

REGULAR MEETING
GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY
April 26, 2013

The Greater Asheville Regional Airport Authority ("Authority") met on Friday, April 26, 2013 at 8:30 a.m. in the Conference Room at the Authority's Administrative Offices, Asheville Regional Airport ("Airport"), 61 Terminal Drive, Suite 1, Asheville, NC 28732.

MEMBERS PRESENT: David R. Hillier, Chair; Robert C. Roberts, Vice-Chair; Jeffrey A. Piccirillo; Martha W. Thompson; and K. Ray Bailey

MEMBERS ABSENT: Andrew T. Tate

STAFF AND LEGAL COUNSEL PRESENT: Vic 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; Royce Holden, IT Director; Suzie Baker, Director of Administration; Vickie Thomas, Director of Finance and Accounting; Tina Kinsey, Director of Marketing and Public Relations; Kevan Smith, Public Safety Captain; Amy Burritt, Marketing Supervisor; and Ellen Heywood, Clerk to the Board

ALSO PRESENT: Roy Lewis, Delta Airport Consultants; Ken Moody, Delta Airport Consultants; Jeff Kirby, Michael Baker Corporation; Nate Otto, RS&H; Grant Osborne

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

The Director requested a few moments from the Board to recognize a few staff members. The Director reported that Tina Kinsey successfully completed the Certified Member Program of the American Association of Airport Executives (AAAE). Michael Reisman was recently appointed to the Board of Directors of the Southeast Chapter of AAAE. Amy Burritt tendered her resignation effective May 7th to accept a position with Whole Foods in Austin, TX. The Board congratulated Tina and Mike on their achievements, and also wished Amy well in her future endeavors.

PRESENTATION:

A. Airport Master Plan: The Director introduced Roy Lewis of Delta Airport Consultants. Mr. Lewis presented an overview of the Master Plan project and informed

the Board that the purpose of the Master Plan was to develop a planning document, to establish funding, to develop alternatives to meet future demand, and also to update the Airport Layout Plan. Mr. Lewis advised the Board that an Advisory Committee was involved in the process and two public information input meetings were held. Data was reviewed in the Forecast Summary and included historical and projected enplanements, operations, and cargo. Mr. Lewis also went over the Development Plan Overview which included information on runway improvements, terminal area improvements, north general aviation aircraft parking and storage, location for a new Air Traffic Control Tower, development of air cargo area, and non-aeronautical development in the northwest area of the airport. The Capital Improvement Plan was reviewed and identified short-term, mid-term, and long-term improvements, projects, and funding. Mr. Lewis concluded his presentation with the next steps in the master plan process which included submission of the Airport Layout Plan to the FAA and a final review of the documents developed for the airport staff. The Chair thanked Mr. Lewis for his presentation.

FINANCIAL REPORT: The Director reviewed the airport activity section of the Financial Report for February. The Director reported that while February is historically the slowest month, March numbers have been received and there are signs that the numbers are beginning to turn around as enplanements are only down by 6.2%, seats are back up with a 7.5% increase, and the airfares are starting to decline. Vickie Thomas reported on the Financial Results for the month of February. Operating Revenue was below budget by 2.8% and Operating Expenses were below budget by 24.9%. The cash position was also reviewed.

CONSENT ITEMS: The Chair suggested that Consent Agenda Item B, Approval of the Greater Asheville Regional Airport Authority March 22, 2013 Closed Session Minutes, could be pulled for review in Closed Session. The Chair also advised the Board that Mr. Roberts would need to recuse himself from Consent Item F, Resolution Designating Bank of America, N.A., Wells Fargo Bank, N.A., and First-Citizens Bank & Trust Company as Official Depositories. The Chair also asked that Mrs. Baker review Consent Item E, Approval of Insurance Renewals, with the Board before action was taken on this item.

A. Approval of the Greater Asheville Regional Airport Authority March 22, 2013 Regular Meeting Minutes:

C. Approval of Assignment of Master Agreement for Professional Consulting Services to Michael Baker Engineering, Inc.:

D. Ratify Amended Five Year Capital Improvement Program:

G. Approval of Grant Agreement with the North Carolina Department of Transportation:

Mr. Roberts moved to approve Consent Items A, C, D, and G. Ms. Thompson seconded the motion and it carried unanimously.

F. Resolution Designating Bank of America, N.A., Wells Fargo Bank, N.A., and First-Citizens Bank & Trust Company as Official Depositories: Mr. Roberts moved to recuse himself from this vote due to a possible conflict of interest. Mr. Piccirillo seconded the motion and it carried unanimously.

Mr. Roberts left the Board Room.

Mr. Bailey moved to approve the Resolution Designating Bank of America, N.A., Wells Fargo Bank, N.A., and First-Citizens Bank & Trust Company as Official Depositories. Ms. Thompson seconded the motion and it carried by a 4 to 0 vote.

Mr. Roberts returned to the meeting.

E. Approval of Insurance Renewals: Suzie Baker reported that CIGNA has provided the Authority employees with medical insurance for the past two years. Although CIGNA has quoted a 12% increase in premium, the Authority's broker has obtained quotes from other insurance companies which had higher premiums and/or lower benefits. The Authority's cost for FY 2013-2014 is approximately \$690,500.

Mrs. Baker reviewed the dental insurance and stated that Ameritas Group will provide the employees with dental insurance with increased benefits and at a 2.4% reduction in premium than Principal, the Authority's current carrier for dental benefits. The premium for dental was quoted at \$39,160 for FY 2013-2014. Principal will continue to provide life insurance and AD&D benefits at a cost of \$9,060, the same rate that has been provided the previous two years as part of a three year lock-in rate. The Authority will also continue short-term disability and long-term disability with Lincoln Financial Group as these benefits and premiums are locked-in for another two-year time period ending June 30, 2015 for a cost of \$15,364 for FY 2013-2014.

Mrs. Baker reported that property, general liability, inland marine, auto, crime, public officials, law enforcement, and employment practices liability will all remain with the same providers for FY 2013-2014. Worker's compensation will be moved to Beacon Aviation Insurance Services as they have provided a quote which is 17.6% lower than

the quote received from the Authority's current carrier. Mrs. Baker advised the Board that the cost for these insurances is \$197,494 for FY 2013-2014.

Mrs. Baker informed the Board that the total cost for the insurance package as outlined is \$951,578 which is 5.5% below what was budgeted for FY 2013-2014.

Mr. Bailey asked how much the insurance package had increased from the current fiscal year. The Director reported that insurance increased by \$197,000. Mr. Bailey suggested that it would be helpful for comparison purposes in the future if premiums for the current year were provided with the proposed premiums. The Chair agreed and suggested it would also be helpful to provide the budget figures.

Mr. Piccirillo inquired if the Authority would have an opportunity to lock-in the rate with Ameritas for dental insurance for next year. Mrs. Baker responded that staff had inquired about this but were told that this was not possible. Mrs. Baker further stated that it was rare that Principal previously provided the Authority with a locked-in dental premium for two years.

Mr. Bailey moved to approve the renewal of Authority's insurance coverage as outlined by staff and authorize the Executive Director to execute the necessary documents. Mr. Roberts seconded the motion and it carried unanimously.

OLD BUSINESS:

A. Public Hearing and Final Adoption of the Authority's Fiscal Year 2013-2014 Budget: Vickie Thomas reported that a proposed preliminary Fiscal Year 2013-2014 Budget and Budget Ordinance were presented to the Board at the March 22nd Board meeting. The budget documents have remained available for public inspection and comment since then and staff has not received any comments. A Public Hearing is required before the final adoption of the 2013-2014 Budget Ordinance. Mrs. Thomas respectfully requested the Board resolve to adopt the Fiscal Year 2013-2014 Budget Ordinance following the Public Hearing:

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GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY
2013-2014
BUDGET ORDINANCE

BE IT ORDAINED by the Greater Asheville Regional Airport Authority that, pursuant to Section 159-13 of the General Statutes of North Carolina, the 2013-2014 Budget Ordinance of the Airport Authority is hereby set forth as follows:

Section 1. The following amounts are hereby appropriated for the operation of the Greater Asheville Regional Airport Authority for the fiscal year beginning July 1, 2013 and ending June 30, 2014 in accordance with the following schedules:

EXPENDITURES

Administration Department	\$ 584,927
Development Department	268,786
Executive Department	491,935
Finance Department	374,614
Guest Services Department	167,064
Information Technology Department	661,630
Marketing Department	524,176
Operations Department	3,002,228
Public Safety Department	1,320,384
Emergency Repair Costs	90,000
Reimbursable Costs	350,000
Carry-over Capital Expenditures from Prior Year	5,608,854
Capital Improvement	10,485,000
Equipment and Small Capital Outlay	144,000
Renewal and Replacement	572,000
Business Development	300,000
Debt Service	626,823
Contingency	100,000
Total Expenditures	<u><u>\$25,672,421</u></u>

Section 2. It is estimated that the following revenues will be available for the fiscal year beginning July 1, 2013 and ending June 30, 2014.

REVENUES

Administration (Interest Income)	\$ 20,000
Terminal	3,807,016
Airfield	859,800
General Aviation	966,739
Parking Lot	2,407,900
Other	187,959
Reimbursable Costs	350,000
Passenger Facility Charges	1,150,000
Customer Facility Charges	900,000
Federal Grants – AIP Entitlements	5,869,032
Federal Grants – AIP Discretionary Funds	7,034,661
NC Department of Transportation Grants	1,225,000
Transfer from GARAA Cash/Investments	894,314
Total Revenues	<u><u>\$25,672,421</u></u>

Section 3. The Budget Officer is hereby authorized to transfer appropriations as contained herein under the following conditions:

- a. He may transfer amounts between line item expenditures within a budget ordinance line item without limitation and without a report being required. These changes should not result in increased recurring obligations such as salaries.
- b. He may transfer amounts up to \$60,000 from contingency appropriations to other budget ordinance line items within the same fund. He must make an official report on such transfers at the next regular meeting of the board.

Section 4. This Budget Ordinance shall be entered in the minutes of the Greater Asheville Regional Airport Authority and within five (5) days after its adoption copies shall be filed with the Finance Officer, the Budget Officer and the Clerk to the Board of the Greater Asheville Regional Airport Authority as described in G.S. 159-13.

Section 5. This ordinance shall become effective on July 1, 2013.

Adopted this 26th day of April, 2013.

David R. Hillier, Chair

Attested by:

Ellen Heywood, Clerk to the Board

The Chair opened the floor to public comments at 9:21 a.m.

There being no public comments, the Chair closed the floor at 9:21 a.m.

Ms. Thompson moved to adopt the FY 2013/2014 Budget as presented by staff. Mr. Piccirillo seconded the motion and it carried unanimously.

NEW BUSINESS:

A. Approval of Audit Contract with Martin Starnes & Associates, CPAs, P.A. for Fiscal Year Ending June 30, 2013: Vickie Thomas informed the Board that two years prior, staff issued a Request for Proposal for audit services for a five-year time frame and the Board chose Martin Starnes & Associates, CPAs, P.A. as the Authority's auditors. Martin Starnes' proposal included fees for the five year time frame as requested, and fiscal year ending June 30, 2013 is the third year of the contract. Mrs. Thomas further stated that the contract fee for services rendered by Martin Starnes is \$12,400 and has been included in the budget for FY 2013-2014.

Mr. Roberts inquired how often staff puts the audit contract out for bid. Mrs. Thomas responded that the same auditors were used for approximately 10 years but staff requested a five-year bid when the Request for Proposal was issued. Mrs. Thomas further stated that the Authority is not locked in for the five years if the Board would like to make a change.

Mr. Roberts moved to approve the contract for audit services with Martin Starnes & Associates, CPAs, P.A. in the amount of \$12,400 and authorize the Board Chair to execute the necessary documents. Ms. Thompson seconded the motion and it carried unanimously.

B. Approval of Airline Incentives for Allegiant Air: The Director informed the Board that staff was approached in February by Allegiant Air about the possibility of adding service to St. Petersburg/Clearwater/Tampa, Florida (PIE) in addition to the Sanford-Orlando and Ft. Lauderdale service. Allegiant made an announcement in March that service would begin on June 6 to PIE with two flights per week. The Director further stated that in accordance with the Authority's Air Service Incentive Policy, staff has offered Allegiant up to \$150,000 for marketing and advertising of this new service and airport related fee waivers which total approximately \$72,000, excluding PFCs, for a one year period as directly related to the PIE service. To ensure the service is successful, staff would like the Board's approval to offer ground handling and passenger service fee incentives of 50% per aircraft turn up to \$250 per flight for two flights per week for a 12 month period, at a cost of \$26,000 to the Authority. Allegiant would have to maintain a minimum of four flights were week to receive this incentive for the full 12-month period. The total incentive package is worth approximately \$248,000 with direct expenditures being \$176,000. The Director advised the Board that funds were available in the budget in both the current fiscal year as well as the next fiscal year to offer these incentives. The Director also reported that the Ft. Lauderdale service is doing so well that very little of the \$150,000 in marketing funds has been used for this service. Allegiant still has up to a year to use the funds for the Ft. Lauderdale service, however, they will not be allowed to use all of the \$150,000 at the end of the first year of service so there have been savings realized with this service.

Ms. Thompson moved to approve airline incentives with Allegiant Air for PIE service as outlined by staff and authorize the Executive Director to execute the necessary documents. Mr. Roberts seconded the motion and it carried unanimously.

C. Approval of Supplemental Agreement No. 1 to Agreement for Professional Services Between Greater Asheville Regional Airport Authority and Michael Baker Engineering, Inc.: Michael Reisman advised the Board that the Authority entered into an agreement with LPA Group, now known as Michael Baker Engineering, in August of 2008 for general consulting services. The scope of services included the design and construction administration for the new ARFF station project as well as design and engineering services related to the new permanent runway component of the airfield redevelopment project. The current agreement with Michael Baker expires in August, 2013. Mr. Reisman reported that staff would like to extend the contract period for up to an additional five years to ensure there is no interruption of service to these projects. The contract extension would apply to the ARFF station and airfield redevelopment projects only. Mr. Reisman advised the Board that there is no

fiscal impact associated with this action, the Board has already approved fees associated with the ARFF station and airfield redevelopment projects, and the contract extension is consistent with the services the Board has approved.

Mr. Bailey moved to approve Supplemental Agreement No. 1 to Agreement for Professional Services between Greater Asheville Regional Airport Authority and Michael Baker Engineering, Inc. and authorize the Executive Director to execute the necessary documents. Mr. Piccirillo seconded the motion and it carried unanimously.

D. Approve Supplemental Agreement No. 1 to Agreement for Professional Services Between Greater Asheville Regional Airport Authority and Avcon Engineers and Planners, Inc.: Michael Reisman advised the Board that this agenda item was similar to the previous item in that the Authority entered into an agreement with Avcon in August, 2008. Their scope of services included consultant work for the design and engineering services related to the new taxiway/temporary runway component of the airfield redevelopment project. Mr. Reisman further stated that the remainder of this agenda item was the same as the previous agenda item and he would not take the Board's time to repeat the information unless the Board desired so.

Mr. Bailey moved to approve Supplemental Agreement No. 1 to Agreement for Professional Services between Greater Asheville Regional Airport Authority and Avcon Engineers and Planners, Inc. and authorize the Executive Director to execute the necessary documents. Ms. Thompson seconded the motion and it carried unanimously.

E. Approval of Scope of Services No. 14 and Fees for Construction Phase Services for the Westside Site Development Project with AVCON Engineers and Planners, Inc.: Ms. Thompson moved to recuse herself from this item due to a possible conflict of interest. Mr. Roberts seconded the motion and it carried unanimously.

Ms. Thompson left the Board Room.

Michael Reisman reported that in June of 2009, the Board approved an addition to the existing contract with Charah, Inc. for the fill project on airport property. Work has continued on the southwest portion of the airport and is now progressing to the northwest portion. Since February of 2010, the Board has approved many scopes of services with AVCON Engineers and Planners for design and construction phase services associated with this project. As work on the southwest portion gets closer to completion, it is likely there will be a remaining balance of the contract with AVCON available and staff would like this reallocated to Area 3 which is the northwest portion of the project. There are not enough funds to complete this area, however, so

additional expenses to complete this area will be necessary. Charah has been responsible for all costs associated with this project and has met all obligations for reimbursing the Authority for payment of services rendered by AVCON for which they are responsible. Mr. Reisman further reported that the scope of services for this agreement includes project management, field inspection and testing, and environmental work for the new area. Staff feels it is important to continue to utilize AVCON as they work directly for the Authority, not for Charah, and they insure that the work is handled in the proper manner. Charah is agreeable to the fee that has been quoted by AVCON, they will continue to reimburse the Authority, and there should be no net cost to the Authority. If Charah were to fail to reimburse the Authority at any time, the Authority has the ability to suspend any further work.

Mr. Roberts inquired if Charah reimbursed the Authority in a timely manner. Mr. Reisman responded in the affirmative and informed the Board that when looking at the current average cost of structural fill, the westside fill project has saved the Authority approximately \$12 million.

Mr. Piccirillo moved to approve the Scope of Services and Fee Proposal with AVCON Engineers & Planners, Inc. not to exceed the amount of \$278,060.00 and authorize the Executive Director to execute the necessary documents. Mr. Roberts seconded the motion and it carried by a 4 to 0 vote.

Ms. Thompson returned to the meeting.

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

A. IRS Approval of Authority Name Change: The Director reported that the IRS has accepted the change of entity from Asheville Regional Airport Authority to Greater Asheville Regional Airport Authority and this led to the banking changes that were approved earlier in the meeting.

B. Privatization of Screening: The Director informed the Board that an article was at their seats regarding the privatization of screening. Representative John Mica of Florida helped create the Transportation Security Administration (TSA) after 9/11, but in his opinion TSA has gotten out of control and would like to privatize screening similar to what airports had prior to 9/11. Liability issues have been resolved so if screening becomes privatized, airports would not be liable for incidents that may happen at the checkpoints.

C. Airport Ground Transportation Association Conference: The Airport Ground Transportation Association conference was held in March in Asheville. David Nantz spearheaded efforts to bring the conference to Asheville and it was a successful event with 114 attendees.

D. Contingency Spending: The Director advised the Board that \$3,500 was moved from Contingency to Capital Improvement for the master plan project. Some of the money relates to miscellaneous or administrative expenses, independent fee review, and advertising for the public hearing.

E. Budget Amendment: A budget amendment may be necessary at the June Board meeting to cover legal expenses associated with the independent authority review and process.

F. Annual Report: The Director called the Board's attention to the Annual Report for 2012 that was available at their seats. The new report highlights what the airport achieved in 2012.

G. Taxiway Rejuvenation Project: The taxiway is in the process of being rejuvenated with crack sealing and a rejuvenating product on the pavement meant to extend the life of the taxiway. The state is undertaking 100% of the cost for this \$100,000 to \$125,000 project.

H. Airline Information: A trend is growing in the airline industry where some of the airlines are raising the ticket change fee from \$150 to \$200 in an effort to increase ancillary revenue. Airlines (no US carriers yet) are also getting creative by auctioning off upgrades to higher classes of service rather than giving the extra seats in higher classes to passengers enrolled in their frequent flyer programs. Empty middle seats are also being auctioned off for an average price of \$150.00 to passengers who want two seats.

I. Sequestration: Air traffic control tower furloughs went into effect earlier in the week causing delays in parts of the country. Legislation was introduced to members of Congress to vote on today to transfer funds to keep the towers staffed by using \$273 million of AIP money between now and September. Since this would take money from airport improvement projects, the aviation industry has asked airports to reach out to their congressional delegation. The Director reported that he had contacted Senators Hagan and Burr to offer support for doing away with the furloughs for the air traffic controllers, but also asked the senators to consider an increase of PFC dollars to make up the loss of AIP funds. The legislation to use the AIP money did pass through the Senate without that additional language, so AIP money is going to be used without any

mechanism to replace it. It is expected to pass the House this morning and move to the White House for signature immediately.

Mr. Roberts commented that with the runway project underway, did the Director feel the use of capital dollars to pay for operating expenses was a one-time deal or something that could happen multiple times. The Director responded that sequestration was a 10-year deal and Congress is using unencumbered discretionary funds. The Director further explained that at the end of the federal fiscal year, there are many times that airports have not acted on projects that require discretionary funds. The FAA disburses these unencumbered discretionary funds to airports that have secondary projects that are on wish lists but don't have funding. The \$273 million as mentioned earlier being used this year is from unencumbered discretionary funds. Asheville's funds have been programmed in and the FAA is aware of the project so staff is hopeful it will not be impacted. The Director further stated that the industry is hopeful this will open the door to look at other mechanisms to raise capital, such as increasing the PFCs that the industry has been fighting for over the years.

J. Allegiant Airlines Partnership: The Director reported that the airport is partnering with Allegiant for a special promotion and suggested Tina Kinsey brief the Board on this item. Mrs. Kinsey informed the Board that Allegiant Airlines has a promotion across the country called Dodge High Fares and has asked the airport to partner with them on this promotion. Allegiant is working with the National Dodgeball Association to bring tournaments into communities and funds raised will go to local charities. Staff is taking it a step further and has been working with the Asheville Tourists to have a season-long summer promotion because the timing fits with the Dodge High Fares promotion. Allegiant has also joined in to participate with the airport for a trip give away sweepstakes that will be offered through the Tourists. Finalists will play a fun game related to dodge balls at the stadium at the end of the Tourists season to win the trip. Allegiant will be spending advertising money in Asheville's market to promote Dodge High Fares. Charlotte Motor Speedway has also partnered with Allegiant and have provided a stock car branded with the Allegiant brand. The airport has been offered some tickets to the Charlotte Motor Speedway that will be given away in a sweepstakes. The Allegiant stock car will come to the Tourists stadium for two nights for the promotion. This gives the airport an opportunity to provide public relations and social media as well as community awareness and support for this campaign.

K. Mission Statement: The Director advised the Board that a consultant is in the process of being selected for the mission statement/strategic planning process which will take six to eight months to complete and costs approximately \$25,000. The

consultant will deal with senior staff, other staff members, and also the Board. The Director also stated that the consultant will be brought in for a presentation at the June Board meeting for an overview and if the Board is comfortable with the company, a contract will be finalized.

INFORMATION SECTION: No comments

AUTHORITY MEMBERS REPORTS: No comments

PUBLIC AND TENANTS' COMMENTS: No comments

CALL FOR NEXT MEETING: The Chair advised the Board that a May meeting was not anticipated and the next regular meeting of the Board will be held on June 21, 2013.

The Chair called for a break at 10:03 a.m.

The Board reconvened at 10:12 a.m.

CLOSED SESSION: At 10:12 a.m. Mr. Piccirillo moved to go into Closed Session pursuant to Subsections 143-318.11 (a) (3) and (6) of the General Statutes of North Carolina to Consult with Legal Counsel in Order to Preserve the Attorney-Client Privilege and to Consider Personnel Matters. Mr. Roberts seconded the motion and it carried unanimously.

Open Session resumed at 11:53 a.m.

**APPROVAL OF THE GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY
MARCH 22, 2013 PART A CLOSED SESSION MINUTES:**

**APPROVAL OF THE GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY
MARCH 22, 2013 PART B CLOSED SESSION MINUTES:**

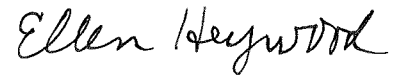
Mr. Piccirillo moved to approve the minutes for Part A and Part B of the March 22, 2013 Closed Session and to seal and withhold such minutes from public inspection so long as public inspection would frustrate its purpose or purposes thereof. Mr. Roberts seconded the motion and it carried unanimously.

Mr. Piccirillo moved to seal the minutes for the April 26, 2013 Closed Session 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 unanimously.

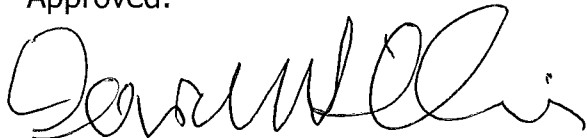
ADJOURNMENT: Mr. Roberts moved to adjourn the meeting at 11:55 a.m. Mr. Piccirillo seconded the motion and it carried unanimously.

Respectfully submitted,



Ellen Heywood
Clerk to the Board

Approved:



David R. Hillier
Chair