

REGULAR MEETING
ASHEVILLE REGIONAL AIRPORT AUTHORITY
August 12, 2011
8:30 a.m.

The Asheville Regional Airport Authority ("Authority") met on Friday, August 12, 2011 at 8:30 a.m. in the Conference Room at the Authority's Administrative Offices, Asheville Regional Airport ("Airport"), 61 Terminal Drive, Suite 1, Asheville, NC 28732.

MEMBERS PRESENT: David R. Hillier, Chairman; David Gantt, Vice-Chairman; Brownie Newman, Martha W. Thompson, Bob Roberts and Bill Moyer

MEMBERS ABSENT: Jeffrey A. Piccirillo, Secretary-Treasurer

STAFF AND LEGAL COUNSEL PRESENT: Vic Buchanan, Authority Legal Counsel; Lew Bleiweis, Airport Director; Michael Reisman, Deputy Airport Director of Development and Operations; C. Jeffrey Augram, Chief of Public Safety; Royce Holden, IT Director; Vickie Thomas, Director of Finance and Accounting; Tina Kinsey, Director of Marketing and Public Relations; Suzie Baker, Director of Administration; Kevan Smith, Public Safety Captain; Amy Burritt, Marketing Supervisor; and Ellen Heywood, Recording Secretary

ALSO PRESENT: Phil Kleisler, City of Asheville; Michael Marchisin; Mike Darcangelo, AVCON; Jeff Kirby, LPA Group/Michael Baker Corp.; Nate Otto, RS&H; Scott Burnette, City of Asheville; Jeff Richardson, City of Asheville; David McFee, City of Asheville; Trudy Hyldburg; Mike Marshall, Asheville Fire Fighters; Haywood Hillier; and Joel Burgess, Asheville Citizen-Times

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

APPOINTMENT OF SECRETARY-TREASURER PRO TEM FOR THE AUGUST 12, 2011 REGULAR MEETING: Mr. Gantt moved to designate and approve Ms. Thompson as the Secretary-Treasurer Pro Tem for the Authority's August 12, 2011 Regular Meeting and for the preparation of the minutes for such meeting. Mr. Roberts seconded the motion and it carried unanimously.

APPEARANCES: Mrs. Trudy Hyldburg appeared before the Board to donate a B-17 painting to the Authority in memory of her husband, former Board Member Carl Hyldburg who served the Authority from 1990 through 1998. The Board thanked Mrs. Hyldburg for the painting and remembered Mr. Hyldburg as a wonderful gentleman.

PRESENTATIONS: None

FINANCIAL REPORT: The Director reviewed the airport activity section of the Executive Summary for the month of June. Enplanements for the month were down by .05%. Commercial aircraft operations were up 3.7%, scheduled flights were up 10.7% and seats were up 6.4%, however the load factor was down by 6.5%. Mrs. Thomas reported on the financial results stating that operating revenue was 12.4% above budget for the month and 5.4% over budget for fiscal year to date. Operating expenses for the month were below budget by 13.0% and by 12.6% for fiscal year to date. Mrs. Thomas also reviewed grants received and the cash position.

CONSENT AGENDA: The Director inquired if any of the Board Members believed that Consent Agenda Item B, Approval to Unseal Closed Session Minutes, was a matter for discussion in Closed Session since staff recommended that the minutes in question for unsealing should remain closed. None of the Board Members felt there were any Closed Session minutes that should be unsealed, so Item B was pulled from the Consent Agenda.

A. Approval of the Asheville Regional Airport Authority June 10, 2011 Regular Meeting Minutes:

C. Approval of Amendment to the FY11/12 Budget:

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

Section 1. To amend the appropriations as follows:

EXPENDITURES:

	<u>Decrease</u>	<u>Increase</u>
Administrative Department	\$159,644	
Development Department		\$3,964
Executive Department	32,046	
Finance Department		10,348
Guest Services Department		951
Information Technology Department		15,664
Marketing Department		26,905
Operations Department		105,340
Public Safety Department		108,018
Reimbursable Costs		153,405
Carry-over Capital Expenditures		404,509
Contingency	52,500	
Totals	\$244,190	\$829,104

This will result in a net increase of \$584,914 in the appropriations. To provide the additional revenue for the above, revenues will be revised as follows:

REVENUES:

	<u>Decrease</u>	<u>Increase</u>
Reimbursable Costs		\$153,405
Federal Grants – AIP Entitlement Funds		363,816
Other Revenue		27,000
Transfer from ARAA Cash		40,693
Totals	\$0	\$584,914

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

Adopted this 12th day of August, 2011.

David Hillier, Chairman

Attested by:

Martha W. Thompson, Secretary-Treasurer Pro-Tem

Mr. Newman moved to approve Consent Agenda Items A and C. Mr. Moyer seconded the motion and it carried unanimously.

OLD BUSINESS: None

NEW BUSINESS:

A. Award of Contract for B Gates Renovation Project: The Chairman requested a motion to be recused due to a conflict of interest. Mr. Moyer moved to recuse the Chairman from the deliberation and participation in any vote thereon. Ms. Thompson seconded the motion and it carried unanimously.

The Chairman left the Board Room.

Mr. Reisman reported to the Board that over the last several years the terminal complex has been renovated with the exception of the corridor and holdroom for gates 4-7, formerly known as the B gates area. The fiscal year 2011/2012 budget includes \$250,000 for the renovation of the gates 4-7 area to bring it to the same design standard as the rest of the terminal. Mr. Reisman advised the Board that when the project went out for bid, several items were intentionally omitted as staff believed that budget constraints would not allow for some of these items. Four bids were received with Perry Bartsch Jr. Construction Company coming in as the lowest responsive bidder in the amount of \$184,097 including Alternates 1 and 3. Bid Alternate 1 extends the terrazzo further into the holdroom, Alternate 2 allows for the gate counters to be re-laminated, and Alternate 3 replaces the gate counters. Bid Alternates 1 and 3 are in lieu of Bid Alternate 2. Due to the fact that the bid came in substantially below the budgeted amount, funds are available in the budget to pay for some of the items that were omitted from the project such as light fixtures, LCD monitors and the PA system. Staff requested the Board approve the full budgeted amount for this project.

Mr. Gantt affirmed that the project came in under budget so staff would like to put the omitted items back into the project so that gates 4-7 will match the design standards of the remainder of the terminal. Mr. Reisman responded that this was correct and that

staff would like to spend up to the budgeted amount for this project to make sure the design standards are met.

Mr. Newman moved to award the contract to Perry Bartsch Jr. Construction Company, Inc. in the amount of \$184,097.00 plus 10% allowance for additional work items, authorize additional expenses for work tasks previously omitted from the project due to anticipated budgetary constraints in an amount not to exceed the \$250,000 total project budget, and authorize the Airport Director to execute the necessary documents. Mr. Roberts second the motion and it carried by a 5 to 0 vote.

The Chairman returned to the meeting.

B. Joint Fire House Discussion: The Chairman advised the Board that the purpose of this discussion was to shed light on this subject and hear all of the information available from the Airport Director and Authority staff, and from Mr. Richardson, City of Asheville Assistant City Manager, and Scott Burnette, Asheville City Fire Chief. The Chairman further stated that he did not believe there was a need for a decision to be made that day as it was an information sharing session without any necessary direction towards a decision.

Mr. Richardson introduced himself and other representatives present at the meeting and expressed appreciation for the opportunity to share some background with the Authority Board. Mr. Richardson informed the Board that the City has a responsibility to provide structural fire and rescue services to the Airport Road corridor. Currently, the closest station to the Airport Road corridor is Station 4 which is located at the intersection of Long Shoals Road and Hendersonville Road and is 4.1 miles from the airport's closest property boundary, and 5.2 miles from the airport's furthest property boundary. In 2007, the City received a class 3 rating from Insurance Services Office (ISO) and identified the Airport Road corridor as the City's greatest area of deficiency. The City was 1.52 points away from receiving a class 2 rating. Of the 1.52 point deficit, over 90% of the improvement feedback was due to the emergency response time for the Airport Road corridor. To meet the City's goal of reducing emergency response time, a station needs to be placed in this corridor. The average response time for the Airport Road corridor is 7.5 minutes compared to other parts of the city where the average response time is 5.12 minutes over 90% of the time. Reducing the response time will help achieve a better ISO rating which will in turn save tax payers money on their commercial insurance premiums. Mr. Richardson further stated that when the City-Airport Authority Lease Agreement was amended in 2008, the lease included language that stated the Authority would work with the City to determine the need for a joint use or stand alone fire station located at the airport.

The Chairman inquired if a new joint fire station would be in addition to the fire stations the City has now or if a new station on airport property would be in place of another fire station. Mr. Richardson responded that this would be in addition and that Station 4 at the intersection of Long Shoals Road and Hendersonville Road would remain there with the standard of cover adjusted once a new fire station was brought on-line in the Airport Road corridor. The Chairman inquired how far north Station 4 covered and also if manpower would change at Station 4. Chief Burnette responded that the current coverage area for Station 4 was two miles to the north and five miles to the south. With the addition of a new fire station, the coverage area for Station 4 would remain at two miles to the north but adjusted to 2 miles to the south. Chief Burnette further stated that manpower would not change at Station 4.

Mr. Richardson detailed the timeline of discussions that have taken place between the Authority and City staff on this project. Mr. Richardson advised the Board that the remaining steps were for the architect, LPA Group, to provide cost estimates through reports of what a joint use fire station design would look like, for Authority and City staff to meet with FAA officials in Atlanta to better understand federal requirements for a joint use facility and capital spending limitations, and finally to complete an evaluation to include the fiscal impact and project feasibility.

Mr. Gantt asked if there was an average coverage area that was desirable for fire stations. Chief Burnette replied that 1.5 miles was optimal for a maximum insurance rating credit. There were brief discussions on the coverage areas for both Station 4 and a station located on Airport Road, the benefits of automatic aid agreements with parts of Henderson County that are close to the airport, and the City's role in interstate emergency response times.

Chief Burnette reported on the scope of work needed for a joint use facility, the call volume for the Airport Road corridor, and the traffic engineer analysis. Chief Burnette talked about the challenges the City had to consider for emergency vehicles exiting the airport property from the intersection of Aviation Way and NC 280 as staff anticipates the station responding to a little over three emergency calls in a 24-hour shift. Chief Burnette advised that the traffic engineer identified 3 potential methods that the North Carolina Department of Transportation (NCDOT) could use to assist the City with this intersection, but stated that according to the traffic engineer, one method was considered highly unlikely, one unlikely and the third method likely. Chief Burnette further stated that the City does not have traffic pre-emption or assistance at all the fire stations but that it is a huge benefit and something the City would like to explore with the NCDOT. The City's traffic engineer's analysis is optimistic that the NCDOT would be open to one option on improving the Aviation Way and NC 280 intersection.

Chief Burnette stated that many of the concerns that Authority staff have about a joint use facility involve airport security and the City acknowledges that it is important not to impact airport operations. Chief Burnette further stated that employee relations was also a concern of the Authority staff and agreed that while there is always the potential for conflict, the partnership between the City and the Skyland Fire Department over the past 20 years testifies to the success of a joint use facility and did not anticipate any conflict between airport and City staff.

Mr. Roberts inquired if airport equipment would be used on emergency calls by the City if a joint use facility were to be constructed. Chief Burnette replied that Chief Augram has been outstanding in providing resources to the City so far and imagines that would continue. However, routinely that would not happen. Authority staff is trained for aircraft fire and rescue and the City is not. Most often, the Authority equipment would only be used for aircraft emergencies off of airport property and the airport staff would be the lead agency even off-site.

Chief Burnette reviewed the fiscal impact stating that a capital investment would require \$2.5 million plus land acquisition for a free standing facility. Although the savings for construction of a joint use facility has yet to be determined, the City anticipates the savings to the taxpayers to be significant. In addition, the operational costs would be a recurring annual savings as the City currently realizes a 41% savings annually in operational costs with the Skyland Fire Department partnership.

Chief Burnette further reviewed the potential benefits of a joint use facility with the biggest benefit being the emergency call response time where every minute counts. Currently, the emergency response time goal is met 90% of the time throughout the city but only met 50% of the time in the Airport Road area. If the response time goal is met and the City's ISO rating is lowered, business property owners in the entire city would also see a 2-5% reduction in their insurance premiums.

Mr. Moyer pointed out that if the location of the fire house was in the middle of the coverage area, wouldn't the response times be better. Chief Burnette responded that while three out of four calls would be going north on Airport Road, the risk hazard analysis, which evaluates the frequency of calls and how critical the risk is to the community, shows that the airport is the greater risk on the Airport Road corridor. A fire to the airport would be a phenomenal risk and placement of a fire station near the biggest risk makes sense. Location of a fire station on the airport would meet the response time goals 90% of the time for the remainder of the coverage area.

The Chairman asked about the option of the City having a joint use partnership with the Avery Creek station. Chief Burnette responded that it would be a very similar situation

as the current joint use facility in Skyland as it is a little closer than Station 4, but by road miles it would take longer to get to Airport Road than from Station 4.

Also discussed were other North Carolina models that Chief Burnette researched. Charlotte Douglas International Airport has two fire stations located on airport property within the secure area. Charlotte Airport representatives were very helpful in discussing gate navigation experience and informed Chief Burnette that they did not have any issues going on or off airport property. Piedmont Triad International Airport has two fire stations located outside of airport property. The airport's Department of Public Safety (DPS) provides ARFF services and the city also has ARFF trained personnel to assist the airport with aviation emergencies. They also have no security gate issues when going into the airport's secure area. Raleigh Durham International Airport has their own DPS staff to provide ARFF services and the city provides structural fire protection from a fire station located off airport property eight tenths of a mile away.

Chief Burnette concluded his presentation by recommending the design process for the fire station the Authority is building be amended to incorporate the City's feasibility study work. Chief Burnette also stated that the Authority could engage an aviation fire service operations consultant to review and analyze the feasibility work completed by the City.

Mr. Newman thought the concept seemed clear, however analysis on the fiscal benefits from a capital cost standpoint and an operating cost standpoint hasn't been finished. Mr. Newman questioned how long Chief Burnette anticipated it would take to get a more concrete sense of the financial savings of a joint use facility. Chief Burnette replied that it should take 90 days or less but deferred to the Authority staff for their opinion on this question. Mr. Reisman stated that he thought 90 days was a reasonable estimate.

Mr. Gantt stated that he didn't believe the City had a specific timeline for this project on their part and asked if this was correct. Chief Burnette responded that this was correct. The next insurance rating inspection is scheduled for 2013, however that office is backlogged and not on schedule, and Chief Burnette believed the timeline for the inspection would be extended past 2013. The City would like to address this quickly, but there is not an official date. However, the station would need to be operating by the date of the next ISO inspection.

The Airport Director thanked the City for their presentation and agreed with several of the City's points, but stated that the airport world differs from that of other businesses because of FAA and TSA regulations. The Director reported on the history between the Authority and the City of Asheville regarding discussions on fire protection services, the

possibility of a joint use facility, and the offer of land from the Authority to the City to build a stand-alone fire station on airport property.

The Director spoke about the operational advantages of a joint-use fire facility such as on-site mutual aid, cost sharing and training opportunities. The presence of City firefighters would reduce response time from the City to the airport and reduce non-aviation related calls for the airport DPS staff. Staff at the airport is highly trained with EMT's and Firefighter II's on duty for each shift and respond to most all of the medical calls and fire calls until the Skyland/Asheville Fire Department (AFD) responds. Of the 12,000 calls received by DPS last year, 82 were for medical that the airport EMT's handled and 96 were for fire or hazmat situations. These calls would have been handled by the AFD but DPS staff responded and handled and the AFD would have provided assistance if needed. The DPS staff would respond to a structural fire at the airport until the City or Skyland responded and the DPS staff would remain as back-up so the response time is not as critical for the airport as other areas along Airport Road.

Mr. Newman questioned what the limits were for DPS staff if a fire were to occur in the airport terminal building. Chief Augram replied that the immediate action for DPS staff would be to evacuate the building and the initial attack on a fire would be attempted if the minimum complement of two in and two out were on hand. Additionally, the Authority has Firefighter II's on staff that are trained for structural fires although this is not the organizational primary focus. Mr. Newman asked if the Authority always had the manpower capacity and the Chief Augram stated that the airport always maintains the minimum crew complement of four per 24-hour shift.

The Chairman asked for clarification about the 12,000 calls received last year with 82 being medical and 96 being hazmat calls. The Director responded that hazmat calls accounted for vehicle fires, mulch fires, fuel spills, chemical spills, etc. Chief Augram stated that of the 12,000 calls received by DPS last year, fire and medical calls accounted for only 5% with the majority of the calls for the police side.

The Director then reviewed the operational constraints stating that the airport must abide by both FAA regulations which include Grant Assurances, Part 139 Regulations and Advisory Circulars, as well as TSA Regulations. The Director informed the Board that the FAA had very specific uses of land for aeronautical and aviation-related use and further stated that the City does not have the authority to designate use of airport property. Locations offered to the City for a stand-alone facility were shown on the Airport Property Map. The Director advised the Board that FAA Grant assurances prohibit airport revenues from being diverted outside the need for airport operations. Advisory Circulars contain specific design and eligibility standards and must be adhered to in order to receive Federal funding. The airport must also limit access to the Airport Operations Area (AOA). The TSA requires badges be given to any employees who may

be required to work at the fire station located within the secure area. This would be an additional cost for the City and the time to administer the on-going access training and badges would be at a cost to the airport. There is also the issue of the security gate needing to be fully closed before an AFD truck can leave the area. If a malfunction occurs, the truck cannot leave and would have to re-route the call to another fire house.

The Director talked about the new facility site limitations. Of the five airports that the Director has worked at in the past, three airports had joint fire houses with part of the facility inside the fence and part of the facility outside the fence. Due to the ARAA's site limitations, the site chosen for the new fire station would not lend itself to have the facility partly outside the fence. The new facility would be completely inside the fence on the south ramp of the airport and the gate used by the AFD would not be visible from the facility. Therefore the gate could not be operated until the vehicle is at the gate and then the gate must fully close before the vehicle can leave which would add 40 seconds to the response time. There is also the potential for additional response time if an AFD truck is attempting to leave the fire station when there is an aircraft exiting one of the hangars leased by Landmark Aviation. Aircraft always have the right of way on the ramp and the fire truck must yield to an aircraft operating in the area. Also to be considered is the issue of constant vehicle and pedestrian traffic on the airport campus. With emergency vehicles exiting, this could pose a safety concern for the passengers. Since the facility is inside the fence, there is also on-going training that would extend to any personnel operating fire and rescue equipment on a routine basis in the secure area of the airport and the cost for this training would need to be funded by the City. Another concern the City has to consider is the snow removal from Wright Brothers Way, the main route used to exit the airfield from the fire station. The priority of the airport snow removal team is the airfield. Wright Brothers Way is not one of the high priority areas cleared by the snow team.

The Director reported on some traffic concerns for the intersection of NC 280 and Wright Brothers Way where the AFD vehicles would exit. Staff has had conversations with the State Highway Traffic Engineer Department about the report prepared by the City's traffic engineer. The DOT has some concerns about this report. Until they receive a written request for a traffic device or traffic signal pre-emption from the City, they are not willing to document anything in writing. A signal or signal preemption would wreak havoc on all traffic in both directions because of the volume of traffic at the I-26 – Airport Road interchange. The DOT also has future plans for a converging diamond interchange for this intersection and if constructed, the Wright Brothers Way exit would most likely be altered to disallow for left-hand turns.

Additional operational concerns that were discussed briefly include the lack of space for fuel tanks and a concern over where or how the AFD will refuel its vehicles, employee morale issues due to different pay scales and benefit program, Wright Brothers Way reconstruction which was not designed for constant heavy truck traffic, and the possibility of ARAA staff having to accept deliveries and guests if the AFD staff were on a call.

The Director concluded his presentation by suggesting an alternative to building a joint-use facility. The current fire station used by DPS could be leased to the AFD for their use once it is vacated by DPS staff. The City could make some renovations to the building at minimal cost and this would give the AFD the opportunity to see if the location on airport property works for them. The Chairman asked if security concerns, snow removal, and traffic concerns would be addressed if the City were to take advantage of this alternative to a joint-use facility. The Director responded that the security concerns would be addressed, however the City would still need to deal with snow removal and traffic concerns.

The Chairman asked Chief Burnette to speak again about the two fire stations located within the secure area of the Charlotte Douglas International Airport and if there were any problems with accessing those stations. Chief Burnette responded that it was a direct quote from the Charlotte Fire Department that they do not have any problems going in or out of the 12 gates on the airport. Although some of the gates at the Charlotte Airport are the older models which take 40 seconds, their newer gates take a total of 12 seconds to open and close. The Chairman also asked about the issue of visitors and deliveries and Chief Burnette stated that the AFD has strict rules for visitors, and visits would be very limited and would never occur without the independent parameters and guidelines that the airport has. Chief Burnette further stated that individual fire stations do not receive deliveries.

Mr. Gantt asked about the funding from the FAA for the fire station, if the funding could be lost if the FAA regulations were not followed, and staff's timeline to work something out regarding the fire station. The Director responded that the FAA would be paying 95% of the \$4 million project and that the strict regulations did need to be followed or funding could be pulled. The Director further stated that the fire station was currently in the design phase with construction expected to begin in spring of 2012 for completion in the middle of 2013. Mr. Gantt was of the opinion that there needed to be a more specific discussion with the City on this project as he did not want to jeopardize the 95% funding for this project. Mr. Gantt also asked if the Director thought the City did not realize the true costs of the project, the necessity for fair market value for the lease, and NC280–Wright Brothers Way intersection problems. The Director replied that this was correct and that although the City was aware of some of the costs they

would be responsible for, staff's interpretation of how this was being perceived is that limited issues would have to be paid for but the rest Authority staff feels hasn't been addressed and is an obligation of the airport to pay for those expenses. Whether that's right or wrong, that's the perception of the Authority staff.

Mr. Moyer inquired about the cost for a newer gate that would take less time to operate and the Director responded that staff would have to obtain pricing for this and the costs for this would have to be paid by the City. Mr. Moyer also asked if it was possible to have all the cost estimates for this entire project completed in 90 days. The Director replied that this was possible but that the City would have to pay for all the studies and cost estimates to be done. Mr. Newman commented that he thought the City would be committed to that if it needed to be done. Mr. Newman also stated that the airport needed structural fire services and that this was not the responsibility of the airport and questioned if the perspective from the FAA would be that the airport should not pay for these studies. The Director agreed that this was correct.

There was a brief discussion about the need for more dialogue and exploration between the Authority staff and the City and the consensus of the Board was for staff to continue to work with the City on this project and report back to the Board at the October Authority Board meeting.

The Chairman called for a break at 10:49 a.m.

The Board reconvened at 11:00 a.m.

DIRECTOR'S REPORT:

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

A. Loss of Smarte Carte: The Director informed the Board that Smarte Carte, the company which provides the luggage carts, massage chairs and a cell phone charger has decided to leave the airport. The company wanted to raise their rates from \$3.00 to \$4.00 per use for the luggage carts. The Director asked them to hold off as their contract was expiring and the Authority would be going out to bid for this service. Smarte Carte did further analysis and found that the carts were used infrequently and would need the airport to supplement this service since even raising the rates would not be enough for the company to continue providing this service. The Director informed Smarte Carte that the airport would not supplement this service so the company has removed all their items from the airport. The loss of revenue for the airport is

approximately \$1,000 per year. Staff is looking at some alternatives or will put this out to bid to see if any other companies are interested.

B. New Enplanement Numbers for FAA 2010 – Small Hub: The Director received word that due to ARAA's 2010 enplanement numbers, the airport has been ranked the 135th largest out of 375 airports. This is a jump of 15 slots from last year. The airport has also been moved to a small hub classification. ACI has also issued their rankings and for enplanements, AVL is now ranked 595 out of the 1,296 airports in the world and for aircraft movements, the airport is ranked 327 out of 1,319.

C. Board Meeting Schedule: A schedule of 2012 Board Meeting dates was available at the Board Members' seats.

D. Board Reception December 8, 2011: The Board was told that the Board/Tenant Holiday Reception would be taking place at the Hilton Biltmore Park on the evening of December 8.

E. Master Plan: The Director advised the Board that staff had intended to put approval of the Airport Master Plan contract on the agenda for this meeting. However, due to the two-week shutdown of the FAA, staff was not able to get the scope of work approved by the FAA and then back to the consultants for a fee negotiation in time for this meeting. A special meeting of the Board will be necessary within the next two weeks to approve the Master Plan contract in order for the FAA to prepare the grant paperwork. The City and County will need to approve the grant paperwork and staff will return it to the FAA before the September 16 deadline.

F. Part 139 Inspection: The Director was pleased to report that for the sixth consecutive year there were no discrepancies found during the FAA's Part 139 inspection of the airport that took place in July. The Director congratulated members of the staff on a job well done.

G. AirTran: AirTran has notified the Director that they will no longer be operating from the airport effective January 6, 2012. The Director was very disappointed in this news. The Tampa service was supposed to be year-round service and they are now pulling the service in November. Staff is negotiating with other airlines to pick up the service.

H. Newsletters/Magazines: In their July newsletter that was sent out to many in the industry, The Paradies Shops has printed pictures of the new AVL restaurant and gift shop. Also, in the July issue of ARN, which is a concessions magazine, there was an

article about the changing face of concessions and The Paradies Shops was featured with a picture of the AVL restaurant shown. In the Construction Equipment Guide, there is an article about Charah and the westend fill project with Progress Energy and Avcon and how the project is being handled.

I. FAA: The Director advised the Board that the Senate and the House did not reach consensus to extend the Airport Improvement Program and the FAA was shut down for two weeks. During this time, the FAA lost out on approximately \$400 million that should have gone into the aviation trust fund that supports airport projects. The continuing resolution is only good through September 16 and staff is not sure what will happen after that time. Mr. Moyer asked if this shut down affected any of the projects at the airport and the Director replied that the only project affected was the Airport Master Plan.

J. Loyalty Program: The Director reminded the Board that Mr. Gantt asked about a loyalty program at the last Board meeting as well as passenger reimbursement issues. The Director advised that Board that no other airports are reimbursing passengers for cancelled flights, which could partially be due to FAA revenue diversion laws. It would be questionable to offer this type of a program and while it is unfortunate, staff has not found any other mechanisms to help passengers.

Tina Kinsey informed the Board that development of a passenger loyalty program is one of the goals this year in the Marketing Plan. To date staff has examined what types of programs are currently being offered and if other airports are offering these programs successfully. Staff has found three categories of programs. There is a category that offers points or rewards that frequent travelers receive based upon purchases made in the airport such as parking, food, gifts, etc., not airline tickets purchased. These types of programs are often administered by a third party so there would be costs involved. There are also membership programs whereby travelers who are engaged with the airport sign up for the program and receive ongoing communication, low-fare alerts, coupons for various things within the airport when they're traveling, etc. The incentives tend to be softer so it is a little more difficult to achieve the engagement staff is seeking but will look into this further. There are also lifetime loyalty programs which is a combination of the two programs mentioned and is also third party administered. A passenger's lifetime purchases are tracked and sometimes rewards can be miles but these would need to be purchased at a cost between 3 to 5 cents per mile so it can get expensive.

Mrs. Kinsey also spoke about the 50th Anniversary event on October 1st. Plans are being organized for a 5K run on half of the runway as well as aircrafts on display, live

music, food, activities, etc. Mission Hospital is the presenting partner for this event and other sponsors include Landmark Aviation, the WNC Pilots Association and the Ag Center.

K. Vision Airlines: The Director informed the Board that Vision Airlines has made a determination to suspend flights as of August 19 as they will be moving their hub to another location in Florida. Vision intends to move their hub back to Destin next spring but staff is not sure if Vision will offer service out of AVL again.

INFORMATION SECTION: No comments

AUTHORITY MEMBERS' REPORTS: None

PUBLIC AND TENANTS' COMMENTS: None

CLOSED SESSION: At 11:25 a.m. Ms. Thompson moved to go into Closed Session pursuant to Subsections 143-318.11(a)(3) and (4) of the General Statutes of North Carolina, to consult with legal counsel in order to preserve the attorney-client privilege and to discuss matters relating to the location and/or expansion of industries or other businesses in the area served by the Asheville Regional Airport Authority, including agreement on a tentative list of economic development incentives that may be offered by the Asheville Regional Airport Authority in negotiations. Mr. Roberts seconded the motion and it carried unanimously.

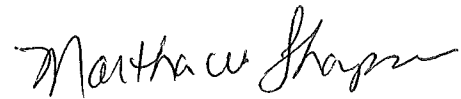
Open Session resumed at 11:50 a.m.

CALL FOR NEXT MEETING:

The Chairman advised the Board to be prepared for a Special Meeting to be called in connection with the Master Plan Update but did not believe that the September 9, 2011 Authority Board meeting would be necessary at this time. The next regular meeting of the Authority Board will be on Friday, October 14, 2011 at 8:30 a.m. in the Conference Room at the Authority's Administrative Offices, Asheville Regional Airport, 61 Terminal Drive, Suite 1, Asheville, NC 28732.

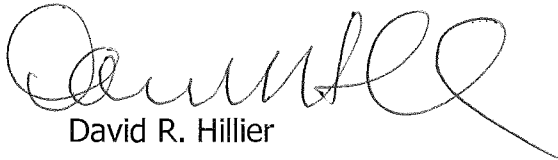
ADJOURNMENT: Mr. Roberts moved to adjourn the meeting at 11:51 a.m. Mr. Newman seconded the motion and it carried unanimously.

Respectfully submitted,



Martha W. Thompson
Secretary-Treasurer Pro Tem

Approved:



David R. Hillier
Chairman