



## **AGENDA**

Greater Asheville Regional Airport Authority Regular Meeting  
Friday, December 9, 2016, 8:30 a.m.  
Conference Room at Administrative Offices

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

- I. CALL TO ORDER
- II. PRESENTATIONS: None
- III. FINANCIAL REPORT ([document](#))
- IV. CONSENT ITEMS:
  - A. Approval of the Greater Asheville Regional Airport Authority October 14, 2016 Regular Meeting Minutes ([document](#))
  - B. Approve Funding Grant Agreement with Duke Energy for Electric Vehicle Charging Stations ([document](#))
  - C. Approval of First Amendment to American Tower Corporation Space/Use Permit ([document](#))
  - D. Approval of Amendment to the FY16/17 Budget for Bond Payment ([document](#))
  - E. Approval of Amendment to the FY16/17 Budget for Capital Carry-Over ([document](#))



V. OLD BUSINESS:

- A. Public Hearing and Final Adoption of the Authority's Schedule of Airline Rates, Fees and Charges for the Asheville Regional Airport ([document](#))

VI. NEW BUSINESS:

- A. Presentation of the Annual Audited Financial Report for Fiscal Year 2015/2016 ([document](#))
- B. Adoption of the Asheville Regional Airport Five-Year Capital Improvement Plan (CIP) for FY 2018-2022 ([document](#))
- C. Approval of Change Order Nos. 1 and 2 to Agreement with GLF Construction Corporation for Airfield Redevelopment Project - Bid Package 3 ([document](#))
- D. Approval of Ordinance Establishing Rules and Regulations of the Asheville Regional Airport ([document](#))

VII. DIRECTOR'S REPORT:

- A. Contingency Transfer
- B. Parking for Commuter Pilots
- C. Wings for Autism
- D. Change Orders for Garage Project
- E. Conservation Easement

VIII. INFORMATION SECTION:

(Staff presentations will not be made on these items. Staff will be available to address questions from the Board.)

- A. October 2016 Traffic Report ([document](#))
- B. October 2016 Monthly Financial Report ([document](#))



- C. December 2016 Development/Project Status Report ([document](#))
- D. Potential Board Items for the Next Regular Meeting:
  - None identified at this time

IX. AUTHORITY MEMBER REPORTS

- A. Discussion of Administrative Policies
- B. Key Strategic Elements ([document](#))

X. PUBLIC AND TENANTS' COMMENTS

XI. CALL FOR NEXT MEETING

XII. 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.

XIII. ADJOURNMENT

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

**Asheville Regional Airport  
Executive Summary  
October-16**

**AIRPORT ACTIVITY**

|                               | Month  | Variance to<br>Prior Year | Calendar<br>Year to Date | Variance to<br>Prior Year |
|-------------------------------|--------|---------------------------|--------------------------|---------------------------|
| <b>Passenger Enplanements</b> | 43,470 | 14.2%                     | 345,375                  | 3.5%                      |
| <b>Aircraft Operations</b>    |        |                           |                          |                           |
| Commercial                    | 1,761  | 5.5%                      | 14,174                   | 5.3%                      |
| Scheduled Flights             | 644    | (2.0%)                    |                          |                           |
| Flight Cancellations          | 1      |                           |                          |                           |
| Seats                         | 50,256 | (1.1%)                    | 418,109                  | (0.6%)                    |
| Load Factor                   | 86.5%  | 15.4%                     | 82.6%                    | 4.1%                      |
| General Aviation              | 4,366  | (3.7%)                    | 37,276                   | 5.5%                      |
| Military                      | 479    | (10.0%)                   | 3,661                    | (25.8%)                   |

**FINANCIAL RESULTS**

|   | Month               | Variance<br>to Budget | Fiscal<br>Year to Date | Variance<br>to Budget |
|---|---------------------|-----------------------|------------------------|-----------------------|
| <b>Operating Revenues</b>                         | \$ 977,579          | 16.0%                 | \$ 3,802,940           | 12.7%                 |
| <b>Operating Expenses</b>                         | 619,423             | (27.0%)               | 2,662,125              | (14.3%)               |
| <b>Net Operating Revenues before Depreciation</b> | <u>\$ 358,156</u>   | (6,741.1%)            | <u>\$ 1,140,815</u>    | 328.6%                |
| <b>Net Non-Operating Revenues</b>                 | <u>\$ 274,125</u>   | 3.0%                  | <u>\$ 1,253,567</u>    | 3.4%                  |
| <b>Grants:</b>                                    |                     |                       |                        |                       |
| FAA AIP Grants                                    | \$ 1,593,987        |                       | \$ 4,469,619           |                       |
| NC Dept of Transportation Grants                  | -                   |                       | -                      |                       |
| Total   | <u>\$ 1,593,987</u> |                       | <u>\$ 4,469,619</u>    |                       |

**CASH**

|                                 |                      |
|---------------------------------|----------------------|
| Restricted                      | \$ 26,896,860        |
| Designated for O&M Reserve      | 4,290,100            |
| Designated for Emergency Repair | 650,000              |
| Unrestricted, Undesignated      | 14,162,781           |
| Total                           | <u>\$ 45,999,741</u> |

**RECEIVABLES PAST DUE**

|                        | Total             | 1-30 Days        | 31-60 Days       | Over 60 Days     |
|------------------------|-------------------|------------------|------------------|------------------|
| Advertising Customers  | 9,425             | 4,575            | 2,475            | 2,375            |
| Allegiant              | 4,227             | -                | -                | 4,227            |
| American               | 3,290             | 1,701            | 653              | 936              |
| Delta Airlines         | 20,462            | -                | -                | 20,462           |
| FAA/TSA                | 6,336             | 596              | 185              | 5,555            |
| FAA                    | 22,108            | 11,217           | 10,891           | -                |
| Signature              | 13,514            | 11,514           | -                | 2,000            |
| Skywest                | 294               | -                | -                | 294              |
| United                 | 19,650            | 9,555            | 10,095           | -                |
| Worldwide              | 571               | -                | -                | 571              |
| Miscellaneous          | 9,405             | 8,502            | 457              | 446              |
| Total                  | <u>\$ 109,282</u> | <u>\$ 47,660</u> | <u>\$ 24,756</u> | <u>\$ 36,866</u> |
| % of Total Receivables | <u>15.98%</u>     |                  |                  |                  |

Note: Excludes balances paid subsequent to month-end.

**REVENUE BONDS PAYABLE**

|   | Original Amount      | Current Balance      |
|---|----------------------|----------------------|
| Parking Garage Revenue Bond, Series 2016A         | \$ 15,750,000        | \$ 15,750,000        |
| Parking Garage Taxable Revenue Bond, Series 2016B | 5,250,000            | 5,250,000            |
|   | <u>\$ 21,000,000</u> | <u>\$ 21,000,000</u> |

**CAPITAL EXPENDITURES**

|                       |               |
|-----------------------|---------------|
| Annual Budget         | \$ 63,426,498 |
| Year-to-Date Spending | \$ 6,061,486  |

**REGULAR MEETING  
GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY  
October 14, 2016**

The Greater Asheville Regional Airport Authority ("Authority") met on Friday, October 14, 2016 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:** Robert C. Roberts, Chair; Matthew C. Burril, Vice-Chair; Andrew T. Tate; K. Ray Bailey; William L. Moyer; Stephanie Pace Brown; and David Gantt

**MEMBERS ABSENT:** None

**STAFF AND LEGAL COUNSEL PRESENT:** Cindy Rice, Authority Legal Counsel; Lew Bleiweis, Executive Director; Michael Reisman, Deputy Executive Director of Development and Operations; Kevan Smith, Chief of Public Safety; Suzie Baker, Director of Administration; Tina Kinsey, Director of Marketing and Public Relations; Janet Burnette, Director of Finance and Accounting; Shane Stockman, IT Director; John Coon, Director of Operations; Kellie Whittemore; and Ellen Heywood, Clerk to the Board

**ALSO PRESENT:** Tracy Montross, American Airlines; Chuck Allen, American Airlines; Chris Collison, American Airlines; James Seadler, American Airlines; James Moose, Avcon; Amira Trebincevic, Delta Airlines; David Hamm, Delta Airlines; Eric Fletcher, Allegiant Airlines; Keith Hansen, Allegiant Airlines; Jay Champion, United Airlines; Herb Howell, American Airlines; Cecil Bothwell, Asheville City Council

**CALL TO ORDER:** The Chair officially welcomed David Gantt to the Board and called the meeting to order at 8:30 a.m.

**ELECTION AND SWEARING IN OF BOARD OFFICERS:** Bill Moyer stated that on behalf of the Nominating Committee a decision had been made regarding the election of officers. Mr. Moyer nominated Mr. Roberts to serve as Chair and Matthew Burril to serve as Vice-Chair of the Greater Asheville Regional Airport Authority. The Board was in unanimous consent. Messrs. Roberts and Burril were sworn in as officers by the Clerk to the Board.

**SERVICE AWARD PRESENTATION:**

A. **Kellie Whittemore:** The Chair recognized Kellie Whittemore with a service recognition award and gift for her 10 years of service with the Authority.

**FINANCIAL REPORT:** The Director reported on the airport activity for August which included enplanements, aircraft operations, and general aviation activity. Mrs. Burnette reported on the financial activity for the month of August.

**CONSENT ITEMS:** The August 5, 2016 Closed Session minutes were distributed and read by the Authority Board Members.

**A. Approval of the Greater Asheville Regional Airport Authority August 5, 2016 Special Meeting Minutes:**

**C. Approval of the Greater Asheville Regional Airport Authority August 30, 2016 Special Meeting Minutes:**

**D. Approval of Amendment to the FY16/17 Budget for Capital Carryover:**

BE IT ORDAINED by the Greater Asheville Regional Airport Authority that the following amendment be made to the annual budget ordinance for the fiscal year ending June 30, 2017:

Section 1. To amend the appropriations as follows:

**EXPENDITURES:**

|                                 | <u>Decrease</u> | <u>Increase</u>   |
|---------------------------------|-----------------|-------------------|
| Carry-over Capital Expenditures |                 | \$5,652,966       |
| Totals                          | <hr/>           | <hr/> \$5,652,966 |

This will result in a net increase of \$5,652,966 in the appropriations. Revenues will be revised as follows:

**REVENUES:**

|                          | <u>Decrease</u> | <u>Increase</u>   |
|--------------------------|-----------------|-------------------|
| Federal Funds – AIP      |                 | \$3,331,669       |
| Discretionary Funds      |                 | \$2,321,297       |
| Transfer from GARAA Cash |                 | \$5,652,966       |
| Totals                   | <hr/>           | <hr/> \$5,652,966 |

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

Adopted this 14th day of October, 2016.

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Robert C. Roberts, Chair

Attested by:

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Ellen Heywood, Clerk to the Board

**E. Approval of Amendment to the FY16/17 Budget:**

BE IT ORDAINED by the Greater Asheville Regional Airport Authority that the following amendment be made to the annual budget ordinance for the fiscal year ending June 30, 2017:

Section 1. To amend the appropriations as follows:

**EXPENDITURES:**

|                                      | <u>Decrease</u>        | <u>Increase</u>        |
|--------------------------------------|------------------------|------------------------|
| Administrative Department            | \$136,921              |                        |
| Development Department               |                        | \$10,439               |
| Executive Department                 |                        | \$197,230              |
| Finance Department                   |                        | \$10,170               |
| Guest Services Department            |                        | \$4,880                |
| Information Technology<br>Department |                        | \$11,221               |
| Marketing Department                 |                        | \$24,826               |
| Operations Department                |                        | \$576,397              |
| Public Safety Department             |                        | \$36,261               |
| Totals                               | <hr/> <u>\$136,921</u> | <hr/> <u>\$871,424</u> |

This will result in a net increase of \$734,503 in the appropriations. Revenues will be revised as follows:

**REVENUES:**

|                          | <u>Decrease</u>                               | <u>Increase</u>        |
|--------------------------|---|------------------------|
| Transfer from GARAA Cash |   | \$734,503              |
| Totals                   | <hr/> <u>                                </u> | <hr/> <u>\$734,503</u> |

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

Adopted this 14th day of October, 2016.

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Robert C. Roberts, Chair

Attested by:

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Ellen Heywood, Clerk to the Board

Mr. Bailey moved to approve Consent Items A, C, D, and E. Mr. Burril seconded the motion and it carried unanimously.

**B. Approval of the Greater Asheville Regional Airport Authority August 5, 2016 Closed Session Minutes:** Mr. Burril moved to approve the Greater Asheville Regional Airport Authority August 5, 2016 closed session minutes, and to seal and withhold the minutes from public inspection so long as public inspection would frustrate the purpose or purposes thereof. Mr. Tate seconded the motion and it carried unanimously.

**OLD BUSINESS:** None

**NEW BUSINESS:**

**A. Approval of the Greater Asheville Regional Airport Authority Board 2017 Schedule:** The Director informed the Board that the Authority offices would be closed on Friday, November 10, 2017 in observance of Veteran's Day and requested the Board's feedback on whether Thursday, November 9<sup>th</sup> or Friday, November 17<sup>th</sup> was preferred. The Board's unanimous consent was that the meeting be held on Thursday, November 9, 2017.

**C. Amendment to Supplemental Fees and Charges Schedule:** The Director advised the Board that this item was added to the agenda and the memo was at their seats. Staff is seeking to raise the short term parking rate through the duration of the parking garage construction project. The Director reported that 92 short term parking spaces were eliminated and hopes that raising the fees in the short term lot would dissuade long term parking in the short term spaces. The recommended increase would be \$1.00 per half hour up to a maximum of 4 hours then an automatic maximum of \$25.00 per day. Staff would like to move forward with the new rate as soon as possible, but would need to get the signage and tickets ordered.



Ms. Brown inquired as to how staff arrived at the fee of \$25.00 per day. The Director responded that staff consulted with SP+ about the standard rate for short term parking across the country, and then doubled the current rate of \$12.50 to arrive at the \$25.00 fee.

Mr. Gantt asked if temporary signage would be displayed to warn the public. The Director responded that signs would be erected and the media alerted as well.

Mr. Bailey moved to approve amendment of the Supplemental Fees and Charges by raising the short term parking lot rates as presented by staff and authorize the Executive Director to implement the necessary changes. Mr. Gantt seconded the motion and it carried unanimously.

**B. Approval of Ordinance Establishing Airline Rates and Charges:** The Chair stated that three of the four airlines operating at the airport have not signed the airline operating agreement. Over the past few weeks the Chair has been approached by several elected officials and others about this issue. The airlines were invited to come to the Authority Board meeting to discuss their issues to ensure the Board is knowledgeable about the situation. The Board is charged with economic development, financial stewardship and sustainability and the Chair felt it was very important to have open dialog. The Chair invited the airlines to speak.

Chuck Allen, Managing Director of Governing Affairs for American Airlines, introduced himself as well as his colleagues Tracy Montross, Chris Collison, James Seadler, and Herb Howell. Mr. Allen thanked the Board for inviting the airlines to the meeting to discuss rate methodology and reviewed American's position on the agreement. Mr. Allen presented a comparison of the cost per enplanement for joint space and noted that while American's cost increased 24% in 2016, Allegiant's decreased by 10%. Mr. Allen also noted that in 2017, American's cost will be 45% higher than Allegiant's. Mr. Allen stated that in addition to subsidizing Allegiant's operations at the airport, American, Delta, and United have been paying a 25% penalty to the airport for refusing to sign the agreement. Mr. Allen requested the airport refund the 25% premium fee that American has been paying since July, 2015. Mr. Allen suggested that the Board let the market determine carriers' viability and not by rates and charges. Mr. Allen requested the Board defer their vote on rates and charges by ordinance and encourage staff to return to negotiations with the airlines.

Jay Champion, Property Representative for United Airlines distributed a letter addressed to the Board that explained United's position. Mr. Champion stated that he believed the operating agreement contains unfair and discriminatory language and does favor one airline over another. Mr. Champion also requested the opportunity to negotiate further

with staff and for a refund of the 25% premium that United has paid to the airport since July, 2015.

Amira Trebincevic of Delta Airlines stated she would like to clarify the piece regarding the common use allocation. Ms. Trebincevic stated that this allocation takes on an approach that no other airport in the country has taken on, including operations and enplanements. An operations based calculation is a big difference. Ms. Trebincevic stated that the airlines asked why this allocation was chosen and the response was that it was based on feeling on a good distribution on how the airport would distribute costs. Ms. Trebincevic stated that the airlines are looking for something fair and equitable that is based on logic or facts. Ms. Trebincevic further stated that it incentivizes a different type of service and not one that offers a variety of times that connects to the global network. Ms. Trebincevic stated that she believes there is a path forward if the airport's original goals for revising the airline agreement are addressed and the other allocation is put aside.

Keith Hansen, Vice President of Airport and Government Affairs with Allegiant Airlines, shared Allegiant's focus in serving small and medium communities. Mr. Hansen stated that Allegiant, like the other airlines, doesn't particularly like the new agreement and does not feel it is beneficial to them in any way. Allegiant's ideal agreement would be based strictly on a per use fee, or that every carrier pay the same flat fee per departure. If that type of agreement was not negotiated, Allegiant would then prefer a 50/50 split enplanements and operations. Mr. Hansen stated that the current agreement attempts to strike a balance between the needs and wants of the different carriers. Mr. Hansen stated that Allegiant operates in many airports that offer a rates and charges methodology that is based on operations and departures and if the airlines didn't want to pay the 25% premium fee, they would sign the agreements. Mr. Hansen stated there was more than a year of negotiations involved between the airlines and airport regarding the current agreement. Mr. Hansen stated that there has been a lot of talk about the agreement being discriminatory, but the FAA prohibits agreements that are unjustly discriminatory. There is an avenue to challenge an agreement and that is through the FAA.

Mr. Gantt stated that he thought it was mentioned that other airports had agreements similar to Asheville's that were not signed by the airlines and the legacy airlines were paying a penalty at those airports. Mr. Hansen responded that he did not know if the airlines were paying a penalty or not, but there are agreements at other airports that have operations components with the common area allocations between enplanements and departures. There was a brief discussion on the types of operating agreements and ordinances at various airports.

The Chair indicated there would be a brief break.

The Board reconvened at 9:42 a.m.

The Director introduced Dan Benzon of Trillion Aviation who was retained by the Authority to assist with the new airline agreement. Mr. Benzon highlighted the goals of the new agreement which included creating a modified residual airfield cost center, including deicing chemical cost allocations, as well as addressing per turn component of the lease and balancing cost allocations of different airline operating models. Mr. Benzon reviewed the background of the allocation of joint use costs, the airlines' issues with how the costs are allocated, and a breakdown of the methodology used to arrive at the allocation of joint use costs. Mr. Benzon explained the joint use formula cost drivers and distributed a spreadsheet to the Board that Trillion Aviation used to validate terminal cost allocations. Mr. Benzon stated that the best effort was made to meet the airlines in the middle with this new agreement.

Mr. Gantt questioned how the penalty the other airlines pay goes to Allegiant. Mr. Benzon stated that it was a reconciliation process and explained how the contract breaks that down. The Director stated that in the residual agreement the airlines pay for the costs and there is no profit or loss on the airfield. Depending on what is collected, and a portion of that 25% premium goes to that, the airlines have overpaid so money goes back to the airline for overpaying under the rates and charges.

Mr. Burril inquired if the airport contribution is reviewed annually with the airlines. The Director stated that it was done annually and the old operating agreement required the airport to do a certain amount. When the old agreement was implemented in 2008, there was an approximate 70% subsidy to the airlines on the cost distribution and by 2014 the airport was subsidizing the airlines by 75%. As airlines were reducing scheduled flights the airport was contributing more. The airport would like to keep the rates low, but would like the discretion to be able to change that percentage as staff felt it was necessary. As a result of the new agreement, the subsidy went down to about 68%. The amount of the subsidy is at the discretion of the Director annually and is determined by what the financial needs of the airport are and keeping the rates low and reasonable for the airlines.

Ms. Brown affirmed that if Allegiant was not operating in Asheville, there would be a significant decrease in enplanements compared to five years ago. The Director responded that this was correct. Ms. Brown asked if allocation of fixed costs would be born by the airport under the old allocation method or by the legacy carriers. The Director responded that it would be a combination of both under the old agreement and gave some examples of costs with and without Allegiant operating at the airport. Mr. Benzon stated that losing any carrier would be detrimental and gave examples of concession and parking revenues they bring to the airport.

Ms. Brown asked for an explanation of what the negotiating process entailed. Mr. Benzon responded that his firm was retained in July 2014 and believes the first meeting with the airlines was held in March 2015, so it was approximately 3 or 4 months as far as the business terms. Mr. Benzon further stated that all the legal and environmental risk were run through all the airlines as well and those comments were addressed in there. The only outstanding item out of the whole agreement is the formula. The rest of the agreement has been vetted and applied based on comments from all four airlines. The Director stated that the process was started in March 2014 with a notice to the airlines. Meetings were held and multiple phone calls with Ms. Trebincevic with Delta, who as a signatory carrier with the largest share, is the chair of the airport affairs committee here in Asheville. In June 2015 the Board approved the new rate methodology and agreement and three of the airlines did not sign, so the Director visited American, Delta, and United headquarters to try to resolve this. Ms. Trebincevic remarked that the airlines did not receive the financial tables until May 8th and discussion was closed as of June 16<sup>th</sup>. Ms. Trebincevic stated that this was uncharacteristically short and didn't help discussions. The Director agreed that the general terms were discussed over a longer term and the actual rate method was a shorter period, but the original intent was that the terms and conditions of the agreement were not changing, so the airlines were operating under the same terms and conditions other than the rate methodology for seven years. The airlines were given the opportunity to come back to the table with something they all could agree upon and they tried to do that, but the discussions were short lived because of the different operating methods of the airlines.

Chris Collison of American Airlines stated that it was unprecedented where a lease was not agreed to, but yet was presented to one carrier who had substantially less than 50% of the market. Mr. Collison has seen where airlines with more than 50% of the market agree to sign a lease and it has become effective, but an airline with 25% or 30% of the market and to impose a 25% premium on the rest of the carriers in a situation such as this is absolutely unprecedented.

The Chair requested the Board's input on whether or not to proceed with approval of the ordinance establishing rates and charges. Ms. Brown stated that one of the goals should be to repair the relationship with the airlines but was not sure what re-opening negotiations would look like. Ms. Brown stated that moving forward with the ordinance was appealing from a perspective of a removal of the penalty, however, was not sure that would further the goal to enhance the relationship from where it is at the present time. Mr. Moyer stated that he supported adopting the ordinance but only if the airport and airlines agree to enter into good faith negotiations. Mr. Tate inquired if adopting the ordinance would allow from a timeline perspective for further negotiations with the

airlines. The Director responded that the airport's rates are very low compared to the industry, but staff also does not like charging the 25% premium. If the airport adopts a rates and charges ordinance, the premium goes away and everyone is paying the same rate. To give it a month and a half is probably not enough time, but it gives the airport the ability to remove the ordinance at some point in the future if further negotiations present a successful solution. Mr. Burril stated that he would support the adoption of the ordinance and then negotiate future agreements as they come up within the course of business. Mr. Gantt stated that all parties should have all information at their disposal and that he would like to see staff continue negotiating with the airlines, but agreed with the Board that the 25% premium needs to be removed.

Mr. Moyer moved to approve the proposed, preliminary Airline Rates, Fees and Charges Ordinance, but for staff to proceed with good faith negotiations among all parties in order to try and reach an agreement, that the issue of the rebate of the premium is set aside until the Authority sees how negotiations go, to schedule a public hearing and accept public comment on the proposed preliminary Airline Rates, Fees and Charges Ordinance, and following the minimum ten day period for public comment and the public hearing, adopt the Airline Rates, Fees and Charges Ordinance. Mr. Burril seconded the motion and it carried unanimously.

The Chair thanked the airlines for attending the meeting.

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

**A. Taxi Concerns:** The Director reported that there have been some concerns over the staging of taxi operators especially at night. Staff has worked with the taxi companies to try and improve this. The Director is working on an agreement with the transportation company Lyft and is not sure if this will further cause problems with the taxi operators. If the taxi situation does not improve, staff may recommend going out for bid for one or two taxi companies to operate at the airport. This would enable the taxi operator to be more profitable and staff would have some control on the hours, staging, dress code, etc.

Mr. Moyer questioned the magnitude of the problem late at night with passengers not being able to get taxis. The Director responded that staff could get that information. Staff has expressed concerns to the taxi operators and the situation has improved, but staff will continue to monitor the situation.

**B. City of Asheville Ordinance Approval:** The Director advised the Board that the City of Asheville changed their ordinance process to protect the air space around the airport. Their planning department has incorporated in their process notification to the

airport of anyone planning to build near the airport that would impact the air space. This process will assist developers through the process with the FAA. Buncombe County is also updating their procedures and staff is having conversations with Henderson County to implement similar practices.

**C. B-17 Flights:** A B-17 from WWII will be in Asheville over the weekend offering scenic rides to the public.

**D. Honor Air Flight:** The Blue Ridge Honor Flight took place recently to honor the Korean War veterans with a trip to the memorials in Washington, DC.

**E. Contingency Transfer:** The Director reported that a transfer totaling \$11,350 had been transferred from contingency to small equipment operating to construct the two bus shelters for ART and Apple Country.

**F. Public Parking Shuttle:** The Director stated that in the budget amendment that was approved earlier in the meeting, \$500,000 was transferred to operating expenses for the public parking lot shuttle. This was originally included in the parking garage construction contract as an alternate for \$650,000. Staff has negotiated directly with SP+ to operate the shuttle service at a cost of \$462,000. In addition, there was \$17,000 to lease the gravel lot in front of the Fairfield Inn as well as some ancillary expenses.

**G. Air Service Roundtable:** Asheville hosted an Air Service Roundtable with over 40 attendees and four airlines. The roundtable brings the airlines to the community so they can see firsthand all that Asheville has to offer. Staff received positive feedback from Southwest and hopes this will open doors with them for discussions in the future.

**H. Old Public Safety Building:** The former Public Safety building has been demolished and will most likely be paved for additional apron space in the future.

**I. Conference Travel Schedule:** The Director called the Board's attention to a conference schedule that was available at their seats and requested the Board review the schedule. Interest in Board Members attending a conference could then be discussed at the next Board meeting.

**INFORMATION SECTION:** No comments

**AUTHORITY MEMBER REPORTS:** The Chair stated that he would like to have some dedicated time for a facilitator to assist the Board in January or February with progress towards goals, administrative policies, and communication plans. The Chair will work with the Director to coordinate this.

**PUBLIC AND TENANTS COMMENTS:** None

**CALL FOR NEXT MEETING:** The Authority Board on November 18, 2016 is not anticipated, therefore, the next regular meeting of the Board will be on December 9, 2016.

**ADJOURNMENT:** Mr. Moyer moved to adjourn the meeting at 11:19 a.m. Mr. Burril seconded the motion and it carried unanimously.

Respectfully submitted,

Ellen Heywood  
Clerk to the Board

Approved:

Robert C. Roberts  
Chair



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## MEMORANDUM

TO: Members of the Airport Authority

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

DATE: December 9, 2016

### ITEM DESCRIPTION – Consent Item B

Approve Funding Grant Agreement with Duke Energy for Electric Vehicle Charging Stations

### BACKGROUND

Duke Energy funds an Electric Vehicle (EV) Charging Station Support Program throughout North Carolina which provides grant funds for encouraging organizations to install electric vehicle charging stations. The program's focus is to deploy EV charging stations where there may currently be a lack of such units to support EV usage. Airport staff submitted an application for this grant program in August, 2016, citing the lack of EV charging stations in Asheville south of Biltmore Park Town Square, and the opportunity for the airport to start offering these services to EV users in the region. Duke Energy has since announced the pending award of a \$10,000.00 grant to the Authority for the purchase and installation of two EV charging stations at the Asheville Regional Airport. These units will be installed in short-term parking near the center of the lot, and main entrance of the terminal building. Electric service will be extended from the current parking garage project to power these units. The infrastructure to be extended for these units will be capable of supporting additional EV charging stations that can be added at a later date.

### ISSUES

None.

### ALTERNATIVES

The Airport Board could elect to forgo this grant and not install EV charging stations at the airport.

Consent – Item B





## **FISCAL IMPACT**

The cost of the two EV charging stations will be covered by the Duke Energy grant. Some additional cost beyond the grant amount may be incurred in the extension of the electric power and markings for the two parking spaces.

## **RECOMMENDED ACTION**

It is respectfully requested that the Greater Asheville Regional Airport Authority Board resolve to (1) approve the Funding Grant Agreement with Duke Energy for Two EV Charging Stations; and (2) authorize the Executive Director to sign the necessary documents.



## **MEMORANDUM**

TO: Members of the Airport Authority

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

DATE: December 9, 2016

### **ITEM DESCRIPTION – Consent Item C**

Approval of the First Amendment to the American Tower Corporation Space/Use Permit

### **BACKGROUND**

The Board approved an agreement with American Tower Corporation d/b/a ATC Indoor DAS, LLC ("ATC") to provide an indoor wireless antenna system for wireless communication companies. At the time, the nearest cell phone tower was close to maximum capacity. Passengers and visitors of the airport terminal building were having connectivity issues, especially in certain parts of the terminal building. Once the agreement was executed, ATC had a due diligence period of 18 months to sublet the indoor antenna system to various wireless companies prior to commencement or terminate the agreement. ATC elected to keep the agreement in place but was not able to attract any subtenants at the time. The commencement date is March 28, 2014. The agreement is for ten years with one five-year option, at the Authority's discretion. The Authority's rent structure is based on a percentage of gross receipts. ATC has finally been able to sublet space to two communication companies, and would like to proceed with installing the antenna system in the terminal building.

### **ISSUES**

The agreement is for an initial term of ten years with one five-year extension at the Authority's option. For the installation to be financially feasible, ATC needs ten years to amortize the system and keep it affordable to the subtenants. This Amendment No. 1 will change the commencement date to January 1, 2017, for a term of ten years, and reduce the option period to a one three-year term. For ATC to attract subtenants to the system, they have offered their subtenants the first year free on the system. The Authority, under FAA regulations, is not allowed to provide free rent. The current percentage of rent structure does not allow for the free rent to the subtenants. Therefore,

Consent – Item C



ATC is proposing to pay the Authority a flat rate fee per company for the first year of the agreement. The flat rate is essentially equivalent to what the percentage of gross rent would be for the first year.

## **ALTERNATIVES**

The alternative is to keep the original term and payment structure of the agreement in place; not allow for free rent; and hope ATC will move forward with the project. If not, we will move forward with terminating the existing agreement.

## **FISCAL IMPACT**

ATC will pay the Authority a one-time payment for the first year of \$2,400 for the first communication subtenant and \$4,800 for the second. Each subsequent year, a percentage of gross equal to 10% for the first subtenant, 20% for the second, and 30% for the third or more. A minimum of \$72,000 is expected over the term of ten years.

## **RECOMMENDED ACTION**

It is respectfully requested that the Authority Board resolve to (1) approve Amendment No. 1 to the Space/Use Permit between the Greater Asheville Regional Airport Authority and ATC Indoor DAS, LLC as described above; and (2) authorize the Executive Director to execute the necessary changes.

**AMENDMENT No. 1**

**TO SPACE/USE PERMIT**  
**ASHEVILLE REGIONAL AIRPORT**  
**ATC Site Number 347173**

THIS AMENDMENT NO. 1 to Space/Use Permit Asheville Regional Airport is made and entered into this \_\_\_\_\_ day of December, 2016, by and between THE GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY, hereinafter referred to as Authority, and ATC INDOOR DAS, LLC hereinafter referred to as Company.

W I T N E S S E T H:

WHEREAS, Asheville Regional Airport Authority, predecessor-in-interest to GARAA, and Company have previously entered into a Space/Use Permit ("Agreement") on September 28, 2012 for the installation, operation, and maintenance of a multi-carrier in-building distributed antenna system at the Asheville Regional Airport ("Airport"); and

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 ("Authority") was created as a joint agency pursuant to Article 20 of Chapter 160A of the General Statutes of North Carolina; and

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"); and

WHEREAS, The Greater Asheville Regional Airport Authority ("GARAA") was created pursuant to Session Law 2012-121 by the General Assembly of North Carolina on June 28, 2012; and

WHEREAS, the Agreement between Company and Authority was assigned to GARAA by agreement effective October 12, 2012; and

WHEREAS, Company is engaged in and has significant experience in the business of managing and operating multi-carrier in-building distributed antenna systems ("DAS"); and

WHEREAS, under the existing Agreement, Company desires to install a DAS and needs the appropriate length of term to amortize their investment ; and

WHEREAS, the term under the existing Agreement is for ten years and is set to expire March 27, 2024; and

WHEREAS, GARAA and Company desire to provide for the potential extension of the Agreement; and

WHEREAS, GARAA and Company desire to address certain financial terms; and

WHEREAS, Company and GARAA request such changes to be effective immediately, and for the remainder of the Agreement;

NOW, THEREFORE, in consideration of the foregoing, the parties hereby agree that the Agreement be amended, effective upon execution, as follows:

**1. Attachment A, Section A-3, Percentage Of Receipts is hereby deleted in its entirety and replaced with the following:**

As rent for the Licensed Premises (as defined below), Company shall pay in year one a one-time fee of Two Thousand Four Hundred and No/100 Dollars (\$2,400.00) within thirty (30) days of the date that the first sublease or sublicense agreement for a Permitted TC Provider (as defined below) to distribute its wireless frequencies over the Equipment is fully executed by such Permitted TC Provider and Company. Additionally, Company will pay to GARAA a one-time fee of Four Thousand Eight Hundred and No/100 Dollars (\$4,800.00) within thirty (30) days of the date that the second sublease or sublicense agreement for a Permitted TC Provider (as defined below) to distribute its wireless frequencies over the Equipment is fully executed by such Permitted TC Provider and Company." Each subsequent year, a percentage (collectively, the "Percentage Fees") of Gross Receipts received from each Permitted TC Provider as follows:

| <u>Permitted TC Providers</u>   | <u>Percentage</u> |
|---|-------------------|
| For the first Permitted TC Provider distributing its licensed frequencies over the Equipment:   | 10%               |
| Beginning with the second Permitted TC Provider distributing its licensed frequencies over the Equipment:   | 20%               |
| Beginning with the third Permitted TC Provider distributing its licensed frequencies over the Equipment, and for each Permitted TC Provider thereafter: | 30%               |

The foregoing percentages correspond to the applicable Permitted TC Provider position in the sequence, and in no event shall a given percentage be applicable to more than one Permitted TC Provider. The sequence of whether a Permitted TC Provider is first, second, third, etc. shall be determined by the date that such Permitted TC Provider executes a Collocation Agreement (as defined in Paragraph A(ii) of Attachment B, Terms and Conditions), and shall be reduced from time to time as Collocation Agreements of Permitted TC Providers earlier in the sequence terminate or expire. Notwithstanding the foregoing, in the event that the Term of this Permit shall be extended beyond the initial 10-year term in accordance with Paragraph A-4 below, the Percentage Fee during such period shall be 30% with respect to all Permitted TC Providers distributing their respective licensed frequencies over the Equipment from time to time.

**2. Attachment A, Section A-4, Term, is hereby deleted in its entirety and replaced with the following:**

The period of occupancy permitted under this permit shall Commence January 1, 2017 ("Commencement Date") and run for a term of Ten (10) years. One additional three-year term, commencing on the day following the date of the expiration of the initial 10-year term, may be granted at the sole discretion of GARAA. GARAA shall provide Company notice of extension no later than 180 days prior to the expiration of the initial term.

Notwithstanding the foregoing, however, or anything to the contrary contained in this Permit, GARAA may terminate this Permit upon no less than 90 days prior written notice thereof to Company in the event that such termination shall be requested by the Federal Aviation Administration.

**3. Attachment B, Section A, Paragraph iv, is hereby deleted in its entirety.**

**4. Attachment B, Section A, Paragraph ix, is hereby deleted in its entirety and replaced with the following:**

**Term.** Collectively, (A) the initial term of ten (10) years, commencing on the Commencement Date, plus, if applicable, (B) the renewal term of three (3) years, commencing on the day following the day of expiration of such initial term

**5. Attachment B, Section B, Paragraph ii, is hereby deleted in its entirety.**

**6.** All other terms of this Space/Use Permit not specifically amended shall remain in full force and effect.

**7.** Each of GARAA and Company represents and warrants to the other than its execution and delivery of this Amendment has been duly authorized and that the person executing this Amendment on behalf of such party has been duly authorized to do so, and that no other action or approval is required by such party with respect to this transaction.

IN WITNESS WHEREOF, the parties hereto by their duly authorized officers have caused this Amendment to be executed in their names and their seals to be affixed hereto as of the day and year first above written.

**ATC INDOOR DAS LLC**

**GREATER ASHEVILLE  
REGIONAL AIRPORT AUTHORITY**

BY: \_\_\_\_\_

BY: \_\_\_\_\_

NAME: \_\_\_\_\_

Lew Bleiweis, AAE

TITLE: \_\_\_\_\_

Executive Director



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## **MEMORANDUM**

TO: Members of the Airport Authority

FROM: Janet Burnette, Director of Finance and Accounting

DATE: December 9, 2016

### **ITEM DESCRIPTION – Consent Item D**

Approval of Amendment to the FY16/17 Budget for Bond Payment

### **BACKGROUND**

An interest payment on the 2016 Series Bond will be payable on January 1, 2017 in the amount of \$155,143.34. This will be the only debt service payment for this fiscal year and was not included in our Fiscal Year 2016/2017 Budget.

We recommend that the Airport Authority Board amend the FY16/17 budget as outlined below.

### **ISSUES**

None.

### **ALTERNATIVES**

None.

### **FISCAL IMPACT**

The budget amendment will increase both FY16/17 budgeted revenues and expenditures by \$155,144. The net increase in Transfers from GARAA Cash is \$155,144.

### **RECOMMENDED ACTION**

It is respectfully requested that the Greater Asheville Regional Airport Authority Board resolve to amend the FY16/17 budget by adopting the following budget ordinance amendment:

Consent – Item D





BE IT ORDAINED by the Greater Asheville Regional Airport Authority that the following amendment be made to the annual budget ordinance for the fiscal year ending June 30, 2017:

Section 1. To amend the appropriations as follows:

**EXPENDITURES:**

|              | <u>Decrease</u> | <u>Increase</u> |
|--------------|-----------------|-----------------|
| Debt Service |                 | \$155,144       |
| Totals       |                 | \$155,144       |

This will result in a net increase of \$155,144 in the appropriations. Revenues will be revised as follows:

**REVENUES:**

|                          | <u>Decrease</u> | <u>Increase</u> |
|--------------------------|-----------------|-----------------|
| Transfer from GARAA Cash |                 | \$155,144       |
| Totals                   |                 | \$155,144       |

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

Adopted this 9th day of December, 2016.

\_\_\_\_\_  
 Robert C. Roberts, Chair

Attested by:

\_\_\_\_\_  
 Ellen Heywood, Clerk to the Board



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## MEMORANDUM

TO: Members of the Airport Authority

FROM: Janet Burnette, Director of Finance and Accounting

DATE: December 9, 2016

### ITEM DESCRIPTION – Consent Item E

Approval of Amendment to the FY16/17 Budget for Capital Carry-Over

### BACKGROUND

The FY16/17 budget included an estimated amount of capital carry-over for projects not expected to be completed by June 30, 2016. However, two additional projects from the FY15/16 budget now need to be carried over into the current year budget.

We had budgeted \$1,000,000 in FY15/16 for an ARFF truck, which will be delivered later this year. But the cost will be substantially less than anticipated so we only need to carryover \$644,839 for this item. We also need to carryover \$350,000 which was approved in the FY15/16 budget for a new accounting and financial system. However, consultants have advised us that a new system will likely cost approximately \$500,000, so we would like to carryover \$150,000 from the remaining FY15/16 ARFF truck budget.

We recommend that the Airport Authority Board amend the FY16/17 budget as outlined below.

### ISSUES

None.

### ALTERNATIVES

None.



**FISCAL IMPACT**

The budget amendment will increase both FY16/17 budgeted revenues and expenditures by \$1,144,839 to provide for the changes outlined above. The net increase in Transfers from GARAA Cash is \$568,849.

**RECOMMENDED ACTION**

It is respectfully requested that the Greater Asheville Regional Airport Authority Board resolve to amend the FY16/17 budget by adopting the following budget ordinance amendment:

BE IT ORDAINED by the Greater Asheville Regional Airport Authority that the following amendment be made to the annual budget ordinance for the fiscal year ending June 30, 2017:

Section 1. To amend the appropriations as follows:

**EXPENDITURES:**

|                                 | <u>Decrease</u> | <u>Increase</u>         |
|---------------------------------|-----------------|-------------------------|
| Carry-over Capital Expenditures |                 | \$1,144,839             |
| Totals                          | <hr/> <hr/>     | <hr/> <hr/> \$1,144,839 |

This will result in a net increase of \$1,144,839 in the appropriations. Revenues will be revised as follows:

**REVENUES:**

|                          | <u>Decrease</u> | <u>Increase</u>         |
|--------------------------|-----------------|-------------------------|
| Federal Funds – AIP      |                 | \$575,990               |
| Transfer from GARAA Cash |                 | \$568,849               |
| Totals                   | <hr/> <hr/>     | <hr/> <hr/> \$1,144,839 |



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

Adopted this 9th day of December, 2016.

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Robert C. Roberts, Chair

Attested by:

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Ellen Heywood, Clerk to the Board



## **MEMORANDUM**

TO: Members of the Airport Authority

FROM: Lew Bleiweis, Executive Director

DATE: December 9, 2016

### **ITEM DESCRIPTION – Old Business Item A**

Public Hearing and Final Adoption of the Authority's Schedule of Airline Rates, Fees and Charges for the Asheville Regional Airport

### **BACKGROUND**

A proposed preliminary Schedule of Airline Rates, Fees and Charges for the Asheville Regional Airport Ordinance was presented to the Authority Board at the Board meeting held on October 14, 2016. The rate, fees and charges document have remained available for public inspection and comment since October 14, 2016, with no comments being received to date.

### **ISSUES**

A Public Hearing is required in accordance with the Greater Asheville Regional Airport Authority Policy and Procedure for the Adoption of Ordinances.

### **ALTERNATIVES**

None recommended.

### **FISCAL IMPACT**

Going to rates by ordinance will eliminate the 25% premium currently being charged to those airlines that have not signed an agreement. A portion of that premium collected goes to those airlines that have signed and the remainder goes to the Authority. By eliminating the premium, the Authority foregoes the additional unbudgeted revenue.

Old Business - Item A



## **RECOMMENDED ACTION**

It is respectfully requested that following the Public Hearing on the Authority's Schedule of Airline Rates, Fees and Charges for the Asheville Regional Airport that the Greater Asheville Regional Airport Authority Board resolve to adopt the enclosed Ordinance to Implement a Schedule of Airline Rates, Fees and Charges For The Asheville Regional Airport.

Enclosure

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

ORDINANCE NO. \_\_\_\_\_

**AN ORDINANCE TO IMPLEMENT A SCHEDULE OF AIRLINE RATES, FEES AND CHARGES  
FOR THE ASHEVILLE REGIONAL AIRPORT.**

**IT IS HEREBY ENACTED AND ORDAINED BY THE GREATER ASHEVILLE REGIONAL AIRPORT  
AUTHORITY AS FOLLOWS:**

**Section 1. CITATION.**

1.1 This Ordinance may be cited as the "**Airline Rates, Fees & Charges Ordinance**".

**Section 2: FINDINGS.**

2.1 The Greater Asheville Regional Airport Authority was created by Session Law 2012-121, which was ratified by the General Assembly of North Carolina on June 28, 2012.

2.2 Section 1.6(a)(7) of Session Law 2012-121 gives the Greater Asheville Regional Airport Authority the ability to, among other things: *"[m]ake all reasonable rules, regulations, and policies as it may from time to time deem to be necessary, beneficial or helpful for the proper maintenance, use, occupancy, operation, and/or control of any airport or airport facility owned, leased, subleased, or controlled by the Authority . . . "*

2.3 Section 1.6(a)(6) of Session Law 2012-121 gives the Greater Asheville Regional Airport Authority the authority to: *"[c]harge and collect fees, royalties, rents, and/or other charges, including fuel flowage fees for the use and/or occupancy of property owned, leased, subleased, or otherwise controlled and operated by the Authority or for services rendered in operation thereof."*

2.4 Section 1.6(a)(21) of Session Law 2012-121 gives the Greater Asheville Regional Airport Authority the ability to: *"[e]xercise all powers conferred by Chapter 63 of the General Statutes [of the State of North Carolina] or any successor Chapter or law."*

2.5 North Carolina General Statute Section 63-53(5) further gives the Greater Asheville Regional Airport Authority the authority: *"[t]o determine the charge or rental for the use of any properties under its control and the charges for any services or accommodations and the terms and conditions under which such properties may be used, provided that in all cases the public is not deprived of its rightful, equal, and uniform use of such property."*

2.6 The Greater Asheville Regional Airport Authority is obligated under federal law to maintain an airport user fee and rental structure that, given the conditions of the Airport makes the Airport as financially self-sustaining as possible.

2.7 The Greater Asheville Regional Airport Authority is further obligated under federal law to establish an airport user fee structure that is fair and reasonable to all users, and not unjustly discriminatory.

2.8 In or around Fall 2014, the Greater Asheville Regional Airport Authority contracted with an airport consulting firm, who conducted a comprehensive airline rate and charge study at the Airport, in accordance with the methodology stated in the Rates and Charges Policy promulgated by the Office of the Secretary of the Department of Transportation and by the FAA.

2.9 Since approximately February 2015, the Greater Asheville Regional Airport Authority has consulted with and made repeated, good faith efforts to reach an agreement regarding rates, fees and charges with the Airlines, and to resolve all disputes asserted by the Airlines, and after adequate and timely consultation with the Airlines and with the airport consulting firm, Greater Asheville Regional Airport Authority now desires to implement, by ordinance, the fair, reasonable and not unjustly discriminatory rates and charges structure as proposed by the airport consulting firm.

### **Section 3. PURPOSE AND SCOPE**

3.1 The Greater Asheville Regional Airport Authority finds and determines that it is in the public interest to establish a schedule of Airline rates, fees and charges by ordinance.

3.2 This Airline Rates, Fees & Charges Ordinance shall be applicable to all Airlines utilizing the Asheville Regional Airport.

### **Section 4. EFFECTIVE DATE**

4.1 The Airline Rates, Fees & Charges Ordinance shall take effect as of the \_\_\_\_ day of \_\_\_\_\_, 2016.

### **Section 5. DEFINITIONS**

5.1 "Affiliate" shall mean any airline or other entity designated in writing by Airline as an Affiliate that is operating under the same flight code designator and is: (1) a parent or subsidiary of Airline or is under the common ownership and control with Airline or (2) operates under essentially the same trade name as Airline at the Airport and uses essentially the same livery as Airline or (3) is a contracting ground handling company on behalf of Airline at the Airport.

5.2 "Airline(s)" shall mean each airline providing commercial passenger service to and from the Airport and using the Airport Terminal Building to enplane and deplane passengers or cargo service to and from the Airport.

5.3 [RESERVED]

5.4 "Airlines' Revenue Landed Weight" is for the applicable Fiscal Year the sum of the products determined by multiplying each Revenue Aircraft Arrival by each of the Airlines by the applicable Certified Maximum Gross Landed Weight of the aircraft making the Revenue Aircraft Arrival.

5.6 "Airport" is the Asheville Regional Airport as it presently exists and as it is hereafter modified or expanded.

5.7 "Airport Operating Requirement" for any Fiscal Year, consists of all of the following: (1) Operation and Maintenance Expenses; (2) O&M Reserve Requirement; (3) Depreciation; (4) Amortization; (5) Debt Service; (6) coverage required on any Bonds; (7) fund deposits required under any Bond Ordinance; (8) the net amount of any judgment or settlement arising out of or as a result of the ownership, operation or maintenance of the Airport payable by Authority during any Fiscal Year. This amount would include, but not be limited to, the amount of any such judgment or settlement arising out of or as a result of any claim, action, proceeding or suit alleging a taking of property or an interest in property without just



or adequate compensation, trespass, nuisance, property damage, personal injury or any other claim, action, proceeding or suit based upon or relative to the environmental impact resulting from the use of the Airport for the landing and taking off of aircraft; and (9) any and all other sums, amounts, charges or requirements of the Airport to be recovered, charged, set aside, expensed or accounted for during any Fiscal Year, or the Authority's accounting system.

5.8 "Amortization" is the amount determined by dividing the net cost of each Airport non-depreciating asset by an imputed estimated life for the asset as determined by the Authority.

5.9 "Assigned Space" means for each Airline, those areas and facilities in the Terminal Building and those areas adjacent to and outside the Terminal Building which are assigned to such Airline for its Preferential use.

5.10 "Authority" means the Greater Asheville Regional Airport Authority.

5.11 "Bond Ordinance" is any ordinance, resolution or indenture authorizing the issuance of Bonds for or on behalf of the Airport or Authority, including all amendments and supplements to such ordinances, resolutions and indentures.

5.12 "Bonds" are all debt obligations issued for or on behalf of the Airport or the Authority subsequent to July 1, 2009, except obligations issued by or on behalf of the Authority for a Special Facility.

5.13 "Capital Charge or Capital Charges" charges that include Amortization, Depreciation and Debt Service.

5.14 "Capital Outlay" is the sum of one hundred thousand dollars (\$100,000) or as otherwise determined by the Authority.

5.15 "Certified Maximum Gross Landed Weight" or "CMGLW" is, for any aircraft operated by any of the Airlines, the certified maximum gross landing weight in one thousand pound units of such aircraft as certified by the FAA and as listed in the airline's FAA approved "Flight Operations Manual".

5.16 "Debt Service" for any Fiscal Year is the principal, interest and other payments required for or on account of Bonds issued under any Bond Ordinance.

5.17 "Depreciation" is the amount which is the net cost of any Airport asset, except a non-depreciating asset, divided by its estimated useful life as determined by the Authority.

5.18 "Enplaned Passengers" are the originating and on-line or off-line transfer passengers of each of the Airlines serving the Airport enplaning at the Airport.

5.19 "Fiscal Year" is July 1st of any calendar year through June 30th of the next succeeding calendar year, or such other fiscal year as Authority may subsequently adopt for the Airport.

5.20 "Holdrooms" means the gate seating areas currently situated in the Airport Terminal Building, as they now exist or as they may hereafter be modified or expanded or constructed by Authority within or as part of the Terminal Building for use by Airline and the other Airlines for their Joint Use.

5.21 "Joint Use Formula" is, for any Fiscal Year, the formula used for prorating Terminal Building Rentals for Joint Use Space.

5.22 "Joint Use Space" means that common use space not assigned, which Airline uses on a joint use basis with other airline tenants.

5.23 "Landing Fees" are the airfield related charges calculated by multiplying the landing fee rate established in the Schedule of Rates, Fees and Charges for the applicable Fiscal Year by the applicable Certified Maximum Gross Landed Weight ("CMGLW") of Revenue Aircraft Arrivals.

5.24 "Operation and Maintenance Expenses" or "O&M Expenses" are, for any Fiscal Year, the total costs and expenses, incurred or accrued by the Authority for that Fiscal Year, in providing for the administration, operation, maintenance and management of the Airport, including, without limitation, the performance by Authority of any of its obligations related to the Airport.

5.25 "O&M Reserve Requirement" is the requirement adopted by the Authority that defines the amount of operating cash reserves to be available within the O&M Reserve Fund. The O&M Reserve Requirement may be revised from time to time and is currently set to equal at least six (6) months of the annual O&M Expenses budgeted for the current Fiscal Year.

5.26 "Passenger Facility Charge (PFC)" is the charge imposed by the Authority pursuant to 49 U.S.C. App. 513, as amended or supplemented from time to time, and 14 CFR Part 158, as amended or supplemented from time to time, or any other substantially similar charge lawfully levied by or on behalf of the Authority pursuant to or permitted by federal law.

5.27 "Preferential Use Space" means that Assigned Space for which Airline holds a preference as to use, and which may be used on a non-preferential basis by another airline or tenant.

5.28 "Rentable Space" is that space within the Airport Terminal Building which has been constructed or designated as rentable space by Authority, including such deletions therefrom and additions thereto as may occur from time-to-time.

5.29 "Revenue Aircraft Arrival" is an airline aircraft landing at Airport, excluding those returning to the Airport due to an emergency, and for which Landing Fees are charged by Authority.

5.30 "Special Facility" is any Airport facility acquired or constructed for the benefit or use of any person or persons, the costs of construction and acquisition of which are paid for (a) by the obligor under a Special Facility agreement, (b) from the proceeds of Special Facility bonds, or (c) both; provided, however, that Airport facilities built by an Airport tenant under a ground lease or any other agreement which by its terms is not indicated to be a Special Facility agreement shall not be considered a Special Facility under this definition.

5.31 "Schedule of Rates, Fees and Charges" is the schedule the rates, fees and charges due by Airline to the Authority and is reestablished each Fiscal Year.

5.32 "Terminal Building Rentals" are the Terminal Building rents calculated by multiplying the Terminal Building Rental Rate times the then-applicable square footage of the Assigned Space in question.

## **Section 6. RATE MAKING METHODOLOGY**

6.1 Rates and charges shall be established annually based on the methodology set by the Authority below and in the Schedule of Rates and Charges referenced in Section 8 below.

6.2 Rates and charges shall be developed under a commercial compensatory rate making methodology.

6.3 Rates and charges shall be calculated and set at the beginning of each Fiscal Year.

### **6.4 Terminal Building Operating Requirement.**

6.4.1 For purposes of this Ordinance, the Terminal Building Cost Center shall consist of the current Terminal Building, including the ticketing wing, the Holdrooms, baggage claim facilities, baggage make-up facilities, and passenger loading bridges/regional boarding ramps, as well as the areas immediately adjacent to the west side of the terminal building utilized for baggage tug drives and baggage tug storage, and all public areas, concession areas, and other leasable areas.

6.4.2 The Terminal Building Operating Requirement shall be calculated as specified in Sections 6.4.2.1 through 6.4.2.4 below:

6.4.2.1 By summing the elements of the Airport Operating Requirement allocated to the Terminal Building Cost Center. Currently, this includes O&M Expenses, O&M Reserve Requirement, net Depreciation, Amortization, Capital Outlay, and Debt Service.

6.4.2.2 By then reducing the total from Section 6.4.2.1 by non-airline revenue credits applied by the Director. These revenue credits are reimbursements and offsets to base costs. This results in the Net Terminal Building Operating Requirement.

6.4.2.3 The Net Terminal Building Operating Requirement calculated in Section 6.4.2.2 is then divided by Rentable Space to obtain the Terminal Building Rental Rate.

6.4.2.4 Finally, each Airlines' share of cost is then derived by multiplying the Terminal Building Rental Rate by the Terminal Building Airlines' rented space (preferential use) and Airlines' share of Joint Use Space as determined by the Joint Use Formula.

### **6.5 Airfield Area Operating Requirement.**

6.5.1 For purposes of this Ordinance, the Airfield Area Cost Center consists of those areas of land and Airport facilities which provide for the general support of air navigation, flight activity and other aviation requirements of the Airport. The airfield includes runways, taxiways, the terminal apron, aircraft service areas and those ramp areas not included in any other cost center, approach and clear zones, safety areas and infield areas, together with all associated landing navigational aids and Airport facilities, aviation controls, and other systems related to the airfield. It also includes areas of land acquired for buffer requirements for the landing areas of the Airport, all land acquired for Airport expansion until the land is used or dedicated to another cost center, and all Airport noise mitigation facilities or costs. The Airport's triturator facility, storage

areas for airline glycol equipment and tanks, and any fueling facilities and equipment provided to serve the airlines on the terminal apron are also included in the airfield cost center.

6.5.2 The Airfield Area Operating Requirement shall be calculated as specified in Sections 6.5.2.1 through 6.5.2.4 below:

6.5.2.1 By summing the elements of the Airport Operating Requirement allocated to the Airfield Area Cost Center. Currently, this includes the O&M Expenses, O&M Reserve Requirement, net Depreciation, Amortization, Capital Outlay, and Debt Service.

6.5.2.2 By then reducing the total calculated in Section 6.5.2.1 above by non-airline revenue credits applied by the Director. These revenue credits are reimbursements and offsets to base costs. This results in the Net Airfield Area Operating Requirement.

6.5.2.3 The Net Airfield Area Operating Requirement calculated in Section 6.5.2.2 is then divided by the estimated Certified Maximum Gross Landed Weight (CMGLW) of all Airlines' Revenue Aircraft Arrivals to determine the Airlines' Landing Fee rate.

6.5.2.4 The Airlines' Landing Fee rate is then multiplied by the estimated CMGLW of the Airlines.

6.5.3 All costs incurred by the Authority for mitigation or damages resulting from noise, environmental incidents or conditions, aircraft fueling, or other Airport aircraft-related conditions or activities will also be charged and allocated to the Airfield Area Operating Requirement.

6.5.4. [RESERVED]

6.5.5 Affiliate. Each Affiliate's operations shall be counted and recorded jointly with Airline's and shall be at the same rate.

6.5.6 Joint Use Space. Airline's share of the Total Terminal Building Rentals for Joint Use Space will be determined as follows: (1) sixty-five percent (65%) of the total rentals due shall be prorated among Airlines using Joint Use Space based upon Airline's share of Enplaned Passengers, (2) thirty-five percent (35%) of the total rentals due shall be prorated among the Airlines using Joint Use Space based upon Airline's share of aircraft departures.

6.5.7 Other Cost Centers. All other cost centers are not included as part of the Airlines' rates, charges and fees. Authority may apply revenues from the other cost centers to offset expenses at a time, and in an amount, based on the sole discretion of the Director.

6.5.8 Unless otherwise provided herein, all rates, fees and charges are calculated as described in Schedule of Rates, Fees and Charges referenced in Section 8 below.

## **Section 7. RENTALS, FEES AND CHARGES**

7.1 The Authority shall establish the Schedule of Rates, Fees and Charges at the beginning of each Fiscal Year.

7.2 Prior to the establishment of the Schedule of Rates, Fees and Charges each Fiscal Year, the Authority shall formally notify Airline in writing of the anticipated Schedule of Rates, Fees and Charges to be in effect for the upcoming Fiscal Year. Authority's notification to Airline shall include notice of the time and place of a meeting to present the Schedule of Rates, Fees and Charges, expenses and capital charges used in the calculation, and to answer questions of Airline. The anticipated Schedule of Rates, Fees and Charges shall be set forth and supported by a document prepared by the Authority.

7.3 So long as Airline has been notified per above, the implementation of the upcoming Schedule of Rentals and Charges will be effective on the first day of the Fiscal Year.

7.4 Each Airline operating at the Airport shall be responsible for paying those rates and charges itemized below in the amounts specified in the Schedule of Rates, Fees and Charges in Section 8 below:

7.4.1 Preferential Use Space - Each Airline shall pay the Authority for its use of the assigned, Preferential Use Space in the Terminal.

7.4.2 Joint Use Space – Each Airline shall pay the Authority its share of rentals on Joint Use Space used by Airline in common with other airline tenants.

7.4.3 Landing Fees –For its use of the airfield, apron and appurtenant facilities, Airline shall pay a landing fee for each and every aircraft landed by the Airline at the Airport except as otherwise noted herein.

7.4.4 Passenger Facility Charge. Airline shall comply with all of the applicable requirements contained in 14 CFR Part 158 and any amendments thereto. Airline shall pay the Authority the Passenger Facility Charge applicable to all of Airline's revenue passengers enplaning at the Airport imposed by the Authority from time to time pursuant to applicable Federal law and regulations.

7.4.5 Other Fees and Charges. Airline shall also pay all miscellaneous charges assessed to and owed by Airline to the Authority including, but not limited to, the cost of utilities and services, employee parking fees, telecommunications charges, paging system fees, triturator fees, skycap services, preconditioned air and fixed ground power fees, security measures, such as key cards and identification badges and the like, common use fees and common equipment charges, and law enforcement fees (net of TSA reimbursement).

7.4.5.1 Such other fees and charges shall be detailed by the Authority in the Schedule of Rates, Fees and Charges.

## **Section 8. SCHEDULE OF RATES, FEES AND CHARGES**

8.1 The Authority's 2016-2017 Fiscal Year Schedule of Rates, Fees and Charges is attached hereto and incorporated herein by reference as Exhibit A.

## **Section 9. PAYMENT OF RENTALS, FEES AND CHARGES**

9.1 Airlines shall pay for space rentals for Preferential Use Space and Joint Use Space, monthly, without invoice, demand, set-off, or deduction on or before the first (1<sup>st</sup>) day of each calendar month.

9.2 On or before the fifteenth (15<sup>th</sup>) day of each month, Airlines shall pay for their Landing Fees for the immediately preceding month.

9.3 Airlines shall report to the Authority on or before the fifteenth (15<sup>th</sup>) day of each month the Airlines actual operating activity for the prior month by submitting a written report. All such monthly reports shall be submitted on a standardized form provided by the Authority, such form shall act as the actual invoice.

9.4 Payment for all other fees and charges shall be invoiced by the Authority and shall be due upon receipt of the Authority's invoice. Such payments shall be deemed delinquent if not received within thirty (30) calendar days of the date of such invoice.

9.5 Except as provided above, or if such payments or reporting is under dispute by Airline, Airline shall be in violation of this Ordinance if its payments and reporting information required above are not received by the Authority on or before the fifteenth (15<sup>th</sup>) day of the month in which they are due.

9.6 Security Deposit. If in the reasonable business discretion of the Authority, it is determined that the financial condition of Airline, at the beginning of air service at the Airport, or an incumbent Airline that has displayed an irregular payment history, then Airline may be required to submit a cash security deposit in an amount not to exceed the equivalent of six (6) months estimated rentals, fees and charges.

9.6.1 In the event that the Authority determines a security deposit is required, the Airline shall deposit such sum with the Authority within thirty (30) days of being so notified by the Authority, and such sum shall be retained by Authority as security for the faithful performance of Airline's obligation hereunder.

9.6.2 The Authority shall have the right, but not the obligation, to apply said security deposit to the payment of any sum due to Authority which has not been paid in accordance with this Ordinance, including, but not limited to, reimbursement of any expenses incurred by Authority in curing any default of Airline, or to the cost of restoring the Assigned Space or its furnishings, fixtures or equipment to their original condition, reasonable wear and tear excepted.

9.6.3 In the event that all or any portion of the security deposit is so applied, the Airline shall promptly, upon demand by Authority, remit to Authority the amount of cash required to restore the security deposit to its original sum.

9.6.4 An Airline's failure to remit the amount of cash required to restore the security deposit in accordance with Section 9.6.3 above within ten (10) calendar days after its receipt of such demand shall constitute a breach of this Ordinance.

9.6.5 If said deposit shall not have been applied for any of the foregoing purposes, it shall be returned to Airline, without interest, within sixty (60) days of the Airline ceasing operation at the Airport. The Authority will not pay interest on any security deposit.

9.7 Airlines shall pay all rates, fees and charges established herein to the Authority monthly, without set-off, and except as specifically provided above, without invoice or demand therefore, in lawful money of the United States of America, by check payable to Authority delivered or mailed to the Authority or by wire transfer to the Authority.

## **Section 10. PENALTIES AND ENFORCEMENT**

10.1 Unless otherwise specified herein, violation of any provision of this Airline Rates, Fees & Charges Ordinance shall be enforced in accordance with, and subject to the penalties specified in, this Section 10.

10.2 In addition to any civil or criminal penalties set out in this Section 10. or in any other Section or Subsection herein, this Airline Rates, Fees & Charges Ordinance may be enforced by an injunction, order of abatement, or other appropriate equitable remedy issuing from a court of competent jurisdiction.

10.3 This Airline Rates, Fees & Charges Ordinance may be enforced by one, all or a combination of the penalties and remedies authorized and prescribed in this Section 10, or elsewhere herein, except that any provision, the violation of which incurs a civil penalty, shall not be enforced by criminal penalties.

10.4 Except as otherwise specified herein, each day's continuing violation of any provision of the Airline Rates, Fees & Charges Ordinance is a separate and distinct offense.

10.5 A violation this Airline Rates, Fees & Charges Ordinance shall not be a misdemeanor or infraction under N.C. Gen. Stat. §14-4; however, civil penalties shall be assessed and civil citations issued for the administrative violation of any provision in accordance with Section 10.6 through 10.7 below.

10.6 The Executive Director shall authorize specific Authority personnel to enforce all administrative violations of this Airlines Rates, Fees & Charges Ordinance.

10.7 Upon any administrative violation of this Airline Rates, Fees & Charges Ordinance, personnel designated in accordance with Section 10.6 shall cause a civil citation to be issued to the violator.

10.7.1 All civil citations shall be hand-delivered to the violator or shall be mailed by first class mail addressed to the last known address of the violator. The violator shall be deemed to have been served upon hand-delivery or the mailing of the civil citation.

10.7.2 Unless otherwise expressly specified herein the civil penalty associated with each civil citation issued for an administrative violation of this Airline Rates, Fees & Charges Ordinance shall be as follows: By a fine of up to \$500.00.

10.8 Any person may submit, within ten (10) days of receipt of a civil violation, a written request that the Executive Director review the civil citation, in accordance with Sections 10.8.1.1 through 10.8.3 below.

10.8.1 A request to the Executive Director shall be in writing and shall be hand delivered to the Office of the Executive Director and must be signed for by and employee of the Authority, or shall be mailed to the Executive Director by certified mail, return receipt requested.

10.8.2 A request to the Executive Director must specify in detail all of the reasons why the civil citation should be modified or withdrawn and must provide a mailing address for the Executive Director to submit a response to the request.

10.8.3 Within ten (10) days of receipt of a request in accordance with Section 10.8.1, the Executive Director shall mail a written decision to the requesting party at the address provided.

10.8.4 Unless a written request for review in accordance with Section 10.8.1 above, civil penalties issued via civil citation for an administrative violation of any Section of this Airport Rates, Fees and Charges Ordinance shall be due and payable to the Authority within 30 days of receipt.

10.8.5 If a written request for review is appealed and the civil citation is not withdrawn, payment of the civil penalty shall be due and payable to the Authority within 30 days of issuance of the Executive Director's written decision to the violator.

10.8.6 Unless other provided, if the violator fails to respond to a citation within 30 days of issuance and pay the fine prescribed therein, the Authority may institute a civil action in the nature of a debt in the appropriate division of the state general court of justice to collect the fine owed.

**Section 11. SEVERABILITY**

11.1 If any provision, clause, section, or provision of this the Airline Rates, Fees & Charges Ordinance shall be held by a court of competent jurisdiction to be invalid, illegal or unenforceable, such invalid, illegal or unenforceable provision shall be severed from the remainder of the Airline Rates, Fees & Charges Ordinance, and the remainder of shall be enforced and not be affected thereby.

**Section 12. AMENDMENT.**

12.1 The Authority reserves the right to amend the Airline Rates, Fees & Charges Ordinance, as well as the attached Schedule of Rates, Fees and Charges, at any time, by ordinance, after due notice and public hearing, in accordance with the Authority's Resolution No. \_\_\_ establishing The Greater Asheville Regional Airport Authority's Policy and Procedure for the Adoption of Ordinances.

ADOPTED THIS the \_\_\_ day of \_\_\_\_\_, 2016, after due notice and a public hearing, by the Greater Asheville Regional Airport Authority.

**GREATER ASHEVILLE REGIONAL  
AIRPORT AUTHORITY**

By: \_\_\_\_\_  
Robert C. Roberts, Chair

**ATTEST:**

\_\_\_\_\_  
Ellen M. Heywood, Clerk to the Board





## **MEMORANDUM**

TO: Members of the Airport Authority

FROM: Janet Burnette, Director of Finance and Accounting

DATE: December 9, 2016

### **ITEM DESCRIPTION – New Business Item A**

Presentation of the Annual Audited Financial Report for Fiscal Year 2015/2016

### **BACKGROUND**

The annual audit for the fiscal year ended June 30, 2016 was performed by the auditing firm, Gould Killian CPA Group, P.A., and the findings are hereby submitted for the Board's review and acceptance. The audited financial statements being provided to you have been submitted to the Local Government Commission ("LGC").

### **ISSUES**

None. An unmodified opinion was issued by the auditors.

### **RECOMMENDED ACTION**

It is respectfully requested that the Greater Asheville Regional Airport Authority Board resolve to accept the 2015/2016 Audit Report as presented.

New Business - Item A



**GOULD KILLIAN  
CPA GROUP, P.A.**

CERTIFIED PUBLIC ACCOUNTANTS

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**GREATER ASHEVILLE REGIONAL  
AIRPORT AUTHORITY**

2016 Annual Financial Report

# Audit Summary

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- Thank you for allowing us to serve as your auditors
- We issued an unmodified (clean) opinion
- We reported no material weaknesses in internal control
- We reported no material noncompliance with laws and regulations
- Special thanks to Janet and the staff of the finance department for their hard work and cooperation in completing the audit



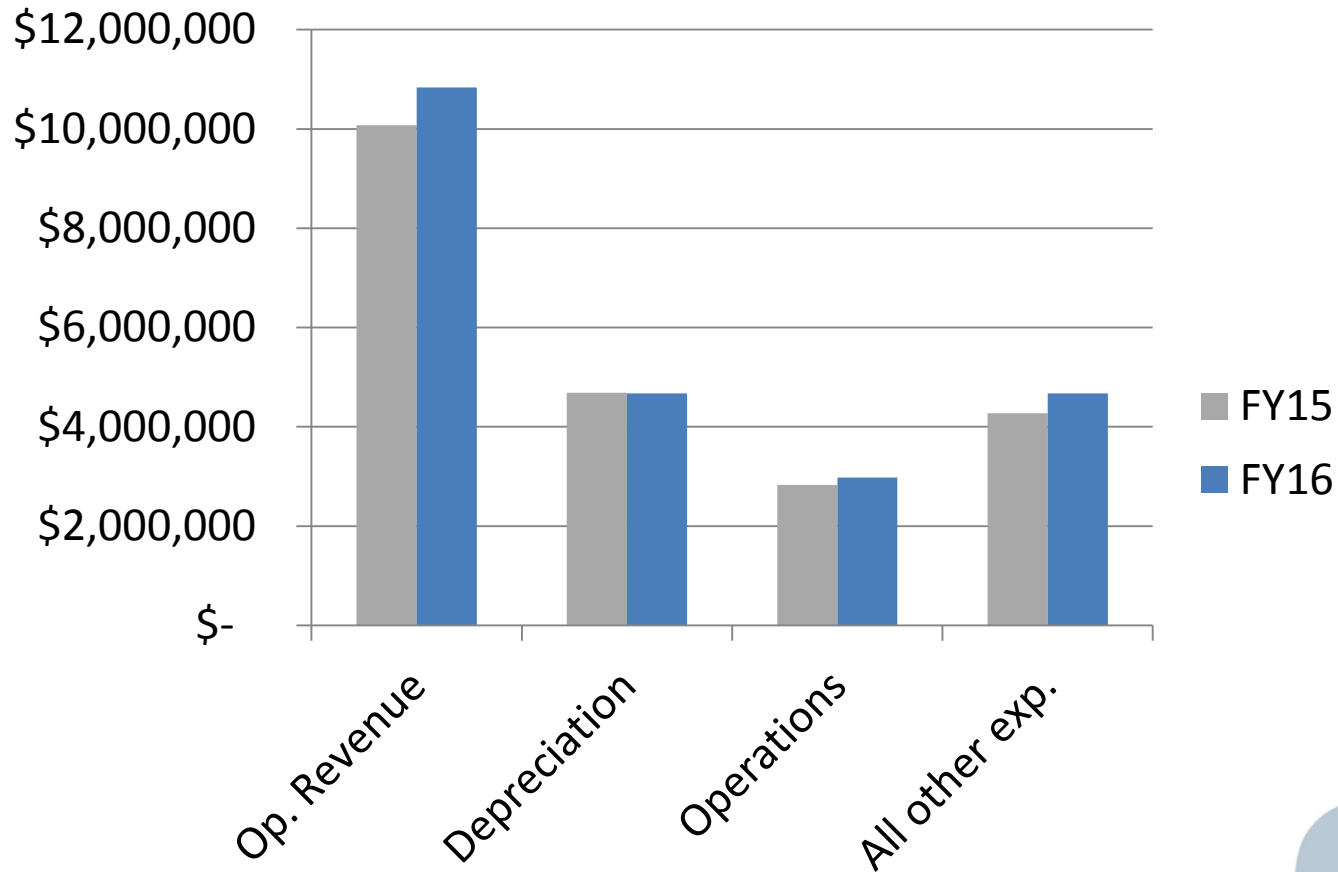
# Key Statistics for FY16

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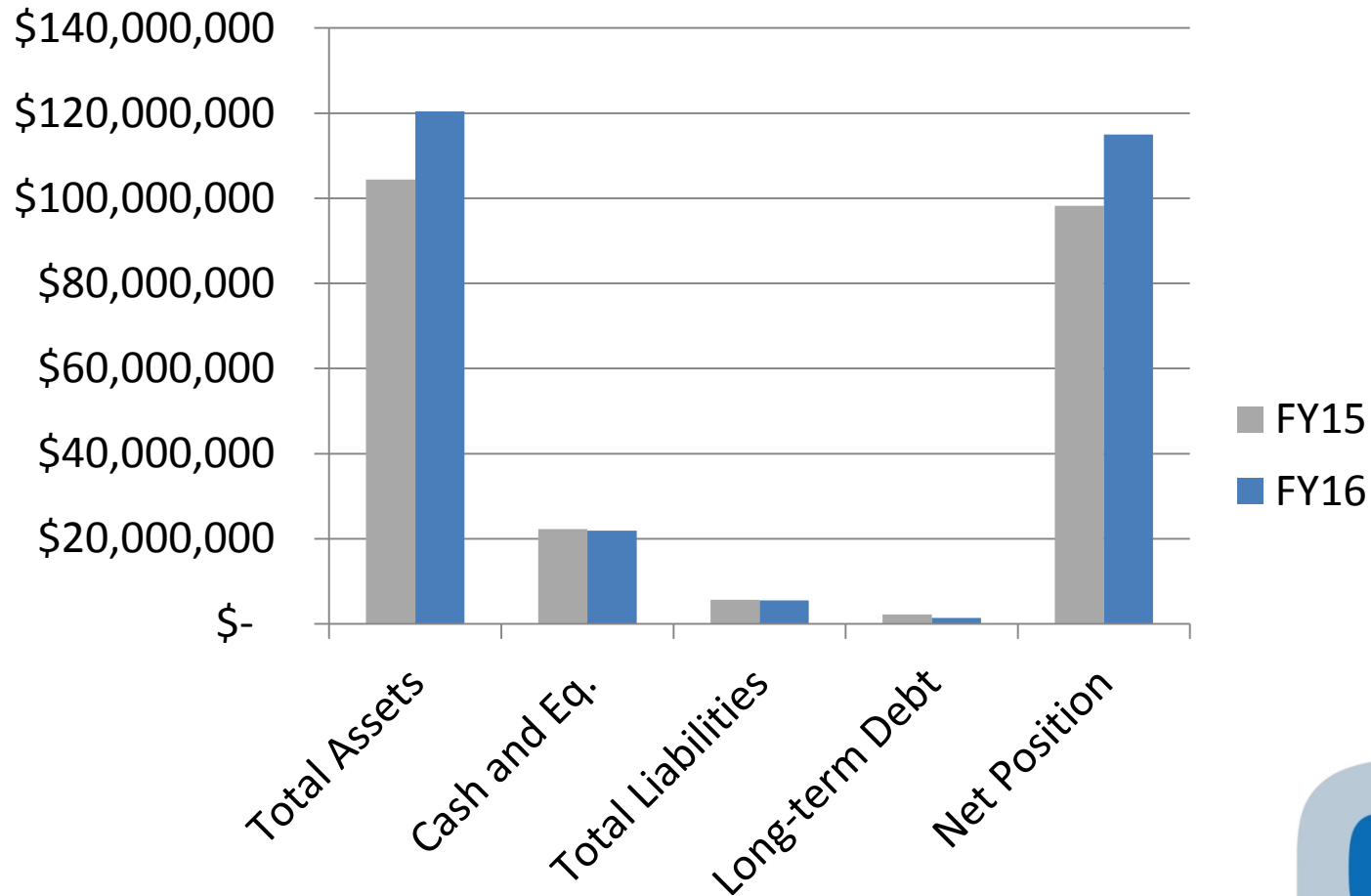
- Cash and investments totaled \$21.9 million at 06/30/2016
- Net Position for FY16 is \$115.0 million (increase of \$16.8 million)
  - Of the net position, \$18.3 million is unrestricted (decrease of \$1.3 million)
  - \$5.2 million is restricted (increase of \$2.2 million)
  - The remaining increase was attributable to capital assets
- Operating loss of \$1.5 million in FY2016 (decrease of \$220k)
- Depreciation expense - \$4.7 million
- Debt service - \$1.7 million
- Non-operating revenues (gross) - \$3.0 million (increase of \$174k)



# Revenues and Expenses



# Balance Sheet Summary



# Key Comparisons Summary

|   | FY15           | FY16           |
|---|----------------|----------------|
| Working capital   | \$ 20,419,910  | \$ 19,653,648  |
| Working capital in months operating expenses (excl. depreciation) | 34.5 months    | 30.8 months    |
| Unrestricted net position   | \$ 19,605,431  | \$ 18,319,493  |
| Operating loss  | \$ (1,712,410) | \$ (1,491,890) |
| Change in net position  | \$ 13,110,837  | \$ 16,796,396  |
| Cash flows from operating activities                              | \$ 2,281,659   | \$ 3,359,335   |
| Net increase in cash  | \$ 2,883,357   | \$ (367,669)   |



# Capital Projects

- Capital Assets (gross) increased by \$18.9 million in FY2016
  - This increase is primarily due to major capital projects in progress
  - The Authority has commitments of approximately \$16.9 million for construction/renovation of facilities
  - Funded through Federal and State grants and passenger facility charges

| Project                | Project Authorization<br>(in thousands) | Spent-to-Date<br>(in thousands) |
|------------------------|---|---------------------------------|
| Airport re-development | \$ 39,634                               | \$ 28,982                       |
| Parking garage         | 1,627                                   | 1,127                           |
| Total                  | \$ 41,261                               | \$ 30,019                       |







**GOULD KILLIAN  
CPA GROUP, P.A.**

CERTIFIED PUBLIC ACCOUNTANTS

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**GREATER ASHEVILLE REGIONAL  
AIRPORT AUTHORITY**

2016 Annual Financial Report

**GREATER ASHEVILLE REGIONAL  
AIRPORT AUTHORITY**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

# **GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY**

## **Board of Directors**

Robert C. Roberts, Chair  
K. Ray Bailey, Vice-Chair

Jeffrey A. Piccirillo  
Andrew T. Tate  
William L. Moyer  
Matthew Burril  
Stephanie P. Brown

## **Executive Director**

Lew S. Bleiweis, A.A.E.

**GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY**

**ANNUAL FINANCIAL REPORT**

June 30, 2016 and 2015

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**GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY**

**ANNUAL FINANCIAL REPORT**

June 30, 2016 and 2015

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## **INDEPENDENT AUDITORS' REPORT**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Greater Asheville Regional Airport Authority which comprise the statements of net position as of June 30, 2016 and 2015, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

## **Opinion**

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the Greater Asheville Regional Airport Authority as of June 30, 2016 and 2015, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Greater Asheville Regional Airport Authority's basic financial statements. The budgetary schedules, other schedules, as well as the accompanying Schedule of Expenditures of Federal and State Awards as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards; the Passenger Facility Charge Audit Guide for Public Agencies; and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

*Prior Period Financial Statements*

The financial statements of the Greater Asheville Regional Airport Authority as of June 30, 2015, were audited by other auditors whose report dated September 29, 2015, expressed an unmodified opinion on those financial statements.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2016 on our consideration of the Greater Asheville Regional Airport Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Greater Asheville Regional Airport Authority's internal control over financial reporting and compliance.

Asheville, North Carolina  
November 30, 2016



# **GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY**

## **MANAGEMENT’S DISCUSSION AND ANALYSIS**

The following Management’s Discussion and Analysis (the “MD&A”) of the Greater Asheville Regional Airport Authority’s activities and financial performance provides the reader with an overview to the financial statements of the Greater Asheville Regional Airport Authority for the fiscal year ended June 30, 2016. The information contained in this MD&A should be considered in conjunction with the financial information contained in the various sections of this audit report.

### **THE REPORTING ENTITY**

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

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

The Authority employs a managing director (the “Executive Director”), who is the chief administrator and executive officer of the Authority. The Executive Director manages the Airport under the Authority’s control with a staff of 64 full-time employees. The staff is responsible for the day-to-day financial, administration, and operational matters pertaining to the Airport and for the contractual arrangements with various aeronautical and non-aeronautical businesses at the Airport.

The Airport is a small hub airport engaged in the business of facilitating commercial and general aviation passenger, cargo, and mail transportation and is the 134<sup>th</sup> largest airport in the United States based on the number of passenger boardings during calendar year 2015.<sup>1</sup>

As of June 30, 2016, Asheville Regional Airport had approximately twenty-four daily, non-stop commercial flights to twelve cities (Atlanta, Baltimore, Charlotte, Chicago, Fort Lauderdale, Jacksonville, New York, Newark, Orlando, Palm Beach, Punta Gorda, and St. Petersburg/Clearwater). The commercial airline carriers included Allegiant Air, Delta Air Lines, United Airlines, and American Airlines.

The mission of the Greater Asheville Regional Airport Authority is to provide an exceptional airport experience with a focus on people, service, commercial and general aviation, and to contribute to the regional economy.

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<sup>1</sup> Federal Aviation Administration, passenger boardings calendar year 2015

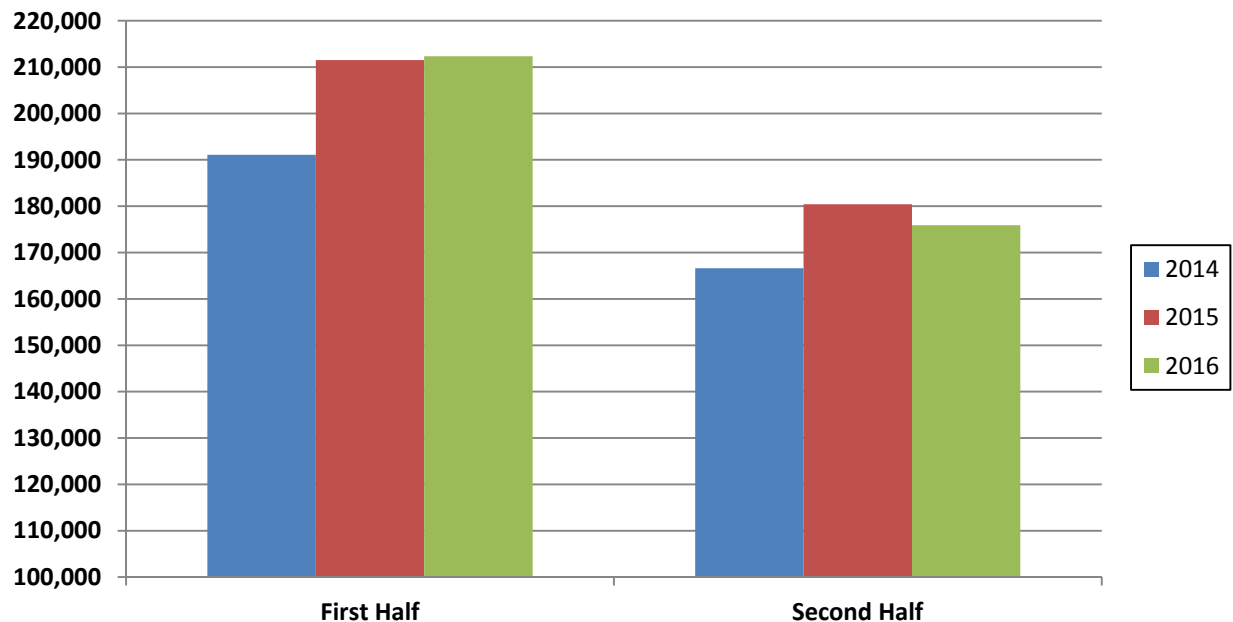
## AIRPORT ACTIVITIES AND HIGHLIGHTS

| <b>For Year Ended June 30</b> | <b>2016</b> | <b>2015</b> | <b>2014</b> |
|-------------------------------|-------------|-------------|-------------|
| Enplanements                  | 388,259     | 391,906     | 357,715     |
| Revenues per enplanement:     |             |             |             |
| Airlines                      | \$ 6.44     | \$ 5.88     | \$ 6.12     |
| Rental cars                   | 5.84        | 5.38        | 5.65        |
| Parking facility              | 8.49        | 8.07        | 8.02        |
| Concessionaires               | 1.26        | 1.10        | 0.77        |

Enplanements decreased by .93% in fiscal year 2016

|  | <b>2016</b>   | <b>2015</b>   | <b>2014</b>   |
|--|---------------|---------------|---------------|
| <i>Aircraft Movements (Land or Takeoff):</i> |               |               |               |
| Airline                                      | 16,475        | 15,718        | 16,231        |
| General aviation                             | 44,458        | 42,432        | 45,806        |
| Military                                     | 4,789         | 6,723         | 5,594         |
| Total  | <u>65,722</u> | <u>64,873</u> | <u>67,631</u> |

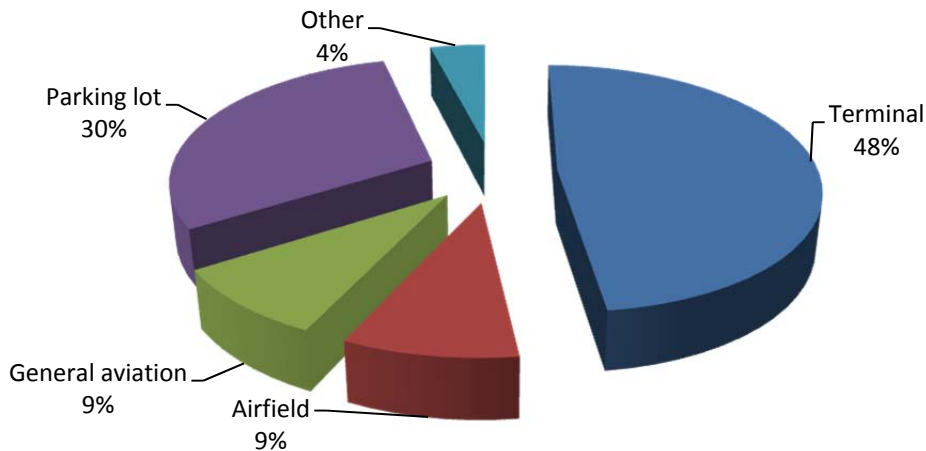
### Passenger Enplanements for Fiscal Year



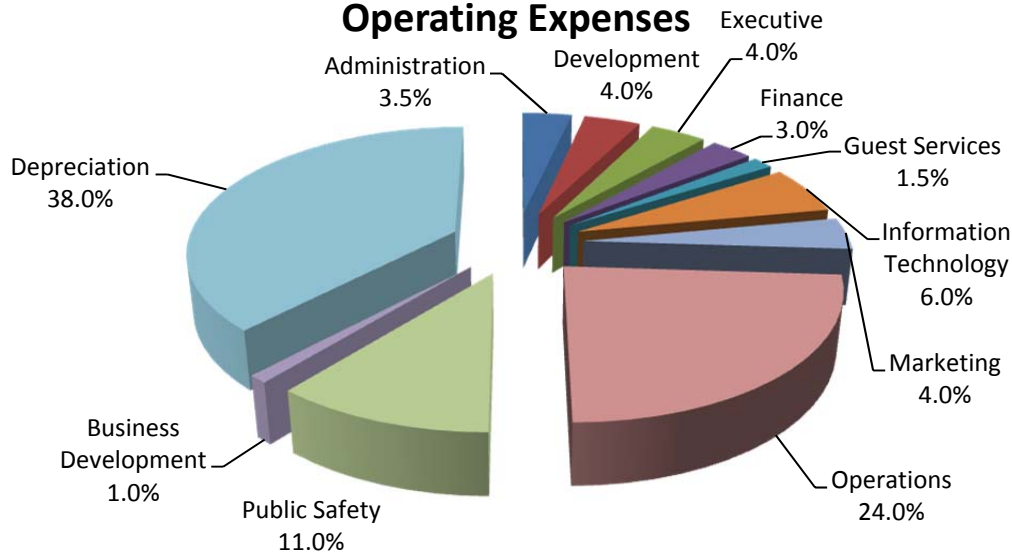
## SUMMARY OF OPERATIONS AND CHANGES IN NET POSITION

| <b>For Year Ended June 30</b>              | <b>2016</b>   | <b>2015</b>   | <b>2014</b>  |
|--|---------------|---------------|--------------|
| Operating revenues                         | \$ 10,832,701 | \$ 10,075,571 | \$ 9,096,957 |
| Operating expenses                         | 12,324,591    | 11,787,981    | 12,016,586   |
| Operating loss                             | (1,491,890)   | (1,712,410)   | (2,919,629)  |
| Non-operating revenues and expenses, net   | 2,976,235     | 2,802,657     | 2,506,825    |
| Income (loss) before capital contributions | 1,484,345     | 1,090,247     | (412,804)    |
| Capital contributions                      | 15,312,051    | 12,020,590    | 7,315,833    |
| Increase in net position                   | \$ 16,796,396 | \$ 13,110,837 | \$ 6,903,029 |

### Operating Revenues



### Operating Expenses



## FINANCIAL POSITION SUMMARY

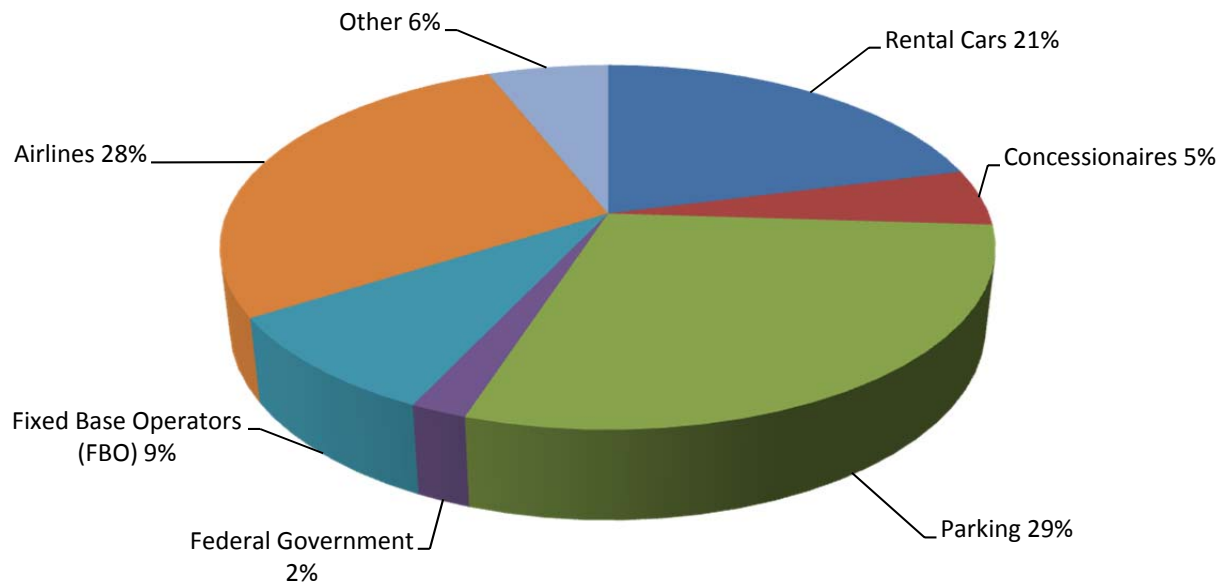
Net position may serve, over time, as a useful indicator of the Authority's financial position. The Authority's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$115,004,382 at June 30, 2016, roughly a \$16.8 million increase from June 30, 2015, and roughly a \$29.5 million increase from June 30, 2014.

|   | <u>2016</u>           | <u>2015</u>          | <u>2014</u>          |
|---|-----------------------|----------------------|----------------------|
| <b>Assets and Deferred Outflows of Resources:</b>     |                       |                      |                      |
| Current assets  | \$ 28,969,388         | \$ 26,943,558        | \$ 24,046,230        |
| Capital assets  | 91,470,389            | 77,151,244           | 68,424,525           |
| Other assets  | -                     | 298,145              | 28,163               |
| Deferred outflows of resources                        | <u>222,035</u>        | <u>204,511</u>       | <u>-</u>             |
| Total assets and deferred outflows of resources       | 120,661,812           | 104,597,458          | 92,498,918           |
| <b>Liabilities and Deferred Inflows of Resources:</b> |                       |                      |                      |
| Total liabilities                                     | 5,520,905             | 5,666,683            | 6,976,802            |
| Deferred inflows of resources                         | <u>136,525</u>        | <u>722,789</u>       | <u>-</u>             |
| Total liabilities and deferred inflows of resources   | 5,657,430             | 6,389,472            | 6,976,802            |
| <b>Net Position:</b>                                  |                       |                      |                      |
| Net investment in capital assets                      | 91,470,389            | 75,561,248           | 66,316,168           |
| Restricted  | 5,214,500             | 3,041,307            | 1,742,365            |
| Unrestricted  | <u>18,319,493</u>     | <u>19,605,431</u>    | <u>17,463,583</u>    |
|   | <u>\$ 115,004,382</u> | <u>\$ 98,207,986</u> | <u>\$ 85,522,116</u> |

## REVENUES

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

The following chart shows the major sources and the percentage of operating revenues for the year ended June 30, 2016.



## SUMMARY OF CASH FLOW ACTIVITIES

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

| <b>For Year Ended June 30</b>                            | <b>2016</b>          | <b>2015</b>          | <b>2014</b>          |
|--|----------------------|----------------------|----------------------|
| Cash flows from operating activities                     | \$ 3,359,335         | \$ 2,281,659         | \$ 791,360           |
| Cash flows from investing activities                     | 35,760               | 22,959               | 23,493               |
| Cash flows from capital and related financing activities | (3,762,764)          | 578,739              | 1,587,407            |
| Net increase (decrease) in cash and cash equivalents     | (367,669)            | 2,883,357            | 2,402,260            |
| <b>Cash and Cash Equivalents</b>                         |                      |                      |                      |
| Beginning of year - July 1                               | 22,294,813           | 19,411,456           | 17,009,196           |
| End of year - June 30                                    | <u>\$ 21,927,144</u> | <u>\$ 22,294,813</u> | <u>\$ 19,411,456</u> |

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

During fiscal year 2016, the Authority expended \$18.9 million on capital activities. This included approximately \$18.2 million for major projects, which includes the following:

- Airfield Redevelopment
- Parking Garage Design

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

### **CAPITAL ASSETS (net of accumulated depreciation)**

|   | <b>2016</b>          | <b>2015</b>          | <b>2014</b>          |
|---|----------------------|----------------------|----------------------|
| Land  | \$ 7,593,744         | \$ 7,217,951         | \$ 7,217,951         |
| Construction in progress                        | 30,018,931           | 17,223,915           | 9,020,578            |
| Leasehold improvements                          | 51,901,231           | 50,931,221           | 50,078,573           |
| Equipment                                       | 1,028,709            | 819,762              | 1,134,599            |
| Furniture                                       | 97,263               | 93,739               | 58,405               |
| Vehicles  | 830,511              | 864,656              | 914,419              |
| Capital assets, net of accumulated depreciation | <u>\$ 91,470,389</u> | <u>\$ 77,151,244</u> | <u>\$ 68,424,525</u> |

### Long-Term Debt

During the year ended June 30, 2016, the Authority paid \$1,589,996 to satisfy its outstanding debt. As of June 30, 2016, the Authority has no long-term debt.

## RECENT DEVELOPMENTS

Commercial aviation continued to have solid growth in 2015. The economy continued to expand and jet fuel prices decreased, thereby, providing net profits for the airlines. U.S. commercial air carriers made a profit of \$25.6 billion in 2015. The airlines collected approximately \$6.8 billion in checked bag fees and reservation change fees. In 2015, commercial air carrier domestic enplanements increased 5.0%, and total airline enplanements increased 4.7%. Airlines also spent 38% less on fuel in 2015 as compared to 2014.

Air carriers continue to focus on increasing shareholder return. The carriers continue to adjust capacity to seize opportunities and contracting in response to economic times. These changes have resulted in profitability for the sixth year in a row. The airlines are holding back expansion in 2016 to keep airfares stimulated.

## **THE FUTURE**

Authority management continues to seek additional non-stop air service to the top 25 origin and destination markets at the Airport, focuses attention on airline schedule improvements, and continues to foster positive working relationships and communication with all airline partners. Allegiant Travel Company continues to grow its presence at the Airport, serving six Florida leisure destinations and the first non-stop destination to Washington D.C. through Baltimore-Washington International Airport. Allegiant established an aircraft base in Asheville with 40 crew and maintenance personnel residing in the community.

The Airport management is striving to increase non-aeronautical revenues to sustain long-term aviation growth at the airport. They continue a contractual relationship with Western, LLC, a third-party land developer, to grow additional aviation related tenancy on the airport.

The Authority began the 3rd year of its airfield redevelopment project, which includes the rehabilitation of its runway and the construction of a new parallel taxiway. Capital funding continues to be a challenge for airports nationwide. FAA Funding Reauthorization was renewed through September 2017. Airports and their trade associations continue to advocate for the next long-term funding bill. A key focus has been to increase the Passenger Facility Charge (PFC), a user fee that supports local capital development, to \$8.50 from the current \$4.50. This fee has not been increased since 2000 when Congress capped the fee at \$4.50.

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

## **REQUESTS FOR INFORMATION**

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

## **BASIC FINANCIAL STATEMENTS**



STATEMENTS OF NET POSITION

June 30, 2016 and 2015

|   | <u>2016</u>            | <u>2015</u>            |
|---|------------------------|------------------------|
| <b>Assets</b>                             |                        |                        |
| Current assets:                           |                        |                        |
| Unrestricted assets:                      |                        |                        |
| Cash and cash equivalents                 | \$ 16,712,644          | \$ 19,253,506          |
| Accounts receivable                       | 903,798                | 921,599                |
| Grants receivable                         | 5,872,896              | 3,496,966              |
| Passenger facility charges receivable     | 262,018                | 230,000                |
| Prepaid expenses                          | <u>3,532</u>           | <u>180</u>             |
| Total current assets                      | 23,754,888             | 23,902,251             |
| Restricted assets:                        |                        |                        |
| Cash and cash equivalents                 | <u>5,214,500</u>       | <u>3,041,307</u>       |
| Total restricted assets                   | <u>5,214,500</u>       | <u>3,041,307</u>       |
| Non-current assets:                       |                        |                        |
| Non-depreciable capital assets            | 37,612,675             | 24,441,866             |
| Capital assets, net                       | 53,857,714             | 52,709,378             |
| Net pension asset - LEO                   | -                      | 11,941                 |
| Net pension asset - LGERS                 | <u>-</u>               | <u>286,204</u>         |
| Total non-current assets                  | <u>91,470,389</u>      | <u>77,449,389</u>      |
| <br>Total assets                          | <br><u>120,439,777</u> | <br><u>104,392,947</u> |
| <br><b>Deferred Outflows of Resources</b> |                        |                        |
| Pension-related deferrals                 | <u>222,035</u>         | <u>204,511</u>         |
| <br><b>Liabilities</b>                    |                        |                        |
| Current liabilities:                      |                        |                        |
| Payable from unrestricted assets:         |                        |                        |
| Accounts payable                          | 508,915                | 275,383                |
| Construction contracts payable            | 2,293,825              | 1,514,947              |
| Construction contract retainages          | 739,012                | 540,638                |
| Compensated absences                      | 209,798                | 237,430                |
| Accrued liabilities                       | 130,206                | 121,400                |
| Prepaid fees                              | 219,484                | 243,359                |
| Payable from restricted assets:           |                        |                        |
| Revenue bond payable, current             | <u>-</u>               | <u>549,184</u>         |
| Total current liabilities                 | <u>4,101,240</u>       | <u>3,482,341</u>       |

*The accompanying notes are an integral part of these financial statements.*

STATEMENTS OF NET POSITION

June 30, 2016 and 2015

|                                      | <u>2016</u>           | <u>2015</u>          |
|--------------------------------------|-----------------------|----------------------|
| <b>Non-current liabilities:</b>      |                       |                      |
| Other post-employment benefits       | 1,066,392             | 998,847              |
| Compensated absences                 | 117,098               | 144,683              |
| Net pension liability - LEO          | 9,893                 | -                    |
| Net pension liability - LGERS        | 226,282               | -                    |
| Revenue bond payable, non-current    | -                     | 1,040,812            |
| Total non-current liabilities        | <u>1,419,665</u>      | <u>2,184,342</u>     |
| <br>                                 |                       |                      |
| Total liabilities                    | <u>5,520,905</u>      | <u>5,666,683</u>     |
| <br>                                 |                       |                      |
| <b>Deferred Inflows of Resources</b> |                       |                      |
| Pension-related deferrals            | <u>136,525</u>        | <u>722,789</u>       |
| <br>                                 |                       |                      |
| <b>Net Position</b>                  |                       |                      |
| Net investment in capital assets     | 91,470,389            | 75,561,248           |
| Restricted                           | 5,214,500             | 3,041,307            |
| Unrestricted                         | <u>18,319,493</u>     | <u>19,605,431</u>    |
| <br>                                 |                       |                      |
| Total net position                   | <u>\$ 115,004,382</u> | <u>\$ 98,207,986</u> |

*The accompanying notes are an integral part of these financial statements.*

## STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the years ended June 30, 2016 and 2015

|  | <u>2016</u>           | <u>2015</u>          |
|--|-----------------------|----------------------|
| <b>Operating Revenues</b>                    |                       |                      |
| Terminal                                     | \$ 5,133,966          | \$ 4,456,640         |
| Airfield                                     | 1,009,331             | 858,828              |
| General aviation                             | 1,001,333             | 980,101              |
| Parking lot                                  | 3,296,169             | 3,161,537            |
| Other  | <u>391,902</u>        | <u>618,465</u>       |
| Total operating revenues                     | <u>10,832,701</u>     | <u>10,075,571</u>    |
| <b>Operating Expenses</b>                    |                       |                      |
| Administration                               | 433,578               | 321,244              |
| Development                                  | 509,271               | 493,632              |
| Executive                                    | 520,962               | 516,627              |
| Finance                                      | 382,127               | 355,394              |
| Guest services                               | 186,296               | 178,506              |
| Information technology                       | 676,912               | 622,120              |
| Marketing                                    | 505,016               | 422,742              |
| Operations                                   | 2,977,891             | 2,827,778            |
| Public safety                                | 1,356,811             | 1,255,395            |
| Business development                         | 100,274               | 110,532              |
| Depreciation                                 | <u>4,675,453</u>      | <u>4,684,011</u>     |
| Total operating expenses                     | <u>12,324,591</u>     | <u>11,787,981</u>    |
| Operating loss                               | <u>(1,491,890)</u>    | <u>(1,712,410)</u>   |
| <b>Non-Operating Revenues (Expenses)</b>     |                       |                      |
| Passenger facility charges                   | 1,615,151             | 1,595,246            |
| Customer facility charges                    | 1,354,395             | 1,298,176            |
| Interest revenue                             | 35,760                | 22,959               |
| Gain (loss) on disposal of capital assets    | 44,201                | (5,262)              |
| Interest expense                             | <u>(73,272)</u>       | <u>(108,462)</u>     |
| Total non-operating revenues, net            | <u>2,976,235</u>      | <u>2,802,657</u>     |
| Income before capital contributions          | 1,484,345             | 1,090,247            |
| Capital contributions                        | <u>15,312,051</u>     | <u>12,020,590</u>    |
| Change in net position                       | <u>16,796,396</u>     | <u>13,110,837</u>    |
| Net position, beginning, previously reported | 98,207,986            | 85,522,116           |
| Restatement (Note 5)                         | <u>-</u>              | <u>(424,967)</u>     |
| Net position, beginning, restated            | <u>98,207,986</u>     | <u>85,097,149</u>    |
| Net position, end of year                    | <u>\$ 115,004,382</u> | <u>\$ 98,207,986</u> |

*The accompanying notes are an integral part of these financial statements.*

STATEMENTS OF CASH FLOWS  
For the years ended June 30, 2016 and 2015

|  | <u>2016</u>          | <u>2015</u>          |
|--|----------------------|----------------------|
| <b>Cash Flows from Operating Activities:</b>                         |                      |                      |
| Cash received for providing services                                 | \$ 10,677,900        | \$ 10,005,543        |
| Cash paid for goods and services                                     | (2,771,952)          | (3,512,816)          |
| Cash paid to, or on behalf of, employees for services                | <u>(4,546,613)</u>   | <u>(4,211,068)</u>   |
| Net cash provided by operating activities                            | <u>3,359,335</u>     | <u>2,281,659</u>     |
| <b>Cash Flows from Capital and Related Financing Activities:</b>     |                      |                      |
| Acquisition and construction of capital assets                       | (17,989,184)         | (13,947,252)         |
| Cash received for the sale of capital assets                         | 16,039               | -                    |
| Passenger facility charges   | 1,583,133            | 1,557,246            |
| Customer facility charges  | 1,354,395            | 1,298,176            |
| Principal payments of bond maturities                                | (1,589,996)          | (518,361)            |
| Interest paid on bond maturities                                     | (73,272)             | (108,462)            |
| Capital contributions  | <u>12,936,121</u>    | <u>12,297,392</u>    |
| Net cash provided (used) by capital and related financing activities | <u>(3,762,764)</u>   | <u>578,739</u>       |
| <b>Cash Flows from Investing Activities:</b>                         |                      |                      |
| Interest income  | <u>35,760</u>        | <u>22,959</u>        |
| Net cash provided by investing activities                            | <u>35,760</u>        | <u>22,959</u>        |
| Net increase (decrease) in cash and cash equivalents                 | (367,669)            | 2,883,357            |
| Cash and cash equivalents, beginning of year                         | <u>22,294,813</u>    | <u>19,411,456</u>    |
| Cash and cash equivalents, end of year                               | <u>\$ 21,927,144</u> | <u>\$ 22,294,813</u> |

*The accompanying notes are an integral part of these financial statements.*

STATEMENTS OF CASH FLOWS  
For the years ended June 30, 2016 and 2015

|   | <u>2016</u>         | <u>2015</u>         |
|---|---------------------|---------------------|
| <b>Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:</b> |                     |                     |
| Operating loss  | \$ (1,491,890)      | \$ (1,712,410)      |
| Adjustments to reconcile operating loss to net cash provided by operating activities: |                     |                     |
| Depreciation expense  | 4,675,453           | 4,684,011           |
| Changes in assets, deferred outflows of resources, and liabilities:                   |                     |                     |
| (Increase) decrease in accounts receivable  | 17,801              | (254,223)           |
| (Increase) decrease in prepaid items  | (3,352)             | 1,450               |
| (Increase) decrease in net pension assets   | 298,145             | (269,982)           |
| (Increase) decrease in deferred outflows (pensions)                                   | (17,524)            | (12,321)            |
| Increase (decrease) in net pension liabilities  | 236,175             | (617,157)           |
| Increase (decrease) in deferred inflows (pensions)                                    | (586,264)           | 722,789             |
| Increase (decrease) in accounts payable   | 233,532             | (407,974)           |
| Increase (decrease) in compensated absences   | (55,217)            | (19,507)            |
| Increase (decrease) in accrued liabilities  | 8,806               | 18,628              |
| Increase (decrease) in unearned revenue   | (23,875)            | 76,848              |
| Increase (decrease) in other post-employment benefits                                 | 67,545              | 71,507              |
| Total adjustments   | <u>4,851,225</u>    | <u>3,994,069</u>    |
| Net cash provided by operating activities   | <u>\$ 3,359,335</u> | <u>\$ 2,281,659</u> |
| <b>Non-Cash Capital and Related Financing Activities:</b>                             |                     |                     |
| Value of assets given in trade  | <u>\$ (44,000)</u>  | <u>\$ -</u>         |
| <b>Supplemental Cash Flow Information:</b>  |                     |                     |
| Net change in construction contracts and retainage payable                            | <u>\$ 977,252</u>   | <u>\$ (531,260)</u> |

*The accompanying notes are an integral part of these financial statements.*

# GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2016 AND 2015

### **Note 1 – Organization and Summary of Significant Accounting Policies**

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

#### **A. Reporting Entity**

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

#### **B. Basis of Presentation**

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

Proprietary funds include the following fund type:

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

#### **C. Measurement Focus and Basis of Accounting**

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

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

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

**D. Budgetary Data**

The Authority's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the Enterprise Fund. All annual appropriations lapse at the fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. The Budget Officer may transfer amounts between line item expenditures, within a budget ordinance line item/cost center, without limitation and without a report being required. These changes should not result in increased recurring obligations. The Budget Officer may transfer amounts up to \$60,000 from contingency to other line items within the same fund. An official report on such transfers must be made at the next regular meeting of the Board. Any other amendments must be approved by the governing board. During the year, several amendments to the original budget were made. The budget ordinance must be adopted by May 15 for the upcoming fiscal year, or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

**E. Estimates**

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

**F. Reclassifications**

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

**G. Assets, Liabilities, and Net Position**

**1. Deposits and Investments**

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

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

The Authority's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT- Cash Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT- Term Portfolio's securities are valued at fair value.

**2. Cash and Cash Equivalents**

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

**3. Restricted Assets**

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

*Cash.* The revenue bond agreement requires that the Authority maintain restricted cash reserves equal to fifty percent of the outstanding principal balance of the revenue bonds. The revenue bond agreement also states that if the Authority has maintained rates, rentals, fees, and charges related to the Rental Car Facilities so that net revenues are equal to at least 165% of the principal and interest requirements on the bonds for two consecutive fiscal years, the Authority will not be required to maintain the fifty percent of the outstanding principal balance of the revenue bonds. In the current fiscal year, this criteria was met and no amounts were restricted for the bond. The agreement also requires that net revenues generated from the Rental Car Facilities be maintained in a revenue cash fund to service the operating expenses and debt service of the facility. The revenue bond was paid in full on May 20, 2016. Restricted cash for Rental Car Facilities amounted to \$17 and \$411,920 at June 30, 2016 and 2015, respectively.

The Authority receives from the airline carriers enplaning passengers at the Greater Asheville Regional Airport a facility charge of \$4.50 per passenger. Every air carrier servicing the Airport must collect \$4.50 from passengers on all tickets sold and remit \$4.39 of these funds to the Authority. The Authority must use these funds for Federal Aviation Administration (FAA) approved capital improvement projects. Passenger facility charge collections that have been collected, but not yet disbursed on eligible projects, are restricted. Restricted cash for Passenger Facility Charges amounted to \$5,214,483 and \$3,041,307 at June 30, 2016 and 2015, respectively.

**4. Allowance for Doubtful Accounts**

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. The Authority did not have any accounts that were considered uncollectible by management for the years ended June 30, 2016 and 2015.

**5. Capital Assets**

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. Minimum capitalization cost is \$5,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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



**6. Deferred Outflows and Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Authority has one item that meets this criterion – pension-related deferred outflows.

In addition to liabilities, the Statement of Net Position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Authority has one item that meets this criterion – pension-related deferred inflows.

**7. Compensated Absences**

Airport personnel policies permit an employee to earn vacation based on years of service. Accumulated annual leave in excess of 60 days will be forfeited at December 31, unless it is determined that the employee was prevented from using such leave. Excess leave, where it is determined that the employee was prevented from taking the leave, will be paid with the first payroll of the new calendar year, upon approval of the Executive Director. Employees who resign, are laid off, or otherwise separated from the Authority shall be entitled to be paid for any unused annual leave earned by them as of the date of termination, not to exceed 60 days. Accrued vacation pay amounted to \$246,067 and \$226,045 at June 30, 2016 and 2015, respectively.

A specific number of professional leave hours are available to exempt employees. Employees must be employed for 180 days of the calendar year to be eligible for professional leave for that year. The professional leave does not accrue from year to year. Unused professional leave is not paid upon termination, thus, no accrual has been made.

The Authority's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave is earned by regular, full-time employees at a rate of 12 days per year. All employees who properly resign, are laid off, or otherwise separated from the Authority in good standing shall be entitled to be paid for 33% of up to 240 hours of earned, but unused sick leave. Accrued sick pay amounted to \$80,829 and \$156,068 at June 30, 2016 and 2015, respectively.

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

**8. Pensions**

The Authority participates in one cost-sharing, multiple-employer, defined benefit pension plan that is administered by the State: the Local Governmental Employees' Retirement System (LGERS). For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Authority's employer contributions are recognized when due and the Authority has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. Investments are reported at fair value.

**9. Net Position**

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

**Note 2 – Detailed Notes On All Funds**

**A. Assets**

**1. Deposits**

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

At June 30, 2016, the Authority's deposits had a carrying amount of \$18,887,252 and a bank balance of \$20,711,507. Of the bank balance, \$500,017 was covered by federal depository insurance, and \$20,211,490 was covered under the Pooling Method. The Authority maintains petty cash of \$200.

**2. Investments**

At June 30, 2016, the Authority's investments and maturities were as follows:

| Investment Type   | Valuation             |                     | Less Than<br>6 Months |
|---|-----------------------|---------------------|-----------------------|
|   | Measurement<br>Method | Fair Value          |                       |
| North Carolina Capital Management<br>Trust – Cash Portfolio | Amortized Cost        | \$ 17,213           | N/A                   |
| North Carolina Capital Management<br>Trust – Term Portfolio | Fair Value Level I    | <u>3,022,479</u>    | <u>\$ 3,022,479</u>   |
|   |                       | <u>\$ 3,039,692</u> | <u>\$ 3,022,479</u>   |

The North Carolina Management Trust Term Portfolio had a duration of approximately 2 months at June 30, 2016; therefore, it is presented as an investment with a maturity of less than 6 months.

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

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

*Credit Risk.* State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs); however, the Authority has no formal policy on managing credit risk. As of June 30, 2016, the Authority's investment in the North Carolina Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's. The Authority's investment in North Carolina Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the US government and agencies and in high grade money market instruments as permitted under North Carolina General Statutes 159-30, as amended.

### 3. Accounts Receivable

The balance of accounts receivable at June 30, 2016, and 2015, consisted of the following:

|       | 2016              | 2015              |
|-------|-------------------|-------------------|
| Trade | \$ 780,962        | \$ 654,295        |
| Other | 122,836           | 267,304           |
| Total | <u>\$ 903,798</u> | <u>\$ 921,599</u> |

**4. Capital Assets**

The capital assets of the Authority at June 30, 2016, are as follows:

|                                       | July 1, 2015         | Increases             | Decreases          | Transfers           | June 30, 2016        |
|---------------------------------------|----------------------|-----------------------|--------------------|---------------------|----------------------|
| Non-Depreciable Capital Assets:       |                      |                       |                    |                     |                      |
| Land                                  | \$ 7,217,951         | \$ 375,793            | \$ -               | \$ -                | \$ 7,593,744         |
| Construction in progress              | <u>17,223,915</u>    | <u>18,226,631</u>     | <u>-</u>           | <u>(5,431,615)</u>  | <u>30,018,931</u>    |
| Total non-depreciable capital assets  | <u>24,441,866</u>    | <u>18,602,424</u>     | <u>-</u>           | <u>(5,431,615)</u>  | <u>37,612,675</u>    |
| Depreciable Capital Assets:           |                      |                       |                    |                     |                      |
| Leasehold improvements                | 99,679,078           | -                     | -                  | 5,227,664           | 104,906,742          |
| Equipment                             | 4,827,335            | 271,040               | -                  | 198,259             | 5,296,634            |
| Furniture                             | 221,966              | 24,980                | (1,600)            | 5,692               | 251,038              |
| Vehicles                              | <u>2,831,386</u>     | <u>111,992</u>        | <u>(86,396)</u>    | <u>-</u>            | <u>2,856,982</u>     |
| Total depreciable capital assets      | <u>107,559,765</u>   | <u>408,012</u>        | <u>(87,996)</u>    | <u>5,431,615</u>    | <u>113,311,396</u>   |
| Less Accumulated Depreciation:        |                      |                       |                    |                     |                      |
| Leasehold improvements                | 48,747,857           | 4,257,654             | -                  | -                   | 53,005,511           |
| Equipment                             | 4,007,573            | 260,352               | -                  | -                   | 4,267,925            |
| Furniture                             | 128,227              | 27,148                | (1,600)            | -                   | 153,775              |
| Vehicles                              | <u>1,966,730</u>     | <u>130,299</u>        | <u>(70,558)</u>    | <u>-</u>            | <u>2,026,471</u>     |
| Total accumulated depreciation        | <u>54,850,387</u>    | <u>4,675,453</u>      | <u>(72,158)</u>    | <u>-</u>            | <u>59,453,682</u>    |
| Total depreciable capital assets, net | <u>52,709,378</u>    | <u>\$ (4,267,441)</u> | <u>\$ (15,838)</u> | <u>\$ 5,431,615</u> | <u>53,857,714</u>    |
| Total capital assets, net             | <u>\$ 77,151,244</u> |                       |                    |                     | <u>\$ 91,470,389</u> |

Pursuant to the State statute enacted June 28, 2012 which made the Authority an independent airport authority, the City of Asheville was required to transfer to the Authority, within 90 days of approval by the FAA, all of its rights, title, and interest to the property known as the Asheville Regional Airport. The FAA has not yet granted that approval, the City of Asheville has not yet transferred title to the property to the Authority, and the property is not included in the above balances as of June 30, 2016.

**Construction Commitments**

The Authority has active construction projects as of June 30, 2016. At year-end, the Authority's commitments with contracts are as follows:

| Project                | Spent-to-date        | Remaining<br>Commitment |
|------------------------|----------------------|-------------------------|
| Airport re-development | \$ 24,914,449        | \$ 16,244,095           |
| Parking garage         | 987,340              | 640,235                 |
| Total                  | <u>\$ 25,901,789</u> | <u>\$ 16,884,330</u>    |

**B. Liabilities**

**1. Payables**

Payables at June 30, 2016, and 2015, were as follows:

|                     | <u>Vendors</u>    | <u>Salaries and<br/>Benefits</u> | <u>Security<br/>Deposits</u> | <u>Total</u>      |
|---------------------|-------------------|----------------------------------|------------------------------|-------------------|
| June 30, 2016:      |                   |                                  |                              |                   |
| Accounts payable    | \$ 489,692        | \$ 2,013                         | \$ 17,210                    | \$ 508,915        |
| Accrued liabilities | -                 | 130,206                          | -                            | 130,206           |
| Total               | <u>\$ 489,692</u> | <u>\$ 132,219</u>                | <u>\$ 17,210</u>             | <u>\$ 639,121</u> |
| June 30, 2015:      |                   |                                  |                              |                   |
| Accounts payable    | \$ 257,586        | \$ 7,372                         | \$ 10,425                    | \$ 275,383        |
| Accrued liabilities | -                 | 121,400                          | -                            | 121,400           |
| Total               | <u>\$ 257,586</u> | <u>\$ 128,772</u>                | <u>\$ 10,425</u>             | <u>\$ 396,783</u> |

**2. Pension Plan Obligations**

**a. Local Governmental Employees' Retirement System**

*Plan Description.* The Authority is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

*Benefits Provided.* LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service. Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Authority employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Authority's contractually required contribution rate for the year ended June 30, 2016, was 7.15% of compensation for law enforcement officers and 6.76% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Authority were \$210,066 for the year ended June 30, 2016. For the year ended June 30, 2015, the Authority's contractually required contribution rate was 7.55% for law enforcement officers and 7.07% for general employees. Contributions to the pension plan from the Authority were \$204,511 for the year ended June 30, 2015.

*Refunds of Contributions.* Authority employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By State law, refunds to members with at least five years of service include 4% interest. State law requires a 60-day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

#### **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2016, the Authority reported a liability of \$226,282 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015, utilizing update procedures incorporating the actuarial assumptions. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2015, the Authority's proportion was 0.05042%, which was an increase of 0.00189% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Authority recognized pension expense of \$118,764. At June 30, 2016, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience   | \$ -                                 | \$ 53,189                           |
| Net difference between projected and actual earnings on pension plan investments                               | -                                    | 64,422                              |
| Changes in proportion and differences between Authority contributions and proportionate share of contributions | 11,969                               | 18,914                              |
| Authority contributions subsequent to the measurement date   | <u>210,066</u>                       | <u>-</u>                            |
| Total  | <u>\$ 222,035</u>                    | <u>\$ 136,525</u>                   |

\$210,066 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending |                     |
|-------------|---------------------|
| June 30     | Amount              |
| 2017        | \$ (78,255)         |
| 2018        | (78,255)            |
| 2019        | (78,110)            |
| 2020        | <u>110,064</u>      |
| Total       | <u>\$ (124,556)</u> |

*Actuarial Assumptions.* The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                           |   |
|---------------------------|---|
| Inflation                 | 3.0 percent   |
| Salary increase           | 4.25 to 8.55 percent, including inflation and productivity factor         |
| Investment rate of return | 7.25 percent, net of pension plan investment expense, including inflation |

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2014, valuation were based on the results of an actuarial experience study for the period ending January 1, 2005, through December 31, 2009.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies’ return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2015, are summarized in the following table:

| Asset Class         | Target Allocation | Expected Real Rate of Return |
|---------------------|-------------------|------------------------------|
| Fixed Income        | 29.0%             | 2.2%                         |
| Global Equity       | 42.0%             | 5.8%                         |
| Real Estate         | 8.0%              | 5.2%                         |
| Alternatives        | 8.0%              | 9.8%                         |
| Credit              | 7.0%              | 6.8%                         |
| Inflation Protected | 6.0%              | 3.4%                         |
| Total               | 100.0%            |                              |

The information above is based on 30 year expectations developed with the consulting actuary for the 2014 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

*Discount Rate.* The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contribution from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits payments to determine the total pension liability.

*Sensitivity of the Authority’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.* The following presents the Authority’s proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the Authority’s proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:



|   | 1% Decrease<br><u>(6.25%)</u> | Discount Rate<br><u>(7.25%)</u> | 1% Increase<br><u>(8.25%)</u> |
|---|-------------------------------|---------------------------------|-------------------------------|
| Authority's proportionate share of<br>the net pension liability (asset) | <u>\$ 1,577,896</u>           | <u>\$ 226,282</u>               | <u>\$ (912,423)</u>           |

*Pension plan fiduciary net position.* Detailed information about the pension plan’s fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

**b. Law Enforcement Officers' Special Separation Allowance**

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

All full-time law enforcement officers of the Authority are covered by the Separation Allowance. At December 31, 2015, the Separation Allowance’s membership consisted of:

|   |           |
|---|-----------|
| Retirees receiving benefits   | 1         |
| Terminated plan members entitled to,<br>but not yet receiving, benefits | -         |
| Active plan members   | <u>17</u> |
| Total   | <u>18</u> |

A separate report was not issued for the plan.

*Summary of Significant Accounting Policies*

*Basis of Accounting.* The Authority has chosen to fund the Separation Allowance on a pay-as-you-go basis. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the following criteria, which are outlined in GASB Statements 67 and 68:

- Contributions to the pension plan and earnings on those contributions are irrevocable
- Pension plan assets are dedicated to providing benefits to plan members
- Pension plan assets are legally protected from the creditors or employers, nonemployer contributing entities, the plan administrator, and plan members

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

*Contributions.* The Authority is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay-as-you-go basis through

appropriations made in the Enterprise Fund operating budget. The Authority's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The annual required contribution for the current year was determined as part of the December 31, 2014, actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.25% – 7.85% per year.

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

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

|   |                        |
|---|------------------------|
| Annual required contribution                      | \$ 45,500              |
| Interest on net pension obligation                | (597)                  |
| Adjustment to annual required contribution        | <u>1,049</u>           |
| Annual pension cost                               | 45,952                 |
| Contributions made                                | <u>(24,118)</u>        |
| Increase in net pension obligation (asset)        | 21,834                 |
| Net pension obligation (asset), beginning of year | <u>(11,941)</u>        |
| Net pension obligation (asset), end of year       | <u><u>\$ 9,893</u></u> |

#### Three-Year Trend Information

| Year Ended<br>June 30 | Annual<br>Pension<br>Cost (APC) | Percentage<br>of APC<br>Contributed | Net Pension<br>Obligation<br>(Asset) |
|-----------------------|---------------------------------|-------------------------------------|--------------------------------------|
| 2014                  | \$ 34,525                       | 72.82%                              | \$ (28,163)                          |
| 2015                  | 40,340                          | 72.82%                              | (11,941)                             |
| 2016                  | 45,952                          | 52.49%                              | 9,893                                |

*Funded Status and Funding Progress.* As of December 31, 2015, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$446,133, and the actuarial value of assets was \$-0-, resulting in an unfunded actuarial accrued liability (UAAL) of \$446,133. The covered payroll (annual payroll of active employees covered by the plan) was \$834,877, and the ratio of the UAAL to the covered payroll was 53.44%. The UAAL is being amortized as a level dollar amount of projected payroll on a closed basis. The remaining amortization period at December 31, 2015, was 15 years.

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

**c. Supplemental Retirement Income Plan**

*Plan Description.* The Authority contributes to the Supplemental Retirement Income Plan (the "Plan"), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to employees of the Authority. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (the "CAFR") for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

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

The Authority's contribution for law enforcement officers for the year ended June 30, 2016, was \$37,511, and the officers' voluntary contributions were \$6,695. The Authority's contribution for non-law enforcement officers was \$117,159, with voluntary contributions of \$43,909. For the year ended June 30, 2015, the Authority's contribution for law enforcement officers was \$32,215, and the officers' voluntary contributions were \$6,085. The Authority's contribution for non-law enforcement officers was \$110,578, with voluntary contributions of \$38,959.

**d. Other Employment Benefits**

The Authority has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death, are eligible for death benefits. Lump-sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000, or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan, the Authority does not determine the number of eligible participants. The Authority has no liability beyond the payment of the monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based on rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Authority considers these contributions to be immaterial.

The Department of State Treasurer uses funds derived from court costs to offset employer contribution rates to the LGERS Death Benefit Plan for law enforcement officers. During the fiscal year ended June 30, 2016, these offset funds matched the total contribution rate of .014%.

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

e. **Other Post-Employment Benefits (OPEB)**

**Healthcare Benefits**

*Plan Description.* Under the terms of an Authority resolution, the Authority administers a single-employer defined benefit healthcare plan (the “Retiree Health Plan”). The Plan provides post-employment healthcare benefits to retirees of the Authority up to age 65, provided they participate in the North Carolina Local Governmental Employees’ Retirement System, were hired prior to July 1, 2011, and were covered by the Authority’s group health plan for the three years immediately preceding retirement. The Authority pays the full cost of coverage for these benefits through private insurers. Also, the Authority’s retirees can purchase coverage for their dependents at the Authority’s group rates. Employees hired on or after July 1, 2011, are not eligible for the Authority’s post-employment healthcare benefits. Retirees who qualify for coverage receive the same benefits as active employees. Coverage for all retirees who are eligible for Medicare will no longer be eligible for post-employment healthcare benefits by the Authority. The Authority Board may amend the benefit provisions. A separate report was not issued for the Plan.

Membership of the Retiree Health Plan consisted of the following at December 31, 2015, the date of the latest actuarial valuation:

|   | <u>General<br/>Employees</u> | <u>Firefighters</u> | <u>Law<br/>Enforcement<br/>Officers</u> |
|---|------------------------------|---------------------|---|
| Retirees receiving benefits   | -                            | -                   | 1                                       |
| Terminated plan members entitled to,<br>but not yet receiving, benefits | -                            | -                   | -                                       |
| Active plan members   | <u>26</u>                    | <u>3</u>            | <u>8</u>                                |
| Total   | <u>26</u>                    | <u>3</u>            | <u>9</u>                                |

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

The current ARC rate is 7.48% of annual covered payroll. For the current year, the Authority contributed \$61,833, or 3.15%, of annual covered payroll. The Authority obtains healthcare coverage through private insurers. There were no contributions made by employees, except for dependent coverage in the amount of \$9,935. The Authority’s obligation to contribute to the Retiree Health Plan is established and may be amended by the Authority Board.

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

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

The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

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

|  |                     |
|--|---------------------|
| Annual required contribution               | \$ 147,062          |
| Interest on net OPEB obligation            | 39,954              |
| Adjustment to annual required contribution | <u>(57,638)</u>     |
| Annual OPEB cost (expense)                 | 129,378             |
| Contributions made                         | <u>(61,833)</u>     |
| Increase in net OPEB obligation            | 67,545              |
| Net OPEB obligation, beginning of year     | <u>998,847</u>      |
| Net OPEB obligation, end of year           | <u>\$ 1,066,392</u> |

The Authority’s annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2016 and the preceding two years are as follows:

| Three-Year Trend Information |                        |   |                           |
|------------------------------|------------------------|---|---------------------------|
| Year Ended<br>June 30        | Annual<br>OPEB<br>Cost | Percentage<br>of Annual<br>OPEB Cost<br>Contributed | Net<br>OPEB<br>Obligation |
| 2014                         | \$ 131,631             | 42.80%  | \$ 927,340                |
| 2015                         | 130,547                | 45.23%  | 998,847                   |
| 2016                         | 129,378                | 47.79%  | 1,066,392                 |

*Funding Status and Funding Progress.* As of December 31, 2015, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$938,046. The covered payroll (annual payroll of active employees covered by the Plan) was \$1,965,966, and the ratio of the UAAL to the covered payroll was 47.7%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations, and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing, over time, relative to the actuarial accrued liabilities for benefits.

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

In the December 31, 2015, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 7.75% to 5.00% annually. The investment rate included a 3.00% inflation assumption.

The actuarial value of assets was calculated based on the assumption that there were no assets set aside with the Authority that are legally held exclusively for retiree health benefits. If a trust or equivalent arrangement was set up for this purpose, the investment rate of return can be increased. The UAAL is being amortized as a level dollar amount, on a closed basis. The remaining amortization period at December 31, 2015, was 27 years.

### 3. Changes in Long-Term Liabilities

Changes in long-term liabilities are as follows:

|                                 | <u>July 1, 2015</u> | <u>Additions</u>  | <u>Retirements</u>  | <u>June 30, 2016</u> | <u>Current</u>    |
|---------------------------------|---------------------|-------------------|---------------------|----------------------|-------------------|
| Revenue bonds                   | \$ 1,589,996        | \$ -              | \$ 1,589,996        | \$ -                 | \$ -              |
| Compensated absences            | 382,113             | 212,729           | 267,946             | 326,896              | 209,798           |
| Net pension liability (LEO)     | -                   | 9,893             | -                   | 9,893                |                   |
| Net pension liability (LGERS)   | -                   | 226,282           | -                   | 226,282              | -                 |
| Other post-employment benefits: |                     |                   |                     |                      |                   |
| Healthcare benefits             | <u>998,847</u>      | <u>129,378</u>    | <u>61,833</u>       | <u>1,066,392</u>     | <u>-</u>          |
| Total                           | <u>\$ 2,970,956</u> | <u>\$ 578,282</u> | <u>\$ 1,919,775</u> | <u>\$ 1,629,463</u>  | <u>\$ 209,798</u> |

### 4. Construction Contract Commitments

The Authority has commitments of approximately \$16.9 million for the construction/renovation of facilities. These projects are to be funded through Federal grants, State grants, and passenger facility charges.

The underlying contracts have termination provisions. The contract with an architectural/engineering consulting firm representing approximately \$2.2 million of the commitment amount allows either party to terminate the agreement with a seven-day written notice, as long as the terminating party is not in default of the agreement. The contracts with the other architectural/engineering consulting firms representing approximately \$1.4 million of the commitment allows the Authority to terminate the agreement with a seven-day written notice and the consultant is entitled to payment for work executed and cost incurred by reason of such termination.

Contracts with the construction firms representing approximately \$13.6 million of the commitment amount allows the Authority to either terminate the agreement "for cause" due to failure by the contractor to fulfill contract obligations, or "for the convenience" of the Authority at any time. The contract termination for the convenience of the Authority will provide for an equitable adjustment in the contract price, but no amount will be allowed for anticipated profit on unperformed services.

**C. Deferred Outflows and Inflows of Resources**

Deferred outflows of resources at year-end are as follows:

| Source                    | 2016              | 2015              |
|---------------------------|-------------------|-------------------|
| Pension-related deferrals | \$ 222,035        | \$ 204,511        |
| Total                     | <u>\$ 222,035</u> | <u>\$ 204,511</u> |

Deferred inflows of resources at year-end are as follows:

| Source                    | 2016              | 2015              |
|---------------------------|-------------------|-------------------|
| Pension-related deferrals | \$ 136,525        | \$ 722,789        |
| Total                     | <u>\$ 136,525</u> | <u>\$ 722,789</u> |

**D. Risk Management**

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

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

The Authority's crime insurance covers all employees, with a limit of \$250,000 per loss. The Finance Officer is individually bonded for \$250,000.

**E. Net Position**

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

Unrestricted net position consists of the following:

|  |                      |
|--|----------------------|
| Unrestricted net position, designated for: |                      |
| Operating and maintenance                  | \$ 4,290,100         |
| Emergency repair                           | 650,000              |
| Undesignated, unrestricted net position    | <u>13,379,393</u>    |
| Total                                      | <u>\$ 18,319,493</u> |

**F. Revenue and Expenses****1. Leases and Other Non-Cancelable Agreements**

The Authority leases land and facilities to tenants under various cancelable and non-cancelable agreements. Some agreements require a fixed monthly rent and others require a fee that is the greater of a minimum annual guarantee privilege fee or a percentage of gross sales by the tenant. The future non-cancelable minimum annual rentals and privilege fees to be received under agreements in effect at June 30, 2016, are as follows:

| Year Ended | Amount               |
|------------|----------------------|
| June 30    |                      |
| 2017       | \$ 2,764,156         |
| 2018       | 2,773,927            |
| 2019       | 1,142,399            |
| 2020       | 965,850              |
| 2021       | 776,224              |
| Thereafter | <u>5,615,285</u>     |
| Total      | <u>\$ 14,037,841</u> |

**2. Passenger Facility Charges**

The Authority receives from the airline carriers enplaning passengers at the Greater Asheville Regional Airport a facility charge of \$4.50 per passenger. Every air carrier servicing the Airport must collect \$4.50 from passengers on all tickets sold and remit \$4.39 of these funds to the Authority. The Authority must use these funds for Federal Aviation Administration (FAA) approved capital improvement projects. Revenues from passenger facility charges totaled \$1,615,151 for the year ended June 30, 2016, and \$1,595,246 for the year ended June 30, 2015.

**Note 3 – Summary Disclosure of Significant Contingencies****Federal and State Assisted Programs**

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

**Contingent Liabilities**

The Authority is presently a defendant in a lawsuit and is also subject to potential claims which may arise out of the ordinary conduct of its affairs. It is the opinion of the Authority's management that settlement of these matters, if any, will not have a material adverse effect on the Authority's financial position.

**Note 4 – Subsequent Events**

On July 22, 2016, the Authority approved a construction contract for approximately \$22,000,000 for construction of a new parking facility, to be primarily funded with bonds and the remaining from Authority reserves. On September 12, 2016, the Authority issued 15-year bonds with face value of \$15,750,000 at an interest rate of 2.39%, and 15-year bonds with face value of \$5,250,000 at an interest rate of 2.59%, to finance the parking facility.



**Note 5 – Change in Accounting Principles/Restatement**

The Authority implemented Governmental Accounting Standards Board (GASB) Statement 68, Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27), in the fiscal year ending June 30, 2015. The implementation of the statement required the Authority to record beginning net pension liability and the effects on net position of contributions made by the Authority during the measurement period (fiscal year ending June 30, 2014). As a result, net position decreased by \$424,967.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY**

**LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
REQUIRED SUPPLEMENTARY INFORMATION**

For the year ended June 30, 2016

Schedule of Funding Progress

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets<br>(A) | Actuarial<br>Accrued<br>Liability (AAL)<br>(B) | Funded<br>Ratio<br>(A/B) | Unfunded<br>AAL (UAAL)<br>(B-A) | Covered<br>Payroll<br>(C) | UAAL as a<br>% of Covered<br>Payroll<br>((B-A)/C) |
|--------------------------------|--|--|--------------------------|---------------------------------|---------------------------|---|
| 12/31/2010                     | \$ -                                   | \$ 252,074                                     | 0.00%                    | \$ 252,074                      | \$ 552,075                | 45.66%  |
| 12/31/2011                     | -                                      | 235,796  | 0.00%                    | 235,796                         | 606,418                   | 38.88%  |
| 12/31/2012                     | -                                      | 283,588  | 0.00%                    | 283,588                         | 657,785                   | 43.11%  |
| 12/31/2013                     | -                                      | 303,432  | 0.00%                    | 303,432                         | 571,094                   | 53.13%  |
| 12/31/2014                     | -                                      | 340,740  | 0.00%                    | 340,740                         | 607,373                   | 56.10%  |
| 12/31/2015                     | -                                      | 446,133  | 0.00%                    | 446,133                         | 834,877                   | 53.44%  |

**GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY**

**OTHER POST-EMPLOYMENT BENEFITS - RETIREE HEALTH PLAN  
REQUIRED SUPPLEMENTARY INFORMATION**

For the year ended June 30, 2016

Schedule of Funding Progress

| Actuarial Valuation Date | Actuarial Value of Assets (A) | Actuarial Accrued Liability (AAL) (B) | Funded Ratio (A/B) | Unfunded AAL (UAAL) (B-A) | Covered Payroll (C) | UAAL as a % of Covered Payroll ((B-A)/C) |
|--------------------------|-------------------------------|---------------------------------------|--------------------|---------------------------|---------------------|--|
| 6/30/2008                | \$ -                          | \$ 752,739                            | 0.00%              | \$ 752,739                | \$ 1,834,165        | 41.04%                                   |
| 6/30/2009                | -                             | 915,011                               | 0.00%              | 915,011                   | 2,545,647           | 35.94%                                   |
| 12/31/2009               | -                             | 1,058,716                             | 0.00%              | 1,058,716                 | 2,265,417           | 46.73%                                   |
| 12/31/2012               | -                             | 1,016,647                             | 0.00%              | 1,016,647                 | 2,413,329           | 42.13%                                   |
| 12/31/2015               | -                             | 938,046                               | 0.00%              | 938,046                   | 1,965,966           | 47.71%                                   |

Schedule of Employer Contributions

| Year Ended June 30 | Annual Required Contribution (ARC) | Percentage of ARC Contributed |
|--------------------|------------------------------------|-------------------------------|
| 2011               | \$ 145,738                         | 40.04%                        |
| 2012               | 145,738                            | 37.67%                        |
| 2013               | 144,929                            | 34.97%                        |
| 2014               | 144,929                            | 38.91%                        |
| 2015               | 145,955                            | 40.45%                        |
| 2016               | 147,062                            | 42.05%                        |

**GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY**

AUTHORITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)  
 REQUIRED SUPPLEMENTARY INFORMATION  
 Last Three Fiscal Years\*

**Local Governmental Employees' Retirement System**

|   | <u>2016</u> | <u>2015</u>  | <u>2014</u> |
|---|-------------|--------------|-------------|
| Authority's proportion of the net pension liability (asset) (%)   | 0.05042%    | 0.04853%     | 0.05120%    |
| Authority's proportion of the net pension liability (asset) (\$)  | \$ 226,282  | \$ (286,204) | \$ 617,157  |
| Authority's covered-employee payroll  | 2,861,908   | 2,699,905    | 2,574,058   |
| Authority's proportionate share of the net pension liability<br>(asset) as a percentage of its covered-employee payroll | 7.91%       | ( 10.60%)    | 23.98%      |
| Plan fiduciary net position as a percentage of the total pension<br>liability**   | 98.09%      | 102.64%      | 94.35%      |

\* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

\*\* This will be the same percentage for all participant employers in the LGERS plan.

**GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY**

**SCHEDULE OF AUTHORITY'S CONTRIBUTIONS  
REQUIRED SUPPLEMENTARY INFORMATION  
Last Three Fiscal Years**

**Local Governmental Employees' Retirement System**

|   | <u>2016</u>    | <u>2015</u>    | <u>2014</u>    |
|---|----------------|----------------|----------------|
| Contractually required contribution                                     | \$ 210,066     | \$ 204,511     | \$ 192,190     |
| Contributions in relation to the contractually<br>required contribution | <u>210,066</u> | <u>204,511</u> | <u>192,190</u> |
| Contribution deficiency (excess)  | <u>\$ -</u>    | <u>\$ -</u>    | <u>\$ -</u>    |
| Authority's covered-employee payroll                                    | \$ 3,067,020   | \$ 2,861,908   | \$ 2,699,905   |
| Contributions as a percentage of<br>covered-employee payroll            | 6.85%          | 7.15%          | 7.12%          |

## **SUPPLEMENTARY INFORMATION**

**GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY**

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)

For the year ended June 30, 2016

With comparative actual amounts for the year ended June 30, 2015

|  | 2016                |                     |                        | 2015               |
|--|---------------------|---------------------|------------------------|--------------------|
|  | Final<br>Budget     | Actual              | Variance<br>Over/Under | Actual             |
| <b>Revenues:</b>                       |                     |                     |                        |                    |
| Terminal                               | \$ 4,092,542        | \$ 5,133,966        | \$ 1,041,424           | \$ 4,456,640       |
| Airfield                               | 810,753             | 1,009,331           | 198,578                | 858,828            |
| General aviation                       | 1,009,468           | 1,001,333           | (8,135)                | 980,101            |
| Parking lot                            | 2,861,100           | 3,296,169           | 435,069                | 3,161,537          |
| Interest income                        | 22,000              | 35,760              | 13,760                 | 22,959             |
| Other                                  | 157,600             | 336,994             | 179,394                | 410,444            |
| Reimbursable costs                     | 276,700             | 54,908              | (221,792)              | 208,021            |
| Customer facility charges              | 1,250,000           | 1,354,395           | 104,395                | 1,298,176          |
| Total revenues                         | <u>10,480,163</u>   | <u>12,222,856</u>   | <u>1,742,693</u>       | <u>11,396,706</u>  |
| <b>Expenditures:</b>                   |                     |                     |                        |                    |
| Administration                         | 515,963             | 435,500             | 80,463                 | 426,408            |
| Development                            | 457,310             | 454,363             | 2,947                  | 285,612            |
| Executive                              | 823,821             | 520,962             | 302,859                | 516,627            |
| Finance                                | 406,264             | 382,127             | 24,137                 | 355,394            |
| Guest services                         | 209,959             | 186,296             | 23,663                 | 178,506            |
| Information technology                 | 731,212             | 676,912             | 54,300                 | 622,120            |
| Marketing                              | 571,953             | 505,016             | 66,937                 | 422,742            |
| Operations                             | 3,264,359           | 2,964,902           | 299,457                | 2,813,430          |
| Public safety                          | 1,495,151           | 1,356,811           | 138,340                | 1,255,395          |
| Business development:                  |                     |                     |                        |                    |
| Operating expenditures                 | 300,000             | 100,274             | 199,726                | 110,532            |
| Debt service                           | 1,663,299           | 1,663,268           | 31                     | 626,823            |
| Emergency repair:                      |                     |                     |                        |                    |
| Operating expenditures                 | 75,000              | 12,989              | 62,011                 | 14,348             |
| Reimbursable costs                     | 276,700             | 54,908              | 221,792                | 208,020            |
| Contingency                            | 18,041              | -                   | 18,041                 | -                  |
| Equipment and small capital outlay     | 435,651             | 280,224             | 155,427                | 14,055             |
| Renewal and replacement capital outlay | 1,820,527           | 459,581             | 1,360,946              | 520,425            |
| Capital project expenditures:          |                     |                     |                        |                    |
| Prior year approved projects           | 14,105,102          | 11,696,126          | 2,408,976              | 11,240,045         |
| New projects in current year           | 16,335,459          | 6,530,505           | 9,804,954              | 1,641,467          |
| Total expenditures                     | <u>43,505,771</u>   | <u>28,280,764</u>   | <u>15,225,007</u>      | <u>21,251,949</u>  |
| Revenues over (under) expenditures     | <u>(33,025,608)</u> | <u>(16,057,908)</u> | <u>16,967,700</u>      | <u>(9,855,243)</u> |



**GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY**

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)

For the year ended June 30, 2016

With comparative actual amounts for the year ended June 30, 2015

|  | 2016              |                      |                        | 2015                 |
|--|-------------------|----------------------|------------------------|----------------------|
|  | Final<br>Budget   | Actual               | Variance<br>Over/Under | Actual               |
| <b>Other Financing Sources (Uses):</b>   |                   |                      |                        |                      |
| State grant reimbursements   | 74,217            | 74,217               | -                      | 1,125,783            |
| Federal airport improvement program grants   | 24,779,326        | 15,237,834           | (9,541,492)            | 10,894,807           |
| Passenger facility charges   | 1,642,500         | 1,615,151            | (27,349)               | 1,595,246            |
| Proceeds on sale of assets   | -                 | 16,039               | 16,039                 | -                    |
| Appropriated net position  | 6,529,565         | -                    | (6,529,565)            | -                    |
| Total other financing sources (uses)   | <u>33,025,608</u> | <u>16,943,241</u>    | <u>(16,082,367)</u>    | <u>13,615,836</u>    |
| Revenues and other financing sources over<br>expenditures and other financing uses     | <u>\$ -</u>       | 885,333              | <u>\$ 885,333</u>      | 3,760,593            |
| <b>Reconciliation From Budgetary Basis<br/>(Modified Accrual) to Full Accrual:</b>     |                   |                      |                        |                      |
| Capital outlay expenditures  |                   | 739,805              |                        | 534,480              |
| Capital project expenditures   |                   | 18,226,631           |                        | 12,881,512           |
| Principal payments of bond maturities  |                   | 1,589,996            |                        | 518,361              |
| OPEB annual required contribution in<br>excess of actual payments                      |                   | (67,545)             |                        | (71,507)             |
| LEO special separation allowance actual<br>payments in excess of required contribution |                   | (21,834)             |                        | (16,222)             |
| Increase (decrease) in net pension asset (LGERS)                                       |                   | (286,204)            |                        | 286,204              |
| Increase (decrease) in deferred outflows of resources - pension                        |                   | 17,524               |                        | 12,321               |
| (Increase) decrease in net pension liability (LGERS)                                   |                   | (226,282)            |                        | 617,157              |
| (Increase) decrease in deferred inflows of resources - pension                         |                   | 586,264              |                        | (722,789)            |
| Book value of disposed assets  |                   | (15,839)             |                        | -                    |
| Trade-in value of disposed assets  |                   | 44,000               |                        | (5,262)              |
| Depreciation   |                   | <u>(4,675,453)</u>   |                        | <u>(4,684,011)</u>   |
| Change in net position   |                   | <u>\$ 16,796,396</u> |                        | <u>\$ 13,110,837</u> |

**GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY**

CAPITAL IMPROVEMENTS SUPPLEMENTAL SCHEDULE  
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)  
 From inception and for the year ended June 30, 2016

|  | Project<br>Authorization | Actual<br>Prior<br>Years | Actual<br>Current<br>Year | Actual<br>Total<br>to Date | Variance<br>Positive<br>(Negative) |
|--|--------------------------|--------------------------|---------------------------|----------------------------|------------------------------------|
| <b>Revenues:</b>   |                          |                          |                           |                            |                                    |
| Federal airport improvement program grants   | \$ 40,843,972            | \$ 16,289,705            | \$ 15,237,834             | \$ 31,527,539              | \$ (9,316,433)                     |
| Passenger facility charges   | 5,139,089                | 944,696                  | 1,412,837                 | 2,357,533                  | (2,781,556)                        |
| State grants   | <u>3,700,000</u>         | <u>3,625,783</u>         | <u>74,217</u>             | <u>3,700,000</u>           | <u>-</u>                           |
| Total operating revenues   | <u>49,683,061</u>        | <u>20,860,184</u>        | <u>16,724,888</u>         | <u>37,585,072</u>          | <u>(12,097,989)</u>                |
| <b>Expenditures:</b>   |                          |                          |                           |                            |                                    |
| Aircraft Rescue & Fire Fighting Facility   | 5,078,159                | 4,742,977                | -                         | 4,742,977                  | 335,182                            |
| Airfield Improvements - Phase 1  | 4,289,216                | 4,289,216                | -                         | 4,289,216                  | -                                  |
| Airfield Re-Development - Bid Package 1  | 11,868,128               | 10,186,524               | 124,980                   | 10,311,504                 | 1,556,624                          |
| Airfield Re-Development - Bid Package 2  | 13,057,678               | 1,250,390                | 11,571,146                | 12,821,536                 | 236,142                            |
| Airfield Re-Development - Bid Package 3  | 14,707,884               | 391,077                  | 5,367,782                 | 5,758,859                  | 8,949,025                          |
| Parking Garage Design and Construction   | 1,627,575                | -                        | 1,127,000                 | 1,127,000                  | 500,575                            |
| Other  | <u>174,932</u>           | <u>-</u>                 | <u>35,723</u>             | <u>35,723</u>              | <u>139,209</u>                     |
| Total expenditures   | <u>50,803,572</u>        | <u>20,860,184</u>        | <u>18,226,631</u>         | <u>39,086,815</u>          | <u>11,716,757</u>                  |
| Revenues under expenditures  | <u>(1,120,511)</u>       | <u>-</u>                 | <u>(1,501,743)</u>        | <u>(1,501,743)</u>         | <u>(381,232)</u>                   |
| <b>Other Financing Sources:</b>  |                          |                          |                           |                            |                                    |
| Transfers from operating cash  | <u>1,120,511</u>         | <u>-</u>                 | <u>1,501,743</u>          | <u>1,501,743</u>           | <u>381,232</u>                     |
| Total other financing sources  | <u>1,120,511</u>         | <u>-</u>                 | <u>1,501,743</u>          | <u>1,501,743</u>           | <u>381,232</u>                     |
| Revenues and other financing sources over<br>expenditures and other financing uses | <u>\$ -</u>              | <u>\$ -</u>              | <u>\$ -</u>               | <u>\$ -</u>                | <u>\$ -</u>                        |

**Note:** Schedule represents cumulative activity for active capital improvement projects. Budget and actual activity is accounted for in the Operating Fund; not a separate fund. This schedule is for additional detail of active capital improvement projects.

## **COMPLIANCE SECTION**

**Report on Internal Control over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial Statements Performed  
in Accordance with *Government Auditing Standards***

**Independent Auditors' Report**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the business-type activities of the Greater Asheville Regional Airport Authority, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Greater Asheville Regional Airport Authority's basic financial statements, and have issued our report, thereon, dated November 30, 2016.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

Asheville, North Carolina  
November 30, 2016

**Report on Compliance for Each Major Federal Program and Passenger Facility Charge (PFC) Program; Report on Internal Control Over Compliance; With Uniform Guidance and the State Single Audit Implementation Act**

**Independent Auditors' Report**

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

**Report on Compliance for Each Major Federal Program**

We have audited the Greater Asheville Regional Airport Authority's compliance with the types of compliance requirements described in OMB Compliance Supplement, the Passenger Facility Charge (PFC) Audit Guide for Public Agencies, and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Greater Asheville Regional Airport Authority's major federal programs and PFC program for the year ended June 30, 2016. The Greater Asheville Regional Airport Authority's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Responses.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Greater Asheville Regional Airport Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the *Passenger Facility Charge Audit Guide* for Public Agencies; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, the PFC Program Audit Compliance Guide, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program, or the PFC program, occurred. An audit includes examining, on a test basis, evidence about the Greater Asheville Regional Airport Authority's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program and the Passenger Facility Charge (PFC) Program. However, our audit does not provide a legal determination of the Greater Asheville Regional Airport Authority's compliance.

### **Opinion on Each Major Federal Program and PFC Program**

In our opinion, the Greater Asheville Regional Airport Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program and the PFC Program for the year ended June 30, 2016.

### **Report on Internal Control Over Compliance**

Management of the Greater Asheville Regional Airport Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program, or the PFC Program, to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the Passenger Facility Charge Audit Guide for Public Agencies, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the Passenger Facility Charge Audit Guide for Public Agencies. Accordingly, this report is not suitable for any other purpose.

Asheville, North Carolina  
November 30, 2016

**Report on Compliance for Each Major State Program; Report on Internal  
Control over Compliance; In Accordance with Uniform Guidance  
and the State Single Audit Implementation Act**

**Independent Auditors' Report**

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

**Report on Compliance for Each Major State Program**

We have audited the Greater Asheville Regional Airport Authority's compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on the Greater Asheville Regional Airport Authority's major State program for the year ended June 30, 2016. The Greater Asheville Regional Airport Authority's major State program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Responses.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Greater Asheville Regional Airport Authority's major State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and applicable sections Title 2 US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the Greater Asheville Regional Airport Authority's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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



## **Opinion on Each Major State Program**

In our opinion, the Greater Asheville Regional Airport Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major State program for the year ended June 30, 2016.

## **Report on Internal Control Over Compliance**

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

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

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

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

Asheville, North Carolina  
November 30, 2016

**GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY**

**SCHEDULE OF FINDINGS AND RESPONSES**  
For the year ended 30, 2016

**1. Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued on whether the financial statements were prepared in accordance to GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?        Yes   X   No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?        Yes   X   None reported
- Non-compliance material to financial statements noted?        Yes   X   No

**Federal Awards**

Internal control over major federal program:

- Material weakness(es) identified?        Yes   X   No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?        Yes   X   None reported

Type of auditor's report issued on compliance for major federal program Unmodified

- Any findings disclosed that are required to be reported in accordance with 2 CFR 500.516(a)?        Yes   X   No

Identification of major federal program:

**Name of Federal Program or Cluster**

**CFDA #**

Airport Improvement Program

20.106

Dollar threshold used to distinguish between Type A and Type B Programs

\$750,000

Auditee qualified as low-risk auditee?

  X   Yes        No

**GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY**

**SCHEDULE OF FINDINGS AND RESPONSES**

For the year ended 30, 2016

**1. Summary of Auditor's Results (continued)**

**State Awards**

Internal control over major State program:

- Material weakness(es) identified?                    \_\_\_\_\_ Yes          X   No
  
- Significant deficiency(ies) identified  
that are not considered to be material  
weaknesses?                    \_\_\_\_\_ Yes          X   None reported

Type of auditor's report issued on  
compliance for major state program                    Unmodified

- Any findings disclosed that are required  
to be reported in accordance with the  
State Single Audit Implementation Act?                    \_\_\_\_\_ Yes          X   No

Identification of major State program:

**Name of State Program**

State Aid to Airports, DOT-8  
Project #36244.15.17.1

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

None reported.

**3. Federal Award Findings and Questioned Costs**

None reported.

**4. State Award Findings and Questioned Costs**

None reported.

**GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY**

**SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS**

For the year ended 30, 2016

There were no prior year audit findings.

**GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

For the year ended June 30, 2016

| <b>Grantor/Pass-Through<br/>Grantor/Program Title</b>   | <b>Federal<br/>CFDA<br/>Number</b> | <b>Federal<br/>(Direct and<br/>Pass-Through)<br/>Expenditures</b> | <b>State<br/>Expenditures</b> | <b>Local<br/>Expenditures</b> |
|---|------------------------------------|---|-------------------------------|-------------------------------|
| <b>Federal Awards:</b>                                  |                                    |   |                               |                               |
| <u>U.S. Department of Transportation</u>                |                                    |   |                               |                               |
| Federal Aviation Administration                         |                                    |   |                               |                               |
| Direct Program:   |                                    |   |                               |                               |
| Airport Improvement Program                             | 20.106                             | \$ 15,237,834   | \$ -                          | \$ 1,751,857                  |
| Total federal awards                                    |                                    | <u>15,237,834</u>   | <u>-</u>                      | <u>1,751,857</u>              |
| <b>State Awards:</b>                                    |                                    |   |                               |                               |
| <u>N.C. Department of Transportation</u>                |                                    |   |                               |                               |
| State Aid to Airports, DOT-8,<br>Project #36244.15.17.1 |                                    |   |                               |                               |
|   |                                    | <u>-</u>  | <u>1,274,217</u>              | <u>-</u>                      |
| Total state awards                                      |                                    | <u>-</u>  | <u>1,274,217</u>              | <u>-</u>                      |
| Total federal and state awards                          |                                    | <u>\$ 15,237,834</u>  | <u>\$ 1,274,217</u>           | <u>\$ 1,751,857</u>           |

**Passenger Facility Charges:**

|  |                     |
|--|---------------------|
| Capital improvements                                       |                     |
| Application approved number                                | 11-05-C-00-AVL      |
| Beginning balance, unliquidated Passenger Facility Charges | \$ 2,629,387        |
| Passenger Facility Charges collected                       | 1,592,065           |
| Expenditures   | <u>(1,412,837)</u>  |
| Ending balance, unliquidated Passenger Facility Charges    | <u>\$ 2,808,615</u> |

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

The accompanying Schedule of Expenditures of Federal and State Awards includes the Federal and State grant activity of the Greater Asheville Regional Airport Authority and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 US *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; the Passenger Facility Charge Audit Guide for Public Agencies; and the State Single Audit Implementation Act. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.



## **MEMORANDUM**

TO: Members of the Airport Authority

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

DATE: December 9, 2016

### **ITEM DESCRIPTION – New Business Item B**

Adoption of the Asheville Regional Airport Five-Year Capital Improvement Plan (CIP) for FY 2018-2022

### **BACKGROUND**

The Federal Aviation Administration (FAA) requires all airports to submit a Five-Year CIP to be eligible for federal project funding. The CIP is used to update the National Plan of Integrated Airport Systems (NPIAS) and allows the FAA to update the NPIAS program based upon available funding levels. The CIP requires approval by the Airport Board.

CIP priorities through FY 22 provide for funding of projects and equipment beyond the end of the current Airfield Re-development Project. The items identified are consistent with the short and mid-range capital equipment and improvement requirements identified in the Airport Master Plan.

### **ISSUES**

None.

### **ALTERNATIVES**

None.



## **FISCAL IMPACT**

The Five-Year CIP is considered a planning and administrative tool for authority staff, the FAA, and the NCDOT Division of Aviation. Adopting the CIP does not approve any contracts nor provide staff with any authorization to award design or construction projects. Staff will present individual CIP projects to the Authority Board in accordance with all applicable Authority policies.

## **RECOMMENDED ACTION**

It is respectfully requested that the Greater Asheville Regional Airport Authority Board resolve to adopt the Asheville Regional Airport Five-Year Capital Improvement Plan.

# GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY

| Airport Capital Improvement Program - Fiscal Years 2018-2022                          |                      |                      |                      |                     |                     |                     |                         |             |             |                      | APPROVED: DRAFT 11-22-16 |  |  |  |
|---|----------------------|----------------------|----------------------|---------------------|---------------------|---------------------|-------------------------|-------------|-------------|----------------------|--------------------------|--|--|--|
| Description   | Total Cost           | AIP Entitlements     | AIP Discretionary    | State Funds         | Pay-As-You-Go PFC   |                     | Other Local Funds       |             |             | Total Funding        |                          |  |  |  |
|   |                      |                      |                      |                     | Current Approval    | Future Approvals    | Airport Capital         | Other       | CFC         |                      |                          |  |  |  |
| <b>Current Year</b>   |                      |                      |                      |                     |                     |                     |                         |             |             |                      |                          |  |  |  |
| <b>FY 2017 (Oct 1, 2016 - Sept 30, 2017)</b>  |                      |                      |                      |                     |                     |                     |                         |             |             |                      |                          |  |  |  |
| Airfield Improvements Program - Bid Package 4/Runway Construction (Paving/Electrical) | \$ 35,324,718        | \$ 2,769,447         | \$ 18,052,242        | \$ 300,000          | \$ 5,501,511        | \$ 5,776,718        | \$ 2,924,800            | \$ -        | \$ -        | \$ 35,324,718        |                          |  |  |  |
| Parking Garage Construction   | \$ 21,938,700        | \$ -                 | \$ -                 | \$ -                | \$ -                | \$ -                | \$ 21,938,700           | \$ -        | \$ -        | \$ 21,938,700        |                          |  |  |  |
|   |                      | \$ -                 | \$ -                 | \$ -                | \$ -                | \$ -                | \$ -                    | \$ -        | \$ -        | \$ -                 |                          |  |  |  |
| <b>Subtotal FY 2017</b>   | <b>\$ 57,263,418</b> | <b>\$ 2,769,447</b>  | <b>\$ 18,052,242</b> | <b>\$ 300,000</b>   | <b>\$ 5,501,511</b> | <b>\$ 5,776,718</b> | <b>\$ 24,863,500.00</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 57,263,418</b> |                          |  |  |  |
| <b>FY 2018 (Oct 1, 2017 - Sept 30, 2018)</b>  |                      |                      |                      |                     |                     |                     |                         |             |             |                      |                          |  |  |  |
| Terminal Apron Extension  | \$ 400,000           | \$ 360,000           | \$ -                 | \$ -                | \$ -                | \$ -                | \$ 40,000               | \$ -        | \$ -        | \$ 400,000           |                          |  |  |  |
| Security System Improvements  | \$ 1,538,581         | \$ 1,384,723         | \$ -                 | \$ -                | \$ -                | \$ -                | \$ 153,858              | \$ -        | \$ -        | \$ 1,538,581         |                          |  |  |  |
| Snow Removal Equipment - Broom & Blower   | \$ 1,580,280         | \$ 1,024,724         | \$ -                 | \$ 500,000          | \$ -                | \$ -                | \$ 55,556               | \$ -        | \$ -        | \$ 1,580,280         |                          |  |  |  |
| <b>Subtotal FY 2018</b>   | <b>\$ 3,518,861</b>  | <b>\$ 2,769,447</b>  | <b>\$ -</b>          | <b>\$ 500,000</b>   | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ 249,414</b>       | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 3,518,861</b>  |                          |  |  |  |
| <b>FY 2019 (Oct 1, 2018 - Sept 30, 2019)</b>  |                      |                      |                      |                     |                     |                     |                         |             |             |                      |                          |  |  |  |
| Wright Brothers Way Extension   | \$ 3,000,000         | \$ 1,000,000         | \$ -                 | \$ -                | \$ -                | \$ -                | \$ 2,000,000            | \$ -        | \$ -        | \$ 3,000,000         |                          |  |  |  |
| Snow Removal Equipment - Snow Plow Trucks   | \$ 2,400,000         | \$ 1,769,447         | \$ -                 | \$ 500,000          | \$ -                | \$ -                | \$ 130,553              | \$ -        | \$ -        | \$ 2,400,000         |                          |  |  |  |
|   | \$ -                 | \$ -                 | \$ -                 | \$ -                | \$ -                | \$ -                | \$ -                    | \$ -        | \$ -        | \$ -                 |                          |  |  |  |
| <b>Subtotal FY 2019</b>   | <b>\$ 5,400,000</b>  | <b>\$ 2,769,447</b>  | <b>\$ -</b>          | <b>\$ 500,000</b>   | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ 2,130,553</b>     | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 5,400,000</b>  |                          |  |  |  |
| <b>FY 2020 (Oct 1, 2019 - Sept 30, 2020)</b>  |                      |                      |                      |                     |                     |                     |                         |             |             |                      |                          |  |  |  |
| Terminal Apron Repairs  | \$ 1,111,111         | \$ 1,000,000         | \$ -                 | \$ -                | \$ -                | \$ -                | \$ 111,111              | \$ -        | \$ -        | \$ 1,111,111         |                          |  |  |  |
| Terminal Apron Expansion - Phase I  | \$ 2,466,052         | \$ 1,769,447         | \$ -                 | \$ 500,000          | \$ -                | \$ -                | \$ 196,605              | \$ -        | \$ -        | \$ 2,466,052         |                          |  |  |  |
| <b>Subtotal FY 2020</b>   | <b>\$ 3,577,163</b>  | <b>\$ 2,769,447</b>  | <b>\$ -</b>          | <b>\$ 500,000</b>   | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ 307,716</b>       | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 3,577,163</b>  |                          |  |  |  |
| <b>FY 2021 (Oct 1, 2020 - Sept 30, 2021)</b>  |                      |                      |                      |                     |                     |                     |                         |             |             |                      |                          |  |  |  |
| Terminal Apron Expansion - Phase II   | \$ 3,577,163         | \$ 2,769,447         | \$ -                 | \$ 500,000          | \$ -                | \$ -                | \$ 307,716              | \$ -        | \$ -        | \$ 3,577,163         |                          |  |  |  |
|   |                      | \$ -                 | \$ -                 | \$ -                | \$ -                | \$ -                | \$ -                    | \$ -        | \$ -        | \$ -                 |                          |  |  |  |
| <b>Subtotal FY 2021</b>   | <b>\$ 3,577,163</b>  | <b>\$ 2,769,447</b>  | <b>\$ -</b>          | <b>\$ 500,000</b>   | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ 307,716</b>       | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 3,577,163</b>  |                          |  |  |  |
| <b>FY 2022 (Oct 1, 2021 - Sept 30, 2022)</b>  |                      |                      |                      |                     |                     |                     |                         |             |             |                      |                          |  |  |  |
| Roadway Improvements & Rehab.   | \$ 5,555,556         | \$ 2,769,447         | \$ 2,230,553         | \$ 500,000          | \$ -                | \$ -                | \$ 55,556               | \$ -        | \$ -        | \$ 5,555,556         |                          |  |  |  |
|   | \$ -                 | \$ -                 | \$ -                 | \$ -                | \$ -                | \$ -                | \$ -                    | \$ -        | \$ -        | \$ -                 |                          |  |  |  |
| <b>Subtotal FY 2022</b>   | <b>\$ 5,555,556</b>  | <b>\$ 2,769,447</b>  | <b>\$ 2,230,553</b>  | <b>\$ 500,000</b>   | <b>\$ -</b>         | <b>\$ -</b>         | <b>\$ 55,556</b>        | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 5,555,556</b>  |                          |  |  |  |
| <b>Total - FY 2018 - FY 2022</b>  | <b>\$ 78,892,161</b> | <b>\$ 16,616,682</b> | <b>\$ 20,282,795</b> | <b>\$ 2,800,000</b> | <b>\$ 5,501,511</b> | <b>\$ 5,776,718</b> | <b>\$ 27,914,455</b>    | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 78,892,161</b> |                          |  |  |  |
| <b>General Note: Parking Garage total includes 5% allowance.</b>                      |                      |                      |                      |                     |                     |                     |                         |             |             |                      |                          |  |  |  |





## **MEMORANDUM**

TO: Members of the Airport Authority

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

DATE: December 9, 2016

### **ITEM DESCRIPTION – New Business Item C**

Approve Change Order Nos. 1 and 2 to Agreement with GLF Construction Corporation for the Airfield Re-development Program - Bid Package 3

### **BACKGROUND**

The Airport Authority Board approved the contract with GLF Construction Corporation for BP-3 construction at its meeting on March 11, 2016 in the amount of \$14,007,508.90.

Change Order No. 1 includes the re-design/re-sizing of a drainage structure, a change in the height and quantity of chain link fence, and the addition of an 18 inch security grate for a storm drain pipe.

Change Order No. 2 includes the addition of an 18 inch security grate, additional pipe, re-grading around a light tower, and the reduction of soil and pipe quantities where they were not needed as a result of field conditions determined during construction, resulting in decrease in the total contract amount.

### **ISSUES**

None.

### **ALTERNATIVES**

There are no alternatives. In each of the above cases, the changes were required to be made given the field conditions present on the site during construction.

New Business – Item C



## **FISCAL IMPACT**

The total amount of Change Order No. 1 is \$74,717.86, which increases the contract amount from \$14,007,508.90 to \$14,082,226.76. The total amount of Change Order No. 2 is (\$3,684.01) which decreases the adjusted amount of the contract (from Change Order No. 1) from \$14,082,226.76 to \$14,078,542.75.

The overall additional amount of \$71,033.85 over the original contract price is within the allowance set by the Board when the contract was awarded.

## **RECOMMENDED ACTION**

It is respectfully requested that the Greater Asheville Regional Airport Authority Board resolve to (1) approve Change Order Nos. 1 and 2 to the Agreement with GLF Construction Corporation; and (2) authorize the Executive Director to sign the necessary documents.

RECEIVED  
OCT 19 2016

CHANGE ORDER NO. 1

BY: \_\_\_\_\_

ASHEVILLE REGIONAL AIRPORT  
AIRFIELD REDEVELOPMENT PROGRAM  
BID PACKAGE 3 – Permanent Runway 17-35 Construction, Site Preparation and NAVAIDS  
FAA AIP NO. 3-37-0005-046-2016

CLIENT: Greater Asheville Regional Airport Authority  
Asheville Regional Airport  
61 Terminal Drive, Suite 1  
Fletcher, NC 28732

CONTRACTOR: GLF Construction Corporation  
31 College Place, Bldg D, Suite 304  
Asheville, NC 28801

ENGINEER: AVCON, Inc.  
8604 Cliff Cameron Drive, Suite 145  
Charlotte, NC 28269

Notice to Proceed Date March April 11, 2016

**The following changes are hereby made to the Contract Documents:**

1. RFP-002 requested by GARAA included the re-design of drainage structure S-69 for a total cost increase of \$12,252.00 to the overall contract amount.
2. RFP-003 requested by GARAA included a change in the proposed chain link fence from 6' to 10' height for a total cost increase of \$57,665.86 to the overall contract amount.
3. RFP-004 requested by GARAA included the addition of one 18" security grate for a total cost increase of \$4,800.00

**Attachments: (List documents supporting change)**

- 1) Request for Proposal pricing attached.

CHANGE IN CONTRACT PRICE:

|  |                         |
|--|-------------------------|
| Original Contract Price:                                       | \$ <u>14,007,508.90</u> |
| Previous Change Orders:  | \$ <u>0.00</u>          |
| Contract Price prior to this Contract Amendment:               | \$ <u>14,007,508.90</u> |
| Net ( <b>Increase</b> ) (Decrease) of this Contract Amendment: | \$ <u>74,717.86</u>     |
| New Contract Price with all approved Contract Amendment:       | \$ <u>14,082,226.76</u> |

Percent change from original contract: 0.99 %

CHANGE IN CONTRACT TIME (Calendar Days):

Original Contract Time: 210 days

Net change from previous Contract Amendments: 0 days

Contract Time prior to this Contract Amendment: 210 days

Net (Increase) (Decrease) of this Contract Amendment: 0 days

Contract Time with all approved Contract Amendments: 210 days

**CONDITIONS OF APPROVAL:**

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The aforementioned change(s), and work affected thereby, is subject to all contract stipulations and covenants.

**Asheville Regional Airport**

\_\_\_\_\_  
Lew Bleiweis – Airport Director

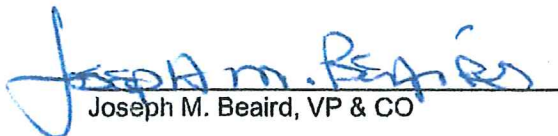
\_\_\_\_\_  
Date

**RS&H, Inc.**

  
\_\_\_\_\_  
Eric Rysdon – Project Manager

OCT 17, 2016  
\_\_\_\_\_  
Date

**GLF Construction Corporation**

  
\_\_\_\_\_  
Joseph M. Beard, VP & CO

October 13, 2016  
\_\_\_\_\_  
Date

**Asheville Regional Airport – Finance Officer Statement**

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

\_\_\_\_\_  
Finance Officer

\_\_\_\_\_  
Date



June 8, 2016

Eric Rysdon, PE  
Charlotte Aviation Manager  
RS&H  
1500 South Blvd, Suite 200  
Charlotte, NC 28203

Re: Structure 69 Redesign

Dear Mr. Rysdon:

Below is the price for the redesigned Structure 69.

|                                  |                            |            |
|----------------------------------|----------------------------|------------|
| <b>Structure 69 Redesign</b>     | <b>\$12,252.00</b>         | <b>LS</b>  |
| <i>Structure Cost</i>            | <i>\$16,752.00</i>         | <i>LS</i>  |
| <i>Original Structure Credit</i> | <i>&lt;\$ 4,500.00&gt;</i> | <i>LS</i>  |
| <b>Contract Extension Time</b>   | <b>1</b>                   | <b>DAY</b> |

If you have any additional questions or need additional information, please call me at (828) 552-3233.

Sincerely

Mark O. Stepp  
Project Manager





June 16, 2016

Eric Rysdon, PE  
Charlotte Aviation Manager  
RS&H  
1500 South Blvd, Suite 200  
Charlotte, NC 28203

Re: 10ft Chain Link Fence

Dear Mr. Rysdon:

Below is the price for the additional fence and change in height of fence. The quantities are estimated from SI-002 plan takeoff. Actual quantities will be used for final price.

|  | Unit Price | Est. Quantity      | Price               |
|--|------------|--------------------|---------------------|
| 10' HT Galvanized Chain link Fence       | \$ 66.82   | 1073               | \$ 71,697.86        |
| 6' HT Galvanized Chain link Fence Deduct | \$ 16.00   | -877               | \$ (14,032.00)      |
|  |            | <b>TOTAL PRICE</b> | <b>\$ 57,665.86</b> |

If needed 10' HT x 14' Double Drive Gate is \$4,000.00  
Additional Fence removal to be paid at contract rate.

If you have any additional questions or need additional information, please call me at (828) 552-3233.

Sincerely

Mark O. Stepp  
Project Manager





June 16, 2016

Eric Rysdon, PE  
Charlotte Aviation Manager  
RS&H  
1500 South Blvd, Suite 200  
Charlotte, NC 28203

Re: 18" Security Gate

Dear Mr. Rysdon:

A price for an additional security gate, per owners request, is provided below.

|                          |           |                   |
|--------------------------|-----------|-------------------|
| <b>18" Security Gate</b> | <b>LS</b> | <b>\$4,800.00</b> |
|--------------------------|-----------|-------------------|

If you have any additional questions or need additional information, please call me at (828) 552-3233.

Sincerely

A handwritten signature in blue ink that reads "Mark O. Stepp". The signature is fluid and cursive, with a long horizontal stroke at the end.

Mark O. Stepp  
Project Manager



| REQUEST FOR PROPOSAL (RFP) LOG |           |   |                                |  |
|--------------------------------|-----------|---|--------------------------------|--|
| Number                         | Date      | Description                                 | Estimated Cost (Including OHP) | Notes (Include Reason for Clarification and Dates of Contractor Inquiries) |
| RFP-001                        | 5/9/2016  | Additional Rwy 17 MALSR FAA Manhole         | \$8,660.00                     | Approved. No change in contract time.                                      |
| RFP-002                        | 5/17/2016 | Drainage Structure S-69 Re-Design           | \$12,252.00                    | Approved. No change in contract time.                                      |
| RFP-003                        | 6/28/2016 | Chain Link Fence to 10 ft                   | \$57,665.86                    | Approved. No change in contract time.                                      |
| RFP-004                        | 6/1/2016  | Security Gate for 18" RCP Pipe              | \$4,800.00                     | Approved. No change in contract time.                                      |
| RFP-005                        | 6/3/2016  | New MALSR Lids                              | \$10,900.00                    | Approved. No change in contract time.                                      |
| RFP-006                        | 9/26/2016 | Security Gate for 48" RCP Pipe Outfall SB D |                                |  |



**CHANGE ORDER NO. 2**

**ASHEVILLE REGIONAL AIRPORT  
AIRFIELD REDEVELOPMENT PROGRAM  
BID PACKAGE 3 – Permanent Runway 17-35 Construction, Site Preparation and NAVAIDS  
FAA AIP NO. 3-37-0005-046-2016**

CLIENT: Greater Asheville Regional Airport Authority  
Asheville Regional Airport  
61 Terminal Drive, Suite 1  
Fletcher, NC 28732

CONTRACTOR: GLF Construction Corporation  
31 College Place, Bldg D, Suite 304  
Asheville, NC 28801

ENGINEER: AVCON, Inc.  
8604 Cliff Cameron Drive, Suite 145  
Charlotte, NC 28269

Notice to Proceed Date April 11, 2016

**The following changes are hereby made to the Contract Documents:**

1. RFP-006 requested by GARAA included the addition of one 48" security grate for a total cost increase of \$9,000.00.
2. RFP-009 requested by GARAA included the substitution of Class IV pipe for Class III pipe that was already delivered, resulting in a total cost increase of \$1,587.00.
3. RFP-012 requested by GARAA included the modification for Sta. 20+00 MALSR Tower on the approach end of Runway 17. Item consists of the re-grading in SI-005 to accommodate installation of an approach light tower for a total cost of \$38,768.99
4. Bid Item P-152-4.8 – Unsuitable Excavation was not required in the contract due to the encountered field conditions, resulting in a credit of \$47,100.00
5. A quantity of 22 LF remains unused in Bid Item D-701-5.1-14 – 72" Reinforced Concrete Pipe, Class III, resulting in a credit of \$5,940.00.

**Change Order No. 2 Total: (\$3,684.01) Decrease**

**Attachments: (List documents supporting change)**

- 1) Request for Proposal pricing attached.

CHANGE IN CONTRACT PRICE:

|  |    |                      |
|--|----|----------------------|
| Original Contract Price:                                       | \$ | <u>14,007,508.90</u> |
| Previous Change Orders:  | \$ | <u>74,717.86</u>     |
| Contract Price prior to this Contract Amendment:               | \$ | <u>14,082,226.76</u> |
| Net ( <b>Increase</b> ) (Decrease) of this Contract Amendment: | \$ | <u>(3,684.01)</u>    |
| New Contract Price with all approved Contract Amendment:       | \$ | <u>14,078,542.75</u> |
| Percent change from original contract:                         |    | <u>0.51</u> %        |

CHANGE IN CONTRACT TIME (Calendar Days):

|   |                 |
|---|-----------------|
| Original Contract Time:                               | <u>210</u> days |
| Net change from previous Contract Amendments:         | <u>0</u> days   |
| Contract Time prior to this Contract Amendment:       | <u>210</u> days |
| Net (Increase) (Decrease) of this Contract Amendment: | <u>0</u> days   |
| Contract Time with all approved Contract Amendments:  | <u>210</u> days |

CONDITIONS OF APPROVAL:

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The aforementioned change(s), and work affected thereby, is subject to all contract stipulations and covenants.

**Asheville Regional Airport**

\_\_\_\_\_  
Lew Bleiweis – Airport Director

\_\_\_\_\_  
Date

**RS&H, Inc.**

\_\_\_\_\_  
Eric Rysdon – Project Manager

\_\_\_\_\_  
Date

**GLF Construction Corporation**

\_\_\_\_\_  
Francesco Senis- President & CEO

\_\_\_\_\_  
Date

**Asheville Regional Airport – Finance Officer Statement**

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

\_\_\_\_\_  
Finance Officer

\_\_\_\_\_  
Date



CHANGE ORDER NO. 2  
ITEM NO. 1  
RFP-006 BACKUP

TO: RS&H  
1520 South Blvd, Suite 200  
Charlotte NC, 28203

ATTN: Eric Rysdon, PE  
Charlotte Aviation Manager

DATE: August 23, 2016

RE: Security Gate for 48" Metal Flared End Section

Dear Mr. Rysdon:

The cost below is for the additional security gate for the 48" Metal Flared End Section coming out of Basin D.

|                    | Unit Price  | Quantity | Price              |
|--------------------|-------------|----------|--------------------|
| 48" Security Gate  | \$ 9,000.00 | 1        | \$ 9,000.00        |
| <b>TOTAL PRICE</b> |             |          | <b>\$ 9,000.00</b> |

If you have any additional questions or need additional information, please call me at (828) 552-3233.

Sincerely

Mark O. Stepp  
Project Manager





CHANGE ORDER NO. 2  
ITEM NO. 2  
RFP-009 BACKUP

TO: RS&H  
1520 South Blvd, Suite 200  
Charlotte NC, 28203

ATTN: Eric Rysdon, PE  
Charlotte Aviation Manager

DATE: October, 11 2016

RE: 18" RCP Class Substitution

Dear Mr. Rysdon:

The cost below is for substitution of 18" RCP between structures 71 & 72. This price is for the cost of the material already on site that has been paid for. The 18" Class IV is to be paid at contract line item.

|                    | Unit Price | Quantity | Price              |
|--------------------|------------|----------|--------------------|
| 18" Class III      | \$ 13.80   | 115 LF   | \$ 1,587.00        |
| <b>TOTAL PRICE</b> |            |          | <b>\$ 1,587.00</b> |

|                                     | Phase                        | Number of Days |
|-------------------------------------|------------------------------|----------------|
| <del>Additional Contract Time</del> | <del>Phase 3B</del>          | <del>1</del>   |
|                                     | <b>Overall Contract Days</b> | <b>1</b>       |

ADDITIONAL CONTRACT TIME  
NOT APPROVED.

If you have any additional questions or need additional information, please call me at (828) 552-3233.

Sincerely

Mark O. Stepp  
Project Manager





November 21, 2016

**Eric Rysdon, PE**  
**Charlotte Aviation Manager**  
**RS&H**  
**1520 South Blvd, Suite 200**  
**Charlotte NC, 28203**

Subject: **Asheville Regional Airport Runway 17-35 Permanent Runway**  
**MALSR 20+00 Additional Line Items**

Our Ref.: 418/ Cost Proposal 017 / MOS

Dear Mr. Rysdon,

The prices below are for the creation of a change order for the previously agreed upon work of re-grading MALSR 20+00. Quantity of the excavated material will be determined by a licensed surveyor and paid at the previously approved unit price below. The necessary means and methods will be used to remove the pipe and the drainage structure so that these items can be reused. If for whatever reason these items are deemed unsuitable for reuse it will be requested that they be paid for under contract unit prices.

|                          | Quantity |    | Unit Price  | Price               |
|--------------------------|----------|----|-------------|---------------------|
| Phase 3F Excavation      | 4,500    | CY | \$ 5.00     | \$ 22,500.00        |
| Drainage Removal & Relay | 1        | LS | \$ 4,675.99 | \$ 4,675.99         |
| Survey                   | 1        | LS | \$ 1,250.00 | \$ 1,250.00         |
| <b>TOTAL PRICE</b>       |          |    |             | <b>\$ 28,425.99</b> |



|                                     | Phase                            | Number of Days |
|-------------------------------------|----------------------------------|----------------|
| <del>Additional Contract Time</del> | <del>Phase 3F - Grading</del>    | <del>6</del>   |
|                                     | <del>Phase 3F - NAVIAD</del>     | <del>3</del>   |
|                                     | <del>Overall Contract Days</del> | <del>9</del>   |

**ADDITIONAL CONTRACT TIME NOT APPROVED.**

Sincerely,

**GLF Construction Corporation**

**Mark O. Stepp**  
**Project Manager**

File: file codes #



CHANGE ORDER NO. 2  
ITEM NO. 3  
RFP-012 BACKUP  
MALSR STATION 20+00 GRADING MODIFICATION  
SUPPLEMENTAL INSTRUCTION SI-005 ISSUED 11/17/16

**ADDITIONAL QUANTITIES ASSOCIATED WITH ITEM NO. 3, RFP-012 WORK**

| ITEM NO.                            | ITEM NAME                               | UNIT COST         | QUANTITY | COST               |
|-------------------------------------|---|-------------------|----------|--------------------|
| P-156-5.1-2                         | Temporary Silt Fence                    | \$3.50 / lf       | 400      | \$1,400.00         |
| P-156-5.1-17                        | Rip Rap, Class B                        | \$69.00 / cy      | 40       | \$2,760.00         |
| D-701-5.1-1                         | 18" Reinforced Concrete Pipe, Class III | \$37.00 / lf      | 14       | \$518.00           |
| T-701-5.1                           | Seeding                                 | \$1,100.00 / acre | 0.5      | \$550.00           |
| T-908-5.1                           | Mulching                                | \$550.00 / acre   | 0.5      | \$275.00           |
| P-156-5.1-5                         | Excelsior Matting                       | \$2.00 / sy       | 2,420    | \$4,840.00         |
| <b>TOTAL COST IN BID QUANTITIES</b> |   |                   |          | <b>\$10,343.00</b> |

**TOTAL COST FOR ITEM NO. 3, RFP-012 WORK**

|   |                    |
|---|--------------------|
| CONTRACTOR LUMP SUM COST                | \$28,425.99        |
| COST FOR ADDITIONAL BID ITEM QUANTITIES | \$10,343.00        |
| <b>TOTAL COST FOR RFP-012 WORK</b>      | <b>\$38,768.99</b> |



## MEMORANDUM

TO: Members of the Airport Authority

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

DATE: December 9, 2016

### ITEM DESCRIPTION – New Business Item D

Approval of Ordinance Establishing Rules and Regulations of the Asheville Regional Airport

### BACKGROUND

The Greater Asheville Regional Airport Authority (GARAA) was created on June 28<sup>th</sup>, 2012 by the General Assembly of North Carolina through the ratification of Session Law 2012-121, aka the Greater Asheville Regional Airport Authority Act (the Act). Among other things, Session Law 2012-121 gives the GARAA the ability to make all reasonable rules, regulations and policies necessary for the proper operation of the airport, as well as the ability to exercise all powers conferred by Chapter 63 of the General Statutes of the State of North Carolina. These specifically include the powers to adopt all needful rules, regulations and ordinances for the management, government and use of any properties under its control. Staff has previously discussed with the Board the need to adopt by ordinance the airport's rules and regulations, and to establish penalties for their violation, in order to properly and sufficiently manage and govern the airport facilities in accordance with applicable law, and to enforce existing airport policies, rules and regulations for its safe operation.

The rules and regulations contained with this proposed ordinance are substantially similar to those that were previously approved by the Board and in use prior to the creation of the GARAA, and are consistent with rules and regulations used by most public airports, and that are considered typical and customary in the airport industry.





## **ISSUES**

Without the approval of this ordinance, it will be difficult, and in some cases impossible, to enforce the rules that are necessary for the safety of the airport, its patrons, and employees, and for the Department of Public Safety to adequately and efficiently carry out its law enforcement duties.

## **ALTERNATIVES**

The Board could choose not to approve the ordinance, which would leave the GARAA in the same situation it has been in since the creation of the Authority in 2012.

## **FISCAL IMPACT**

There is no fiscal impact associated with this action.

## **RECOMMENDED ACTION**

It is respectfully requested that the Greater Asheville Regional Airport Authority Board: (1) consider and approve the proposed Rules and Regulations of the Asheville Regional Airport; (2) schedule a public hearing and accept public comment on the proposed Rules and Regulations of the Asheville Regional Airport; and (3) following the minimum ten day period for public comment and the public hearing, adopt the Ordinance establishing the Rules and Regulations for the Asheville Regional Airport.

Attachment

DRAFT: 12-1-16

**GREATER ASHEVILLE REGIONAL  
AIRPORT AUTHORITY**



**AIRPORT ORDINANCE NO. \_\_\_\_  
Airport Rules & Regulations**

**ADOPTED:**

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**GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY ORDINANCE**

**ORDINANCE NO. \_\_\_\_\_**

**AN ORDINANCE, IN ACCORDANCE WITH SECTION 1.6(A) OF THE GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY ACT, NORTH CAROLINA SESSION LAW 2012-121, TO ESTABLISH THE RULES AND REGULATIONS OF THE ASHEVILLE REGIONAL AIRPORT IN ORDER TO REGULATE THE CONDUCT OF PERSONS AND BUSINESSES AT THE ASHEVILLE REGIONAL AIRPORT; AND TO MAKE A VIOLATION OF THIS ORDINANCE OR ANY AIRPORT RULE OR REGULATION CONTAINED HEREIN A MISDEMEANOR, CIVIL INFRACTION, OR ADMINISTRATIVE VIOLATION, AND TO PRESCRIBE THE PENALTIES AND MEANS OF ENFORCEMENT OF SAID RULES AND REGULATIONS;**

**Section 1. Citation.**

1.1 This Ordinance may be cited as "**Authority Ordinance No. \_\_\_\_\_**" or as the "**Airport Rules & Regulations**".

**Section 2. Findings.**

2.1 The Greater Asheville Regional Airport Authority was created by Session Law 2012-121, which was ratified by the General Assembly of North Carolina on June 28, 2012, and operates the Asheville Regional Airport.

2.2 Section 1.6(a)(7) of Session Law 2012-121 gives the GARAA the ability to, among other things: *"[m]ake all reasonable rules, regulations, and policies as it may from time to time deem to be necessary, beneficial or helpful for the proper maintenance, use, occupancy, operation, and/or control of any airport or airport facility owned, leased, subleased, or controlled by the Authority . . . ."*

2.3 Section 1.6(a)(21) of the Session Law gives the GARAA the ability to: *"[e]xercise all powers conferred by Chapter 63 of the General Statutes [of the State of North Carolina] or any successor Chapter or law."*

2.4 The powers conferred in North Carolina General Statute Section 63-53(2) specifically include the powers to: adopt and amend all needful rules, regulations and ordinances for the management, government and use of any properties under its control and to fix by ordinance, penalties for the violation of said ordinances and enforce said penalties.

2.5 North Carolina General Statute Section 63-53(2) also specifically requires that such ordinances be published as provided by general law or the charter of the municipality for the publication of similar ordinances, and that such ordinances conform

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to and be consistent with the laws of the State of North Carolina, and the then current federal legislation governing aeronautics and the regulations promulgated thereunder.

2.6 The Greater Asheville Regional Airport Authority, consistent with Resolution No. \_\_\_\_\_ (Greater Asheville Regional Airport Authority Policy and Procedure for the Adoption of Ordinance) may adopt these Airport Authority Rules & Regulations by ordinance.

### **Section 3. Purpose and Scope.**

3.1 The purpose of these Airport Rules & Regulations is to establish by ordinance certain rules and regulations that will govern the use and activities that may take place on the Airport.

3.2 Permission to use the Airport, or any part thereof, is conditioned upon strict compliance with these Airport Rules & Regulations, including payment of any fees or charges established hereby.

3.3 These Airport Rules & Regulations shall be applicable to every Person utilizing the Airport, unless otherwise indicated, and shall replace and supersede all prior rules and regulations promulgated by the Authority.

3.4 These Airport Rules & Regulations shall be in addition to all other applicable lease terms, Minimum Standards, policies, plans and Directives of the Airport, including, but not limited to the: Storm Water Prevention Plan; Spill Prevention Control and Countermeasures Plan; and Wildlife Hazard Management Plan.

### **Section 4. Effective Date.**

4.1 These Airport Rules & Regulations shall take effect as of the \_\_\_\_ day of \_\_\_\_\_, 2016.

### **Section 5. Definitions.**

5.1 Unless specifically defined otherwise herein, or unless a different meaning is apparent from the context, the terms used in these Airport Rules & Regulations shall have the meanings set forth in this Section.

5.2 *Abandon* - shall mean to forsake, desert, give up and/or surrender one's claim or right, license, use or privilege.

5.3 *Abandoned Property* – shall mean any item, including but not limited to Motor Vehicles, equipment and personal belongings, that would appear to a reasonable person that it has been forsaken, deserted, given up, surrendered, or left without

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anticipation of the Owner or Operator returning to claim it within a reasonable period of time.

5.4 *Airport Development Guidelines* – shall mean the specific written documents detailing the design requirements of all new construction and development on the Airport, and for modifications to existing Airport facilities, regardless of ownership.

5.5 *Airport Movement Area (AMA)* – shall mean the Runways, Taxilanes or Taxiways and other areas of the Airport that are utilized for taxiing, air taxiing, takeoff and landing of Aircraft that are under the direct control of the air traffic control tower, including during periods when the tower is closed.

5.6 *Air Operations Area (AOA)* – shall mean the areas of the Airport used for Aircraft landing, takeoff, or surface maneuvering, including the areas around hangars, navigation equipment, and Aircraft parking areas.

5.7 *Aircraft* – shall mean any device used or designed for navigation or flight in the air including, but not limited to, an airplane, sailplane, glider, helicopter, gyrocopter, ultra-light, balloon or blimp.

5.8 *Airport* - shall mean the Asheville Regional Airport (AVL).

5.9 *Alcoholic Beverage* – shall mean any beverage containing at least one-half of one percent (0.5%) alcohol by volume, including any Malt Beverage, Unfortified Wine, fortified wine, spirituous liquor, and mixed beverages, or as otherwise defined by the State of North Carolina.

5.10 *Apron or Ramp* - shall mean those areas of the Airport within the AOA designated for loading, unloading, servicing or parking of Aircraft.

5.11 *Authority* - shall mean the Greater Asheville Regional Airport Authority.

5.12 *Authority Board* – shall mean the collectively appointed members of the Authority that when acting in official capacity on behalf of the Authority, have the powers, authority and jurisdiction conferred upon it by the North Carolina General Assembly.

5.13 *Authorized Area* - shall mean a specified location or portion of the Airport, accessible only to specifically authorized Person(s).

5.14 *Authorized Representative* - shall mean such Person as designated by the Executive Director.

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5.15 Car Share– shall mean a service, provided by an organization or individual, in which fleet or individually owned Motor Vehicle is parked at the Airport and made available to members or Persons for short term rental, other than traditional rental car companies.

5.16 City - shall mean the City of Asheville, North Carolina.

5.17 Commercial Activity - shall mean the exchange, trading, buying, hiring or selling of commodities, goods, services, or tangible or intangible property of any kind, and/or any revenue producing activity on the Airport, unless otherwise approved by the Executive Director.

5.18 County - shall mean Buncombe County, and/or Henderson County, North Carolina.

5.19 Courtesy Vehicle - shall mean any Motor Vehicle used in Commercial Activity as herein defined, other than a taxicab, limousine, TNC Vehicle etc. to transport Persons, baggage or goods, or any combination thereof, between the Airport and the business establishment owning or operating such Motor Vehicle, the operation of which is generally performed as a service without any direct or indirect costs to the passenger.

5.20 Designated Area – shall mean those areas of the Airport, marked by signage where possible, where certain activities are limited, or where certain activities must occur, as specified elsewhere in these Airport Rules & Regulations.

5.21 Directives - shall mean the specific written documents detailing the approved methods of operations as directed by the Executive Director or his/her Authorized Representative.

5.22 Executive Director – shall mean the chief executive officer of the Greater Asheville Regional Airport Authority who is appointed by the Authority Board, or his/her Authorized Representative.

5.23 Federal Aviation Regulation (FAR) – shall mean the rules prescribed by the Federal Aviation Administration (FAA) governing all aviation activities in the United States, as contained in Title 14 of the Code of Federal Regulations.

5.24 Flammable Liquid - A liquid that is capable of self-sustained combustion.

5.25 Foreign Object Damage/Debris (FOD) – shall mean any object, live or not, located in an inappropriate location in the Airport environment that has the capacity to injure Airport or air carrier personnel and damage Aircraft.

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5.26 Fuel Transporting Vehicle, Fuel Truck or Fuel Delivery Device - shall mean any Motor Vehicle, tanker truck, trailer or other mobile or fixed device containing a tank of any size and/or pumping equipment, designed or used to deliver and supply fuel to Aircraft, Motor Vehicles, fuel farms, fuel tanks, or other equipment on the Airport.

5.27 Hazardous Material – shall mean any item or agent (biological, chemical, radiological, and/or physical) which has the potential to cause harm to humans, animals, or the environment, either by itself, or through interaction with other factors.

5.28 Helicopter - shall mean a rotorcraft that, for its horizontal motion, depends principally on its engine driven rotors.

5.29 Landing Fee – shall mean the airfield related charges as specified in Airline Rates, Fees and Charges Ordinance.

5.30 Malt Beverage – shall mean beer, lager, malt liquor, ale, porter, or fermented beverage.

5.31 Minimum Standards – shall mean the specific written documents detailing the minimum requirements to be met as a condition for the privilege to conduct aeronautical or non-aeronautical services on the Airport.

5.32 Motor Vehicle - shall mean a self-propelled device in, upon or by which a Person or property may be transported, carried or otherwise moved from point-to-point, including devices moved by human or animal power, except Aircraft or devices moved exclusively upon stationary rails or tracks.

5.33 NFPA - shall mean the National Fire Protection Association.

5.34 Non-Commercial Activity - shall mean activities undertaken not for profit, but solely for philanthropic, religious, charitable, benevolent, humane, public interest, or similar purpose and no consideration for same is received, pledged or promised for any part of the respective activity.

5.35 Non-Operating Aircraft - shall mean any Aircraft located on the Airport which does not possess a current certificate of air worthiness issued by the Federal Aviation Administration and/or is not actively being repaired in good faith to become an operating Aircraft.

5.36 Open Container – shall mean a container whose seal has been broken or a container other than the manufacturers unopened original container.

5.37 Operator - shall mean the individual directly controlling or maneuvering equipment, Motor Vehicle or Aircraft.

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5.38 Owner - shall mean Person(s) possessing a fee interest in real property or ownership interest in personal property.

5.39 Parade – shall mean any march, demonstration, ceremony or procession of any kind which moves from place to place completely or partially in or upon any Street, sidewalk or other public grounds or places owned or under the control of the Authority along a specified route.

5.40 Park - shall mean to put or leave or let a Motor Vehicle or Aircraft stand or stop in any location whether the Operator thereof leaves or remains in such Motor Vehicle or Aircraft when such standing or stopping is not required by traffic controls or by conditions beyond the control of the Operator.

5.41 Person - shall mean any individual, entity, firm, partnership, corporation, company, association, joint stock association or body politic, or other user of the Airport, and includes any trustee, receiver, committee, assignee or other representative or employee thereof. Person includes the singular and plural whenever the context permits.

5.42 Picketing – shall mean the stationing of any Person by standing, lying, walking, sitting, kneeling, bending, or in any other similar manner at a particular place so as to persuade, or otherwise influence another Person's actions or conduct, or to apprise the public of an opinion or message.

5.43 Public Areas – shall mean areas and portions of the Airport, including buildings, intended to be accessible and open to the general public, exclusive of Authorized Areas.

5.44 Public Parking Facilities - shall mean all parking facilities provided for the public at the Airport.

5.45 Public Safety – shall mean the Department of Public Safety of the Greater Asheville Regional Airport Authority, which provides law enforcement, Aircraft rescue and firefighting, and emergency medical services on the property of the Asheville Regional Airport.

5.46 Restricted Area - shall mean any designated area of the Airport to which access or entry is limited to authorized Persons only.

5.47 Runway - shall mean a Restricted Area used solely for take-off and landing of Aircraft.



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5.48 Solicitation or To Solicit - shall mean to repetitively or continuously, directly or indirectly, actively or passively, openly or subtly, ask orally, in writing, or otherwise, (or endeavor to obtain by asking), request, implore, plead for, importune, seek or try to obtain.

5.49 Street – shall mean any highway, road, street, avenue, boulevard, alley, bridge, or other way within and/or under the control of the Authority and open to public use.

5.50 Taxilane or Taxiway - shall mean those portions of the AOA authorized or designated by the Authority for the surface maneuvering of Aircraft, which are used in common, and which may or may not be under the control of an Air Traffic Control Tower.

5.51 Taxicab, Taxi or Cab - shall mean any automobile that carries Person(s) for a fare, determined by a meter and that is appropriately licensed as a taxicab by the proper governmental authority.

5.52 Through-the-Fence Operations – shall mean a Commercial Activity or a Non-Commercial Activity that is directly related to the use of the Airport, but is developed or located off Airport property, and that has access to the Airport for Aircraft across the property line.

5.53 Transportation Network Company (TNC) – shall mean citizens utilizing a privately owned Motor Vehicle for commercial ground transportation purposes that are dispatched through electronic means.

5.54 Ultra Light Vehicle – shall mean an Aircraft that meets and operates under the requirements of 14 C.F.R. Part 103.

5.55 Unfortified Wine – shall mean wine that has an alcoholic content produced only by natural fermentation or by the addition of pure cane, beet, or dextrose sugar.

5.56 Weapon - shall mean a dirk, billy club, gun, knife, blackjack, slingshot, metal knuckles, tear gas, chemical weapon, any explosive device, electric weapon or any other substantiating instrument that can be utilized to coerce, intimidate or injure a Person, and all other such instruments as defined by local, state or federal law.

## **SECTION 6. GENERAL REGULATIONS.**

6.1 Commercial Activity. It shall be unlawful for any Person to occupy or rent space or conduct any business, commercial enterprise or Commercial Activity, or other form of revenue or non-revenue producing Non-Commercial Activity on the Airport

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without first obtaining a written lease, contract, permit or other form of written authorization from the Executive Director or Authorized Representative.

6.2 Advertising and Display. It shall be unlawful for any Person to post, distribute, or display signs, advertisements, literature, circulars, pictures, sketches, drawings, or other forms of written material on the Airport without the written permission of the Executive Director or Authorized Representative.

6.3 Commercial Speech. It shall be unlawful for any Person, for a commercial purpose, to post, distribute, or display signs, advertisements, circulars, pictures, sketches, drawings, or engage in other forms of commercial speech without a written contract, permit or other form of written authorization from the Executive Director or Authorized Representative.

6.4 Commercial Photography. Except as provided for in Section 6.4.1, it shall be unlawful for any Person to take still, motion or sound motion pictures or make sound records or recordings of voices or otherwise on the Airport for commercial purposes without written permission from and in a manner authorized by the Executive Director or Authorized Representative.

6.4.1 Section 6.4 does not apply to bona fide coverage by the news media conducting their business in an Authorized Area.

6.5 Through the Fence Activities. Except as described in Section 6.5.1 and 6.5.2 below, it shall be unlawful for any Person to access the public landing area, including the Runway, Taxilane or Taxiway, Aprons, hangar and Aircraft servicing areas from any off Airport property.

6.5.1 Exceptions to Section 6.5 may be sought from the Authority on a case-by-case basis.

6.5.2 Access by exception to Section 6.5 shall only be allowed upon satisfaction of each of the following conditions:

6.5.2.1 The issuance of a permit, license or written agreement by the Authority;

6.5.2.2 When lease terms and operating restrictions can ensure security, safety, equitable compensation to the Authority; and

6.5.2.3 When a fair competitive environment can be established for other comparable Airport tenants.

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6.5.3 All Through-The-Fence Operations are subject to, and shall take place in, compliance with all FAR or Federal Aviation Administration (FAA) requirements.

6.6 Storage of Equipment. It shall be unlawful for any Person, unless otherwise provided for by lease, other agreement, or permit, to use any area on the Airport, including buildings, either privately owned or publicly owned, for any storage of cargo or any other property or equipment, including Aircraft, without permission from the Executive Director or Authorized Representative.

6.6.1 The Executive Director or Authorized Representative shall, upon a violation of Section 6.6, have the authority to order the cargo, Aircraft or any other property removed, or to cause the same to be removed and stored at the expense of the Owner or consignee, without the Authority having any responsibility or liability therefor.

6.7 Construction and Repair Activities on Airport Property. It shall be unlawful for any Person, firm, corporation, utility company, tenant, or other entity, to undertake any form of construction or repair activities on the Airport, including but not limited to digging, changing, pouring concrete, erecting structures, repairing public utilities, installing or repairing pavement, or any other form of construction or repair work without a valid easement and/or first obtaining permission from the Executive Director or Authorized Representative.

6.8 Animals.

6.8.1 It shall be unlawful to bring upon Airport property any animal that is not properly restrained and controlled by the Owner either on a leash or inside a suitable container if being transported by air.

6.8.2 It shall be unlawful to hunt, pursue, trap, catch, injure or kill any animal on the Airport without first obtaining permission from the Executive Director or Authorized Representative.

6.8.2.1 Section 6.8.2 shall not apply to the conduct and official acts of governmental officials, including wildlife management of the United States Department of Agriculture or of the Authority or when such activities are conducted by the Authority for Aircraft operational safety.

6.8.3 It shall be unlawful for any Person to feed or to do any other act to encourage the congregation of birds or other animals on the Airport.

6.8.4 It shall be unlawful for any Person to fish or boat from the Airport on or in any lakes, ponds or other bodies of water located on the Airport.

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6.8.5 Nothing contained in Section 6.8 shall preclude animals on the Airport, to the extent mandated by applicable law, including “service animals” pursuant to the Americans with Disabilities Act.

6.9 Preservation of Property.

6.9.1 It shall be unlawful for any Person to destroy, injure, deface or disturb any building, sign, equipment, marker, or other structure, tree, flower, lawn, and/or other tangible property on the Airport.

6.9.2 It shall be unlawful for any Person to travel on the Airport other than on roads, walks or other marked rights-of-way provided for such specific purpose.

6.9.3 It shall be unlawful for any Person to alter, add to or erect any buildings or sign on the Airport or make any excavation on the Airport without prior expressed written approval from the Executive Director or Authorized Representative.

6.9.4 Any Person, tenant, company, or organization causing injury, destruction, damage, or disturbance to Airport property of any kind, including buildings, fixtures, or appurtenances, whether through any incident, accident, act or omission, shall immediately report such damage or destruction to the Executive Director.

6.9.5 Any Person involved in any incident or accident, whether personal, with an Aircraft, automobile, ground support equipment, or otherwise occurring anywhere on the Airport, shall make a full report to Public Safety as soon as possible after the incident or accident.

6.9.5.1 All accident reports shall include, but not be limited to, the names and addresses of all principals and witnesses, if known, and a detailed statement of the facts and circumstances.

6.9.6 Any Person, tenant, company or organization causing damage to or destroying Airport property of any kind, including buildings, fixtures or appurtenances, whether through violation of these ordinance or through any incident, accident, act or omission, shall be fully liable to the Authority for all damages, losses and costs of repair associated therewith.

6.10 Lost, Found and Abandoned Property.

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6.10.1 Any Person finding any lost article(s) in the Public Areas on the Airport shall immediately deposit them with the Lost and Found located in Guest Services.

6.10.2 Articles unclaimed by their proper Owner within ninety (90) days, shall, thereafter, upon request, be turned over to the finder in accordance with then provisions of any applicable North Carolina General Statutes.

6.10.3 Articles to which the Owner or finder is not entitled to lawful possession shall be forfeited to the Authority for disposal in accordance with provisions of any applicable North Carolina General Statutes.

6.10.4 Nothing in Section 6.10 shall be construed to deny the right of Airport tenants to maintain "lost and found" services for property of their patrons, invitees or employees.

6.10.5 It shall be unlawful for any Person to Abandon any property on the Airport.

6.10.6 Any property, which has been determined by the Authority to be Abandoned will be removed, stored, and/or disposed of at the Owner's expense, without the Authority having any responsibility or liability therefor.

6.11 Violations of Section 6. A violation of Section 6 General Regulations shall not be a misdemeanor or infraction under N.C. Gen. Stat. § 14-4; however, civil penalties shall be assessed and civil citations issued for the violation of any provision of Section 6 General Regulations, in accordance with Section 17 Penalties, Remedies and Enforcement below.

## **SECTION 7 – PERSONAL CONDUCT**

7.1 Solicitation. It shall be unlawful for any Person To Solicit for any purpose on the Airport without prior authorization from the Executive Director or Authorized Representative.

7.2 Obstruction of Airport Use and Operations. No Person shall obstruct, impair or interfere with the safe and orderly use of the Airport by any other Person, Motor Vehicle or Aircraft.

7.3 Restricted Areas and Air Operations Area.

7.3.1 Except as otherwise provided in Section 7.3.2, it shall be unlawful for any Person to, without the prior written authorization of the Executive

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Director or Authorized Representative, enter the AOA or any Restricted Area on the Airport.

7.3.2 The following Persons may enter the AOA or any Restricted Area on the Airport without the prior written authorization of the Executive Director:

7.3.2.1 Persons assigned to duty thereon with proper training and identification media issued by, or acceptable to, the Authority.

7.3.2.2 Passengers who, under appropriate supervision by qualified and Airport badged airline personnel, enter upon the Apron for the purposes of enplaning or deplaning an Aircraft.

7.3.2.3 Persons engaged, or having been engaged, in the operation of Aircraft with proper identification, if located in a restricted are requiring such identification.

7.3.3 It shall be unlawful for any Person or Motor Vehicle to enter the movement areas or cross the Runway or the Taxilane or Taxiway unless the Person or Motor Vehicle Operator has received and satisfactorily completed required training and authorization from the Authority to operate on the movement area.

7.3.3.1 Each Motor Vehicle authorized by the Authority to access the AMA shall be marked and lighted with company names, logos, strobe or rotating lights of appropriate colors, or have a permit issued and displayed by the Authority.

7.3.3.2 Each Person or Motor Vehicle Operator with authorized access to the AOA or AMA shall be directly responsible for the activities of each additional Person or passenger they bring into the AOA or AMA, as each such Person shall be considered under their escort.

7.3.4 The security of Motor Vehicle and pedestrian gates, doors, fences, walls, and barricades leading from a tenant or lessee, or contractor's use area, to or from the AOA, or any other Restricted Area, shall be the responsibility of the tenant, lessee or contractor abutting the AOA or the tenant presently using such gate, door, fence, wall or barricades.

7.3.5 Each Person or Motor Vehicle Operator using an Airport perimeter security gate at the Airport shall ensure that the gate closes fully and is secure prior to leaving the vicinity of the gate, and that no unauthorized Persons gain access to the AOA through the gate while the gate is open.

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7.3.6 Any authorized Person utilizing any gate, door, fence, wall or barricade shall be individually responsible for ensuring the security of the same while utilizing such in the course of their business or activities at the Airport, while present in any Restricted Area of the Airport, and while utilizing or operating any such devices.

7.3.7 No Person shall walk or drive across the AMA of the Airport without specific permission from the Executive Director or Authorized Representative and, where applicable, the Federal Aviation Administration (FAA) air traffic control tower on the Airport, and without having first completed all Airport required training and background checks.

7.4 Compliance with Signs. It shall be unlawful for any Person to fail to observe and obey all posted signs, fences, permanent and temporary traffic control and barricades governing activities and/or demeanor of the respective Person while on the Airport, and while operating an Aircraft or other equipment.

7.5 Use and Enjoyment of Airport Premises.

7.5.1 It shall be unlawful for any Person, singularly or in association with others, by his, her, or their conduct or by congregating with others, to prevent any other Person lawfully entitled thereto from the use and enjoyment of the Airport and its facilities or any part thereof, or prevent any other Person lawfully entitled thereto from free and unobstructed passage from place-to-place, or through entrances, exits or passageways on the Airport.

7.5.1.1 Nothing in Section 7.5 is intended to prevent any Person from preventing another person, without authorization, from entering Authorized Areas or Restricted Areas.

7.5.2 It shall be unlawful for any Person to remain in or on any Public Areas, place or facility on the Airport, in such a manner as to hinder or impede the orderly passage in or through or the normal or customary use of such area, place, or facility by any Person or Motor Vehicle entitled to such passage or use.

7.5.3 It shall be unlawful for any Person to commit any disorderly, obscene, or indecent act, or use profane or abusive language, or commit any nuisance within the boundaries of the Airport.

7.5.4 It shall be unlawful for any Person to throw, shoot, aim lasers at, or propel any object in such a manner as to interfere with or endanger the safe operation or any Aircraft taking off from, landing at, or operating on the Airport, or any Motor Vehicle on the Airport.

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7.5.5 It shall be unlawful for any Person to knowingly or willfully make any false statement or report to the Authority or to any Authorized Representative of the Authority.

7.6 Environmental Pollution & Sanitation.

7.6.1 To the maximum extent possible, each Person or entity while on the Airport shall limit activities thereon in such a manner as not to cause littering or any other form of environmental pollution, and shall abide by the provisions of the Section 7.6.

7.6.2 It shall be unlawful for any Person to dispose of garbage, papers, refuse, or other form of trash including cigarettes, cigars, and matches, except in receptacles provided for such purpose.

7.6.3 It shall be unlawful for any Person or entity to dispose of any fill or building materials or any other discarded or waste materials on Airport property except as approved in writing by the Executive Director.

7.6.4 It shall be unlawful for any Person or entity to place any liquids in storm drains or the sanitary sewer system on the Airport, which will damage such drains or system or will result in environmental pollution passing through such drain or system.

7.6.5 It shall be unlawful for any Person to use a comfort station or restroom toilet or lavatory facility on the Airport other than in a clean and sanitary manner.

7.6.6 It shall be unlawful for any Person to burn any refuse on the Airport, except with the written authorization of the Executive Director.

7.6.7 It shall be unlawful for any Person to unnecessarily, or unreasonably, or in violation of law, cause any smoke dust, fumes, gaseous matter or particular to be emitted into the atmosphere or be carried by the atmosphere on the Airport.

7.6.8 Any Person discarding chemicals, paints, oils or any products on the Airport, with authorization and in accordance with Section 7.6, must discard such materials in accordance with all other applicable state, local, or federal laws and regulations.

7.7 Firearms and Weapons.



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7.7.1 For the purpose of Section 7.7, a firearm means: (i) any Weapon, including a starter gun, which will, or is designed to, or may readily be converted to expel a projectile by the action of an explosive other than flare guns, (ii) any firearm muffler or firearm silencer, or (iii) any destructive device.

7.7.2 It shall be unlawful for any person, except those persons to the extent authorized by federal law and/or state law, to carry or transport any firearm or Weapon on the Airport property except when such firearm or Weapon is properly encased for shipment.

7.7.3 The Authority reserves the right to restrict the carrying of firearms and Weapons by watchman and guards on the Airport.

7.7.4 It shall be unlawful for any person to discharge any firearm or Weapon on the Airport except in the performance of official duties requiring discharge thereof.

#### 7.8 Alcoholic Beverages and Controlled Substances.

7.8.1 Except as provided in Sections 7.8.1.1 and 7.8.1.2 below, it shall be unlawful for any Person to consume Alcoholic Beverages on the Airport.

7.8.1.1 It shall be lawful to consume Alcoholic Beverages in areas designated by the Executive Director for the sale and/or consumption of an Alcoholic Beverage, both permanent and temporary in nature, so long as all appropriate permits, licenses and permissions have been obtained; and

7.8.1.2 It shall be lawful to consume an Alcoholic Beverage in areas designated under written agreement by the Authority, so long as all appropriate permits, licenses and permission have been obtained.

7.8.2 Except as provided in Sections 7.8.1.1 and 7.8.1.2 above, it shall be unlawful for any Person to possess any Open Container of an Alcoholic Beverage, on the Airport.

7.8.3 It shall be unlawful to drive any Vehicle on any Airport property while under the influence of an impairing substance; or after having consumed sufficient alcohol that the individual has, at any relevant time after the driving, an alcohol concentration of 0.08 or more; or with any amount of a Schedule I controlled substance, as listed in N.C. Gen. Stat. Section 90-89, or its metabolites in the individual's blood or urine.

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7.8.3.1 The relevant definitions contained in N.C. Gen. Stat. § 20-4.01 shall apply to Section 7.8.3

7.8.3.2 The fact that a person charged with violating Section 7.8.3 is or has been legally entitled to use alcohol or a drug is not a defense to a charge under Section 7.8.3.

7.8.3.3 In any prosecution for operating a Vehicle while impaired on any Airport property, the pleading is sufficient if it states the time and place of the alleged offense in the usual form and charges that the defendant operated the Vehicle within the State and on the Airport while subject to an impairing substance.

7.8.3.4 Any person who operates a Vehicle on any Airport property gives consent to chemical analysis if he is charged with the offense of operating a Vehicle while impaired. The charging officer must designate the type of chemical analysis to be administered, and it may be administered when he has reasonable grounds to believe that the person charged has committed the specific crime. The chemical analysis shall be performed pursuant to the procedures established under Chapter 20 of the North Carolina General Statutes applying to other motor vehicle violations. The results of any chemical analysis will be admissible into evidence at the trial on the offense charged and shall be deemed sufficient evidence to prove a person's alcohol concentration.

## 7.9 Picketing, Marching and Demonstration.

7.9.1. It shall be unlawful for any Person to walk in a picket line as a picketer, or take part in any form of demonstration including, but not limited to a Parade, on the Airport, except in or at the place specifically assigned by means of prior arrangements in writing by the Executive Director for such Picketing or other permitted demonstration and in accordance with the provisions of Section 7.9.2.

7.9.2 Any permitted Picketing or demonstration shall be conducted in accordance with the provisions of Section 7.9.2.1 and Section 7.9.2.2

7.9.2.1 Picketing or demonstration shall be in the peaceful and orderly manner contemplated by law, without physical harm, molestation, threat or harassment of any Person, without obscenities, any violence, any breach of the peace, or other unlawful conduct whatsoever.

7.9.2.2 Picketing or demonstration shall be without obstructing the use of the Airport by others and without hindrance to or interference with

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the proper, safe, orderly and efficient operation of the Airport and activities conducted thereupon.

7.10 Interfering with Passenger Screening Process. It shall be unlawful for any Person to intentionally interfere with, disrupt, or delay the process of passenger screening conducted in accordance with any federal, state, or local regulation or procedure, which is being carried out by any federal, state or local agency or contractor.

7.11 Smoking.

7.11.1 It shall be unlawful to smoke or carry lighted smoking materials or to strike matches or other incendiary devices on Airport Apron areas, within 100 feet of parked Aircraft, during fueling or de-fueling, during the loading or unloading of fuel transport Vehicle, within 100 feet of a Flammable Liquid spill, in any area on the AOA, and in a hangar, shop, or other building in which flammable liquids are stored.

7.11.2 It shall be unlawful to smoke, including the use of e-cigarette, in all enclosed areas of the Airport, including all restrooms, break rooms, offices, any Authority owned Motor Vehicle, and inside any portion of the passenger terminal building.

7.11.3 This Section 7.11 applies to all Persons utilizing the Airport including all employees, tenants, vendors, independent contractors, passengers and visitors.

7.11.4 Smoking outside of the passenger terminal building by Authority and tenant employees is only permitted in a Designated Area.

7.11.5 Smoking outside of the passenger terminal building by the general public shall only be permitted in Designated Area.

7.11.6 It shall be unlawful to smoke within the cab of a Fuel Transporting Vehicle, Fuel Truck or Fuel Delivery Device.

7.12 Fire Extinguishers.

7.12.1 It shall be unlawful to tamper with, at any time, fire extinguishing equipment on the Airport.

7.12.2 It shall be unlawful to use, at any time, fire extinguishing equipment on the Airport for any purpose other than firefighting or fire prevention.

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7.12.3 All tenants or lessees or any other occupants of hangars, Aircraft maintenance buildings, or shop facilities shall supply and maintain readily accessible fire extinguishers in numbers, and at locations, that meet the requirements of applicable local codes or ordinances.

7.12.4 All fire extinguishing equipment shall conform to and be maintained in accordance with current NFPA Standards.

7.12.5 Tags showing the date of the last inspection shall be attached to each unit or immediately available records acceptable to Fire Underwriters shall be kept nearby showing the current status of such piece of equipment.

7.13 Violations of Section 7. A Violation of Section 7 Personal Conduct shall be a misdemeanor punishable in accordance with N.C. Gen. Stat. § 14-4 and subject to the penalties and provisions of Section 17 Penalties, Remedies and Enforcement below.

## **SECTION 8. SAFETY REGULATIONS.**

### 8.1 General.

8.1.1 All persons using the Airport or any facilities on the Airport shall exercise the utmost care to guard against fire and injury to persons and/or property.

8.1.2 All persons using the Airport or any facilities on the Airport shall comply with all local, state or federal laws and any rules and regulations of the Federal Aviation Administration.

### 8.2 Fueling Operations.

#### 8.2.1 Aircraft Engines.

8.2.1.1 It shall be unlawful for any Person to fuel an Aircraft with any fuel while one or more of its engines are running or the Aircraft is then being warmed by external heat (Hot Fueling), without advanced approval and standby of Public Safety.

8.2.1.2 It shall be unlawful for Person to de-fuel an Aircraft with one or more of its engines running or the Aircraft is then being warmed by external heat.

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8.2.1.3 It shall be unlawful for any Person to start the engine of an Aircraft if there is any gasoline or other volatile fluid on the ground or otherwise within the vicinity of the Aircraft.

8.2.1.4 It shall be unlawful for any Person to fuel an Aircraft inside of any hangar or building on the Airport regardless of whether the Fuel Transporting Vehicle, Fuel Truck or Fuel Delivery Device is parked outside of the hangar or building. All fueling operations shall take place outdoors.

8.2.2 Distance From Buildings.

8.2.2.1 Aircraft being fueled shall be positioned so that Aircraft fuel system vents or fuel tank openings are not closer than ten (10) feet from any terminal building, hangar, service building or enclosed passenger concourse other than a passenger boarding bridge.

8.2.2.2 Each Fuel Transporting Vehicle, Fuel Truck and Fuel Delivery Device whether loaded or empty, shall never be in hangars nor be parked unattended within a distance of less than fifty (50) feet from hangars, paint and dope shops, fuel storage systems, or any other building or structure where any Person may be present therein.

8.2.3 Spillage of Fuel and Other Liquids.

8.2.3.1 No fuel, grease, oil, dopes, paints, solvents, acid, Flammable Liquid or contaminants of any kind shall be suffered or allowed to flow into or be placed in any Airport sanitary or storm drain system.

8.2.3.2 Any Persons, including the Owner or Operator of Aircraft, causing overflowing or spilling of fuel, oil, grease, or other contaminants anywhere on the Airport, shall be responsible for expeditious notification to Public Safety of said spillage and will be held responsible for immediate cleanup of the affected area.

8.2.3.3 When fuel spills occur, fueling shall stop immediately.

8.2.3.4 In the event of spillage, each Fuel Transporting Vehicle, Fuel Truck and Fuel Delivery Device, and all other Motor Vehicles shall not be moved or operated in the vicinity of the spill until the spillage is removed, and a fireguard shall be promptly posted.

8.2.3.5 Each Person, tenant or company authorized to store, handle and dispense fuel on the Airport shall follow and remain compliant with all applicable environmental and fire safety measures of the U.S.

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Environmental Protection Agency, North Carolina Department of Environmental Quality, NFPA, local laws and requirements.

8.2.3.6 Each Person, tenant or company authorized to store, handle and dispense fuel on the Airport shall have an approved Spill Prevention Control and Countermeasures Plan, and have emergency spill control materials and supplies stored on each mobile Fuel Transporting Vehicle, Fuel Truck and Fuel Delivery Device ready for rapid deployment in the event of a spill.

8.2.3.7 All Persons authorized to operate a Fuel Transporting Vehicle, Fuel Truck or Fuel Delivery Device and other fueling equipment, shall be properly trained and familiar with their company's Spill Prevention Control and Countermeasures Plan (SPCC) and shall deploy such means, materials and measures in the event of a spill if safe to do so.

8.2.3.8 Each tenant or company that stores and/or handles fuel on the Airport shall be responsible for ensuring that all employees who directly handle fuel are properly trained to all company and fuel branding requirements, as well as all Authority requirements, and have satisfactorily completed all Authority required training.

8.2.4 Passengers. It shall be unlawful for any Person to fuel or de-fuel an Aircraft while any passenger is on board unless all of the conditions of Section 8.2.4.1 through 8.2.4.3 are met.

8.2.4.1 A passenger-boarding device is in place at the cabin door of the Aircraft and the canopy is extended, if present.

8.2.4.2 The cabin door is open.

8.2.4.3 A flight crewmember is on-board the Aircraft.

8.2.5 Static Bonding / Aircraft Grounding.

8.2.5.1 Prior to the fueling of an Aircraft, the Aircraft and the transfer fuel apparatus shall be adequately bonded and/or grounded as specified in this Section 8.2.5.

8.2.5.2 Prior to making any fueling connection to the Aircraft, the fueling equipment shall be physically bonded or grounded to the Aircraft being fueled by use of a cable, thus providing a conductive path to equalize the potential between the fueling equipment and the Aircraft.

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8.2.5.3 The bond or ground shall be maintained until fueling connections have been removed.

8.2.5.4 When fueling over a wing, the nozzle shall be bonded or grounded with a nozzle bond or ground cable having a clip or plug to a metallic component of the Aircraft that is metallicity connected to the tank filler port.

8.2.5.4.1 When fueling over a wing, the bond or ground connection shall be made before the filler cap is removed.

8.2.5.4.2 When fueling over a wing, if there is no plug receptacle or means for attaching a clip, the Operator shall touch the filler cap with the nozzle spout before removing the cap so as to equalize the potential between the nozzle and the filter port.

8.2.5.4.3 When fueling over a wing, the spout shall be kept in contact with the filler neck until the fueling is completed.

8.2.5.5 When a funnel is used in Aircraft fueling, it shall be kept in contact with the filler neck and the fueling nozzle spout or the supply container to avoid the possibility of a spark at the fill opening.

8.2.5.6 Only metal funnels shall be used to fuel an Aircraft.

8.2.5.7 Each hose, funnel, or apparatus used in fueling or defueling Aircraft shall be maintained in good condition and must be properly bonded to prevent ignition of volatile liquids.

## 8.2.6 Positioning of Equipment For Fueling.

8.2.6.1 Positioning of Aircraft Fuel Transporting Vehicle, Fuel Truck or Fuel Delivery Device shall be in accordance with this Section 8.2.6.

8.2.6.2 Each Aircraft Fuel Transporting Vehicle, Fuel Truck or Fuel Delivery Device shall be positioned so that they can be moved promptly after all Aircraft fuel hoses have been disconnected and stowed.

8.2.6.3 The drive engine of the fuel pump of the Aircraft Fuel Transporting Vehicle, Fuel Truck or Fuel Delivery Device shall not be positioned under the wing of Aircraft during over wing fueling or where Aircraft fuel system vents are located on the upper wing surface.

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8.2.6.4 Each Aircraft Fuel Transporting Vehicle, Fuel Truck or Fuel Delivery Device shall not be positioned within a 10 feet (3 meters) radius of Aircraft fuel system vent opening.

8.2.6.5 Hand brakes shall be set, and wheel chocks shall be placed on each fuel servicing Vehicles before the Operators leave the Vehicle.

8.2.6.6 No Fuel Transporting Vehicle, Fuel Truck or Fuel Delivery Device shall be backed within twenty (20) feet of an Aircraft without the Operator having taken those precautions necessary to ensure an appropriate level of safety, which may include ground walkers to assist and guide the Vehicle or fueling object.

8.2.7 Fire While Fueling. When a fire occurs in a fuel delivery device while servicing an Aircraft, fueling shall be discontinued immediately and all emergency valves and dome covers shall be shut down at once and Public Safety shall be notified immediately.

8.2.8 Operation of Fuel Trucks On Runways & Taxilane and Taxiway. No Fuel Transporting Vehicle, Fuel Truck or Fuel Delivery Device designed for and/or employed in the transportation of fuel shall be operated on a Taxilane or Taxiway or Runway at any time without expressed prior permission from the Executive Director or Authorized Representative to operate that Motor Vehicle in that place at that time and without being under escort by the Authority.

8.2.9 Fire Extinguishers.

8.2.9.1 No Person shall engage in Aircraft fueling or de-fueling operations without adequate and fully functioning fire extinguishing equipment being there and being readily accessible at the points of fueling.

8.2.9.2 All fire extinguishing equipment shall be recertified annually and all Persons shall be trained in the use of the equipment annually.

8.2.9.3 Each Fuel Transporting Vehicle, Fuel Truck or Fuel Delivery Device operating on the Airport shall be equipped with a minimum of two fully charged BC fire extinguishers, with one (1) located on each side of the Motor Vehicle, and with current annual certifications that conform to NFPA guidelines and FAR as may be appropriate.

8.2.10 Parking Areas For Fuel Trucks. Parking areas for a Fuel Transporting Vehicle, Fuel Truck or Fuel Delivery Device shall be arranged in accordance with the provisions of this Section 8.2.10.



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8.2.10.1 To facilitate dispersal of the Motor Vehicle in the event of emergency;

8.2.10.2 To provide at least ten (10) feet of clear space between each parked Motor Vehicle for accessibility for fire control purposes;

8.2.10.3 To prevent any leakage from draining on the ground or to any building or structure;

8.2.10.4 To minimize exposure to damage from any and all out-of-control Aircraft;

8.2.10.5 To provide at least fifty (50) feet from any Airport terminal building, Aircraft cargo building, Aircraft hangar or other Airport structure housing any Person or any member of the public, and which has windows or doors in the exposed walls; and

8.2.10.6 Each Fuel Transporting Vehicle, Fuel Truck or Fuel Delivery Device when not in use, shall be stored in a designated area that provides secondary containment protection from a leak or spill from the Motor Vehicle within the parking area.

8.2.11 Use of Radio, Radar, And Electrical Systems. It shall be unlawful for any Person to operate a radio transmitter or receiver or switch electrical appliances on or off in an Aircraft while the Aircraft is being fueled or being de-fueled.

8.2.12 Thunderstorm Activity. It shall be unlawful for any Person to conduct fueling or de-fueling operations during periods of thunderstorm and/or lightning activity on or in the vicinity of the Airport.

8.2.13 Authority to Dispense Fuel.

8.2.13.1 Only those Persons who have then been authorized by the Executive Director or Authorized Representative, via a current self-fueling permit, or those Persons, tenants or companies who have authority through the issuance of a permit or lease by the Authority, may dispense fuel into any Aircraft, Vehicle or ground support equipment on the Airport.

8.2.13.2 It shall be unlawful for any Person to dispense or sell aviation fuel for automotive purposes.

8.2.14 Fuel Farms and Bulk Fuel Installments.

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8.2.14.1 All fuel farms and bulk fuel installations shall conform to the appropriate NFPA Standards, City/County Fire Codes, federal, state, or local laws.

8.2.14.2 There shall be NO SMOKING within one hundred (100) feet of a fuel farm or a bulk fuel installation.

8.2.14.3 Person(s) using fuel farms and bulk fuel installations shall ensure that such areas are free of weeds, grass, shrubs, trash and other debris at all times.

8.2.14.4 Fire extinguishers shall always be maintained in an accessible position, and in an operable condition with a then un-expired certification date.

8.2.14.5 No fuel or Fuel Transporting Vehicle, Fuel Truck or Fuel Delivery Device shall be left unattended during loading or unloading of fuel at a fuel farm or bulk installation.

8.2.14.6 All fuel farms and bulk fuel installations shall be operated under a quality control, maintenance, and inspection program of a licensed and bonded fuel supplier, or the State of North Carolina.

#### 8.2.15 Fuel Transporting Vehicle, Fuel Truck or Fuel Delivery Device

8.2.15.1 Each Fuel Transporting Vehicle, Fuel Truck or Fuel Delivery Device shall be conspicuously marked on both sides and rear of the cargo tank with the word "FLAMMABLE", "NO SMOKING" and with an appropriate placard identifying the type of fuel contained within the tank.

8.2.15.2 Emergency shut-off devices shall be required on each Fuel Transporting Vehicle, Fuel Truck or Fuel Delivery Device and shall be conspicuously marked "EMERGENCY SHUT OFF".

8.2.15.3 The propulsion and pumping engine on each Fuel Transporting Vehicle, Fuel Truck or Fuel Delivery Device shall have safeguards to reduce ignition sources to a minimum.

8.2.15.4 The carburetor on each Fuel Transporting Vehicle, Fuel Truck or Fuel Delivery Device shall be fitted with an approved back-flash arrester.

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8.2.15.5 The wiring on each Fuel Transporting Vehicle, Fuel Truck or Fuel Delivery Device shall be adequately insulated and fastened to eliminate chafing, and affixed to terminal connections by tight-fitting snap or screw connections with rubber or similar insulating and shielding covers and molded boots.

8.2.15.6 Two fire extinguishers shall be conspicuously apparent on each Fuel Transporting Vehicle, Fuel Truck or Fuel Delivery Device, as specified in Section 8.2.9.3.

8.2.15.7 Each hose, funnel, or apparatus on a Fuel Transporting Vehicle, Fuel Truck or Fuel Delivery Device used in fueling or de-fueling Aircraft shall be maintained in good condition.

8.2.15.8 Maintenance and testing of Aircraft fueling systems shall be conducted under controlled conditions and in accordance with NFPA Guidelines.

8.2.15.9 Each Fuel Transporting Vehicle, Fuel Truck and Fuel Delivery Device shall be stored and maintained outdoors in areas authorized by the Executive Director, and when not in use, within an area that is protected by secondary containment measures.

8.2.15.10 Each Fuel Transporting Vehicle, Fuel Truck or Fuel Delivery Device based on the Airport and utilized for the delivery of fuel into Aircraft or authorized Vehicle shall carry an emergency spill response kit upon it containing materials and supplies to be used by the Operator in the event of a fuel spill.

8.2.15.10.1 Any emergency fuel spill kit materials and supplies that are used shall be immediately replaced.

### 8.3 Open Flame Operation.

8.3.1 Except as provide in Section 8.3.1.1 through 8.3.1.3, it shall be unlawful to engage in any lead and carbon burning, fusion gas and electric welding, blow-torch work, reservoir repairs, engine testing, battery charging and all operations involving open flames on the Airport.

8.3.1.1 Such operations shall be allowed in the repair shop sections of any hangar.

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8.3.1.2 During such operations, the shop shall be separated from the storage section by closing all doors and openings to the storage section.

8.3.1.3 Any such operations upon any other portions of the Airport shall only be performed after notification and coordination with Public Safety and after receiving permission from the Executive Director or Authorized Representative.

#### 8.4 Storage of Materials.

8.4.1 It shall be unlawful to keep or store material or equipment in such manner as to constitute a fire hazard or be in violation of applicable, local codes or ordinances or operational Directives of the Authority.

8.4.2 Gasoline, kerosene, ethyl, jet fuel, ether, lubricating oil or other Flammable Liquid or gas including those used in connection with the process of "doping" shall be stored in accordance with the local codes or ordinances.

8.4.3 It shall be unlawful to keep, transport, or store lubricating oils on the Airport except in containers and receptacles designed for such purposes and in areas specifically approved for such storage in compliance with applicable local codes or ordinances and FAR.

#### 8.5 Hazardous Materials.

8.5.1 It shall be unlawful for any Person, without prior permission from the Executive Director, to transport, handle, or store on the Airport any cargo of explosives or other hazardous articles which is barred from loading in, or for transportation by Civil Aircraft in the United States under the current provisions of Regulations promulgated by the Department of Transportation (DOT), the Federal Aviation Administration (FAA), Transportation Security Administration (TSA), or by any other governing authority.

8.5.2 Compliance with said regulations shall not constitute or be construed to constitute a waiver of the notice required in Section 8.5.1 or as an implied permission to keep, transport, handle or store such explosives or other dangerous articles on the Airport.

8.5.3 Twenty-four hours advance notice shall be given to the Executive Director or Authorized Representative in order to investigate and clear any operation requiring a waiver of this Section 8.5.1.

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8.5.4 It shall be unlawful to offer, or to knowingly accept, any hazardous article for shipment on the Airport unless the shipment is handled and stored in full compliance with the current provisions of any local, state or federal law regulating the handling and storage of hazardous materials.

8.5.5 Any Person engaged in transportation of hazardous articles shall have designated personnel on the Airport authorized and responsible for receiving and handling such shipments in compliance with the prescribed regulations.

8.5.6 Any Person engaged in the transportation of hazardous articles shall provide storage facilities which reasonably insure against unauthorized access, or exposure to persons and against damage to shipments while on the Airport.

8.5.7 Any Person transporting or storing hazardous materials on the Airport shall, a minimum of 24 hours in advance of such transportation or storage, provide current Safety Data Sheets (SDS) documentation on the hazardous material to the Executive Director or Authorized Representative.

8.5.8 Safety Data Sheets (SDS) documentation shall be maintained by the Person responsible for the hazardous material and readily available at all times while the hazardous material is present on the Airport.

8.5.9 The spill of any hazardous material on the Airport shall immediately be cleaned up by the Person responsible for such spillage, in accordance with all local, state or federal regulations governing the handling and storage of such hazardous materials, and shall be immediately reported to the Executive Director.

8.6 Motorized Ground Equipment Around Aircraft. It shall be unlawful for any Person to Park motorized ground equipment near any Aircraft in such manner so as to prevent it or the other ground equipment from being readily driven or towed away from the Aircraft in case of an emergency.

8.7 Aircraft Electrical and Electronic Systems.

8.7.1 It shall be unlawful to test or operate radio transmitters and similar equipment in Aircraft within a hangar with dynamotors running unless all parts of the antenna system are at least one (1) foot removed from any other object.

8.7.2 It shall be unlawful to place an Aircraft, at any time, such that any fabric-covered surface is within one (1) foot of an antenna system.

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8.7.3 It shall be unlawful to operate or ground test, in any area on the Airport, airborne radar equipment that will interfere with any high intensity radar site.

#### 8.8 Electrical Equipment and Lighting Systems.

8.8.1 It shall be unlawful to use a portable lamp assembly, without a proper protective guard or shield over the lamp to prevent breakage.

8.8.2 It shall be unlawful to leave any power operated equipment or electrical devices on when not in actual use.

8.8.3 It shall be unlawful to do any work on any Aircraft in a hangar or structure without de-energizing or disconnecting the battery or power source.

#### 8.9 Aprons, Building & Equipment.

8.9.1 All Persons on the Airport shall keep all areas of the premises leased or used by them clean and free of oil, grease and other flammable material.

8.9.2 The floors of hangars and other buildings shall be kept clean and continuously kept free of rags, waste materials or other trash or rubbish, unless such rags and other water materials are kept in proper and approved containers.

8.9.3 Approved metal receptacles with a self-extinguishing cover shall be used for the storage of oily waste rags and similar materials.

8.9.3.1 The contents of these receptacles shall be removed daily by Persons occupying the space and kept clean at all times.

8.9.4 Clothes lockers shall be constructed of metal or fire-resistant material.

8.9.5 Only approved containers shall be stored in or about a hangar or other buildings on the Airport.

8.9.6 It shall be unlawful to use Flammable Liquids or other substances for cleaning hangars or other buildings on the Airport.

#### 8.10 Containers.

8.10.1 No Person, tenant, licensee, lessee, concessionaire, or other occupant or user of an Airport facility on the Airport or agent thereof doing

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business on the Airport, may keep uncovered trash containers adjacent to sidewalks or roads in any Public Areas on the Airport.

8.10.2 It shall be unlawful for any Person to spill dirt or any other material from a Motor Vehicle operated on the Airport or to produce or create FOD in aircraft operational areas without promptly reporting and cleaning up the same.

8.10.3 In the event a spill occurs, the Owner of the Motor Vehicle will be responsible for cleaning up the spill at his/her expense.

8.10.4 The Owner or Operator of any trash dumpster or large scale container shall ensure that the container remains covered at all times in a manner so that trash and debris from the container do not leave the container.

#### 8.11 Repairing Aircraft.

8.11.1 Aircraft repairs in storage areas of hangars shall be limited to replacements of parts and repairs incidental thereto, provided such repairs do not involve appliances using any open flame or any heated parts.

8.11.2 It shall be unlawful to start or operate an Aircraft engine inside any hangar.

8.11.2.1 Section 8.11.2 shall not prohibit use of tractors with NFPA approved exhaust systems when moving planes within any hangar.

8.11.3 It shall be unlawful to undertake repairs to any Aircraft or other equipment for commercial purposes on the Airport unless first obtaining any and all required leases or permits from the Authority,.

8.11.4 It shall be unlawful to solicit the services of, or to accept the services of any Person, who undertakes repairs to any Aircraft or other equipment for commercial purposes on the Airport, knowing that the Person has not first obtained all required leases or permits from the Authority to operate on the Airport.

8.12 Violations of Section 8. A violation of Section 8 Safety Regulations shall not be a misdemeanor or infraction under N.C. Gen. Stat. § 14-4; however, civil penalties shall be assessed and civil citations issued for the administrative violation of any provision of Section 8 Safety Regulations, in accordance with Section 17 Penalties, Remedies and Enforcement below.

### **SECTION 9. Aeronautical Regulations.**

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9.1 Compliance With Orders. It shall be unlawful to conduct aeronautical activities on the Airport that are not in compliance with the then current and applicable FAR, and with these Airport Rules & Regulations.

9.2 Negligent Operations. It shall be unlawful for any Person to operate Aircraft on the Airport in a careless manner or in disregard of the right and safety of others.

9.2.1 All Persons using the Airport shall be held liable for any property damage caused intentionally or by carelessness or negligence on the Airport.

9.3 Denial of Use of Airport.

9.3.1 The Executive Director or Authorized Representative shall have the right at any time to close the Airport in its entirety or any portion thereof to air traffic, and/or to delay or restrict any flight or other Aircraft operation, to direct refusal of takeoff permission to Aircraft, and to deny the use of the Airport or any portion thereof to any specified class of Aircraft, or to any Person(s) or group(s), when he (or she) considers any such action(s) to be necessary or desirable to avoid endangering any Persons or any property, and to be consistent with the safe and proper operation(s) of the Airport.

9.3.2 In the event the Executive Director or Authorized Representative believes the condition on the Airport to then be unsafe for landings or takeoffs, it shall be within his or her authority to issue, or cause to be issued, a Notice to Airmen (NOTAM) closing the Airport or any portion thereof until such time that such restrictions are terminated.

9.4 Aircraft Accidents or Incidents.

9.4.1 Upon the occurrence of an Aircraft accident or incident the Executive Director shall be notified immediately.

9.4.2 The pilot or Operator of any Aircraft involved in an incident or accident on the Airport causing personal injury and/or any property damage, in addition to all other reports required by other agencies, shall make a prompt and complete written report concerning said accident or incident to the office of the Executive Director.

9.4.2.1 When a written report of any accident or incident is required by FAR, a copy of such report may be submitted to the Executive Director in lieu of the report required in Section 9.4.2.



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9.4.3 Each written report to be submitted in accordance with Section 9.4.2 shall be submitted to the Executive Director within forty-eight (48) hours from the time the accident or incident first occurred.

9.5 Disabled Aircraft.

9.5.1 The Owner of an Aircraft which is disabled on the Airport and causing the closure of the airfield or any part thereof, or otherwise impacting safe and/or efficient Airport operations, shall be responsible for the prompt and immediate removal of the disabled Aircraft and its parts when directed by the Executive Director or Authorized Representative.

9.5.2 If the Owner is not present on site, or in the event of the Owner's inability, failure or refusal to comply with removal orders, all disabled Aircraft or any and all the parts thereof may be removed by employees of the Authority or by Persons contracted to do so, all at the Owner's expense, and without the Authority having any responsibility or liability for damage to the Aircraft that may occur as a result of such removal.

9.6 Tampering With Aircraft.

9.6.1 It shall be unlawful for any Person to interfere or tamper with any Aircraft or put in motion such Aircraft.

9.6.2 It shall be unlawful for any Person to use or remove any Aircraft, Aircraft parts, instruments, or tools without positive evidence of permission of the Owner thereof to do so.

9.7 Cleaning, Maintenance and Repair of Aircraft. It shall be unlawful for any Person to clean, paint, wash, polish, or otherwise maintain an Aircraft, other than in areas approved (and in the manner designated) by the Authority, and designated for such purpose, whether on or off any tenant leasehold area.

9.8 Hand Propping of Aircraft.

9.8.1 Hand propping shall be unlawful, unless there is then no other means of starting the Aircraft.

9.8.2 The pilot of the Aircraft remains responsible for any and all liability resulting from hand propping.

9.9 Certification of Aircraft and Licensing of Pilots.

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9.9.1 It shall be unlawful for any Person to operate an Aircraft on the Airport without displaying on board the Aircraft a valid Airworthiness Certificate issued by the Federal Aviation Administration (FAA) or appropriate foreign government

9.9.2 It shall be unlawful for any Person to operate an Aircraft on the Airport without displaying on the exterior of the Aircraft a valid registration number issued by the FAA or appropriate foreign government.

9.9.3 It shall be unlawful for any Person to operate an Aircraft on the Airport without possessing an appropriate certificate or license, issued by the FAA or appropriate foreign government.

9.9.4 All Persons shall, upon request of the Executive Director or Authorized Representative, produce a valid operator's license, Airworthiness certificate, and provide other valid photo proof of identification issued by a government agency.

9.10 Violations of Section 9. A violation of Section 9 Aeronautical Operations shall not be a misdemeanor or infraction under N.C. Gen. Stat. §14-4; however, civil penalties shall be assessed and civil citations issued for the administrative violation of any provision of Section 9 Aeronautical Operations above, in accordance with Section 17 Penalties, Remedies and Enforcement below.

## **Section 10. Airport Operational Restrictions.**

10.1 Except to the extent prohibited by applicable FAR, the Authority shall have the ability to designate or restrict the use of a Runway, Taxiway or Taxiway, and/or other operational areas of the Airport, in connection with construction and maintenance activities on the Airport, or for the benefit of efficient Airport operations and safety, or when the Executive Director determines in it is in the best interest of the Airport, with respect to, but not limited to, the following types of operations: Touch and Go Flights, Training Flights, Experimental Flights, Equipment Demonstration, Air Shows, Maintenance Flight Checks, Compliance with FAR's Part 36, Noise Standards, Aircraft Type and Airworthiness Certification, Skydiving, Banner Towing, and Hot Air Balloons.

10.2 It shall be unlawful to engage in an Aircraft engine run up in any location except those specifically Designated Areas.

10.3 No equipment or Motor Vehicle supporting the operation of hot air balloons shall be permitted on the Airport without the proper escort or other permission of the Executive Director or Authorized Representative.

10.4 Gliders.

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10.4.1 It shall be unlawful to conduct glider operations not in accordance with current FAR's Part 91 and current Directives, and approved in advance by the Executive Director.

10.4.2 It shall be unlawful to bring equipment or Motor Vehicle supporting the operation of gliders on the Airport without the proper escort and permission of the Executive Director or Authorized Representative.

10.5 Ultra-Light Vehicle It shall be unlawful to operate and ultra-light vehicle on the Airport without meeting or exceeding all requirements contained in FAR's Part 103.

#### 10.6 Take Offs and Landings

10.6.1 Except as provided for in 10.6.1.1 below, it shall be unlawful for any person to cause an Aircraft to takeoff or land, except on a Runway.

10.6.1.1 Helicopters are an exception to Section 10.6.1, as they may operate from an approved location other than a Runway.

10.6.2 It shall be unlawful for any Person to cause an Aircraft to take off or land from a closed Runway, or on or from any Apron or Ramp area or Taxilane or Taxiway.

10.6.3 Persons landing an Aircraft on the Airport shall make the landing runway available to other Aircraft by leaving said Runway as promptly as possible, consistent with safety.

10.6.4 Any Person operating or controlling an Aircraft landing at or taking off from the Airport shall maintain engine noise within applicable Aircraft engine noise limits as promulgated by the FAR, the federal government, or the Authority, whichever is the most restrictive.

10.7 Banner Towing. It shall be unlawful to undertake tow banner pickups and drop-offs from or on the Airport, without prior written authorization of the Executive Director.

10.8 Kites, Models, Drones, Balloons. It shall be unlawful for any Person to operate on or within the vicinity of the Airport, a kite, model airplane, drone, tethered balloon or other objects constituting a hazard to Aircraft operations, without the prior written authorization of the Executive Director and full compliance with North Carolina state laws and FAR's Part 107.

#### 10.9 Parachute Jumping.

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10.9.1 It shall be unlawful for any Person to initiate a parachute jump from the Airport without the prior written approval of the Executive Director.

10.9.2 All parachute operations are prohibited at the Airport without written approval of the Executive Director, and full compliance with FAR's Part 105.

10.10 Violations of Section 10. A violation of Section 10 Airport Operational Restrictions shall not be a misdemeanor or infraction under N.C. Gen. Stat. §14-4; however, civil penalties shall be assessed and civil citations issued for the administrative violation of any provision of Section 10 Airport Operational Restrictions above, in accordance with Section 17 Penalties, Remedies and Enforcement below.

## **Section 11. Taxi and Ground Rules.**

### 11.1 Aircraft Parking.

11.1.1. It shall be unlawful for any Person to Park an Aircraft in any area on the Airport except those designated, and in the manner prescribed, by the Executive Director.

11.1.2 If any Person uses unauthorized areas for Aircraft parking, the Aircraft so parked may be removed by or at the direction of the Executive Director. The Authority shall not be liable to the Owner for any damage to the Aircraft, and the removal shall be at the expense of the Owner thereof.

11.1.3 No Aircraft shall be left unattended on the Airport unless it is in a hangar or adequately locked, and tied down.

11.1.4 Articles left in Aircraft are the sole responsibility of the Aircraft Owner and pilot.

### 11.2 Derelict Aircraft.

11.2.1 It shall be unlawful for any Person to Park or store any Aircraft in non-flyable condition on the Airport, including leased premises, for a period in excess of ninety (90) days, without written permission from the Executive Director.

11.2.2. It shall be unlawful for any Person to store or retain Aircraft parts or components, being held as inventory, anywhere on the Airport, other than in an enclosed, authorized facility, or in a manner approved by the Executive Director, in advance and in writing.

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11.2.3 In the event of violations of Section 11.2.1 and 11.2.2, the Executive Director shall notify the Owner or Operator thereof by certified or registered mail, requiring removal of said Aircraft within fifteen (15) days of receipt of notice.

11.2.3.1 In the event the Owner or Operator is unknown or cannot be found for purposes of notice, the Executive Director shall conspicuously post and affix the notice to said Aircraft, requiring removal of said Aircraft within fifteen (15) days from date of posting.

11.2.3.2 In the event the Owner or Operator fails to remove the Aircraft within fifteen days from the date of posting, the Executive Director or Authorized Representative may, in addition to all other penalties and enforcement methods allowed for herein or by law, elect to remove the Aircraft from the Airport and store the Aircraft elsewhere, and invoice the Owner or Operator for the expense associated with such removal or storage.

11.3 Violations of Section 11. A violation of Section 11 Taxi and Ground Rules shall not be a misdemeanor or infraction under N.C. Gen. Stat. §14-4; however, civil penalties shall be assessed and civil citations issued for the administrative violation of any provision of Section 11 Taxi and Ground Rules above, in accordance with Section 17 Penalties, Remedies and Enforcement below.

## **Section 12. Rotorcraft Operations.**

12.1 It shall be unlawful to taxi, tow, or otherwise move a Rotorcraft, with rotors turning, unless there is a clear area of at least thirty (30) feet in all directions from the outer tips of the rotors.

12.2 It shall be unlawful to operate a Rotorcraft in any manner that creates any safety hazard or impacts personnel, unsecured Aircraft closed areas of the Airport, or other equipment or materials.

12.3 Violations of Section 12. A violation of Section 12 Rotorcraft Operations shall not be a misdemeanor or infraction under N.C. Gen. Stat. §14-4; however, civil penalties shall be assessed and civil citations issued for the administrative violation of any provision of Section 12 Rotorcraft Operations above, in accordance with Section 17 Penalties, Remedies and Enforcement below.

## **Section 13. Use of T-Hangars and Storage Hangars.**

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13.1 It shall be unlawful to utilize T-hangars and storage unit hangars for any purpose that would constitute a nuisance or interferes in any way with the use and occupancy of other buildings and structures in the neighborhood of the leased premises.

13.2 T-hangars and unit storage hangars, whether owned by the Authority or by a commercial entity, shall be used for storage of Aircraft only, without the express, written permission of the Executive Director.

13.3 It shall be unlawful to attach items of any nature to the building, either interior or exterior, without the permission of the Executive Director and in full compliance with Airport Development Guidelines.

13.4 It shall be unlawful to suspend or lift Aircraft or Aircraft component utilizing the building or any component of the building.

13.5 It shall be unlawful to make any alterations to the hangar structure without written approval by the Executive Director.

13.5.1 Any approved alterations to the hangar are subject to removal by the Authority at the occupant's expense, upon thirty (30) days written notice, for the purpose of repair, construction or other purposes deemed necessary by the Authority.

13.6 Except as provided in Section 13.6.1 below, it shall be unlawful to store or to allow to accumulate in any hangar any flammable material or refuse.

13.6.1 Storage of no more than ten (10) gallons of flammable fluids inclusive of Aircraft lubricants, within the premises, shall not be considered a violation of Section 13.6, so long as all such storage is in NFPA approved containers, or unopened original containers.

13.7 It shall be unlawful to wash Aircraft with running water in hangars when such washing will cause drainage into its hangar or through or to any other hangar.

13.8 It shall be unlawful to spray paint of any kind in any hangar, unless inside an approved paint booth.

13.9 It shall be unlawful to use any tools, equipment, or materials in any hangar that could constitute a fire hazard.

13.10 It shall be unlawful to smoke in any hangar.

13.11 All occupants shall exercise care to keep oil, grease, etc. off the floor(s).

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13.12 Occupants of each hangar shall see that electric current and water, if available, is not used excessively.

13.13 It shall be unlawful to erect, paint, or otherwise display any sign on the exterior or interior of any hangar.

13.14 It shall be unlawful for any Aircraft or Motor Vehicle to be parked by a hangar, in such a manner as to block access to adjoining hangar space(s), or to cause inconvenience(s) to other occupants.

13.15 A Motor Vehicle parked for more than a 24 hour period must be parked inside the T-hangar.

13.16 It shall be unlawful for any Person to use any hangar for Commercial Activity whatsoever, including, but not by way of limitation, the sale of products or services of any kind, and whether or not such actions are transacted for profit, without written approval of the Executive Director, and after having satisfied all of the necessary requirements of the Authority for conducting a Commercial Activity on the Airport.

13.17 It shall be unlawful to permit or to perform repair service on automobiles or automotive equipment of any kind other than an authorized motorized towing Motor Vehicle or Aircraft ground support equipment in any hangar.

13.8 Violations of Section 13. A violation of Section 13 Use of T-Hangars and Storage Hangars shall not be a misdemeanor or infraction under N.C. Gen. Stat. §14-4; however, Civil penalties shall be assessed and civil citations issued for the administrative violation of any provision of Section 13 Use of T-Hangars and Storage Hangars above, in accordance with Section 17 Penalties, Remedies and Enforcement below.

#### **Section 14. Motor Vehicles.**

14.1 Traffic Signs and Signal Devices. It shall be unlawful for any Person to fail to comply with the directions and instructions indicated on all parking and traffic signs, markers or devices erected or placed on the Airport.

14.2 Pedestrian Right-Of-Way. Except as specified in Section 14.2.1 below, it shall be unlawful for any Person operating a Motor Vehicle to fail to yield the right-of-way to a pedestrian who crosses within a marked pedestrian crosswalk.

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14.2.1 Section 14.2 shall not apply when the movement of traffic is being actively regulated by on site law enforcement officers, traffic specialists, or traffic control devices.

14.3 Motor Vehicle Condition. It shall be unlawful for any Person to operate anywhere on the Airport any Motor Vehicle which: (1) is so constructed, equipped or loaded, or which is in such unsafe condition as to endanger any Persons or any property; (2) which has attached thereto any object or equipment (including that which is being towed) which drags, swings, or projects so as to be hazardous to any Person(s) or any tangible property; or (3) does not meet all current North Carolina state required safety and emission standards or does not have a current North Carolina state inspection certification, if applicable to the Motor Vehicle

14.4 Closing or Restricting Use of Airport Roadways. The Executive Director or Authorized Representative is authorized to close or restrict the use of any or all Airport roadways to Motor Vehicle traffic in the interest of safety.

14.5 Storing, Parking or Repairing Motor Vehicles.

14.5.1 Except as specified in Section 14.5.1.1 and 14.5.1.2 below, it shall be unlawful for a Motor Vehicle to be stored or repaired on the Airport.

14.5.1.1 The Executive Director may designate specific areas where a Motor Vehicle may be stored or repaired on the Airport.

14.5.1.2 Minor repairs necessary with respect to a temporarily disabled Motor Vehicle shall not be in violation of Section 14.5.1; however, the Authority can immediately tow or otherwise removal any Motor Vehicle that is causing a safety hazard or creating a traffic flow problem

14.5.2 A Motor Vehicle Abandoned on the Airport, including any Motor Vehicle located within a paid parking lot, shall be towed at the Owner's expense.

14.6 Off Road Motor Vehicles. It shall be unlawful to operate any off road Motor Vehicle, including, but not limited to, dirt bikes and 3 and 4 wheelers, on the Airport, except for Airport operational purposes.

14.7 License. It shall be unlawful for any Person to operate a Motor Vehicle or motorized equipment on the Airport without valid authorization for use of the Motor Vehicle or equipment, and without holding a license or permit for said use, if required. Such license or permit must be issued by a state-licensing agency, or by the employer through a company training/certification program.

14.8 Procedure In Case of Accident.



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14.8.1 The Operator of any Motor Vehicle involved in an accident on the Airport which results in injury to or death of any Persons or property damage shall immediately stop such Motor Vehicle at the scene of the accident and shall render reasonable assistance.

14.8.2 The Operator shall immediately, by the quickest means of communications, give notice of the accident to Public Safety and to the Executive Director.

14.8.3 The Operator of each Motor Vehicle involved shall furnish the name and address of Owner and the driver of the Motor Vehicle, the Operator's license and the Motor Vehicle registration and the name of the liability insurance carrier for the Motor Vehicle, to any Person injured, the driver or occupant of the Motor Vehicle damage, and to any police officer.

#### 14.9 Safe Speed

14.9.1 It shall be unlawful to drive or operate a Motor Vehicle on the Airport at a speed greater than is reasonable and prudent under the existing conditions and having due regard to actual and potential hazards.

14.9.2 The speed limit on AOA Apron areas shall be 10 MPH.

14.9.3 Except as provided for in Section 14.9.3.1, it shall be unlawful to drive a Motor Vehicle at such a slow speed as to impede or block the normal and reasonable movements of traffic.

14.9.3.1 It shall not be a violation of Section 14.9.3, if the reduced speed is necessary for safe operation or in compliance with the law.

14.9.4 It shall be unlawful to drive a Motor Vehicle on the streets and other vehicular traffic areas on the Airport, including parking areas, in excess of the speed limits indicated on signs posted by the Authority or on behalf of the Authority.

#### 14.10 Motor Vehicle Operations On Airport Operations Area.

14.10.1 Unless express permission has been granted by the Executive Director, it shall be unlawful for any Person to operate a Motor Vehicle on the AOA.

14.10.2 Except for an Authority Vehicles, and trucks and any other Vehicle necessary for the servicing and maintenance of Aircraft and transportation of

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passengers on the Airport, it shall be unlawful to Park a Motor Vehicle on any portion of the AOA.

14.10.3 It shall be unlawful for any Person to Park a Vehicle in any manner so as to block or obstruct: (1) fire hydrants and the approaches thereto, (2) the gates or emergency exits, and/or (3) building entrances or exits.

14.10.4 It shall be unlawful to Park a Motor Vehicle under loading bridges.

14.10.5 Aircraft taxiing on any Runway, Taxilane or Taxiway, or Apron area shall always have the right-of-way over any and all Motor Vehicle traffic.

14.10.16 Two-way radio communications with the air traffic control tower is required of each authorized Motor Vehicles or escort Motor Vehicles traversing or operating on the AMA during periods of tower operation or on the common traffic advisory frequency when the tower is closed.

14.11 Violations of Section 14. A violation of any provision of Section 14 Motor Vehicles shall be an infraction subject to the enforcement and penalties as specified in Section 17 Penalties, Remedies and Enforcement below.

## **Section 15. Motor Vehicle Parking.**

15.1 Operators of a Motor Vehicle using the Public Parking Facilities at the Airport shall observe and comply with all signs and markings, and a Motor Vehicle shall never be permitted to block, obstruct or interfere with Aircraft operations.

15.2 It shall be unlawful for any Motor Vehicle to remain in any of the Public Parking Facilities on the Airport for more than thirty (30) consecutive days, and each Motor Vehicle remaining in excess of 30 consecutive days may be considered Abandoned.

15.2.1 A Motor Vehicle that is Abandoned shall be towed from the Airport at the Owner's expense.

15.3 It shall be unlawful for any Person utilizing those Public Parking Facilities that require hourly or daily fees to exit or otherwise remove their Motor Vehicle from said parking areas without first paying the fees that are rightfully due.

15.4 The owners or Operator of a Motor Vehicle who is granted permission to Park in employee parking lots or other designated areas on the Airport shall display the Authority issued permit on the Motor Vehicle at all times.

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15.5 It shall be unlawful for any Person, at any time, to park a Motor Vehicle in any area not specifically designated for the parking of a Motor Vehicle whether on or off any tenant leasehold on the Airport.

15.6 Except for an authorized service Motor Vehicle while the Operator is performing official functions on behalf of the Airport, a utility company, contractor, or other authorized agent, it shall be unlawful for any Person to Park a Motor Vehicle on any public roadway on the Airport at any time.

15.7 Except for an authorized service Motor Vehicles while the Operator is performing official functions on behalf of the Airport, a utility company, contractor or other authorized agent, it shall be unlawful for any Person to Park a Motor Vehicle on sidewalks, greenways, or other landscaped areas.

15.8 It shall be unlawful for any Person to leave a Motor Vehicle unattended in front of the passenger terminal building along the curbside, or any portion of the terminal roadway for any period of time whatsoever.

15.9 It shall be unlawful for any Person to Park any Motor Vehicle in any reserved parking area without a valid permit issued by the Authority permitting such parking in the respective reserved area.

15.10 It shall be unlawful for any Person or Operator of a Motor Vehicle to block, obstruct or interfere with Aircraft operations.

15.11 Public Safety personnel may remove or cause to be removed from any restricted or reserved areas, any roadway or right-of-way, or any other unauthorized area or structure at the Airport, any property which is disabled, Abandoned or which interferes with aircraft operations, creates another operational problem, nuisance security or safety hazard or which otherwise is placed in an illegal, improper, or unauthorized manner.

15.11.1 Any property removed under Section 15.11 shall be relocated to an official impound area or such other area designated by the Authority.

15.11.2 Any property impounded by the Authority shall be released to the Owner or Operator thereof, upon proper identification of the property, after all towing, removal, or storage charges and any other fees have been paid.

15.12 Violations of Section 15.

15.12.1 A violation of any provision of Section 15 Motor Vehicle Parking, except Section 15.8, shall be an infraction subject to the enforcement and penalties as specified in Section 17 Penalties, Remedies and Enforcement below.

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15.12.2 A violation of Section 15.8 shall not be a misdemeanor or an infraction under N.C. Gen. Stat. § 14-4; however, civil penalties shall be assessed and civil citations issued for the violation of Section 15.8 above, in accordance with Section 17 Penalties, Remedies and Enforcement below.

### **Section 16. Ground Transportation Vehicles.**

16.1 It shall be unlawful for any Person to operate a Motor Vehicle on the Airport for the purposes of providing commercial ground transportation, including but not limited to a Taxicab, Taxi or Cab, Limousine, Car Share, Transportation Network Company, Courtesy Vehicle or Shuttle Van/Bus, for pickup of passengers, without first obtaining a ground transportation permit from the Authority.

16.2 Violations of Section 16. A violation of Section 16 Ground Transportation Vehicles shall not be a misdemeanor or infraction under N.C. Gen. Stat. §14-4; however, civil penalties shall be assessed and civil citations issued for the administrative violation of any provision of Section 16 Ground Transportation Vehicles above, in accordance with Section 17 Penalties, Remedies and Enforcement below.

### **Section 17. Penalties, Remedies and Enforcement**

17.1 Unless otherwise specified herein, violation of any provision of these Airport Rules & Regulations shall be enforced in accordance with, and subject to the penalties specified in, Section 17 Penalties, Remedies and Enforcement.

17.2 In addition to any civil or criminal penalties set out in Section 17 Penalties, Remedies and Enforcement, or in any other Section or subsection herein, these Rules & Regulations may be enforced by an injunction, order of abatement, or other appropriate equitable remedy issuing from a court of competent jurisdiction.

17.3 The Airport Rules & Regulations may be enforced by one, all or a combination of the penalties and remedies authorized and prescribed in this Section 17 Penalties, Remedies and Enforcement, or elsewhere herein, except that any provision, the violation of which incurs a civil penalty, shall not be enforced by criminal penalties.

17.4 Except as otherwise specified herein, each day's continuing violation of any provision of the Airport Rules & Regulations is a separate and distinct offense.

17.5 Removal or Denial of Access. The Executive Director or his/her Authorized Representative may order any Person to cease and desist any activities or conduct in violation of or in noncompliance with these Airport Rules & Regulations.

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17.5.1 The Executive Director or his/her Authorized Representative may order any Person who knowingly fails to comply with a cease and desist order removed from or denied access to the Airport.

17.5.1.1 An order of removal from or denial of access to the Airport shall be issued by the Executive Director or Authorized Representative in writing, and shall be hand delivered or sent by certified mail to the Person's last known address.

17.5.1.2 An order of removal from or denial of access to the Airport shall set forth the reasons for and dates on which removal or denial of access shall begin and end.

17.5.2 The Executive Director or Authorized Representative has the authority to take such action as may be necessary to enforce all Airport Rules and Regulations, Directives or Ordinances, and to safeguard the public in attendance at the Airport, and its facilities. All Persons upon the Airport shall cooperate with the Executive Director or Authorized Representative responsible for enforcing these Airport Rules & Regulations.

#### 17.6 Enforcement of Administrative Violations By Civil Citation.

17.6.1 The Executive Director shall authorize specific Authority personnel to enforce all administrative violations of these Airport Rules & Regulations by civil citation.

17.6.2 Upon any administrative violation of these Airport Rules & Regulations, personnel designated in accordance with Section 17.6.1 shall cause a civil citation to be issued to the violator.

17.6.3 All civil citations shall be hand-delivered to the violator or shall be mailed by first class mail addressed to the last known address of the violator. The violator shall be deemed to have been served upon hand-delivery or the mailing of the civil citation.

17.6.4 Unless otherwise expressly specified herein the civil penalty associated with each civil citation issued for an administrative violation of these Airport Rules & Regulations shall be as follows:

17.6.4.1 Violation of any provision in Section 6 General Regulations:  
**\$150.00.**

17.6.4.2 Violation of any provision in Section 8 Safety Regulations:  
**\$250.00.**

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17.6.4.3 Violation of any provision in Section 9 Aeronautical Regulations: **\$400.00**.

17.6.4.4 Violation of any provision in Section 10 Airport Operational Restrictions: **\$400.00**

17.6.4.5 Violation of any provision in Section 11 Taxi and Ground Rules: **\$400.00**

17.6.4.6 Violation of any provision in Section 12 Rotorcraft Operations: **\$400.00**

17.6.4.7 Violation of any provision in Section 13 Use of T-Hangars and Storage Hangars: **\$400.00**

17.6.4.8 Violation of Section 15.8: **\$25.00**

17.6.4.9 Violation of any provision in Section 16 Ground Transportation Vehicles: **\$50.00**

17.6.5 Any Person may submit, within ten (10) days of receipt of a civil violation, a written request that the Executive Director review the civil citation, in accordance with Sections 17.6.5.1 through 17.6.5.3 below.

17.6.5.1 A request to the Executive Director shall be in writing and shall be hand delivered to the Office of the Executive Director and must be signed for by an employee of the Authority, or shall be mailed to the Executive Director by certified mail, return receipt requested.

17.6.5.2 A request to the Executive Director must specify in detail all of the reasons why the civil citation should be modified or withdrawn and must provide a mailing address for the Executive Director to submit a response to the request.

17.6.5.3 Within ten (10) days of receipt of a request in accordance with Section 17.6.5.1, the Executive Director shall mail a written decision to the requesting party at the address provided.

17.6.6 Unless a written request for review in accordance with Section 17.6.5 above, civil penalties issued via civil citation for an administrative violation of any Section of these Airport Rules & Regulations shall be due and payable to the Authority within 30 days of receipt of the civil citation.

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17.6.7 If a written request for review is appealed and the civil citation is not withdrawn, payment of the civil penalty shall be due and payable to the Authority within 30 days of issuance of the Executive Director's written decision to the violator.

17.6.8 Unless other provided, if the violator fails to respond to a citation within 30 days of issuance and pay the fine prescribed therein, the Authority may institute a civil action in the nature of a debt in the appropriate division of the state general court of justice to collect the fine owed.

17.7 Enforcement of Misdemeanors.

17.7.1 Public Safety Officers are authorized to enforce violations of these Airport Rules & Regulations under N.C. Gen. Stat. § 14-4.

17.7.2 Unless otherwise expressly specified herein, a Person found to have violated any provision of Section 7 Personal Conduct shall be guilty of a Class 3 misdemeanor in accordance with N.C. Gen. Stat. § 14-4, and shall be subject to a fine, as specified in Section 17.3.2.1 below.

17.7.2.1 Violation of any provision in Section 7 Personal Conduct:  
**\$250.00.**

17.8 Enforcement of Infractions.

17.8.1 Public Safety Officers are authorized to enforce violations of these Airport Rules & Regulations under N.C. Gen. Stat. § 14-4 that constitute infractions.

17.8.2 Unless otherwise expressly specified herein, any violation of Section 14 Motor Vehicles or Section 15 Motor Vehicle Parking, except Section 15.8, shall constitute an infraction, and shall subject the violator to a fine not to exceed **\$50.00**, in accordance with N.C. Gen. Stat § 14-4, and as specified in Section 17.8.2.1 and 17.8.2.4 below.

17.8.2.1 Violations of any provision in Section 14 Motor Vehicles:  
**\$50.00.**

17.8.2.2 Violations of any provision in Section 15 Motor Vehicle Parking, except Section 15.8: **\$50.00.**

SECTION 18. Miscellaneous.

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18.1 Conflict. These Airport Rules & Regulations supersede and control all the Minimum Standards and all of the Authority's Leasing Policies to the extent of any conflicts, unless the Minimum Standard is required by the FAR. If the Minimum Standard is required by the FAR, the Minimum Standard will have the force and effect as required by the FAR.

18.2 Severability. If any provision of these Airport Rules & Regulations is held by any court of competent jurisdiction to be invalid, then the invalid provision shall be considered a separate and distinct and independent part of the ordinance, and such invalidity shall not affect the validity or enforcement of the ordinance as a whole or of any other part contained therein.

18.3 Amendment. The Greater Asheville Regional Airport Authority reserves the right to adopt such amendments to these Airport Rules & Regulations from time to time as it determines are necessary or desirable for the benefit of the general public or the operation of the Airport.





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## MEMORANDUM

TO: Members of the Airport Authority

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

DATE: December 9, 2016

### **ITEM DESCRIPTION – Information Section Item A**

October, 2016 Traffic Report – Asheville Regional Airport

### **SUMMARY**

October, 2016 overall passenger traffic numbers were up 12.3% compared to the same period last year. Passenger traffic numbers reflect a 14.2% increase in passenger enplanements from October, 2015. Enplanements for Fiscal Year to Date total 172,188 which is a 10.9% increase over the same period last year.

### **AIRLINE PERFORMANCE**

Allegiant Airlines: Year over Year passenger enplanements for Allegiant in October 2016 were up by 11.4%. There were no flight cancellations for the month.

American Airlines: American's October 2016 passenger enplanements represent a 10.1% increase over the same period last year. There was one (1) flight cancellation for the month.

Delta Airlines: Delta's October 2016 enplanements increased by 19.8% compared to October 2015. There were no flight cancellations for the month.

United Airlines: In October 2016, United Airlines saw an increase in enplanements by 14.5% over the same period last year. There were no flight cancellations for the month.

# Monthly Traffic Report

## Asheville Regional Airport

### October 2016



| Category                   | Oct 2016       | Oct 2015       | Percentage Change | *CYTD-2016       | *CYTD-2015       | Percentage Change | *MOV12-2016      | *MOV12-2015      | Percentage Change |
|----------------------------|----------------|----------------|-------------------|------------------|------------------|-------------------|------------------|------------------|-------------------|
| <b>Passenger Traffic</b>   |                |                |                   |                  |                  |                   |                  |                  |                   |
| Enplaned                   | 43,470         | 38,075         | 14.2%             | 345,375          | 333,697          | 3.5%              | 404,440          | 396,177          | 2.1%              |
| Deplaned                   | <u>43,562</u>  | <u>39,459</u>  | 10.4%             | <u>342,913</u>   | <u>336,148</u>   | 2.0%              | <u>401,138</u>   | <u>397,863</u>   | 0.8%              |
| <b>Total</b>               | <b>87,032</b>  | <b>77,534</b>  | <b>12.3%</b>      | <b>688,288</b>   | <b>669,845</b>   | <b>2.8%</b>       | <b>805,578</b>   | <b>794,040</b>   | <b>1.5%</b>       |
| <b>Aircraft Operations</b> |                |                |                   |                  |                  |                   |                  |                  |                   |
| Airlines                   | 715            | 670            | 6.7%              | 5,468            | 4,799            | 13.9%             | 6,641            | 5,812            | 14.3%             |
| Commuter /Air Taxi         | <u>1,046</u>   | <u>999</u>     | 4.7%              | 8,706            | 8,658            | 0.6%              | 10,076           | 10,110           | -0.3%             |
| <b>Subtotal</b>            | <u>1,761</u>   | <u>1,669</u>   | 5.5%              | <u>14,174</u>    | <u>13,457</u>    | 5.3%              | <u>16,717</u>    | <u>15,922</u>    | 5.0%              |
| General Aviation           | 4,366          | 4,532          | -3.7%             | 37,276           | 35,338           | 5.5%              | 43,470           | 41,400           | 5.0%              |
| Military                   | <u>479</u>     | <u>532</u>     | -10.0%            | <u>3,661</u>     | <u>4,937</u>     | -25.8%            | <u>4,374</u>     | <u>5,831</u>     | -25.0%            |
| <b>Subtotal</b>            | <u>4,845</u>   | <u>5,064</u>   | -4.3%             | <u>40,937</u>    | <u>40,275</u>    | 1.6%              | <u>47,844</u>    | <u>47,231</u>    | 1.3%              |
| <b>Total</b>               | <b>6,606</b>   | <b>6,733</b>   | <b>-1.9%</b>      | <b>55,111</b>    | <b>53,732</b>    | <b>2.6%</b>       | <b>64,561</b>    | <b>63,153</b>    | <b>2.2%</b>       |
| <b>Fuel Gallons</b>        |                |                |                   |                  |                  |                   |                  |                  |                   |
| 100LL                      | 16,352         | 17,027         | -4.0%             | 145,823          | 131,223          | 11.1%             | 171,465          | 148,516          | 15.5%             |
| Jet A (GA)                 | 162,442        | 119,371        | 36.1%             | 1,102,196        | 993,267          | 11.0%             | 1,257,834        | 1,142,461        | 10.1%             |
| <b>Subtotal</b>            | <u>178,794</u> | <u>136,398</u> | 31.1%             | <u>1,248,019</u> | <u>1,124,490</u> | 11.0%             | <u>1,429,299</u> | <u>1,290,977</u> | 10.7%             |
| Jet A (A/L)                | <u>267,526</u> | <u>312,935</u> | -14.5%            | <u>2,161,750</u> | <u>2,286,394</u> | -5.5%             | <u>2,592,048</u> | <u>2,646,197</u> | -2.0%             |
| <b>Total</b>               | <b>446,320</b> | <b>449,333</b> | <b>-0.7%</b>      | <b>3,409,769</b> | <b>3,410,884</b> | <b>0.0%</b>       | <b>4,021,347</b> | <b>3,937,174</b> | <b>2.1%</b>       |

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

Monday, November 21, 2016

# Airline Enplanements, Seats, and Load Factors

## Asheville Regional Airport

October 2016



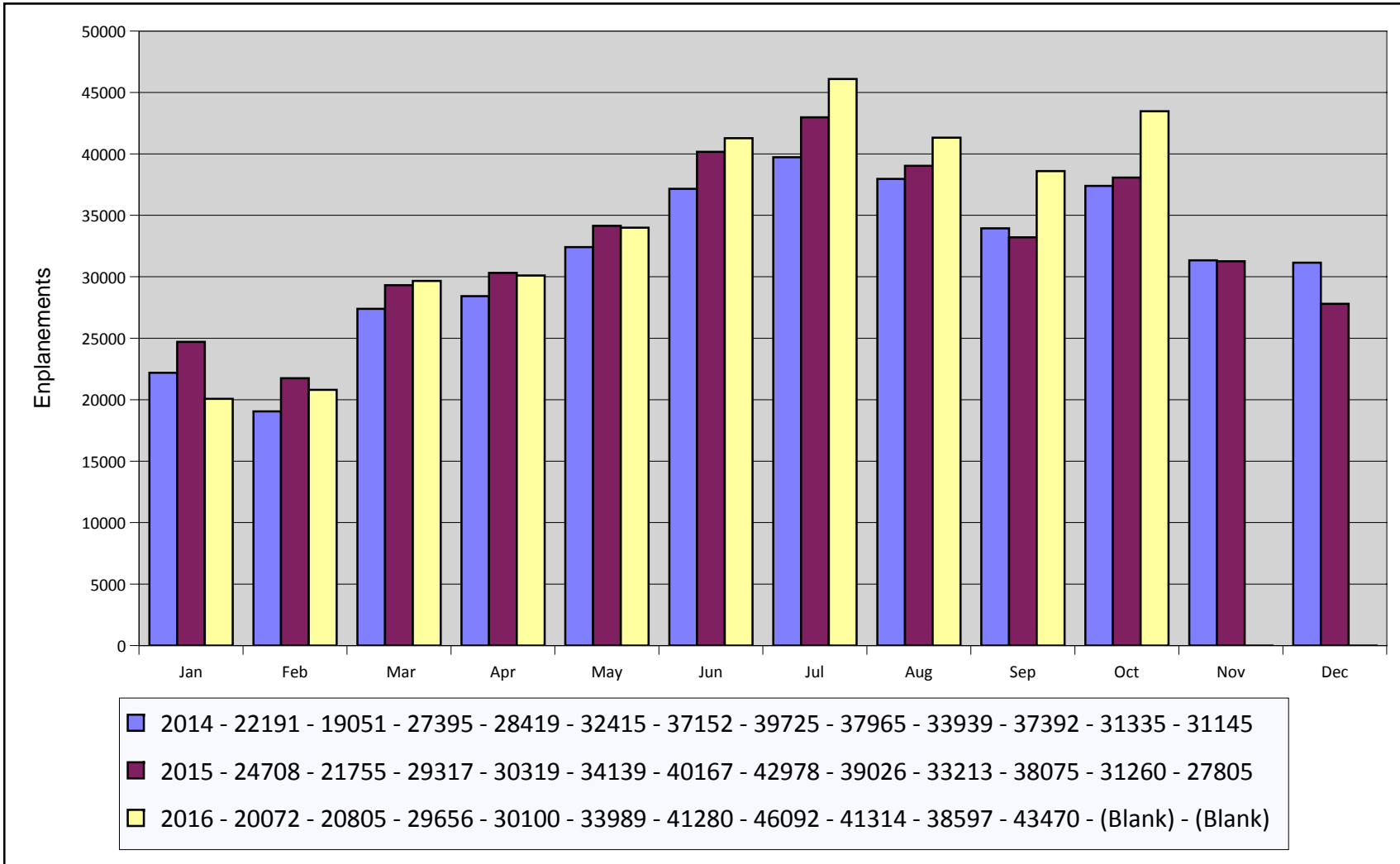
|                          | Oct 2016 | Oct 2015 | Percentage Change | *CYTD-2016 | *CYTD-2015 | Percentage Change |
|--------------------------|----------|----------|-------------------|------------|------------|-------------------|
| <b>Allegiant Air</b>     |          |          |                   |            |            |                   |
| Enplanements             | 12,483   | 11,210   | 11.4%             | 103,175    | 94,840     | 8.8%              |
| Seats                    | 14,146   | 16,078   | -12.0%            | 120,231    | 114,641    | 4.9%              |
| Load Factor              | 88.2%    | 69.7%    | 26.6%             | 85.8%      | 82.7%      | 3.7%              |
| <b>American Airlines</b> |          |          |                   |            |            |                   |
| Enplanements             | 10,575   | 9,605    | 10.1%             | 84,052     | 84,160     | -0.1%             |
| Seats                    | 12,543   | 13,548   | -7.4%             | 106,767    | 115,296    | -7.4%             |
| Load Factor              | 84.3%    | 70.9%    | 18.9%             | 78.7%      | 73.0%      | 7.8%              |
| <b>Delta Air Lines</b>   |          |          |                   |            |            |                   |
| Enplanements             | 14,602   | 12,187   | 19.8%             | 119,174    | 117,123    | 1.8%              |
| Seats                    | 16,667   | 14,701   | 13.4%             | 146,347    | 145,949    | 0.3%              |
| Load Factor              | 87.6%    | 82.9%    | 5.7%              | 81.4%      | 80.2%      | 1.5%              |
| <b>United Airlines</b>   |          |          |                   |            |            |                   |
| Enplanements             | 5,810    | 5,073    | 14.5%             | 38,974     | 37,574     | 3.7%              |
| Seats                    | 6,900    | 6,466    | 6.7%              | 44,764     | 44,846     | -0.2%             |
| Load Factor              | 84.2%    | 78.5%    | 7.3%              | 87.1%      | 83.8%      | 3.9%              |
| <b>Totals</b>            |          |          |                   |            |            |                   |
| Enplanements             | 43,470   | 38,075   | 14.2%             | 345,375    | 333,697    | 3.5%              |
| Seats                    | 50,256   | 50,793   | -1.1%             | 418,109    | 420,732    | -0.6%             |
| Load Factor              | 86.5%    | 75.0%    | 15.4%             | 82.6%      | 79.3%      | 4.1%              |

# Airline Flight Completions Asheville Regional Airport October 2016

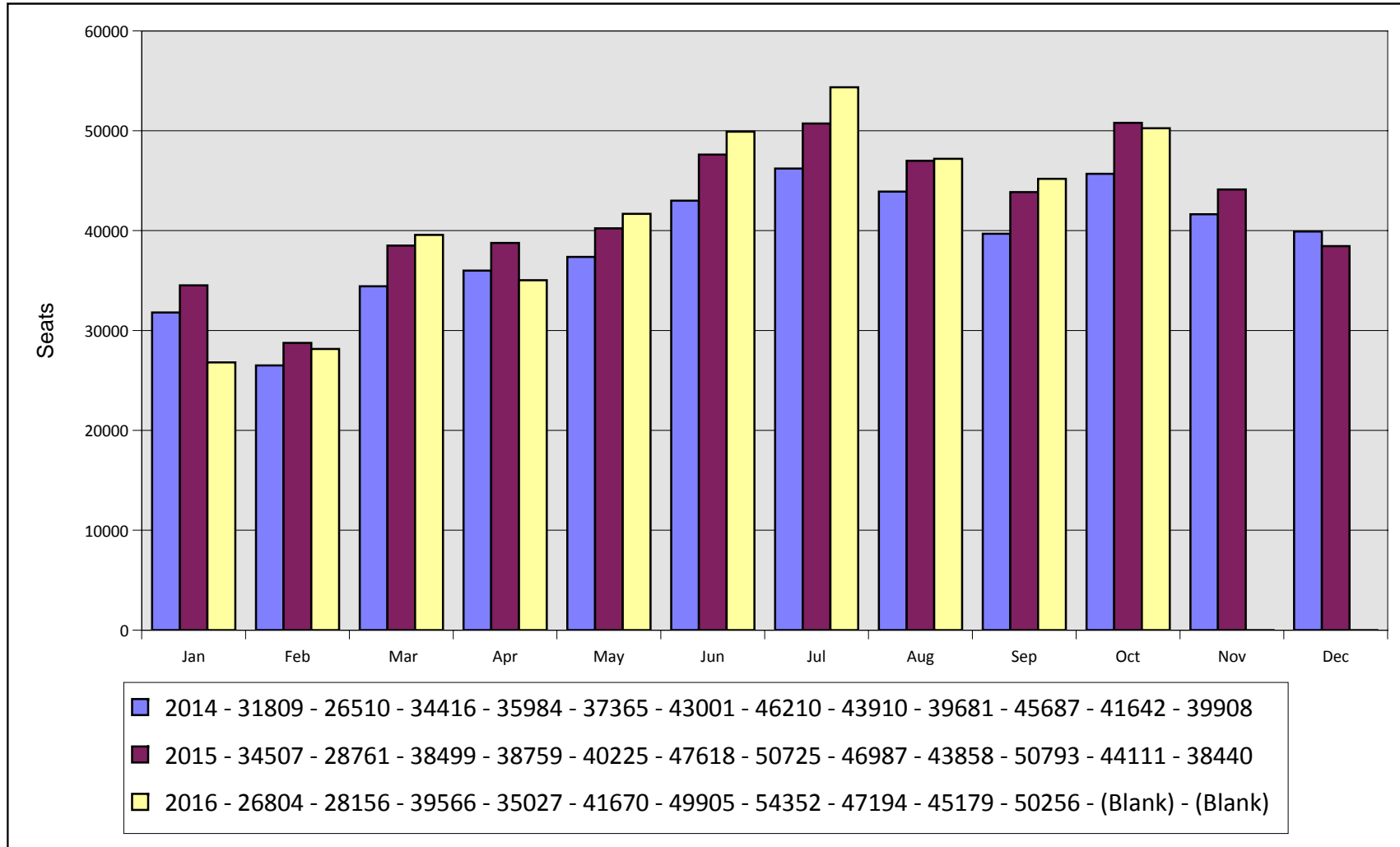


| Airline           | Scheduled Flights | Field    | Cancellations Due To |          |          | Total Cancellations | Percentage of Completed |
|-------------------|-------------------|----------|----------------------|----------|----------|---------------------|-------------------------|
|                   |                   |          | Mechanical           | Weather  | Other    |                     |                         |
| Allegiant Air     | 91                | 0        | 0                    | 0        | 0        | 0                   | 100.0%                  |
| American Airlines | 201               | 0        | 1                    | 0        | 0        | 1                   | 99.5%                   |
| Delta Air Lines   | 214               | 0        | 0                    | 0        | 0        | 0                   | 100.0%                  |
| United Airlines   | 138               | 0        | 0                    | 0        | 0        | 0                   | 100.0%                  |
| <b>Total</b>      | <b>644</b>        | <b>0</b> | <b>1</b>             | <b>0</b> | <b>0</b> | <b>1</b>            | <b>99.8%</b>            |

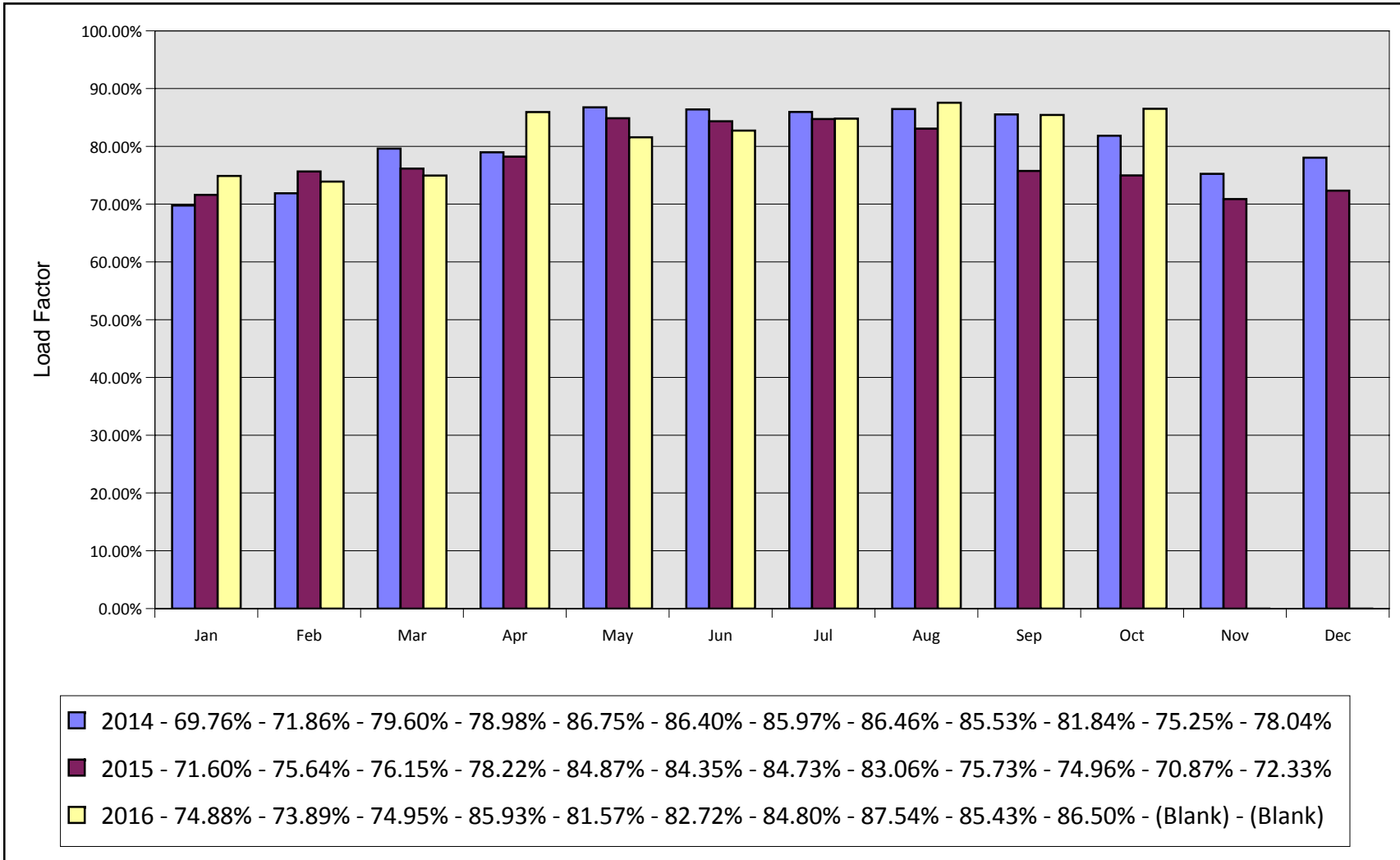
# Monthly Enplanements By Year Asheville Regional Airport



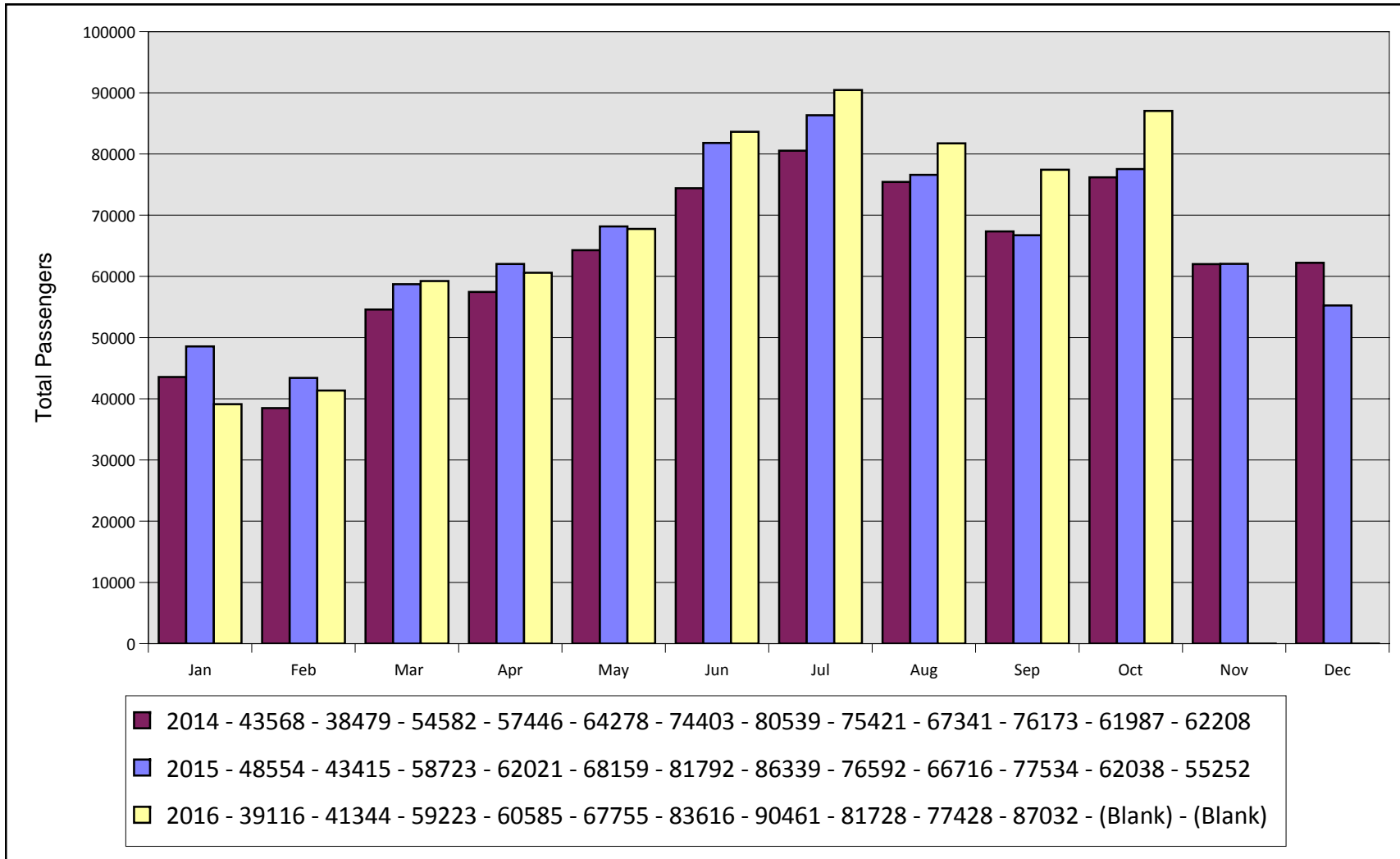
# Monthly Seats By Year Asheville Regional Airport



# Monthly Load Factors By Year Asheville Regional Airport



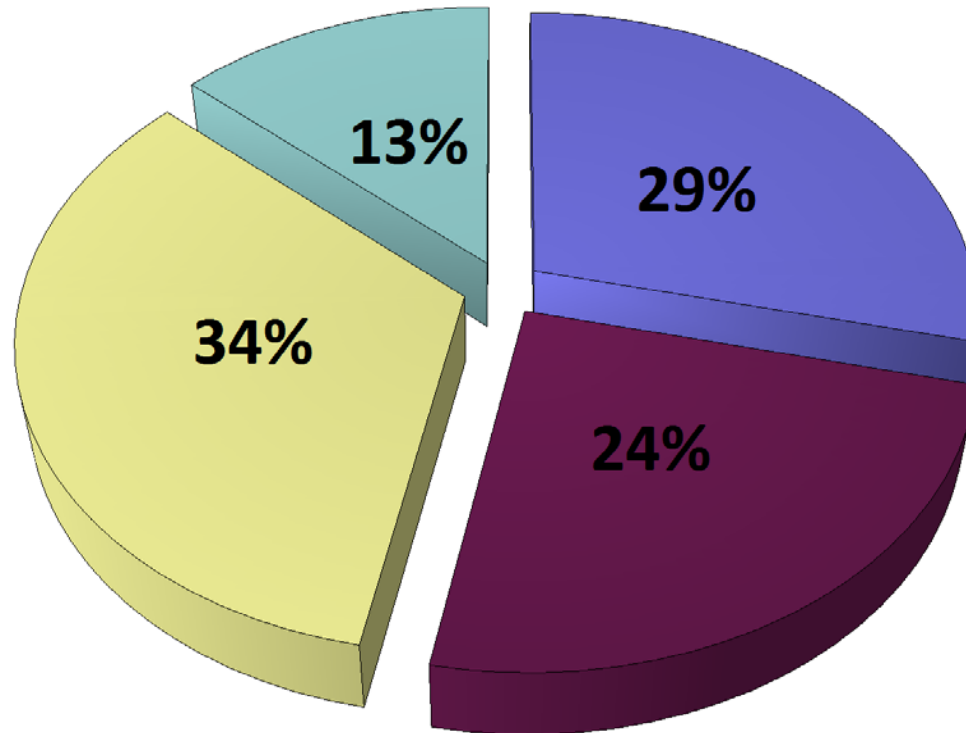
# Total Monthly Passengers By Year Asheville Regional Airport





# Airline Market Share Analysis (Enplanements) Asheville Regional Airport

Report Period From October 2016 Through October 2016



Schedule Weekly Summary Report for nonstop Passenger (Air - All) flights from AVL to for travel December 2016 vs. December 2015

| Travel Period |      |      | Dec 2016   |               | Dec 2015   |               | Diff      |              | Percent Diff |             |
|---------------|------|------|------------|---------------|------------|---------------|-----------|--------------|--------------|-------------|
| Mkt Al        | Orig | Dest | Ops/Week   | Seats         | Ops/Week   | Seats         | Ops/Week  | Seats        | Ops/Week     | Seats       |
| AA            | AVL  | CLT  | 42         | 2,370         | 47         | 2,673         | (5)       | (303)        | (10.6%)      | (11.3%)     |
| AA            | CLT  | AVL  | 42         | 2,357         | 47         | 2,673         | (5)       | (316)        | (10.6%)      | (11.8%)     |
| DL            | ATL  | AVL  | 41         | 2,975         | 40         | 3,313         | 1         | (338)        | 2.5%         | (10.2%)     |
| DL            | AVL  | ATL  | 41         | 2,975         | 40         | 3,352         | 1         | (377)        | 2.5%         | (11.2%)     |
| G4            | AVL  | BWI  | 2          | 332           | 0          | 0             | 2         | 332          |              |             |
| G4            | AVL  | EWR  | 4          | 664           | 0          | 0             | 4         | 664          |              |             |
| G4            | AVL  | FLL  | 5          | 841           | 2          | 332           | 3         | 509          | 150.0%       | 153.3%      |
| G4            | AVL  | PBI  | 0          | 0             | 2          | 332           | (2)       | (332)        | (100.0%)     | (100.0%)    |
| G4            | AVL  | PGD  | 2          | 332           | 2          | 332           | 0         | 0            | 0.0%         | 0.0%        |
| G4            | AVL  | PIE  | 2          | 332           | 2          | 332           | 0         | 0            | 0.0%         | 0.0%        |
| G4            | AVL  | SFB  | 2          | 332           | 2          | 332           | 0         | 0            | 0.0%         | 0.0%        |
| G4            | BWI  | AVL  | 2          | 332           | 0          | 0             | 2         | 332          |              |             |
| G4            | EWR  | AVL  | 4          | 664           | 0          | 0             | 4         | 664          |              |             |
| G4            | FLL  | AVL  | 5          | 841           | 2          | 332           | 3         | 509          | 150.0%       | 153.3%      |
| G4            | PBI  | AVL  | 0          | 0             | 2          | 332           | (2)       | (332)        | (100.0%)     | (100.0%)    |
| G4            | PGD  | AVL  | 2          | 332           | 2          | 332           | 0         | 0            | 0.0%         | 0.0%        |
| G4            | PIE  | AVL  | 2          | 332           | 2          | 332           | 0         | 0            | 0.0%         | 0.0%        |
| G4            | SFB  | AVL  | 2          | 332           | 2          | 332           | 0         | 0            | 0.0%         | 0.0%        |
| UA            | AVL  | EWR  | 7          | 350           | 6          | 300           | 1         | 50           | 16.7%        | 16.7%       |
| UA            | AVL  | ORD  | 11         | 550           | 7          | 350           | 4         | 200          | 57.1%        | 57.1%       |
| UA            | EWR  | AVL  | 7          | 350           | 6          | 300           | 1         | 50           | 16.7%        | 16.7%       |
| UA            | ORD  | AVL  | 11         | 550           | 7          | 350           | 4         | 200          | 57.1%        | 57.1%       |
| <b>Total</b>  |      |      | <b>236</b> | <b>18,143</b> | <b>220</b> | <b>16,631</b> | <b>16</b> | <b>1,512</b> | <b>7.3%</b>  | <b>9.1%</b> |

Schedule Weekly Summary Report for nonstop Passenger (Air - All) flights from AVL to for travel January 2017 vs. January 2016

| Travel Period |      |      | Jan 2017   |               | Jan 2016   |               | Diff     |              | Percent Diff |             |
|---------------|------|------|------------|---------------|------------|---------------|----------|--------------|--------------|-------------|
| Mkt Al        | Orig | Dest | Ops/Week   | Seats         | Ops/Week   | Seats         | Ops/Week | Seats        | Ops/Week     | Seats       |
| AA            | AVL  | CLT  | 38         | 2,122         | 46         | 2,352         | (8)      | (230)        | (17.4%)      | (9.8%)      |
| AA            | CLT  | AVL  | 38         | 2,148         | 46         | 2,352         | (8)      | (204)        | (17.4%)      | (8.7%)      |
| DL            | ATL  | AVL  | 38         | 2,843         | 38         | 3,141         | 0        | (298)        | 0.0%         | (9.5%)      |
| DL            | AVL  | ATL  | 38         | 2,843         | 38         | 3,141         | 0        | (298)        | 0.0%         | (9.5%)      |
| G4            | AVL  | EWR  | 4          | 664           | 0          | 0             | 4        | 664          |              |             |
| G4            | AVL  | FLL  | 4          | 675           | 2          | 332           | 2        | 343          | 100.0%       | 103.3%      |
| G4            | AVL  | PBI  | 0          | 0             | 2          | 332           | (2)      | (332)        | (100.0%)     | (100.0%)    |
| G4            | AVL  | PGD  | 2          | 332           | 2          | 332           | 0        | 0            | 0.0%         | 0.0%        |
| G4            | AVL  | PIE  | 2          | 332           | 2          | 332           | 0        | 0            | 0.0%         | 0.0%        |
| G4            | AVL  | SFB  | 2          | 332           | 2          | 332           | 0        | 0            | 0.0%         | 0.0%        |
| G4            | EWR  | AVL  | 4          | 664           | 0          | 0             | 4        | 664          |              |             |
| G4            | FLL  | AVL  | 4          | 675           | 2          | 332           | 2        | 343          | 100.0%       | 103.3%      |
| G4            | PBI  | AVL  | 0          | 0             | 2          | 332           | (2)      | (332)        | (100.0%)     | (100.0%)    |
| G4            | PGD  | AVL  | 2          | 332           | 2          | 332           | 0        | 0            | 0.0%         | 0.0%        |
| G4            | PIE  | AVL  | 2          | 332           | 2          | 332           | 0        | 0            | 0.0%         | 0.0%        |
| G4            | SFB  | AVL  | 2          | 332           | 2          | 332           | 0        | 0            | 0.0%         | 0.0%        |
| UA            | AVL  | ORD  | 14         | 700           | 7          | 350           | 7        | 350          | 100.0%       | 100.0%      |
| UA            | ORD  | AVL  | 14         | 700           | 7          | 350           | 7        | 350          | 100.0%       | 100.0%      |
| <b>Total</b>  |      |      | <b>208</b> | <b>16,026</b> | <b>202</b> | <b>15,006</b> | <b>6</b> | <b>1,020</b> | <b>3.0%</b>  | <b>6.8%</b> |

Schedule Weekly Summary Report for nonstop Passenger (Air - All) flights from AVL to for travel February 2017 vs. February 2016

| Travel Period |      |      | Feb 2017   |               | Feb 2016   |               | Diff      |              | Percent Diff |              |
|---------------|------|------|------------|---------------|------------|---------------|-----------|--------------|--------------|--------------|
| Mkt Al        | Orig | Dest | Ops/Week   | Seats         | Ops/Week   | Seats         | Ops/Week  | Seats        | Ops/Week     | Seats        |
| AA            | AVL  | CLT  | 38         | 2,148         | 46         | 2,300         | (8)       | (152)        | (17.4%)      | (6.6%)       |
| AA            | CLT  | AVL  | 38         | 2,148         | 46         | 2,300         | (8)       | (152)        | (17.4%)      | (6.6%)       |
| DL            | ATL  | AVL  | 39         | 3,047         | 37         | 3,038         | 2         | 9            | 5.4%         | 0.3%         |
| DL            | AVL  | ATL  | 39         | 3,047         | 37         | 3,038         | 2         | 9            | 5.4%         | 0.3%         |
| G4            | AVL  | EWR  | 4          | 664           | 0          | 0             | 4         | 664          |              |              |
| G4            | AVL  | FLL  | 4          | 675           | 2          | 332           | 2         | 343          | 100.0%       | 103.3%       |
| G4            | AVL  | PBI  | 0          | 0             | 2          | 332           | (2)       | (332)        | (100.0%)     | (100.0%)     |
| G4            | AVL  | PGD  | 2          | 332           | 2          | 332           | 0         | 0            | 0.0%         | 0.0%         |
| G4            | AVL  | PIE  | 2          | 332           | 2          | 332           | 0         | 0            | 0.0%         | 0.0%         |
| G4            | AVL  | SFB  | 2          | 332           | 2          | 332           | 0         | 0            | 0.0%         | 0.0%         |
| G4            | EWR  | AVL  | 4          | 664           | 0          | 0             | 4         | 664          |              |              |
| G4            | FLL  | AVL  | 4          | 675           | 2          | 332           | 2         | 343          | 100.0%       | 103.3%       |
| G4            | PBI  | AVL  | 0          | 0             | 2          | 332           | (2)       | (332)        | (100.0%)     | (100.0%)     |
| G4            | PGD  | AVL  | 2          | 332           | 2          | 332           | 0         | 0            | 0.0%         | 0.0%         |
| G4            | PIE  | AVL  | 2          | 332           | 2          | 332           | 0         | 0            | 0.0%         | 0.0%         |
| G4            | SFB  | AVL  | 2          | 332           | 2          | 332           | 0         | 0            | 0.0%         | 0.0%         |
| UA            | AVL  | ORD  | 14         | 700           | 7          | 350           | 7         | 350          | 100.0%       | 100.0%       |
| UA            | ORD  | AVL  | 14         | 700           | 7          | 350           | 7         | 350          | 100.0%       | 100.0%       |
| <b>Total</b>  |      |      | <b>210</b> | <b>16,460</b> | <b>200</b> | <b>14,696</b> | <b>10</b> | <b>1,764</b> | <b>5.0%</b>  | <b>12.0%</b> |



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## MEMORANDUM

TO: Members of the Airport Authority  
FROM: Janet Burnette, Director of Finance & Accounting  
DATE: December 9, 2016

### ITEM DESCRIPTION – Information Section Item B

Greater Asheville Regional Airport – Explanation of Extraordinary Variances  
Month of October, 2016 (Month 4 of FY2017)

#### SUMMARY

Operating Revenues for the month of October were \$977,579, 15.98% over budget. Operating Expenses for the month were \$619,423, 26.98% under budget. As a result, Net Operating Revenues before Depreciation were \$363,549 over budget. Net Non-Operating Revenues were \$274,125, 3.0% over budget.

Year-to-date Operating Revenues were \$3,802,940, 12.72% over budget. Year-to-date Operating Expenses were \$2,662,125, 14.34% below budget. Year-to-date Net Operating Revenues before Depreciation were \$874,624 over budget. Net Non-Operating Revenues for the year were \$1,253,567, 3.37% over budget.

#### REVENUES

Significant variations to budget for October were:

|                          |          |        |  |
|--------------------------|----------|--------|--|
| Term. Rentals - Airlines | \$40,451 | 29.69% | Non-signatory rates and enplanements over budget |
| Concessions              | \$9,089  | 28.25% | Enplanements over budget                         |
| Auto Parking             | \$66,845 | 26.48% | Enplanements over budget                         |
| Landing Fees             | \$23,377 | 32.63% | Non-signatory rates and enplanements over budget |



**EXPENSES**

Significant variations to budget for October were:

|                            |            |           |  |
|----------------------------|------------|-----------|--|
| Personnel Services         | (\$67,300) | (15.84%)  | Health insurance refund                  |
| Professional Services      | (\$17,601) | (45.59%)  | Bond consultants paid in previous months |
| Other Contractual Services | (\$42,874) | (34.34%)  | Shuttle Service has not invoiced         |
| Repairs & Maintenance      | \$12,928   | 56.88%    | Repairs on two tractors                  |
| Advertising, Printing      | (\$18,330) | (67.36%)  | Timing of advertising                    |
| Operating Supplies         | (\$21,372) | (49.06%)  | Timing of supply and equipment purchases |
| Business Development       | (\$25,000) | (100.00%) | No Business Development costs for month  |

**STATEMENT OF NET ASSETS**

Significant variations to prior month were:

Cash & Cash Equivalents – Cash & Cash Equivalents increased by 25,460k mainly due to inclusion of bond funding and receipt of FAA grant funds.

Grants Receivable – Grants Receivable decreased by \$3,524k due to receipt of FAA grant funds.

Construction in Progress – Construction in Progress increased by \$2,724k mainly due to the Airfield Redevelopment project and the parking garage.

Property and Equipment, Net – Property and Equipment, Net decreased by \$391k due to depreciation.

**ASHEVILLE REGIONAL AIRPORT  
INVESTMENT AND INTEREST INCOME SUMMARY  
As of October 31, 2016**

| <b><u>Institution:</u></b>                   | <b><u>Interest<br/>Rate</u></b> | <b><u>Investment<br/>Amount</u></b> | <b><u>Monthly<br/>Interest</u></b> |
|--|---------------------------------|-------------------------------------|------------------------------------|
| Bank of America - Operating Account          | 0.20%                           | \$ 9,665,586                        | 1,383                              |
| First Citizens - Money Market Account        | 0.05%                           | 6,391,063                           | 271                                |
| NC Capital Management Trust - Cash Portfolio |                                 | 17,229                              | 4                                  |
| NC Capital Management Trust - Term Portfolio |                                 | 3,028,803                           | 1,721                              |
| Petty Cash                                   |                                 | 200                                 |                                    |
| <br><b><u>Restricted Cash:</u></b>           |                                 |                                     |                                    |
| BNY Mellon                                   |                                 | 20,947,500                          | 0                                  |
| Bank of America - PFC Revenue Account        | 0.20%                           | 5,949,360                           | 988                                |
| <br><b>Total</b>                             |                                 | <br><b><u>\$ 45,999,741</u></b>     | <br><b><u>\$ 4,367</u></b>         |

**Investment Diversification:**

|                             |             |
|-----------------------------|-------------|
| Banks                       | 93%         |
| NC Capital Management Trust | 7%          |
| Commercial Paper            | 0%          |
| Federal Agencies            | 0%          |
| US Treasuries               | 0%          |
|                             | <u>100%</u> |

**ASHEVILLE REGIONAL AIRPORT**  
**STATEMENT OF CHANGES IN FINANCIAL POSITION**  
**For the Month Ended October 31, 2016**

|   | <b>Current<br/>Month</b>    | <b>Prior<br/>Period</b>     |
|---|-----------------------------|-----------------------------|
| <b>Cash and Investments Beginning of Period</b> | <u>\$ 20,539,109</u>        | <u>\$ 20,392,573</u>        |
| Net Income/(Loss) Before Capital Contributions  | 241,061                     | 38,820                      |
| Depreciation                                    | 391,221                     | 391,221                     |
| Decrease/(Increase) in Receivables              | 3,422,945                   | (1,205,612)                 |
| Increase/(Decrease) in Payables                 | 1,518,239                   | 1,119,863                   |
| Decrease/(Increase) in Prepaid Expenses         | 17,177                      | 17,177                      |
| Decrease/(Increase) in Fixed Assets             | (2,723,999)                 | (1,519,211)                 |
| Principal Payments of Bond Maturities           | 21,000,000                  | -                           |
| Capital Contributions                           | <u>1,593,988</u>            | <u>1,304,278</u>            |
| <b>Increase(Decrease) in Cash</b>               | <u>25,460,632</u>           | <u>146,536</u>              |
| <b>Cash and Investments End of Period</b>       | <u><u>\$ 45,999,741</u></u> | <u><u>\$ 20,539,109</u></u> |

**Asheville Regional Airport**  
**Detailed Statement of Revenue, Expenses and Changes in Net Assets**  
**For the Month Ending October 31, 2016**

|  | <u>Current Month<br/>Actual</u> | <u>Current Month<br/>Budget</u> | <u>Variance \$</u> | <u>Variance %</u> | <u>YTD<br/>Actual</u> | <u>YTD<br/>Budget</u> | <u>Variance \$</u> | <u>Variance %</u> | <u>Annual<br/>Budget</u> |
|--|---------------------------------|---------------------------------|--------------------|-------------------|-----------------------|-----------------------|--------------------|-------------------|--------------------------|
| <b>Operating Revenue:</b>                |                                 |                                 |                    |                   |                       |                       |                    |                   |                          |
| Terminal Space Rentals - Non Airline     | \$18,192                        | \$18,077                        | \$115              | 0.64%             | \$71,783              | \$72,308              | (\$525)            | (0.73%)           | \$215,060                |
| Terminal Space Rentals - Airline         | 176,699                         | 136,248                         | 40,451             | 29.69%            | 683,490               | 548,355               | 135,135            | 24.64%            | 1,469,851                |
| Concessions                              | 41,265                          | 32,176                          | 9,089              | 28.25%            | 168,035               | 137,118               | 30,917             | 22.55%            | 422,180                  |
| Auto Parking                             | 319,245                         | 252,400                         | 66,845             | 26.48%            | 1,216,672             | 1,011,000             | 205,672            | 20.34%            | 2,820,000                |
| Rental Car - Car Rentals                 | 113,388                         | 123,239                         | (9,851)            | (7.99%)           | 455,005               | 494,796               | (39,791)           | (8.04%)           | 1,478,398                |
| Rental Car - Facility Rent               | 54,192                          | 55,934                          | (1,742)            | (3.11%)           | 208,610               | 202,996               | 5,614              | 2.77%             | 616,308                  |
| Commercial Ground Transportation         | 1,633                           | 1,139                           | 494                | 43.37%            | 15,806                | 11,171                | 4,635              | 41.49%            | 49,850                   |
| Landing Fees                             | 95,013                          | 71,636                          | 23,377             | 32.63%            | 354,435               | 279,923               | 74,512             | 26.62%            | 754,800                  |
| FBO'S                                    | 86,938                          | 86,115                          | 823                | 0.96%             | 343,615               | 350,459               | (6,844)            | (1.95%)           | 1,018,889                |
| Building Leases                          | 12,680                          | 12,756                          | (76)               | (0.60%)           | 50,704                | 50,990                | (286)              | (0.56%)           | 152,509                  |
| Land Leases                              | 3,956                           | 4,897                           | (941)              | (19.22%)          | 17,703                | 19,588                | (1,885)            | (9.62%)           | 58,748                   |
| Other Leases/Fees                        | 54,378                          | 48,284                          | 6,094              | 12.62%            | 217,082               | 195,095               | 21,987             | 11.27%            | 533,611                  |
| <b>Total Operating Revenue</b>           | <b>\$977,579</b>                | <b>\$842,901</b>                | <b>\$134,678</b>   | <b>15.98%</b>     | <b>\$3,802,940</b>    | <b>\$3,373,799</b>    | <b>\$429,141</b>   | <b>12.72%</b>     | <b>\$9,590,204</b>       |
| <b>Operating Expenses:</b>               |                                 |                                 |                    |                   |                       |                       |                    |                   |                          |
| Personnel Services                       | \$357,498                       | \$424,798                       | (\$67,300)         | (15.84%)          | \$1,589,367           | \$1,692,708           | (\$103,341)        | (6.11%)           | \$5,154,981              |
| Professional Services                    | 21,007                          | 38,608                          | (17,601)           | (45.59%)          | 198,825               | 116,833               | 81,992             | 70.18%            | 429,700                  |
| Accounting & Auditing                    | 5,475                           | 10,000                          | (4,525)            | (45.25%)          | 5,975                 | 15,000                | (9,025)            | (60.17%)          | 40,000                   |
| Other Contractual Services               | 81,970                          | 124,844                         | (42,874)           | (34.34%)          | 288,881               | 403,281               | (114,400)          | (28.37%)          | 1,405,549                |
| Travel & Training                        | 8,821                           | 12,407                          | (3,586)            | (28.90%)          | 40,547                | 49,927                | (9,380)            | (18.79%)          | 210,121                  |
| Communications & Freight                 | 5,297                           | 6,564                           | (1,267)            | (19.30%)          | 23,553                | 26,257                | (2,704)            | (10.30%)          | 78,770                   |
| Utility Services                         | 33,548                          | 38,645                          | (5,097)            | (13.19%)          | 134,660               | 154,578               | (19,918)           | (12.89%)          | 463,735                  |
| Rentals & Leases                         | 2,655                           | 992                             | 1,663              | 167.64%           | 8,096                 | 3,967                 | 4,129              | 104.08%           | 11,900                   |
| Insurance                                | 16,695                          | 19,708                          | (3,013)            | (15.29%)          | 60,893                | 78,833                | (17,940)           | (22.76%)          | 236,500                  |
| Repairs & Maintenance                    | 35,657                          | 22,729                          | 12,928             | 56.88%            | 96,184                | 92,617                | 3,567              | 3.85%             | 278,230                  |
| Advertising, Printing & Binding          | 8,880                           | 27,210                          | (18,330)           | (67.36%)          | 32,937                | 50,792                | (17,855)           | (35.15%)          | 201,315                  |
| Promotional Activities                   | 2,077                           | 9,333                           | (7,256)            | (77.75%)          | 7,870                 | 31,258                | (23,388)           | (74.82%)          | 85,850                   |
| Other Current Charges & Obligations      | 8,648                           | 7,374                           | 1,274              | 17.28%            | 29,109                | 29,996                | (887)              | (2.96%)           | 93,000                   |
| Office Supplies                          | 94                              | 750                             | (656)              | (87.47%)          | 1,906                 | 3,000                 | (1,094)            | (36.47%)          | 9,000                    |
| Operating Supplies                       | 22,189                          | 43,561                          | (21,372)           | (49.06%)          | 109,734               | 160,494               | (50,760)           | (31.63%)          | 478,564                  |
| Books, Publications, Subscriptions & Mem | 7,299                           | 17,021                          | (9,722)            | (57.12%)          | 31,089                | 23,067                | 8,022              | 34.78%            | 62,487                   |
| Contingency                              |                                 | 12,500                          | (12,500)           | (100.00%)         |                       | 50,000                | (50,000)           | (100.00%)         | 150,000                  |
| Emergency Repair                         | 1,613                           | 6,250                           | (4,637)            | (74.19%)          | 2,499                 | 25,000                | (22,501)           | (90.00%)          | 75,000                   |
| Business Development                     | -                               | 25,000                          | (25,000)           | (100.00%)         | -                     | 100,000               | (100,000)          | (100.00%)         | 300,000                  |
| <b>Total Operating Expenses</b>          | <b>\$619,423</b>                | <b>\$848,294</b>                | <b>(\$228,871)</b> | <b>(26.98%)</b>   | <b>\$2,662,125</b>    | <b>\$3,107,608</b>    | <b>(\$445,483)</b> | <b>(14.34%)</b>   | <b>\$9,764,702</b>       |

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

**For the Month Ending October 31, 2016**

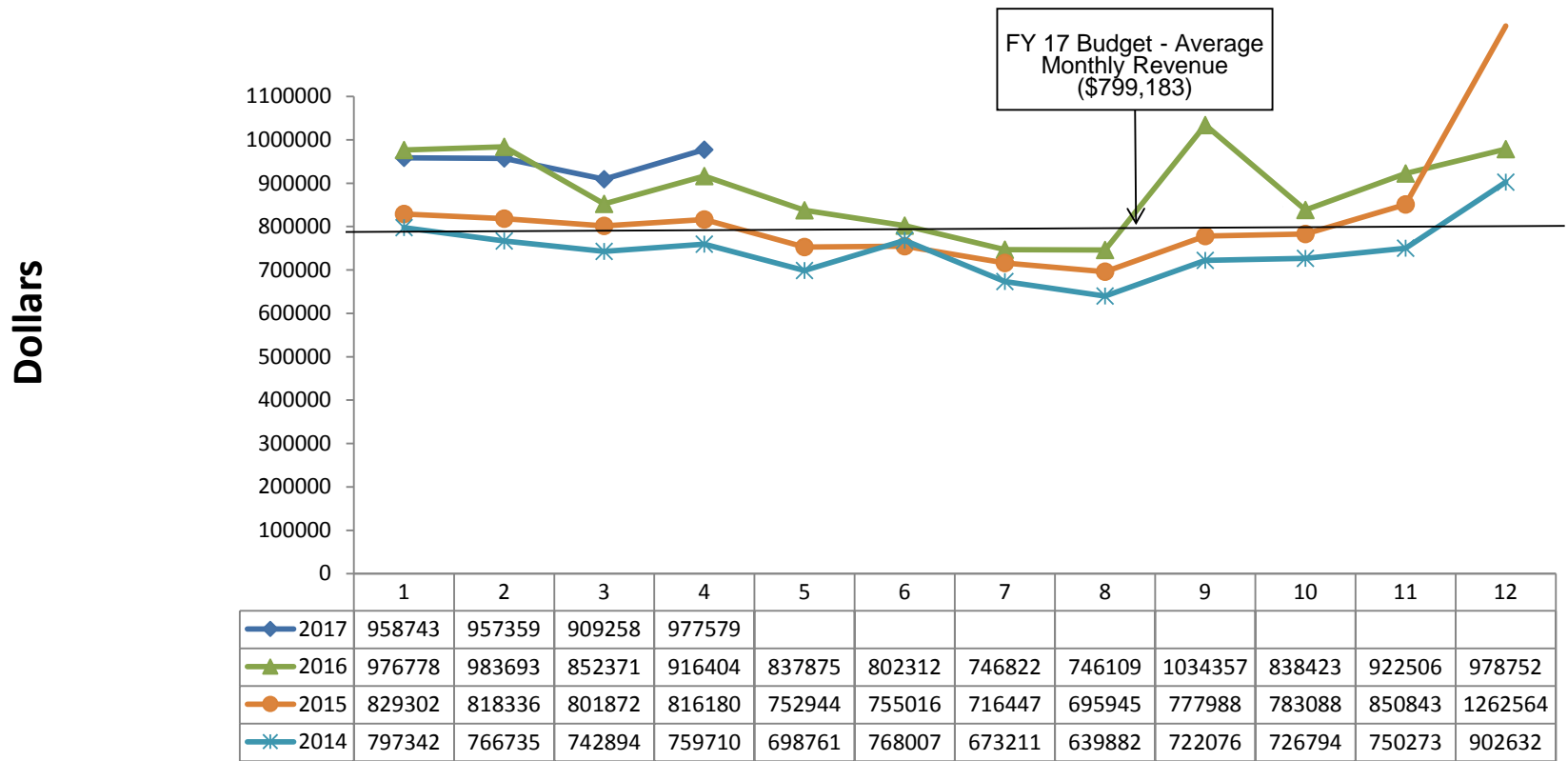
|   | Current Month<br>Actual | Current Month<br>Budget | Variance \$ | Variance %  | YTD<br>Actual | YTD<br>Budget | Variance \$ | Variance % | Annual<br>Budget |
|---|-------------------------|-------------------------|-------------|-------------|---------------|---------------|-------------|------------|------------------|
| <b>Operating Revenue before<br/>Depreciation</b>                                | \$358,156               | (\$5,393)               | \$363,549   | (6,741.13%) | \$1,140,815   | \$266,191     | \$874,624   | 328.57%    | (\$174,498)      |
| Depreciation  | 391,221                 | -                       | 391,221     | 100.00%     | 1,564,884     | -             | \$1,564,884 | 100.00%    | -                |
| <b>Operating Income(Loss)<br/>Before Non-Operating Revenue<br/>and Expenses</b> | (\$33,065)              | (\$5,393)               | (\$27,672)  | 513.11%     | (\$424,069)   | \$266,191     | (\$690,260) | (259.31%)  | (\$174,498)      |
| <b>Non-Operating Revenue<br/>and Expense</b>                                    |                         |                         |             |             |               |               |             |            |                  |
| Customer Facility Charges   | \$160,667               | \$144,310               | \$16,357    | 11.33%      | \$596,169     | \$554,940     | \$41,229    | 7.43%      | \$ 1,300,000     |
| Passenger Facility Charges  | 162,756                 | 119,595                 | 43,161      | 36.09%      | 694,115       | 649,230       | 44,885      | 6.91%      | 1,708,500        |
| Interest Revenue  | 4,367                   | 2,226                   | 2,141       | 96.18%      | 16,057        | 8,571         | 7,486       | 87.34%     | 30,000           |
| Interest Expense  | -                       | -                       | -           | 100.00%     | -             | -             | -           | 100.00%    | -                |
| Bond Expense  | (52,500)                | -                       | (52,500)    | 100.00%     | (52,500)      | -             | (52,500)    | 100.00%    | -                |
| Reimbursable Cost Revenues  | -                       | -                       | -           | 100.00%     | 891           | 125,361       | (124,470)   | (99.29%)   | 214,000          |
| Reimbursable Cost Expenses  | (1,165)                 | -                       | (1,165)     | 100.00%     | (1,165)       | (125,361)     | 124,196     | (99.07%)   | (214,000)        |
| Gain/Loss on Disposal of Assets   | -                       | 0                       | (0)         | 0.00%       | -             | 0             | (0)         | 0.00%      | -                |
| <b>Non-Operating Revenue-Net</b>  | \$274,125               | \$266,131               | \$7,994     | 3.00%       | \$1,253,567   | \$1,212,741   | \$40,826    | 3.37%      | \$3,038,500      |
| <b>Income (Loss) Before<br/>Capital Contributions</b>                           | \$241,060               | \$260,738               | (\$19,678)  | (7.55%)     | \$829,498     | \$1,478,932   | (\$649,434) | (43.91%)   | \$2,864,002      |
| <b>Capital Contributions</b>  | \$1,593,988             | \$0                     | \$1,593,988 | 100.00%     | \$4,469,619   | \$0           | \$4,469,619 | 100.00%    | \$0              |
| <b>Increase in Net Assets</b>   | \$1,835,048             | \$260,738               | \$1,574,310 | 603.79%     | \$5,299,117   | \$1,478,932   | \$3,820,185 | 258.31%    | \$2,864,002      |



**ASHEVILLE REGIONAL AIRPORT**  
**STATEMENT OF FINANCIAL POSITION**  
**As of October 31, 2016**

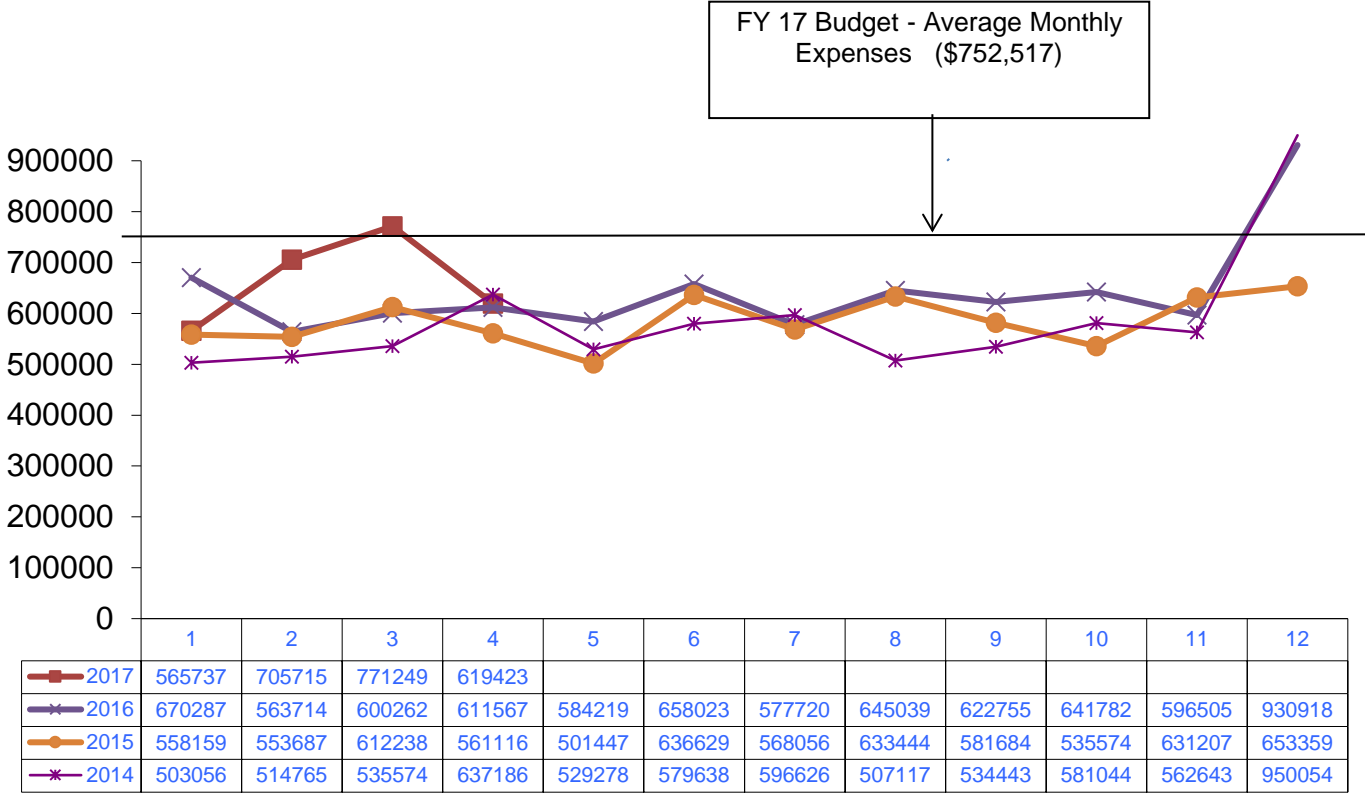
|   | <b>Current<br/>Month</b> | <b>Last<br/>Month</b> |
|---|--------------------------|-----------------------|
| <b><u>ASSETS</u></b>                                    |                          |                       |
| <b>Current Assets:</b>                                  |                          |                       |
| <b>Unrestricted Net Assets:</b>                         |                          |                       |
| Cash and Cash Equivalents                               | \$19,102,881             | \$14,808,493          |
| Accounts Receivable                                     | 714,512                  | 579,232               |
| Passenger Facility Charges Receivable                   | 225,000                  | 280,000               |
| Refundable Sales Tax Receivable                         | 70,717                   | 49,814                |
| Grants Receivable                                       | 4,024,400                | 7,548,528             |
| Prepaid Expenses  | 148,706                  | 165,882               |
| Total Unrestricted Assets                               | 24,286,216               | 23,431,949            |
| <b>Restricted Assets:</b>                               |                          |                       |
| Cash and Cash Equivalents                               | 26,896,860               | 5,730,616             |
| Total Restricted Assets                                 | 26,896,860               | 5,730,616             |
| Total Current Assets                                    | 51,183,076               | 29,162,565            |
| <b>Noncurrent Assets:</b>                               |                          |                       |
| Construction in Progress                                | 36,080,418               | 33,356,418            |
| Net Pension Asset - LGRS                                | 286,204                  | 286,204               |
| Contributions in Current Year                           | 204,511                  | 204,511               |
| Property and Equipment - Net                            | 59,846,974               | 60,238,195            |
| Total Noncurrent Assets                                 | 96,418,107               | 94,085,328            |
|   | \$147,601,183            | \$123,247,893         |
| <b><u>LIABILITIES AND NET ASSETS</u></b>                |                          |                       |
| <b>Current Liabilities:</b>                             |                          |                       |
| <b>Payable from Unrestricted Assets:</b>                |                          |                       |
| Accounts Payable & Accrued Liabilities                  | \$2,986,391              | \$1,640,637           |
| Customer Deposits                                       | 17,210                   | 17,210                |
| Unearned Revenue  | 560,003                  | 387,517               |
| Construction Contract Retainages                        | 739,012                  | 739,012               |
| Revenue Bond Payable - Current                          | 955,000                  | 0                     |
| Total Payable from Unrestricted Assets                  | 5,257,616                | 2,784,376             |
| Total Current Liabilities                               | 5,257,616                | 2,784,376             |
| <b>Noncurrent Liabilities:</b>                          |                          |                       |
| Other Postemployment Benefits                           | 1,789,181                | 1,789,181             |
| Compensated Absences                                    | 402,986                  | 402,986               |
| Net Pension Obligation-LEO Special Separation Allowance | 9,893                    | 9,893                 |
| Revenue Bond Payable - Noncurrent                       | 20,045,000               | 0                     |
| Total Noncurrent Liabilities                            | 22,247,060               | 2,202,060             |
| Total Liabilities                                       | 27,504,676               | 4,986,436             |
| <b>Net Assets:</b>                                      |                          |                       |
| Invested in Capital Assets                              | 74,927,392               | 93,594,613            |
| Restricted  | 26,896,860               | 5,730,616             |
| Unrestricted  | 18,272,255               | 18,936,228            |
| Total Net Assets  | 120,096,507              | 118,261,457           |
|   | \$147,601,183            | \$123,247,893         |

# ASHEVILLE REGIONAL AIRPORT Annual Operating Revenue by Month October 2016



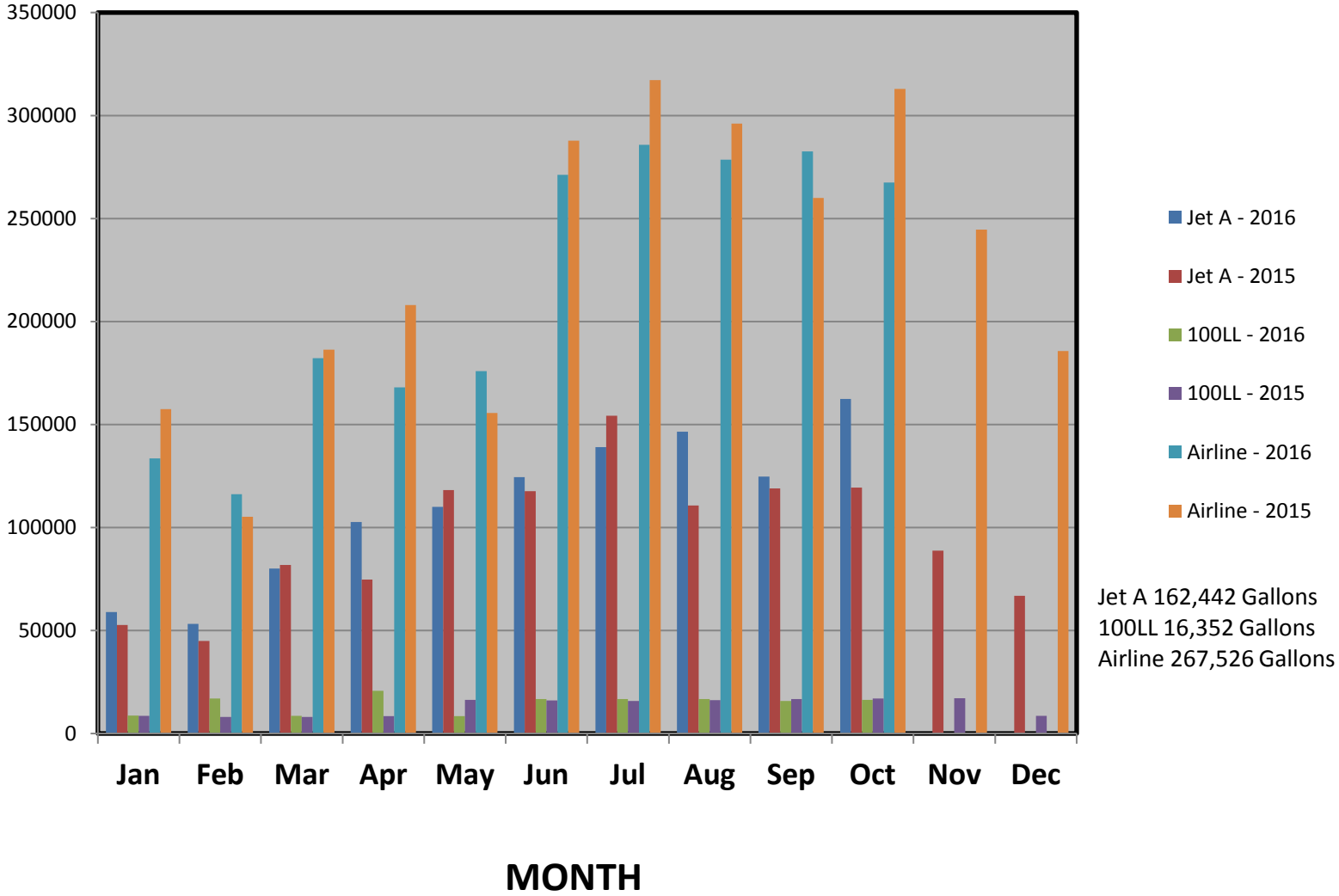
# ASHEVILLE REGIONAL AIRPORT Annual Operating Expenses by Month October 2016

Dollars



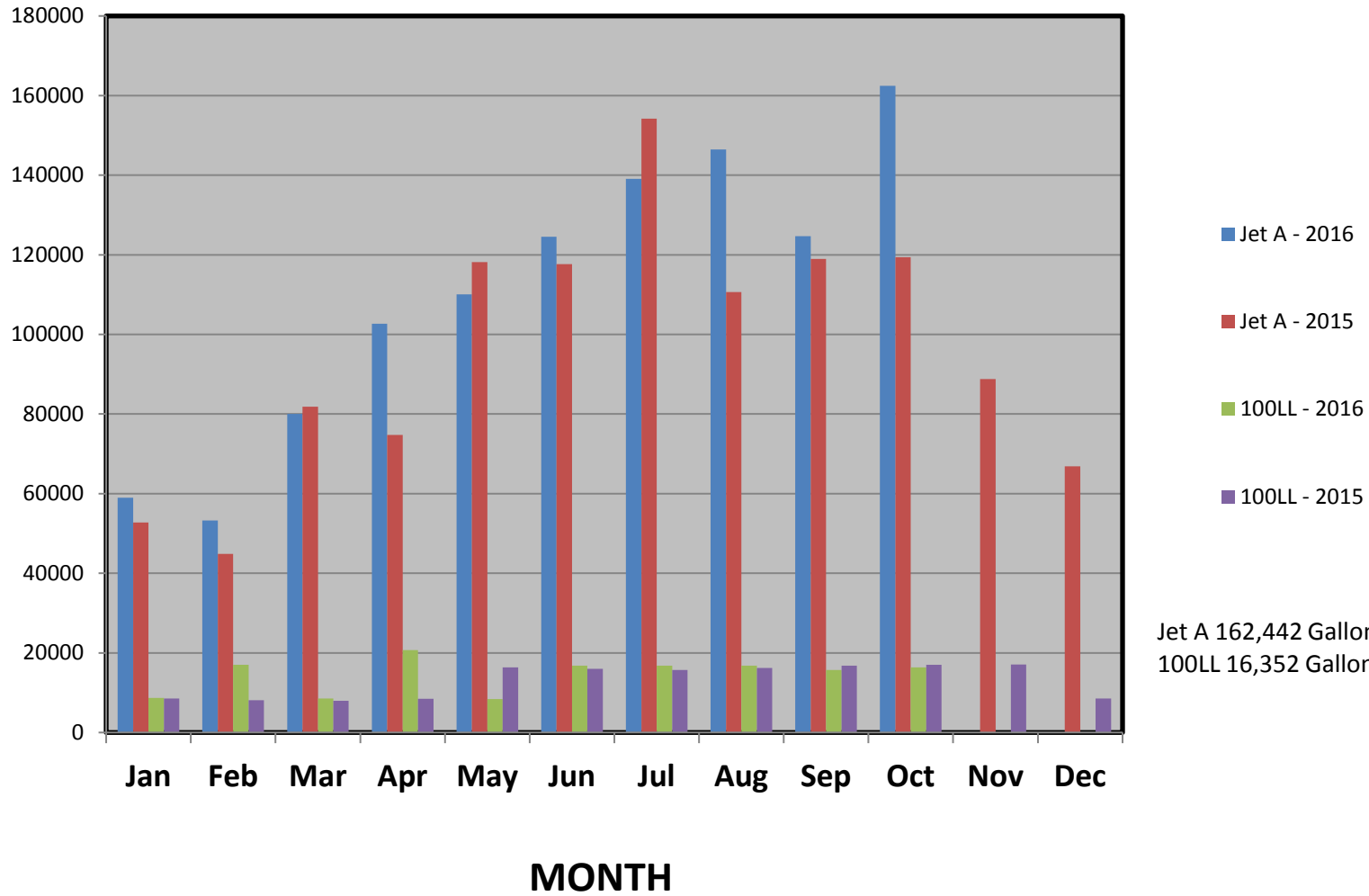
**ASHEVILLE REGIONAL AIRPORT  
FUEL SALES - GALLONS  
October 2016**

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**ASHEVILLE REGIONAL AIRPORT  
GENERAL AVIATION FUEL SALES - GALLONS  
October 2016**

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| Design Phase   |                                 |  |                                  |                                |                    |                                |                                 |                              |  |                  |                                    |            |          |   |
|----------------|---------------------------------|--|----------------------------------|--------------------------------|--------------------|--------------------------------|---------------------------------|------------------------------|--|------------------|------------------------------------|------------|----------|---|
| Project Number | Project Name                    | Project Description  | Professional Services Consultant | Professional Services Contract | General Contractor | Original Construction Contract | Change Orders (thru 12/01/2016) | Percent of Original Contract | Board Approved Project Cost              | Percent Complete | Expensed to Date (thru 12/01/2016) | Start Date | End Date | Current Project Status (as of 12/01/2016)   |
| 1              | Airfield Re-Development Project | Budget for the complete project  |                                  |                                |                    | \$64,000,000.00                | \$11,800,000.00                 |                              | \$75,800,000.00                          | 53.3%            | \$40,393,571                       |            |          | All Engineer contracts, completed construction contracts and expenses will be inclusive of budget.              |
| 1A             | Airfield Re-Development Project | Phase I - Design Services  | RS&H                             | \$447,983.00                   | N/A                | N/A                            | \$0.00                          | 0.00%                        | (Overall total included in above number) | 83%              | \$372,161                          | Dec-12     | Jun-16   | Project Management work continues.  |
| 1B             | Airfield Re-Development Project | Phase II - Design Services and Project Management.                     | RS&H                             | \$1,842,318.00                 | N/A                | N/A                            | \$0.00                          | 0.00%                        | (Overall total included in above number) | 94%              | \$1,732,741                        | Jun-13     | Jun-16   | Project Management work continues.  |
| 1C             | Airfield Re-Development Project | Phase III and IV - Design Services and Project Management.             | RS&H                             | \$2,399,826.00                 | N/A                | N/A                            | \$0.00                          | 0.00%                        | (Overall total included in above number) | 21.60%           | \$519,058                          | Dec-14     | May-18   | BP-4 design complete. Bid advertisement to be placed early Dec.   |
| 1F             | Airfield Re-Development Project | New Runway Design  | AVCON                            | \$1,902,676.06                 | N/A                | N/A                            | \$0.00                          | 0.00%                        | (Overall total included in above number) | 84.2%            | \$1,601,642                        | Mar-13     | May-18   | BP-4 design complete. Bid advertisement to be placed early Dec.   |
| 1G             | Airfield Re-Development Project | Miscellaneous and Administrative Expenses                              |                                  |                                | N/A                | N/A                            | \$0.00                          | 0.00%                        | (Overall total included in above number) |                  | \$3,766,649                        | Jan-13     | Dec-17   | Misc., Admin., \$642K FAA Reimbursable expenses and land acquisition costs of 1.5M are included in this figure. |
| 2              | Parking Garage Project          | Design and EA for approximately 1300 spaces of covered parking garage. | Delta Airport Consultants        | \$1,627,575.00                 | N/A                | N/A                            | \$0.00                          | 0.00%                        | \$1,627,575.00                           | 65.5%            | \$1,066,762                        | Oct-15     | Nov-17   | Construction service and RPR Management continues.  |

| Construction Phase |   |  |                                  |  |                                    |                                |                                 |                              |                             |                  |                                    |            |          |  |
|--------------------|---|--|----------------------------------|--|------------------------------------|--------------------------------|---------------------------------|------------------------------|-----------------------------|------------------|------------------------------------|------------|----------|--|
| Project Number     | Project Name  | Project Description  | Professional Services Consultant | Professional Services Contract         | General Contractor                 | Original Construction Contract | Change Orders (thru 12/01/2016) | Percent of Original Contract | Board Approved Project Cost | Percent Complete | Expensed to Date (thru 12/01/2016) | Start Date | End Date | Current Project Status (as of 12/01/2016)  |
| 1                  | Permanent Runway 17-35 Site preparation and NAVAIDS | Demolition of old runway 16/34, site preparation and NAVAID placement. | RS&H and AVCON, Inc.             | Amount included in Phase 3 Design Fees | GLF Construction Corporation       | \$14,007,508.90                | \$0.00                          | 0.00%                        | \$14,707,884.40             | 72.0%            | \$10,088,807                       | Apr-16     | Dec-16   | South elevation to grade, drainage structures installed, MALSR towers installed, cantilever installed. E&S measures maintained and punch list being assembled. |
| 2                  | Building Demolition and Site Restoration            | Demolition of Old DPS Facility and Fire Tower and site restoration     | None                             | None                                   | DH Griffin                         | \$60,000.00                    | \$0.00                          | 0.00%                        | \$66,000.00                 | 100.0%           | \$58,130.00                        | Jul-16     | Sep-16   | Project is complete and will not require further reporting.  |
| 3                  | Parking Garage                                      | Construct a 5 level parking garage for passenger/public parking.       | Delta Airport Consultants        | \$1,627,575.00                         | American South General Contractors | \$20,894,000.00                | \$0.00                          | 0.00%                        | \$21,938,700.00             | 4.00%            | \$839,497                          | Sep-16     | Oct-17   | Electric lines relocated, Telephone lines to be relocated early Dec. Drilling for Pier Foundations in process.   |

(Construction and Administrative Costs included)

# Key strategic priorities

**Governance vs. Management** : Focus on setting governing direction (“guard rails”) for the organizational and holding management accountable for the execution of operational tactics. Pursue continuous educational opportunities for Authority Member development.

1. **Organizational Relevance**: Remaining relevant in an era of airport consolidation
2. **Financial Stewardship**: Sustainability/Operating Performance/Audit & Compliance
3. **Municipal Relations**: Positive relationships with all municipalities surrounding the airport
4. **Stakeholder Relations**: Positive relationships with neighbors and other community organizations
5. **Community Image**: Public Perception/Public Relations/Customer Service/Legal Entity
6. **Facilities Stewardship**: Future Master Facilities Plan
7. **Environmental Stewardship**: Accountability/Awareness of Environmental Issues
8. **Economic Development**: Engage Community Partners/Airline Service Development
9. **Vendor-Partner Relations**: General Aviation/Rental Car Agencies/Vendors
10. **Public Safety**: Airport Emergency Safety/TSA Relations/Municipal Partners
11. **Organizational Accountability**: Executive Director Supervision