

REGULAR MEETING
ASHEVILLE REGIONAL AIRPORT AUTHORITY
March 12, 2010
8:30 a.m.

The Asheville Regional Airport Authority ("Authority") met on Friday, March 12, 2010 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; Chuck McGrady, Secretary-Treasurer; Susan C. Fisher; Rhett Grotzinger; and Jeffrey A. Piccirillo.

MEMBERS ABSENT: Brownie Newman

STAFF AND LEGAL COUNSEL PRESENT: Victor Buchanan, Authority Legal Counsel; Lew Bleiweis, Airport Director; D. David Nantz, Director of Operations and Maintenance; Kevin Howell, Director of Properties and Development; Patti Michel, Director of Marketing and Public Relations; Royce Holden, IT Director; C. Jeffrey Augram, Chief of Public Safety; Suzie Baker, Administration Manager; Vickie Thomas, Director of Finance and Accounting; and Ellen Heywood, Recording Secretary.

ALSO PRESENT: Mike Darcangelo, AVCON, Inc.; Bill Sandifer, RS&H; Bob Overby, RS&H; Cindy Carter, WNC Pilots Association; Glenn W. Wilcox, Sr., Wilcox Travel; Nancy Grace; Jerry Rice; Bill Thomas

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

APPEARANCES: None

PRESENTATIONS:

A. Presentation and Review of the Runway 16/34 Rehabilitation/ Reconstruction Project – Pavement & Lighting Evaluation: Bob Overby of RS&H presented a recap of the presentation made to the Board in April, 2009. Mr. Overby reviewed in detail the results of the Pavement Evaluation, Airfield Lighting and NAVAID Evaluation, and FAA Design Standards Evaluation that were completed by RS&H in the spring of 2009.

Susan Fisher arrived at 8:38 a.m.

Mr. Overby then addressed the recommendations for the Pavement, Airfield Lighting and NAVAID, and FAA Design Standards based on the results of the testing performed by RS&H. Five different options for rehabilitating or reconstructing the runway including time and cost estimates were reviewed.

Kevin Howell informed the Board that at the April, 2009 Board Meeting the consensus of the Board was to proceed with Option D which is a reconstruction (75-foot shift) of the runway with construction of a parallel taxiway. Based on this consensus, staff met with the FAA to build support for the reconstruction project. The FAA agrees that Option D is the best approach for this project. The next two steps for this project are the environmental assessment and for staff to apply for a Letter of Intent with the FAA in the hopes of gaining financial support for this project.

Mr. Grotzinger inquired about a change in the PCI summary of the Pavement Evaluation results from the presentation made in April, 2009. Mr. Overby explained how he matched the rating system utilized by Roy McQueen in the report to the other chart taken from a textbook used just to illustrate the typical pavement life. Mr. Overby apologized for any confusion this change caused.

Mr. Grotzinger questioned the amount of developable acreage lost on the west side with the construction of a parallel taxiway and Mr. Howell responded that approximately 13 to 15 acres of land would be lost. The Director stated that although this land would be lost, a shift and reconstruction of the runway would meet current FAA design standards and the construction of the parallel taxiway would open up the remaining west side areas for development.

Mr. Grotzinger stated that although he liked Option D, he was concerned with a lack of plans for options if the Authority does not receive financial support from the FAA and how the Authority will fund the project. The Director stated that staff plans on having the environmental studies started this summer and completed in time to apply for the Letter of Intent with the FAA in March of 2011. Staff would have an answer from the FAA by November of 2011. The Authority cannot go forward with this project if the FAA does not provide at least 80% of the funding. The Director further stated that the Capital Improvement Plan (CIP) which has been approved by the Board has been based on 80% funding from the FAA for this project. If the funding is not received, staff would immediately go to Option B which is a rehabilitation of the runway. At the very

least, the FAA has to fund a rehabilitation of the existing runway at 95% of the \$11.5 million estimated for Option B. Mr. Grotzinger suggested a timeline be prepared by staff for the Board. The Director responded that staff already has the information and would be happy to put it in memo form for the Board.

Mr. McGrady stated that he supported Option D and agreed with Mr. Grotzinger that a timeline would be helpful. Mr. McGrady requested a resolution be passed to reflect the Board adopt Option D as presented as the preferred option and further ask staff to provide the Board with a timeline and options memo which will reflect how the Authority will get to Option D or back to Option B if funding or approval from the FAA does not go through.

The Chairman asked for a consensus on Option D and the consensus of the Board was to proceed with Option D. The Chairman asked for a consensus on a memo to be prepared by staff reflecting all the options and decision points and what might cause those decision points to be made going forward. The consensus of the Board was for staff to prepare this memo.

CONSENT AGENDA:

A. Approval of the Asheville Regional Airport Authority February 12, 2010 Regular Meeting Minutes and the February 26, 2010 Budget/Workshop Retreat Meeting Minutes: Mr. Grotzinger moved to approve the regular meeting minutes of the February 12, 2010 Authority Board and the February 26, 2010 Budget/Workshop Retreat Meeting Minutes. Mr. Piccirillo seconded the motion and it carried by unanimous consent.

B. Approval of the Asheville Regional Airport Authority February 12, 2010 and February 26, 2010 Closed Session Minutes: The Chairman reported that the minutes to the February 12, 2010 Closed Session and the February 26, 2010 Closed Session would be read during the closed session portion of the meeting and approved when open session resumed.

OLD BUSINESS:

A. Approval of Amended Travel Policy: The Director reported that revisions submitted by Mr. Newman have been incorporated in the Travel Policy.

Mr. McGrady suggested that language be included that prohibits the reimbursement of tickets purchased through frequent flyer mile programs. A discussion on this subject ensued.

Mr. Grotzinger moved to include an Item C under Commercial Air Travel to be worded as follows: The Authority will not reimburse any traveler for tickets obtained in all or part through the use of points, miles or other reward-type travel program. Mr. McGrady seconded the motion. The motion passed by a 4 to 2 vote with Messrs. Hillier and Gantt voting against.

Mr. Piccirillo requested the removal of the \$250 dollar amount from the first paragraph of the Planning and Approving paragraph, the Chairman requested the addition of the words "if possible" be included in this paragraph and the Director suggested the reference to travel outside of Western North Carolina be removed from this paragraph.

Mr. McGrady moved to reword the last sentence of the first paragraph in the Planning and Approving section to read as follows: All decisions regarding board members' participation in conferences and trainings, if possible, shall be made at a regular meeting of the board. Mrs. Fisher seconded the motion and it carried by unanimous consent.

Mr. McGrady moved to adopt the Travel Policy as revised with the changes voted in the previous motions. Mrs. Fisher seconded the motion and it carried by unanimous consent.

The Chairman called for a break at 9:50 a.m.

The Board reconvened at 10:00 a.m.

NEW BUSINESS:

A. Approval of Preliminary Fiscal Year 2010/2011 Budget: Vickie Thomas appeared before the Board to report that staff had incorporated comments received from the Board at the February 26, 2010 Budget/Workshop Retreat in the proposed Preliminary Fiscal Year 2010/2011 Budget. Mrs. Thomas requested the Board approve the Preliminary Fiscal Year 2010/2011 Budget and allow the budget to remain available for 30 days for public inspection. Final adoption of the budget would take place at the next Board Meeting on April 23, 2010.

The Chairman commented that at the Budget/Workshop Retreat Meeting the Board charged staff with finding \$72,000 to cover the cost of employee raises. The Chairman requested staff to explain how this amount was captured. The Director reported that

the money was found in both revenue and expenses. An increase in revenue was acquired through the deletion of the frequent parking program, an increase in rent due to a new lease signed with TSA, and an increase in billboard advertising from billboards that are on the Authority's property. Expenses were also cut and these include a retiree becoming eligible for Medicare and removed from the Authority health plan, benefits in the Executive budget were reduced, expenses cut in the Information Technology Department, delay of next phase of roof asset management plan in the Maintenance budget, deletion of supply expenses for the frequent parker program from the Guest Services budget, and deletion of radio and television ads from the Marketing budget. Between increased revenues and decreased expenditures, \$78,613 has been identified in the budget. These funds have been added to our contingency as the Authority is a governmental entity and cannot budget for a surplus.

Mrs. Fisher moved to approve the Proposed Preliminary Fiscal Year 2010/2011 Budget and accept public comment on the Proposed Fiscal Year 2010/2011 Budget during the next 30 days. Mr. McGrady seconded the motion. The motion carried by a 5 to 1 vote with Mr. Grotzinger voting against the motion.

B. Budget Amendment for American Airlines and AirTran Incentives:

Vickie Thomas informed the Board that the Board's approval of \$100,000 for incentives to include \$40,000.00 to AirTran for the new service to Tampa, and \$60,000 to American Airlines for the new service to Dallas-Fort Worth would require a budget amendment.

Mrs. Thomas requested that the Airport Authority Board resolve to amend the FY09/10 budget by adopting the following budget ordinance amendment:

BE IT ORDAINED by the Asheville Regional Airport Authority that the following amendment be made to the annual budget ordinance for the fiscal year ending June 30, 2010:

Section 1. To amend the appropriations as follows:

EXPENDITURES:

	<u>Decrease</u>	<u>Increase</u>
Business Development		\$100,000
Totals	<u>\$0</u>	<u>\$100,000</u>

This will result in a net increase of \$100,000 in the appropriations. To provide the additional revenue for the above, revenues will be revised as follows:

REVENUES:

	<u>Decrease</u>	<u>Increase</u>
FY09/10 PFCs		\$100,000
Totals	<u> \$0 </u>	<u> \$100,000 </u>

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

Adopted this 12th day of March, 2010.

David R. Hillier, Chairman

Attested by:

Charles W. McGrady, Secretary-Treasurer

Mr. McGrady noted that the incentives issue was discussed in closed session and requested the Director outline the incentives being granted. The Director reported the Authority's incentive policy pays up to \$150,000 for marketing of a new airline or new service, it provides for additional funds to help cover capital costs a new airline may have entering the airport market, and the policy also provides for waiving of fees for up to a year. American Airlines is a new carrier starting seasonal service to Dallas-Fort Worth from April 6 through October 31, 2010. The \$150,000 was prorated to \$40,000 and the Authority is adding American to the Air IT system for a cost of approximately \$10,000. An additional \$10,000 is available for ancillary start up costs that the Authority may incur for American's start-up. AirTran is adding a fourth flight to Orlando and new seasonal service to Tampa beginning in May and ending around Labor Day. There will

not be any additional incentives offered for the Orlando service and AirTran will start to pay rent, landing fees, etc. in June. Since the Tampa service is seasonal, the incentives offered for the Tampa service will be \$40,000 for marketing. If the service becomes permanent the Authority will extend up to the \$150,000 for more marketing.

Mr. Grotzinger requested this budget amendment be approved in two separate motions.

Mr. Grotzinger moved to approve the Budget Amendment as specific to American Airlines' incentives in the amount of \$60,000 for new service to Dallas-Fort Worth. Mr. McGrady seconded the motion and it carried by unanimous consent.

Mrs. Fisher moved to approve the Budget Amendment for AirTran incentives in the amount of \$40,000 for new service to Tampa. Mr. Gantt seconded the motion and it carried by a 5 to 1 vote with Mr. Grotzinger voting against.

DIRECTOR'S REPORT:

A. Washington DC Update: The Director updated the Board on his recent trip to Washington to attend a legislative conference. While in Washington, the Director met with members of Senate and Congress and discussed the Reauthorization of the AIP, support for increase of PFC's, and support for the disapproval of putting burdensome firefighter requirements on airports throughout the country. The Director also met with the Acting Associate Administrator of the FAA and discussed AVL's runway project. The Director also attended an Airports Council International (ACI) meeting on small and non-hub airports to discuss issues and problems relative to small airports. The Director shared some information received from ACI regarding the unbundling of fees by the airlines over recent years.

B. Director of Marketing & Public Relations Vacancy: The Director announced that Patti Michel had tendered her resignation to accept a position at Park Ridge Hospital. The Director of Marketing position and the Marketing Department will be evaluated as it stands today before a decision is made. The Chairman thanked Ms. Michel for her years of service and work for the Authority.

C. Conferences: The Director informed the Board that a list of upcoming conferences would be distributed electronically to the Board Members for travel planning purposes.

D. Payments in Parking Lot: The Director informed the Board that checks would no longer be accepted in the parking lot. There have been several instances of returned checks that cost the Authority money. Notice will be given to passengers with signs posted in the parking lot and posted on the Authority's website. A grace period will be given to passengers already parked when the signs are posted.

E. Employee Medical Benefits: Due to suggestions from the Board at the Budget/Workshop Retreat Meeting, staff is looking into employee medical benefits. Since the pool policy renewal date is July 1, information on new rates is not yet available. Staff has also found that since the national health care reform has not yet been approved, companies are hesitant to accept new business until the impact of this new legislation is determined. The Raleigh Durham Airport is considering joining the NCACC pool as they have found the rates in the pool to be better than what is being offered by the private sector.

F. FAA Grant: The Authority is in the process of receiving the latest grant from the FAA. The grant paperwork has been processed by the FAA. Staff is awaiting announcement from the congressional office in Washington, DC of the award of the grant. Staff will keep the Board apprised of any information that is received.

G. Security Checkpoint: The Director reported that with the new flights being added, a bottleneck is likely to occur at the security checkpoint at times. The airlines have requested the airport address this. The second machine that has been in storage since construction started on the A gates project will be pulled from storage and set up to help alleviate the long wait. TSA has requested temporary walls be erected around the machine. Some change orders for the A gates project will be issued to cover the cost of this work. The Director committed to having this completed by the time the new AirTran flights begin.

INFORMATION SECTION: Mr. McGrady noted the drop in enplanements for the fourth consecutive month and inquired if this was indicative of a downward trend. The Director responded that January and February are typically the slowest traffic months and also with several winter storms affecting travel, there have been decreases reported. The Director was confident enplanements would start to increase.

AUTHORITY MEMBERS' REPORTS:

A. Discussion of Draft Authority Environmental Policy: Mrs. Fisher reported that she and Mr. Newman met with the Director to discuss the drafting of an

environmental policy. The committee is asking the Director to bring ways to reduce energy use at the airport, implement best practices for storm water run-off, and look at ways to partner on regional greenway opportunities. The Director was asked to look at the policies of other airports of similar size and environment and bring back a sample policy. The committee would like a policy that includes goals that are measurable. The committee hopes to have a sample policy available by the next Board Meeting.

PUBLIC AND TENANTS' COMMENTS: None

CLOSED SESSION: At 11:00 a.m. Mr. McGrady 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 the Asheville Regional Airport Authority's legal counsel in order to preserve the attorney-client privilege between the Asheville Regional Airport Authority and its legal counsel, and to consider personnel matters. Mr. Piccirillo seconded the motion and it carried by unanimous vote.

Open Session resumed at 11:15 a.m.

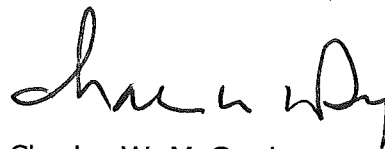
MOTION FOR APPROVAL AND SEALING OF CLOSED SESSION MINUTES: Mr. McGrady moved to approve and to seal and withhold the minutes for the February 12, 2010, closed session and the minutes for the February 26, 2010 closed session (which consists of two parts) from public inspection so long as public inspection would frustrate their respective purpose or purposes. Mrs. Fisher seconded the motion and it carried by unanimous vote.

DIRECTOR COMPENSATION PACKAGE: A discussion of the Director's compensation package took place. Mr. Gantt moved to compensate the Director \$145,000 effective July 1, 2010 with a one-time lump sum payment of \$6,500 to be paid in Fiscal Year 2010 due to the timing of the evaluation. The remaining amount, at the discretion of the Director, is to be allocated between salary and additional benefits distributed in the normal payroll schedule during FY 2011. Mr. McGrady seconded the motion and it carried by a 5 to 1 vote with Mr. Grotzinger voting against.

ADJOURNMENT: Mr. McGrady moved to adjourn the meeting at 11:25 a.m. Mrs. Fisher seconded the motion and it carried by unanimous vote.

The next regular meeting of the Authority will be on Friday, April 23, 2010 at 8:30 a.m. in the Conference Room at the Authority's Administrative Offices, Asheville Regional Airport, 61 Terminal Drive, Suite 1, Asheville, NC 28732.

Respectfully submitted,



Charles W. McGrady
Secretary-Treasurer

Approved:



David R. Hillier
Chairman