

REGULAR MEETING
ASHEVILLE REGIONAL AIRPORT AUTHORITY
December 12, 2008
8:28 AM

The Asheville Regional Airport Authority ("Authority") met on Friday, December 12, 2008 at 8:28 a.m. in the Conference Room at the Authority's Administrative Offices, Asheville Regional Airport ("Airport"), 61 Terminal Drive, Suite 1, Asheville, NC 28732.

MEMBERS PRESENT: David R. Hillier, Chairman; David Gantt, Vice-Chairman; Chuck McGrady, Secretary-Treasurer; Rhett Grotzinger; Brownie Newman; and Jeffrey A. Piccirillo.

MEMBERS ABSENT: Susan C. Fisher

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

CALL TO ORDER: The Chairman welcomed everyone in attendance and called the meeting to order at 8:28 a.m.

APPEARANCES: None

PRESENTATIONS:

A. Asheville Regional Airport Airspace Change Proposal: The Director introduced Marty Duke, Air Traffic Control Tower (ATCT) Supervisor, who presented the Asheville Class C Surface Area Change Proposal. The FAA is seeking to lower the ceiling of the Class C airspace by a few hundred feet to keep aircraft in protected air space all the way to the runway. Mr. Gantt inquired if this airspace is in the same area where there was a collision with Piedmont back in the 1970's and Mr. Grotzinger responded that it is the same airspace.

Mr. McGrady arrived at 8:35 a.m.

Mr. Grotzinger stated that this will force VFR traffic to fly lower over Hendersonville. Mr. Duke informed the Board that a final determination should be made in the next few months. Mr. Gantt questioned the liability of the airport and Mr. Buchanan responded that it was a matter of the FAA Air Traffic Control Tower. Mr. McGrady apologized for

being late and missing the beginning of the presentation but was aware of what the FAA would like to accomplish and realized this would provide for more flexibility for people flying in and out of the Hendersonville Airport. Mr. Grotzinger inquired what this was doing to the traffic flow at Asheville Regional Airport (AVL) and Mr. Duke informed the Board that there was not much difference, only a couple of extra miles needing to be flown for some aircraft operating at AVL. The Chairman asked the Director if action was needed on this to which the Director replied that this was information only to let the Board know what the FAA is proposing.

CONSENT AGENDA:

A. Approval of the Asheville Regional Airport Authority October 10, 2008

Regular Meeting Minutes: Mr. Grotzinger requested the last word in the third line of Item G - Terminal Renovation and Expansion Project Update in the Director's Report be changed from devises to devices. Mr. Grotzinger made a motion to approve as corrected the regular minutes of the October 10, 2008 Board meeting. Mr. Newman seconded the motion and it carried by unanimous vote.

NEW BUSINESS:

A. Asheville Regional Airport Authority 2007/2008 Annual Audit

Acceptance: The Director introduced Bronwyn Burleson of Burleson & Earley, P.A. who gave a presentation of the Annual Audit Report for Fiscal Year 2007/2008. Ms. Burleson reported that her firm and staff had been working diligently to meet a deadline for Buncombe County and the audit was approved by the Local Government Commission in October. Ms. Burleson informed the Board that with transitions in staff, journal entries were necessary to make the financials correct and that staff worked diligently in cleaning up the entries. Ms. Burleson believes the cleanup is complete. Ms. Burleson also stated that outstanding accounts receivable needed to be collected and the Director was instrumental in getting this received. The audit process identified items that will prevent journal entries from being required in the future and recommendations for controls to avoid this were given to staff. Staff was receptive to all suggestions. Ms. Burleson encouraged the Board members to read the Management's Discussion and Analysis section of the audit. The Director informed the Board that he and the Deputy Director recently attended an Internal Controls Seminar in response to some of the audit findings. The Director respectfully requested that the Board resolve to accept the 2007/2008 Audit Report. Mr. McGrady made a motion to accept the 2007/2008 Annual Audit Report as presented. Mr. Grotzinger seconded the motion and it carried by unanimous vote.

B. Authorization to Establish Conservation Easements on Airport Property

Bordering the French Broad River: The Director reported that the Board was briefed at a 2006 Board Retreat and again in 2007 about the possibility of establishing a conservation easement on airport property that borders the French Broad River. The

Director informed the Board that Mr. Tom Fanslow from the Carolina Mountain Land Conservancy (CMLC) was here to speak to the Board about the potential to seek grant funding for the easement and how the project and grant would work. If authorized by the Board to proceed, the Authority would need to go before the City of Asheville as well as the FAA for approval to proceed with the establishment of such easements.

Mr. McGrady informed the Board that he was a member of the Board of Trustees for the North Carolina Clean Water Management Trust Fund and although he did not foresee a conflict with an action by the Authority, that he would need to excuse himself if this process were to go forward and come before the North Carolina Clean Water Management Trust Fund Board. Mr. Fanslow then presented a proposal by CMLC to apply to the North Carolina Clean Water Management Trust Fund for funding to purchase a conservation easement on 28.3 acres of airport property bordering the French Broad River.

Discussion by the Board ensued. Mr. Grotzinger stated that with the potential to develop on the west side, to give up this kind of right is a tremendous step to take and we need to have some due diligence for future land development on the west side. The Chairman asked the Director about potential future use of the property. The Director stated there were non-buildable areas within each of the proposed areas. The majority of the south property is within floodway. Commercial construction would be prohibited within the floodway.

Mr. McGrady commented that the key issue is a huge portion of land is not developable. In anticipation of this discussion, Mr. McGrady spoke with the owner of other adjacent land, Mr. Vaughan Fitzpatrick. Mr. Fitzpatrick informed Mr. McGrady that he is proposing an industrial park that is moving forward and that he is planning for similar restrictions on portions of his property which are consistent with what the Authority is proposing. Mr. McGrady felt the economic value is insignificant and likes the concept but would like to offer an alternative recommended action at this time. Mr. McGrady recommended modifying the recommended action to reflect authorizing the Director to do the next step only which would be to make an application and seek the City's and FAA's approvals. The timeline to submit the application is February 1, 2009.

Mr. Gantt conveyed that we have an obligation and Buncombe County has a policy that we support a person trying to protect the French Broad River. Mr. Gantt stated that he would like to see this move forward. Mr. Newman agreed with a lot of what was said and is supportive of the idea and believes it can be a good conservation proposal in its own right. Mr. Newman felt it would be helpful to have a sense of what the floodplain and floodway areas are. Mr. Piccirillo informed the Board that he likes the idea of connecting everything along the river but at the same time, once the property is placed into an easement it is gone. Mr. Piccirillo did not feel he has enough information to

make that decision now. The Chairman stated that the benefits are significant economically as well as the public relations portion and leadership piece of the airport.

Mr. McGrady moved to recommend the Board authorize the Airport Director to proceed with a grant application to the North Carolina Clean Water Management Trust Fund for purpose of potential funding of a conservation easement, obtain the City of Asheville and FAA approvals and execute the necessary application with the understanding that if the application moves forward any conservation easement would be brought back to the Board for review and approval. Mr. Gantt seconded the motion. The motion carried by unanimous vote.

At 9:55 a.m. the Chairman called for a five minute break.

The meeting reconvened at 10:02 a.m.

B. Award of Display Advertising Concession Management Agreement: Ms. Michel made a presentation to the Board on the award of the Display Advertising Concession Management Agreement. Ms. Michel informed the Board that the current agreement was a 10-year agreement due to expire on January 31, 2009 and that currently the Authority receives 30% of the Gross Receipts. On October 31, Staff issued a Request for Proposal and three companies responded: Alexander Management Group (AMG), Departure Media and Clear Channel-Interspace submitted a Letter of Withdrawal. Staff held interviews on December 8, 2008 with the two companies that submitted proposals. The Selection Committee ranked Departure Media first and AMG second based on the overall fiscal impact. The recommendation of staff was to negotiate a contract with Departure Media upon the approval of the Board. Should staff be unable to negotiate a contract with Departure Media, a contract would be negotiated with the next highest ranked company, AMG. Mr. Grotzinger made a motion to approve the ranking as presented, authorize staff to negotiate the final contract and authorize the Airport Director to execute the necessary documents for the display advertising concession management agreement. Mr. McGrady seconded the motion and it carried by unanimous vote.

The Chairman moved to the Director's Report, Agenda Item G while Ms. Michel was at the podium.

DIRECTOR'S REPORT:

G. Business Forum and Frequent Parker Program Update: Ms. Michel reported that a second Business Travel Forum was held in the fall. Invitations were sent to 260 area businesses, followed by 200 phone calls. Of the 260 invitations sent out, 16 replied affirmatively to the invitation, however, only 8 people actually attended the forum. Following the forum, surveys were sent out to the area businesses that had

been originally invited and 36 responded back to the survey. Survey responses indicated that 31% fly more than 10 times per year, Chicago was requested as a non-stop destination city, and 94% chose Asheville because we are close to home. Valet parking was also requested as well as more food choices and a shoe shine. The reserved parking spaces program was ranked most important by 30%. Ms. Michel informed the Board that there are complexities in setting up a parking program and a \$100,000 investment for software for a frequent parker program would be needed to implement such a program. The Chairman noted that he would like this topic discussed at the February 27 Board Budget Workshop Retreat. Mr. Newman questioned the cost of parking in Greenville and the Director stated that the cost was \$6 per day for long term, \$10 per day for the garage and \$12 per day for the hourly rate. Asheville Airport is the same as Greenville for short-term and \$8.00 across the board for the rest of parking. Mr. Newman explained that a promotional parking campaign may be more cost effective than a frequent parking program. The Director supported Mr. Newman's concept of discounted rates during soft travel times or during the major holiday season as a promotional activity. The Director agreed with the Chairman to discuss this further at the Board Budget Workshop Retreat on February 27.

A. Upcoming Airport Conferences/Meetings: A memo was provided to the Board members on airport conferences and meetings. The Director reiterated to Board members that travel expenses for these meetings are covered by the Authority.

B. Update on Airport Smoking Area Changes: The Director requested he address this issue at the end of his report while his presentation was being displayed on the projection screen.

C. Airport Traffic Statistics: The Director reported that October had been a good month, enplanements were up 3.6% and preliminary reports showed an increase of 1 ½% for November. The Director felt we would also have a strong December.

D. New Report in Financial Report: The Director was pleased to note the addition of a new report in our financials. Mr. Grotzinger commented on the information and detail that was included.

E. Delta Airlines Lease Assumption and Relocation: The Director reported to the Board about a provision in the 2005 Airline Signatory Lease Agreement with Atlantic Southeast Airlines that allows Delta to assume ASA's Lease Agreement positively without Board approval. The Director received notice that this will take place on January 1, 2009. Effective January 5, Delta will be relocated from the B concourse to the A concourse and Continental from the A concourse to the B concourse. This relocation will provide equal traffic for both areas. The Director also stated that Comair has won the bid for passenger and ground handling services for Delta.

F. Terminal Ribbon Cutting and Community Event: After 18+ months of renovations, staff has planned a complete unveiling of the improvements to be held on February 26, 2009 with four county chambers sponsoring the refreshments. The Director respectfully requested the Board members mark this date on their calendars. Invitations to this event will also be sent to the community.

The Director also remarked on a Transportation Security Administration (TSA) grant opportunity and the fact that AVL was one of four airports nationwide selected and awarded a grant for a Virtual Perimeter Security System. This will give us complete virtual security of AVL's perimeter area.

The Chairman called for a motion and approval of the 2009 Board Meeting Dates memorandum which was provided to Board members. Mr. Newman motioned to approve the 2009 Board Meeting Dates and Mr. McGrady seconded the motion although he urged to err on the side of having meetings if needed. Mr. Grotzinger agreed with Mr. McGrady and stated that we have to stay on top of things especially in 2009 as it will be a tough year. The motion carried by unanimous vote.

B. Update on Airport Smoking Area Changes: The Director revealed the new signage which was installed for designated smoking areas outside the terminal building. The Director further stated that the north side gazebo will be moved behind the trees, away from public observation and a new gazebo on the south side near the rental car area has been installed. These are the only two areas for employee smoking at the terminal. The Director also showed a photograph of the new recycling receptacles staff is in the process of purchasing. Mr. Gantt commented that staff should emphasize this policy for the public. The Chairman thanked the Director and Legal Counsel for their work on the smoking policy.

INFORMATION SECTION: No Presentations.

AUTHORITY MEMBERS' REPORTS: Mr. Grotzinger commented on the great attitude of a parking lot attendant he met when he was at the airport recently. Mr. Grotzinger felt the new parking company was doing a great job.

Mr. Grotzinger also brought up a conversation he had with the Vice Mayor of Asheville regarding legal fees for the lawsuit between Asheville Jet, the City, Buncombe County, and the Airport Authority and the Chairman stated that we will reflect upon this matter in a closed session.

Mr. Grotzinger reported that since we are spending three quarters of a million dollars on design work including the north general roadway at the intersection for the Odyssey and Encore FBO, several times a day we have large fuel tanks coming down this road for the fuel farm facility, that it makes sense to move the fuel farm to be concurrently

located with the one being constructed for Encore. He suggested that staff take a look at ways to relocate this fuel farm since the Authority is going to improve this road and staff should look at relocating the fuel tanks. The Director fully supported Mr. Grotzinger and is suggesting staff move the fuel farm inside the fence. The Director respectfully requested approval for staff to move ahead and spend the money to work with Avcon to establish the costs to relocate or build a new fuel farm. Mr. McGrady suggested the Board give the Director the approval to go forward and this was agreed upon unanimously by the Board.

Approval and Sealing of Closed-Session Minutes: Mr. Gantt moved to approve the minutes for the October 10, 2008, Closed Session and to seal and withhold such minutes from public inspection so long as public inspection would frustrate the purpose or purposes thereof. Mr. McGrady seconded the motion and it carried by unanimous vote.

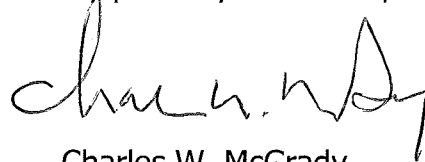
PUBLIC AND TENANTS' COMMENT: No Comments

CLOSED SESSION: None

ADJOURNMENT: Mr. McGrady made a motion to adjourn the meeting at 10:48 a.m. It carried by unanimous vote.

The next regular meeting of the Authority will be on Friday, January 9, 2009 at 8:30 a.m. in the Conference Room at the Authority's Administrative Offices, Asheville Regional Airport, 61 Terminal Drive, Suite 1, Asheville, NC 28732.

Respectfully submitted,



Charles W. McGrady
Secretary-Treasurer

Approved:



David R. Hillier
Chairman