045 |
| Totals | <u>\$60,036</u> | <u>\$1,617,081</u> |

This will result in a net increase of \$1,557,045 in the appropriations. Revenues will be revised as follows:

REVENUES:

| | <u>Decrease</u> | <u>Increase</u> |
|--------------------------------------------|------------------|--------------------|
| Federal Grants – AIP Entitlement Funds | | \$1,177,506 |
| Federal Funds – AIP Discretionary Funds | \$435,599 | |
| NC Department of Transportation Grants | | \$465,302 |
| Transfer from GARAA Cash | | \$349,836 |
| Totals | <u>\$435,599</u> | <u>\$1,992,644</u> |

Section 2. Copies of this budget amendment shall be furnished to the Clerk to the Greater Asheville Regional Airport Authority, and to the Budget Officer and to the Finance Officer for their direction.

Adopted this 9th day of August, 2013.

David Hillier, Chair

Attested by:

Ellen Heywood, Clerk to the Board

Ms. Thompson moved to approve Consent Items A, C and E. Mr. Piccirillo seconded the motion and it carried unanimously.

OLD BUSINESS: None

NEW BUSINESS:

A. Approval of Airline Incentives for Allegiant Air: The Director informed the Board that Allegiant has had discussions with staff about adding seasonal service to Punta Gorda/Ft. Myers, Florida (PGD) from November through May with two flights per week. Based on the possibility of seasonal service and in accordance with the Authority's Air Service Incentive Policy, staff would like to offer Allegiant up to \$50,000 for marketing and advertising of this new service and airport related fee waivers, excluding PFCs, for a one-year period as directly related to the PGD service. The Director further stated that the total incentive package is worth approximately \$91,000. Funds are currently in the budget for this type of business development. The Director advised the Board that should Allegiant decide to make this yearly service without any hiatus, staff would like to offer an additional \$100,000 for marketing and advertising money along with the appropriate waived fees. The total incentive package for yearly service would be approximately \$220,000. The Director stated that offering the additional marketing money would require approval of a budget amendment by the Board.

The Chair questioned when staff would know if the additional \$100,000 would be needed. The Director responded that staff should have a better idea in December if Allegiant plans to make the service yearly. The Chair affirmed that the Director was seeking approval for the \$50,000 in marketing funds at this time. The Director replied that this was correct.

Mr. Bailey moved to approve the airline incentives of up to \$50,000 for marketing and advertising of the PGD service and airport related fee waivers, excluding PFCs, for a one-year period as directly related to the AVL-PGD service with Allegiant Air and authorize the Executive Director to execute the necessary documents. Ms. Thompson seconded the motion and it carried unanimously.

B. Approval of Agreement for Relocation of LLWAS Tower with Federal Aviation Administration (FAA): Michael Reisman informed the Board that the FAA owns and operates seven Low Level Wind Shear Alert System (LLWAS) towers that provide real time information to the air traffic controllers concerning wind shear conditions. One of these towers sits on private property and the FAA has a month to month lease with the property owner. The property owner wants the tower to be moved to another location on or off his property as he plans to develop the property where the tower is located. This tower also could have a negative impact on the protection of airspace surrounding the temporary runway that will be constructed as part of the airfield redevelopment project. Mr. Reisman advised the Board that the FAA still needs to identify an alternate suitable site for the tower. However, due to budgetary constraints and sequestration issues, the FAA is unable to fund the relocation of the tower at this time. The FAA has requested the Authority fund the relocation which is expected to cost up to \$200,000, and then the FAA would reimburse the Authority over a five-year time period.

Mr. Bailey questioned how long the tower has been in its current location. The Director responded that the tower has been there for a very long time. Mr. Bailey also asked how long the property owner has owned the land. The Director responded that the land has been in the property owner's family for a very long time. The Director further stated that the landowner has been very cooperative and this tower does not belong to the airport but it does affect safety systems at the airport. Staff would like to continue the good relationship with adjacent property owners and is trying to facilitate a resolution of this issue. Ultimately the FAA could condemn the property in order to keep the tower in its current location.

Mr. Roberts asked if the FAA was limited in the number of locations where the tower could be located. Mr. Reisman responded that there are a limited number of locations on that side of the airport where the tower could be located. The tower needs to stay in that general area or it would create a gap in the system which would create a hazard.

The Director advised the Board that staff has checked the Local Government Commission's (LGC) ruling on loaning the money to the FAA and there was nothing

specifically identifying this situation. The LGC also thought some of the legislation which created the GARAA may allow for this. The Director further stated that with the Board's approval to move forward, if the FAA is able to find a suitable alternate location and negotiate the relocation of the tower with the property owners, staff will come back to the Board for approval of a budget amendment to assist the FAA in funding this project.

Mr. Douglas Tate moved to approve entering into an agreement with the FAA for funding and reimbursement of costs associated with the relocation of the LLWAS tower, not to exceed \$200,000, should the circumstances warrant it; and authorize the Executive Director to negotiate an agreement for same and execute the necessary documents. Mr. Andrew Tate seconded the motion and it carried unanimously.

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

A. Budget Transfer: The Director advised the Board that two transfers were made from contingency to the operating budget. The first transfer was in the amount of \$26,750 from contingency to capital carry-over for a vehicle that was purchased. The vehicle was not received before the end of June so those funds needed to be carried over to cover this expense. The second transfer was for changes of salary and benefits in the Executive Department due to Board negotiations so \$20,000 was moved from Contingency into the Executive Department.

B. TSA Exit Lane Funding: The Director reported that since September 2001 when TSA was created, it has been the responsibility of TSA to monitor the exit lanes leaving the secure area. There has been some discussion in the last four to six months about putting that responsibility on to the airports rather than TSA. Before 2001, it was the responsibility of the airlines to monitor these lanes. TSA requested airports submit their comments on this issue, so staff sent a letter to TSA in July expressing concerns. Staff estimates that the cost to monitor the exit lanes would be approximately \$300,000 annually. This would have to be passed on to the airlines. TSA has not yet made a determination on this issue. TSA is also looking into technology rather than manpower to monitor the exit lanes and this would be a capital expense for airports. The airline industry has also been fighting this issue and our DC legislators are aware of what is going on. The Director will keep the Board apprised of the situation.

C. September Flight Schedules: The Director advised the Board that both US Air and Delta are removing their early morning flights beginning in September. US Air is combining their 5:30 a.m. and 7:30 a.m. flights from 30-50 seat jets to a 78 seat

aircraft. Travelers will not be able to get to west coast destinations before noon. Staff has reached out to US Air but has not had a response. Staff hopes this does not cause traffic to leak to other airports.

D. Endeavor Air: Pinnacle Airlines filed for bankruptcy earlier in the year and was fully acquired by Delta. Pinnacle has changed their name to Endeavor Air.

E. Implementation of New Service Fee: The Director reported that each year when the Board approves the budget, there is a section of fees for services and use of equipment that is included in the budget. One service that is currently provided free of charge is lockouts for tenants. The rental car employees are habitually using this service to unlock rental cars when their employees lock the keys in the cars. Staff proposes to implement a fee to tenants for this service, possibly in the \$25 range, and may provide a few free lockouts before fees are applied. Fees will not be charged to the traveling public. Staff intends to bring this back to the Board for approval in October.

F. Allegiant Air: Allegiant has acquired new aircraft, the Airbus 319 and 320 series. Allegiant advised staff they will begin using this aircraft for the Orlando-Sanford service the end of August.

G. PFC Approval: The FAA has given approval of the Amendment to PFC Application No. 5 and PFC Application No. 6. The Authority may now move forward with expending the fees collected.

H. Master Plan Update: Staff has received comments from the FAA regarding the Airport Layout Plan (ALP), the only part of the Master Plan Study that the FAA formally approves. Staff is working with the consultant and will resubmit the ALP once the revisions are complete.

INFORMATION SECTION: Mr. Roberts commented that in the Airport Facilities Review survey, the passenger demographics reports a majority of business travelers rather than leisure travelers. Mr. Roberts asked if this was a change from past demographics. Mrs. Kinsey responded that this particular survey is contracted by Delta Airlines and staff looks at the results from more of an annual perspective rather than quarterly as the passengers surveyed are small and results can be skewed. Mrs. Kinsey further stated that the annual statistics have some validity. Ms. Thompson asked if Delta uses this information to determine flights. Mrs. Kinsey replied that Delta uses the data for various reasons.

AUTHORITY MEMBERS REPORTS:

A. Service Recognition Award – Martha Thompson: The Chair read the following Resolution of Appreciation for Ms. Thompson:

*Greater Asheville
Regional Airport Authority*

~ Resolution ~

WHEREAS, the Greater Asheville Regional Airport Authority (succeeding its predecessor, the Asheville Regional Airport Authority) was created for the purpose of maintaining, operating, regulating, developing, and improving the Asheville Regional Airport; and

WHEREAS, Martha W. Thompson served as Member of the Asheville Regional Airport Authority from August 2010 to August 2013, and its successor, the Greater Asheville Regional Airport Authority, from July 2012 to August 2013; and

WHEREAS, Martha W. Thompson resigned her position as Member of the Authorities due to a well-deserved promotion in her professional capacity, which required her to transfer from Buncombe County; and

WHEREAS, Martha W. Thompson, during her period of service to the Authorities, performed her duties with diligence, conscientiousness, and constant good spirits; and

WHEREAS, Martha W. Thompson provided to the Authorities her wisdom, especially in connection with matters regarding public relations and the perception of the Asheville Regional Airport in the Western North Carolina community.

NOW, THEREFORE, BE IT RESOLVED that the Greater Asheville Regional Airport Authority expresses its sincere thanks and gratitude to Martha W. Thompson for her dedicated efforts in serving the needs of the Asheville Regional Airport.

Adopted this 9th day of August, 2013.

Greater Asheville Regional Airport Authority

Mr. Roberts moved to approve the Resolution of Appreciation for Ms. Thompson. Mr. Piccirillo seconded the motion and it carried unanimously.

PUBLIC AND TENANTS' COMMENTS: No comments

CALL FOR NEXT MEETING: The Director advised the Board that there may be a need for a September meeting and requested the Board keep the date open. If the September meeting is not needed, the next regular meeting of the Board will be held on October 11, 2013.

Ms. Thompson left the meeting at 9:21 a.m.

ETHICS PRESENTATION: Victor Buchanan stated the information he would present relates to Board Members and that Board Members are public officials as is the Executive Director or anyone who takes an oath of office. Public officials are considered protectors of the public's money and property and there are certain expectations and responsibilities that go along with these positions such as trustworthiness, fairness, and citizenship. Mr. Buchanan stated that public officials are there to serve the public and should not benefit personally from their position. Public Officials should seek guidance if it is questionable whether a member can vote on an item. Mr. Buchanan gave an example of a situation where a conflict of interest existed and also distributed copies of the General Statutes of North Carolina with regard to misuse of confidential information; public officers or employees benefiting from public contracts, exceptions; and gifts and favors regulated.

The Chair called for a break at 9:55 a.m.

The Board reconvened at 10:00 a.m.

CLOSED SESSION: At 10:00 a.m. Mr. Piccirillo moved to go into Closed Session pursuant to Subsection 143-318.11(a)(3) of the General Statutes of North Carolina to Consult with Legal Counsel in Order to Preserve the Attorney-Client Privilege. Mr. Roberts seconded the motion and it carried by a 6 to 0 vote.

Open Session resumed at 10:37 a.m.

**APPROVAL OF THE GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY
JUNE 21, 2013 CLOSED SESSION MINUTES:**

**APPROVAL OF THE GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY
JULY 12, 2013 CLOSED SESSION MINUTES:**

Mr. Piccirillo moved to approve the minutes for Part A and Part B of the June 21, 2013 Closed Session and the July 12, 2013 Closed Session, and to seal and withhold such minutes from public inspection so long as public inspection would frustrate the purpose or purposes thereof. Mr. Roberts seconded the motion and it carried by a 6 to 0 vote.

**GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY AUGUST 9, 2013
CLOSED SESSION MINUTES:**

Mr. Piccirillo moved to seal the minutes for the August 9, 2013 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. Roberts seconded the motion and it carried by a 6 to 0 vote.

ADJOURNMENT: Mr. Andrew Tate moved to adjourn the meeting at 10:39 a.m. Mr. Roberts seconded the motion and it carried by a 6 to 0 vote.

Respectfully submitted,

Ellen Heywood
Clerk to the Board

Approved:

David R. Hillier
Chair



MEMORANDUM

TO: Members of the Airport Authority

FROM: Lew Bleiweis, A.A.E., Executive Director

DATE: October 11, 2013

ITEM DESCRIPTION – Consent Item C

Approval of the Greater Asheville Regional Airport Authority Board 2014 Schedule

Below are the proposed dates for the 2014 Board Meetings and Budget Workshop/Budget Approval Meeting to note on your calendars:

| | |
|-----------------|---------------|
| January 10 | June 6 |
| February 14 | *July 11 |
| March 7 | August 8 |
| March 21 | *September 19 |
| April 11 | October 10 |
| *May 9 | *November 14 |
| | December 12 |

Friday, March 21, 2014 – Board Budget Workshop/Budget Approval

*"At this point" it is not anticipated that a meeting will be required on these dates. However, please leave your schedules open until determination is made.



MEMORANDUM

TO: Members of the Airport Authority

FROM: Michael A. Reisman, A.A.E.
Deputy Executive Director, Development and Operations

DATE: October 11, 2013

ITEM DESCRIPTION - Consent Item D

Approval of Non-Federal Reimbursable Agreement with Department of Transportation, Federal Aviation Administration (Revised) – Agreement No. AJW-FN-ESA-13-7186

BACKGROUND

The Airport Board has previously approved two FAA Reimbursable Agreements. The first was approved on April 26th, 2013, for preliminary work on the navigational aids portion of the airfield project. The second agreement was approved on June 21st, 2013 for continuing design and installation of same. The agreement approved in June included total expenses of \$184,300.38. Since that time, a minor addition to the scope of work was required which increased the agreement cost by \$4,781.70.

ISSUES

None.

ALTERNATIVES

None.

FISCAL IMPACT

The revised total cost of the agreement is \$189,082.08, of which the Authority will pay its matching fund share. The remaining balance will be reimbursed through both existing and/or pending FAA grants for the overall project. The FY 2013/2014 Budget includes \$10,485,000 which these expenses are included within.

Consent – Item D



RECOMMENDED ACTION

It is respectfully requested that the Airport Authority Board resolve to (1) approve the revised Non-Federal Reimbursable Agreement with the Department of Transportation, Federal Aviation Administration in the amount of \$189,082.08, and (2) authorize the Executive Director to execute the necessary documents.

Attachment

NON-FEDERAL REIMBURSABLE AGREEMENT

BETWEEN

**DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION**

AND

**GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY
ASHEVILLE REGIONAL AIRPORT
ASHEVILLE, NORTH CAROLINA**

WHEREAS, the Federal Aviation Administration (FAA) can furnish directly or by contract, material, supplies, equipment, and services which the Greater Asheville Regional Airport Authority (Sponsor) requires, has funds available for, and has determined should be obtained from the FAA;

WHEREAS, it has been determined that competition with the private sector for provision of such material, supplies, equipment, and services is minimal; the proposed activity will advance the FAA's mission; and the FAA has a unique capability that will be of benefit to the Sponsor while helping to advance the FAA's mission;

WHEREAS, the authority for the FAA to furnish material, supplies, equipment, and services to the Sponsor upon a reimbursable payment basis is found in 49 U.S.C. § 106(l)(6) on such terms and conditions as the Administrator may consider necessary;

NOW THEREFORE, the FAA and the Sponsor mutually agree as follows:

ARTICLE 1. Parties

The Parties to this Agreement are the FAA and Greater Asheville Regional Airport Authority.

ARTICLE 2. Type of Agreement

This Agreement is an "other transaction" authorized under 49 U.S.C. § 106(l)(6). It is not intended to be, nor will it be construed as, a partnership, corporation, joint venture or other business organization.

ARTICLE 3. Scope

A. The airport is undertaking a multi-year project to establish a parallel taxiway, convert it to a temporary runway, and relocate the existing runway. To do this, they are preparing two Navigational Aids (NAVAIDs) construction design packages; one for the temporary runway and one for the permanent runway. The temporary runway

NAVAIDs design package consists of relocating the existing Runway 34 Instrument Landing System (ILS) to the temporary runway; and establishing Distance Measuring Equipment (DME) on the temporary runway. The permanent runway NAVAIDs design package consists of relocating the existing Runway 16 ILS to new Runway 35; relocating Runway 34 Medium Intensity Approach Light System with Runway Alignment Indicator Lights (MALSR) to new Runway 35; establishing a DME and Precision Approach Path Indicator (PAPI) on new Runway 35; relocate the Runway 16 PAPI and MALSR to new Runway 17; and relocate the temporary runway ILS and DME to new Runway 17. The new DME and PAPI equipment will be supplied as a “Target of Opportunity” (pending availability) at no cost to the airport. If the DMEs are provided and pass flight inspection, the Runway 34 Outer Marker can be decommissioned and removed, rather than relocated. Therefore, this Agreement is titled:

NAVAIDs Design Support for the Airfield Reconfiguration Project, Asheville Regional Airport, Asheville, North Carolina

B. The FAA will perform the following activities, at the Sponsor’s expense:

1. Provide all available site specific facility reference drawings. Provide FAA Computer-Aided Engineering Graphic (CAEG) Drawing Standards package to assist design firms with standards compliance. This package will include example drawings (paper and electronic copies), map files, symbol libraries and related documentation.
2. Provide guidance, technical assistance and review design drawings and specifications for the relocation work. This includes participating in a project kick-off meeting. The design package reviews will be performed at the 60%, 90% and 100% stages and will have a maximum turnaround time of 30 calendar days. At minimum, the 90% design review meeting will include an on-site review meeting between the FAA and the Sponsor’s design team. Other on-site meetings will be scheduled according to project complexity.
3. Coordinate lease modification requirements with the Sponsor’s for each facility.
4. Coordinate project activities for FAA tasks.
5. Provide local maintenance support for the existing NAVAIDS facilities during fill and grading operations.

C. The Sponsor will perform the following activities:

1. Provide all available site specific reference drawings. These drawings will include topographic maps, in-pavement can and duct system details, and runway centerline profile.
2. Conduct a project kick-off meeting with local and regional FAA representatives. The purpose of the meeting is to develop a project schedule for both design and

- implementation. It will also include a project overview to identify and take action to resolve any related issues.
3. Provide drawings and specifications that comply with the FAA CAEG Standards and current FAA design criteria. Design work will include identification of work tasks and constraints (such as work tasks during runway closures, night work, etc) for the development of construction schedules. Provide five sets of design packages for FAA review at 60%, 90%, and 100% stages. Design packages that must be sent simultaneously to different FAA organizations for review. Copies of the final design package (after all FAA review comments are incorporated) will be furnished to the FAA in paper and Portable Document File (pdf) form prior to the start of construction. See the Engineering Services NAVAIDS Design Team manager (404-305-8531) for details.
 4. Perform all necessary environmental assessments and due diligence audits, and obtain associated permits. Obtain all necessary permits for construction, including those necessary for easements and encroachment. This work also includes meeting all airport security requirements and performing airspace evaluations.
 5. Arrange for installing a primary power service to each facility.
 6. Provide 5 sets of lease drawings and legal descriptions with electronic version for all sites to the Engineering Services NAVAIDS Project Manager for the establishment of no-cost leases. Enter into no-cost leases with the FAA for the facilities.
 7. Provide construction drawings and specifications that comply with the FAA CAEG Standards and current FAA design criteria. The design package for FAA facilities must stand alone from the rest of the airport development design package.

ARTICLE 4. Points of Contact

A. FAA:

1. The FAA Eastern Service Area, NAVAIDS Engineering Center will perform the scope of work included in this Agreement. Tony Sims is the NAVAIDS Engineering Center Manager and liaison with the Sponsor and can be reached at (404) 389-8531. This liaison is not authorized to make any commitment, or otherwise obligate the FAA, or authorize any changes which affect the estimated cost, period of performance, or other terms and conditions of this Agreement.
2. FAA Contracting Officer: The execution, modification, and administration of this Agreement must be authorized and accomplished by the Contracting Officer, Gail Edwards who can be reached at (404) 305-5182.

B. Sponsor:

Greater Asheville Regional Airport Authority
Attn: Lew S. Bleiweis, Airport Director
61 Terminal Dr. Suite 1
Fletcher, NC 28732-9442
(828) 684-2226

ARTICLE 5. Non-Interference with Operations

The Sponsor understands and hereby agrees that any relocation, replacement, or modification of any existing or future FAA facility, system, and/or equipment covered by this Agreement during its term or any renewal thereof made necessary by Sponsor improvements, changes, or other actions which in the FAA's opinion interfere with the technical and/or operations characteristics of an FAA facility, system, and/or piece of equipment will be at the expense of the Sponsor, except when such improvements or changes are made at the written request of the FAA. In the event such relocations, replacements, or modifications are necessitated due to causes not attributable to either the Sponsor or the FAA, the parties will determine funding responsibility.

ARTICLE 6. Property Transfer

Not Applicable

ARTICLE 7. Estimated Costs

The estimated FAA costs associated with this Agreement are as follows:

| RELOCATE RUNWAY 34 ILS TO TEMPORARY RUNWAY 35 | | Estimated Cost |
|----------------------------------------------------------|--------------------|-----------------------|
| GS | Engineering-WB4020 | \$15,524.00 |
| LOC | Engineering-WB4020 | \$7,440.00 |
| | | |
| | | |
| | Subtotal | \$22,964.00 |

| RELOCATE NAVAIDS TO NEW RUNWAY 35 | | Estimated Cost |
|------------------------------------------|--------------------|-----------------------|
| GS | Engineering-WB4020 | \$26,854.00 |
| LOC | Engineering-WB4020 | \$21,152.00 |
| MALSR | Engineering-WB4020 | \$15,248.00 |
| | | |
| | Subtotal | \$63,254.00 |

| RELOCATE NAVAIDS TO NEW RUNWAY 17 | | Estimated Cost |
|------------------------------------------|--------------------|-----------------------|
| GS | Engineering-WB4020 | \$26,854.00 |
| LOC | Engineering-WB4020 | \$21,152.00 |
| MALSR | Engineering-WB4020 | \$15,248.00 |
| | | |
| | Subtotal | \$63,254.00 |

| Description of Reimbursable Item | Estimated Cost |
|-----------------------------------------|------------------------------|
| Runway 16 Taxiway-Runway Relocate | \$22,964.00 |
| Runway 17-34 Relocate | \$63,254.00 |
| Runway 35 Relocate | \$63,254.00 |
| | |
| | Subtotal |
| | Overhead (26.5%) |
| | Reimbursable Agreement Total |
| | \$149,472.00 |
| | \$39,610.08 |
| | \$189,082.08 |

ARTICLE 8. Period of Agreement and Effective Date

The effective date of this Agreement is the date of the last signature. This Agreement is considered complete when the final invoice is provided to the Sponsor and a refund is sent or payment is received as provided for in Article 9, Section E of this Agreement. Under no circumstances will this Agreement extend five years beyond its effective date.

ARTICLE 9. Reimbursement and Accounting Arrangements

- A. The Sponsor agrees to prepay the entire estimated cost of the Agreement. The Sponsor will send a copy of the executed Agreement and full advance payment in the amount stated in Article 7 to the Accounting Division listed in Section C of this Article. The advance payment will be held as a non-interest bearing deposit. Such advance payment by the Sponsor must be received before the FAA incurs any obligation to implement this Agreement.
- B. The Sponsor certifies that arrangements for sufficient funding have been made to cover the estimated costs of the Agreement.
- C. The Accounting Division is identified by the FAA as the billing office for this Agreement. The Sponsor will send a copy of the executed Agreement and the full advance payment to the Accounting Division shown below. All payments must include the Agreement number, Agreement name, Sponsor name, and project location.

The mailing address is:

FAA Mike Monroney Aeronautical Center
Attn: AMZ-330, Reimbursable Project Team
P.O. Box 25082
Oklahoma City, OK 73125

The overnight mailing address is:

FAA Mike Monroney Aeronautical Center
Attn: AMZ-330, Reimbursable Project Team
6500 S. MacArthur Blvd.
Oklahoma City, OK 73169
Telephone: (405) 954-2828

The Sponsor hereby identifies the office to which the FAA will render bills for the project costs incurred as:

Greater Asheville Regional Airport Authority
Attn: Lew S. Bleiweis, Airport Director
61 Terminal Dr. Suite 1
Fletcher, NC 28732-9442
(828) 684-2226

- D. The FAA will provide a quarterly Statement of Account of costs incurred against the advance payment.
- E. The cost estimates contained in Article 7 are expected to be the maximum costs associated with this Agreement, but may be modified to recover the FAA's actual costs. If during the course of this Agreement actual costs are expected to exceed the estimated costs, the FAA will notify the Sponsor immediately. The FAA will also provide the Sponsor a modification to the Agreement which includes the FAA's additional costs. The Sponsor agrees to prepay the entire estimated cost of the modification. The Sponsor will send a copy of the executed modification to the Agreement to the FAA-Mike Monroney Aeronautical Center with the additional advance payment. Work identified in the modification cannot start until receipt of the additional advance payment. In addition, in the event that a contractor performing work pursuant to the scope of this Agreement brings a claim against the FAA and the FAA incurs additional costs as a result of the claim, the Sponsor agrees to reimburse the FAA for the additional costs incurred whether or not a final bill or a refund has been sent.

ARTICLE 10. Changes and Modifications

Changes and/or modifications to this Agreement will be formalized by a written modification that will outline in detail the exact nature of the change. Any modification to this Agreement will be executed in writing and signed by the authorized representative of each party. The parties signing this Agreement and any subsequent modification(s)

represent that each has the authority to execute the same on behalf of their respective organizations. No oral statement by any person will be interpreted as modifying or otherwise affecting the terms of the Agreement. Any party to this Agreement may request that it be modified, whereupon the parties will consult to consider such modifications.

ARTICLE 11. Termination

In addition to any other termination rights provided by this Agreement, either party may terminate this Agreement at any time prior to its expiration date, with or without cause, and without incurring any liability or obligation to the terminated party other than payment of amounts due and owing and performance of obligations accrued, in each case on or prior to the termination date, by giving the other party at least thirty (30) days prior written notice of termination. Payment of amounts due and owing may include all costs reimbursable under this Agreement, not previously paid, for the performance of this Agreement before the effective date of the termination; the total cost of terminating and settling contracts entered into by the FAA for the purpose of this Agreement; and any other costs necessary to terminate this Agreement. Upon receipt of a notice of termination, the receiving party will take immediate steps to stop the accrual of any additional obligations which might require payment. All funds due after termination will be netted against the advance payment and, as appropriate, a refund or bill will be issued.

ARTICLE 12. Order of Precedence

If attachments are included in this Agreement and in the event of any inconsistency between the attachments and the terms of this Agreement, the inconsistency will be resolved by giving preference in the following order:

- A. This Agreement
- B. The attachments

ARTICLE 13. Legal Authority

This Agreement is entered into under the authority of 49 U.S.C. § 106(l)(6), which authorizes the Administrator of the FAA to enter into and perform such contracts, leases, cooperative agreements and other transactions as may be necessary to carry out the functions of the Administrator and the Administration on such terms and conditions as the Administrator may consider appropriate. Nothing in this Agreement will be construed as incorporating by reference or implication any provision of Federal acquisition law or regulation.

ARTICLE 14. Disputes

Where possible, disputes will be resolved by informal discussion between the parties. In the event the parties are unable to resolve any dispute through good faith negotiations, the dispute will be resolved by alternative dispute resolution using a method to be agreed upon by the parties. The outcome of the alternative dispute resolution will be final unless it is timely appealed to the Administrator, whose decision is not subject to further administrative review and, to the extent permitted by law, is final and binding (see 49 U.S.C. § 46110).

ARTICLE 15. Warranties

The FAA makes no express or implied warranties as to any matter arising under this Agreement, or as to the ownership, merchantability, or fitness for a particular purpose of any property, including any equipment, device, or software that may be provided under this Agreement.

ARTICLE 16. Insurance

The Sponsor will arrange by insurance or otherwise for the full protection of itself from and against all liability to third parties arising out of, or related to, its performance of this Agreement. The FAA assumes no liability under this Agreement for any losses arising out of any action or inaction by the Sponsor, its employees, or contractors, or any third party acting on its behalf.

ARTICLE 17. Limitation of Liability

To the extent permitted by law, the Sponsor agrees to indemnify and hold harmless the FAA, its officers, agents and employees from all causes of action, suits or claims arising out of the work performed under this Agreement. However, to the extent that such claim is determined to have arisen from the act or omission by an officer, agent, or employee of the FAA acting within the scope of his or her employment, this hold harmless obligation will not apply and the provisions of the Federal Tort Claims Act, 28 U.S.C. § 2671, et seq., will control. The FAA assumes no liability for any losses arising out of any action or inaction by the Sponsor, its employees, or contractors, or any third party acting on its behalf. In no event will the FAA be liable for claims for consequential, punitive, special and incidental damages, claims for lost profits, or other indirect damages.

ARTICLE 18. Civil Rights Act

The Sponsor will comply with Title VI of the Civil Rights Act of 1964 relating to nondiscrimination in federally assisted programs.

ARTICLE 19. Protection of Information

The parties agree that they will take appropriate measures to identify and protect proprietary, privileged, or otherwise confidential information that may come into their possession as a result of this Agreement.

ARTICLE 20. Security

In the event that the security office determines that the security requirements under FAA Order 1600.72A applies to work under this Agreement, the FAA is responsible for ensuring that security requirements, including compliance with AMS clause 3.14-2, Contractor Personnel Suitability Requirements (January 2011) are met.

ARTICLE 21. Entire Agreement

This document is the entire Agreement of the parties, who accept the terms of this Agreement as shown by their signatures below. In the event the parties duly execute any modification to this Agreement, the terms of such modification will supersede the terms of this Agreement to the extent of any inconsistency. Each party acknowledges participation in the negotiations and drafting of this Agreement and any modifications thereto, and, accordingly that this Agreement will not be construed more stringently against one party than against the other. If this Agreement is not executed by the Sponsor within 120 calendar days after the FAA transmits it to the Sponsor, the terms contained and set forth in this Agreement shall be null and void.

AGREED:

**FEDERAL AVIATION
ADMINISTRATION**

**GREATER ASHEVILLE REGIONAL
AIRPORT AUTHORITY**

SIGNATURE _____

SIGNATURE _____

NAME _____

NAME _____

TITLE Contracting Officer

TITLE _____

DATE _____

DATE _____

Replace this page with “Sponsor Cost Form” per Article 6. Form should be filled out as much as possible prior to execution of agreement for RCT team use.



MEMORANDUM

TO: Members of the Airport Authority

FROM: Lew Bleiweis, A.A.E., Executive Director

DATE: October 11, 2013

ITEM DESCRIPTION – Consent Item E

Approval of Amended Construction and Repair Contracts and Changes Policy

BACKGROUND

The current "Construction and Repair Contracts and Changes Policy" is being amended to address the construction contracts and change order approval authority of the Executive Director. The current policy provides authorization for the Executive Director to approve any type of construction contract or change order provided funding is available from a budgeted funding source, not to exceed the amount of \$50,000.

The Executive Director's current spending level is \$60,000.

This amended policy will update the Executive Director's contract and change order authority to \$60,000, which will be in line with the Board approved spending authority.

ISSUES

The current policy is in conflict with the Executive Director's overall spending authority and causes confusion with staff. Having the same limits will streamline the approval process.

ALTERNATIVES

The Authority Board could decide not to amend the current Construction and Repair Contracts and Changes Policy.

Consent – Item E



FISCAL IMPACT

There is no fiscal impact because any change order will be contained within the total project budget which includes allowances. Board approval will still be necessary for any changes to the total project budget.

RECOMMENDED ACTION

It is respectfully requested that the Airport Authority Board resolve to (1) approve the amended Construction and Repair Contracts and Changes Policy as outlined in the Attachment; and (2) authorize the Executive Director to implement such changes effective October 11, 2013.

Attachment

OBJECTIVE

To establish an organizational procedure for preparation, acceptance, and execution of and changes to construction and repair contracts and change orders for Authority projects in accordance with the General Statutes of the State of North Carolina and any applicable federal regulations.

**METHOD OF
OPERATION**

Definitions

Act. North Carolina General Statutes 143.

Amendment. A written modification to a Contract modifying the scope of a project previously awarded.

Authority. Asheville Regional Airport Authority.

Bid Package. A set of contract documents defining a particular scope of work to be performed by the contractor during construction.

Change Order. A written modification to a construction and repair contract, approved in the manner set forth below, providing for additions or deletions in the plans, specifications, or scope of work that establishes the basis for additional compensation or credit, if any, and providing, if applicable, for an adjustment in contract time in order to accomplish the modification.

Construction and Repair Contract. A written agreement for construction and repair, remodeling, paving, or modification entered into between the Construction Contractor and the Authority.

Construction Contractor. A private sector business which is properly licensed to perform the type of construction services required for a construction contract.

Construction Services. Those services provided by a Construction Contractor.

General Consultant. The person(s) or firm(s) selected by the Authority to advise and represent it as its architectural, engineering, or planning consultant(s) in connection with planning, design, and construction matters.

Legal Counsel. The person(s) or firm(s) appointed by the Authority to advise and represent the Authority in legal matters.

General

These procedures provide guidelines and policy for the development of Authority construction contracts and the approval and disapproval of change orders and amendments to construction contracts.

**Public Announce-
ment and Selection
Procedures**

General

The Staff publicly announces each occasion when Construction Services are required to be procured for a project when the estimated cost for such Construction Services exceeds \$500,000.00 except in cases of valid public emergencies so certified by the Authority, or if such project or services are exempted under the Act.

The Staff causes its announcements to be published in a newspaper of general circulation within the Asheville area, and other advertising media which may be appropriate e.g. AAAE (American Association of Airport Executives), ACI (Airport Council International), etc. The advertisement will provide a general description of the project(s) that require Construction Services and define procedures on how an interested Construction Contractor may apply for consideration by the Authority. A list of the project(s) also will be sent by the Staff to each firm that has expressed an interest in being notified.

Prior to any such public announcement for Construction Services under the Act, the Staff will have prepared plans and specifications for the project for which the Construction Services are required.

**Competitive
Selection**

Contracts may be awarded following a publicly advertised sealed bid process or by any other method allowed by any applicable local, state or federal authority. Requests for construction contract awards are reviewed by the Airport Director and included on the agenda of the Authority Board for approval.

A minimum of three bids are required. If three bids are not received, a second advertisement must be made, after which a contract may be awarded if fewer than three bids are received.

Recommendations for award of construction services contracts shall be based upon the lowest, responsive bidder or the most highly qualified proposer, price and other factors considered. **The Authority Board has final approval of the award of a Construction Contract.**

Note: The Public Announcement and Selection Procedures outlined above do not apply to construction and repair services contract for projects when the estimated cost of the project is less than \$500,000.00. For contracts under \$30,000.00, no bidding procedures are required. For contracts valued at \$30,000.00 to \$500,000.00, the Informal Bidding Requirements outlined in the Act shall be utilized.

Negotiation

Subject to authorization by the Authority Board, in the event the lowest responsible bid is in excess of the funds available for the project, Staff will enter into negotiations with the lowest responsible bidder making reasonable necessary changes in the plans and specification as may be necessary to bring the contract price within the funds available, and may execute a contract with the bidder if the bidder agrees to the changes.

Contract Preparation

After approval of contract award by the Authority, a contract is prepared and executed by the Authority and the Construction Contractor, and if necessary, Federal or State agency concurrence. The Airport Director or designee issues the notice to proceed at the appropriate time.

Coordination of Project

Upon award of contract and subsequent notice to proceed, the Airport Director, or Designated Project Manager, serves as coordinator of the project.

PROCEDURES FOR CHANGES

Change Order Procedures

A Change Order may be initiated by a contractor's request or the Authority's issuance of a bulletin outlining the description of work, reasons for the change, and the estimated cost. The proposed Change Order request describes the scope of work involved, reason for the change, and the source of funding.

The Airport Director or designee:

1. Coordinates the documentation that describes and details the scope of the change including the estimated cost and time impact, if any;

2. Informs Federal and State agencies, when applicable, of the proposed change to determine funding eligibility for participation or reimbursement;
3. Assigns a Change Order number that identifies both the contract and the Change Order sequential number within that contract;
4. Requests the Director of Finance and Accounting Department to confirm the source of funds;
5. Approves the Change Order (within limits) or presents the Change Order to the Authority Board for approval, and obtains necessary signatures on the Change Order.

**Limits of Approval of
Contracts and
Change Orders**

The Airport Director is authorized to approve all Construction Contracts and Changes Orders up to \$~~5060~~5060,000.00 provided funding is available from a budgeted funding source. Authority approval is required for all Construction Contracts, Amendments, and Change Orders exceeding \$~~5060~~5060,000.00, or which involve Federal, State, or other governmental grant-in-aid funds which require such governmental entity's approval.

If an emergency or other urgent situation arises during the performance of a Construction Contract, the Airport Director has authority to approve a Field Change Order for an amount not to exceed \$75,000. Upon approval of a Field Change Order, the Airport Director or designee prepares a Change Order and submits it to the Authority Board for subsequent approval.

The limits of authority for Change Orders and Field Change Orders apply to all work covered by the proposed change. Additional Change Orders or Field Change Orders for the same work will not be separately issued.

The Airport Director or designee advises the Authority Board of all Change Orders so approved at each regularly scheduled Authority meeting.

**Payment for Change
Orders**

Unless otherwise set forth in the Construction Contract or the Change Order, partial payment to the contractor for work done pursuant to the Change Order will be made when work involved is satisfactorily completed.

**Insurance
Requirements**

All construction contracts must include by attachment current insurance certificates required in the contract.

Bonds/Deposits

Payment and performance bonds (100%) and bid bonds/deposits (5%) are required for all projects valued at \$100,000 or more. The Airport Director or designee has the authority to determine whether payment and performance bonds are required for projects valued at less than \$100,000. Among the factors the Airport Director or designee will use to determine whether bonds will be required are:

- The complexity of the project;
- The reputation of the contractor for performance of work and payment of subcontractors; and
- The dollar value of the contract.

**APPROVAL AND
UPDATE HISTORY**

| | |
|-------------------|-------------------------------------------------------------------------|
| Approval | <u>June 11, 2010-October 11, 2013</u> |
| Supersedes | <u>June 11, 2010,</u> December 11, 2006, March 15, 2004 |



MEMORANDUM

TO: Members of the Airport Authority

FROM: Vickie Thomas, Director of Finance and Accounting

DATE: October 11, 2013

ITEM DESCRIPTION – New Business Item A

Presentation of the Annual Audited Financial Report for Fiscal Year 2012/2013

BACKGROUND

The annual audit for the fiscal year ended June 30, 2013 was performed by the auditing firm, Martin Starnes & Associates, CPAs, P.A., and the findings are hereby submitted for the Board's review and acceptance. The audited financial statements being provided to you have been submitted to and approved by the Local Government Commission ("LGC").

ISSUES

None. An unmodified opinion was issued by the auditors.

RECOMMENDED ACTION

It is respectfully requested that the Airport Authority Board resolve to accept the 2012/2013 Audit Report as presented.

Attachment

MARTIN • STARNES

 & ASSOCIATES, CPAs, P.A.

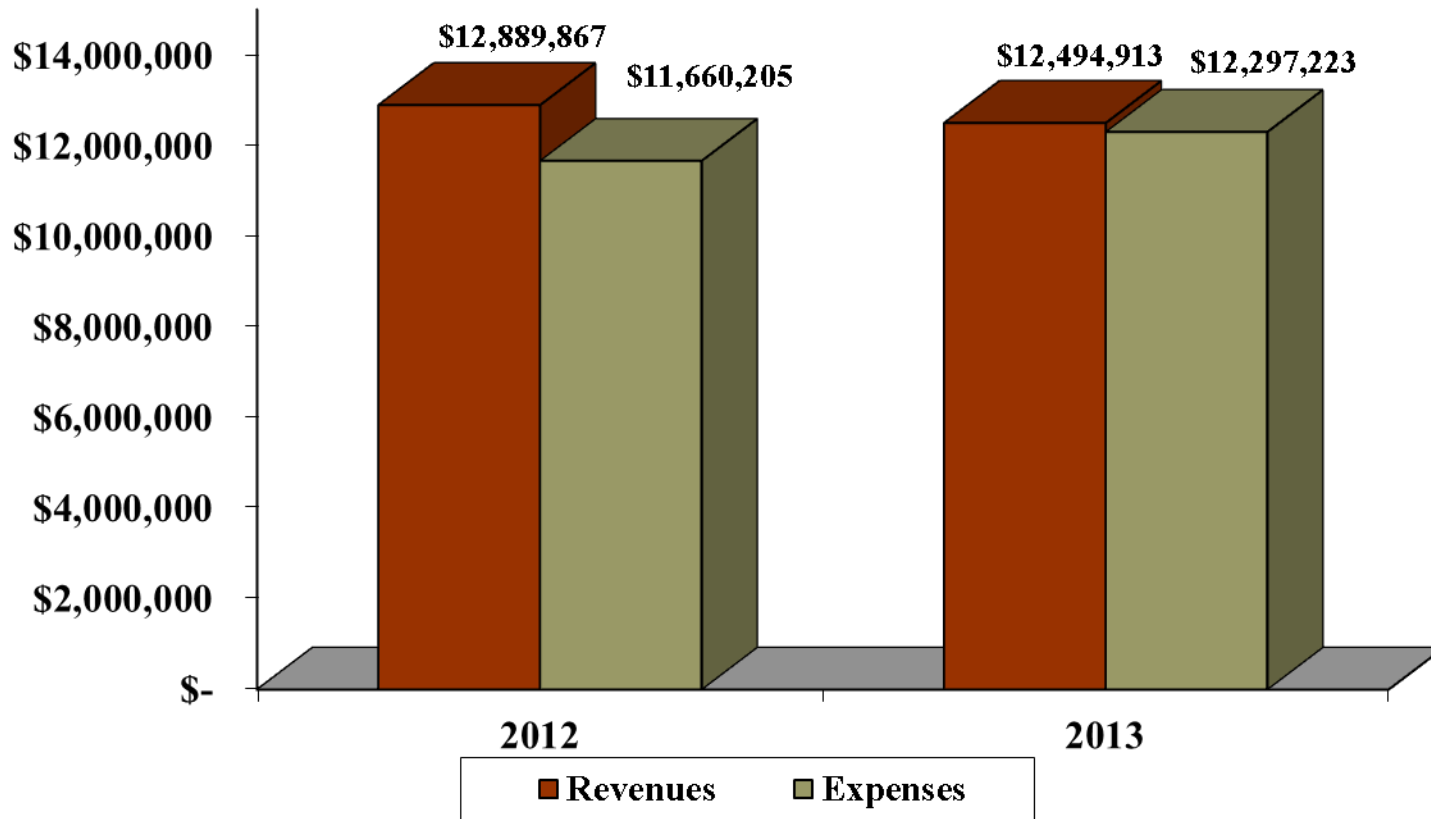
Greater Asheville Regional Airport Authority
Annual Financial Report
Fiscal Year Ended June 30, 2013



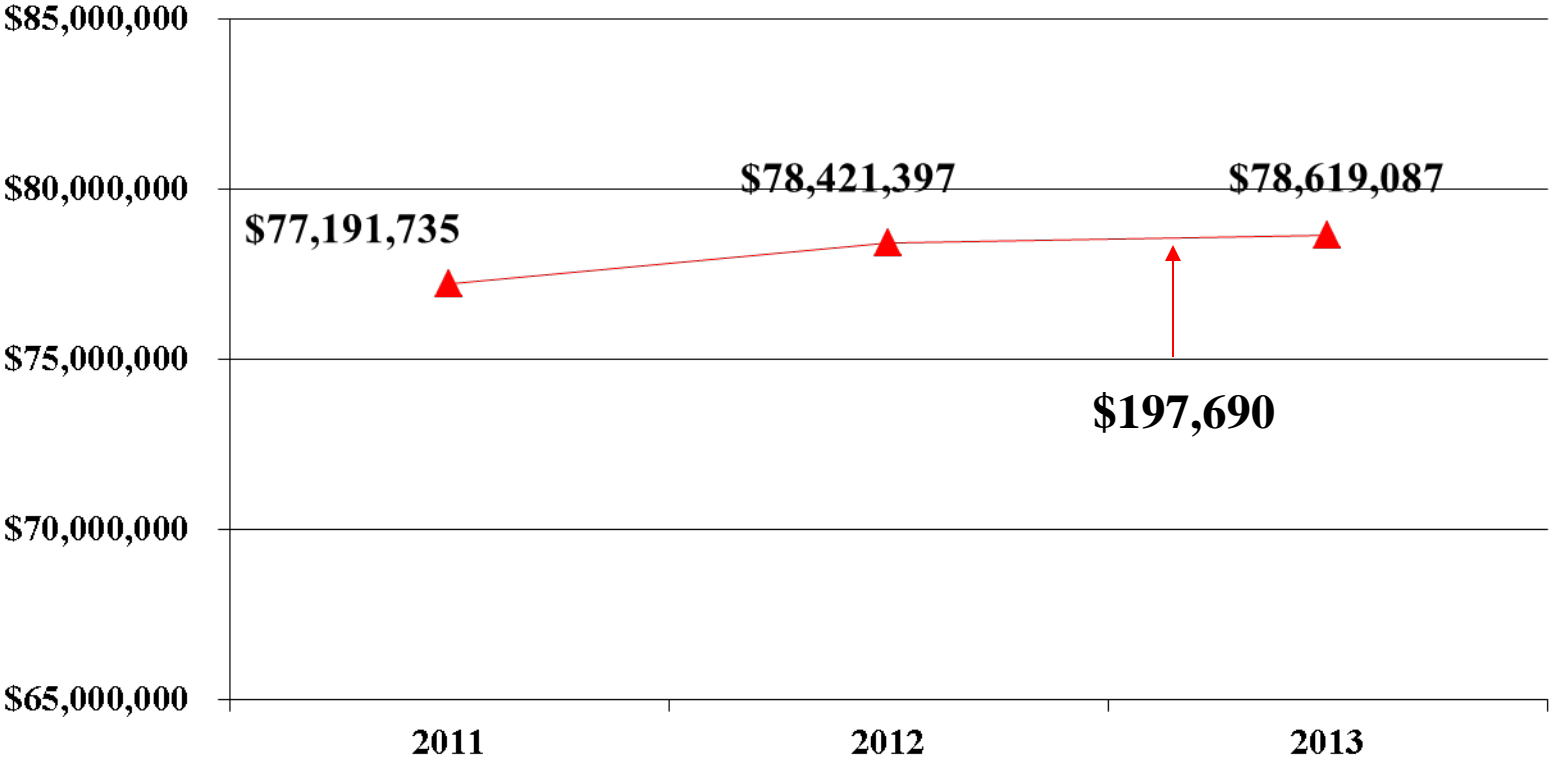
Audit Highlights

- Unmodified opinion**
- No findings or questioned costs**
- No material internal control weaknesses identified**
- Cooperative staff**
- Cash and investments totaled \$17,009,196 at 6/30/13**

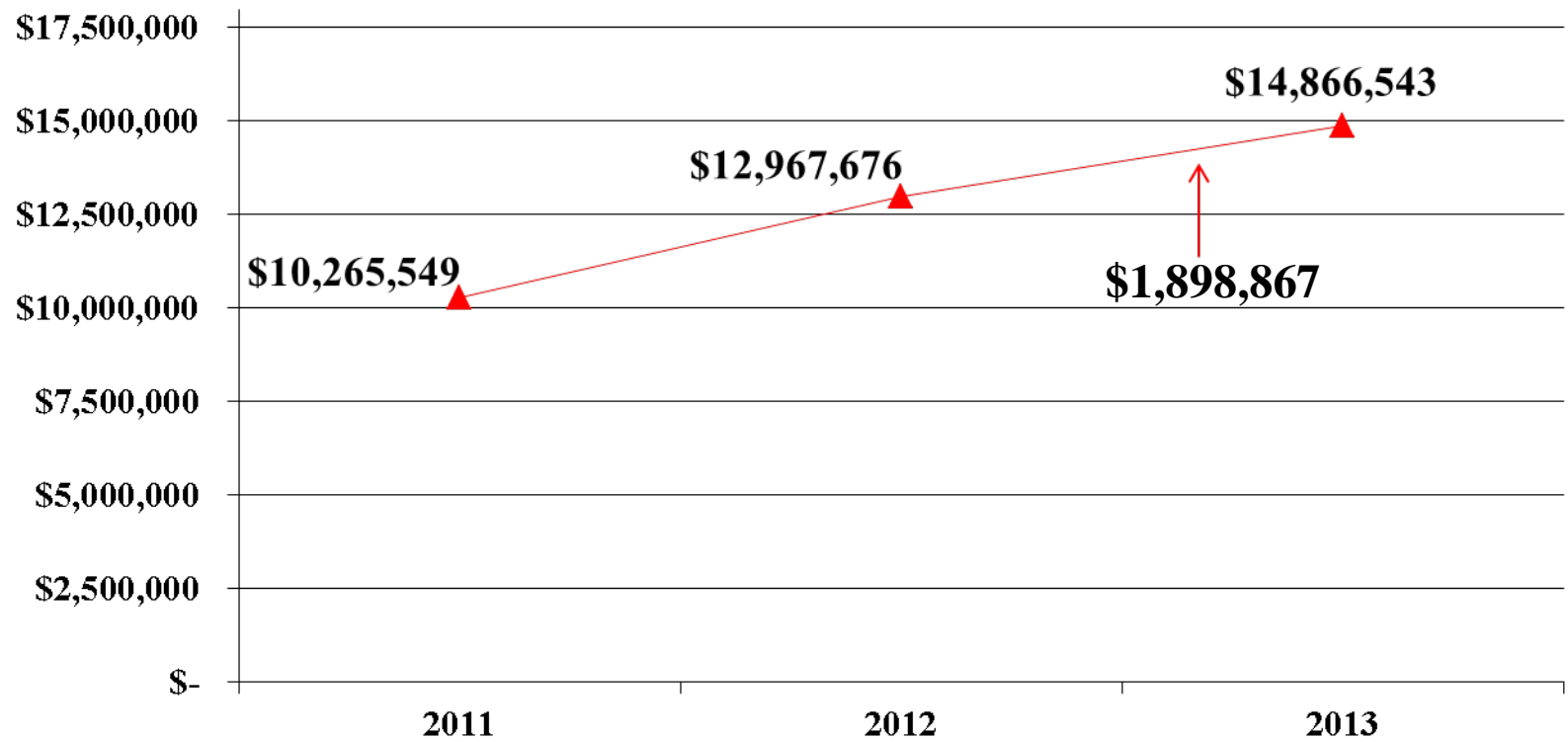
Total Revenues and Expenses



Total Net Position



Total Unrestricted Net Assets





Other Items of Note

| | |
|--------------------------------------------------------------|-------------|
| <input type="checkbox"/> Debt Service for 2013 | \$ 626,823 |
| <input type="checkbox"/> Depreciation expense | 4,812,708 |
| <input type="checkbox"/> Operating Income (loss) | (3,001,693) |
| <input type="checkbox"/> Non-operating Revenues, gross | 2,314,647 |
| <input type="checkbox"/> Cash Flow Provided By Operations | 2,344,089 |



Discussion & Questions



MARTIN · STARNES
& ASSOCIATES, CPAs, P.A.

**GREATER ASHEVILLE REGIONAL
AIRPORT AUTHORITY**

ANNUAL FINANCIAL REPORT

FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

**MARTIN ♦ STARNES
& ASSOCIATES, CPAs, P.A.**

"A Professional Association of Certified Public Accountants and Management Consultants"

**GREATER ASHEVILLE REGIONAL
AIRPORT AUTHORITY**

ANNUAL FINANCIAL REPORT

FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

Board of Directors

David R. Hillier, Chair
Robert C. Roberts, Vice-Chair

K. Ray Bailey
Jeffrey A. Piccirillo
Andrew T. Tate
Douglas J. Tate

Executive Director

Lew S. Bleiweis, A.A.E.

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GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

ANNUAL FINANCIAL REPORT FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

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GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

ANNUAL FINANCIAL REPORT FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

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MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Greater Asheville Regional Airport Authority
Fletcher, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Greater Asheville Regional Airport Authority as of, and for the years ended, June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Greater Asheville Regional Airport Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based upon our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Greater Asheville Regional Airport Authority as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance and the Other Post-Employment Benefits' Schedules of Funding Progress and Employer Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Greater Asheville Regional Airport Authority's basic financial statements. The budgetary schedules, other schedules, as well as the accompanying Schedule of Expenditures of Federal and State Awards as required by U.S. Office and Management and Budget Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures; including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit and the procedures performed as described above, the budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2013 on our consideration of the Greater Asheville Regional Airport Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Greater Asheville Regional Airport Authority's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, NC
September 12, 2013

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GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis (the "MD&A") of the Greater Asheville Regional Airport's activities and financial performance provides the reader with an overview to the financial statements of the Greater Asheville Regional Airport Authority for the fiscal year ended June 30, 2013. The information contained in this MD&A should be considered in conjunction with the financial information contained in the various sections of this audit report.

THE REPORTING ENTITY

The Asheville Regional Airport Authority was established in 1980 by the provisions of Article 20 of Chapter 160A of the General Statutes of North Carolina and by the Agreement of November 29, 1979 by and between the County of Buncombe (the "County") and the City of Asheville (the "City"). It was organized for and has as its sole purpose the management, operation, and maintenance of the Asheville Regional Airport (the "Airport"). On June 28, 2012, the General Assembly of North Carolina passed Session Law 2012-121 which changed the structure of the entity to an independent airport authority with more regional representation and governance. The law also changed the official name to the Greater Asheville Regional Airport Authority (the "Authority"). Pursuant to the State statute, the agreement with Buncombe County and the City of Asheville is no longer applicable.

The Authority operates as an Enterprise Fund and is governed by seven members: two registered voters of the County, appointed by the Board of Commissioners of Buncombe County; two registered voters of the City, appointed by the Asheville City Council; two registered voters of the County of Henderson, appointed by the Board of Commissioners of Henderson County; and one member appointed by the other six members of the Authority. Members of the Authority serve four-year terms. Any member may serve a total of two consecutive terms, after which said member may not be reappointed to the Authority until four years after his or her most recent appointment.

The Authority employs a Managing Director (the "Executive Director"), who is the chief administrative and executive officer of the Authority. The Executive Director manages the Airport under the Authority's control with a staff of 59 full-time employees. The staff is responsible for the day-to-day financial, administration, and operational matters pertaining to the Airport and for the contractual arrangements with various aeronautical and non-aeronautical businesses at the Airport.

The Airport is a non-hub airport engaged in the business of facilitating commercial and general aviation passenger, cargo, and mail transportation and is the 144th largest airport in the United States based on the number of passenger boardings during calendar year 2012¹.

As of June 30, 2013, Asheville Regional Airport had twenty-five daily, non-stop commercial flights to nine cities (Atlanta, Charlotte, Chicago, Detroit, Fort Lauderdale, New York, Newark, Orlando, and St. Petersburg). The commercial airline carriers included Allegiant Air, Delta Air Lines, United Airlines, and US Airways.

The mission of the Asheville Regional Airport is to be the premier airport of choice for Western North Carolina travelers by providing an array of choices and amenities, distinctive customer service, value, and convenience.

¹ Federal Aviation Administration, passenger boardings calendar year 2012.

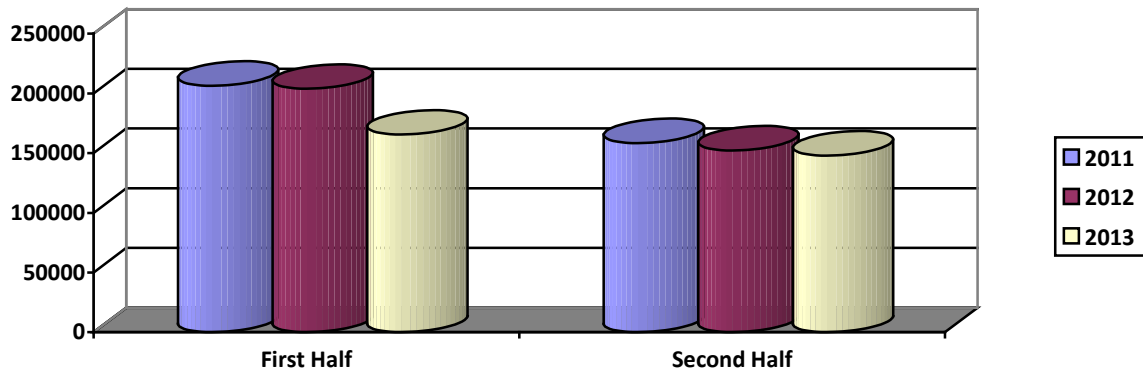
AIRPORT ACTIVITIES AND HIGHLIGHTS

| <u>For Year Ended June 30</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|-------------------------------|----------------|----------------|----------------|
| Enplanements | <u>313,353</u> | <u>356,098</u> | <u>364,843</u> |
| Revenues per enplanement: | | | |
| Airlines | \$ 6.66 | \$ 5.99 | \$ 5.52 |
| Rental cars | 6.49 | 5.60 | 5.14 |
| Parking facility | 8.13 | 7.46 | 6.98 |
| Concessionaires | 0.77 | 0.62 | 0.41 |

Enplanements decreased by 12.0% in fiscal year 2013.

| | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|----------------------------------------------|---------------|---------------|---------------|
| <i>Aircraft Movements (Land or Takeoff):</i> | | | |
| Airline | 17,262 | 19,690 | 21,001 |
| General aviation | 37,754 | 38,757 | 38,721 |
| Military | <u>4,468</u> | <u>4,266</u> | <u>4,675</u> |
| Total | <u>59,484</u> | <u>62,713</u> | <u>64,397</u> |

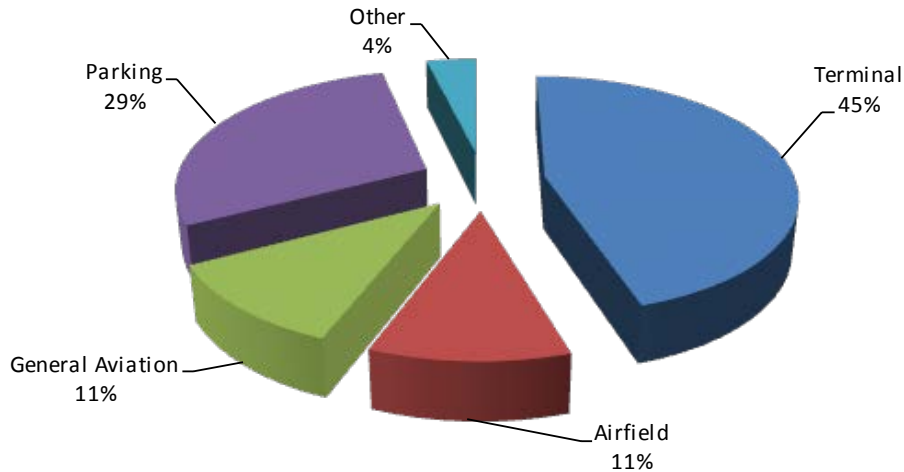
Passenger Enplanements for Fiscal Year



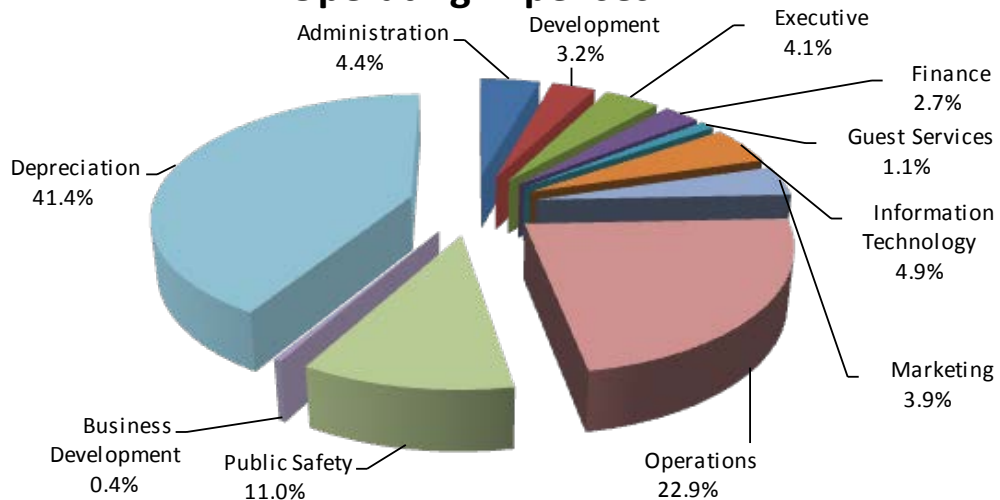
SUMMARY OF OPERATIONS AND CHANGES IN NET POSITION

| For Year Ended June 30 | 2013 | 2012 | 2011 |
|-----------------------------------------------------------|--------------|--------------|--------------|
| Operating revenues | \$ 8,609,158 | \$ 8,706,119 | \$ 8,331,092 |
| Operating expenses | 11,610,851 | 11,469,272 | 11,214,256 |
| Operating loss before non-operating revenues and expenses | (3,001,693) | (2,763,153) | (2,883,164) |
| Non-operating revenues and expenses, net | 1,628,275 | 2,268,619 | 2,247,030 |
| Income (loss) before capital contributions | (1,373,418) | (494,534) | (636,134) |
| Capital contributions | 1,571,108 | 1,724,196 | 4,547,692 |
| Increase in net position | \$ 197,690 | \$ 1,229,662 | \$ 3,911,558 |

Operating Revenues



Operating Expenses



FINANCIAL POSITION SUMMARY

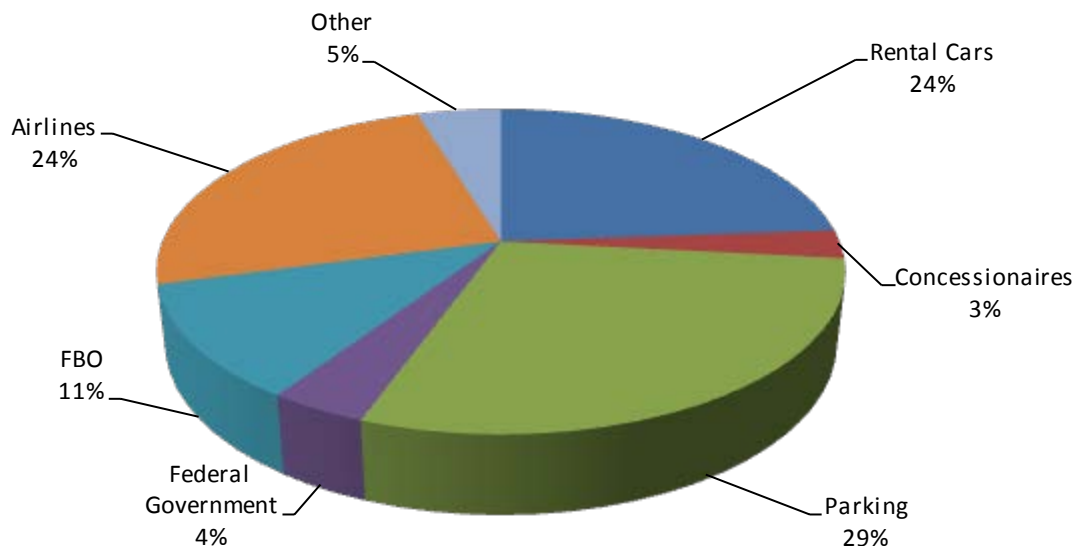
Net position may serve, over time, as a useful indicator of the Authority's financial position. The Authority's assets exceeded liabilities by \$78,619,087 at June 30, 2013, roughly a \$198 thousand increase from June 30, 2012, and roughly a \$1.4 million increase from June 30, 2011.

| | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|----------------------------------|----------------------|----------------------|----------------------|
| Assets: | | | |
| Current assets | \$ 18,092,774 | \$ 15,858,797 | \$ 12,274,932 |
| Capital assets | 65,538,565 | 68,158,888 | 70,196,489 |
| Other assets | <u>37,547</u> | <u>43,831</u> | <u>29,392</u> |
| Total assets | <u>83,668,886</u> | <u>84,061,516</u> | <u>82,500,813</u> |
| Liabilities: | | | |
| Total liabilities | <u>5,049,799</u> | <u>5,640,119</u> | <u>5,309,078</u> |
| Net Position: | | | |
| Net investment in capital assets | 62,940,939 | 65,099,453 | 66,701,165 |
| Restricted | 811,605 | 354,268 | 225,021 |
| Unrestricted | <u>14,866,543</u> | <u>12,967,676</u> | <u>10,265,549</u> |
| Total net position | <u>\$ 78,619,087</u> | <u>\$ 78,421,397</u> | <u>\$ 77,191,735</u> |

REVENUES

The daily operations of the Asheville Regional Airport are funded through the collection of user fees such as parking receipts, rental car privilege fees, landing fees, space rental, and concessions fees.

The following chart shows the major sources and the percentage of operating revenues for the year ended June 30, 2013.



SUMMARY OF CASH FLOW ACTIVITIES

The following is a summary of the major sources and uses of cash and cash equivalents. Cash equivalents are considered cash-on-hand, bank deposits, and highly liquid investments with an original maturity of three months or less.

| For Year Ended June 30 | 2013 | 2012 | 2011 |
|----------------------------------------------------------|---------------|---------------|---------------|
| Cash flows from operating activities | \$ 2,344,089 | \$ 2,148,458 | \$ 1,687,887 |
| Cash flows from investing activities | 32,193 | 24,230 | 32,230 |
| Cash flows from capital and related financing activities | 512,996 | 831,656 | 1,686,017 |
| Net increase (decrease) in cash and cash equivalents | 2,889,278 | 3,004,344 | 3,406,134 |
| Cash and Cash Equivalents: | | | |
| Beginning of year - July 1 | 14,119,918 | 11,115,574 | 7,709,440 |
| End of year - June 30 | \$ 17,009,196 | \$ 14,119,918 | \$ 11,115,574 |

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

During fiscal year 2013, the Authority expended \$2.7 million on capital activities. This included approximately \$2.3 million for major projects, which includes the following:

- Passenger Boarding Bridges
- Airport Master Plan
- ARFF Facility Design and Construction
- Airfield Improvements

Acquisitions are funded using a variety of sources, including federal and State grants, passenger facility charges, operating revenues, and net position appropriations.

CAPITAL ASSETS (net of accumulated depreciation)

| | 2013 | 2012 | 2011 |
|-------------------------------------------------|---------------|---------------|---------------|
| Land | \$ 7,133,951 | \$ 7,133,951 | \$ 7,133,951 |
| Construction in progress | 2,487,035 | 2,192,545 | 651,150 |
| Leasehold improvements | 53,502,655 | 56,210,337 | 60,123,888 |
| Equipment | 1,328,904 | 1,410,751 | 1,553,120 |
| Furniture | 62,931 | 79,183 | 81,612 |
| Vehicles | 1,023,089 | 1,132,121 | 652,768 |
| Capital assets, net of accumulated depreciation | \$ 65,538,565 | \$ 68,158,888 | \$ 70,196,489 |

Long-Term Debt

As of June 30, 2013, the Authority had total bond debt outstanding of \$2,597,626.

Rental Car Facilities Taxable Revenue Bond, Series 2007

| <u>Balance</u> | | | <u>Balance</u> |
|---------------------|------------------|-------------------|----------------------|
| <u>July 1, 2012</u> | <u>Additions</u> | <u>Repayments</u> | <u>June 30, 2013</u> |
| \$ 3,059,435 | \$ - | \$ 461,809 | \$ 2,597,626 |

RECENT DEVELOPMENTS

Commercial aviation continued a slow recovery in 2012 despite rising jet fuel prices and a shaky economy. U.S. commercial air carriers made a \$719 million net profit in 2012 compared to a net profit of \$2.0 billion in the prior year. In 2012, commercial air carrier domestic enplanements increased .6%, and domestic carrier load factor increased to a record 82.6%.

In response to a global recession and skyrocketing fuel costs, air carriers have changed their business models from focusing on increasing market share to increasing shareholder return. The carriers are now adjusting capacity to seize opportunities and contracting in response to economic distress. Air carriers are boosting their profits by raising prices and charging ancillary fees. In 2012, ancillary fees such as baggage and ticket change fees represented nearly 6% of their total operating revenues. To address rising fuel prices, air carriers are transforming their fleets by retiring older, less fuel efficient aircraft, and regional carriers are growing their fleet of 70 to 90 seat regional jets and reducing their fleet of 50 seat jets. These changes have resulted in profitability for the third year in a row, and industry optimism that the airline industry will become more stable with sustainable profits.

For the first half of 2013, U.S. commercial carriers have reported net profits of \$1.6 billion. Jet fuel prices are expected to hold steady for 2013, but fares are unlikely to decline as airlines try to continue increasing their profit margins.

THE FUTURE

Authority management will continue to seek additional non-stop air service to the top 20 origin and destination markets at the Airport, focus attention on airline schedule improvements, and continue to foster positive working relationships and communication with all airline partners. Allegiant Travel Company is growing its presence at the Airport, serving additional Florida leisure destinations. Authority management will continue to monitor these newer routes and work to support long-term sustainability and explore future growth opportunities with this strategic partner. In addition, the proposed merger of US Airways and American Airlines will be monitored and opportunities explored in the coming year.

Airport management is striving to increase non-aeronautical revenues to sustain long-term aviation growth at the airport. Sierra Nevada Brewing Company will soon be opening its east coast brewery adjacent to the airport, and potential opportunities exist for non-aeronautical airport land development.

The Authority will implement its capital program as directed by a new twenty year Master Plan. The Authority will be focused on an airfield redevelopment project which includes the rehabilitation of its runway and the construction of a new parallel taxiway. Capital funding continues to be a challenge for airports. Due to federal sequestration, Congress allowed an unprecedented exception for monies to be withdrawn from the aviation trust fund that were earmarked for capital improvements to fund control tower operational expenses for the Federal Aviation Administration (FAA). The future impact of

sequestration is unknown. U.S. airports continue to push for an increase in the Passenger Facility Fee (PFC), a user fee that supports local capital development. This fee has not been increased since 2000 when Congress capped the fee at \$4.50. In light of sequestration and a low PFC, the Authority has secured commitments from the FAA for discretionary funding for the airfield redevelopment project. State grants, PFCs, and Authority funds are in place to complete the project funding.

Management will continue to improve the Airport and its facilities in a financially prudent manner, maximizing Federal, State, and other revenues to minimize the Authority's funding required, thereby maximizing the Authority's return on its investments.

REQUESTS FOR INFORMATION

This report is designed to provide an overview of the Authority's finances for those with an interest in this area. Questions concerning any of the information found in this report, or requests for additional information, should be directed to the Director of Finance and Accounting, Greater Asheville Regional Airport Authority, 61 Terminal Drive, Suite 1, Fletcher, NC 28732. You may also call (828)-684-2226, visit our website www.flyavl.com, or send an email to pr@flyavl.com for more information.

The mission of the Greater Asheville Regional Airport Authority is to be the premier airport of choice for Western North Carolina travelers by providing an array of choices and amenities, distinctive customer service, value, and convenience.

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GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

STATEMENT OF NET POSITION JUNE 30, 2013 AND 2012

| | <u>2013</u> | <u>2012</u> |
|----------------------------------------|----------------------|----------------------|
| Assets: | | |
| Current assets: | | |
| Unrestricted net assets: | | |
| Cash and cash equivalents | \$ 16,197,591 | \$ 13,765,650 |
| Accounts receivable, net | 589,181 | 590,399 |
| Grants receivable | 255,288 | 969,406 |
| Passenger facility charges receivables | 228,600 | 170,500 |
| Prepaid expenses | 10,509 | 8,574 |
| Total unrestricted assets | <u>17,281,169</u> | <u>15,504,529</u> |
| Restricted assets: | | |
| Cash and cash equivalents | 811,605 | 354,268 |
| Total restricted assets | <u>811,605</u> | <u>354,268</u> |
| Total current assets | <u>18,092,774</u> | <u>15,858,797</u> |
| Non-current assets: | | |
| Non-depreciable capital assets | 9,620,986 | 9,326,496 |
| Capital assets, net | 55,917,579 | 58,832,392 |
| Net pension asset | 37,547 | 43,831 |
| Total non-current assets | <u>65,576,112</u> | <u>68,202,719</u> |
| Total assets | <u>\$ 83,668,886</u> | <u>\$ 84,061,516</u> |
| Liabilities and Net Position: | | |
| Liabilities: | | |
| Current liabilities: | | |
| Payable from unrestricted assets: | | |
| Accounts payable | \$ 444,818 | \$ 474,082 |
| Construction contracts payable | 542,485 | 650,475 |
| Construction contract retainages | 11,356 | 86,502 |
| Compensated absences | 216,532 | 242,751 |
| Accrued liabilities | 85,630 | 96,478 |
| Prepaid fees | 136,204 | 156,476 |
| Total payable from unrestricted assets | <u>1,437,025</u> | <u>1,706,764</u> |

The accompanying notes are an integral part of the financial statements.

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

STATEMENT OF NET POSITION JUNE 30, 2013 AND 2012

| | 2013 | 2012 |
|--------------------------------------|-------------------|-------------------|
| Payable from restricted assets: | | |
| Revenue bond payable, current | 489,269 | 461,809 |
| Total payable from restricted assets | 489,269 | 461,809 |
| Total current liabilities | 1,926,294 | 2,168,573 |
| Non-current liabilities: | | |
| Other post-employment benefits | 852,101 | 769,875 |
| Compensated absences | 163,047 | 104,045 |
| Revenue bond payable, non-current | 2,108,357 | 2,597,626 |
| Total non-current liabilities | 3,123,505 | 3,471,546 |
| Total liabilities | 5,049,799 | 5,640,119 |
| Net Position: | | |
| Net investment in capital assets | 62,940,939 | 65,099,453 |
| Restricted | 811,605 | 354,268 |
| Unrestricted | 14,866,543 | 12,967,676 |
| Total net position | \$ 78,619,087 | \$ 78,421,397 |

The accompanying notes are an integral part of the financial statements.

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUND FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

| | 2013 | 2012 |
|--------------------------------------------|---------------|---------------|
| Operating Revenues: | | |
| Terminal | \$ 3,853,426 | \$ 3,795,238 |
| Airfield | 913,184 | 964,547 |
| General aviation | 969,942 | 955,340 |
| Parking lot | 2,546,919 | 2,655,398 |
| Other | 325,687 | 335,596 |
| Total operating revenues | 8,609,158 | 8,706,119 |
| Operating Expenses: | | |
| Administration | 507,681 | 514,822 |
| Development | 376,075 | 375,070 |
| Executive | 475,511 | 406,875 |
| Finance | 315,442 | 318,372 |
| Guest services | 125,894 | 122,086 |
| Information technology | 569,595 | 603,055 |
| Marketing | 452,153 | 489,534 |
| Operations | 2,654,909 | 2,564,859 |
| Public safety | 1,273,932 | 1,267,435 |
| Business development | 46,951 | 68,523 |
| Depreciation | 4,812,708 | 4,738,641 |
| Total operating expenses | 11,610,851 | 11,469,272 |
| Operating income (loss) | (3,001,693) | (2,763,153) |
| Non-Operating Revenues (Expenses): | | |
| Passenger facility charges | 1,237,175 | 1,367,373 |
| Customer facility charges | 1,045,279 | 1,067,949 |
| Interest revenue | 32,193 | 24,230 |
| Gain/(loss) on sale of capital assets | (521,358) | - |
| Interest expense | (165,014) | (190,933) |
| Total non-operating revenues, net | 1,628,275 | 2,268,619 |
| Income (loss) before capital contributions | (1,373,418) | (494,534) |
| Capital contributions | 1,571,108 | 1,724,196 |
| Change in net position | 197,690 | 1,229,662 |
| Net Position: | | |
| Beginning of year - July 1 | 78,421,397 | 77,191,735 |
| Ending of year - June 30 | \$ 78,619,087 | \$ 78,421,397 |

The accompanying notes are an integral part of the financial statements.

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

| | <u>2013</u> | <u>2012</u> |
|----------------------------------------------------------------------|----------------------|----------------------|
| Cash Flows from Operating Activities: | | |
| Cash received from providing services | \$ 9,266,394 | \$ 8,098,052 |
| Cash paid for goods and services | (4,276,557) | (3,367,777) |
| Cash paid to, or on behalf of, employees for services | <u>(2,645,748)</u> | <u>(2,581,817)</u> |
| Net cash provided (used) by operating activities | <u>2,344,089</u> | <u>2,148,458</u> |
| Cash Flows from Capital and Related Financing Activities: | | |
| Acquisition and construction of capital assets | (2,741,955) | (2,701,040) |
| Passenger facility charges | 1,237,175 | 1,367,373 |
| Customer facility charges | 1,045,279 | 1,067,949 |
| Principal payments of bond maturities | (461,809) | (435,889) |
| Proceeds from sale of assets | 28,212 | - |
| Interest paid on bond maturities | (165,014) | (190,933) |
| Capital contributions | <u>1,571,108</u> | <u>1,724,196</u> |
| Net cash provided (used) by capital and related financing activities | <u>512,996</u> | <u>831,656</u> |
| Cash Flows from Investing Activities: | | |
| Interest income | <u>32,193</u> | <u>24,230</u> |
| Net cash provided (used) by investing activities | <u>32,193</u> | <u>24,230</u> |
| Net increase (decrease) in cash and cash equivalents | 2,889,278 | 3,004,344 |
| Cash and Cash Equivalents: | | |
| Beginning of year - July 1 | <u>14,119,918</u> | <u>11,115,574</u> |
| End of year - June 30 | <u>\$ 17,009,196</u> | <u>\$ 14,119,918</u> |

The accompanying notes are an integral part of the financial statements.

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

| | 2013 | 2012 |
|----------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|
| Reconciliation of Operating Income (Loss) to | | |
| Net Cash Provided (Used) by Operating Activities: | | |
| Operating income (loss) | <u>\$ (3,001,693)</u> | <u>\$ (2,763,153)</u> |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | |
| Depreciation expense | 4,812,708 | 4,738,641 |
| Changes in assets and liabilities: | | |
| (Increase) decrease in accounts receivable | 1,218 | 197,145 |
| (Increase) decrease in other receivables | 656,018 | (805,212) |
| (Increase) decrease in prepaid items | (1,935) | 28,546 |
| Increase (decrease) in accounts payable and accrued liabilities | (40,112) | (111,224) |
| (Increase) decrease in other assets | 6,284 | (14,439) |
| Increase (decrease) in contract payables | (183,136) | 736,977 |
| Increase (decrease) in unearned revenue | (20,272) | (16,028) |
| Increase (decrease) in other post-employment benefits | <u>115,009</u> | <u>157,205</u> |
| Total adjustments | <u>5,345,782</u> | <u>4,911,611</u> |
| Net cash provided (used) by operating activities: | <u>\$ 2,344,089</u> | <u>\$ 2,148,458</u> |
| Non-Cash Capital and Related Financing Activities: | | |
| Non-cash disposal of asset | <u>\$ 549,570</u> | <u>\$ -</u> |

The accompanying notes are an integral part of the financial statements.

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

Note A – Organization and Summary of Significant Accounting Policies

The accounting policies of the Greater Asheville Regional Airport Authority conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant accounting policies:

Reporting Entity

The Asheville Regional Airport Authority (the “Authority”) was established by joint agreement between the City of Asheville and the County of Buncombe on November 29, 1979, pursuant to Article 20 of Chapter 160A of the North Carolina General Statutes. The agreement originally covered a twenty-five-year period beginning July 1, 1980. On April 19, 1988, this term was extended to April 30, 2018 by mutual agreement of the contracting parties. On January 22, 2008, the agreement was amended again with the term remaining the same, including a year-to-year extension after the term has been reached. Under the agreement, Buncombe County was responsible for funding any operating deficits of the Authority during the term of the agreement. On June 28, 2012, the General Assembly of North Carolina enacted the Greater Asheville Regional Airport Authority Act in Session Law 2012-121, making the Authority an independent airport authority and changing the official name to Greater Asheville Regional Airport Authority. Pursuant to the State statute, the agreement with Buncombe County and the City of Asheville is no longer applicable.

Basis of Presentation

Fund financial statements provide information about the Authority’s funds. Statements for the proprietary fund category are presented.

Proprietary funds include the following fund type:

Enterprise Funds. Enterprise funds account for those operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Authority has one enterprise fund for airport operation.

Measurement Focus and Basis of Accounting

The proprietary fund financial statements are reported using the flow of economic resources measurement focus. These statements are reported using the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

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Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority's enterprise fund are charges to customers for services.

Operating expenses for the Enterprise Fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Budgetary Data

The Authority's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the Enterprise Fund. All annual appropriations lapse at the fiscal-year end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. The Budget Officer 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. The Budget Officer may transfer amounts up to \$60,000 from contingency to other line items, within the same fund. An official report on such transfers must be made at the next regular meeting of the Board. Any other amendments must be approved by the governing board. During the year, several amendments to the original budget were made. The budget ordinance must be adopted by July 1 of the fiscal year, or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

Estimates

The preparation of financial statements, in conformity with U.S. generally accepted accounting principles, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications

Certain reclassifications have been made to the prior year's financial statements to conform to the current year's presentation.

Assets, Liabilities, and Fund Equity

Deposits and Investments

All deposits of the Authority are made in Board-designated official depositories and are secured as required by State law [G.S. 159-31]. The Authority may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Authority may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

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State law [G.S. 159-30(c)] authorizes the Authority to invest in obligations of the United States or obligations fully guaranteed, both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT).

The Authority's investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, a SEC-registered (2a7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost. Non-participating interest earning investment contracts are reported at cost.

Cash and Cash Equivalents

The Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents.

Restricted Assets

Restricted assets consist of monies and other resources which are legally restricted as described below:

Cash. The revenue bond agreement requires that the Authority maintain restricted cash reserves equal to fifty percent of the outstanding principal balance of the revenue bonds. The revenue bond agreement also states that if the Authority has maintained rates, rentals, fees, and charges related to the Rental Car Facilities so that net revenues are equal to at least 165% of the principal and interest requirements on the bonds for two consecutive fiscal years, the Authority will not be required to maintain the fifty percent of the outstanding principal balance of the revenue bonds. In the current fiscal year, this criteria was met and no amounts were restricted for the bond. The agreement also requires that net revenues generated from the Rental Car Facilities be maintained in a revenue cash fund to service the operating expenses and debt service of the facility. This amount is shown as restricted for the years ended June 30, 2013 and 2012.

The Authority receives from the airline carriers enplaning passengers at the Greater Asheville Regional Airport a facility charge of \$4.39 per passenger. Every air carrier servicing the Airport must collect this charge from passengers on all tickets sold and remit these funds to the Authority. The Authority must use these funds for Federal Aviation Administration (FFA) approved capital improvement projects. Passenger facility charge collections that have been collected, but not yet disbursed on eligible projects, are restricted. All amounts were disbursed for the year ended June 30, 2012. The amount undisbursed at June 30, 2013 is shown as restricted.

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. Minimum capitalization cost is \$5,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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Capital assets are depreciated over their useful lives on a straight-line basis as follows:

| <u>Asset</u> | <u>Estimated Useful Lives</u> |
|-----------------------------------------|-------------------------------|
| Leasehold improvements | 5-40 years |
| Public safety and maintenance equipment | 3-20 years |
| Vehicles | 3-20 years |
| Furniture | 5-10 years |
| Computer software | 5 years |
| Computer equipment | 5 years |

Compensated Absences

Airport personnel policies permit an employee to earn vacation based on his years of service. Accumulated annual leave in excess of 60 days will be forfeited at December 31, unless it is determined that the employee was prevented from using such leave. Excess leave, where it is determined that the employee was prevented from taking the leave, will be paid with the first payroll of the new calendar year, upon approval of the Executive Director. Employees who resign, are laid off, or otherwise separated from the Authority shall be entitled to be paid for any unused annual leave earned by them as of the date of termination, not to exceed 60 days. Accrued vacation pay amounted to \$232,728 and \$214,359 at June 30, 2013 and 2012, respectively.

A specific number of professional leave hours are available to exempt employees. Employees must be employed for 180 days of the calendar year to be eligible for professional leave for that year. The professional leave does not accrue from year to year. Unused professional leave as of December 31 will be paid out to the employee on the first payroll of the new calendar at a rate of 50% of its value. Unused professional leave is not paid upon termination, thus no accrual has been made.

The Authority's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave is earned by regular, full-time employees at a rate of 12 days per year. All employees who properly resign, are laid off, or otherwise separated from the Authority in good standing shall be entitled to be paid for 33% of any unused sick leave balance earned by them, not to exceed 240 hours. Accrued sick pay amounted to \$146,851 and \$132,437 at June 30, 2013 and 2012, respectively.

The Authority has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the financial statements.

Net Position

Net position in proprietary fund financial statements are classified as net investment in capital assets, restricted, and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, laws or regulations of other governments, or imposed by law through State statute.

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State law [G.S. 159-13(b)(16)] restricts appropriation of net position for the subsequent year's budget to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and unavailable revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

Note B – Detailed Notes On All Funds

Assets

Deposits

All the deposits of the Authority are either insured or collateralized by the Pooling Method. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Authority, these deposits are considered to be held by the Authority's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Authority or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Authority under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows; however, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Authority does not have a deposit policy for custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all Pooling Method financial institutions and to monitor them for compliance. The Authority complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2013, the Authority's deposits had a carrying amount of \$13,984,530 and a bank balance of \$14,106,849. Of the bank balance, \$750,000 was covered by federal depository insurance, and \$13,356,849 was covered under the Pooling Method.

The Authority maintains petty cash of \$200.

Investments

At June 30, 2013, the Authority's investments and maturities were as follows:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Less than 6 Months</u> |
|--------------------------------------------------------|---------------------|---------------------------|
| North Carolina Capital Management Trust Cash Portfolio | \$ 17,170 | N/A |
| North Carolina Capital Management Trust Term Portfolio | <u>3,007,296</u> | <u>\$ 3,007,296</u> |
| | <u>\$ 3,024,466</u> | <u>\$ 3,007,296</u> |

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Because the North Carolina Management Trust Term Portfolio had a duration of .3 years, it was presented as an investment with a maturity of less than 6 months.

There were no realized or unrealized gains or losses on the Authority's investments during 2013.

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's investment policy limits at least half of the Authority's investment portfolio to maturities of less than 12 months. Also, the Authority's investment policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of not more than three years.

Credit Risk. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs); however, the Authority has no formal policy on managing credit risk. As of June 30, 2013, the Authority's investment in the North Carolina Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's. The Authority's investment in North Carolina Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the US government and agencies and in high grade money market instruments as permitted under North Carolina General Statutes 159-30, as amended.

Accounts Receivable

The balance of accounts receivable at June 30, 2013 consisted of the following:

| | |
|---------------------------------|-------------------|
| Trade | \$ 418,836 |
| Other | <u>171,511</u> |
| | 590,347 |
| Allowance for doubtful accounts | <u>(1,166)</u> |
| | <u>\$ 589,181</u> |

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

Capital Assets

The capital assets of the Authority at June 30, 2013 are as follows:

| | <u>July 1, 2012</u> | <u>Increases</u> | <u>Decreases</u> | <u>Transfers</u> | <u>June 30, 2013</u> |
|----------------------------------------|----------------------|-----------------------|---------------------|--------------------|----------------------|
| Business-Type Activities: | | | | | |
| Non-Depreciable Capital Assets: | | | | | |
| Land | \$ 7,133,951 | \$ - | \$ - | \$ - | \$ 7,133,951 |
| Construction in progress | <u>2,192,545</u> | <u>2,741,955</u> | <u>(188,000)</u> | <u>(2,259,465)</u> | <u>2,487,035</u> |
| Total non-depreciable capital assets | <u>9,326,496</u> | <u>2,741,955</u> | <u>(188,000)</u> | <u>(2,259,465)</u> | <u>9,620,986</u> |
| Depreciable Capital Assets: | | | | | |
| Leasehold improvements | 92,342,201 | - | (451,963) | 1,892,258 | 93,782,496 |
| Equipment | 4,517,512 | - | - | 334,201 | 4,851,713 |
| Furniture | 156,182 | - | - | - | 156,182 |
| Vehicles | <u>3,511,732</u> | <u>-</u> | <u>(616,579)</u> | <u>33,006</u> | <u>2,928,159</u> |
| Total depreciable capital assets | <u>100,527,627</u> | <u>-</u> | <u>(1,068,542)</u> | <u>2,259,465</u> | <u>101,718,550</u> |
| Less Accumulated Depreciation: | | | | | |
| Leasehold improvements | 36,131,864 | 4,238,370 | (90,393) | - | 40,279,841 |
| Equipment | 3,106,761 | 416,048 | - | - | 3,522,809 |
| Furniture | 76,999 | 16,252 | - | - | 93,251 |
| Vehicles | <u>2,379,611</u> | <u>142,038</u> | <u>(616,579)</u> | <u>-</u> | <u>1,905,070</u> |
| Total accumulated depreciation | <u>41,695,235</u> | <u>4,812,708</u> | <u>(706,972)</u> | <u>-</u> | <u>45,800,971</u> |
| Total depreciable capital assets, net | <u>58,832,392</u> | <u>(4,812,708)</u> | <u>(361,570)</u> | <u>2,259,465</u> | <u>55,917,579</u> |
| Business-type activities | | | | | |
| capital assets, net | <u>\$ 68,158,888</u> | <u>\$ (2,070,753)</u> | <u>\$ (549,570)</u> | <u>\$ -</u> | <u>\$ 65,538,565</u> |

Pursuant to the State statute enacted June 28, 2012 which made the Authority an independent airport authority, the City of Asheville was required to transfer to the Authority, within 90 days of approval by the FAA, all of its rights, title, and interest to the property known as the Asheville Regional Airport. The FAA has not yet granted that approval, the City of Asheville has not yet transferred title to the property to the Authority, and the property is not included in the above balances as of June 30, 2013.

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Liabilities

Payables

Payables at June 30, 2013 were as follows:

| | <u>Vendors</u> | <u>Salaries and Benefits</u> | <u>Security Deposits</u> | <u>Total</u> |
|---------------------|-------------------|----------------------------------|------------------------------|-------------------|
| Accounts payable | \$ 437,560 | \$ 5,583 | \$ 1,675 | \$ 444,818 |
| Accrued liabilities | - | 85,630 | - | 85,630 |
| Total | <u>\$ 437,560</u> | <u>\$ 91,213</u> | <u>\$ 1,675</u> | <u>\$ 530,448</u> |

Pension Plan Obligations

Local Governmental Employees' Retirement System

Plan Description. The Authority contributes to the State-wide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries.

Article 3 of G.S. 12 Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Plan members are required to contribute 6% of their annual covered salary. The Authority is required to contribute at an actuarially determined rate. For the Authority, the rate for the fiscal year ended June 30, 2013 for employees not engaged in law enforcement is 6.74% and for law enforcement officers is 6.77% of annual covered payroll. The contribution requirements of members and of the Authority are established and may be amended by the North Carolina General Assembly. The Authority's contributions to LGERS for the years ended June 30, 2013, 2012, and 2011 were \$177,524, \$185,389, and \$148,577, respectively. The contributions made by the Authority equaled the required contributions for each year.

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Law Enforcement Officers' Special Separation Allowance

Plan Description. The Authority administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the Authority's qualified sworn law enforcement officers. The Separation Allowance is equal to .85% of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time law enforcement officers of the Authority are covered by the Separation Allowance. At December 31, 2012, the Separation Allowance's membership consisted of:

| | |
|-------------------------------------------------------------------------|-----------|
| Retirees receiving benefits | 1 |
| Terminated plan members entitled to, but not yet receiving, benefits | - |
| Active plan members | <u>14</u> |
| Total | <u>15</u> |

A separate report was not issued for the plan.

Summary of Significant Accounting Policies:

Basis of Accounting. The Authority has chosen to fund the Separation Allowance on a pay-as-you-go basis.

Method Used to Value Investments. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

Contributions. The Authority is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay-as-you-go basis through appropriations made in the Enterprise Fund operating budget. The Authority's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The annual required contribution for the current year was determined as part of the December 31, 2012 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.25% – 7.85% per year.

Both (a) and (b) included an inflation component of 3.0%. The assumptions did not include post-retirement benefit increases.

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Annual Pension Cost and Net Pension Obligation. The Authority's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

| | | |
|-----------------------------------------------|----|----------|
| Annual required contribution | \$ | 26,216 |
| Interest on net pension obligation | | (2,192) |
| Adjustment to annual required contribution | | 2,728 |
| Annual pension cost | | 26,752 |
| Contributions made | | (20,468) |
| Increase (decrease) in net pension obligation | | 6,284 |
| Net pension obligation: | | |
| Beginning of year - July 1 | | (43,831) |
| End of year - June 30 | \$ | (37,547) |

Three-Year Trend Information

| Year Ended June 30 | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|-----------------------|---------------------------------|-------------------------------------|------------------------------|
| 2011 | \$ 25,304 | 161.17% | \$ (29,392) |
| 2012 | 26,344 | 154.81% | (43,831) |
| 2013 | 26,752 | 76.51% | (37,547) |

Funded Status and Funding Progress. As of December 31, 2012, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$283,588, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$283,588. The covered payroll (annual payroll of active employees covered by the plan) was \$657,785, and the ratio of the UAAL to the covered payroll was 43.11%.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets are increasing or decreasing, over time, relative to the actuarial accrued liability for benefits.

Supplemental Retirement Income Plan

Plan Description. The Authority contributes to the Supplemental Retirement Income Plan (the "Plan"), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to employees of the Authority. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the

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Comprehensive Annual Financial Report (the “CAFR”) for the State of North Carolina. The State’s CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the Authority to contribute each month an amount equal to 5% of each officer’s salary. In addition to the required contribution for law enforcement officers, the Authority makes a monthly contribution equal to 5% of non-law enforcement officer’s salary. Also, law enforcement officers and non-law enforcement officers of the Authority may make voluntary contributions to the Plan.

The Authority contribution for law enforcement officers for the year ended June 30, 2013 was \$32,611, and the officers’ voluntary contributions were \$4,516. The Authority’s contribution for non-law enforcement officers was \$98,938, with voluntary contributions of \$29,666.

Firemen’s and Rescue Squad Workers’ Pension Fund

Plan Description. The State of North Carolina contributes, on behalf of the Greater Asheville Regional Airport Authority, to the Firemen’s and Rescue Squad Workers’ Pension Fund (the “Fund”), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The Fund provides pension benefits for eligible firemen and rescue squad workers that have elected to become members of the Fund. Article 86 of G.S. Chapter 58 assigns the Authority to establish and amend benefit provisions to the North Carolina General Assembly. The Fund is included in the Comprehensive Annual Financial Report (the “CAFR”) for the State of North Carolina. The State’s CAFR includes financial statements and required supplementary information for the Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Plan members are required to contribute \$10 per month to the Fund for up to twenty years. The State, a non-employer contributor, funds the plan through appropriations. The State’s annual contribution per fireman to the Fund for the fiscal years ended June 30, 2013 and 2012 was \$369 and \$382, respectively. The State’s on-behalf contributions are required to be recorded as revenues and expenditures. The Authority does not contribute to the Fund. Contribution requirements of plan members and the State of North Carolina are established and may be amended by the North Carolina General Assembly.

Other Employment Benefits

The Authority has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees’ Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death, are eligible for death benefits. Lump-sum death benefit payments to beneficiaries are equal to the employee’s 12 highest months’ salary in a row during the 24 months prior to the employee’s death, but the benefit may not exceed \$50,000, or be

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**NOTES TO THE FINANCIAL STATEMENTS
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less than \$25,000. All death benefit payments are made from the Death Benefit Plan. The Authority has no liability beyond the payment of the monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. The Authority considers these contributions to be immaterial.

The Authority provides health, dental, short-term and long-term disability, life insurance, and a 457 deferred compensation plan to its regular full-time employees. Regular part-time employees, working at least 1,000 hours annually, qualify for these benefits.

Other Post-Employment Benefits (OPEB)

Healthcare Benefits

Plan Description. Under the terms of an Authority resolution, the Authority administers a single-employer defined benefit healthcare plan (the “Retiree Health Plan”). The Plan provides post-employment healthcare benefits to retirees of the Authority up to age 65, provided they participate in the North Carolina Local Governmental Employees’ Retirement System, were hired prior to July 1, 2011, and were covered by the Authority’s group health plan for the three years immediately preceding retirement. The Authority pays the full cost of coverage for these benefits through private insurers. Also, the Authority’s retirees can purchase coverage for their dependents at the Authority’s group rates. The Authority Board may amend the benefit provisions. A separate report was not issued for the Plan.

Membership of the Retiree Health Plan consisted of the following at December 31, 2012, the date of the latest actuarial valuation:

| | General | | Law |
|-------------------------------------------------------------------------|-------------------|---------------------|--------------------|
| | Employees | Firefighters | Enforcement |
| | <u> </u> | <u> </u> | <u> </u> |
| Retirees and dependents receiving benefits | 1 | - | 5 |
| Terminated plan members entitled to, but not yet receiving, benefits | - | - | - |
| Active plan members | <u>35</u> | <u>4</u> | <u>11</u> |
| Total | <u>36</u> | <u>4</u> | <u>16</u> |

Funding Policy. By Authority resolution, the Authority pays the full cost of coverage for the healthcare benefits paid for qualified retirees. The Authority’s retirees pay the full cost for any dependent coverage. The Authority has chosen to fund the healthcare benefits on a pay-as-you-go basis.

The current ARC rate is 6.0% of annual covered payroll. For the current year, the Authority contributed \$50,688, or 2.1%, of annual covered payroll. The Authority obtains healthcare coverage through private insurers. There were no contributions made by employees, except for dependent coverage in the amount of \$6,772. The Authority’s obligation to contribute to the Retiree Health Plan is established and may be amended by the Authority Board.

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Summary of Significant Accounting Policies. Post-employment expenditures are made from the proprietary fund, which is maintained on the accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

Annual OPEB Cost and Net OPEB Obligation. The Authority's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45.

The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the Authority's annual OPEB cost for the current year, the amount actually contributed to the Plan, and changes in the Authority's net OPEB obligation for the post-employment healthcare benefits:

| | |
|--------------------------------------------|-------------------|
| Annual required contribution | \$ 144,929 |
| Interest on net OPEB obligation | 30,795 |
| Adjustment to annual required contribution | <u>(42,810)</u> |
| Annual OPEB cost (expense) | 132,914 |
| Contributions made | <u>(50,688)</u> |
| Increase (decrease) in net OPEB obligation | 82,226 |
| Net OPEB obligation: | |
| Beginning of year - July 1 | <u>769,875</u> |
| End of year - June 30 | <u>\$ 852,101</u> |

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2013 and the preceding two years are as follows:

| Three-Year Trend Information | | | |
|-------------------------------------|---------------------------------|---------------------------------------------------------------|------------------------------------|
| Year Ended June 30 | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
| 2011 | \$ 148,948 | 39.2% | \$ 675,326 |
| 2012 | 149,446 | 36.7% | 769,875 |
| 2013 | 132,914 | 38.1% | 852,101 |

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

Funding Status and Funding Progress. As of December 31, 2012, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$1,016,647. The covered payroll (annual payroll of active employees covered by the Plan) was \$2,413,329, and the ratio of the UAAL to the covered payroll was 42.1%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations, and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing, over time, relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members), and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the December 31, 2012 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 8.50% to 5.00% annually. The investment rate included a 3.00% inflation assumption.

The actuarial value of assets was calculated based on the assumption that there were no assets set aside with the Authority that are legally held exclusively for retiree health benefits. If a trust or equivalent arrangement was set up for this purpose, the investment rate of return can be increased. The UAAL is being amortized as a level dollar amount closed. The remaining amortization period at December 31, 2012 was thirty years.

Prepaid Fees

Prepaid fees represent customer prepayments of revenues of \$136,204 and \$156,476 at June 30, 2013 and 2012, respectively.

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

Long-Term Debt

On October 15, 2007, the Authority issued \$4,750,000 of bonds entitled Rental Car Facilities Taxable Revenue Bond, Series 2007. These bonds provided financing for the Rental Car Facilities. Interest only was payable until April 2008, at which time payments of principal and interest began in the amount of \$52,235 monthly. The bonds bear interest at 5.79% and will mature in March 2018. The future payment of the bonds are as follows:

| <u>Year Ending</u> <u>June 30</u> | <u>Principal</u> | <u>Interest</u> |
|--------------------------------------|---------------------|-------------------|
| 2014 | \$ 489,269 | \$ 137,554 |
| 2015 | 518,361 | 108,461 |
| 2016 | 549,184 | 77,639 |
| 2017 | 581,839 | 44,983 |
| 2018 | 458,973 | 11,144 |
| Total | <u>\$ 2,597,626</u> | <u>\$ 379,781</u> |

The Authority has pledged future net revenues derived from the Rental Car Facilities to repay these revenue bonds. The total principal and interest remaining to be paid on the bonds is \$2,977,407. Principal and interest paid for the current year and total customer net Rental Car Facilities' revenues were \$626,823 and \$1,284,620, respectively.

The Authority covenants and agrees that it will fix rates, rentals, fees, and charges related to the Rental Car Facilities, including the common area maintenance fee, the customer facility charge, and the rental fees; and from time to time, it will revise such rates, rentals, fees, and charges in such a manner that the net revenues for each fiscal year, beginning with the first full fiscal year following the fiscal year during which the Rental Car Facilities are first put into use for its intended purpose, and thereafter, shall not be less than the sum of 120% of the principal and interest requirements on the bonds for such fiscal year.

The Authority is in compliance with the covenants of the bond order. The debt service coverage ratio calculation for the year ended June 30, 2013 is as follows:

| | |
|------------------------------------------------|---------------------|
| Revenues for "Rental Car Facilities" | \$ 1,336,420 |
| Operating expenses for "Rental Car Facilities" | <u>51,800</u> |
| Net revenues from "Rental Car Facilities" | <u>\$ 1,284,620</u> |
| Debt service, principal, and interest paid | <u>\$ 626,823</u> |
| Debt service coverage ratio | <u>204.94%</u> |

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

Changes in Long-Term Liabilities

Changes in long-term liabilities are as follows:

| | <u>July 1, 2012</u> | <u>Additions</u> | <u>Retirements</u> | <u>June 30, 2013</u> | <u>Current</u> |
|---------------------------------|---------------------|-------------------|--------------------|----------------------|-------------------|
| Revenue bonds | \$ 3,059,435 | \$ - | \$ 461,809 | \$ 2,597,626 | \$ 489,269 |
| Compensated absences | 346,796 | 231,701 | 198,918 | 379,579 | 216,532 |
| Other post-employment benefits: | | | | | |
| Healthcare benefits | <u>769,875</u> | <u>132,914</u> | <u>50,688</u> | <u>852,101</u> | <u>-</u> |
| Total | <u>\$ 4,176,106</u> | <u>\$ 364,615</u> | <u>\$ 711,415</u> | <u>\$ 3,829,306</u> | <u>\$ 705,801</u> |

Construction Contract Commitments

The Authority has commitments of approximately \$10.1 million for the construction/renovation of facilities. These projects are to be funded through federal grants, state grants, and passenger facility charges.

The underlying contracts have termination provisions. The contracts with architectural/engineering consulting firms representing approximately \$6.1 million of the commitment amount allow either party to terminate the agreement with a seven-day written notice, as long as the terminating party is not in default of the agreement. In the event that the Authority terminates the contract, the consulting firm shall be paid for the portion of the fee earned and costs incurred as of the date of the termination, but shall not be eligible for payment of any lost anticipated profits from the portion of the project following the termination date. The contract with a construction firm representing approximately \$4.0 million of the commitment amount allows the Authority to terminate the agreement at any time. In the event that the Authority terminates the contract, the construction firm shall be entitled to receive payment for work executed, and costs incurred by reason of such termination, along with reasonable overhead and profit on the work not executed.

Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority has property, general liability, flood, automobile, workers' compensation, crime, public officials, law enforcement, and employment practices coverage. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

The Authority carries flood insurance through Alliant Insurance Services, Inc. in the amount of \$10,000,000.

The Authority's crime insurance covers all employees, including the Finance Officer, with a limit of \$250,000 per loss.

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

Net Position

The Authority Board has established an operations and maintenance designation equal to six months of the Airport's subsequent year's operations and maintenance budget. The Board has also designated \$650,000 for emergency repairs.

Unrestricted net position consist of the following:

Designations of Unrestricted Net Position:

| | |
|-----------------------------------------|----------------------|
| Operating and maintenance designation | \$ 3,742,872 |
| Emergency repair designation | 650,000 |
| Undesignated, unrestricted net position | <u>10,473,671</u> |
| Total unrestricted net position | <u>\$ 14,866,543</u> |

Revenue and Expenses

Leases and Other Non-Cancelable Agreements

The Authority leases land and facilities to tenants under various cancelable and non-cancelable agreements. Some agreements require a fixed monthly rent and others require a fee that is the greater of a minimum annual guarantee privilege fee or a percentage of gross sales by the tenant. The future non-cancelable minimum annual rentals and privilege fees to be received under agreements in effect at June 30, 2013 are as follows:

| <u>Year Ending</u> <u>June 30</u> | |
|--------------------------------------|----------------------|
| 2014 | \$ 2,723,831 |
| 2015 | 2,676,433 |
| 2016 | 2,684,951 |
| 2017 | 2,700,524 |
| 2018 | 2,712,510 |
| Thereafter | <u>8,270,260</u> |
| Total | <u>\$ 21,768,509</u> |

Airline Incentives

The Authority entered into agreements with an air carrier to waive fees for all Airport services for a stated period of time as an incentive for new air service to be provided by the air carrier. The total value of these waived fees for the year ended June 30, 2013 is \$77,034.

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

Major Customers

Transactions with two customers, from which more than 10% of operating revenues were derived during the year ended June 30, 2013, accounted for the following revenue and related accounts receivable balance at June 30, 2013:

| <u>Revenues</u> | <u>Accounts Receivable</u> |
|-----------------|--------------------------------|
| \$ 1,917,608 | \$ 86,822 |

Passenger Facility Charges

The Authority receives from the airline carriers enplaning passengers at the Greater Asheville Regional Airport a facility charge of \$4.39 per passenger. Every air carrier servicing the Airport must collect this charge from passengers on all tickets sold and remit these funds to the Authority. The Authority must use these funds for Federal Aviation Administration (FAA) approved capital improvement projects. Revenues from passenger facility charges totaled \$1,237,175 for the year ended June 30, 2013.

On-Behalf Payments for Fringe Benefits and Salaries

For the fiscal year ended June 30, 2013, the State made pension contributions on behalf of the Authority of \$738 for the two employed firemen who perform firefighting duties for the Authority's fire department. The employees elected to be members of the Firemen's and Rescue Workers' Pension Fund, a cost-sharing, multiple-employer public employee retirement system established and administered by the State of North Carolina. The Plan is funded by a \$10 monthly contribution paid by each member, investment income, and a State appropriation. As of June 30, 2013, the employed firemen are fully funded.

Note C – Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

The Authority has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

Note D – Change in Accounting Principles

The Authority implemented Governmental Accounting Standards Board (GASB) Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement 65, *Items Previously Reported as Assets and Liabilities*, in the fiscal year ending June 30, 2013. In accordance with GASB Statement 63, the Statement of Net Assets has been replaced with the Statement of Net Position. Items on the Statement of Net Position are now classified into Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position. Additionally, GASB Statement 65 requires that deferred costs from the refunding of debt, which were previously deferred and amortized, be presented as deferred outflows of resources.

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GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED JUNE 30, 2013

 Schedule of Funding Progress

| Actuarial Valuation Date | Actuarial Value of Assets (A) | Actuarial Accrued Liability (AAL) | | Funded Ratio (A/B) | Unfunded AAL (UAAL) (B-A) | Covered Payroll (C) | UAAL as a % of Covered Payroll ((B-A)/C) |
|--------------------------------|----------------------------------------|-----------------------------------------|--|--------------------------|---------------------------------|---------------------------|---------------------------------------------------|
| | | Projected Unit Credit (B) | | | | | |
| 12/31/2007 | \$ - | \$ 256,896 | | 0.00% | \$ 256,896 | \$ 402,947 | 63.75% |
| 12/31/2008 | - | 232,926 | | 0.00% | 232,926 | 508,081 | 45.84% |
| 12/31/2009 | - | 254,547 | | 0.00% | 254,547 | 632,374 | 40.25% |
| 12/31/2010 | - | 252,074 | | 0.00% | 252,074 | 552,075 | 45.66% |
| 12/31/2011 | - | 235,796 | | 0.00% | 235,796 | 606,418 | 38.88% |
| 12/31/2012 | - | 283,588 | | 0.00% | 283,588 | 657,785 | 43.11% |

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2013**

Schedule of Employer Contributions

| Year Ended June 30 | Annual Required Contribution (ARC) | Percentage of ARC Contributed | Net Pension Obligation |
|-------------------------------|-------------------------------------------------------|----------------------------------------------|-----------------------------------|
| 2008 | \$ 22,644 | 211.03% | \$ 44,159 |
| 2009 | 20,572 | 257.21% | 12,320 |
| 2010 | 20,810 | 226.62% | (13,913) |
| 2011 | 25,255 | 161.48% | (29,392) |
| 2012 | 26,061 | 156.49% | (43,831) |
| 2013 | 26,216 | 78.07% | (37,547) |

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

| | |
|-------------------------------|-----------------------------|
| Valuation date | December 31, 2012 |
| Actuarial cost method | Projected unit credit |
| Amortization method | Level percent of pay closed |
| Remaining amortization period | 18 years |
| Asset valuation method | Market value |
| Actuarial assumptions: | |
| Investment rate of return* | 5.00% |
| Projected salary increases* | 4.25% - 7.85% |
| * Includes inflation at | 3.00% |
| Cost-of-living adjustments | N/A |

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

**OTHER POST-EMPLOYMENT BENEFITS -
 RETIREE HEALTH PLAN
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED JUNE 30, 2013**

Schedule of Funding Progress

| Actuarial Valuation Date | Actuarial Value of Assets (A) | Actuarial Accrued Liability (AAL) Projected Unit Credit (B) | Unfunded AAL (UAAL) (B-A) | Funded Ratio (A/B) | Covered Payroll (C) | UAAL as a % of Covered Payroll ((B-A)/C) |
|--------------------------------|----------------------------------------|----------------------------------------------------------------------------|---------------------------------|--------------------------|---------------------------|---------------------------------------------------|
| 6/30/2008 | \$ - | \$ 752,739 | \$ 752,739 | 0.00% | \$ 1,834,165 | 41.0% |
| 6/30/2009 | - | 915,011 | 915,011 | 0.00% | 2,545,647 | 35.9% |
| 12/31/2009 | - | 1,058,716 | 1,058,716 | 0.00% | 2,265,417 | 46.7% |
| 12/31/2012 | - | 1,016,647 | 1,016,647 | 0.00% | 2,413,329 | 42.1% |

Schedule of Employer Contributions

| Year Ended June 30 | Annual Required Contribution (ARC) | Percentage of ARC Contributed |
|-----------------------|---------------------------------------------|-------------------------------------|
| 2013 | \$ 144,929 | 34.97% |
| 2012 | 145,738 | 37.67% |
| 2011 | 145,738 | 40.04% |
| 2010 | 260,346 | 22.28% |
| 2009 | 247,949 | 13.67% |

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

| | | |
|-------------------------------|-----------------------------|-------------------------------|
| Valuation date | December 31, 2012 | |
| Actuarial cost method | Projected unit credit | |
| Amortization method | Level dollar amount, closed | |
| Remaining amortization period | 30 years | |
| Amortization factor | 17.9837 | |
| Asset valuation method | Market value of assets | |
| Actuarial assumptions: | | |
| Investment rate of return* | 4.00% | * Includes inflation of 3.00% |
| Pre-Medicare trend rate | 8.50% - 5.00% | |
| Year of ultimate trend rate | 2018 | |

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

**SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

| | 2013 | | | 2012 |
|----------------------------------------|-------------------|-------------------|------------------------|------------------|
| | Final Budget | Actual | Variance Over/Under | Actual |
| Revenues: | | | | |
| Terminal | \$ 3,650,106 | \$ 3,853,426 | \$ 203,320 | \$ 3,795,625 |
| Airfield | 1,015,022 | 913,184 | (101,838) | 964,547 |
| General aviation | 961,840 | 969,942 | 8,102 | 955,340 |
| Parking lot | 2,447,800 | 2,546,919 | 99,119 | 2,655,398 |
| Interest income | 15,000 | 32,193 | 17,193 | 24,230 |
| Other | 190,733 | 185,730 | (5,003) | 176,684 |
| Reimbursable costs | 350,000 | 139,957 | (210,043) | 158,525 |
| Customer facility charges | 900,000 | 1,045,279 | 145,279 | 1,067,949 |
| Total revenues | <u>9,530,501</u> | <u>9,686,630</u> | <u>156,129</u> | <u>9,798,298</u> |
| Expenditures: | | | | |
| Administration | 501,606 | 425,455 | 76,151 | 420,273 |
| Development | 274,041 | 236,118 | 37,923 | 216,545 |
| Executive | 499,341 | 475,511 | 23,830 | 406,875 |
| Finance | 370,810 | 315,442 | 55,368 | 318,372 |
| Guest services | 137,832 | 125,894 | 11,938 | 122,086 |
| Information technology | 633,103 | 569,595 | 63,508 | 597,327 |
| Marketing | 534,041 | 452,153 | 81,888 | 489,534 |
| Operations | 2,933,007 | 2,573,017 | 359,990 | 2,506,967 |
| Public safety | 1,366,547 | 1,267,648 | 98,899 | 1,281,873 |
| Business development: | | | | |
| Operating expenditures | 300,000 | 46,951 | 253,049 | 68,523 |
| Debt service | 626,823 | 626,823 | - | 626,823 |
| Emergency repair: | | | | |
| Operating expenditures | 100,000 | 81,892 | 18,108 | 63,620 |
| Contingency | 177,082 | - | 177,082 | - |
| Reimbursable costs | 350,000 | 139,957 | 210,043 | 158,525 |
| Equipment and small capital outlay | 383,505 | 179,468 | 204,037 | 261,673 |
| Renewal and replacement capital outlay | 1,023,694 | 285,901 | 737,793 | 193,565 |
| Capital project expenditures: | | | | |
| Prior year approved projects | 1,266,588 | 1,165,857 | 100,731 | 500,768 |
| New projects in current year | 7,803,050 | 1,110,729 | 6,692,321 | 1,745,034 |
| Total expenditures | <u>19,281,070</u> | <u>10,078,411</u> | <u>9,202,659</u> | <u>9,978,383</u> |

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

**SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2013
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012**

| | 2013 | | | 2012 |
|--------------------------------------------------------------------------------------------|-------------------------|--------------------|--------------------------------|---------------------|
| | <u>Final Budget</u> | <u>Actual</u> | <u>Variance Over/Under</u> | <u>Actual</u> |
| Revenues over (under) expenditures | <u>(9,750,569)</u> | <u>(391,781)</u> | <u>9,358,788</u> | <u>(180,085)</u> |
| Other Financing Sources (Uses): | | | | |
| State grant reimbursements | 1,300,000 | 209,698 | (1,090,302) | - |
| Federal airport improvement program grants | 7,385,569 | 1,361,410 | (6,024,159) | 1,724,196 |
| Sale of capital assets | - | 28,212 | 28,212 | - |
| Passenger facility charges | 1,050,000 | 1,237,175 | 187,175 | 1,367,373 |
| Appropriated net position | <u>15,000</u> | <u>-</u> | <u>(15,000)</u> | <u>-</u> |
| Total other financing sources (uses) | <u>9,750,569</u> | <u>2,836,495</u> | <u>(6,914,074)</u> | <u>3,091,569</u> |
| Revenues and other financing sources over (under) expenditures and other financing uses | <u>\$ -</u> | <u>2,444,714</u> | <u>\$ 2,444,714</u> | <u>2,911,484</u> |
| Reconciliation From Budgetary Basis (Modified Accrual) to Full Accrual: | | | | |
| Capital outlay expenditures | | 465,369 | | 455,238 |
| Capital project expenditures | | 2,276,586 | | 2,245,802 |
| Principal payments of bond maturities | | 461,809 | | 435,889 |
| OPEB annual required contribution in excess of actual payments | | (82,226) | | (94,549) |
| LEO special separation allowance actual payments in excess of required contribution | | (6,284) | | 14,439 |
| Loss on disposal of capital assets | | (549,570) | | - |
| Depreciation | | <u>(4,812,708)</u> | | <u>(4,738,641)</u> |
| Change in net position | | <u>\$ 197,690</u> | | <u>\$ 1,229,662</u> |

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

CAPITAL IMPROVEMENTS SUPPLEMENTAL SCHEDULE
 SCHEDULE OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP)
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2013

| | Project Authorization | Actual | | | Variance Positive (Negative) |
|--------------------------------------------------------------------------------------------|--------------------------|------------------|------------------|------------------|------------------------------------|
| | | Prior Years | Current Year | Total to Date | |
| Revenues: | | | | | |
| Federal airport improvement program grants | \$ 8,106,516 | \$ 1,386,458 | \$ 1,361,409 | \$ 2,747,867 | \$ (5,358,649) |
| Passenger facility charges | 338,271 | 27,304 | 52,362 | 79,666 | (258,605) |
| State grants | 1,300,000 | - | 209,698 | 209,698 | (1,090,302) |
| Total operating revenues | <u>9,744,787</u> | <u>1,413,762</u> | <u>1,623,469</u> | <u>3,037,231</u> | <u>(6,707,556)</u> |
| Expenditures: | | | | | |
| Airfield improvements - Phase I - Design | 3,266,300 | - | 561,121 | 561,121 | 2,705,179 |
| Aircraft Rescue & Fire Fighting Facility | 4,536,750 | 60,713 | 549,608 | 610,321 | 3,926,429 |
| Passenger Boarding Bridges | 1,854,044 | 964,071 | 790,629 | 1,754,700 | 99,344 |
| Airport Master Plan | 862,000 | 485,385 | 367,436 | 852,821 | 9,179 |
| Total expenditures | <u>10,519,094</u> | <u>1,510,169</u> | <u>2,268,794</u> | <u>3,778,963</u> | <u>6,740,131</u> |
| Revenues over (under) expenditures | <u>(774,307)</u> | <u>(96,407)</u> | <u>(645,325)</u> | <u>(741,732)</u> | <u>32,575</u> |
| Other Financing Sources (Uses): | | | | | |
| Transfers from operating cash | <u>774,307</u> | <u>96,407</u> | <u>645,325</u> | <u>741,732</u> | <u>32,575</u> |
| Total other financing sources (uses) | <u>774,307</u> | <u>96,407</u> | <u>645,325</u> | <u>741,732</u> | <u>32,575</u> |
| Revenues and other financing sources over (under) expenditures and other financing uses | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

Note: Schedule represents cumulative activity for active capital improvement projects.
 Budget and actual activity is accounted for in the Operating Fund.
 This schedule is for additional detail of active capital improvement projects.

MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards*

Independent Auditor's Report

To the Board of Directors
Greater Asheville Regional Airport Authority
Fletcher, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the business-type activities of the Greater Asheville Regional Airport Authority, as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Greater Asheville Regional Airport Authority's basic financial statements, and have issued our report, thereon, dated September 12, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Greater Asheville Regional Airport Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Greater Asheville Regional Airport Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and; accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P. A.
Hickory, North Carolina
September 12, 2013

MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

Report On Compliance For Each Major Federal Program; Report On Internal Control Over Compliance; In Accordance with OMB Circular A-133; And The State Single Audit Implementation Act

Independent Auditor's Report

To the Board of Directors
Greater Asheville Regional Airport Authority
Fletcher, North Carolina

Report on Compliance for Each Major Federal Program

We have audited the Greater Asheville Regional Airport Authority's compliance with the types of compliance requirements described in OMB Circular A-133 Compliance Supplement and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Greater Asheville Regional Airport Authority's major federal programs for the year ended June 30, 2013. The Greater Asheville Regional Airport Authority's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Greater Asheville Regional Airport Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Greater Asheville Regional Airport Authority's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Greater Asheville Regional Airport Authority's compliance.

Opinion On Each Major Federal Program

In our opinion, the Greater Asheville Regional Airport Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report On Internal Control Over Compliance

Management of the Greater Asheville Regional Airport Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P. A.
Hickory, North Carolina
September 12, 2013

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2013

1. Summary of Auditors' Results

Financial Statements

| | |
|---------------------------------------------------------------------------------------------|--------------------------------------|
| Type of auditors' report issued: | Unmodified |
| Internal control over financial reporting: | |
| • Material weakness(es) identified? | _____ Yes <u> X </u> No |
| • Significant deficiency(ies) identified that are not considered to be material weaknesses? | _____ Yes <u> X </u> None reported |
| Non-compliance material to financial statements noted | _____ Yes <u> X </u> No |

Federal Awards

| | |
|--------------------------------------------------------------------------------------------------------------------|--------------------------------------|
| Internal control over major federal programs: | |
| • Material weakness(es) identified? | _____ Yes <u> X </u> No |
| • Significant deficiency(s) identified that are not considered to be material weaknesses? | _____ Yes <u> X </u> None reported |
| Type of auditors' report issued on compliance for major federal programs | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? | _____ Yes <u> X </u> No |

Identification of major federal programs:

Name of Federal Program or Cluster

CFDA

| | |
|-----------------------------|--------|
| Airport Improvement Program | 20.106 |
|-----------------------------|--------|

| | |
|-------------------------------------------------------------------------|-----------|
| Dollar threshold used to distinguish between Type A and Type B Programs | \$300,000 |
|-------------------------------------------------------------------------|-----------|

| | |
|----------------------------------------|---------------------------|
| Auditee qualified as low-risk auditee? | _____ Yes <u> X </u> No |
|----------------------------------------|---------------------------|

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2013

2. Findings Related to the Audit of the Basic Financial Statements of the Greater Asheville Regional Airport Authority

None reported.

3. Federal Award Findings and Questioned Costs

None reported.

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013**

There were no prior year audit findings.

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2013**

| <u>Grantor/Pass-Through Grantor/Program Title</u> | <u>Federal CFDA Number</u> | <u>Federal (Direct and Pass-Through) Expenditures</u> | <u>State Expenditures</u> | <u>Local Expenditures</u> |
|------------------------------------------------------------|------------------------------------|-------------------------------------------------------------------|-------------------------------|-------------------------------|
| Federal Awards: | | | | |
| <u>U.S. Department of Transportation</u> | | | | |
| Direct Program: | | | | |
| Airport Improvement Program | 20.106 | \$ 1,361,410 | \$ - | \$ 113,265 |
| Total Federal Awards | | <u>\$ 1,361,410</u> | <u>\$ -</u> | <u>\$ 113,265</u> |
| State Awards: | | | | |
| <u>N.C. Department of Transportation</u> | | | | |
| State Aid to Airports, DOT-8, Project #36244.15.15.1 | | \$ - | \$ 209,698 | \$ 23,300 |
| Total State Awards | | <u>\$ -</u> | <u>\$ 209,698</u> | <u>\$ 23,300</u> |
| Total Federal and State Awards | | <u>\$ 1,361,410</u> | <u>\$ 209,698</u> | <u>\$ 136,565</u> |
| Passenger Facility Charges: | | | | |
| Capital improvements | | | | |
| Application approved number | | 11-05-C-00-AVL | | |
| Beginning balance, unliquidated Passenger Facility Charges | | \$ (632,973) | | |
| Passenger Facility Charges collected | | 1,180,658 | | |
| Expenditures | | <u>(56,523)</u> | | |
| Ending balance, unliquidated Passenger Facility Charges | | <u>\$ 491,162</u> | | |

Notes to the Schedule of Expenditures of Federal and State Awards:

The accompanying Schedule of Expenditures of Federal and State Awards includes the federal and State grant activity of the Greater Asheville Regional Airport Authority and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and the State Single Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.



MEMORANDUM

TO: Members of the Airport Authority

FROM: Lew Bleiweis, A.A.E., Executive Director

DATE: October 11, 2013

ITEM DESCRIPTION – New Business Item B

Update to Budget Supplemental Fees and Charges

BACKGROUND

Each year during the budget process, the Board approves the budget which includes supplemental fees and charges. These fees and charges are for services and/or products the airport provides to its various tenants, customers, and passengers. Such items include equipment use, labor rates for certain services, Identification Badges, and parking rates.

Over the course of several years, the airport tenants have been relying on Public Safety to assist them with locked doors, whether it be office or vehicle doors. The tenants have become more complacent on what they do with the keys because they know they can call Public Safety and have their doors unlocked. This complacency has become a burden and is time consuming for public safety staff. We are proposing to amend the Board approved Supplemental Fees and Charges for FY 2013/2014 to include a lock-out fee. This fee would only be charged to tenants of the airport. Passengers would still be able to receive this service free of charge if the need arises.

Also during the budget process, staff presented, and the Board approved, moving forward with bringing the airport terminal advertising program in house as the current contract with Departure Media is expiring January 31, 2014. This is the program in which terminal space is leased to advertisers for their advertising displays/marketing materials. Advertising in the terminal is very market driven and based on the economy, display type, display location, and other factors. A general advertising rate structure will be developed based upon historic sales and market norms, and adjusted as the

New Business – Item B



market fluctuates. The advertising rate structure will include ranges of costs, based upon advertisement location, exposure to the public and passengers and overall visibility. Discounted pricing may be negotiated for longer-term contracts, multiple advertising locations purchased by one client or other such situations in which the airport and advertiser both benefit. Custom options will also be considered and priced on a case-by-case basis by airport staff, and approved by the Executive Director.

All airport advertising will be bound by contractual agreements, the template of which will be brought to the Board in the near future for approval.

ISSUES

Tenants have become complacent and take advantage of on-site Public Safety Officers to unlock office doors and or vehicles when the tenants misplace keys or lock them in an office or vehicle. Staff must then expend time and effort to assist the tenant for their carelessness. Under normal business circumstances, tenants would have to hire a locksmith to assist a tenant with their needs.

With respects to the airport advertising program, our current concessionaire, Departure Media, has been responsible for managing all aspects of the program. They minimize our exposure and provide a financial guarantee. Taking the program in house does increase our liability and financial risk. If the program doesn't provide the return we are anticipating, staff can put the program back on the street for bids.

ALTERNATIVES

The Board could decide not to charge the tenants for lock-out services, or could decide not to provide the service at all, in which case the tenants would have to hire locksmiths to provide these services.

The Board could alter its decision from April regarding the airport terminal advertising program and not move forward with bringing the advertising program in house.

FISCAL IMPACT

Staff is suggesting that each tenant will be provided two free lock-out services. After which, tenants will be charged \$25.00 per lock-out incident. A survey was conducted of local locksmiths and the fees charged range from a low of \$40 to a high of \$60 plus travel charges.



The rate structure of the airport advertising program will support the overall revenue goals outlined in the Authority's 2014 budget, and will be approved by the Executive Director.

RECOMMENDED ACTION

It is respectfully requested that the Airport Authority Board resolve to (1) approve the amended changes to the FY 2013/2014 Annual Budget Supplemental Fees and Charges Schedule for the inclusion of lock-out service; and (2) approve the development, by staff, of a general advertising rate structure for the Airport Terminal Advertising Program that incorporates the flexibility needed for market fluctuations; (3) authorize the Executive Director to implement the necessary changes for both, and approve the advertising rate structure as needed when the market warrants.

Attachment

**GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY
SUPPLEMENTAL FEES AND CHARGES
FY 2013/2014 ANNUAL BUDGET**

| | FY 2013/2014 Proposed Fees | | FY 2012/2013 Current Fees | |
|------------------------------------------------------|-------------------------------|--------------|------------------------------|-------------|
| | Cost | Per | Cost | Per |
| <u>Maintenance</u> | | | | |
| Scissor Lift | \$ 100.00 | day | \$ 100.00 | day |
| Large ADA Ramp Rental | \$ 100.00 | use | \$ 100.00 | use |
| Air Stair Rental | \$ 100.00 | use | \$ 100.00 | use |
| Volvo Wheel Loader | \$ 150.00 | use | \$ 150.00 | day |
| Fork-lift | \$ 100.00 | use | \$ 100.00 | day |
| Pallet Jack | \$ 50.00 | use | \$ 50.00 | use |
| Tenant Sweeper | \$ 125.00 | hour | \$ 125.00 | hour |
| Service Truck | \$ 50.00 | hour | \$ 50.00 | hour |
| Backhoe | \$ 100.00 | hour | \$ 100.00 | hour |
| Lighted X | \$ 200.00 | day | \$ 200.00 | day |
| Light Tower | \$ 150.00 | day | \$ 150.00 | day |
| Paint Stripper | \$ 100.00 | hour | \$ 100.00 | hour |
| Large Aircraft Removal Dolly | \$ 200.00 | day | \$ 200.00 | day |
| Small Aircraft Removal Dolly | \$ 100.00 | day | \$ 100.00 | day |
| Aircraft Jack | \$ 100.00 | use | \$ 100.00 | use |
| Cores | \$ 40.00 | each | \$ 40.00 | each |
| Keys | \$ 12.00 | each | \$ 12.00 | each |
| Large Dump Truck | \$ 200.00 | hour | \$ 200.00 | hour |
| Small Sweeper | \$ 200.00 | hour | \$ 200.00 | hour |
| Large Sweeper | \$ 300.00 | hour | \$ 300.00 | hour |
| Pressure Washer | \$ 125.00 | hour | \$ 125.00 | hour |
| Maintenance Labor Rate (1) | \$ 45.00 | hour | \$ 45.00 | hour |
| Security Escort Rate (1) | \$ 45.00 | hour | \$ 45.00 | hour |
| <u>Department of Public Safety</u> | | | | |
| ARFF Apparatus for 1500 gal. or greater | \$ 250.00 | hour | \$ 250.00 | hour |
| ARFF Apparatus for less than 1500 gal. | \$ 150.00 | hour | \$ 150.00 | hour |
| Command, Police, and Ops support vehicles | \$ 100.00 | hour | \$ 100.00 | hour |
| Aircraft recover dolly | \$ 150.00 | day | \$ 150.00 | day |
| Maintenance Labor Rate (1) | \$ 45.00 | hour | \$ 45.00 | hour |
| Mutual Aid Agencies collected on their behalf | | as incurred | | as incurred |
| Replacement charges for AVL equipment/supplies | | as incurred | | as incurred |
| <u>Information Technology (IT) Department</u> | | | | |
| IT Labor Rate - Non-Network (1) | \$ 40.00 | hour | \$ 40.00 | hour |
| IT Labor Rate - Network Related (1) | \$ 60.00 | hour | \$ 60.00 | hour |
| Cable Television (CATV) Signal Transport Fee | \$ 10.00 | month | \$ 10.00 | month |
| Cable Television (CATV) Package # 1 (2 & 3) | \$ 36.00 | month | \$ 36.00 | month |
| Cable Television (CATV) Package # 2 (2 & 3) | \$ 72.00 | month | \$ 72.00 | month |
| Dark Fiber per strand per 0-1000 ft | \$ 20.00 | month | \$ 20.00 | month |
| Dark Fiber per strand per 0-2000 ft | \$ 22.00 | month | \$ 22.00 | month |
| Dark Fiber per strand per 0-3000 ft | \$ 24.00 | month | \$ 24.00 | month |
| WiFi & SSID (required for WiFi Access) (2) | \$ 70.00 | month | \$ 70.00 | month |
| Internet Bandwidth-Not Dedicated (2 MB) (2) | \$ 50.00 | month | \$ - | month |
| Internet Bandwidth-Not Dedicated (5 MB) (2) | \$ 70.00 | month | \$ - | month |
| Internet Bandwidth-Not Dedicated (10 MB) (2) | \$ 125.00 | month | \$ - | month |

Notes:

- (1) One Hour Minimum, Minimum of 3 hours charged after regular business hours.
- (2) Add \$120 for 2 hours of IT Labor for Setup & Configuration. Fees may be reduced when bundled with other services.
- (3) Add additional upgrades at cost

| <u>Identification Badge Fees and Charges</u> | FY 2013/2014 Proposed Fees | | FY 2012/2013 Current Fees | |
|----------------------------------------------|-------------------------------|-----|------------------------------|-----|
| | Cost | Per | Cost | Per |
| Initial Badge Issuance | | | | |
| SIDA Badge | \$ 67.00 | | \$ 67.00 | |
| Non-SIDA Badge | \$ 35.00 | | \$ 35.00 | |
| Renewal of Badge | | | | |
| SIDA Badge | \$ 35.00 | | \$ 35.00 | |
| Non-SIDA Badge | \$ 35.00 | | \$ 35.00 | |
| Lost Badge Replacement | | | | |
| SIDA Badge (4) | \$ 85.00 / \$ 100.00 | | \$ 85.00 / \$ 100.00 | |
| Non-SIDA Badge (5) | \$ 60.00 / \$ 75.00 | | \$ 60.00 / \$ 75.00 | |
| Security Escort Training | \$ 25.00 | | \$ 25.00 | |
| Lock-out Service (7) | \$ 25.00 | | | |

Notes:

- (4) \$85.00 for the first replacement badge, \$100.00 for the second replacement badge
(5) \$60.00 for the first replacement badge, \$75.00 for the second replacement badge
(7) \$25.00 Service Charge applies after the first 2 free service calls

Parking

| | | | | |
|-----------------------|----------------|-----------------|----------------|-----------------|
| Long term | \$ 1.50 | 0 - 1 hour | \$ 1.50 | 0 - 1 hour |
| | \$ 1.50 | each add'l hour | \$ 1.50 | each add'l hour |
| | \$ 8.00 | day | \$ 8.00 | day |
| | \$ 48.00 | week | \$ 48.00 | week |
| Short term | \$ 1.00 | 1/2 hour | \$ 1.00 | 1/2 hour |
| | \$ 12.50 | day | \$ 12.50 | day |
| Employee Parking Rate | \$ 53 / \$48 | new/renewal | \$ 53 / \$48 | new/renewal |
| Commuter Parking Rate | \$ 279 / \$263 | new/renewal | \$ 279 / \$263 | new/renewal |
| Fines | up to \$1,000 | day | up to \$1,000 | day |

Ground Transportation

| | | | | |
|-------------------------------------------------|--------|------------------|--------|------------------|
| Airport Ground Transportation Permit (6) | \$ 200 | annual | \$ 184 | annual |
| Off-Airport Rental Car Fee | 7.50% | of gross revenue | 7.50% | of gross revenue |

Notes:

- (6) Only bill for first 10 vehicles to a maximum of \$2,000 per company.



MEMORANDUM

TO: Members of the Airport Authority

FROM: Michael A. Reisman, A.A.E.
Deputy Executive Director, Development and Operations

DATE: October 11, 2013

ITEM DESCRIPTION – New Business Item C

Approve Agreements for Professional Consulting Services with Delta Airport Consultants, Inc. and Avcon, Inc.

BACKGROUND

In order to carry out its five year CIP, the Asheville Regional Airport selects and maintains professional consultants on a five year contractual basis. Most recently, contracts with existing consultants were extended specific to their work on the airfield re-development project and/or Aircraft Rescue Firefighting facility. However, as the original five year commitment expired with each, a new selection process was required for other projects not associated with the airfield project over the next five years. A qualifications based selection process was conducted in accordance with FAA requirements and publicly advertised the week of May 27th, 2013, with a due date of June 28th, 2013. Eleven firms submitted Statements of Qualifications. A review committee made up of six staff members reviewed all of the submittals, and based on qualifications, selected the top four firms. Personal interviews were subsequently conducted. As a result of the interviews, Delta Airport Consultants, Inc. and Avcon, Inc. were selected by staff through ranking to provide these services to the Authority over the next five year period. Avcon is one of the firms already under an extended agreement for services associated with the airfield re-development program.

ISSUES

None.



ALTERNATIVES

The Airport Board could elect not to award contracts to these consulting firms, which would result in staff making an alternate recommendation to select different firms which did not score as high in the ranking process.

FISCAL IMPACT

There is no fiscal impact directly associated with this action. Any work performed under these contracts would require negotiation of a scope of work and fee, which would require approval in accordance with Authority policies

RECOMMENDED ACTION

It is respectfully requested that the Airport Authority Board resolve to (1) approve the established rankings of the top four consulting firms; (2) approve the award of an Agreement for Professional Consulting services with Delta Airport Consultants, Inc.; (3) approve the award of an Agreement for Professional Consulting Services with Avcon, Inc.; and (4) authorize the Executive Director to execute the necessary documents with each firm.



Asheville Regional Airport Five Year Consulting Services Selection Process Consultant Rankings

1. Delta Airport Consultants, Inc.
2. Avcon, Inc.
3. Mead and Hunt, Inc.
4. WK Dickson

AGREEMENT FOR PROFESSIONAL CONSULTING SERVICES

BETWEEN

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

AND

DELTA AIRPORT CONSULTANTS, INC.

THIS IS AN AGREEMENT made as of the _____ day of October, 2013, between the GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY, 61 Terminal Drive, Suite 1, Fletcher, North Carolina 28732, hereinafter referred to as "Authority," and DELTA AIRPORT CONSULTANTS, INC., a Corporation with offices located at 1805 SARDIS ROAD NORTH, SUITE 101, CHARLOTTE, NORTH CAROLINA, hereinafter referred to as the "Consultant."

WITNESSETH

WHEREAS, Authority anticipates a need for Professional Consulting Services (hereinafter called "Services") for the accomplishment of the proposed projects as described in **Exhibit "A"** [hereinafter called "Project"], and Consultant is desirous of providing such services to Authority;

NOW THEREFORE, in consideration of the mutual covenants hereinafter contained, Authority hereby retains Consultant, and the parties agree as follows:

Consultant hereby agrees to perform Services for Authority as subsequently described by separate Scope of Services (**see Exhibit "B"**) to this Agreement for Services, subject to and in accordance with the terms and provisions hereinafter contained. Individual Scope of Services shall be negotiated on a project-by-project basis.

The term of this Agreement shall be for a period of five (5) years beginning on the date of execution, unless terminated in accordance with Section 7.7 of this Agreement.

SECTION 1 – SCOPE OF SERVICES

The Authority will request a Scope of Services for each project it desires to engage the services of the Consultant. Each Scope of Services shall be specific as to the extent of services required for each project. The Scope of Services shall be as described in the form included as **Exhibit "B"**. Services for the Project may include the following elements:

1. Assistance in formulating the project and applying for State and/or Federal aid. (Due to logistics of the funding process, these services are generally performed prior to preparation of the Scope of Services.)
2. Preparation of preliminary design information for review and approval.
3. Assistance with obtaining necessary property, topographic and environmental surveys, and investigative testing.
4. Preparation of Plans, Specifications, Bidding Documents, other Contract Documents, and

Architectural Reports.

5. Assistance with obtaining permits and approvals required to construct the project.
6. Assistance during the bidding and construction contract formulation process.
7. Construction contract administration and Resident Project Representative (RPR) services.
8. Assistance with Quality Assurance (QA) Testing during construction.
9. Assistance with project close-out.

SECTION 2 - BASIC SERVICES

2.1. General

- 2.1.1 Scope of Basic Services: Unless otherwise modified in the respective Scope of Services for the Project, Basic Services shall consist of Services during the Preliminary Design Phase, the Design and Permitting Phase; the Bidding and Contract Preparation Phase, and the Construction and Close-Out Phase.
- 2.1.2 Site: The Site of the Project will be described in the corresponding Scope of Services. The Project will typically be contained within the boundaries of the airport property, but in some cases utilities, roadways and other miscellaneous work may be required in contiguous areas to achieve a complete Project.
- 2.1.3 Sub-consultants: Consultant shall not utilize any sub-consultants for carrying out the services to be performed under this Agreement without the prior written approval of Authority. By the execution of this Agreement, Authority grants approval for the utilization of the sub-consultants set forth in **Exhibit "D"**, which is attached hereto and incorporated herein.
- 2.1.4 Authorization to Proceed: Return of the signed and dated Agreement to the Consultant shall constitute authorization to proceed. Authority shall verify that necessary Federal Aviation Administration (FAA) and/or North Carolina Department of Transportation (NCDOT) approvals have been received, prior to returning the signed Agreement. Consultant shall assist Authority with obtaining approvals.
- 2.1.5 Work Performed Prior to Execution of Agreement: Due to the logistics of the FAA and NCDOT funding process, assistance with formulating the project (or multiple Projects in the Authority's Work Program) and assistance with the preliminary request for State or Federal Aid (JPA request, FAA Pre-application, or similar communication) is usually performed by Consultant prior to approval of the Agreement for a specific Project. For typical airport improvement Projects, such work is performed to assist in promoting development of the Airport, in the anticipation of recovering the expended costs as part of the Preliminary Design-Phase fee after the Agreement is executed. If, for any reason, the Agreement for the specific project is not executed, the Authority shall have no obligation to compensate Consultant for assistance expended to formulate the Project or request aid prior to execution of the Authority, except in the case of complex projects or

projects with an apparent low probability of funding, in which it has been agreed in writing, in advance, that the Consultant will be compensated on a time-and-material or other basis for Project formulation and/or assistance with the request for funding. In such cases, the fee for Basic Services, if finally approved, shall not include the amount paid earlier for Project formulation and/or assistance with requests for funding.

- 2.1.6 Cooperation with Other Consultants: Consultant recognizes that the Authority has selected one or more other consultants to assist with the development of the Airport. The Consultant agrees to cooperate with the other consultant(s) and assist the Authority diligently in the process of pursuing funding of projects, without regard to which Consultant appears more likely to perform the consulting services for any particular project.

2.2. Pre-Planning Phase

After receiving an executed Scope of Services agreement, Consultant shall:

- 2.2.1 Consult with Authority to clarify and define the Authority's requirements for the project, discuss alternatives, and consider the cost of alternatives.
- 2.2.2 Review all available data; advise Authority to necessity of the Authority's providing or obtaining from others data or services of the types as described in paragraph 4.3, and assist Authority in obtaining such data and services.

2.3. Planning Phase

After approval of the pre-planning documents, Consultant shall:

- 2.3.1 Prepare Plans and Narrative, depicting scope, character, and details of the Plan and alternatives.
- 2.3.2 Prepare a report summarizing the basis and rationale of the design, listing standards used, and providing the Consultant's final opinion of probable construction costs and suggested funding and phasing.
- 2.3.3 Furnish to Authority two sets of Planning Documents, and additional sets as required by the Authority.
- 2.3.4 Respond to Authority and other governmental agency review comments.
- 2.3.5 Unless otherwise agreed in advance, all aforementioned documents will be prepared and submitted to the Authority in both hard copy and electronic format (AutoCAD 2008 compatible; Microsoft Word, or such other electronic formats as requested by the Authority)
- 2.3.6 Coordinate follow-up services by other consultants.

2.4. Preliminary Design Phase

After receiving an executed Agreement Consultant shall:

- 2.4.1 Consult with Authority to clarify and define Authority's requirements for the Project, discuss alternatives, and consider the costs of alternative designs.
- 2.4.2 Review available data; advise Authority as to the necessity of the Authority's providing or obtaining from others data or services of the types described in paragraph 4.3, and assist Authority in obtaining such data and services.
- 2.4.3 Prepare preliminary, schematic layouts, sketches and conceptual design drawings and other exhibits to clearly indicate the design considerations involved and the alternative solutions available. Provide recommendations, with an opinion of the Probable Cost of the Project. It shall be understood that the opinions of Probable Cost are offered only as the Consultant's opinion of the likely cost of the improvements based on the Consultant's experience and the limited information available at the time; such opinions of cost are not to be construed as guarantees. If the word "Estimate" is used, it shall be understood to mean "opinion of Probable Cost."
- 2.4.4 Transmit by expeditious means (fax, internet, express courier, or hand delivery; or by U.S. Mail if appropriate for the project schedule) the Preliminary Drawings and other information. Discuss by telephone or in person as appropriate, and revise the Drawings and other exhibits as needed until Authority approves the Preliminary Design. Coordinate drawings and other information with permitting and/or regulatory agencies as appropriate for this phase, to avoid unnecessary changes to the final Construction Documents. Upon approval by Authority of the Preliminary Design, which shall be given either in writing by Authority or verbally by Authority and confirmed in writing by Consultant, the Design Phase shall begin. Multiple revisions of the drawings during the Preliminary Design phase shall not be considered "Additional Services."

2.5 Design Development Phase

- 2.5.1 Based on the approved Preliminary Design Documents and any adjustments authorized by the Authority in the program, schedule or construction budget, the Consultant shall prepare, for approval by the Authority, Design Development Documents consisting of drawings and other documents to fix and describe the size and character of the Project as to architectural, structural, mechanical and electrical systems, materials and such other elements as may be appropriate.
- 2.5.2 The Consultant shall advise the Authority of any adjustments to the preliminary estimate of Construction Cost.

2.6. Design and Permitting Phase

After approval by the Authority of the Design Development Documents, Consultant shall:

- 2.6.1 Prepare Final Plans and Specifications, depicting the scope, character, and details of the work, in accordance with generally accepted standards of airport design practice. The

term "Specifications" shall be understood to include General Conditions, Special Provisions, and other Contract Documents.

- 2.6.2 Prepare a report, summarizing the basis and rationale of the design, listing standards used, and providing the Consultant's final opinion of probable construction costs.
- 2.6.3 Furnish to Authority two sets of Plans, Specifications, and Consultant Report, and simultaneously send one set each to FAA, NCDOT and/or any other applicable governmental agencies, for review. Assist Authority with submittal of certifications.
- 2.6.4 Respond to Authority, FAA, NCDOT and/or any other applicable governmental agency review comments.
- 2.6.5 Furnish to Authority such documents and design data as may be required for submittal to governmental authorities having jurisdiction over the Project, and assist in obtaining permits and approvals by participating in submissions to and negotiations with the authorities. (All permit and review fees shall be paid by Authority.) It must be understood that these services do not constitute a guarantee that the permits will be issued; some projects (runway extensions, wetland mitigation, etc.) may be of a controversial nature and it may not be possible to obtain permits, or it may be found that substantial additional services may be required to obtain permits.
- 2.6.6 Unless otherwise agreed in advance, all aforementioned documents will be prepared and submitted to Authority in both hard copy and electronic format (AutoCAD 2004 compatible; Microsoft Word, or such other electronic formats as requested by the Authority). Data files will be furnished to Authority, at any time upon request.

2.7. Bidding and Contract Formulation Phase

After Authority, FAA, NCDOT and/or any other applicable governmental agencies have approved the documents for Bid Advertisement, the Consultant shall:

- 2.7.1 Assist Authority in advertising for and obtaining bids or negotiating proposals for each Construction Contract. Consultant shall receive payments for bid documents, and issue bidding documents directly to prospective bidders, and furnish the requested number of bid document sets to Authority for issuance to bidders from Authority's office.
- 2.7.2 Respond to prospective bidder's inquiries and issue Addenda as required to clarify, and/or interpret the Bidding Documents.
- 2.7.3 Attend the bid openings. Prepare bid tabulation, and assist Authority in evaluating bids or proposals, preparing letters to funding agencies, and in assembling and processing the Construction Contract. For FAA-funded projects, prepare an Application for Federal Assistance, generally on the same day as the receipt of bids.
- 2.7.4 Prepare Contract and Bond documents and issue them to Contractor; receive the executed documents and verify that they appear to be completely and correctly executed; bind them into "conformed copies" of the contract documents, and forward the documents to Authority for execution and distribution. Establish a procedure to

verify that the bonds and insurance remain valid throughout the final close-out of the project.

2.8. Construction and Close-Out Phase

During the Construction and Close-Out Phase, the Consultant shall:

- 2.8.1 Provide General Administration of the Construction Contract. Consultant shall consult with and advise Authority and act on behalf of the Authority, as provided hereinafter. The extent and limitations of the duties, responsibilities and authority of Consultant shall not be modified, except to the extent provided in the Scope of Services and except as Consultant may otherwise agree in writing. All of the Authority's instructions to Contractor(s), except those related to safety or airport operations which require immediate communication to promote airport safety, will be issued through Consultant who will have authority to act on behalf of the Authority to the extent herein provided, except as otherwise modified in writing.
- 2.8.2 Attend and direct the Preconstruction Conference; prepare and distribute summary of topics discussed; and assist with start-up of the construction Project.
- 2.8.3 Issue guidelines for quality assurance testing. For FAA AIP projects, this will be in the form of a "Construction Management Plan." This is the title of the document used by FAA and shall not be interpreted to mean that the Consultant is responsible to manage the Contractor's operation, which is the responsibility of Contractor.
- 2.8.4 Periodically visit the site and observe the construction; discuss progress and construction details with RPR, Authority's Representative, and the Contractor's Superintendent. Issue a written report, if required. Periodic site reviews generally occur at one week or shorter intervals, although there is no definite schedule for such visits.
- 2.8.5 Review daily reports and other information which is transmitted regularly by RPR.
- 2.8.6 The purpose of Consultant's visits to the site, and representation by RPR, if any, will be to enable Consultant to better carry out his duties and responsibilities during the Construction Phase, and to provide Authority assurance that the completed and accepted work of the Contractor(s) has been monitored in accordance with the quality assurance provisions set forth by FAA and NCDOT, and conforms to the Construction Contract requirements. Consultant shall not, during such visits or as a result of such observations of Contractor(s)' work in progress, supervise, direct or have control over Contractor(s)' work, nor shall the Consultant have authority over or responsibility for the means, methods, techniques, sequences or procedures of construction selected by Contractor(s), for safety precautions and programs incidental to the work of Contractor(s), or for any failure of Contractor(s) to comply with laws, rules, regulations, ordinances, codes or orders applicable to the construction work. Accordingly, Consultant can neither guarantee the performance of the construction contracts by Contractor(s) nor assume responsibility for Contractor(s)' acts or omissions in the performance of the work. However, Consultant's shall expeditiously notify the Contractor and Authority of any observed failure of Contractor to perform the work in accordance with the Plans and Specifications, or other observed failure to comply with the contract requirements.

- 2.8.7 Review and approve (or take other appropriate action in respect of) Shop Drawings, Certifications, Samples, and Mix Designs, which each Contractor is required to submit, but only for conformance with the design concept of the Project and compliance with the information given in the Construction Contract Documents. Such review and approval or other action shall not extend to the means, methods, sequences, techniques or procedures of construction or to safety precautions and programs incidental thereto.
- 2.8.8 Issue all instructions of Authority to Contractor(s), except as hereinbefore noted; issue necessary interpretations and clarifications of the Construction Contract Documents and in connection therewith; prepare Change Orders or other authorizations to perform additional work as required; have authority, as Authority's Representative, to require special inspection or testing of the work; act as initial interpreter of the requirements of the Construction Contract Documents and judge of the acceptability of the work thereunder; and render advice on all claims of Authority and Contractor(s) relating to the acceptability of the work or the interpretation of the requirements of the Construction Contract Documents pertaining to the execution and progress of the work; however Consultant shall not be liable for the results of any such interpretations or decisions rendered by him in good faith.
- 2.8.9 Review Contractor's Periodic Pay Requests, and recommend payment amount to Authority. Consultant's payment recommendation (certification) will be based on on-site observations by Consultant and on verification of quantities by RPR. Such recommendation of payment will constitute a representation to Authority that the work has progressed to the point indicated, to the best of Consultant's knowledge, information and belief. This recommendation shall not constitute certification that moneys owed by the Contractor to Sub-contractors or suppliers have been paid.
- 2.8.10 Conduct a preliminary final Project Review to determine whether the Project is Substantially Complete, and issue a Punch List. After being notified that the Punch List work is presumptively complete, conduct a final Project Review to determine whether the work has been completed in accordance with the Construction Contract Documents and whether each Contractor has fulfilled all of its obligations thereunder so that Consultant may recommend, in writing, final payment to Contractor and may give written notice to Authority and Contractor(s) that the work is acceptable (subject to any conditions therein expressed.)
- 2.8.11 Project review, including periodic review by Consultant and continuous or nearly continuous review by RPR, shall consist of a visual observation of materials, equipment, or construction work for the purpose of ascertaining that the work is in substantial conformance with the Construction Contract Documents and with the design intent. Such review shall not be relied upon by others as acceptance of the work, nor shall it be construed to relieve the Contractor in any way of his obligation and responsibilities under the construction contract. Specifically, and without limitation, review by Consultant shall not require Consultant to assume responsibilities for the means and methods of construction nor for safety on the job site.

- 2.8.12 Consultant shall not be responsible for the acts or omissions of any Contractor, or Sub-contractor, or any of Contractor(s)' or Sub-contractors' agents or employees or any other persons (except Consultant's own employees and agents) at the site or otherwise performing any of Contractor(s)' work; however, nothing contained herein shall be construed as releasing Consultant from liability for failure to properly perform duties undertaken by him.
- 2.8.13 Consultant shall prepare a set of "Record Drawings" after completion of the project, showing changes made during construction, based on the marked- up prints, drawings and other data furnished by Contractor(s) to Consultant, which Consultant considers significant. Such Record Drawings will be in electronic format (AutoCAD 2004 compatible) and will be furnished to Authority along with blue-line prints or blackline plots. If the Contractor furnishes record information in the form of finished AutoCAD drawings rather than marked-up prints or similar non-CAD method, Consultant may add those drawings to the record drawing set, rather than transcribing the information to the Contract Drawings.
- 2.8.14 During the course of construction, Consultant may be required to perform quality assurance (QA) testing, through a qualified and certified testing laboratory, to verify that the improvements constructed by the Contractor(s) conform to the requirements of the Construction Contract Documents. It shall be understood that Consultant will use random sampling procedures, meaning selected portions of the work will be subject to close review and/or testing, and the results observed will be inferred to exist in other areas not sampled. Although such sampling procedures will be conducted in accordance with commonly accepted standards of practice, it shall be understood that the samples and tests will indicate the actual conditions only where the sampling and testing is performed, and that, despite proper implementation of sampling and testing procedures and proper interpretation of their results, Consultant can only infer, not assure, the existence of the revealed conditions at other locations. Accordingly, Authority shall not require Consultant to sign any certification, no matter by whom requested, that would result in Consultant certifying the existence of conditions of which Consultant cannot be certain.
- 2.8.15 "Certify" means to state or declare a professional opinion of conditions whose true properties cannot be known at the time such certification was made, despite appropriate professional evaluation. Consultant's certification of conditions in no way relieves any other party from meeting requirements imposed by contract or other means, including commonly accepted industry practices.
- 2.8.16 To assist Authority with the project close-out process, Consultant shall prepare a summary of quality assurance testing, summary of project costs, and related items required by FAA and NCDOT for Close-Out of the Project. Such information shall be neatly organized and bound.

2.9. Buried Utilities

- 2.9.1 Consultant shall conduct the research that in his professional opinion is necessary to locate utility lines and other man-made objects that may exist beneath the site's surface. Authority recognizes that Consultant's research may not identify all subsurface utility

lines and man-made objects, and that the information upon which Consultant relies may contain errors or may not be complete. Authority also agrees that the possibility exists that soil borings or other penetrations made by or under the instructions of Consultant for investigative purposes may strike and damage underground utility lines or other man-made objects, despite the efforts of Consultant to avoid such objects.

SECTION 3 - SPECIAL AND ADDITIONAL SERVICES

3.1 Special Services

Special Services are any services which are included in the Scope of Services but are not part of Basic Services. Such services are usually performed either by a Sub-consultant (for example, testing or survey,) or by an employee of Consultant residing in the vicinity of the project (RPR.) The terms and conditions for furnishing Special Services are set forth in the Scope of Services.

3.2 Additional Services

Additional Services are services required by Authority which are not included in (or are specifically excluded by) the Scope of Services. Typically, such services are associated with unforeseen conditions which arise during the design or construction process. All additional Services shall be approved in advance by Authority. Additional Services include, but are not limited to, the following.

- 3.2.1 Additional Permitting Services due to changes in regulatory policies which went into effect after the Scope of Services was formulated and Permitting Services such as environmental assessments, asbestos evaluations and permitting, etc. which were not contemplated or identified in the Scope of Services. (The scope of permitting services included in **Exhibit "B"** reflects the services which Consultant anticipates to be necessary based upon experience with prior projects, and does not include contingencies for unexpected or unanticipated permitting requirements that one or more of the various governmental agencies having jurisdiction might elect to impose.)
- 3.2.2 Field investigations to verify the accuracy of Drawings or other information furnished by Authority.
- 3.2.3 Services resulting from significant changes in extent of the Project or its design including, but not limited to, changes in size, complexity, Authority's schedule, or character of construction or method of financing; and revising previously accepted studies, reports, design documents or construction contract documents when such revisions are due to causes beyond Consultant's control. This does not apply to the Preliminary Design Phase, in which multiple revisions are not considered Additional Services.
- 3.2.4 Providing renderings or three-dimensional models. (Preparation of a reasonable number of two-dimensional exhibits for presentation to the public, FAA, NCDOT, Authority, etc. is an essential part of Basic Services to properly communicate and coordinate the project, and will not be considered Additional Services.)

- 3.2.5 Preparing documents with multiple bid schedules or complex bid options, or requiring the construction work to be performed in two or more mobilizations, or at night, when such conditions were not anticipated in the Scope of Services.
- 3.2.6 Investigations involving detailed consideration of operations, maintenance and overhead expenses; providing Value Engineering consulting to a significant degree during the course of design; preparation of feasibility studies, cash flow and economic evaluations, rate schedules and appraisals; assistance in obtaining loan or bond financing for the Project; evaluation of processes licensing and assisting Authority in obtaining process licensing; detailed quantity surveys of material, equipment and labor; audits or inventories required in connection with construction performed by Authority.
- 3.2.7 Services performed by Consultant due to failure of the Contractor to complete the work within the scheduled time, including but not limited to additional periodic reviews and additional follow-up reviews to verify Punch List completion after the final inspection. (Wherever possible, the costs of such services will be minimized by combining follow-up inspections with trips made to the site for other projects.)
- 3.2.8 Services resulting from the award of a greater number of separate prime contracts for construction, materials, equipment or services than are anticipated in the Scope of Services and services resulting from the arranging for performance by individuals or firms other than the principal Prime Contractor(s.)
- 3.2.9 Providing any type field surveys, engineering surveys or staking to enable the Contractor(s) to proceed with their work; and providing other special field surveys, where such work was not included in the Scope of Services.
- 3.2.10 Services in connection with changes or additions to the Project requested by the Authority during construction, unless of a minor and incidental nature
- 3.2.11 Services during out-of-town travel required of Consultant and approved by Authority, other than visits to the site as required by Section 2, or visits to the FAA or NCDOT offices will not be considered out-of-town travel.
- 3.2.12 Additional or extended services during construction made necessary by (1) work damaged by fire or other cause during construction, (2) a significant amount of defective or neglected work of Contractor(s), (3) acceleration of the progress schedule involving services beyond normal working hours, (4) default by Contractor(s), or (5) evaluation of an unreasonable number of claims made by the Contractor(s) or others.
- 3.2.13 Preparation of operating and maintenance manuals; protracted or extensive assistance in balancing); and training personnel for operation the utilization of any equipment or system (such as initial start-up, testing, adjusting and maintenance.
- 3.2.14 Services after completion of the Construction Phase, such as project review during any guarantee period, and reporting observed discrepancies under guarantees called for in any contract for the Project.

- 3.2.15 Preparing to serve or serving as a consultant or witness for Authority in any litigation, public hearing or other legal or administrative proceeding involving the Project (except as specifically provided in the Scope of Services.)
- 3.2.16 Any similar Additional Services in connection with the Project, including services normally furnished by Authority and services not otherwise provided for in this Agreement.

3.3. Resident Representative Services During Construction

- 3.3.1 If included in the Scope of Services, a Resident Project Representative (RPR) will be furnished by Consultant. Such services will be paid for by Authority as provided in the Scope of Services.
- 3.3.2 The duties, responsibilities, and limitations of Authority of RPR and any assistants to the RPR are set-forth in **Exhibit "E"**, which is attached hereto and incorporated herein.
- 3.3.3 Through more extensive on-site observations of the work in progress and field checks of materials and equipment by RPR, Consultant shall provide further protection for the Authority against defects and deficiencies in the work of Contractor(s); however, the furnishing of RPR Services will not make Consultant responsible for the Contractor's means, methods, techniques, sequences or procedures, or for safety precautions or programs.

SECTION 4 - AUTHORITY'S RESPONSIBILITIES

The Authority shall do the following in a timely manner:

- 4.1 Designate a person (or persons) to act as Authority's Representative with respect to the services to be rendered under this Agreement. Such person shall have complete authority to transmit instructions, receive information, interpret and define the Authority's policies and decisions with respect to Consultant's services for the Project.
- 4.2 Furnish to Consultant criteria and information as to the Authority's requirements for the Project, including design objectives and constraints, space, capacity and performance requirements, flexibility and expendability, and any budgetary limitations; and furnish copies of all local or extraordinary design and construction standards which Authority will require to be included in the Drawings and Specifications. (Such criteria and information may be furnished verbally during project formulation and design discussions; Authority is not obligated to furnish any written summaries of design criteria and requirements, but may do so if he deems it to be appropriate.)
- 4.3 Assist Consultant by placing at his disposal available information pertinent to the Project including previous reports and any other data relative to design or construction of the Project. Authority shall make pertinent files and records available, but shall not be obligated to perform any exhaustive or detailed research of existing files or records.
- 4.4 Provide Consultant, as required for performance of Consultant's Basic Services (except to the extent provided otherwise in the Scope of Services) data prepared by or services

of others, including but not limited to core borings, probings, and subsurface explorations, laboratory tests and inspection of samples, materials and equipment; appropriate professional interpretations of the foregoing; environmental assessment and impact statements; property, boundary, easement, right-of-way, topographic and utility surveys; property descriptions; zoning, deed and other land use restrictions; and other special data or consultations not covered in Section 3; all of which Consultant may rely upon in performing his services.

- 4.5 Arrange for access to and make all provisions for Consultant to enter upon public and private property as required for Consultant to perform Services under this Agreement.
- 4.6 Examine all studies, reports, sketches, Drawings, Specifications, proposals and other documents presented by Consultant; obtain advice of an attorney, insurance counselor and other consultants as the Authority deems appropriate; and render decisions pertaining thereto within a reasonable time so as not to delay the services of Consultant.
- 4.7 Assist Consultant in the process of obtaining necessary permits for the Project. Authority shall promptly review, and upon its approval, sign, and submit to the appropriate agencies such approved permit applications which Consultant furnishes. Authority shall pay all applicable agency permit and review fees.
- 4.8 If more than one prime contract is to be awarded for construction, materials, equipment and services for the entire Project, Authority shall designate a person or organization to have authority and responsibility for coordinating the activities among the prime contractors.
- 4.9 Attend the pre-bid conference, bid openings, preconstruction conferences, construction progress and other job related meetings, and pre-final and final project reviews.
- 4.10 Give prompt written notice to Consultant whenever Authority observes or otherwise becomes aware of any development that affects the scope or timing of Consultant's services, any defect in the work of Contractor(s), or any apparently unsafe practices being performed by Contractor(s.)
- 4.11 Direct Consultant to provide, necessary Additional Services as stipulated in Section 3 of this Agreement or other services as required.
- 4.12 Bear all costs incidental to performance of the requirements of this Section 4.

SECTION 5 - PERIOD OF SERVICE

- 5.1 The services called for in the Preliminary Design Phase will be completed and the Preliminary Design documents submitted within the stipulated period, if any, indicated in the Scope of Services after authorization to proceed with that phase of services.
- 5.2 After acceptance by Authority of the Preliminary Design Phase documents indicating any specific modifications or changes in the extent of the Project desired by Authority, and upon written authorization from Authority, Consultant shall proceed with the performance of the services called for in the Design and Permitting Phase, and shall

submit Plans, Specifications, and general consulting report and other documents for 100% review within the stipulated period, if any, indicated in the Scope of Services.

- 5.3 Consultant's services under the Preliminary Design Phase and the Design and Permitting Phase shall be considered complete at the earlier of (1) the date when the submissions for that phase have been accepted by Authority or (2) thirty (30) days after the date when such submissions are delivered to Authority for final acceptance, plus such additional time as may be considered reasonable for obtaining approval of governmental authorities having jurisdiction over the Project.
- 5.4 After acceptance by Authority of Consultant's Plans, Specifications and other Final Design Phase documentation including the most recent opinion of Probable Construction and Total Project Cost and upon written authorization to proceed with advertisement of the Project, Consultant shall proceed with performance of the Services called for in the Bidding and Contract Formulation Phase. This Phase shall terminate and the services to be rendered thereunder shall be considered complete upon commencement of the Construction Phase or upon cessation of the negotiations with prospective Contractor(s).
- 5.5 The Construction and Close-Out Phase will commence with the execution of the first Prime Contract to be executed for the work of the Project or any part thereof, and will terminate upon submittal of final close-out documentation for submittal to FAA and/or NCDOT. Construction Phase services may be rendered at different times in respect of separate prime contracts if the Project involves more than one Prime Contract.
- 5.6 If Authority has requested significant modifications or changes in the extent of the Project, the time, if any, of performance of Consultant's Services, Consultant's compensation may be adjusted by the Authority.
- 5.7 If Authority fails to give prompt written authorization to proceed with any phase of Services after completion of the immediately preceding phase, or if Construction Phase has not commenced within 180 calendar days after completion of the Design and Permitting Phase, Consultant may, after giving seven days' written notice to Authority, suspend services under this Agreement.
- 5.8 If Consultant's Services for design or during construction of the Project are delayed or suspended in whole or in part by Authority for more than twelve months for reasons beyond Consultant's control, the rates of compensation provided for in the Scope of Services shall be subject to renegotiation.

SECTION 6 - COMPENSATION

6.1. Methods of Payment for Services and Expenses of the General consultant

Payment for each element of work identified in the Scope of Services shall be made under one of the following methods, which shall be identified in the Scope of Services:

- 6.1.1 LUMP SUM METHOD - This method generally applies to Basic Services, and certain special Sub-consultant Services such as topographic surveys and environmental reports. The Lump Sum fee shall be a fixed amount as stipulated in the Scope of Services. No

adjustment may be made to a lump sum fee. If Additional Services are required, they shall be paid for separately as "Additional Services," under pre-approved terms.

- 6.1.2 UNIT PRICE METHOD - This method generally applies to Sub-contracted testing or survey services. (Survey crew hourly rate shall be considered a "unit rate.") Payment shall be made at the number of units (typically, tests or survey hours) performed, multiplied by the stipulated unit price. If a "Not-to-Exceed" maximum amount is stated, then the total fee may not exceed the stipulated amount unless additional work is performed and approved in advance. If no maximum amount is stated, Consultant shall inform Authority in a timely manner if it becomes apparent that the estimated (budgeted) amount will be exceeded.
- 6.1.3 HOURLY RATE METHOD - Generally applies to Miscellaneous Services (non-FAA and non-NCDOT participation) requested by Authority, and RPR services. Generally applies to services performed by employees of Consultant, as subcontracted Services based on hourly rates are typically considered to be unit price services as stipulated in Sub-section 6.1.2 above. Unless otherwise stated, the hourly rates shall be as listed in Consultant's current Standard Rate Schedule. The Standard Rate Schedule current for the year in which this Agreement is executed is attached as **Exhibit "C"**. The Standard Rate Schedule is revised and re-issued on a calendar-year annual basis (whether or not the rates or other conditions change.) Hourly rates for RPR services are typically stated on the Scope of Services.
- 6.1.4 REIMBURSEMENT OF EXPENSES - This method applies to items which are designated as reimbursable in the Scope of Services, including but not limited to: reproduction of documents exceeding the number of reproductions included in the basic services fee, express shipments in addition to those stipulated in the basic services fee and special travel expenses. Terms of reimbursement are set forth in the Scope of Services, and are typically direct reimbursement of actual costs without mark-up. Office supplies, telephone, first class postage, plot media electronic storage media, and computer time are considered to be overhead costs and are not reimbursable. Plot media for special orders (not for the original production of the drawings) shall be considered "reproductions" and is therefore reimbursable.

6.2 Billing and Payment

- 6.2.1 Consultant shall submit monthly invoices for Professional Services rendered and for Reimbursable Expenses incurred. The invoice for Basic Services will be based upon Consultant's estimate of the proportion of the total services actually completed at the time of preparation of the invoice. To assist in the estimation of fees earned, the Basic Services fee will be broken down into the fees for various project phases. The invoice for RPR services shall be based on the number of hours worked during the billing period, as indicated on time sheets. The invoice for Sub-consultant services shall be based on the invoice received from the Sub-consultant (which Consultant shall review for reasonableness,) plus the pro-rated portion of Consultant's stipulated Administrative/Coordination Fee. The invoice for Reimbursable Expenses shall be based on the number of reproductions made during the invoice period multiplied by the stipulated or standard unit price, and the direct cost of other Reimbursable Expenses, as set forth in the Scope of Services.

- 6.2.2 Invoices shall be due and payable within thirty (30) calendar days of the Authority's receipt of the invoice. If Authority objects to all or any portion of an invoice, Authority shall so notify Consultant within fourteen (14) calendar days of the Authority's receipt of the invoice, identify the cause of disagreement, and pay when due the portion of the invoice, if any, not in dispute.
- 6.2.3 Failure to pay the portion of an invoice not under dispute after sixty (60) days shall be cause for Consultant to suspend work on the Project until such payment is made. By doing so, Consultant shall not incur any liability for claimed losses or damages due to non-performance of the work.
- 6.2.4 In the event that Authority terminates the project in accordance with Section 7 of this Agreement, Consultant shall be paid for the portion of the fee earned and costs incurred as of the date of notice of termination, but shall not be eligible for payment for any lost anticipated profits from the portion of the project following the termination date.

SECTION 7 - MISCELLANEOUS PROVISIONS

7.1 Insurance

During the performance of this Agreement, Consultant shall insure itself for and against professional liability and malpractice relative to the performance of this Agreement in the minimum amount of \$1,000,000 each claim/annual aggregate. In addition, Consultant shall be required, if available, to provide the same types and levels of insurance identified above for a period of six years following the expiration or early termination of this Agreement. Consultant shall deliver to Authority a certificate of this insurance coverage at the time this Agreement is executed. The certificate shall unconditionally provide that the requisite coverage shall not be terminated or modified or not renewed until Authority has received thirty (30) day written notice thereof. In the event that an insurance carrier should terminate or modify or not renew the above coverage, Consultant shall immediately contract with another insurance carrier to provide requisite coverage and shall immediately deliver to Authority a replacement certificate. The coverage shall be written through an admitted carrier in the State of North Carolina. In addition, Consultant and its sub-consultants shall maintain Workers' Compensation Insurance as required by law, and certificates of such insurance coverage shall likewise be delivered to Authority.

7.2 Indemnity

Consultant shall indemnify and hold harmless Authority and its present and future Members, officers, and employees, from and against all liabilities, , losses, costs and expenses (including, but not limited to, attorney fees) arising out of or resulting from any and all negligent acts and omissions of Consultant and/or its agents, employees and/or sub-consultants. Consultant shall be directly responsible for any such additional costs, above first costs, incurred by the Authority, as a result of the errors and omissions of Delta Airport Consultants, Inc. through its employees assigned to tasks for, or on behalf of the Authority, which result in additional costs to the Authority, either by a contractor, or by Delta Airport Consultants, Inc. itself.

7.3 Independent Contractor

Consultant is an independent contractor and not an agent of Authority.

7.4 Civil Right Assurances

During the performance of this Agreement, Consultant, for itself and for its assignees and successors if any and sub-consultants (all of whom collectively referred to as "Contractor") agrees as follows:

(a) Compliance with Regulations. Contractor shall comply with the regulations ("Regulations") relative to nondiscrimination in federally assisted programs of the Department of Transportation ("DOT") including but not limited to: Title 49, Code of Federal Regulations, Part 21, and as they may be amended from time to time. The Regulations are incorporated herein by this reference thereto.

(b) Nondiscrimination. With respect to and during the performance of this Agreement, Contractor shall not discriminate on the ground of age, race, color, national origin, religion, disability or sex in the selection or retention of sub-contractors and sub-consultants including procurements of materials and leases of equipment. Contractor shall not participate either directly or indirectly in the discrimination prohibited by Section 21.5 of the Regulations, including, but not limited to, practices when this Agreement covers a program set forth in Appendix B of the Regulations.

(c) Solicitations for sub-consultants and sub-contractors, including but not limited to, procurements of materials and equipment. In all solicitations, either by competitive bidding or negotiations made by Contractor for work to be performed under a sub-contract, including, but not limited to, procurements of materials and leases of equipment, each potential sub-consultant, sub-contractor and supplier shall be notified by Contractor of Contractor's obligations under this Agreement and the Regulations relative to nondiscrimination on the grounds of age, race, color, national origin, religion, disability or sex.

(d) Information and Reports. Contractor shall provide all information and reports required by the Regulations or directives, orders or instructions issued pursuant thereto and shall permit access to its books, records, accounts, other sources of information, and facilities as may be determined by Authority or the FAA to be pertinent to ascertain compliance with such Regulations, directives, circulars, orders, and instructions. Where any information required of a Contractor is in the exclusive possession of another who fails or refuses to furnish this information, Contractor shall so certify to Authority and the FAA as appropriate, and shall set forth what efforts it has made to obtain the information.

(e) Sanctions for Noncompliance. In the event of Contractor's non-compliance with any of the non-discrimination provisions of this Agreement, Authority shall impose such Agreement sanctions as it or the FAA determine to be appropriate, including, but not limited to, the following:

- i. Withholding of payments to Contractor under this Agreement until Contractor complies; and/or
- ii. Cancellation, termination, or suspension of this Agreement, in whole or in part.

(f) Incorporation of Provisions. Contractor shall include the provisions of Paragraphs (a) through (e) above in every sub-contract, including but not limited to, procurements of materials and leases of equipment, unless exempted by the Regulations or directives issued pursuant thereto. Contractor shall take such action with respect to any sub-contract or procurement as Authority or the FAA may direct as a means of enforcing such provisions, including, but not necessarily limited to, sanctions for noncompliance; provided, however, that, in the event a Contractor becomes involved in, or is threatened with, litigation with a sub-consultant, sub-contractor or supplier as a result of such direction, Contractor may request Authority to enter into such litigation to protect the interests of Authority and, in addition, Contractor may request the United States Government to enter into such litigation to protect the interests of the United States Government.

7.5 Disadvantaged Business Enterprise (DBE) Assurances

DBE Obligation: The Minority Business Enterprise/Disadvantaged Business Enterprise requirements of Title 49, Code of Federal Regulations, CFR Part (23 or 26) apply to this Agreement. Consultant agrees to ensure that disadvantaged business enterprises, as defined in Part (23 or 26) have the maximum opportunity to participate in the performance of contracts and sub-contracts provided under this Agreement. In this regard, Consultant shall take all necessary and reasonable steps in accordance with Part (23 or 26) to ensure that disadvantaged business enterprises have the maximum opportunity to compete for and perform Contracts. The Consultant shall not discriminate on the basis of age, race, color, national origin, religion, disability or sex in the award and performance of contracts.

7.6. Opinions of Cost

7.6.1 Since Consultant has no control over the cost of labor, materials, equipment or services furnished by others, or over the Contractor(s)' method of determining prices, or over competitive bidding or market conditions, his opinions of Probable Construction Cost provided for herein are to be made on the basis of his experience and qualifications and represent his best judgment as an experienced and qualified professional general consultant, familiar with the construction industry; but Consultant cannot and does not guarantee that proposals, bids or actual construction cost will not vary from opinions of probable cost prepared by him.

7.6.2 "Construction Cost" means the total of payments made to Construction Contractor(s), plus the cost of any materials, furnishings, etc. purchased separately by Authority and incorporated into the project. "Non-construction costs" are all costs of the project other than construction costs, including but not limited to Consulting Services, Testing, Topographic or other Surveys, Environmental Evaluations, RPR, and Authority's Miscellaneous and Administrative Expense. All of these costs, collectively, are referred to as the Project Cost.

7.7 Termination

- 7.7.1 This Agreement may be terminated by Authority upon seven (7) day's written notice, for the Authority's convenience and without cause.
- 7.7.2 Upon receipt of a termination notice, Consultant and its sub-consultants shall promptly discontinue all services and shall deliver to Authority all data, Drawings, Specifications, report estimates, summaries, and other information and materials as may be accumulated by Consultant and its sub-consultants, whether completed or in process.
- 7.7.3 Upon termination of this Agreement, Authority may, without prejudice or limitation of any action for damages or any other right or remedy, enter into another agreement for the completion of the work contemplated by this Agreement, or may use other methods for the completion of such work.
- 7.7.4 Upon termination of this Agreement, Consultant shall be entitled to receive payment for work executed and costs incurred by reason of such termination, including reasonable overhead and profit on completed work.

7.8 Re-Use of Documents

The drawings, specifications and all other documents or things prepared by Consultant for the Project shall become and be the sole property of Authority. Consultant shall, at its own cost and expense, be permitted to retain copies thereof for its records and for its future professional endeavors. Such drawings, specifications and other documents or things are not intended by Consultant for use on other projects by Authority or others. Any reuse by Authority or by third parties without the written approval of Consultant, shall be at the sole risk of Authority.

7.9 Storage, Protection, and Retrieval of Documents and Data

- 7.9.1 Storage, protection, and retrieval of General Consulting documents is an important part of Consultant's responsibility to Authority. Completed General Consulting Drawings (Plans) shall be stored by Consultant in a minimum of three media: paper plot originals, AutoCAD files in the dual redundant hard drives of Consultant's raid server, and in CD-ROM disks which are made each week and stored off-site. Additionally, Authority may obtain disks containing the CAD files at any reasonable interval, such as monthly or upon completion of each project, and store them at Authority's office. Drawings in progress are stored in the hard drive and in the weekly back-up CD-ROM disks; existing paper plots of drawings in progress may not be up to date at any particular time. Text documents shall be stored as filed paper documents, as text files in the hard drive, and in the same weekly CD-ROM back-up disks that contain the CAD files.
- 7.9.2 Documents received from others, such as test reports, shop drawings, correspondence from the Contractor, etc., are stored by Consultant only in their original paper form or electronic form. They are filed by job number and are stored in-perpetuity, unless approved in writing by the Authority for disposal, except for papers which are considered by Consultant to be unimportant for future reference purposes, which are discarded. Although paper documents are stored in boxes in a dry place and reasonable

care is taken to protect them, no guarantee is made that they will be preserved undamaged without time limit.

7.10 Non-waiver of Rights

Neither Authority's failure to insist upon the strict performance of any provision of this Agreement or to exercise any right or remedy relative to a breach thereof, nor Authority's acceptance of any performance during such breach shall constitute a waiver of any right or remedy of Authority.

7.11 Conflict of Interest

No paid employee of Authority shall have a personal or financial interest, direct or indirect, as a contracting party or otherwise, in the performance of this Agreement.

7.12 Sub-consultants

Consultant shall not utilize any sub-consultants for carrying out the services to be performed under this Agreement without the prior written approval of Authority. By the execution of this Agreement, Authority grants approval for the utilization of the sub-consultants set forth in **Exhibit "D"**, which is attached hereto and incorporated herein.

7.13 Audit: Access to Records

Consultant shall maintain books, records and documents pertinent to the performance of the Contract and these General Provisions in accordance with generally accepted accounting principles and practices, and with any governmental requirements; and Authority, the FAA, the Comptroller General of the United States and their duly authorized representatives shall have access to all such documents for purposes of examination, audit and copying.

7.14 Special Provisions

This Agreement is subject to the following Special Provisions. The listed documents are hereby incorporated into this Agreement by reference, and have the same force and effect as if they had been written into the body of this Agreement. However, if there is a conflict between a Special Provision and any other provisions of the agreement, the Special Provisions shall be subordinate.

1. Exhibit A – Proposed Project Work
- 2.
3. Exhibit B – Consultant Scope of Services related to this Agreement for Professional Services.
2. Exhibit C – Schedule of Fees consisting of one page.
4. Exhibit D – Consultant Staff/Sub Consultant(s) Assignment - Listing of assigned staff and all sub-consultants committed to the fulfillment of this Agreement. Such staff and or sub-consultants may not be changed without the expressed

written consent of the Authority.

4. Exhibit E – Responsibilities of Resident Project Representative (RPR).

7.15 Notices

All notices shall be in writing and shall be served only by registered or certified mail, return receipt requested, addressed to the party to be served at the address set forth below or at such other address as may be designated in writing. Service of notice shall be complete upon receipt of notice.

To Authority:

Greater Asheville Regional Airport Authority
61 Terminal Drive, Suite 1
Fletcher, North Carolina 28732
Attention: Executive Director

To Consultant:

Delta Airport Consultants, Inc.
1805 Sardis Road North, Suite 101
Charlotte, NC 28270

Attention: Ms. Courtney A. Beamon, P.E., C.M, President

7.16 Dispute Resolution

- 7.16.1 As a condition precedent to resolving claims, disputes and other matters by litigation, but only so long as neither of the parties hereto is thereby prejudiced or harmed by a statute of limitation or a statute of repose, the parties agree to attempt to resolve any claim, dispute or other matter in question arising out of or relating to this Agreement or a breach thereof, in the first instance, by mutual consent based upon an objective review and interpretation of factual information presented by either or both parties.
- 7.16.2 In the absence of agreement by mutual consent as set out in Sub-paragraph 7.16.1, but only so long as neither of the parties hereto is thereby prejudiced or harmed by a statute of limitation or a statute of repose, the parties agree to refer the claim, dispute or other matter to mediation. Either party may initiate a request for mediation, and the parties hereto shall, within thirty days of the receipt of a written request, select by mutual agreement a mediator, who shall be qualified to conduct mediated settlement conferences in the Superior Court Division of the General court of Justice of the State of North Carolina. If the parties cannot agree upon a mediator, the first mediator (who will agree to conduct this mediation) on the mediator list of the Trial Court Administrator for the 28th Judicial District of the State of North Carolina shall be automatically selected.

- 7.16.3 The parties hereto shall share the mediator's fees equally. The mediation shall be held in the Conference Room at Authority's Administrative Offices, Asheville Regional Airport, or at such other place as may be mutually agreed upon (the expense for such other place to be shared equally).
- 7.16.4 Failing resolution of a claim, dispute or other matter by the methods set forth in Sub-Paragraph 7.16.1 or 7.16.2, either party may then resort to litigation, which shall be commenced in Buncombe County, North Carolina.
- 7.16.5 Notwithstanding any provision of this Agreement to the contrary, this Agreement does not contain, and shall not be deemed to constitute, an Agreement to arbitrate, and any claim against or dispute or other matter with Consultant shall not be subject to arbitration.
- 7.16.6 In the event a dispute shall arise under or about this Agreement, then the prevailing party therein shall be entitled to recover from the non-prevailing party all reasonable costs, expenses and reasonable attorney's fees which may be incurred on account of such dispute, whether or not suit or other legal or quasi-legal proceedings may be brought, as well as at every stage of any such proceedings from the time such dispute first arises through trial or other proceedings and all appellate processes.

7.17 Governing Law

This Agreement is to be governed by the laws of the State of North Carolina.

7.18 Successors and Assigns

- 7.18.1 Authority and Consultant each binds itself and its partners, successors, executors, administrators, assigns and legal representatives to the other party to the Agreement and to the partners, successors, executors, administrators, assigns and legal representatives of such other party, in respect to all covenants, agreements and obligations of this Agreement.
- 7.18.2 Consultant shall not assign, sublet or transfer any rights under or interest in (including, but without limitation, moneys that may become due or moneys that are due) this Agreement without the written consent of the Authority, except to the extent that the effect of this limitation may be restricted by law. Unless specifically stated to the contrary in any written consent to an assignment, no assignment will release or discharge the assignor from any duty or responsibility under this Agreement. Nothing contained in this paragraph shall prevent Consultant from employing such independent Sub-consultants or Sub-contractors as he may deem appropriate to assist him in the performance of services hereunder, however Consultant shall so inform Authority in advance, and shall not employ any sub-consultant or sub-contractor to whom Authority objects.

7.19 No Third-Party Beneficiaries

Nothing contained herein shall create a contractual relationship with, or any rights in favor of, any third party.

7.20 Severability

If any of the terms, conditions or provisions of this Agreement hereto, or any document incorporated herein (other than a Regulation) or any portions thereof, shall contravene or be invalid under the laws or regulations of the United States or the State of North Carolina or any of their respective agencies, departments or subdivisions, such contravention or invalidity shall not invalidate the whole Agreement, attachment or document, but this Agreement, attachment(s), and document(s) shall be construed as if not containing the particular term, condition or provision, or portion thereof, held to be in contravention or invalid, and the rights and obligations of the parties hereto shall be construed accordingly.

7.21 Non-Exclusive

This Agreement does not create or provide any exclusive right or interest in or for Consultant, and Authority may contract with other engineers, professionals and contractors at any time and for any services and purposes.

7.22 Entirety of Agreement

7.22.1 This Agreement together with the Exhibits identified above constitutes the entire agreement between Authority and Consultant and supersedes all prior written or oral understanding. This Agreement and said Exhibits may only be amended, supplemented, or modified by a duly executed Amendment, except that an Amendment shall not be required to transmit each year's updated Standard Rate Schedule.

7.22.2 Regardless of which party hereto is responsible for the preparation and drafting of this agreement, it shall not be construed more strictly against either party.

IN WITNESS WHEREOF, the parties hereto have made and executed and this Agreement as of the day and year first above written.

AUTHORITY:

CONSULTANT:

GREATER ASHEVILLE REGIONAL
AIRPORT AUTHORITY

DELTA AIRPORT CONSULTANTS, INC.

By:

By:

Lew Bleiweis, A.A.E.
Executive Director

Courtney A. Beamon
Its: President

Attested By:

Attested By:

Print Name: _____

Print Name: _____

Seal

Seal

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EXHIBIT A
PROPOSED PROJECT WORK

The following projects may be included in the scope of services provided under the contract associated with this request:

1. Terminal roof replacement.
2. Commercial Vehicle Curb-front Improvements w/pedestrian canopies.
3. Wright Brothers Way Road extension including utilities.
4. Rental Car Ready Return Lot expansion and improvements including roadway.
5. Taxiway A shoulders and improvements.
6. Terminal Apron re-habilitation and joint seal.
7. Terminal Drive/NC280 Right Turn Lane.
8. Design and construction of new multi-level parking garage and elevated pedestrian walkway, and/or existing parking lot improvements.
9. New North General Aviation Area site development.
10. Former Public Safety Facility demolition and re-development.
11. Safety Management System.
12. Tri-Annual DBE Goals Program.
13. Tri-Annual Airport Concessions DBE Goals Program.
14. Miscellaneous survey and geotechnical investigations.
15. Pavement and electrical systems evaluation.
16. Security System improvements.
17. Financial evaluation and other associated services.
18. Rates and Charges evaluation, recommendations and other associated services.
19. Passenger Facility Charge evaluation, recommendations and/or application processes.

The above list of potential projects and tasks is not necessarily all inclusive and is subject to revisions by the Authority.

EXHIBIT B

Consultant Scope of Services

Asheville Regional Airport Authority

Scope of Services for Professional Consulting Services, as referenced in the Professional Consulting Agreement between the Greater Asheville Regional Airport Authority and _____, dated _____.

Project:

Scope of Services:

Consultant Team:

Schedule:

Project Budget:

Fees:

Authority:

Greater Asheville Regional Airport Authority

By: _____
Executive Director

Date: _____

Consultant:

By: _____
Title: _____

Date: _____

This instrument has been pre-audited in the manner required by local government and fiscal control.

Finance Manager

EXHIBIT C

SCHEDULE OF FEES

for

DELTA AIRPORT CONSULTANTS, INC.

CLASSIFICATION

HOURLY RATES

2014 FEE SCHEDULE

Delta Airport Consultants, Inc. Date: July 26, 2013

| Item | 2014 |
|-------------------------------------------------|-------------------------|
| Work Hours Billing Rates (with overhead) | |
| Principal | \$216 |
| Project Manager/Registered Professional | \$181 |
| Design Professional (Engineer/Planner) | \$110 |
| Project Production/Administration | \$86 |
| Field Representative | \$79 |
| Direct Nonsalary Expenses | |
| Automobile (per mile) | Federal Gov. guidelines |
| Aircraft (per mile) | Federal Gov. guidelines |
| Per Diem - Resident Project Rep | Federal Gov. guidelines |
| Long term - meals & lodging (per cal day) | Direct |
| Airline, Rental Car, Charter, etc. | Direct |
| Printing | Direct |
| Bid Advertisement | Direct |
| Meals, Lodging, etc. (short term) | Direct |
| Miscellaneous | Direct |
| Subcontracted Services | Direct |
| Delta Profit | Fixed Fee |

Notes:

1. Billing rates for future years will be increased by 3% annually.
2. Billing rates based on estimated 2014 salaries (i.e.: 2013 salaries plus 3% inflation).
3. Work hour rates include labor overhead, general & administrative overhead per FAA AC 150/5100-14D, paragraph 4-9.

EXHIBIT D

Consultant Staff/Sub-Consultant(s) Assignments

| <u>Position/Role</u> | <u>Company/Name</u> |
|----------------------------------------------|---------------------------------------|
| Kenneth Moody PE Project Manager | Delta Airport Consultants, Inc |
| Tracy Saunders PE Lead Engineer | Delta Airport Consultants, Inc |
| Nicole Menniger PE Project Designer | Delta Airport Consultants, Inc. |
| Bryan Elliott AAE | Delta Airport Consultants, Inc |
| David King Architecture | Greshman, Smith & Partners |
| Thomas Butcher, Parking Consultant | Walker Parking Consultants |
| Ken Weeden DBE Planning | Ken Weeden & Associates, Inc |
| DeWayne Brown, PE PLS Civil Design/Surveying | <u>Vaughn & Melton Consulting</u> |
| <u>S&ME Inc</u> | <u>Geotechnical Engineering</u> |

EXHIBIT E

Responsibilities of the Resident Project Representative

If Authority requests the services of a Resident Project Representative, he or she shall be the agent and employee of Consultant and shall:

- A. Make extensive and comprehensive on-site observations of the work in progress, assist Consultant in determining if the work is proceeding in accordance with the Contract Documents; make field checks of materials and equipment incorporated into the work; provided that Consultant shall not have control over the construction means, methods, techniques, sequences or procedures of the Contractor(s) or the safety precautions or programs of the Contractors(s).
- B. Be Consultant's agent at the construction site.
- C. Deal with subcontractors only through the Contractor(s), unless authorized by Consultant and the appropriate Contractor to deal directly with a subcontractor.
- D. Review the progress schedule, schedule of shop drawing submittals and schedule of values prepared by the Contractor(s).
- E. Attend meetings with the Contractor(s), such as pre-construction conferences, progress meetings, job conferences and other Project related meetings, and prepare and circulate copies of minutes thereof to Authority and other appropriate parties. (In the event that there is no Resident Project Representative, Consultant shall be responsible for the preparation and circulation of the minutes for all such meetings.)
- F. Serve as Consultant's liaison with the Contractor(s), working principally through the Contractor(s)' superintendents; and assist the Contractor(s) in understanding the intent of the Contract Documents; and assist Consultant in serving as Authority's liaison with the Contractor(s), particularly when the Contractor(s)' operations affect Authority's airport operations.
- G. Assist in obtaining from Authority such additional details and information as may be required for the proper execution of the work.
- H. Record the dates of receipt of shop drawings and samples.
- I. Receive samples which are furnished at the job site by the Contractor(s), and notify Consultant of the availability of samples for examination.
- J. Advise Consultant and the Contractor(s) of the commencement of any work requiring a shop drawing or sample if the submittal has not been approved by Consultant.
- K. Report in writing to Consultant whenever he or she believes that any work is unsatisfactory, faulty or defective or does not conform to the Contract Documents, or has been damaged, or does not meet the requirements of any inspection, test or approval required to be made; and advise Consultant in writing of any work that he or

she believes should be corrected or rejected, or should be uncovered for observation, or may require special testing, inspection or approval.

- L. Verify that tests, equipment and systems start-ups, and operating and maintenance training are conducted in the presence of appropriate personnel, and that the Contractor(s) maintain adequate written records thereof; and observe, record in writing and report to Consultant appropriate details relative to the test procedures and the start-ups.
- M. Accompany governmental inspectors, and report in writing to Consultant the results of the inspections.
- N. Report in writing to Consultant when clarifications and interpretations of the Contract Documents are needed; and transmit Consultant's clarifications and interpretations to the Contractor(s).
- O. Evaluate the Contractor(s)' suggestions for modifications in drawings and specifications; report his or her recommendations in writing to Consultant; and transmit Consultant's decisions to the Contractor(s).
- P. Maintain at the job site orderly files for correspondence, reports of job conferences, minutes of meetings, shop drawings and samples, reproductions of the Contract Documents including but not limited to all addenda and change orders, Consultant's clarifications and interpretations of the Contract Documents, progress reports, and other Project related documents. Consultant shall keep all documents (including but not necessarily limited to the documents referred to in this paragraph and the next two paragraphs) for a period of six (6) years after the Project is fully completed, and during the construction period and this six (6) year period, Authority, the FAA, the Comptroller General of the United States and their duly authorized representatives shall have access to these documents for purposes of examination, audit and copying.
- Q. Keep a diary or log book, and record therein the Contractor(s)' hours on the job site, weather conditions, data relative to questions about the work, job site visitors, daily activities, decisions, observations in general, and specific observations with respect to test procedures.
- R. Record names, addresses and telephone numbers of all Contractor(s), subcontractors and major suppliers of material and equipment.
- S. Furnish Consultant periodic written reports of the progress of the work and of the Contractor(s)' compliance with the progress schedule and schedule of shop drawings and sample submittals.
- T. Consult with Consultant in advance of scheduled major tests, inspections and the start of important phases of the work.
- U. Draft proposed change orders and obtain backup materials from the Contractor(s), and make recommendations to Consultant.
- V. Report immediately to Consultant and Authority upon the occurrence of any accident, and confirm such report in writing.

- W. Review applications for payment with the Contractor(s), and forward his or her written recommendations to Consultant, noting particularly the relationship of the payment requested to the schedule of values, work completed, and materials and equipment delivered to the job site but not incorporated in the work.
- X. Verify that certificates, operation and maintenance manuals, and other data required to be assembled and furnished by the Contractor(s) are applicable to the items actually installed and are in accordance with the Contract Documents; and have this material delivered to Consultant for review and forwarding to Authority prior to the final payment for work.
- Y. Before Consultant issues a certificate of substantial completion, submit to each Contractor a written list of observed items requiring completion or correction.
- Z. Conduct a final inspection in the company of Consultant, Authority and the Contractor(s), and prepare a final written list of items to be completed or corrected.
- AA. Determine that all items on the final list have been completed or corrected, and make recommendations in writing to Consultant concerning acceptance of the work and corrections.

The Resident Project Representative shall not:

- A. Authorize any deviation from the Contract Documents, or any substitution of materials or equipment, unless authorized in writing by Consultant.
- B. Exceed Consultant's authority as set forth herein or in the Contract.
- C. Undertake any of the responsibilities of the Contractor(s) or subcontractors.
- D. Advise on, issue directions relative to, or assume control over any aspect of the construction means, methods, techniques, sequences or procedures of the Contractor(s) unless such directions or control are specifically required by the Contract Documents.
- E. Advise on, issue directions relative to, or assume control over Contractor(s)' safety precautions or programs.
- F. Accept shop drawings or sample submittals from anyone other than a Contractor.
- G. Authorize Authority to occupy the Project in whole or in part.
- H. Participate in specialized field or laboratory tests or inspections conducted by others, except as specifically authorized in writing by Consultant.
- I. **Review any of the CONTRACTOR(s)' safety precautions, or the means, methods, sequences, or procedures required for the CONTRACTOR(s) to perform the work. Omitted design or review services include, but are not limited to, shoring, scaffolding, underpinning, temporary retainment of excavations, and any erection methods and temporary bracing.**
- J.

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AGREEMENT FOR PROFESSIONAL CONSULTING SERVICES

BETWEEN

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

AND

AVCON ENGINEERS AND PLANNERS, INC.

THIS IS AN AGREEMENT made as of the _____ day of October, 2013, between the GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY, 61 Terminal Drive, Suite 1, Fletcher, North Carolina 28732, hereinafter referred to as "Authority," and AVCON ENGINEERS AND PLANNERS, INC., a Corporation with offices located at MALLARD CREEK III, SUITE 145, 8604 CLIFF CAMERON DRIVE, CHARLOTTE, NORTH CAROLINA, 28269, hereinafter referred to as the "Consultant."

WITNESSETH

WHEREAS, Authority anticipates a need for Professional Consulting Services (hereinafter called "Services") for the accomplishment of the proposed projects as described in **Exhibit "A"** [hereinafter called "Project"], and Consultant is desirous of providing such services to Authority;

NOW THEREFORE, in consideration of the mutual covenants hereinafter contained, Authority hereby retains Consultant, and the parties agree as follows:

Consultant hereby agrees to perform Services for Authority as subsequently described by separate Scope of Services (**see Exhibit "B"**) to this Agreement for Services, subject to and in accordance with the terms and provisions hereinafter contained. Individual Scope of Services shall be negotiated on a project-by-project basis.

The term of this Agreement shall be for a period of five (5) years beginning on the date of execution, unless terminated in accordance with Section 7.7 of this Agreement.

SECTION 1 – SCOPE OF SERVICES

The Authority will request a Scope of Services for each project it desires to engage the services of the Consultant. Each Scope of Services shall be specific as to the extent of services required for each project. The Scope of Services shall be as described in the form included as **Exhibit "B"**. Services for the Project may include the following elements:

1. Assistance in formulating the project and applying for State and/or Federal aid. (Due to logistics of the funding process, these services are generally performed prior to preparation of the Scope of Services.)
2. Preparation of preliminary design information for review and approval.
3. Assistance with obtaining necessary property, topographic and environmental surveys, and investigative testing.

4. Preparation of Plans, Specifications, Bidding Documents, other Contract Documents, and Architectural Reports.
5. Assistance with obtaining permits and approvals required to construct the project.
6. Assistance during the bidding and construction contract formulation process.
7. Construction contract administration and Resident Project Representative (RPR) services.
8. Assistance with Quality Assurance (QA) Testing during construction.
9. Assistance with project close-out.

SECTION 2 - BASIC SERVICES

2.1. General

- 2.1.1 Scope of Basic Services: Unless otherwise modified in the respective Scope of Services for the Project, Basic Services shall consist of Services during the Preliminary Design Phase, the Design and Permitting Phase; the Bidding and Contract Preparation Phase, and the Construction and Close-Out Phase.
- 2.1.2. Site: The Site of the Project will be described in the corresponding Scope of Services. The Project will typically be contained within the boundaries of the airport property, but in some cases utilities, roadways and other miscellaneous work may be required in contiguous areas to achieve a complete Project.
- 2.1.3 Sub-consultants: Consultant shall not utilize any sub-consultants for carrying out the services to be performed under this Agreement without the prior written approval of Authority. By the execution of this Agreement, Authority grants approval for the utilization of the sub-consultants set forth in **Exhibit "D"**, which is attached hereto and incorporated herein.
- 2.1.4 Authorization to Proceed: Return of the signed and dated Agreement to the Consultant shall constitute authorization to proceed. Authority shall verify that necessary Federal Aviation Administration (FAA) and/or North Carolina Department of Transportation (NCDOT) approvals have been received, prior to returning the signed Agreement. Consultant shall assist Authority with obtaining approvals.
- 2.1.5 Work Performed Prior to Execution of Agreement: Due to the logistics of the FAA and NCDOT funding process, assistance with formulating the project (or multiple Projects in the Authority's Work Program) and assistance with the preliminary request for State or Federal Aid (JPA request, FAA Pre-application, or similar communication) is usually performed by Consultant prior to approval of the Agreement for a specific Project. For typical airport improvement Projects, such work is performed to assist in promoting development of the Airport, in the anticipation of recovering the expended costs as part of the Preliminary Design-Phase fee after the Agreement is executed. If, for any reason, the Agreement for the specific project is not executed, the Authority shall have no

obligation to compensate Consultant for assistance expended to formulate the Project or request aid prior to execution of the Authority, except in the case of complex projects or projects with an apparent low probability of funding, in which it has been agreed in writing, in advance, that the Consultant will be compensated on a time-and-material or other basis for Project formulation and/or assistance with the request for funding. In such cases, the fee for Basic Services, if finally approved, shall not include the amount paid earlier for Project formulation and/or assistance with requests for funding.

- 2.1.6 Cooperation with Other Consultants: Consultant recognizes that the Authority has selected one or more other consultants to assist with the development of the Airport. The Consultant agrees to cooperate with the other consultant(s) and assist the Authority diligently in the process of pursuing funding of projects, without regard to which Consultant appears more likely to perform the consulting services for any particular project.

2.2. Pre-Planning Phase

After receiving an executed Scope of Services agreement, Consultant shall:

- 2.2.1 Consult with Authority to clarify and define the Authority's requirements for the project, discuss alternatives, and consider the cost of alternatives.
- 2.2.2 Review all available data; advise Authority to necessity of the Authority's providing or obtaining from others data or services of the types as described in paragraph 4.3, and assist Authority in obtaining such data and services.

2.3. Planning Phase

After approval of the pre-planning documents, Consultant shall:

- 2.3.1 Prepare Plans and Narrative, depicting scope, character, and details of the Plan and alternatives.
- 2.3.2 Prepare a report summarizing the basis and rationale of the design, listing standards used, and providing the Consultant's final opinion of probable construction costs and suggested funding and phasing.
- 2.3.3 Furnish to Authority two sets of Planning Documents, and additional sets as required by the Authority.
- 2.3.4 Respond to Authority and other governmental agency review comments.
- 2.3.5 Unless otherwise agreed in advance, all aforementioned documents will be prepared and submitted to the Authority in both hard copy and electronic format (AutoCAD 2008 compatible; Microsoft Word, or such other electronic formats as requested by the Authority)
- 2.3.6 Coordinate follow-up services by other consultants.

2.4. Preliminary Design Phase

After receiving an executed Agreement Consultant shall:

- 2.4.1 Consult with Authority to clarify and define Authority's requirements for the Project, discuss alternatives, and consider the costs of alternative designs.
- 2.4.2 Review available data; advise Authority as to the necessity of the Authority's providing or obtaining from others data or services of the types described in paragraph 4.3, and assist Authority in obtaining such data and services.
- 2.4.3 Prepare preliminary, schematic layouts, sketches and conceptual design drawings and other exhibits to clearly indicate the design considerations involved and the alternative solutions available. Provide recommendations, with an opinion of the Probable Cost of the Project. It shall be understood that the opinions of Probable Cost are offered only as the Consultant's opinion of the likely cost of the improvements based on the Consultant's experience and the limited information available at the time; such opinions of cost are not to be construed as guarantees. If the word "Estimate" is used, it shall be understood to mean "opinion of Probable Cost."
- 2.4.4 Transmit by expeditious means (fax, internet, express courier, or hand delivery; or by U.S. Mail if appropriate for the project schedule) the Preliminary Drawings and other information. Discuss by telephone or in person as appropriate, and revise the Drawings and other exhibits as needed until Authority approves the Preliminary Design. Coordinate drawings and other information with permitting and/or regulatory agencies as appropriate for this phase, to avoid unnecessary changes to the final Construction Documents. Upon approval by Authority of the Preliminary Design, which shall be given either in writing by Authority or verbally by Authority and confirmed in writing by Consultant, the Design Phase shall begin. Multiple revisions of the drawings during the Preliminary Design phase shall not be considered "Additional Services."

2.5 Design Development Phase

- 2.5.1 Based on the approved Preliminary Design Documents and any adjustments authorized by the Authority in the program, schedule or construction budget, the Consultant shall prepare, for approval by the Authority, Design Development Documents consisting of drawings and other documents to fix and describe the size and character of the Project as to architectural, structural, mechanical and electrical systems, materials and such other elements as may be appropriate.
- 2.5.2 The Consultant shall advise the Authority of any adjustments to the preliminary estimate of Construction Cost.

2.6. Design and Permitting Phase

After approval by the Authority of the Design Development Documents, Consultant shall:

- 2.6.1 Prepare Final Plans and Specifications, depicting the scope, character, and details of the work, in accordance with generally accepted standards of airport design practice. The term "Specifications" shall be understood to include General Conditions, Special Provisions, and other Contract Documents.
- 2.6.2 Prepare a report, summarizing the basis and rationale of the design, listing standards used, and providing the Consultant's final opinion of probable construction costs.
- 2.6.3 Furnish to Authority two sets of Plans, Specifications, and Consultant Report, and simultaneously send one set each to FAA, NCDOT and/or any other applicable governmental agencies, for review. Assist Authority with submittal of certifications.
- 2.6.4 Respond to Authority, FAA, NCDOT and/or any other applicable governmental agency review comments.
- 2.6.5 Furnish to Authority such documents and design data as may be required for submittal to governmental authorities having jurisdiction over the Project, and assist in obtaining permits and approvals by participating in submissions to and negotiations with the authorities. (All permit and review fees shall be paid by Authority.) It must be understood that these services do not constitute a guarantee that the permits will be issued; some projects (runway extensions, wetland mitigation, etc.) may be of a controversial nature and it may not be possible to obtain permits, or it may be found that substantial additional services may be required to obtain permits.
- 2.6.6 Unless otherwise agreed in advance, all aforementioned documents will be prepared and submitted to Authority in both hard copy and electronic format (AutoCAD 2004 compatible; Microsoft Word, or such other electronic formats as requested by the Authority). Data files will be furnished to Authority, at any time upon request.

2.7. Bidding and Contract Formulation Phase

After Authority, FAA, NCDOT and/or any other applicable governmental agencies have approved the documents for Bid Advertisement, the Consultant shall:

- 2.7.1 Assist Authority in advertising for and obtaining bids or negotiating proposals for each Construction Contract. Consultant shall receive payments for bid documents, and issue bidding documents directly to prospective bidders, and furnish the requested number of bid document sets to Authority for issuance to bidders from Authority's office.
- 2.7.2 Respond to prospective bidder's inquiries and issue Addenda as required to clarify, and/or interpret the Bidding Documents.
- 2.7.3 Attend the bid openings. Prepare bid tabulation, and assist Authority in evaluating bids or proposals, preparing letters to funding agencies, and in assembling and processing the Construction Contract. For FAA-funded projects, prepare an Application for Federal Assistance, generally on the same day as the receipt of bids.

- 2.7.4 Prepare Contract and Bond documents and issue them to Contractor; receive the executed documents and verify that they appear to be completely and correctly executed; bind them into "conformed copies" of the contract documents, and forward the documents to Authority for execution and distribution. Establish a procedure to verify that the bonds and insurance remain valid throughout the final close-out of the project.

2.8. Construction and Close-Out Phase

During the Construction and Close-Out Phase, the Consultant shall:

- 2.8.1 Provide General Administration of the Construction Contract. Consultant shall consult with and advise Authority and act on behalf of the Authority, as provided hereinafter. The extent and limitations of the duties, responsibilities and authority of Consultant shall not be modified, except to the extent provided in the Scope of Services and except as Consultant may otherwise agree in writing. All of the Authority's instructions to Contractor(s), except those related to safety or airport operations which require immediate communication to promote airport safety, will be issued through Consultant who will have authority to act on behalf of the Authority to the extent herein provided, except as otherwise modified in writing.
- 2.8.2 Attend and direct the Preconstruction Conference; prepare and distribute summary of topics discussed; and assist with start-up of the construction Project.
- 2.8.3 Issue guidelines for quality assurance testing. For FAA AIP projects, this will be in the form of a "Construction Management Plan." This is the title of the document used by FAA and shall not be interpreted to mean that the Consultant is responsible to manage the Contractor's operation, which is the responsibility of Contractor.
- 2.8.4 Periodically visit the site and observe the construction; discuss progress and construction details with RPR, Authority's Representative, and the Contractor's Superintendent. Issue a written report, if required. Periodic site reviews generally occur at one week or shorter intervals, although there is no definite schedule for such visits.
- 2.8.5 Review daily reports and other information which is transmitted regularly by RPR.
- 2.8.6 The purpose of Consultant's visits to the site, and representation by RPR, if any, will be to enable Consultant to better carry out his duties and responsibilities during the Construction Phase, and to provide Authority assurance that the completed and accepted work of the Contractor(s) has been monitored in accordance with the quality assurance provisions set forth by FAA and NCDOT, and conforms to the Construction Contract requirements. Consultant shall not, during such visits or as a result of such observations of Contractor(s)' work in progress, supervise, direct or have control over Contractor(s)' work, nor shall the Consultant have authority over or responsibility for the means, methods, techniques, sequences or procedures of construction selected by Contractor(s), for safety precautions and programs incidental to the work of Contractor(s), or for any failure of Contractor(s) to comply with laws, rules, regulations,

ordinances, codes or orders applicable to the construction work. Accordingly, Consultant can neither guarantee the performance of the construction contracts by Contractor(s) nor assume responsibility for Contractor(s)' acts or omissions in the performance of the work. However, Consultant's shall expeditiously notify the Contractor and Authority of any observed failure of Contractor to perform the work in accordance with the Plans and Specifications, or other observed failure to comply with the contract requirements.

- 2.8.7 Review and approve (or take other appropriate action in respect of) Shop Drawings, Certifications, Samples, and Mix Designs, which each Contractor is required to submit, but only for conformance with the design concept of the Project and compliance with the information given in the Construction Contract Documents. Such review and approval or other action shall not extend to the means, methods, sequences, techniques or procedures of construction or to safety precautions and programs incidental thereto.
- 2.8.8 Issue all instructions of Authority to Contractor(s), except as hereinbefore noted; issue necessary interpretations and clarifications of the Construction Contract Documents and in connection therewith; prepare Change Orders or other authorizations to perform additional work as required; have authority, as Authority's Representative, to require special inspection or testing of the work; act as initial interpreter of the requirements of the Construction Contract Documents and judge of the acceptability of the work thereunder; and render advice on all claims of Authority and Contractor(s) relating to the acceptability of the work or the interpretation of the requirements of the Construction Contract Documents pertaining to the execution and progress of the work; however Consultant shall not be liable for the results of any such interpretations or decisions rendered by him in good faith.
- 2.8.9 Review Contractor's Periodic Pay Requests, and recommend payment amount to Authority. Consultant's payment recommendation (certification) will be based on on-site observations by Consultant and on verification of quantities by RPR. Such recommendation of payment will constitute a representation to Authority that the work has progressed to the point indicated, to the best of Consultant's knowledge, information and belief. This recommendation shall not constitute certification that moneys owed by the Contractor to Sub-contractors or suppliers have been paid.
- 2.8.10 Conduct a preliminary final Project Review to determine whether the Project is Substantially Complete, and issue a Punch List. After being notified that the Punch List work is presumptively complete, conduct a final Project Review to determine whether the work has been completed in accordance with the Construction Contract Documents and whether each Contractor has fulfilled all of its obligations thereunder so that Consultant may recommend, in writing, final payment to Contractor and may give written notice to Authority and Contractor(s) that the work is acceptable (subject to any conditions therein expressed.)
- 2.8.11 Project review, including periodic review by Consultant and continuous or nearly continuous review by RPR, shall consist of a visual observation of materials, equipment, or construction work for the purpose of ascertaining that the work is in substantial conformance with the Construction Contract Documents and with the design intent. Such review shall not be relied upon by others as acceptance of the work, nor shall it be construed to relieve the Contractor in any way of his obligation and responsibilities

under the construction contract. Specifically, and without limitation, review by Consultant shall not require Consultant to assume responsibilities for the means and methods of construction nor for safety on the job site.

- 2.8.12 Consultant shall not be responsible for the acts or omissions of any Contractor, or Sub-contractor, or any of Contractor(s)' or Sub-contractors' agents or employees or any other persons (except Consultant's own employees and agents) at the site or otherwise performing any of Contractor(s)' work; however, nothing contained herein shall be construed as releasing Consultant from liability for failure to properly perform duties undertaken by him.
- 2.8.13 Consultant shall prepare a set of "Record Drawings" after completion of the project, showing changes made during construction, based on the marked- up prints, drawings and other data furnished by Contractor(s) to Consultant, which Consultant considers significant. Such Record Drawings will be in electronic format (AutoCAD 2004 compatible) and will be furnished to Authority along with blue-line prints or blackline plots. If the Contractor furnishes record information in the form of finished AutoCAD drawings rather than marked-up prints or similar non-CAD method, Consultant may add those drawings to the record drawing set, rather than transcribing the information to the Contract Drawings.
- 2.8.14 During the course of construction, Consultant may be required to perform quality assurance (QA) testing, through a qualified and certified testing laboratory, to verify that the improvements constructed by the Contractor(s) conform to the requirements of the Construction Contract Documents. It shall be understood that Consultant will use random sampling procedures, meaning selected portions of the work will be subject to close review and/or testing, and the results observed will be inferred to exist in other areas not sampled. Although such sampling procedures will be conducted in accordance with commonly accepted standards of practice, it shall be understood that the samples and tests will indicate the actual conditions only where the sampling and testing is performed, and that, despite proper implementation of sampling and testing procedures and proper interpretation of their results, Consultant can only infer, not assure, the existence of the revealed conditions at other locations. Accordingly, Authority shall not require Consultant to sign any certification, no matter by whom requested, that would result in Consultant certifying the existence of conditions of which Consultant cannot be certain.
- 2.8.15 "Certify" means to state or declare a professional opinion of conditions whose true properties cannot be known at the time such certification was made, despite appropriate professional evaluation. Consultant's certification of conditions in no way relieves any other party from meeting requirements imposed by contract or other means, including commonly accepted industry practices.
- 2.8.16 To assist Authority with the project close-out process, Consultant shall prepare a summary of quality assurance testing, summary of project costs, and related items required by FAA and NCDOT for Close-Out of the Project. Such information shall be neatly organized and bound.

2.9. Buried Utilities

- 2.9.1 Consultant shall conduct the research that in his professional opinion is necessary to locate utility lines and other man-made objects that may exist beneath the site's surface. Authority recognizes that Consultant's research may not identify all subsurface utility lines and man-made objects, and that the information upon which Consultant relies may contain errors or may not be complete. Authority also agrees that the possibility exists that soil borings or other penetrations made by or under the instructions of Consultant for investigative purposes may strike and damage underground utility lines or other man-made objects, despite the efforts of Consultant to avoid such objects.

SECTION 3 - SPECIAL AND ADDITIONAL SERVICES

3.1 Special Services

Special Services are any services which are included in the Scope of Services but are not part of Basic Services. Such services are usually performed either by a Sub-consultant (for example, testing or survey,) or by an employee of Consultant residing in the vicinity of the project (RPR.) The terms and conditions for furnishing Special Services are set forth in the Scope of Services.

3.2 Additional Services

Additional Services are services required by Authority which are not included in (or are specifically excluded by) the Scope of Services. Typically, such services are associated with unforeseen conditions which arise during the design or construction process. All additional Services shall be approved in advance by Authority. Additional Services include, but are not limited to, the following.

- 3.2.1 Additional Permitting Services due to changes in regulatory policies which went into effect after the Scope of Services was formulated and Permitting Services such as environmental assessments, asbestos evaluations and permitting, etc. which were not contemplated or identified in the Scope of Services. (The scope of permitting services included in **Exhibit "B"** reflects the services which Consultant anticipates to be necessary based upon experience with prior projects, and does not include contingencies for unexpected or unanticipated permitting requirements that one or more of the various governmental agencies having jurisdiction might elect to impose.)
- 3.2.2 Field investigations to verify the accuracy of Drawings or other information furnished by Authority.
- 3.2.3 Services resulting from significant changes in extent of the Project or its design including, but not limited to, changes in size, complexity, Authority's schedule, or character of construction or method of financing; and revising previously accepted studies, reports, design documents or construction contract documents when such revisions are due to causes beyond Consultant's control. This does not apply to the Preliminary Design Phase, in which multiple revisions are not considered Additional Services.

- 3.2.4 Providing renderings or three-dimensional models. (Preparation of a reasonable number of two-dimensional exhibits for presentation to the public, FAA, NCDOT, Authority, etc. is an essential part of Basic Services to properly communicate and coordinate the project, and will not be considered Additional Services.)
- 3.2.5 Preparing documents with multiple bid schedules or complex bid options, or requiring the construction work to be performed in two or more mobilizations, or at night, when such conditions were not anticipated in the Scope of Services.
- 3.2.6 Investigations involving detailed consideration of operations, maintenance and overhead expenses; providing Value Engineering consulting to a significant degree during the course of design; preparation of feasibility studies, cash flow and economic evaluations, rate schedules and appraisals; assistance in obtaining loan or bond financing for the Project; evaluation of processes licensing and assisting Authority in obtaining process licensing; detailed quantity surveys of material, equipment and labor; audits or inventories required in connection with construction performed by Authority.
- 3.2.7 Services performed by Consultant due to failure of the Contractor to complete the work within the scheduled time, including but not limited to additional periodic reviews and additional follow-up reviews to verify Punch List completion after the final inspection. (Wherever possible, the costs of such services will be minimized by combining follow-up inspections with trips made to the site for other projects.)
- 3.2.8 Services resulting from the award of a greater number of separate prime contracts for construction, materials, equipment or services than are anticipated in the Scope of Services and services resulting from the arranging for performance by individuals or firms other than the principal Prime Contractor(s).
- 3.2.9 Providing any type field surveys, engineering surveys or staking to enable the Contractor(s) to proceed with their work; and providing other special field surveys, where such work was not included in the Scope of Services.
- 3.2.10 Services in connection with changes or additions to the Project requested by the Authority during construction, unless of a minor and incidental nature
- 3.2.11 Services during out-of-town travel required of Consultant and approved by Authority, other than visits to the site as required by Section 2, or visits to the FAA or NCDOT offices will not be considered out-of-town travel.
- 3.2.12 Additional or extended services during construction made necessary by (1) work damaged by fire or other cause during construction, (2) a significant amount of defective or neglected work of Contractor(s), (3) acceleration of the progress schedule involving services beyond normal working hours, (4) default by Contractor(s), or (5) evaluation of an unreasonable number of claims made by the Contractor(s) or others.
- 3.2.13 Preparation of operating and maintenance manuals; protracted or extensive assistance in balancing); and training personnel for operation the utilization of any equipment or system (such as initial start-up, testing, adjusting and maintenance.

- 3.2.14 Services after completion of the Construction Phase, such as project review during any guarantee period, and reporting observed discrepancies under guarantees called for in any contract for the Project.
- 3.2.15 Preparing to serve or serving as a consultant or witness for Authority in any litigation, public hearing or other legal or administrative proceeding involving the Project (except as specifically provided in the Scope of Services.)
- 3.2.16 Any similar Additional Services in connection with the Project, including services normally furnished by Authority and services not otherwise provided for in this Agreement.

3.3. Resident Representative Services During Construction

- 3.3.1 If included in the Scope of Services, a Resident Project Representative (RPR) will be furnished by Consultant. Such services will be paid for by Authority as provided in the Scope of Services.
- 3.3.2 The duties, responsibilities, and limitations of Authority of RPR and any assistants to the RPR are set-forth in **Exhibit "E"**, which is attached hereto and incorporated herein.
- 3.3.3 Through more extensive on-site observations of the work in progress and field checks of materials and equipment by RPR, Consultant shall provide further protection for the Authority against defects and deficiencies in the work of Contractor(s); however, the furnishing of RPR Services will not make Consultant responsible for the Contractor's means, methods, techniques, sequences or procedures, or for safety precautions or programs.

SECTION 4 - AUTHORITY'S RESPONSIBILITIES

The Authority shall do the following in a timely manner:

- 4.1 Designate a person (or persons) to act as Authority's Representative with respect to the services to be rendered under this Agreement. Such person shall have complete authority to transmit instructions, receive information, interpret and define the Authority's policies and decisions with respect to Consultant's services for the Project.
- 4.2 Furnish to Consultant criteria and information as to the Authority's requirements for the Project, including design objectives and constraints, space, capacity and performance requirements, flexibility and expendability, and any budgetary limitations; and furnish copies of all local or extraordinary design and construction standards which Authority will require to be included in the Drawings and Specifications. (Such criteria and information may be furnished verbally during project formulation and design discussions; Authority is not obligated to furnish any written summaries of design criteria and requirements, but may do so if he deems it to be appropriate.)
- 4.3 Assist Consultant by placing at his disposal available information pertinent to the Project including previous reports and any other data relative to design or construction of the

Project. Authority shall make pertinent files and records available, but shall not be obligated to perform any exhaustive or detailed research of existing files or records.

- 4.4 Provide Consultant, as required for performance of Consultant's Basic Services (except to the extent provided otherwise in the Scope of Services) data prepared by or services of others, including but not limited to core borings, probings, and subsurface explorations, laboratory tests and inspection of samples, materials and equipment; appropriate professional interpretations of the foregoing; environmental assessment and impact statements; property, boundary, easement, right-of-way, topographic and utility surveys; property descriptions; zoning, deed and other land use restrictions; and other special data or consultations not covered in Section 3; all of which Consultant may rely upon in performing his services.
- 4.5 Arrange for access to and make all provisions for Consultant to enter upon public and private property as required for Consultant to perform Services under this Agreement.
- 4.6 Examine all studies, reports, sketches, Drawings, Specifications, proposals and other documents presented by Consultant; obtain advice of an attorney, insurance counselor and other consultants as the Authority deems appropriate; and render decisions pertaining thereto within a reasonable time so as not to delay the services of Consultant.
- 4.7 Assist Consultant in the process of obtaining necessary permits for the Project. Authority shall promptly review, and upon its approval, sign, and submit to the appropriate agencies such approved permit applications which Consultant furnishes. Authority shall pay all applicable agency permit and review fees.
- 4.8 If more than one prime contract is to be awarded for construction, materials, equipment and services for the entire Project, Authority shall designate a person or organization to have authority and responsibility for coordinating the activities among the prime contractors.
- 4.9 Attend the pre-bid conference, bid openings, preconstruction conferences, construction progress and other job related meetings, and pre-final and final project reviews.
- 4.10 Give prompt written notice to Consultant whenever Authority observes or otherwise becomes aware of any development that affects the scope or timing of Consultant's services, any defect in the work of Contractor(s), or any apparently unsafe practices being performed by Contractor(s.)
- 4.11 Direct Consultant to provide, necessary Additional Services as stipulated in Section 3 of this Agreement or other services as required.
- 4.12 Bear all costs incidental to performance of the requirements of this Section 4.

SECTION 5 - PERIOD OF SERVICE

- 5.1 The services called for in the Preliminary Design Phase will be completed and the Preliminary Design documents submitted within the stipulated period, if any, indicated in the Scope of Services after authorization to proceed with that phase of services.

- 5.2 After acceptance by Authority of the Preliminary Design Phase documents indicating any specific modifications or changes in the extent of the Project desired by Authority, and upon written authorization from Authority, Consultant shall proceed with the performance of the services called for in the Design and Permitting Phase, and shall submit Plans, Specifications, and general consulting report and other documents for 100% review within the stipulated period, if any, indicated in the Scope of Services.
- 5.3 Consultant's services under the Preliminary Design Phase and the Design and Permitting Phase shall be considered complete at the earlier of (1) the date when the submissions for that phase have been accepted by Authority or (2) thirty (30) days after the date when such submissions are delivered to Authority for final acceptance, plus such additional time as may be considered reasonable for obtaining approval of governmental authorities having jurisdiction over the Project.
- 5.4 After acceptance by Authority of Consultant's Plans, Specifications and other Final Design Phase documentation including the most recent opinion of Probable Construction and Total Project Cost and upon written authorization to proceed with advertisement of the Project, Consultant shall proceed with performance of the Services called for in the Bidding and Contract Formulation Phase. This Phase shall terminate and the services to be rendered thereunder shall be considered complete upon commencement of the Construction Phase or upon cessation of the negotiations with prospective Contractor(s).
- 5.5 The Construction and Close-Out Phase will commence with the execution of the first Prime Contract to be executed for the work of the Project or any part thereof, and will terminate upon submittal of final close-out documentation for submittal to FAA and/or NCDOT. Construction Phase services may be rendered at different times in respect of separate prime contracts if the Project involves more than one Prime Contract.
- 5.6 If Authority has requested significant modifications or changes in the extent of the Project, the time, if any, of performance of Consultant's Services, Consultant's compensation may be adjusted by the Authority.
- 5.7 If Authority fails to give prompt written authorization to proceed with any phase of Services after completion of the immediately preceding phase, or if Construction Phase has not commenced within 180 calendar days after completion of the Design and Permitting Phase, Consultant may, after giving seven days' written notice to Authority, suspend services under this Agreement.
- 5.8 If Consultant's Services for design or during construction of the Project are delayed or suspended in whole or in part by Authority for more than twelve months for reasons beyond Consultant's control, the rates of compensation provided for in the Scope of Services shall be subject to renegotiation.

SECTION 6 - COMPENSATION

6.1. Methods of Payment for Services and Expenses of the General consultant

Payment for each element of work identified in the Scope of Services shall be made under one

of the following methods, which shall be identified in the Scope of Services:

- 6.1.1 LUMP SUM METHOD - This method generally applies to Basic Services, and certain special Sub-consultant Services such as topographic surveys and environmental reports. The Lump Sum fee shall be a fixed amount as stipulated in the Scope of Services. No adjustment may be made to a lump sum fee. If Additional Services are required, they shall be paid for separately as "Additional Services," under pre-approved terms.
- 6.1.2 UNIT PRICE METHOD - This method generally applies to Sub-contracted testing or survey services. (Survey crew hourly rate shall be considered a "unit rate.") Payment shall be made at the number of units (typically, tests or survey hours) performed, multiplied by the stipulated unit price. If a "Not-to-Exceed" maximum amount is stated, then the total fee may not exceed the stipulated amount unless additional work is performed and approved in advance. If no maximum amount is stated, Consultant shall inform Authority in a timely manner if it becomes apparent that the estimated (budgeted) amount will be exceeded.
- 6.1.3 HOURLY RATE METHOD - Generally applies to Miscellaneous Services (non-FAA and non-NCDOT participation) requested by Authority, and RPR services. Generally applies to services performed by employees of Consultant, as subcontracted Services based on hourly rates are typically considered to be unit price services as stipulated in Sub-section 6.1.2 above. Unless otherwise stated, the hourly rates shall be as listed in Consultant's current Standard Rate Schedule. The Standard Rate Schedule current for the year in which this Agreement is executed is attached as **Exhibit "C"**. The Standard Rate Schedule is revised and re-issued on a calendar-year annual basis (whether or not the rates or other conditions change.) Hourly rates for RPR services are typically stated on the Scope of Services.
- 6.1.4 REIMBURSEMENT OF EXPENSES - This method applies to items which are designated as reimbursable in the Scope of Services, including but not limited to: reproduction of documents exceeding the number of reproductions included in the basic services fee, express shipments in addition to those stipulated in the basic services fee and special travel expenses. Terms of reimbursement are set forth in the Scope of Services, and are typically direct reimbursement of actual costs without mark-up. Office supplies, telephone, first class postage, plot media electronic storage media, and computer time are considered to be overhead costs and are not reimbursable. Plot media for special orders (not for the original production of the drawings) shall be considered "reproductions" and is therefore reimbursable.

6.2 Billing and Payment

- 6.2.1 Consultant shall submit monthly invoices for Professional Services rendered and for Reimbursable Expenses incurred. The invoice for Basic Services will be based upon Consultant's estimate of the proportion of the total services actually completed at the time of preparation of the invoice. To assist in the estimation of fees earned, the Basic Services fee will be broken down into the fees for various project phases. The invoice for RPR services shall be based on the number of hours worked during the billing period, as indicated on time sheets. The invoice for Sub-consultant services shall be based on the invoice received from the Sub-consultant (which Consultant shall review for reasonableness,) plus the pro-rated portion of Consultant's stipulated

Administrative/Coordination Fee. The invoice for Reimbursable Expenses shall be based on the number of reproductions made during the invoice period multiplied by the stipulated or standard unit price, and the direct cost of other Reimbursable Expenses, as set forth in the Scope of Services.

- 6.2.2 Invoices shall be due and payable within thirty (30) calendar days of the Authority's receipt of the invoice. If Authority objects to all or any portion of an invoice, Authority shall so notify Consultant within fourteen (14) calendar days of the Authority's receipt of the invoice, identify the cause of disagreement, and pay when due the portion of the invoice, if any, not in dispute.
- 6.2.3 Failure to pay the portion of an invoice not under dispute after sixty (60) days shall be cause for Consultant to suspend work on the Project until such payment is made. By doing so, Consultant shall not incur any liability for claimed losses or damages due to non-performance of the work.
- 6.2.4 In the event that Authority terminates the project in accordance with Section 7 of this Agreement, Consultant shall be paid for the portion of the fee earned and costs incurred as of the date of notice of termination, but shall not be eligible for payment for any lost anticipated profits from the portion of the project following the termination date.

SECTION 7 - MISCELLANEOUS PROVISIONS

7.1 Insurance

During the performance of this Agreement, Consultant shall insure itself for and against professional liability and malpractice relative to the performance of this Agreement in the minimum amount of \$1,000,000 each claim/annual aggregate. In addition, Consultant shall be required, if available, to provide the same types and levels of insurance identified above for a period of six years following the expiration or early termination of this Agreement. Consultant shall deliver to Authority a certificate of this insurance coverage at the time this Agreement is executed. The certificate shall unconditionally provide that the requisite coverage shall not be terminated or modified or not renewed until Authority has received thirty (30) day written notice thereof. In the event that an insurance carrier should terminate or modify or not renew the above coverage, Consultant shall immediately contract with another insurance carrier to provide requisite coverage and shall immediately deliver to Authority a replacement certificate. The coverage shall be written through an admitted carrier in the State of North Carolina. In addition, Consultant and its sub-consultants shall maintain Workers' Compensation Insurance as required by law, and certificates of such insurance coverage shall likewise be delivered to Authority.

7.2 Indemnity

Consultant shall indemnify and hold harmless Authority and its present and future Members, officers, agents and employees, from and against all liabilities, claims, losses, costs and expenses (including, but not limited to, attorney fees) arising out of or resulting from any and all negligent acts and omissions of Consultant and/or its agents, employees and/or sub-consultants. Consultant shall be directly responsible for any such additional costs, above first costs, incurred by the Authority, as a result of the errors and omissions of Avcon, Inc. through

its employees assigned to tasks for, or on behalf of the Authority, which result in additional costs to the Authority, either by a contractor, or by Avcon, Inc. itself.

7.3 Independent Contractor

Consultant is an independent contractor and not an agent of Authority.

7.4 Civil Right Assurances

During the performance of this Agreement, Consultant, for itself and for its assignees and successors if any and sub-consultants (all of whom collectively referred to as "Contractor") agrees as follows:

(a) Compliance with Regulations. Contractor shall comply with the regulations ("Regulations") relative to nondiscrimination in federally assisted programs of the Department of Transportation ("DOT") including but not limited to: Title 49, Code of Federal Regulations, Part 21, and as they may be amended from time to time. The Regulations are incorporated herein by this reference thereto.

(b) Nondiscrimination. With respect to and during the performance of this Agreement, Contractor shall not discriminate on the ground of age, race, color, national origin, religion, disability or sex in the selection or retention of sub-contractors and sub-consultants including procurements of materials and leases of equipment. Contractor shall not participate either directly or indirectly in the discrimination prohibited by Section 21.5 of the Regulations, including, but not limited to, practices when this Agreement covers a program set forth in Appendix B of the Regulations.

(c) Solicitations for sub-consultants and sub-contractors, including but not limited to, procurements of materials and equipment. In all solicitations, either by competitive bidding or negotiations made by Contractor for work to be performed under a sub-contract, including, but not limited to, procurements of materials and leases of equipment, each potential sub-consultant, sub-contractor and supplier shall be notified by Contractor of Contractor's obligations under this Agreement and the Regulations relative to nondiscrimination on the grounds of age, race, color, national origin, religion, disability or sex.

(d) Information and Reports. Contractor shall provide all information and reports required by the Regulations or directives, orders or instructions issued pursuant thereto and shall permit access to its books, records, accounts, other sources of information, and facilities as may be determined by Authority or the FAA to be pertinent to ascertain compliance with such Regulations, directives, circulars, orders, and instructions. Where any information required of a Contractor is in the exclusive possession of another who fails or refuses to furnish this information, Contractor shall so certify to Authority and the FAA as appropriate, and shall set forth what efforts it has made to obtain the information.

(e) Sanctions for Noncompliance. In the event of Contractor's non-compliance with any of the non-discrimination provisions of this Agreement, Authority shall impose such Agreement sanctions as it or the FAA determine to be appropriate, including, but not limited to, the following:

- i. Withholding of payments to Contractor under this Agreement until Contractor complies; and/or
- ii. Cancellation, termination, or suspension of this Agreement, in whole or in part.

(f) Incorporation of Provisions. Contractor shall include the provisions of Paragraphs (a) through (e) above in every sub-contract, including but not limited to, procurements of materials and leases of equipment, unless exempted by the Regulations or directives issued pursuant thereto. Contractor shall take such action with respect to any sub-contract or procurement as Authority or the FAA may direct as a means of enforcing such provisions, including, but not necessarily limited to, sanctions for noncompliance; provided, however, that, in the event a Contractor becomes involved in, or is threatened with, litigation with a sub-consultant, sub-contractor or supplier as a result of such direction, Contractor may request Authority to enter into such litigation to protect the interests of Authority and, in addition, Contractor may request the United States Government to enter into such litigation to protect the interests of the United States Government.

7.5 Disadvantaged Business Enterprise (DBE) Assurances

DBE Obligation: The Minority Business Enterprise/Disadvantaged Business Enterprise requirements of Title 49, Code of Federal Regulations, CFR Part (23 or 26) apply to this Agreement. Consultant agrees to ensure that disadvantaged business enterprises, as defined in Part (23 or 26) have the maximum opportunity to participate in the performance of contracts and sub-contracts provided under this Agreement. In this regard, Consultant shall take all necessary and reasonable steps in accordance with Part (23 or 26) to ensure that disadvantaged business enterprises have the maximum opportunity to compete for and perform Contracts. The Consultant shall not discriminate on the basis of age, race, color, national origin, religion, disability or sex in the award and performance of contracts.

7.6. Opinions of Cost

7.6.1 Since Consultant has no control over the cost of labor, materials, equipment or services furnished by others, or over the Contractor(s)' method of determining prices, or over competitive bidding or market conditions, his opinions of Probable Construction Cost provided for herein are to be made on the basis of his experience and qualifications and represent his best judgment as an experienced and qualified professional general consultant, familiar with the construction industry; but Consultant cannot and does not guarantee that proposals, bids or actual construction cost will not vary from opinions of probable cost prepared by him.

7.6.2 "Construction Cost" means the total of payments made to Construction Contractor(s), plus the cost of any materials, furnishings, etc. purchased separately by Authority and incorporated into the project. "Non-construction costs" are all costs of the project other than construction costs, including but not limited to Consulting Services, Testing, Topographic or other Surveys, Environmental Evaluations, RPR, and Authority's Miscellaneous and Administrative Expense. All of these costs, collectively, are referred to as the Project Cost.

7.7 Termination

- 7.7.1 This Agreement may be terminated by Authority upon seven (7) day's written notice, for the Authority's convenience and without cause.
- 7.7.2 Upon receipt of a termination notice, Consultant and its sub-consultants shall promptly discontinue all services and shall deliver to Authority all data, Drawings, Specifications, report estimates, summaries, and other information and materials as may be accumulated by Consultant and its sub-consultants, whether completed or in process.
- 7.7.3 Upon termination of this Agreement, Authority may, without prejudice or limitation of any action for damages or any other right or remedy, enter into another agreement for the completion of the work contemplated by this Agreement, or may use other methods for the completion of such work.
- 7.7.4 Upon termination of this Agreement, Consultant shall be entitled to receive payment for work executed and costs incurred by reason of such termination, including reasonable overhead and profit on completed work.

7.8 Re-Use of Documents

The drawings, specifications and all other documents or things prepared by Consultant for the Project shall become and be the sole property of Authority. Consultant shall, at its own cost and expense, be permitted to retain copies thereof for its records and for its future professional endeavors. Such drawings, specifications and other documents or things are not intended by Consultant for use on other projects by Authority or others. Any reuse by Authority or by third parties without the written approval of Consultant, shall be at the sole risk of Authority.

7.9 Storage, Protection, and Retrieval of Documents and Data

- 7.9.1 Storage, protection, and retrieval of General Consulting documents is an important part of Consultant's responsibility to Authority. Completed General Consulting Drawings (Plans) shall be stored by Consultant in a minimum of three media: paper plot originals, AutoCAD files in the dual redundant hard drives of Consultant's raid server, and in CD-ROM disks which are made each week and stored off-site. Additionally, Authority may obtain disks containing the CAD files at any reasonable interval, such as monthly or upon completion of each project, and store them at Authority's office. Drawings in progress are stored in the hard drive and in the weekly back-up CD-ROM disks; existing paper plots of drawings in progress may not be up to date at any particular time. Text documents shall be stored as filed paper documents, as text files in the hard drive, and in the same weekly CD-ROM back-up disks that contain the CAD files.
- 7.9.2 Documents received from others, such as test reports, shop drawings, correspondence from the Contractor, etc., are stored by Consultant only in their original paper form or electronic form. They are filed by job number and are stored in-perpetuity, unless approved in writing by the Authority for disposal, except for papers which are considered by Consultant to be unimportant for future reference purposes, which are discarded. Although paper documents are stored in boxes in a dry place and reasonable care is taken to protect them, no guarantee is made that they will be preserved undamaged without time limit.

7.10 Non-waiver of Rights

Neither Authority's failure to insist upon the strict performance of any provision of this Agreement or to exercise any right or remedy relative to a breach thereof, nor Authority's acceptance of any performance during such breach shall constitute a waiver of any right or remedy of Authority.

7.11 Conflict of Interest

No paid employee of Authority shall have a personal or financial interest, direct or indirect, as a contracting party or otherwise, in the performance of this Agreement.

7.12 Sub-consultants

Consultant shall not utilize any sub-consultants for carrying out the services to be performed under this Agreement without the prior written approval of Authority. By the execution of this Agreement, Authority grants approval for the utilization of the sub-consultants set forth in **Exhibit "D"**, which is attached hereto and incorporated herein.

7.13 Audit: Access to Records

Consultant shall maintain books, records and documents pertinent to the performance of the Contract and these General Provisions in accordance with generally accepted accounting principles and practices, and with any governmental requirements; and Authority, the FAA, the Comptroller General of the United States and their duly authorized representatives shall have access to all such documents for purposes of examination, audit and copying.

7.14 Special Provisions

This Agreement is subject to the following Special Provisions. The listed documents are hereby incorporated into this Agreement by reference, and have the same force and effect as if they had been written into the body of this Agreement. However, if there is a conflict between a Special Provision and any other provisions of the agreement, the Special Provisions shall be subordinate.

1. Exhibit A – Proposed Project Work
2. Exhibit B – Consultant Scope of Services related to this Agreement for Professional Services.
3. Exhibit C – Schedule of Fees consisting of one page.
4. Exhibit D – Consultant Staff/Sub Consultant(s) Assignment - Listing of assigned staff and all sub-consultants committed to the fulfillment of this Agreement. Such staff and or sub-consultants may not be changed without the expressed written consent of the Authority.
5. Exhibit E – Responsibilities of Resident Project Representative (RPR).

7.15 Notices

All notices shall be in writing and shall be served only by registered or certified mail, return receipt requested, addressed to the party to be served at the address set forth below or at such other address as may be designated in writing. Service of notice shall be complete upon receipt of notice.

To Authority:

Greater Asheville Regional Airport Authority
61 Terminal Drive, Suite 1
Fletcher, North Carolina 28732
Attention: Executive Director

To Consultant:

Avcon Engineers and Planners, Inc.
Mallard Creek III, Suite 145
8604 Cliff Cameron Drive
Charlotte, NC 28269

Attention: Mr. Sandeep Singh, President/Principal-in-Charge

7.16 Dispute Resolution

- 7.16.1 As a condition precedent to resolving claims, disputes and other matters by litigation, but only so long as neither of the parties hereto is thereby prejudiced or harmed by a statute of limitation or a statute of repose, the parties agree to attempt to resolve any claim, dispute or other matter in question arising out of or relating to this Agreement or a breach thereof, in the first instance, by mutual consent based upon an objective review and interpretation of factual information presented by either or both parties.
- 7.16.2 In the absence of agreement by mutual consent as set out in Sub-paragraph 7.16.1, but only so long as neither of the parties hereto is thereby prejudiced or harmed by a statute of limitation or a statute of repose, the parties agree to refer the claim, dispute or other matter to mediation. Either party may initiate a request for mediation, and the parties hereto shall, within thirty days of the receipt of a written request, select by mutual agreement a mediator, who shall be qualified to conduct mediated settlement conferences in the Superior Court Division of the General court of Justice of the State of North Carolina. If the parties cannot agree upon a mediator, the first mediator (who will agree to conduct this mediation) on the mediator list of the Trial Court Administrator for the 28th Judicial District of the State of North Carolina shall be automatically selected.
- 7.16.3 The parties hereto shall share the mediator's fees equally. The mediation shall be held in the Conference Room at Authority's Administrative Offices, Asheville Regional Airport, or at such other place as may be mutually agreed upon (the expense for such other place to be shared equally).
- 7.16.4 Failing resolution of a claim, dispute or other matter by the methods set forth in Sub-Paragraph 7.16.1 or 7.16.2, either party may then resort to litigation, which shall be commenced in Buncombe County, North Carolina.

7.16.5 Notwithstanding any provision of this Agreement to the contrary, this Agreement does not contain, and shall not be deemed to constitute, an Agreement to arbitrate, and any claim against or dispute or other matter with Consultant shall not be subject to arbitration.

7.16.6 In the event a dispute shall arise under or about this Agreement, then the prevailing party therein shall be entitled to recover from the non-prevailing party all reasonable costs, expenses and reasonable attorney's fees which may be incurred on account of such dispute, whether or not suit or other legal or quasi-legal proceedings may be brought, as well as at every stage of any such proceedings from the time such dispute first arises through trial or other proceedings and all appellate processes.

7.17 Governing Law

This Agreement is to be governed by the laws of the State of North Carolina.

7.18 Successors and Assigns

7.18.1 Authority and Consultant each binds itself and its partners, successors, executors, administrators, assigns and legal representatives to the other party to the Agreement and to the partners, successors, executors, administrators, assigns and legal representatives of such other party, in respect to all covenants, agreements and obligations of this Agreement.

7.18.2 Consultant shall not assign, sublet or transfer any rights under or interest in (including, but without limitation, moneys that may become due or moneys that are due) this Agreement without the written consent of the Authority, except to the extent that the effect of this limitation may be restricted by law. Unless specifically stated to the contrary in any written consent to an assignment, no assignment will release or discharge the assignor from any duty or responsibility under this Agreement. Nothing contained in this paragraph shall prevent Consultant from employing such independent Sub-consultants or Sub-contractors as he may deem appropriate to assist him in the performance of services hereunder, however Consultant shall so inform Authority in advance, and shall not employ any sub-consultant or sub-contractor to whom Authority objects.

7.19 No Third-Party Beneficiaries

Nothing contained herein shall create a contractual relationship with, or any rights in favor of, any third party.

7.20 Severability

If any of the terms, conditions or provisions of this Agreement hereto, or any document incorporated herein (other than a Regulation) or any portions thereof, shall contravene or be invalid under the laws or regulations of the United States or the State of North Carolina or any of their respective agencies, departments or subdivisions, such contravention or invalidity shall not invalidate the whole Agreement, attachment or document, but this Agreement, attachment(s), and document(s) shall be construed as if not containing the particular term,

condition or provision, or portion thereof, held to be in contravention or invalid, and the rights and obligations of the parties hereto shall be construed accordingly.

7.21 Non-Exclusive

This Agreement does not create or provide any exclusive right or interest in or for Consultant, and Authority may contract with other engineers, professionals and contractors at any time and for any services and purposes.

7.22 Entirety of Agreement

7.22.1 This Agreement together with the Exhibits identified above constitutes the entire agreement between Authority and Consultant and supersedes all prior written or oral understanding. This Agreement and said Exhibits may only be amended, supplemented, or modified by a duly executed Amendment, except that an Amendment shall not be required to transmit each year's updated Standard Rate Schedule.

7.22.2 Regardless of which party hereto is responsible for the preparation and drafting of this agreement, it shall not be construed more strictly against either party.

IN WITNESS WHEREOF, the parties hereto have made and executed and this Agreement as of the day and year first above written.

AUTHORITY:

GREATER ASHEVILLE REGIONAL
AIRPORT AUTHORITY

By:

Lew Bleiweis, A.A.E.
Executive Director

Attested By:

Print Name: _____

Seal

CONSULTANT:

AVCON ENGINEERS AND PLANNERS, INC.

By:

Sandeep Singh
Sandeep Singh, P.E.
Its: President/Principal-in-Charge

Attested By:

Kandice Miller
Print Name: KANDICE MILLER

Seal

Additional signature page added to the AVCON Incorporated Professional Services Agreement with the Greater Asheville Regional Airport Authority beginning October 2013 for a five year period.

“This instrument has been pre-audited in the manner required by the Local Government Budget and Fiscal Control Act.”

Finance Officer Signature

Date

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EXHIBIT A
PROPOSED PROJECT WORK

The following projects may be included in the scope of services provided under the contract associated with this request:

1. Terminal roof replacement.
2. Commercial Vehicle Curb-front Improvements w/pedestrian canopies.
3. Wright Brothers Way Road extension including utilities.
4. Rental Car Ready Return Lot expansion and improvements including roadway.
5. Taxiway A shoulders and improvements.
6. Terminal Apron re-habilitation and joint seal.
7. Terminal Drive/NC280 Right Turn Lane.
8. Design and construction of new multi-level parking garage and elevated pedestrian walkway, and/or existing parking lot improvements.
9. New North General Aviation Area site development.
10. Former Public Safety Facility demolition and re-development.
11. Safety Management System.
12. Tri-Annual DBE Goals Program.
13. Tri-Annual Airport Concessions DBE Goals Program.
14. Miscellaneous survey and geotechnical investigations.
15. Pavement and electrical systems evaluation.
16. Security System improvements.
17. Financial evaluation and other associated services.
18. Rates and Charges evaluation, recommendations and other associated services.
19. Passenger Facility Charge evaluation, recommendations and/or application processes.

The above list of potential projects and tasks is not necessarily all inclusive and is subject to revisions by the Authority.

EXHIBIT B

Consultant Scope of Services

Asheville Regional Airport Authority

Scope of Services for Professional Consulting Services, as referenced in the Professional Consulting Agreement between the Greater Asheville Regional Airport Authority and _____, dated _____.

Project:

Scope of Services:

Consultant Team:

Schedule:

Project Budget:

Fees:

Authority:

Greater Asheville Regional Airport Authority

By: _____
Executive Director

Date: _____

Consultant:

By: _____
Title: _____

Date: _____

This instrument has been pre-audited in the manner required by local government and fiscal control.

Finance Manager

EXHIBIT C

SCHEDULE OF FEES

for

AVCON ENGINEERS AND PLANNERS, INC.

CLASSIFICATION

HOURLY RATES

EXHIBIT D

Consultant Staff/Sub-Consultant(s) Assignments

Position/Role

Company/Name

EXHIBIT E

Responsibilities of the Resident Project Representative

If Authority requests the services of a Resident Project Representative, he or she shall be the agent and employee of Consultant and shall:

- A. Make extensive and comprehensive on-site observations of the work in progress, assist Consultant in determining if the work is proceeding in accordance with the Contract Documents; make field checks of materials and equipment incorporated into the work; provided that Consultant shall not have control over the construction means, methods, techniques, sequences or procedures of the Contractor(s) or the safety precautions or programs of the Contractor(s).
- B. Be Consultant's agent at the construction site.
- C. Deal with subcontractors only through the Contractor(s), unless authorized by Consultant and the appropriate Contractor to deal directly with a subcontractor.
- D. Review the progress schedule, schedule of shop drawing submittals and schedule of values prepared by the Contractor(s).
- E. Attend meetings with the Contractor(s), such as pre-construction conferences, progress meetings, job conferences and other Project related meetings, and prepare and circulate copies of minutes thereof to Authority and other appropriate parties. (In the event that there is no Resident Project Representative, Consultant shall be responsible for the preparation and circulation of the minutes for all such meetings.)
- F. Serve as Consultant's liaison with the Contractor(s), working principally through the Contractor(s)' superintendents; and assist the Contractor(s) in understanding the intent of the Contract Documents; and assist Consultant in serving as Authority's liaison with the Contractor(s), particularly when the Contractor(s)' operations affect Authority's airport operations.
- G. Assist in obtaining from Authority such additional details and information as may be required for the proper execution of the work.
- H. Record the dates of receipt of shop drawings and samples.
- I. Receive samples which are furnished at the job site by the Contractor(s), and notify Consultant of the availability of samples for examination.
- J. Advise Consultant and the Contractor(s) of the commencement of any work requiring a shop drawing or sample if the submittal has not been approved by Consultant.
- K. Report in writing to Consultant whenever he or she believes that any work is unsatisfactory, faulty or defective or does not conform to the Contract Documents, or has been damaged, or does not meet the requirements of any inspection, test or approval required to be made; and advise Consultant in writing of any work that he or

she believes should be corrected or rejected, or should be uncovered for observation, or may require special testing, inspection or approval.

- L. Verify that tests, equipment and systems start-ups, and operating and maintenance training are conducted in the presence of appropriate personnel, and that the Contractor(s) maintain adequate written records thereof; and observe, record in writing and report to Consultant appropriate details relative to the test procedures and the start-ups.
- M. Accompany governmental inspectors, and report in writing to Consultant the results of the inspections.
- N. Report in writing to Consultant when clarifications and interpretations of the Contract Documents are needed; and transmit Consultant's clarifications and interpretations to the Contractor(s).
- O. Evaluate the Contractor(s)' suggestions for modifications in drawings and specifications; report his or her recommendations in writing to Consultant; and transmit Consultant's decisions to the Contractor(s).
- P. Maintain at the job site orderly files for correspondence, reports of job conferences, minutes of meetings, shop drawings and samples, reproductions of the Contract Documents including but not limited to all addenda and change orders, Consultant's clarifications and interpretations of the Contract Documents, progress reports, and other Project related documents. Consultant shall keep all documents (including but not necessarily limited to the documents referred to in this paragraph and the next two paragraphs) for a period of six (6) years after the Project is fully completed, and during the construction period and this six (6) year period, Authority, the FAA, the Comptroller General of the United States and their duly authorized representatives shall have access to these documents for purposes of examination, audit and copying.
- Q. Keep a diary or log book, and record therein the Contractor(s)' hours on the job site, weather conditions, data relative to questions about the work, job site visitors, daily activities, decisions, observations in general, and specific observations with respect to test procedures.
- R. Record names, addresses and telephone numbers of all Contractor(s), subcontractors and major suppliers of material and equipment.
- S. Furnish Consultant periodic written reports of the progress of the work and of the Contractor(s)' compliance with the progress schedule and schedule of shop drawings and sample submittals.
- T. Consult with Consultant in advance of scheduled major tests, inspections and the start of important phases of the work.
- U. Draft proposed change orders and obtain backup materials from the Contractor(s), and make recommendations to Consultant.
- V. Report immediately to Consultant and Authority upon the occurrence of any accident, and confirm such report in writing.

- W. Review applications for payment with the Contractor(s), and forward his or her written recommendations to Consultant, noting particularly the relationship of the payment requested to the schedule of values, work completed, and materials and equipment delivered to the job site but not incorporated in the work.
- X. Verify that certificates, operation and maintenance manuals, and other data required to be assembled and furnished by the Contractor(s) are applicable to the items actually installed and are in accordance with the Contract Documents; and have this material delivered to Consultant for review and forwarding to Authority prior to the final payment for work.
- Y. Before Consultant issues a certificate of substantial completion, submit to each Contractor a written list of observed items requiring completion or correction.
- Z. Conduct a final inspection in the company of Consultant, Authority and the Contractor(s), and prepare a final written list of items to be completed or corrected.
- AA. Determine that all items on the final list have been completed or corrected, and make recommendations in writing to Consultant concerning acceptance of the work and corrections.

The Resident Project Representative shall not:

- A. Authorize any deviation from the Contract Documents, or any substitution of materials or equipment, unless authorized in writing by Consultant.
- B. Exceed Consultant's authority as set forth herein or in the Contract.
- C. Undertake any of the responsibilities of the Contractor(s) or subcontractors.
- D. Advise on, issue directions relative to, or assume control over any aspect of the construction means, methods, techniques, sequences or procedures of the Contractor(s) unless such directions or control are specifically required by the Contract Documents.
- E. Advise on, issue directions relative to, or assume control over Contractor(s)' safety precautions or programs.
- F. Accept shop drawings or sample submittals from anyone other than a Contractor.
- G. Authorize Authority to occupy the Project in whole or in part.
- H. Participate in specialized field or laboratory tests or inspections conducted by others, except as specifically authorized in writing by Consultant.
- I. Review any of the CONTRACTOR(s)' safety precautions, or the means, methods, sequences, or procedures required for the CONTRACTOR(s) to perform the work. Omitted design or review services include, but are not limited to, shoring, scaffolding, underpinning, temporary retainment of excavations, and any erection methods and temporary bracing.

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MEMORANDUM

TO: Members of the Airport Authority
FROM: Lew Bleiweis, A.A.E., Executive Director
DATE: October 11, 2013

ITEM DESCRIPTION – Information Section Item A

August, 2013 Traffic Report – Asheville Regional Airport

SUMMARY

August 2013 overall passenger traffic numbers were up 13.9% compared to the same period last year. Passenger traffic numbers reflect a 13.2% increase in passenger enplanements from August 2012. Enplanements for Fiscal Year to Date total 71,760 which is a 15% increase over the same period last year.

AIRLINE PERFORMANCE

Allegiant Airlines: Year over Year passenger enplanements for Allegiant in August 2013 were up by 248.0%. There were no flight cancellations for the month.

Delta Airlines: Delta's August 2013 enplanements increased by 7.5% compared to August 2012. There were no flight cancellations for the month.

United Airlines: In August 2013, United Airlines saw a decrease in enplanements by 19.6% over the same period last year. There were no flight cancellations for the month.

US Airways: US Airways' August 2013 passenger enplanements represent an 8.2% increase over the same period last year. There were three (3) flight cancellations for the month.

Monthly Traffic Report

Asheville Regional Airport

August 2013



| Category | Aug 2013 | Aug 2012 | Percentage Change | *CYTD-2013 | *CYTD-2012 | Percentage Change | *MOV12-2013 | *MOV12-2012 | Percentage Change |
|----------------------------|----------------|----------------|-------------------|------------------|------------------|-------------------|------------------|------------------|-------------------|
| Passenger Traffic | | | | | | | | | |
| Enplaned | 34,275 | 30,269 | 13.2% | 217,902 | 213,427 | 2.1% | 322,149 | 338,794 | -4.9% |
| Deplaned | <u>34,386</u> | <u>30,038</u> | 14.5% | <u>217,862</u> | <u>212,690</u> | 2.4% | <u>321,346</u> | <u>337,513</u> | -4.8% |
| Total | 68,661 | 60,307 | 13.9% | 435,764 | 426,117 | 2.3% | 643,495 | 676,307 | -4.9% |
| Aircraft Operations | | | | | | | | | |
| Airlines | 462 | 369 | 25.2% | 3,196 | 2,397 | 33.3% | 4,490 | 3,627 | 23.8% |
| Commuter /Air Taxi | <u>1,164</u> | <u>1,422</u> | -18.1% | 8,330 | 9,923 | -16.1% | 12,600 | 15,353 | -17.9% |
| Subtotal | <u>1,626</u> | <u>1,791</u> | -9.2% | <u>11,526</u> | <u>12,320</u> | -6.4% | <u>17,090</u> | <u>18,980</u> | -10.0% |
| General Aviation | 4,430 | 3,818 | 16.0% | 25,812 | 26,200 | -1.5% | 38,803 | 38,511 | 0.8% |
| Military | <u>371</u> | <u>456</u> | -18.6% | <u>2,859</u> | <u>2,990</u> | -4.4% | <u>4,456</u> | <u>4,209</u> | 5.9% |
| Subtotal | <u>4,801</u> | <u>4,274</u> | 12.3% | <u>28,671</u> | <u>29,190</u> | -1.8% | <u>43,259</u> | <u>42,720</u> | 1.3% |
| Total | 6,427 | 6,065 | 6.0% | 40,197 | 41,510 | -3.2% | 60,349 | 61,700 | -2.2% |
| Fuel Gallons | | | | | | | | | |
| 100LL | 23,942 | 16,478 | 45.3% | 105,290 | 107,251 | -1.8% | 162,725 | 165,414 | -1.6% |
| Jet A (GA) | 112,043 | 148,818 | -24.7% | 736,588 | 740,365 | -0.5% | 1,090,278 | 1,103,651 | -1.2% |
| Subtotal | <u>135,985</u> | <u>165,296</u> | -17.7% | <u>841,878</u> | <u>847,616</u> | -0.7% | <u>1,253,003</u> | <u>1,269,065</u> | -1.3% |
| Jet A (A/L) | <u>244,907</u> | <u>237,322</u> | 3.2% | <u>1,616,412</u> | <u>1,690,988</u> | -4.4% | <u>2,243,811</u> | <u>2,749,342</u> | -18.4% |
| Total | 380,892 | 402,618 | -5.4% | 2,458,290 | 2,538,604 | -3.2% | 3,496,814 | 4,018,407 | -13.0% |

*CYTD = Calendar Year to Date and *Mov12 = Moving Twelve Months.

Friday, September 20, 2013

Airline Enplanements, Seats, and Load Factors

Asheville Regional Airport

August 2013



| | Aug 2013 | Aug 2012 | Percentage Change | *CYTD-2013 | *CYTD-2012 | Percentage Change |
|-----------------------------|----------|----------|-------------------|------------|------------|-------------------|
| AirTran Airways | | | | | | |
| Enplanements | 0 | 0 | #Num! | 0 | 306 | -100.0% |
| Seats | 0 | 0 | #Num! | 0 | 468 | -100.0% |
| Load Factor | #Num! | #Num! | #Type! | #Num! | 65.4% | #Type! |
| Allegiant Air | | | | | | |
| Enplanements | 4,496 | 1,292 | 248.0% | 27,173 | 9,868 | 175.4% |
| Seats | 4,814 | 1,350 | 256.6% | 29,900 | 10,500 | 184.8% |
| Load Factor | 93.4% | 95.7% | -2.4% | 90.9% | 94.0% | -3.3% |
| Continental Airlines | | | | | | |
| Enplanements | 0 | 0 | #Num! | 0 | 2,419 | -100.0% |
| Seats | 0 | 0 | #Num! | 0 | 5,100 | -100.0% |
| Load Factor | #Num! | #Num! | #Type! | #Num! | 47.4% | #Type! |
| Delta Air Lines | | | | | | |
| Enplanements | 15,082 | 14,031 | 7.5% | 93,513 | 93,223 | 0.3% |
| Seats | 18,046 | 16,900 | 6.8% | 128,655 | 115,150 | 11.7% |
| Load Factor | 83.6% | 83.0% | 0.7% | 72.7% | 81.0% | -10.2% |
| United Airlines | | | | | | |
| Enplanements | 4,262 | 5,301 | -19.6% | 24,540 | 32,752 | -25.1% |
| Seats | 5,450 | 6,637 | -17.9% | 31,800 | 42,360 | -24.9% |
| Load Factor | 78.2% | 79.9% | -2.1% | 77.2% | 77.3% | -0.2% |
| US Airways | | | | | | |
| Enplanements | 10,435 | 9,645 | 8.2% | 72,676 | 74,859 | -2.9% |
| Seats | 14,680 | 12,259 | 19.7% | 110,447 | 104,599 | 5.6% |
| Load Factor | 71.1% | 78.7% | -9.7% | 65.8% | 71.6% | -8.1% |

Friday, September 20, 2013

*CTYD = Calendar Year to Date and *Mov12 = Moving Twelve Months.

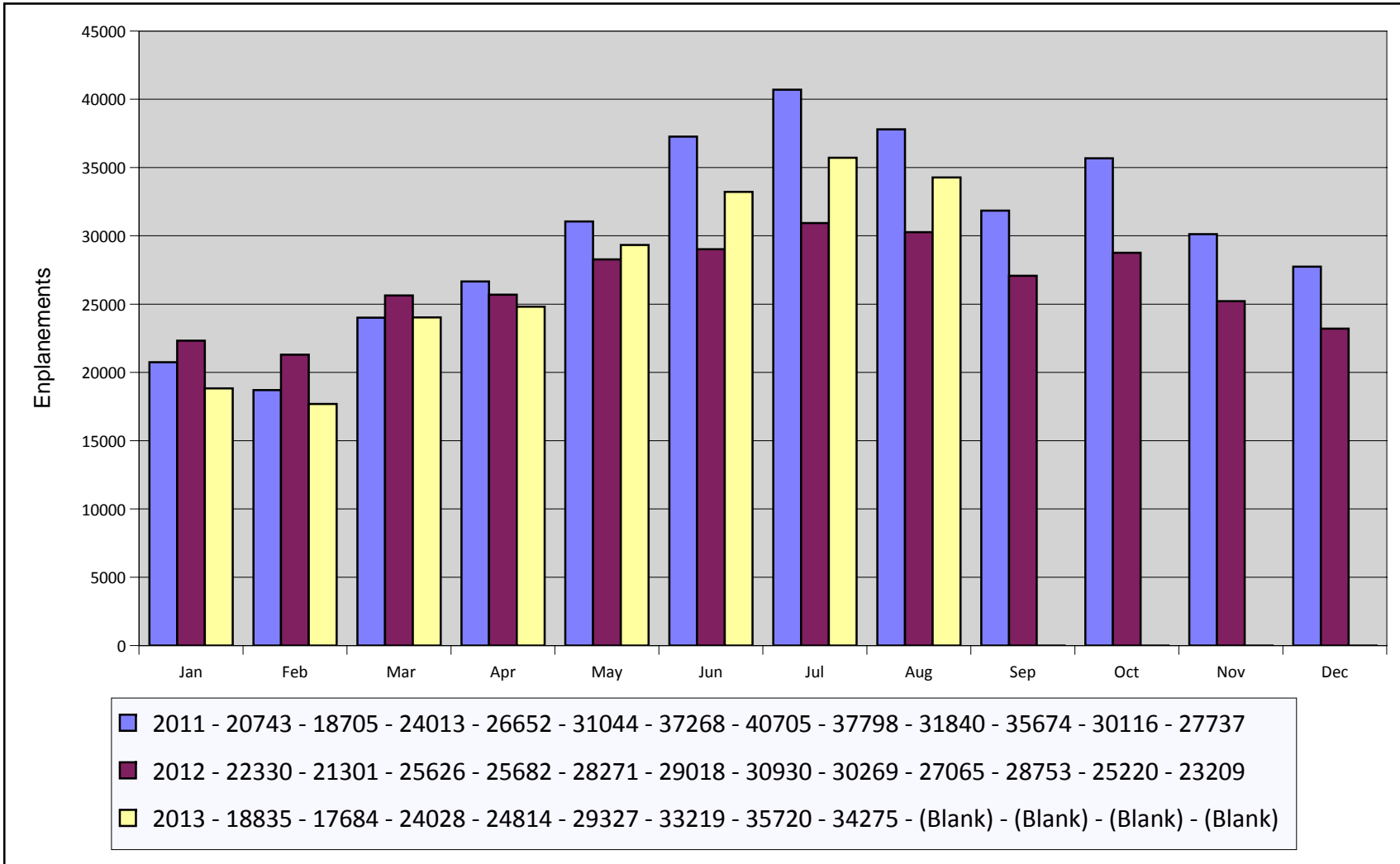
| | Aug 2013 | Aug 2012 | Percentage Change | *CYTD-2013 | *CYTD-2012 | Percentage Change |
|---------------|----------|----------|-------------------|------------|------------|-------------------|
| Totals | | | | | | |
| Enplanements | 34,275 | 30,269 | 13.2% | 217,902 | 213,427 | 2.1% |
| Seats | 42,990 | 37,146 | 15.7% | 300,802 | 278,177 | 8.1% |
| Load Factor | 79.7% | 81.5% | -2.2% | 72.4% | 76.7% | -5.6% |

Airline Flight Completions Asheville Regional Airport August 2013

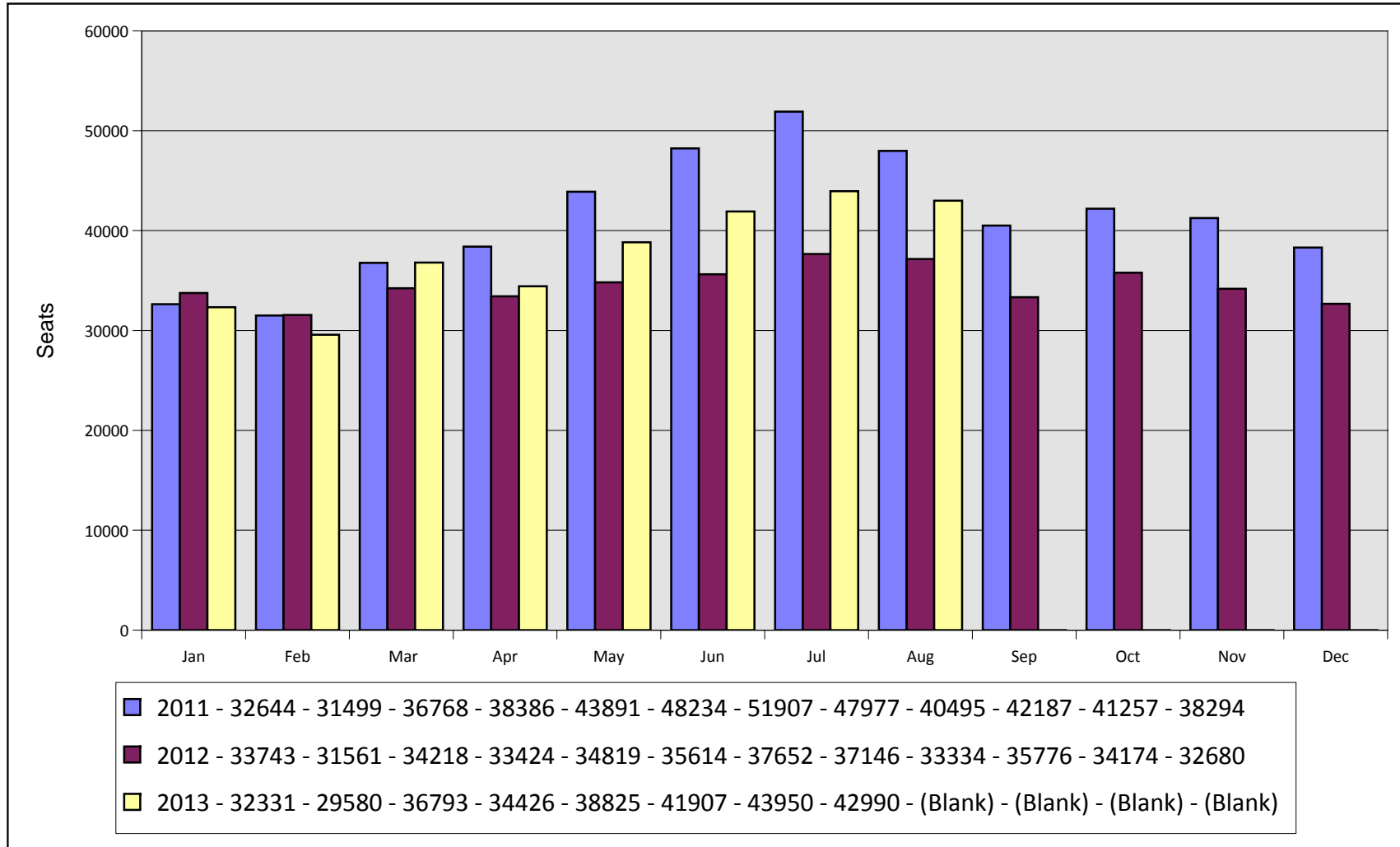


| Airline | Scheduled Flights | Field | Cancellations Due To | | | Total Cancellations | Percentage of Completed |
|----------------------|-------------------|----------|----------------------|----------|----------|---------------------|-------------------------|
| | | | Mechanical | Weather | Other | | |
| AirTran Airways | 0 | 0 | 0 | 0 | 0 | 0 | #Num! |
| Allegiant Air | 29 | 0 | 0 | 0 | 0 | 0 | 100.0% |
| Continental Airlines | 0 | 0 | 0 | 0 | 0 | 0 | #Num! |
| Delta Air Lines | 315 | 0 | 0 | 0 | 0 | 0 | 100.0% |
| United Airlines | 103 | 0 | 0 | 0 | 0 | 0 | 100.0% |
| US Airways | 264 | 0 | 2 | 1 | 0 | 3 | 98.9% |
| Total | 711 | 0 | 2 | 1 | 0 | 3 | 99.6% |

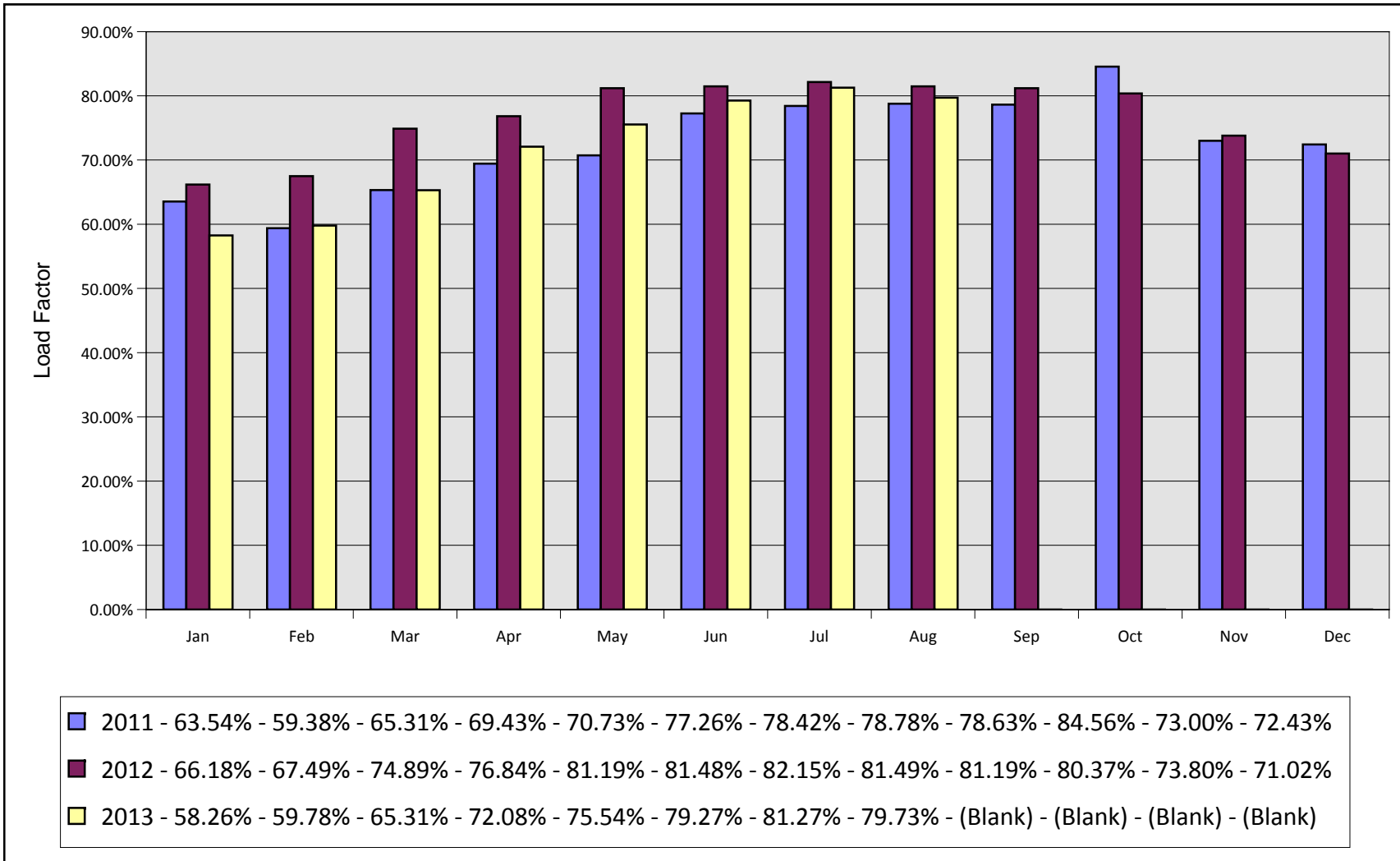
Monthly Enplanements By Year Asheville Regional Airport



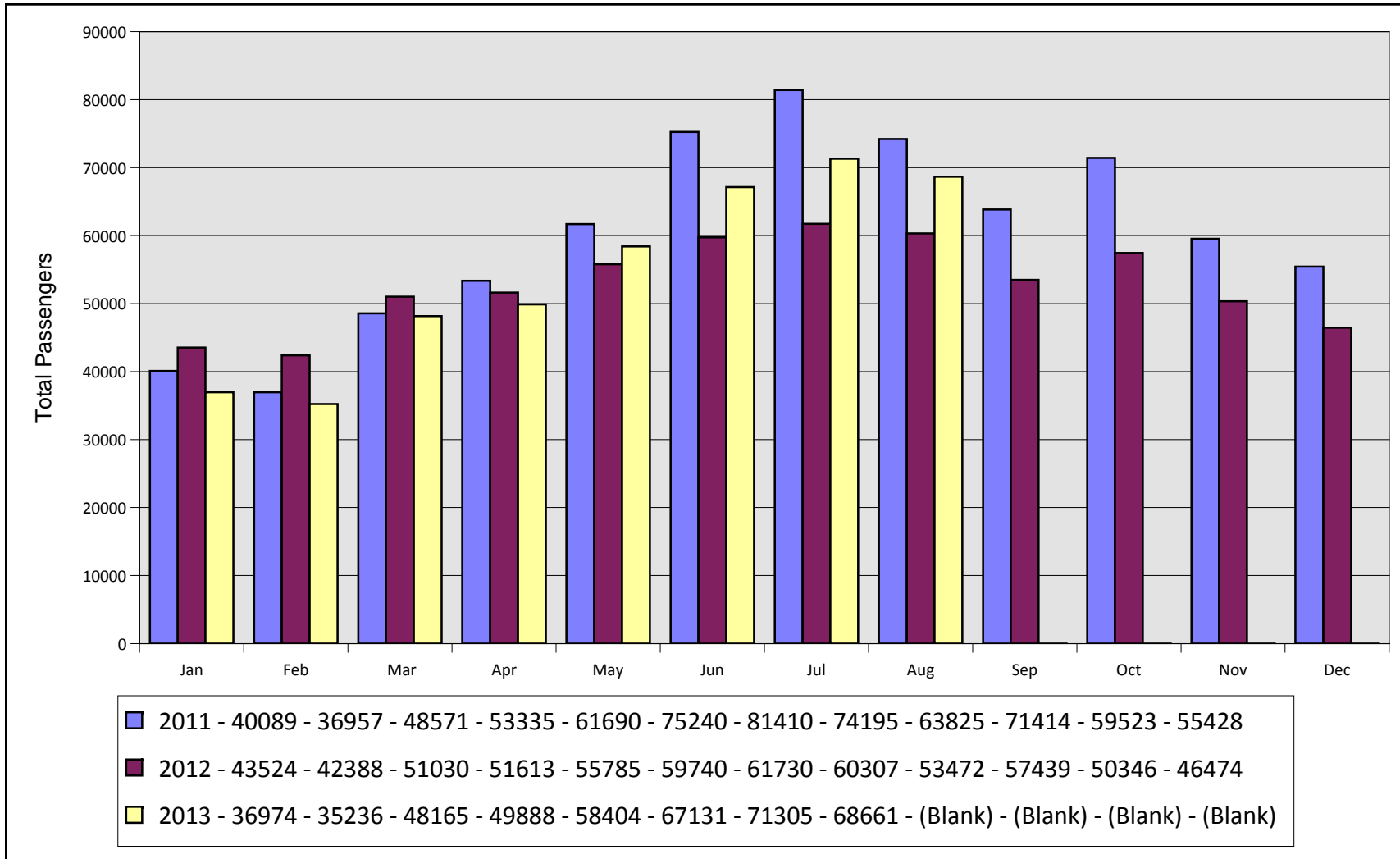
Monthly Seats By Year Asheville Regional Airport



Monthly Load Factors By Year Asheville Regional Airport

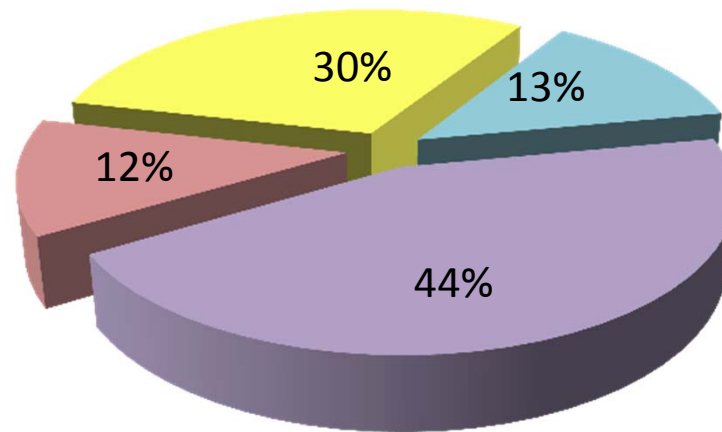


Total Monthly Passengers By Year Asheville Regional Airport

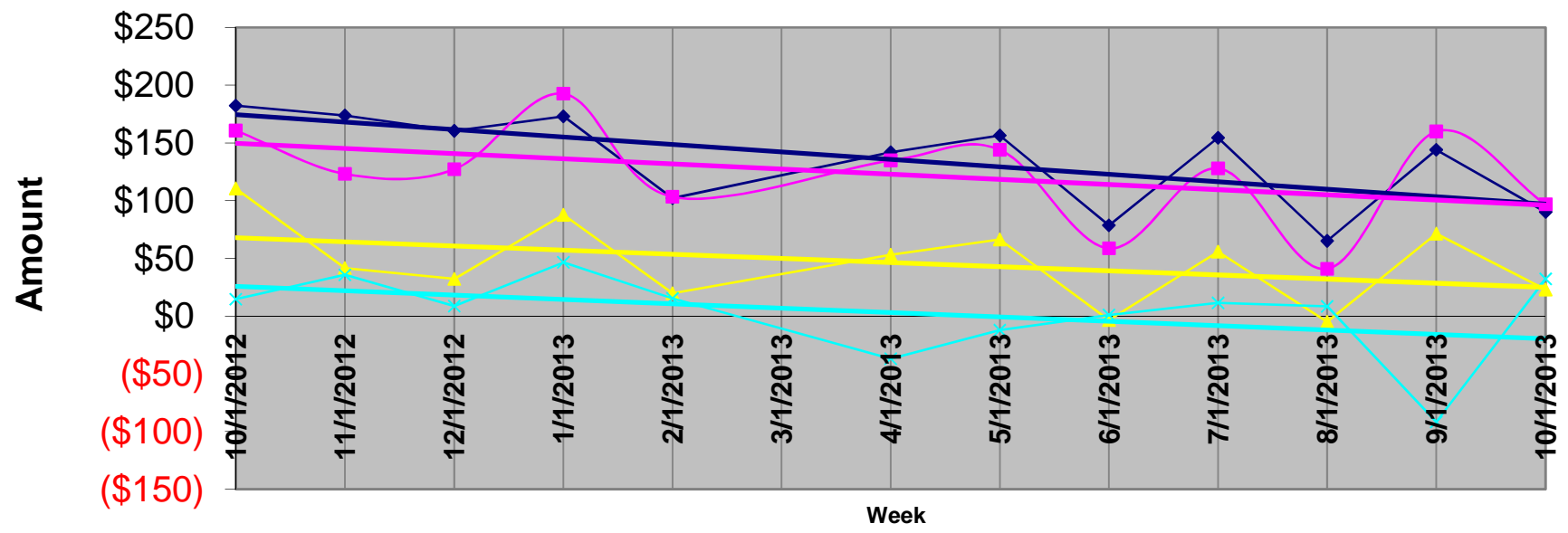


Airline Market Share Analysis (Enplanements) Asheville Regional Airport

Report Period From August 2013 Through August 2013



AVL Average Airfare Differences 21 Day Advance Purchase, 3 Day Stay



- ◆ ATL
- CLT
- ▲ GSP
- × TRI
- Linear (ATL)
- Linear (CLT)
- Linear (GSP)
- Linear (TRI)

Asheville Regional Airport
Sample airfares as of 10/1/13
21 Day Advance Purchase, 3 day Stay

| | | | | | | | <u>Difference in Fares</u> | | | | |
|-----|-----------------------|------------------|----------------|------------------|-------------------|-------------------|----------------------------|------------------|-------------------|-------------------|--|
| | | <u>ASHEVILLE</u> | <u>ATLANTA</u> | <u>CHARLOTTE</u> | <u>GREENVILLE</u> | <u>TRI-CITIES</u> | <u>ATLANTA</u> | <u>CHARLOTTE</u> | <u>GREENVILLE</u> | <u>TRI-CITIES</u> | |
| ABQ | Albuquerque | \$536 | \$343 | \$340 | \$443 | \$379 | \$193 | \$196 | \$93 | \$157 | |
| ATL | Atlanta | \$314 | | \$289 | \$266 | \$312 | \$314 | \$25 | \$48 | \$2 | |
| AUS | Austin | \$533 | \$353 | \$347 | \$438 | \$433 | \$180 | \$186 | \$95 | \$100 | |
| BWI | Baltimore | \$360 | \$254 | \$218 | \$245 | \$368 | \$106 | \$142 | \$115 | (\$8) | |
| BOS | Boston | \$380 | \$256 | \$198 | \$409 | \$376 | \$124 | \$182 | (\$29) | \$4 | |
| ORD | Chicago | \$319 | \$269 | \$324 | \$255 | \$274 | \$50 | (\$5) | \$64 | \$45 | |
| CVG | Cincinnati | \$283 | \$297 | \$340 | \$412 | \$405 | (\$14) | (\$57) | (\$129) | (\$122) | |
| CLE | Cleveland | \$363 | \$339 | \$358 | \$269 | \$356 | \$24 | \$5 | \$94 | \$7 | |
| DFW | Dallas | \$460 | \$259 | \$324 | \$296 | \$364 | \$201 | \$136 | \$164 | \$96 | |
| DEN | Denver | \$510 | \$273 | \$320 | \$352 | \$404 | \$237 | \$190 | \$158 | \$106 | |
| DTW | Detroit | \$359 | \$321 | \$358 | \$309 | \$388 | \$38 | \$1 | \$50 | (\$29) | |
| FLL | Fort Lauderdale | \$410 | \$305 | \$331 | \$377 | \$277 | \$105 | \$79 | \$33 | \$133 | |
| RSW | Ft. Myers | \$435 | \$477 | \$352 | \$562 | \$431 | (\$42) | \$83 | (\$127) | \$4 | |
| BDL | Hartford | \$426 | \$293 | \$274 | \$416 | \$426 | \$133 | \$152 | \$10 | \$0 | |
| IAH | Houston | \$449 | \$368 | \$399 | \$332 | \$363 | \$81 | \$50 | \$117 | \$86 | |
| IND | Indianapolis | \$360 | \$344 | \$277 | \$412 | \$362 | \$16 | \$83 | (\$52) | (\$2) | |
| JAX | Jacksonville | \$363 | \$255 | \$267 | \$506 | \$416 | \$108 | \$96 | (\$143) | (\$53) | |
| MCI | Kansas City | \$383 | \$370 | \$234 | \$399 | \$323 | \$13 | \$149 | (\$16) | \$60 | |
| LAS | Las Vegas | \$600 | \$419 | \$526 | \$587 | \$641 | \$181 | \$74 | \$13 | (\$41) | |
| LAX | Los Angeles | \$514 | \$292 | \$365 | \$464 | \$514 | \$222 | \$149 | \$50 | \$0 | |
| MHT | Manchester | \$408 | \$405 | \$182 | \$419 | \$379 | \$3 | \$226 | (\$11) | \$29 | |
| MEM | Memphis | \$368 | \$253 | \$429 | \$415 | \$331 | \$115 | (\$61) | (\$47) | \$37 | |
| MIA | Miami | \$395 | \$307 | \$316 | \$377 | \$380 | \$88 | \$79 | \$18 | \$15 | |
| MKE | Milwaukee | \$370 | \$293 | \$294 | \$419 | \$366 | \$77 | \$76 | (\$49) | \$4 | |
| MSP | Minneapolis/Saint Pat | \$394 | \$350 | \$373 | \$413 | \$436 | \$44 | \$21 | (\$19) | (\$42) | |
| BNA | Nashville | \$322 | \$361 | \$290 | \$231 | \$279 | (\$39) | \$32 | \$91 | \$43 | |
| MSY | New Orleans | \$663 | \$408 | \$552 | \$487 | \$504 | \$255 | \$111 | \$176 | \$159 | |

| | | | | | | | | | | |
|-----|--------------------|-------|-------|-------|-------|-------|---------|--------|---------|--------|
| LGA | New York | \$313 | \$293 | \$153 | \$276 | \$274 | \$20 | \$160 | \$37 | \$39 |
| EWR | Newark | \$332 | \$231 | \$192 | \$284 | \$366 | \$101 | \$140 | \$48 | (\$34) |
| MCO | Orlando | \$450 | \$317 | \$292 | \$452 | \$441 | \$133 | \$158 | (\$2) | \$9 |
| PHL | Philadelphia | \$290 | \$403 | \$258 | \$305 | \$311 | (\$113) | \$32 | (\$15) | (\$21) |
| PHX | Phoenix | \$455 | \$411 | \$466 | \$448 | \$406 | \$44 | (\$11) | \$7 | \$49 |
| PIT | Pittsburgh | \$385 | \$308 | \$235 | \$398 | \$356 | \$77 | \$150 | (\$13) | \$29 |
| PDX | Portland | \$468 | \$341 | \$406 | \$500 | \$419 | \$127 | \$62 | (\$32) | \$49 |
| PVD | Providence | \$380 | \$292 | \$162 | \$402 | \$366 | \$88 | \$218 | (\$22) | \$14 |
| RDU | Raleigh/Durham | \$324 | \$229 | \$264 | \$471 | \$304 | \$95 | \$60 | (\$147) | \$20 |
| RIC | Richmond | \$360 | \$334 | \$274 | \$396 | \$319 | \$26 | \$86 | (\$36) | \$41 |
| STL | Saint Louis | \$363 | \$338 | \$292 | \$421 | \$314 | \$25 | \$71 | (\$58) | \$49 |
| SLC | Salt Lake City | \$409 | \$402 | \$414 | \$469 | \$479 | \$7 | (\$5) | (\$60) | (\$70) |
| SAT | San Antonio | \$485 | \$335 | \$304 | \$447 | \$379 | \$150 | \$181 | \$38 | \$106 |
| SAN | San Diego | \$583 | \$400 | \$453 | \$475 | \$564 | \$183 | \$130 | \$108 | \$19 |
| SFO | San Francisco | \$534 | \$363 | \$362 | \$541 | \$465 | \$171 | \$172 | (\$7) | \$69 |
| SRQ | Sarasota/Bradenton | \$463 | \$387 | \$347 | \$347 | \$323 | \$76 | \$116 | \$116 | \$140 |
| SEA | Seattle | \$510 | \$292 | \$368 | \$500 | \$410 | \$218 | \$142 | \$10 | \$100 |
| SYR | Syracuse | \$395 | \$362 | \$295 | \$319 | \$366 | \$33 | \$100 | \$76 | \$29 |
| TPA | Tampa | \$413 | \$348 | \$320 | \$319 | \$369 | \$65 | \$93 | \$94 | \$44 |
| YYZ | Toronto | \$456 | \$479 | \$432 | \$512 | \$488 | (\$23) | \$24 | (\$56) | (\$32) |
| DCA | Washington DC | \$363 | \$297 | \$214 | \$233 | \$314 | \$66 | \$149 | \$130 | \$49 |
| IAD | Washington DC | \$363 | \$336 | \$214 | \$233 | \$314 | \$27 | \$149 | \$130 | \$49 |
| PBI | West Palm Beach | \$410 | \$305 | \$343 | \$377 | \$343 | \$105 | \$67 | \$33 | \$67 |

*These sample airfares were available 10/1/13, based on a 21 day advance purchase and a 3 day stay. Other restrictions may apply. To obtain the most up-to-date pricing information for your travel needs, please contact your travel agent or visit specific airline or airline booking websites. Airfares are subject to change without notice - and lower airfares are often not available on all dates. Please see our "Low Fares" section on our web site for any last minute airfare specials.

\$90 \$97 \$23 \$32

Average Fare difference

Blue highlighted numbers represent fare differentials in excess of \$35 for GSP, \$70 for CLT, \$100 for ATL, and \$35 for TRI.

Asheville Regional Airport
Sample airfares as of 10/1/13
0 Day Advance Purchase, 3 day Stay

| | | | | | | | <u>Difference in Fares</u> | | | | |
|-----|------------------------|------------------|----------------|------------------|-------------------|-------------------|----------------------------|------------------|-------------------|-------------------|--|
| | | <u>ASHEVILLE</u> | <u>ATLANTA</u> | <u>CHARLOTTE</u> | <u>GREENVILLE</u> | <u>TRI-CITIES</u> | <u>ATLANTA</u> | <u>CHARLOTTE</u> | <u>GREENVILLE</u> | <u>TRI-CITIES</u> | |
| ABQ | Albuquerque | \$809 | \$637 | \$777 | \$977 | \$649 | \$172 | \$32 | (\$168) | \$160 | |
| ATL | Atlanta | \$528 | | \$925 | \$511 | \$540 | \$528 | (\$397) | \$17 | (\$12) | |
| AUS | Austin | \$630 | \$560 | \$592 | \$856 | \$630 | \$70 | \$38 | (\$226) | \$0 | |
| BWI | Baltimore | \$540 | \$432 | \$256 | \$287 | \$716 | \$108 | \$284 | \$253 | (\$176) | |
| BOS | Boston | \$630 | \$538 | \$331 | \$756 | \$626 | \$92 | \$299 | (\$126) | \$4 | |
| ORD | Chicago | \$505 | \$514 | \$630 | \$504 | \$720 | (\$9) | (\$125) | \$1 | (\$215) | |
| CVG | Cincinnati | \$443 | \$678 | \$756 | \$712 | \$540 | (\$235) | (\$313) | (\$269) | (\$97) | |
| CLE | Cleveland | \$540 | \$583 | \$886 | \$512 | \$536 | (\$43) | (\$346) | \$28 | \$4 | |
| DFW | Dallas | \$633 | \$642 | \$1,127 | \$556 | \$909 | (\$9) | (\$494) | \$77 | (\$276) | |
| DEN | Denver | \$650 | \$502 | \$496 | \$872 | \$956 | \$148 | \$154 | (\$222) | (\$306) | |
| DTW | Detroit | \$514 | \$552 | \$856 | \$512 | \$672 | (\$38) | (\$342) | \$2 | (\$158) | |
| FLL | Fort Lauderdale | \$600 | \$482 | \$452 | \$676 | \$626 | \$118 | \$148 | (\$76) | (\$26) | |
| RSW | Ft. Myers | \$600 | \$557 | \$559 | \$696 | \$596 | \$43 | \$41 | (\$96) | \$4 | |
| BDL | Hartford | \$888 | \$708 | \$380 | \$696 | \$840 | \$180 | \$508 | \$192 | \$48 | |
| IAH | Houston | \$623 | \$542 | \$896 | \$492 | \$913 | \$81 | (\$273) | \$131 | (\$290) | |
| IND | Indianapolis | \$919 | \$495 | \$357 | \$670 | \$872 | \$424 | \$562 | \$249 | \$47 | |
| JAX | Jacksonville | \$888 | \$413 | \$372 | \$832 | \$832 | \$475 | \$516 | \$56 | \$56 | |
| MCI | Kansas City | \$630 | \$615 | \$378 | \$776 | \$599 | \$15 | \$252 | (\$146) | \$31 | |
| LAS | Las Vegas | \$803 | \$719 | \$628 | \$1,060 | \$794 | \$84 | \$175 | (\$257) | \$9 | |
| LAX | Los Angeles | \$1,098 | \$597 | \$627 | \$1,014 | \$1,094 | \$501 | \$471 | \$84 | \$4 | |
| MHT | Manchester | \$633 | \$499 | \$375 | \$759 | \$629 | \$134 | \$258 | (\$126) | \$4 | |
| MEM | Memphis | \$716 | \$476 | \$791 | \$711 | \$716 | \$240 | (\$75) | \$5 | \$0 | |
| MIA | Miami | \$600 | \$460 | \$736 | \$803 | \$626 | \$140 | (\$136) | (\$203) | (\$26) | |
| MKE | Milwaukee | \$690 | \$616 | \$380 | \$766 | \$596 | \$74 | \$310 | (\$76) | \$94 | |
| MSP | Minneapolis/Saint Paul | \$869 | \$597 | \$834 | \$866 | \$840 | \$272 | \$35 | \$3 | \$29 | |
| BNA | Nashville | \$562 | \$598 | \$452 | \$395 | \$438 | (\$36) | \$110 | \$167 | \$124 | |
| MSY | New Orleans | \$603 | \$659 | \$626 | \$659 | \$599 | (\$56) | (\$23) | (\$56) | \$4 | |

| | | | | | | | | | | |
|-----|--------------------|---------|-------|-------|---------|-------|---------|---------|---------|---------|
| LGA | New York | \$600 | \$592 | \$452 | \$473 | \$596 | \$8 | \$148 | \$127 | \$4 |
| EWR | Newark | \$525 | \$587 | \$832 | \$516 | \$596 | (\$62) | (\$307) | \$9 | (\$71) |
| MCO | Orlando | \$540 | \$443 | \$606 | \$353 | \$596 | \$97 | (\$66) | \$187 | (\$56) |
| PHL | Philadelphia | \$600 | \$834 | \$499 | \$371 | \$536 | (\$234) | \$101 | \$229 | \$64 |
| PHX | Phoenix | \$790 | \$856 | \$503 | \$1,064 | \$786 | (\$66) | \$287 | (\$274) | \$4 |
| PIT | Pittsburgh | \$540 | \$494 | \$361 | \$560 | \$536 | \$46 | \$179 | (\$20) | \$4 |
| PDX | Portland | \$810 | \$692 | \$516 | \$1,014 | \$809 | \$118 | \$294 | (\$204) | \$1 |
| PVD | Providence | \$630 | \$472 | \$299 | \$759 | \$596 | \$158 | \$331 | (\$129) | \$34 |
| RDU | Raleigh/Durham | \$898 | \$469 | \$434 | \$649 | \$894 | \$429 | \$464 | \$249 | \$4 |
| RIC | Richmond | \$543 | \$624 | \$644 | \$662 | \$439 | (\$81) | (\$101) | (\$119) | \$104 |
| STL | Saint Louis | \$540 | \$562 | \$380 | \$596 | \$536 | (\$22) | \$160 | (\$56) | \$4 |
| SLC | Salt Lake City | \$669 | \$645 | \$854 | \$1,014 | \$849 | \$24 | (\$185) | (\$345) | (\$180) |
| SAT | San Antonio | \$633 | \$632 | \$402 | \$880 | \$629 | \$1 | \$231 | (\$247) | \$4 |
| SAN | San Diego | \$790 | \$536 | \$676 | \$1,014 | \$786 | \$254 | \$114 | (\$224) | \$4 |
| SFO | San Francisco | \$1,194 | \$729 | \$630 | \$1,004 | \$810 | \$465 | \$564 | \$190 | \$384 |
| SRQ | Sarasota/Bradenton | \$660 | \$646 | \$482 | \$883 | \$656 | \$14 | \$178 | (\$223) | \$4 |
| SEA | Seattle | \$810 | \$644 | \$696 | \$976 | \$806 | \$166 | \$114 | (\$166) | \$4 |
| SYR | Syracuse | \$782 | \$713 | \$443 | \$805 | \$603 | \$69 | \$339 | (\$23) | \$179 |
| TPA | Tampa | \$600 | \$517 | \$352 | \$833 | \$596 | \$83 | \$248 | (\$233) | \$4 |
| YYZ | Toronto | \$750 | \$966 | \$863 | \$800 | \$682 | (\$216) | (\$113) | (\$50) | \$68 |
| DCA | Washington DC | \$540 | \$496 | \$842 | \$421 | \$536 | \$44 | (\$302) | \$119 | \$4 |
| IAD | Washington DC | \$540 | \$532 | \$822 | \$485 | \$536 | \$8 | (\$282) | \$55 | \$4 |
| PBI | West Palm Beach | \$600 | \$442 | \$425 | \$781 | \$596 | \$158 | \$175 | (\$181) | \$4 |

*These sample airfares were available 10/1/13, based on a 0 day advance purchase and a 3 day stay. Other restrictions may apply. To obtain the most up-to-date pricing information for your travel needs, please contact your travel agent or visit specific airline or airline booking websites. Airfares are subject to change without notice - and lower airfares are often not available on all dates. Please see our "Low Fares" section on our web site for any last minute airfare specials.

\$99 \$85 (\$42) (\$8)

Average Fare difference

Blue highlighted numbers represent fare differentials in excess of \$35 for GSP, \$70 for CLT, \$100 for ATL, and \$35 for TRI.

Schedule Weekly Summary Report for all nonstop Passenger (All) flights from AVL for travel October 2013 vs. October 2012

| Mktg Al | Travel Period | | | Oct 2013 | | Oct 2012 | | Diff | | Percent Diff | |
|---------|---------------|------|-------|----------|--------|----------|--------|----------|-------|--------------|----------|
| | Orig | Dest | Miles | Ops/Week | Seats | Ops/Week | Seats | Ops/Week | Seats | Ops/Week | Seats |
| DL | ATL | AVL | 164 | 53 | 3,322 | 56 | 3,339 | (3) | (17) | (5.4%) | (0.5%) |
| DL | AVL | ATL | 164 | 53 | 3,322 | 56 | 3,339 | (3) | (17) | (5.4%) | (0.5%) |
| DL | AVL | DTW | 470 | 7 | 350 | 7 | 350 | 0 | 0 | 0.0% | 0.0% |
| DL | DTW | AVL | 470 | 7 | 350 | 7 | 350 | 0 | 0 | 0.0% | 0.0% |
| G4 | AVL | FLL | 660 | 2 | 332 | 0 | 0 | 2 | 332 | | |
| G4 | AVL | PIE | 518 | 3 | 498 | 0 | 0 | 3 | 498 | | |
| G4 | AVL | SFB | 465 | 2 | 332 | 2 | 300 | 0 | 32 | 0.0% | 10.7% |
| G4 | FLL | AVL | 660 | 2 | 332 | 0 | 0 | 2 | 332 | | |
| G4 | PIE | AVL | 518 | 3 | 498 | 0 | 0 | 3 | 498 | | |
| G4 | SFB | AVL | 465 | 2 | 332 | 2 | 300 | 0 | 32 | 0.0% | 10.7% |
| UA | AVL | EWR | 583 | 7 | 350 | 7 | 350 | 0 | 0 | 0.0% | 0.0% |
| UA | AVL | IAH | 834 | 0 | 0 | 2 | 100 | (2) | (100) | (100.0%) | (100.0%) |
| UA | AVL | ORD | 536 | 14 | 700 | 16 | 800 | (2) | (100) | (12.5%) | (12.5%) |
| UA | EWR | AVL | 583 | 7 | 350 | 7 | 350 | 0 | 0 | 0.0% | 0.0% |
| UA | IAH | AVL | 834 | 0 | 0 | 2 | 100 | (2) | (100) | (100.0%) | (100.0%) |
| UA | ORD | AVL | 536 | 14 | 700 | 16 | 800 | (2) | (100) | (12.5%) | (12.5%) |
| US | AVL | CLT | 92 | 54 | 3,226 | 61 | 3,135 | (7) | 91 | (11.5%) | 2.9% |
| US | AVL | PHL | 503 | 0 | 0 | 1 | 50 | (1) | (50) | (100.0%) | (100.0%) |
| US | CLT | AVL | 92 | 54 | 3,226 | 61 | 3,135 | (7) | 91 | (11.5%) | 2.9% |
| US | PHL | AVL | 503 | 0 | 0 | 1 | 50 | (1) | (50) | (100.0%) | (100.0%) |
| TOTAL | | | | 284 | 18,220 | 304 | 16,848 | (20) | 1,372 | (6.6%) | 8.1% |

Schedule Weekly Summary Report for all nonstop Passenger (All) flights from AVL for travel November 2013 vs. November 2012

| Mktg Al | Travel Period | | | Nov 2013 | | Nov 2012 | | Diff | | Percent Diff | |
|---------|---------------|------|-------|----------|--------|----------|--------|----------|-------|--------------|--------|
| | Orig | Dest | Miles | Ops/Week | Seats | Ops/Week | Seats | Ops/Week | Seats | Ops/Week | Seats |
| DL | ATL | AVL | 164 | 51 | 2,970 | 55 | 3,289 | (4) | (319) | (7.3%) | (9.7%) |
| DL | AVL | ATL | 164 | 51 | 2,970 | 55 | 3,289 | (4) | (319) | (7.3%) | (9.7%) |
| DL | AVL | DTW | 470 | 7 | 350 | 7 | 350 | 0 | 0 | 0.0% | 0.0% |
| DL | DTW | AVL | 470 | 7 | 350 | 7 | 350 | 0 | 0 | 0.0% | 0.0% |
| G4 | AVL | FLL | 660 | 2 | 332 | 2 | 332 | 0 | 0 | 0.0% | 0.0% |
| G4 | AVL | PGD | 588 | 2 | 332 | 0 | 0 | 2 | 332 | | |
| G4 | AVL | PIE | 518 | 2 | 332 | 0 | 0 | 2 | 332 | | |
| G4 | AVL | SFB | 465 | 2 | 332 | 2 | 332 | 0 | 0 | 0.0% | 0.0% |
| G4 | FLL | AVL | 660 | 2 | 332 | 2 | 332 | 0 | 0 | 0.0% | 0.0% |
| G4 | PGD | AVL | 588 | 2 | 332 | 0 | 0 | 2 | 332 | | |
| G4 | PIE | AVL | 518 | 2 | 332 | 0 | 0 | 2 | 332 | | |
| G4 | SFB | AVL | 465 | 2 | 332 | 2 | 332 | 0 | 0 | 0.0% | 0.0% |
| UA | AVL | EWR | 583 | 7 | 350 | 7 | 350 | 0 | 0 | 0.0% | 0.0% |
| UA | AVL | ORD | 536 | 8 | 400 | 7 | 350 | 1 | 50 | 14.3% | 14.3% |
| UA | EWR | AVL | 583 | 7 | 350 | 7 | 350 | 0 | 0 | 0.0% | 0.0% |
| UA | ORD | AVL | 536 | 8 | 400 | 7 | 350 | 1 | 50 | 14.3% | 14.3% |
| US | AVL | CLT | 92 | 53 | 3,219 | 62 | 3,185 | (9) | 34 | (14.5%) | 1.1% |
| US | CLT | AVL | 92 | 53 | 3,219 | 62 | 3,185 | (9) | 34 | (14.5%) | 1.1% |
| TOTAL | | | | 268 | 17,234 | 284 | 16,376 | (16) | 858 | (5.6%) | 5.2% |

Schedule Weekly Summary Report for all nonstop Passenger (All) flights from AVL for travel December 2013 vs. December 2012

| Mktg Al | Travel Period | | | Dec 2013 | | Dec 2012 | | Diff | | Percent Diff | |
|---------|---------------|------|-------|----------|--------|----------|--------|----------|-------|--------------|----------|
| | Orig | Dest | Miles | Ops/Week | Seats | Ops/Week | Seats | Ops/Week | Seats | Ops/Week | Seats |
| DL | ATL | AVL | 164 | 46 | 3,014 | 44 | 2,729 | 2 | 285 | 4.5% | 10.4% |
| DL | AVL | ATL | 164 | 46 | 3,014 | 45 | 2,784 | 1 | 230 | 2.2% | 8.3% |
| DL | AVL | DTW | 470 | 0 | 0 | 6 | 300 | (6) | (300) | (100.0%) | (100.0%) |
| DL | AVL | LGA | 599 | 0 | 0 | 2 | 100 | (2) | (100) | (100.0%) | (100.0%) |
| DL | DTW | AVL | 470 | 0 | 0 | 7 | 350 | (7) | (350) | (100.0%) | (100.0%) |
| DL | LGA | AVL | 599 | 0 | 0 | 2 | 100 | (2) | (100) | (100.0%) | (100.0%) |
| G4 | AVL | FLL | 660 | 2 | 332 | 2 | 332 | 0 | 0 | 0.0% | 0.0% |
| G4 | AVL | PGD | 588 | 2 | 332 | 0 | 0 | 2 | 332 | | |
| G4 | AVL | PIE | 518 | 2 | 332 | 0 | 0 | 2 | 332 | | |
| G4 | AVL | SFB | 465 | 2 | 354 | 2 | 332 | 0 | 22 | 0.0% | 6.6% |
| G4 | FLL | AVL | 660 | 2 | 332 | 2 | 332 | 0 | 0 | 0.0% | 0.0% |
| G4 | PGD | AVL | 588 | 2 | 332 | 0 | 0 | 2 | 332 | | |
| G4 | PIE | AVL | 518 | 2 | 332 | 0 | 0 | 2 | 332 | | |
| G4 | SFB | AVL | 465 | 2 | 354 | 2 | 332 | 0 | 22 | 0.0% | 6.6% |
| UA | AVL | EWR | 583 | 6 | 300 | 7 | 350 | (1) | (50) | (14.3%) | (14.3%) |
| UA | AVL | ORD | 536 | 7 | 350 | 7 | 350 | 0 | 0 | 0.0% | 0.0% |
| UA | EWR | AVL | 583 | 6 | 300 | 7 | 350 | (1) | (50) | (14.3%) | (14.3%) |
| UA | ORD | AVL | 536 | 7 | 350 | 7 | 350 | 0 | 0 | 0.0% | 0.0% |
| US | AVL | CLT | 92 | 51 | 3,102 | 59 | 3,009 | (8) | 93 | (13.6%) | 3.1% |
| US | CLT | AVL | 92 | 51 | 3,102 | 59 | 3,009 | (8) | 93 | (13.6%) | 3.1% |
| TOTAL | | | | 236 | 16,232 | 260 | 15,109 | (24) | 1,123 | (9.2%) | 7.4% |



MEMORANDUM

TO: Members of the Airport Authority
FROM: Vickie Thomas, Director of Finance & Accounting
DATE: October 11, 2013

ITEM DESCRIPTION – Information Section Item B

Asheville Regional Airport – Explanation of Extraordinary Variances
Month of August, 2013 (Month 2 of FY2014)

SUMMARY

Operating Revenues for the month of August were \$766,735, 6.94% over budget. Operating Expenses for the month were \$514,765, 9.08% under budget. As a result, Net Operating Revenues before Depreciation were \$101,145 over budget. Net Non-Operating Revenues were \$249,818, 29.89% over budget.

Year-to-date Operating Revenues were \$1,564,076, 8.36% over budget. Year-to-date Operating Expenses were \$1,017,818, 11.57% below budget. Year-to-date Net Operating Revenues before Depreciation were \$253,831 over budget. Net Non-Operating Revenues for the year were \$483,444, 21.03% over budget.

REVENUES

Significant variations to budget for August were:

| | | | |
|----------------------------|----------|--------|----------------------------------------------------------|
| Auto Parking | \$30,918 | 15.08% | Enplanements over budget. |
| Landing Fees | \$10,533 | 22.57% | Enplanements over budget. |
| Other Leases/Fees | \$10,386 | 22.52% | Timing of Runway 5K receipts. |
| Customer Facility Charges | \$32,528 | 34.98% | Enplanements over budget & CFCs budgeted conservatively. |
| Passenger Facility Charges | \$24,591 | 22.36% | Enplanements over budget. |

Information Section – Item B



EXPENSES

Significant variations to budget for August were:

Personnel Services (\$28,131) (8.09%) 5 FTE vacant positions.

STATEMENT OF NET ASSETS

Significant variations to prior month were:

Grants Receivable – Grants Receivable increased by \$975k mainly due to receipt of the grant for the Airfield Redevelopment project from the FAA.

Property and Equipment, Net – Property and Equipment, Net decreased by \$398k of current month's depreciation.

Accounts Payable & Accrued Liabilities – Accounts Payable & Accrued Liabilities decreased by \$478k mainly due to lower construction invoices for the ARFF Facility Construction and Airfield Redevelopment projects.

**ASHEVILLE REGIONAL AIRPORT
INVESTMENT AND INTEREST INCOME SUMMARY
As of August 31, 2013**

| <u>Institution:</u> | <u>Interest Rate</u> | <u>Investment Amount</u> | <u>Monthly Interest</u> |
|----------------------------------------------|---------------------------------|-------------------------------------|------------------------------------|
| Bank of America - Operating Account | 0.20% x | \$ 6,404,091 | 1,105 |
| First Citizens - Money Market Account | 0.10% x | 6,380,017 | 542 |
| NC Capital Management Trust - Cash Portfolio | | 17,170 | 0 |
| NC Capital Management Trust - Term Portfolio | | 3,007,906 | 260 |
| Petty Cash | | 200 | |
| <u>Restricted Cash:</u> | | | |
| Wells Fargo - CFC Revenue Account | 0.00% | 471,050 | 0 |
| Bank of America - PFC Revenue Account | 0.20% x | 805,366 | 134 |
| Total | | <u>\$ 17,085,800</u> | <u>\$ 2,041</u> |

Investment Diversification:

| | |
|-----------------------------|-------------|
| Banks | 82% |
| NC Capital Management Trust | 18% |
| Commercial Paper | 0% |
| Federal Agencies | 0% |
| US Treasuries | 0% |
| | <u>100%</u> |

ASHEVILLE REGIONAL AIRPORT
STATEMENT OF CHANGES IN FINANCIAL POSITION
For the Month Ended August 31, 2013

| | <u>Current Month</u> | <u>Prior Period</u> |
|-------------------------------------------------|--------------------------|-------------------------|
| Cash and Investments Beginning of Period | \$ 17,310,444 | \$ 17,009,191 |
| Net Income/(Loss) Before Capital Contributions | 103,542 | 129,666 |
| Depreciation | 398,246 | 398,246 |
| Decrease/(Increase) in Receivables | (1,076,018) | (127,326) |
| Increase/(Decrease) in Payables | (432,052) | 519,168 |
| Decrease/(Increase) in Prepaid Expenses | 17,734 | (183,686) |
| Decrease/(Increase) in Fixed Assets | (170,783) | (551,367) |
| Principal Payments of Bond Maturities | (39,893) | (39,702) |
| Capital Contributions | 974,580 | 156,254 |
| Increase(Decrease) in Cash | (224,644) | 301,253 |
| Cash and Investments End of Period | \$ 17,085,800 | \$ 17,310,444 |

Asheville Regional Airport
Detailed Statement of Revenue, Expenses and Changes in Net Assets

For the Month Ending August 31, 2013

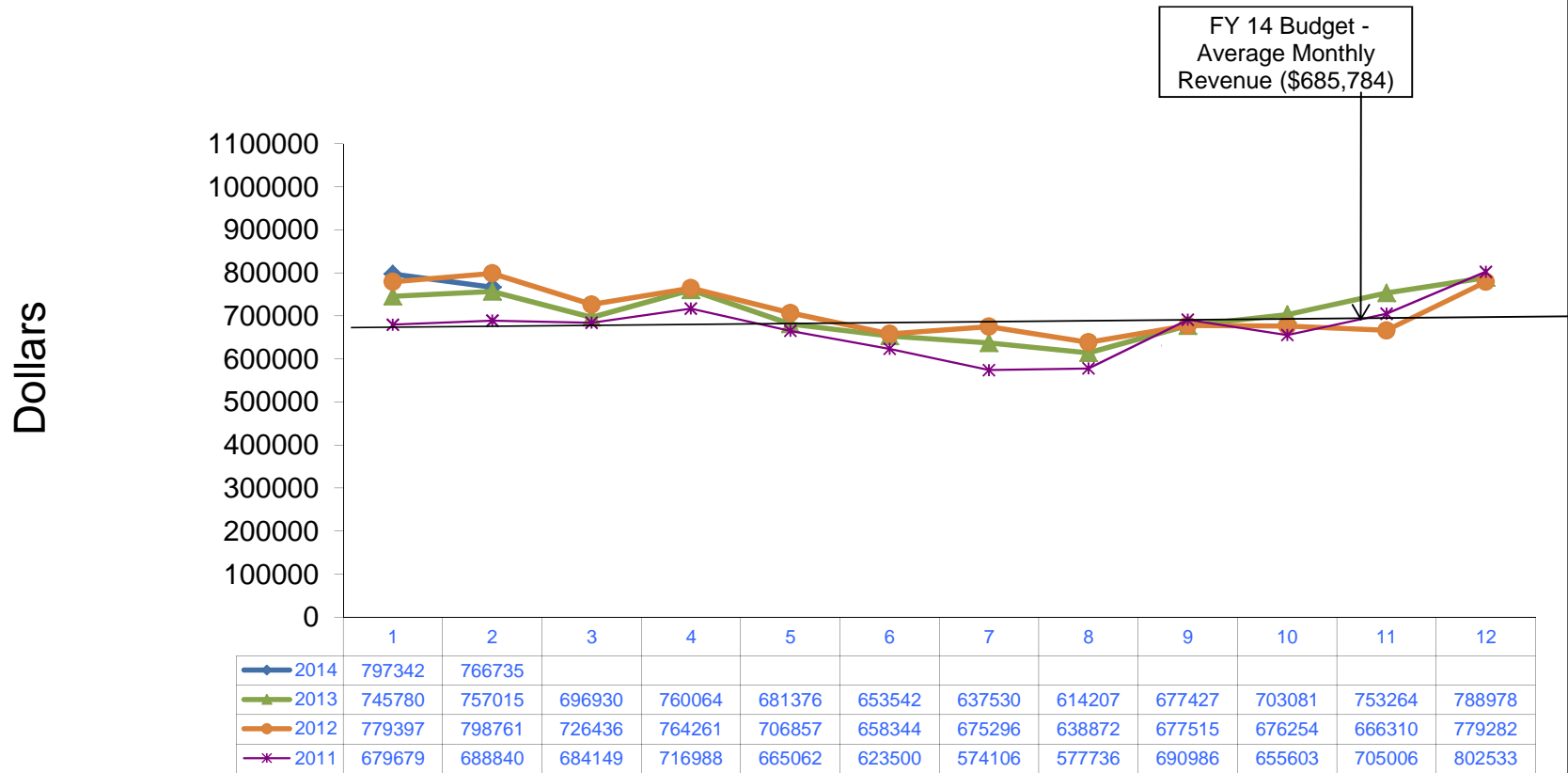
| | <u>Current Month Actual</u> | <u>Current Month Budget</u> | <u>Variance \$</u> | <u>Variance %</u> | <u>YTD Actual</u> | <u>YTD Budget</u> | <u>Variance \$</u> | <u>Variance %</u> | <u>Annual Budget</u> |
|-------------------------------------------|---------------------------------|---------------------------------|--------------------|-------------------|-----------------------|-----------------------|--------------------|-------------------|--------------------------|
| Operating Revenue: | | | | | | | | | |
| Terminal Space Rentals - Non Airline | \$17,554 | \$17,555 | (\$1) | (0.01%) | \$35,108 | \$35,109 | (\$1) | (0.00%) | \$213,411 |
| Terminal Space Rentals - Airline | 120,102 | 118,016 | 2,086 | 1.77% | 244,153 | 238,267 | 5,886 | 2.47% | 1,240,000 |
| Concessions | 19,733 | 19,315 | 418 | 2.16% | 40,674 | 39,630 | 1,044 | 2.63% | 249,915 |
| Auto Parking | 235,918 | 205,000 | 30,918 | 15.08% | 490,327 | 412,000 | 78,327 | 19.01% | 2,371,000 |
| Rental Car - Car Rentals | 112,225 | 113,882 | (1,657) | (1.46%) | 234,143 | 234,690 | (547) | (0.23%) | 1,373,510 |
| Rental Car - Facility Rent | 50,751 | 52,440 | (1,689) | (3.22%) | 97,282 | 99,192 | (1,910) | (1.93%) | 592,179 |
| Commercial Ground Transportation | 1,118 | 700 | 418 | 59.71% | 5,992 | 5,200 | 792 | 15.23% | 36,900 |
| Landing Fees | 57,200 | 46,667 | 10,533 | 22.57% | 117,775 | 95,334 | 22,441 | 23.54% | 548,000 |
| FBO'S | 81,928 | 83,729 | (1,801) | (2.15%) | 164,574 | 166,258 | (1,684) | (1.01%) | 966,739 |
| Building Leases | 11,599 | 11,479 | 120 | 1.05% | 23,177 | 22,958 | 219 | 0.95% | 137,751 |
| Land Leases | 2,099 | 2,099 | - | 0.00% | 4,197 | 4,198 | (1) | (0.02%) | 25,208 |
| Other Leases/Fees | 56,508 | 46,122 | 10,386 | 22.52% | 106,674 | 90,594 | 16,080 | 17.75% | 474,800 |
| Total Operating Revenue | \$766,735 | \$717,004 | \$49,731 | 6.94% | \$1,564,076 | \$1,443,430 | \$120,646 | 8.36% | \$8,229,413 |
| Operating Expenses: | | | | | | | | | |
| Personnel Services | \$319,689 | \$347,820 | (\$28,131) | (8.09%) | \$660,117 | \$707,272 | (\$47,155) | (6.67%) | \$4,547,573 |
| Professional Services | 6,746 | 12,519 | (5,773) | (46.11%) | 18,842 | 31,338 | (12,496) | (39.87%) | 202,328 |
| Accounting & Auditing | 3,100 | - | 3,100 | 100.00% | 3,100 | 3,100 | - | 0.00% | 15,000 |
| Other Contractual Services | 56,637 | 63,057 | (6,420) | (10.18%) | 114,799 | 121,871 | (7,072) | (5.80%) | 646,888 |
| Travel & Training | 5,896 | 5,055 | 841 | 16.64% | 8,545 | 10,360 | (1,815) | (17.52%) | 159,035 |
| Communications & Freight | 7,117 | 6,694 | 423 | 6.32% | 12,600 | 13,388 | (788) | (5.89%) | 80,323 |
| Utility Services | 37,802 | 39,670 | (1,868) | (4.71%) | 66,074 | 71,834 | (5,760) | (8.02%) | 432,015 |
| Rentals & Leases | 941 | 1,026 | (85) | (8.28%) | 1,856 | 2,052 | (196) | (9.55%) | 12,316 |
| Insurance | 16,790 | 19,125 | (2,335) | (12.21%) | 32,673 | 38,250 | (5,577) | (14.58%) | 229,500 |
| Repairs & Maintenance | 14,930 | 23,060 | (8,130) | (35.26%) | 25,772 | 51,245 | (25,473) | (49.71%) | 339,682 |
| Advertising, Printing & Binding | 10,812 | 9,756 | 1,056 | 10.82% | 17,316 | 10,912 | 6,404 | 58.69% | 194,100 |
| Promotional Activities | 4,288 | 7,075 | (2,787) | (39.39%) | 7,238 | 10,975 | (3,737) | (34.05%) | 109,725 |
| Other Current Charges & Obligations | 5,728 | 6,332 | (604) | (9.54%) | 12,354 | 13,114 | (760) | (5.80%) | 93,700 |
| Office Supplies | 703 | 1,000 | (297) | (29.70%) | 1,021 | 2,000 | (979) | (48.95%) | 12,000 |
| Operating Supplies | 22,832 | 18,657 | 4,175 | 22.38% | 34,234 | 49,451 | (15,217) | (30.77%) | 297,777 |
| Books, Publications, Subscriptions & Meml | 754 | 1,333 | (579) | (43.44%) | 1,277 | 5,841 | (4,564) | (78.14%) | 43,782 |
| Contingency | 0 | 0 | - | 0.00% | 0 | 0 | - | 0.00% | 53,250 |
| Emergency Repair | 0 | 0 | - | 0.00% | 0 | 0 | - | 0.00% | 90,000 |
| Business Development | - | 4,000 | (4,000) | (100.00%) | - | 8,000 | (8,000) | (100.00%) | 300,000 |
| Total Operating Expenses | \$514,765 | \$566,179 | (\$51,414) | (9.08%) | \$1,017,818 | \$1,151,003 | (\$133,185) | (11.57%) | \$7,858,994 |

| | | | | | | | | | |
|-------------------------------------------------------------------------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|
| Operating Revenue before Depreciation | \$251,970 | \$150,825 | \$101,145 | 67.06% | \$546,258 | \$292,427 | \$253,831 | 86.80% | \$370,419 |
| Depreciation | 398,246 | - | 398,246 | 100.00% | 796,492 | - | 796,492 | 100.00% | - |
| Operating Income(Loss) Before Non-Operating Revenue and Expenses | (\$146,276) | \$150,825 | (\$297,101) | (196.98%) | (\$250,234) | \$292,427 | (\$542,661) | (185.57%) | \$370,419 |
| Non-Operating Revenue and Expense | | | | | | | | | |
| Customer Facility Charges | \$125,528 | \$93,000 | \$32,528 | 34.98% | \$240,882 | \$191,000 | \$49,882 | 26.12% | \$ 900,000 |
| Passenger Facility Charges | 134,591 | 110,000 | 24,591 | 22.36% | 263,225 | 230,000 | 33,225 | 14.45% | 1,150,000 |
| Interest Revenue | 2,041 | 1,666 | 375 | 22.51% | 4,213 | 3,332 | 881 | 26.44% | 20,000 |
| Interest Expense | (12,342) | (12,342) | - | 0.00% | (24,876) | (24,875) | (1) | 0.00% | (137,554) |
| Reimbursable Cost Revenues | - | 29,166 | (29,166) | (100.00%) | 11,351 | 58,332 | (46,981) | (80.54%) | 350,000 |
| Reimbursable Cost Expenses | - | (29,166) | 29,166 | (100.00%) | (11,351) | (58,332) | 46,981 | (80.54%) | (350,000) |
| Gain/Loss on Disposal of Assets | 0 | 0 | - | 0.00% | 0 | 0 | - | 0.00% | |
| Non-Operating Revenue-Net | \$249,818 | \$192,324 | \$57,494 | 29.89% | \$483,444 | \$399,457 | \$83,987 | 21.03% | \$1,932,446 |
| Income (Loss) Before Capital Contributions | \$103,542 | \$343,149 | (\$239,607) | (69.83%) | \$233,210 | \$691,884 | (\$458,674) | (66.29%) | \$2,302,865 |
| Capital Contributions | \$974,580 | \$0 | \$974,580 | 100.00% | \$1,130,833 | \$0 | \$1,130,833 | 100.00% | \$0 |
| Increase in Net Assets | \$1,078,122 | \$343,149 | \$734,973 | 214.18% | \$1,364,043 | \$691,884 | \$672,159 | 97.15% | \$2,302,865 |

ASHEVILLE REGIONAL AIRPORT
STATEMENT OF FINANCIAL POSITION
As of August 31, 2013

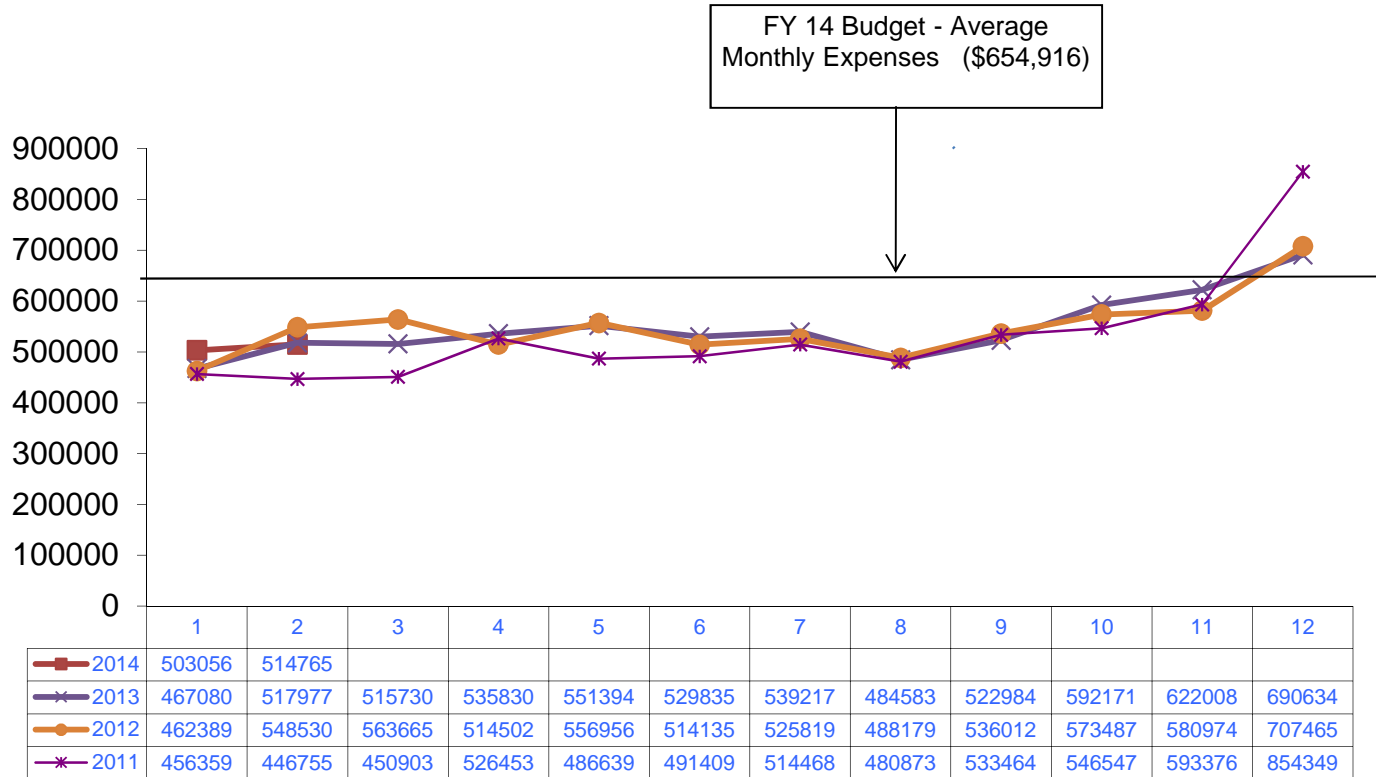
| | Current Month | Last Month |
|---------------------------------------------------------|--------------------------|-----------------------|
| <u>ASSETS</u> | | |
| Current Assets: | | |
| Unrestricted Net Assets: | | |
| Cash and Cash Equivalents | \$15,809,384 | \$16,185,092 |
| Accounts Receivable | 544,283 | 509,219 |
| Passenger Facility Charges Receivable | 244,000 | 184,000 |
| Refundable Sales Tax Receivable | 102,009 | 95,634 |
| Grants Receivable | 1,386,121 | 411,541 |
| Prepaid Expenses | 176,461 | 194,195 |
| Total Unrestricted Assets | 18,262,258 | 17,579,681 |
| Restricted Assets: | | |
| Cash and Cash Equivalents | 1,276,416 | 1,125,352 |
| Total Restricted Assets | 1,276,416 | 1,125,352 |
| Total Current Assets | 19,538,674 | 18,705,033 |
| Noncurrent Assets: | | |
| Construction in Progress | 3,209,185 | 3,038,402 |
| Property and Equipment - Net | 62,255,039 | 62,653,285 |
| Total Noncurrent Assets | 65,464,224 | 65,691,687 |
| | \$85,002,898 | \$84,396,720 |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| Current Liabilities: | | |
| Payable from Unrestricted Assets: | | |
| Accounts Payable & Accrued Liabilities | \$1,082,598 | \$1,560,668 |
| Customer Deposits | 1,675 | 1,675 |
| Unearned Revenue | 211,979 | 165,963 |
| Construction Contract Retainages | 11,356 | 11,356 |
| Revenue Bond Payable - Current | 494,001 | 491,629 |
| Total Payable from Unrestricted Assets | 1,801,609 | 2,231,291 |
| Total Current Liabilities | 1,801,609 | 2,231,291 |
| Noncurrent Liabilities: | | |
| Other Postemployment Benefits | 852,101 | 852,101 |
| Compensated Absences | 379,579 | 379,579 |
| Net Pension Obligation-LEO Special Separation Allowance | (37,547) | (37,547) |
| Revenue Bond Payable - Noncurrent | 2,024,029 | 2,066,295 |
| Total Noncurrent Liabilities | 3,218,162 | 3,260,428 |
| Total Liabilities | 5,019,771 | 5,491,719 |
| Net Assets: | | |
| Invested in Capital Assets | 62,934,838 | 63,122,407 |
| Restricted | 1,276,416 | 1,125,352 |
| Unrestricted | 15,771,873 | 14,657,242 |
| Total Net Assets | 79,983,127 | 78,905,001 |
| | \$85,002,898 | \$84,396,720 |

ASHEVILLE REGIONAL AIRPORT Annual Operating Revenue by Month August 2013



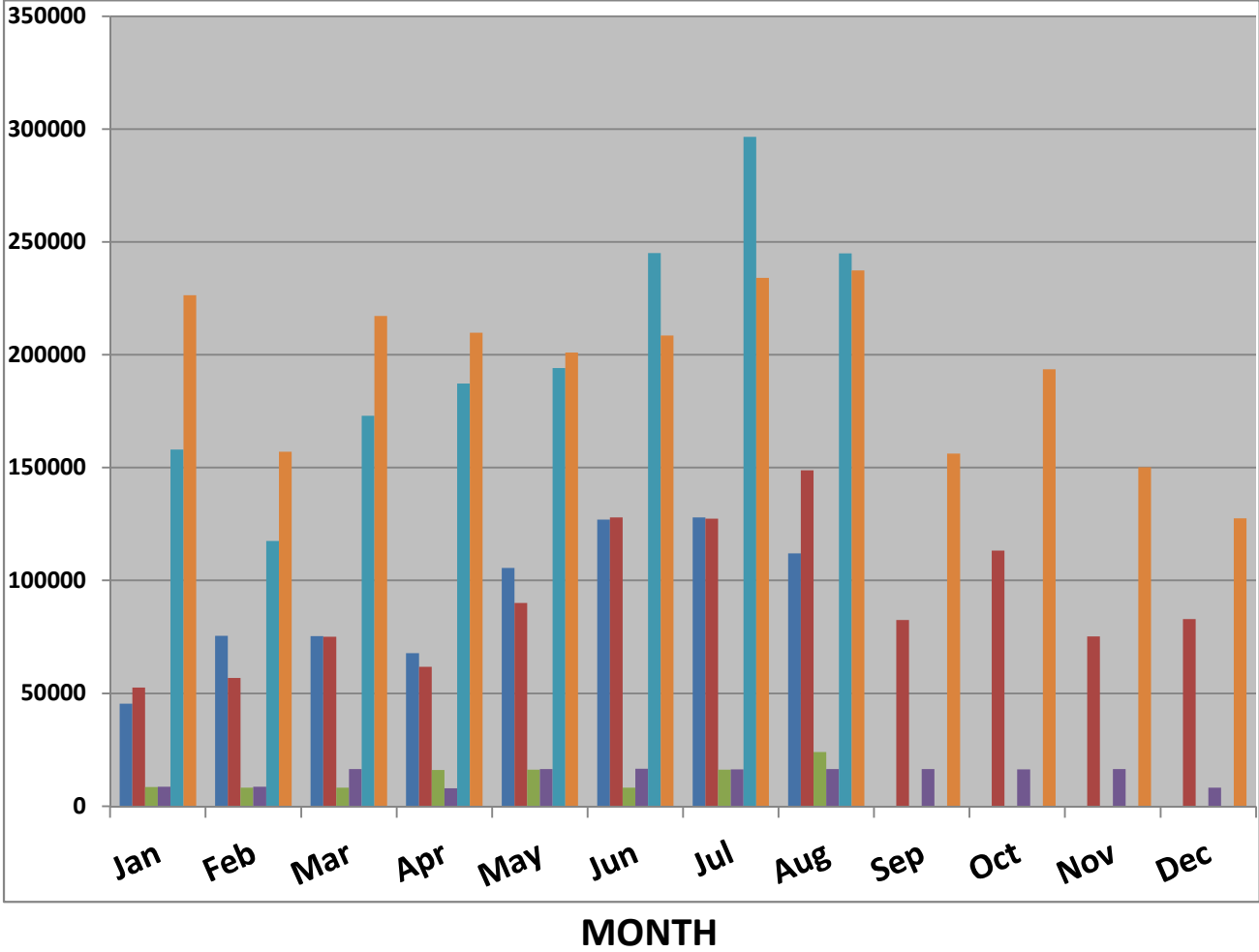
ASHEVILLE REGIONAL AIRPORT Annual Operating Expenses by Month August 2013

Dollars



**ASHEVILLE REGIONAL AIRPORT
FUEL SALES - GALLONS
August 2013**

**G
A
L
L
O
N
S**



- Jet A - 2013
- Jet A - 2012
- 100LL - 2013
- 100LL - 2012
- Airline - 2013
- Airline - 2012

JetA 112,043 Gallons
100LL 23,942 Gallons
Airline 244,907 Gallons

| Planning Phase | | | | | | | | | | | | | | |
|--------------------|---------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|--------------------------------|-----------------------|--------------------------------|---------------------------------|------------------------------|--------------------------------------------------------------------------------------------------------|------------------|------------------------------------|------------|----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Project Number | Project Name | Project Description | Professional Services Consultant | Professional Services Contract | General Contractor | Original Construction Contract | Change Orders (thru 10/01/2013) | Percent of Original Contract | Board Approved Project Cost | Percent Complete | Expensed to Date (thru 10/01/2013) | Start Date | End Date | Current Project Status (as of 10/01/2013) |
| Design Phase | | | | | | | | | | | | | | |
| Project Number | Project Name | Project Description | Professional Services Consultant | Professional Services Contract | General Contractor | Original Construction Contract | Change Orders (thru 10/01/2013) | Percent of Original Contract | Board Approved Project Cost | Percent Complete | Expensed to Date (thru 10/01/2013) | Start Date | End Date | Current Project Status (as of 10/01/2013) |
| 1 | Airport Master Plan | To update and bring current the plans for development and improvements to promote growth at the airport | Delta Airport Consultants | \$832,500.00 | N/A | N/A | \$26,000.00 | 3.00% | \$858,500.00 | 100% | \$852,859.83 | Sep-11 | Mar-13 | Awaiting FAA approval of Airport Layout Plan. No change in status |
| 2 | Airfield Re-Development Project | Phase I - Design Services | RS&H | \$447,983.00 | N/A | N/A | \$0.00 | 0.00% | \$64,000,000.00 | 0.67% | \$421,511.68 | Feb-13 | Mar-14 | 30% plans have been received by RS&H for review. 60% design for Temp Runway is underway. |
| 2A | Airfield Re-Development Project | Phase II - Design Services and Project Management. | RS&H | \$1,842,318.00 | N/A | N/A | \$0.00 | 0.00% | <i>(Overall total included in above number)</i> | 2.3% | \$42,794.29 | Jun-13 | Dec-15 | Project Management work continues to establish milestones to be met. |
| 2B | Airfield Re-Development Project | Temporary Runway/Taxiway Design | AVCON | \$1,837,826.00 | N/A | N/A | \$0.00 | 0.00% | <i>(Overall total included in above number)</i> | 23.5% | \$431,968.83 | Mar-13 | Mar-14 | 60% plans are in design for the temporary runway. |
| 2C | Airfield Re-Development Project | New Runway Design | Michael Baker Engineering Inc. | \$2,299,934.00 | N/A | N/A | \$0.00 | 0.00% | <i>(Overall total included in above number)</i> | 10.0% | \$232,518.16 | Mar-13 | Mar-14 | 30% plans turned in for review by Project Manager. |
| Construction Phase | | | | | | | | | | | | | | |
| Project Number | Project Name | Project Description | Professional Services Consultant | Professional Services Contract | General Contractor | Original Construction Contract | Change Orders (thru 10/01/2013) | Percent of Original Contract | Board Approved Project Cost | Percent Complete | Expensed to Date (thru 10/01/2013) | Start Date | End Date | Current Project Status (as of 10/01/2013) |
| 1 | Westside Phase 2 | Construction for the Westside Project to level land utilizing engineered ash to fill and top with soil embankment/cap for future development. | AVCON | \$349,732.00 | Charah | N/A | \$0.00 | 0.00% | \$349,732.00* <i>(project expenses are being reimbursed by Charah through a separate agreement)</i> | 70% | \$240,299.51 | Feb-11 | Jul-15 | Ash fill will continue weather permitting. No changes. |
| 2 | Westside Area 3 | North section on West of the Airfield needs to be developed to accommodate new temporary runway. | AVCON | \$278,060.00 | Charah | N/A | \$0.00 | 0.00% | \$278,060 * <i>(project expenses are being reimbursed by Charah through a separate agreement)</i> | 9.5% | \$26,245.07 | Mar-13 | Jul-15 | Wildlife fence is completed and old fence is scheduled to be removed by end of October. Night work will take place for excavation operations to get back on schedule due to high amounts of rain in September |
| 3 | ARFF Facility Construction | Design, Project Management and Construction of a new Aircraft Rescue Fire Fighting Building. | LPA/BAKER | \$541,409.00 | Goforth Builders Inc. | \$4,122,500.00 | \$66,829.58 | 1.60% | \$543,409.00 (Design) & \$4,534,750.00 (Construction) | 20% | \$947,504.96 | Jun-13 | Jul-14 | ARFF walls are going up, water line installation expected to be completed in beginning of Oct and work has begun in the administration portion of the facility. |

Amounts are based on invoices received and processed through Development.