

**REGULAR MEETING**  
**ASHEVILLE REGIONAL AIRPORT AUTHORITY**  
**June 6, 2012**  
**8:30 a.m.**

The Asheville Regional Airport Authority ("Authority") met on Wednesday, June 6, 2012 at 8:30 a.m. in the Conference Room at the Authority's Administrative Offices, Asheville Regional Airport ("Airport"), 61 Terminal Drive, Suite 1, Asheville, NC 28732.

**MEMBERS PRESENT:** David R. Hillier, Chairman; David Gantt, Vice-Chairman; Jeffrey A. Piccirillo, Secretary-Treasurer; Martha W. Thompson; Bob Roberts, Bill Moyer and Esther Manheimer

**MEMBERS ABSENT:** None

**STAFF AND LEGAL COUNSEL PRESENT:** Vic Buchanan, Authority Legal Counsel; Lew Bleiweis, Airport Director; 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; Kevan Smith, Public Safety Captain; Randy Hensley, Public Safety Lieutenant; Amy Burritt, Marketing Supervisor; and Ellen Heywood, Recording Secretary

**ALSO PRESENT:** James Moose, AVCON; Jeff Kirby, Michael Baker Corp; Michael Blackmore, RS&H; Nikki Reid, City of Asheville; David McFee, Asheville Fire Department; Jeff Richardson, City of Asheville; Scott Burnette, City of Asheville; and Mark Barrett, Asheville Citizen-Times

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

**APPEARANCES:** None

**SERVICE AWARD PRESENTATION:** The Chairman recognized Randy Hensley with a service recognition award and gift for his 10 years of service with the Authority.

**PRESENTATIONS:** None

**FINANCIAL REPORT:** The Director reviewed the airport activity section of the Executive Summary for the month of April. Enplanements for the month totaled

25,682, a decrease of 3.6% over the same period last year. The Director also reviewed aircraft operations, noting that scheduled flights and seats were down by 16.8% and 12.9% respectively. General Aviation saw an increase by 8.7% over the same period last year. Vickie Thomas reported on the financial results stating that operating revenue for the month was \$676,000 which was 3.8% above budget. Operating expenses for the month totaled \$573,000 which was 10.5% below budget. Mrs. Thomas also reported on the cash position for the month. Mr. Gantt noted that income was up, expenses were down, and commended staff for the \$1.8 million in the fund balance which surpasses the Authority's goal of putting \$1 million in the fund balance each year.

**CONSENT AGENDA:** Ms. Thompson moved to pull Consent Agenda Item B, Approval of the Asheville Regional Airport Authority April 20, 2012 Closed Session Minutes, for review in Closed Session. Mr. Roberts seconded the motion and it carried unanimously.

**A. Approval of the Asheville Regional Airport Authority April 20, 2012 Regular Meeting Minutes:**

**C. Approval of Insurance Renewals:**

Mr. Gantt moved to approve Consent Agenda items A and C. Mr. Piccirillo seconded the motion and it carried unanimously.

**OLD BUSINESS:**

**A. Discussion of Fire House:** The Director informed the Board that Airport staff and City staff have come to a solution to the joint fire house issues and stated that Chief Scott Burnette had a brief presentation for the Board. Chief Burnette summarized the discussions that have been held over the past few years on the joint fire house issue. Chief Burnette presented four different options for a fire house along with the pros and cons for each option. The options comprised of a co-located joint-use facility (inside secure fence line), stand-alone fire station on airport property (existing airport fire station), a new fire station on airport property east side of NC 280, and a new station not on airport property. The City proposes and airport staff supports, utilizing the existing airport fire station when vacated by airport staff after the airport's new fire house is built. The City would invest approximately \$150,000 in renovations to the building with the Authority's approval, lease the building for 5 years with 5 1-year options, have a 6 or 12 month notification of lease termination, and a straight line depreciation prorated rebate of the City's capital investment in the building if early termination of lease is required by the airport. Chief Burnette stated that the City was

seeking the Authority Board's approval of this recommendation and if approved, would present it to the City Council's Public Safety Committee at their meeting on June 25th.

Ms. Thompson inquired if this option would meet the City's requirement regarding fire tax districts and adding a fire station in this section of the city. Chief Burnette responded that it does address this issue.

The Director advised the Board that airport staff supports the proposal to move into the airport's existing fire station. The Director also advised the Board that staff put protections in for the City in terms of the straight line depreciation rebate given to the City if the fire house is taken back by the airport for use. This would ensure that the City is not out the funds they had expended to renovate the building and is the reason for the Authority approving the investments so staff would be aware of the Authority's liability should a rebate need to be given to the City.

Mr. Roberts moved to follow the recommendation of airport staff as presented by Chief Scott Burnette of the Asheville Fire Department and instruct staff to proceed with the negotiations of the lease, etc. Ms. Manheimer seconded the motion and it carried unanimously.

**B. Firing Range Update:** Jeff Richardson from the City of Asheville advised the Board that the City was under contract with a contractor that is onsite at the airport to remediate the soil. Mr. Richardson further stated that excavation of the soil is expected to be completed by the end of the week and the City's plan for remediation has full approval from the Department of Environment and Natural Resources (DENR). Charah is satisfied with the timeline and City staff expects to be completed with the remediation by July 16. Charah has indicated that this will not detain their work or cause them to lose time. Mr. Richardson was appreciative of the airport staff and support of the Board.

#### **NEW BUSINESS:**

**A. Approval of Budget Amendment for Passenger Boarding Bridge Project:**

The Director reminded the Board that purchase of the Passenger Boarding Bridges for gates 4 through 6 and construction of building improvements to accommodate the bridges were approved at the February 24, 2012 Authority Board meeting. The Director advised the Board that \$742,044 of the \$1.8 million project is expected to be spent in the current fiscal year with \$667,840 from AIP Entitlement funds and \$74,204 Airport funds. Although the FAA has approved the project, staff is unable to draw from the grant until the grant documents are processed by the FAA. Since the grant funds may not be available by the end of the Authority's fiscal year, the Authority may need to use

its own funds in FY11/12 to pay for costs that have been incurred to date. A budget amendment will be needed to address the change in the FY11/12 funding source. The Director requested that the Airport Authority Board resolve to amend the FY11/12 budget by adopting the following budget ordinance amendment, contingent on the Passenger Boarding Bridge AIP grant not being received by June 30, 2012:

BE IT ORDAINED by the Asheville Regional Airport Authority that the following amendment be made to the annual budget ordinance for the fiscal year ending June 30, 2012:

Section 1. To amend the revenues as follows:

**REVENUES:**

	<u>Decrease</u>	<u>Increase</u>
Transfer from ARAA		\$667,840
Cash/Investments		
Federal Grants-AIP Entitlements	<u>\$667,840</u>	
Totals	<u><u>\$667,840</u></u>	<u><u>\$667,840</u></u>

Section 2. Copies of this budget amendment shall be furnished to the Secretary of the Asheville Regional Airport Authority, who for purposes of this ordinance, is designated as the Clerk to the Asheville Regional Airport Authority, and to the Budget Officer and to the Finance Officer for their direction.

Adopted this 6<sup>th</sup> day of June, 2012.

\_\_\_\_\_  
David Hillier, Chairman

Attested by:

\_\_\_\_\_  
Jeffrey A. Piccirillo, Secretary-Treasurer

Mr. Moyer moved to amend the FY11/12 budget by adopting the budget ordinance amendment as presented by staff contingent on the Passenger Boarding Bridge AIP grant not being received by June 30, 2012. Mr. Piccirillo seconded the motion and it carried unanimously.

**B. Resolution for Possible Disposition of Real Property by Sale or Lease:**

The Director informed the Board that staff has been in discussion with a local company regarding an expansion of their business. The Director stated that the Authority is willing to lease or sell 9.9 acres of airport property to the company for this economic development project. During discussions with the business, staff has stressed the Authority's preference for a long-term lease, but due to city and state fire codes, this may not be a suitable option due to the construction costs that would be incurred by the company. Staff is therefore exploring a 10-15 year lease that would stipulate the Authority sell the building at the end of the lease to the company in a way that avoids issues with the state fire codes. Staff is seeking approval of the Resolution Concerning the Possible Disposition of Real Property by Sale or Lease as the first step in the process. If the Board approves the resolution, staff will seek approval from the FAA as well as the City since the contract with the company would state that it will be a sale after the 10-15 year lease. If the sale is approved, the FAA will require the proceeds be used for capital projects at the airport or returned to the FAA. The 10-15 year lease is not a lease for payment for purchase, it is strictly a lease and the company would have to purchase the land at the end of the lease at fair market value.

The Chairman inquired if the FAA would reduce other money to the Authority in the future if the sale of the land were to occur 10 to 15 years from now. The Director responded that the money from the sale of the land would be over and above other entitlement money from the FAA.

Mr. Roberts stated that it would be prudent for the Authority to have right of first refusal to buy this property back in the event the business was sold. The Director stated that the Authority would probably put a first right of refusal for the whole property including the building itself as this could give the Authority the potential for non-aviation revenue. The building would be straddling the property line so it would be very difficult to purchase just the 9.9 acres back.

Mr. Piccirillo moved to approve the Resolution Concerning the Possible Disposition of Real Property by Sale or Lease. Mr. Roberts seconded the motion and it carried unanimously.

[This area intentionally left blank]

**RESOLUTION CONCERNING THE POSSIBLE  
DISPOSITION OF REAL PROPERTY BY SALE OR LEASE**

**WHEREAS**, by an Agreement dated November 29, 1979, and entered into by and between the County of Buncombe and the City of Asheville ("1979 Agreement"), the Asheville Regional Airport Authority ("Airport Authority") was created as a joint agency pursuant to Article 20 of Chapter 160A of the General Statutes of North Carolina;

**WHEREAS**, the County of Buncombe and the City of Asheville entered into a Restated and Amended Airport Authority Agreement dated January 22, 2008 ("2008 Agreement");

**WHEREAS**, Section 4 of the 2008 Agreement provided in part that "the management, development, operation, regulation and maintenance of the Asheville Regional Airport shall be under the direct control and supervision of the Airport Authority";

**WHEREAS**, Section 7 of the 2008 Agreement provided in part that "the City [of Asheville] shall as lessor execute a lease to the Airport Authority as lessee";

**WHEREAS**, in accordance with Section 7 of the 2008 Agreement, the City of Asheville, as lessor, and the Airport Authority, as lessee, entered into a Restated and Amended City-Airport Authority Lease Agreement ("2008 Lease");

**WHEREAS**, Section I of the 2008 Lease provided in part that "City hereby lets and leases to [Airport] Authority and [Airport] Authority hereby accepts as Lessee that certain tract of land together with the buildings and other improvements thereon . . . known as the Asheville Regional Airport";

**WHEREAS**, the (or a) reason for the City of Asheville having the legal title to the Asheville Regional Airport and thereby being the lessor under the 2008 Lease was that Subsection 160A-462(a) of the General Statutes of North Carolina provided in part that the County of Buncombe and the City of Asheville (as participating units of local government) could "confer on the joint agency any power, duty, right, or function needed for the execution of the undertaking, except that legal title to all real property necessary to the undertaking shall be held by the participating units individually, or jointly as tenants in common";

**WHEREAS**, a portion of the real property covered by the 2008 Lease contains approximately 9.9 acres ("Tract of Land"), and it is located on or in the vicinity of Fanning Bridge Road and is more particularly described in Exhibit A (which is attached hereto and incorporated herein);

**WHEREAS**, the Airport Authority has been contacted by a business entity about possibly obtaining the Tract of Land, and the Airport Authority is desirous of considering and pursuing this matter further and perhaps negotiating a sale, lease, or lease with an option to purchase; and

**WHEREAS**, before proceeding further with its consideration of this matter or the negotiation of a possible sale, lease, or lease with an option to purchase, the Airport Authority believes that it should first obtain from the Federal Aviation Administration a release of the Tract of Land from all prohibitions, restrictions, and limitations thereon;

**THEREFORE, IT IS RESOLVED BY THE AIRPORT AUTHORITY THAT:**

1. It has determined, after careful review and study, that: The Tract of Land is not currently needed, or being used, for any direct, general, or specific aeronautical or governmental purpose or purposes related to the safe or efficient operation of the Asheville Regional Airport; there is no reasonable or realistic expectation that it will be needed in the future for any such direct, general, or specific aeronautical purpose or purposes; the Tract of Land is currently held in private (not governmental) use and is surplus property; and the proceeds from its sale, lease, or lease with an option to purchase would be beneficial and helpful to the Airport Authority in its development, operation, and maintenance of the Asheville Regional Airport.

2. The Airport Authority hereby respectfully requests that the Federal Aviation Administration, on behalf of itself and the federal government, release the Tract of Land from any and all federal prohibitions, restrictions, and limitations thereon, so that the Airport Authority or any successor thereof may consider and pursue the possible sale, lease, sale with an option to purchase, or other disposition of the Tract of Land.

**Adopted this 6<sup>th</sup> day of June, 2012**

**ASHEVILLE REGIONAL AIRPORT AUTHORITY**

By: \_\_\_\_\_  
David R. Hillier, Chairman

**ATTEST:**

\_\_\_\_\_  
Jeffrey A. Piccirillo, Secretary-Treasurer

## **DIRECTOR'S REPORT:**

The Director noted that he had a few items to report that were not on the agenda.

**A. ACI-NA Board Appointment:** The Director advised the Board that he would be appointed to the ACI-NA Board of Directors at the ACI-NA Summer Board Meeting in June. The Director will be filling an unfulfilled term which will run through the end of September but has been told that he would then be appointed to a three-year term of his own.

**B. The Paradies Shops Named SEC-AAAE Corporate Member of the Year:** The Director informed the Board that The Paradies Shops which owns the Blue Ridge Tavern and Trading in the terminal was nominated by the airport for the SEC-AAAE Corporate Member of the Year award. The Paradies Shops did win and were very pleased to accept the award at the SEC-AAAE Annual Conference in May.

**C. Update on Strategic Goals:** At the request of the Board at the April Authority Board meeting, the Director was asked to check with other airports about a strategic planning document. Wilmington, NC was the only airport that submitted a document at the Director's request and the Director advised the Board that he would forward the document to them for their review along with any other documents that may arrive from other airports. The Director further stated that the airport in Fort Wayne, Indiana has issued a request for a list of consultants to help their airport with a strategic planning document. Once Fort Wayne has compiled the list, they will forward it to Asheville. The Director will work with the Board Members to see what kinds of goals they would like included in a strategic plan and will start putting together a document. The Chairman stated that it would be helpful for new Board Members if the Director reviewed, at the next Authority Board meeting, the planning document that was created in 2009/2010 and the Director agreed to update this document and add to the agenda.

**D. Runway Project Update:** The Director stated that staff had met with the FAA recently and was pleased to report that the FAA has approved moving forward with the full runway/taxiway project estimated at \$60 million. It is still unknown the exact amount of funds the FAA will contribute towards this project. Staff is aware that some of the airport's entitlement money as well as discretionary funds will be used to pay for the project and staff expects federal funds to start arriving in January. Staff will start having some preliminary design meetings with consultants and anticipates construction to begin in the spring of 2014 with an approximate four year construction schedule. The FAA has asked staff to look into reducing some of the costs of the project such as



shortening the length of the planned 8,000 ft. taxiway and using asphalt rather than concrete. The Director also advised the Board that additional staff may be needed on a temporary basis to help with overseeing construction of the project.

Mr. Gantt asked what the normal FAA share would be for this type of project. The Director replied that it was a 95/5% split, but the AIP bill that was recently approved dropped funding back to 90/10%. However, staff hopes to see an 85/15% split or possibly an 80/20% split for a project of this magnitude. Staff has planned for \$15 million in PFC, state money, and airport funds but needs \$45 million from the federal government. The Capital Improvement Program (CIP) will be redone to shift some projects that are lower priority, such as deferral of some roadway improvements, the General Aviation road expansion, and purchase of snow removal equipment.

The Chairman inquired if the changes to the CIP were for 2014 to 2019. The Director responded approximately 2013 through 2019 with the first year being design and another 4 to 5 years for construction. The Chairman suggested a review of the project be put on the agenda for the next Authority Board meeting.

**E. Air Service Grant:** The Director informed the Board that the federal Department of Transportation (DOT) gives out a small community air service development grant each year. Staff has been working with the business community to attract an airline to offer non-stop service to Denver and the grant would be used as a revenue guarantee to the airline for Denver service. The grant potential is between \$300,000 and \$500,000, some of which would be in the form of funds from the local business community and some matching federal grant funds. The Director will keep the Board apprised of the grant outcome.

**F. FAA Part 139 Inspection:** The airport has received perfect inspections for the last six years. Unfortunately there was a slight discrepancy noted on the inspection this year due to a malfunctioning valve on a fire truck during a mock fire drill. The equipment was corrected that same evening and the drill performed again, successfully, the next day.

**G. Independent Airport Authority:** The Director advised the Board that the latest draft of the legislation has been circulated and staff is expecting it to move forward by the end of the month.

**INFORMATION SECTION:** No comments

**AUTHORITY MEMBERS' REPORTS:**

**A. SEC-AAAE Conference:** Ms. Thompson reported that she attended the SEC-AAAE Annual Conference in Savannah in May and it was a very interesting conference. Ms. Thompson had the opportunity to speak with the airport's regional partners and found that the Asheville staff is very well respected in the Southeastern Chapter. There were a lot of question and answer sessions which gave Ms. Thompson better insight as to how staff manages the airport.

**PUBLIC AND TENANTS' COMMENTS:** None

**CALL FOR NEXT MEETING:**

The Chairman advised the Board that a meeting would not be necessary in July. The next regular meeting of the Authority Board will be held on Friday, August 17, 2012 at 8:30 a.m. in the Conference Room at the Authority's Administrative Offices, Asheville Regional Airport, 61 Terminal Drive, Suite 1, Asheville, NC 28732.

**CLOSED SESSION:** At 9:20 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. Mr. Roberts seconded the motion and it carried unanimously.

The Chairman called for a break at 9:20 a.m.

Ms. Manheimer left the meeting

Open Session resumed at 10:03 a.m.

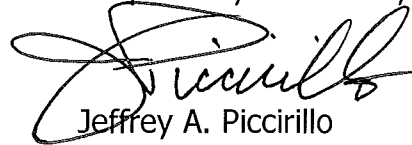
**APPROVAL OF ASHEVILLE REGIONAL AIRPORT AUTHORITY APRIL 20, 2012**

**CLOSED SESSION MINUTES:** Mr. Piccirillo moved to approve the minutes for the April 20, 2012 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. Moyer seconded the motion and it carried by a 6 to 0 vote.

**AIRPORT DIRECTOR'S COMPENSATION PACKAGE:** The Chairman reported that the Board was pleased with the Director's performance and effective July 1, 2012 his compensation package would include a 5% annual salary increase, a one-time bonus of \$5,000, and his car allowance reduced per month but his salary will be increased by an equal amount per year which is not an increase but a compensation for the decrease in car allowance. The Director's title was also changed from Airport Director to Executive Director effective July 1<sup>st</sup>. Ms. Thompson moved to approve the Airport Director's compensation package as presented by the Chairman. Mr. Moyer seconded the motion and it carried by a 6 to 0 vote.

**ADJOURNMENT:** Mr. Moyer moved to adjourn the meeting at 10:05 a.m. Mr. Roberts seconded the motion and it carried by a 6 to 0 vote.

Respectfully submitted,



Jeffrey A. Piccirillo  
Secretary-Treasurer

Approved:



David R. Hillier  
Chairman