

**REGULAR MEETING**  
**GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY**  
**October 12, 2012**

The Greater Asheville Regional Airport Authority ("Authority") met on Friday, October 12, 2012 at 10:13 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; Bob Roberts, Vice-Chair; Jeffrey A. Piccirillo; Martha W. Thompson; and Andrew Tate

**MEMBERS ABSENT:** None

**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; Vickie Thomas, Director of Finance and Accounting; Suzie Baker, Director of Administration; Tina Kinsey, Director of Marketing and Public Relations; Amy Burritt, Marketing Supervisor; and Ellen Heywood, Clerk to the Board

**ALSO PRESENT:** Jeff Kirby, Michael Baker Corporation; Cassie Wilson, Martin Starnes & Associates

**CALL TO ORDER:** The Chair welcomed everyone in attendance, called the meeting to order at 10:13 a.m., and informed the audience that the first order of business was a Closed Session.

**CLOSED SESSION:** At 10:14 a.m. Mr. Piccirillo moved to go into Closed Session pursuant to Subsections 143-318.11 (a) (3) and (4) of the General Statutes of North Carolina to Consult with Legal Counsel in Order to Preserve the Attorney-Client Privilege and 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. Ms. Thompson seconded the motion and it carried unanimously.

Open Session resumed at 10:23 a.m.

Mr. Piccirillo moved to seal the minutes for the October 12, 2012 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.

**NEW BUSINESS (Part I):**

**A. Acceptance of Bill of Assignment, Conveyance, Transfer, Authorization, and Grant from the Asheville Regional Airport Authority:** Mr. Roberts moved that, effective immediately, the Greater Asheville Regional Airport Authority hereby approves and accepts, and joins in, and agrees to be bound by, the Bill of Assignment, Conveyance, Transfer, Authorization, and Grant from and by the Asheville Regional Airport Authority to the Greater Asheville Regional Airport Authority, and hereby approves, and agrees to be bound by, the Acceptance and Joinder with respect to such Bill of Assignment, Conveyance, Transfer, Authorization, and Grant; and hereby further authorizes and directs its Chair to forthwith execute and deliver the acceptance and joinder for, and on behalf of, the Greater Asheville Regional Airport Authority and its governing board. Ms. Thompson seconded the motion and it carried unanimously.

At 10:26 a.m. the Chair executed the Acceptance and Joinder in duplicate on behalf of the Greater Asheville Regional Airport Authority.

**FINANCIAL REPORT:** The Director reviewed the airport activity section of the Executive Summary for the month of August. Passenger enplanements for the month totaled 30,269, a decrease of 19.9% over the same period last year. The Director also reviewed airport operations noting that while scheduled flights, flight cancellations and seats are all down, the load factor has increased by 3.4% over the same period last year. Vickie Thomas reported on the financial results for the month stating that operating revenue was \$757,000, which was 0.4% below budget, and operating expenses were \$518,000, which was 14.4% below budget. Mrs. Thomas also reported on the cash position for the month.

**CONSENT AGENDA:**

**A. Approval of the Greater Asheville Regional Airport Authority August 17, 2012 Special Meeting Minutes:**

**B. Approval of the Greater Asheville Regional Airport Authority August 31, 2012 Special Meeting Minutes:**

**C. Approval of Amendment to the FY 2012-2013 Budget:**

**D. Ratification of Amended Asheville Regional Airport Five-Year Capital Improvement Plan (CIP) for FY 2013-2017:**

**E. Approval of Sewer Line Emergency Repair:**

**F. Approval of Extended Fiber Optic Perimeter Distribution System:**

**G. Adoption of Airport Development Guidelines:**

Ms. Thompson moved to approve Consent Agenda items A-G. Mr. Piccirillo seconded the motion and it carried unanimously.

**NEW BUSINESS (Part II):**

**A. Presentation of Final Draft Annual Audit Report for Fiscal Year 2011/2012:** Vickie Thomas advised the Board that the annual audit was performed by Martin Starnes & Associates and introduced Cassie Wilson who gave a brief presentation to the Board.

Ms. Wilson thanked the Board for allowing her to speak. Ms. Wilson informed the Board that an unqualified opinion was issued for the audit, which means there are no findings, no questionable costs, and found no issues with any of the financial data that was audited. Ms. Wilson also informed the Board that no material internal controls or weaknesses were identified during the process and the Authority staff was very cooperative. Cash and investments totaled \$14,119,918 at the end of the fiscal year. Ms. Wilson presented a summarization of the revenue and expenses and noted that the decrease in revenue is a change in capital contributions received in 2011-2012 from the AIP grant. Ms. Wilson reviewed the net assets and noted that the increase of \$1.2 million was reflective of the overall operating revenue increases from the terminal, airfield, general aviation, and parking lot revenues. Ms. Wilson also reviewed debt service payments, depreciation expense, and operating income. Ms. Wilson advised the Board that the Local Government Commission approved the audit and had no changes to the audit report. The Chairman thanked Ms. Wilson for her presentation

Mr. Roberts moved to accept the 2011/2012 Audit Report as presented. Mr. Piccirillo seconded the motion and it carried unanimously.

**B. Approval of Airline Incentives for Allegiant Air:** The Director reported that Allegiant Air began service to Orlando in November of 2011 and has been very successful with this service. Allegiant approached staff in June regarding the possibility of adding Fort Lauderdale service. In September, Allegiant made a public announcement that Fort Lauderdale service would begin on November 15<sup>th</sup> and the

service would be twice a week. The Director advised the Board that in accordance with the Authority's incentive package, staff has offered Allegiant up to \$150,000 in Marketing money and a one year waiver of airport related fees excluding PFC's. The Director further stated that Fort Lauderdale has been very high on the airport's market list and staff would like to insure this service is successful. Therefore, the Director requested the Board's approval to provide ground handling and passenger service fee incentives of 50% per aircraft per turn up to \$250 per flight for two flights per week for a 12-month period. Allegiant must maintain four flights per week of any city pair in order to retain this incentive. The Director summarized the incentive package that would include \$150,000 in marketing money, \$72,000 in waived rents and fees, and \$26,000 for ground handling fees for a total package of \$248,000 or \$176,000 in direct expenditures. Funds are in the budget to be able to provide this incentive package.

Ms. Thompson moved to approve airline incentives as presented by staff to Allegiant Air for Asheville-Fort Lauderdale service 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 with Respect to Reynolds, Smith and Hills, Inc.:**

Mike Reisman advised the Board that a Supplemental Agreement to the existing Master Agreement with Reynolds, Smith and Hills (RS&H) is necessary as RS&H has been selected for program management and construction management services associated with the airfield redevelopment project and the current Master Agreement with RS&H is set to expire in September, 2013. The Supplemental Agreement amends one particular paragraph in the Agreement regarding the language in terms of errors or omissions on the part of RS&H and their obligation and liability relating to the error. The Supplemental Agreement also extends the term of the contract for a period not to exceed five years or at the close-out of the airfield redevelopment project. The extension is very specific to the airfield redevelopment project and will not extend to any additional projects that may be undertaken over the next few years.

Ms. Thompson moved to approve Supplemental Agreement No. 1 and authorize the Executive Director to execute the necessary documents. Mr. Roberts seconded the motion and it carried unanimously.

**D. Discussion on Extension of Parking Lot Agreement:** The Director reviewed the background for selection of the management and operation of the public parking facilities at the airport that took place in January 2008. The Director further stated that Standard Parking was the operator approved by the Board for the public parking

facilities. When the five-year agreement with Standard was created four years ago, the five-year contract extension at the airport's option that was included in the original bid documents was inadvertently omitted from the final agreement with Standard. Since the current agreement expires April 30, 2013, an amendment extending the contract needs to be approved or staff needs to prepare bid documents in order to meet the expiration deadline of April. The Director informed the Board that the Master Plan will be completed in the spring of 2013 and one of the major components of the Plan deals with future parking facilities at the airport. Staff recommends extending the agreement with Standard Parking for two years with three one-year options to extend. This will provide staff with time to see what the Master Plan proposes and how it's worked into the capital projects schedule. Staff has consulted with legal counsel and there are no issues with extending the contract to Standard Parking. The Director requested the Board's direction on whether to extend the contract or go out for bid for a formalized contract.

The Chair commented that Standard Parking could insist upon what the original bid documents specified but he understood that Standard Parking was agreeable to the proposed extension. The Director responded that Standard Parking is happy with the extension to the agreement. The consensus of the Board was for staff to extend the agreement with Standard Parking. The Director advised the Board that staff would move forward with the amendment to the contract and would come back to the Board for formal approval.

### **PRESENTATIONS:**

**A. Master Plan Update:** Mike Reisman advised the Board that the Master Plan project which was launched in September 2011 is on track for completion in March 2013. Some portions of the plan such as the Airport Layout Plan will still need approval from the FAA so it may be a few months after March before everything is finalized. Some of the components of the Master Plan that have been completed include Inventory of the Airport, Environmental Review, Forecast Data chapters, and a few other minor portions. The components still in progress include the Airport Layout Plan set, Financial Feasibility Analysis, as well as Air Service Market Research and Passenger Demand Analysis. The Master Plan process through the Alternatives chapter requires public comment, so an informal open house will be held on October 16th at the Skyland Fire Station. Mr. Reisman reviewed the presentation that will be held for the general public at the open house. The presentation included an overview of existing facilities, forecast data, facility needs, the airfield redevelopment alternatives, and the alternatives for the terminal area, parking, access, general aviation, and non-aeronautical development. Mr. Reisman noted that public comments will be included in

the final Master Plan document. Mr. Reisman further stated that the consultants would make a more formal presentation to the Board in the future.

Mr. Roberts inquired if staff is confident the FAA will honor the commitment for funding of the runway going forward. Mr. Reisman responded that staff has as much of a commitment from the FAA that can be given. The FAA realizes the runway needs to be reconstructed and is on board with the project. The Director remarked that once a project starts, it is unlikely the FAA will renege on funding.

**B. Economic Impact Presentation:** The Director briefly recapped the funding issues regarding the FAA's Airport Improvement Program (AIP) which is used to reimburse airports for capital projects. The airport industry is taking a different approach with legislators in Washington DC in order to bring an awareness of the impact airports have on the economy. With the help of individual airports meeting with their community leaders, the industry hopes to influence legislators in Washington, DC to approve long-term funding of the AIP. The Director reviewed the Economic Impact presentation that will be shown to local business leaders. The presentation included statistics on passenger enplanements, destinations, economic impact, and the jobs created by airports nationwide, in North Carolina, and in Asheville. The Director also briefly reviewed the capital improvement projects that are ongoing as well as the air service portion of the presentation that included the challenges faced by the airport.

**C. Perception Data Survey Presentation:** Tina Kinsey informed the Board that staff had commissioned a community perception survey to obtain valid and reliable information about air travelers in Western North Carolina. The goals of the survey were to establish base line passenger metrics as well as data on travel to Washington DC. Mrs. Kinsey reviewed the results of the survey which included a demographic picture of the airport's passengers, the perceived satisfaction and the long-term goal to increase the level of satisfaction, the top drivers of utilization of the airport, and the ranking of the airport among its competitors. Using the survey results, Mrs. Kinsey plans to update the Marketing Plan, increase focus on low fares in air service development, and focus on loyalty growth among business travelers. Staff will also share Washington, DC demographic information with airlines to draw attention to non-stop service to Dulles as a viable market.

#### **DIRECTOR'S REPORT:**

**A. Southern Conference Sponsorship:** The Director reported that \$5,000 has been budgeted in the current fiscal year for sponsorship of the Southern Conference. Staff intends to commit these funds unless the Board objects.

**B. Contingency Spending:** The Director advised the Board that contingency funds were used for three items:

1. \$20,327 was used for parking lot PCI hardware and software. The Authority owns the parking lot system and credit cards are taken over this system. Staff had to buy the equipment to provide the current standard PCI credit card compliance.
2. Additional scope of work in the Master Plan in the amount of \$26,000 for aerial surveys for obstructions as part of the airfield project.
3. Purchase of roughly \$9,000 for radios. Staff budgeted \$45,000 in the FY2012-2013 budget for radio purchases to upgrade to digital equipment vs. analog. Staff also planned to budget \$45,000 in next fiscal year's budget for a total of \$90,000 for the radio equipment. Since the manufacturers were offering deep discounts and rebates, staff was able to purchase all of the radio equipment for a total of roughly \$57,000 including tax. By amending our budget this year by \$9,000, staff can purchase the equipment and save roughly \$36,000 vs. purchasing the equipment over two years. Therefore, the Director made the commitment to spend the additional \$9,000 in order to save \$36,000.

**C. Installation of Body Scanners:** The first body scanner at the security checkpoint is coming to Asheville and will likely be installed by the end of the year.

**D. HVAC Project:** For informational purposes, the Director advised the Board that \$194,000 was budgeted in the current fiscal year budget for replacement of the HVAC system for part of the terminal lobby and part of the FAA. When staff put this project out to bid, the total project came in at approximately \$87,000, so substantial savings will be realized on this project.

**E. ARFF Station Program Approval:** The Director reported that approval was received from the FAA for a five-bay fire station. The airport is not programmed to receive 90% AIP funding for this project, so the fifth bay may still be bid out as an add alternate to determine the cost and how much the Authority would have to pay for it.

**F. Update on Sale of Property:** The Director advised the Board that the economic development project that would require the sale of airport property on NC280 will not be moving forward, so the airport property will not be sold.

**G. United Way:** The Authority is in the middle of the United Way campaign and the Director was proud to report the contributions of staff to this worthy cause. A

report detailing the Authority's 2011 contributions in comparison to other sectors in the community was available for the Board at their seats.

**H. 5k/Aviation Day Outcome:** The 5k/Aviation Day was a great success. The Director recognized Tina Kinsey and Amy Burritt for a terrific job planning the event and other staff members for helping make sure the event ran smoothly. There were 789 runners and it is expected that between \$3,500 and \$4,000 will be donated to the WNC Pilots Association Scholarship Fund. Approximately 3,000 people attended the Aviation Day portion of the event and the Director named all of the corporate sponsors who helped make the day a success. The Board thanked Mrs. Kinsey and staff for all the wonderful things they do for the Authority.

**I. County Zoning Update:** The Director advised the Board that as part of Session Law 2012-121, the zoning and planning for the airport now falls under the ordinance of Buncombe County. County staff had to enact zoning regulations which will go before the County Commissioners for final approval at their meeting on October 16<sup>th</sup>.

**J. Upgrades to Authority Offices:** The Director informed the Board that some minor renovations were made to the Authority offices such as painting and carpeting and called attention to the framed photographs in the hallway depicting the Authority's employees.

**INFORMATION SECTION:** No comments

**AUTHORITY MEMBERS REPORT:** The Chair stated that there were two items to discuss.

**A. Title of Executive Director:** The Chair advised the Board that Session Law 2012-121 uses the language Airport Director rather than Executive Director and Mr. Buchanan has requested a motion to approve and ratify the use of either Airport Director or Executive Director on the various motions to avoid any discrepancies. Mr. Roberts moved to approve and ratify the use of either Airport Director or Executive Director in the various motions of the Board. Ms. Thompson seconded the motion and it carried unanimously.

**B. At Large Member:** The Chair brought forth the discussion of possibly proceeding with the appointment of the at-large member of the Authority to comply with the law. The Chair stated that there are potential negatives operating as a five-member Board and asked for the Board's opinion of advertising for expressions of interest to receive resumes, review the resumes, and conduct interviews. Mr. Roberts inquired if the new legislation requires that all six members be seated. Mr. Buchanan



stated that this was an interesting legal question so an interpretation of the law may be a discussion for Closed Session.

**PUBLIC AND TENANTS' COMMENTS:** None

**CALL FOR NEXT MEETING:** The Chair inquired about possible agenda items for November. It was determined that there were no items that needed to be addressed in November. The Chair stated that a meeting in November would not be necessary and that the next meeting of the Board would be December 14, 2012.

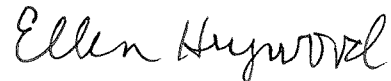
**CLOSED SESSION:** At 11:55 a.m. Mr. Tate moved to go into Closed Session pursuant to Subsection 143-318.11 (a) (3) of the General Statutes of North Carolina to Consult with Legal Counsel in Order to Preserve the Attorney-Client Privilege. Mr. Roberts seconded the motion and it carried unanimously.

Open Session resumed at 12:16 p.m.

There was a brief discussion concerning adjourning the meeting without the Board taking formal action regarding the At Large Member position. Rather, the administration will move forward with advertising for the At Large Member.

**ADJOURNMENT:** Mr. Roberts moved to adjourn the meeting at 12:18 p.m. Mr. Piccirillo seconded the motion and it carried unanimously.

Respectfully submitted,



Ellen Heywood  
Clerk to the Board

Approved:



David R. Hillier  
Chairman