

REGULAR MEETING
GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY
February 12, 2016

The Greater Asheville Regional Airport Authority ("Authority") met on Friday, February 12, 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; K. Ray Bailey, Vice-Chair; Jeffrey A. Piccirillo; Andrew T. Tate; William L. Moyer; and Stephanie Brown

MEMBERS ABSENT: Matthew C. Burril

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; John Coon, Director of Operations; Cortez Johnson, Network Engineer; and Ellen Heywood, Clerk to the Board

ALSO PRESENT: David King, GS&P; Ken Moody, Delta Airport Consultants; Leslie Jo Hurwitz, Walker Parking Consultants; Amira Trebincevic, Delta Airlines; Cecil Bothwell, Asheville City Council; James Moose, Avcon; Matt Fogleman, ECS Carolinas; Bill Casey, Paradies Lagardere; Aishlein Ashcraft, Paradies Lagardere; Valerie Fleming, Paradies Lagardere; Eddie Dean, CPSI

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

The Director recognized Tina Kinsey for her recent attainment of the Accredited Airport Executive (A.A.E.) designation.

APPEARANCES:

A. Award Recognition – Paradies Lagardere: The Director informed the Board that representatives from Paradies Lagardere, the airport's food/beverage and news/gift concessionaire, were at the meeting. The Director introduced Aishlein Ashcraft, Asheville's General Manager, Valerie Fleming, an associate, and Bill Casey, Sr. Vice President of Food and Development. The Director reported that Paradies Lagardere holds

awards annually and Aishlein recently won the Manager of the Year award for their organization. Valerie won a First Class Platinum Medallion Club Member award for the service she brings to their facility. The Director stated that the airport is thrilled to have Paradies as a partner and thanked the Paradies staff for all their efforts. The Board thanked the Paradies staff for all they do at the airport.

PRESENTATIONS:

A. Parking Garage Design Presentation: The Director presented the Board with the design drawings for the parking garage. The Director noted that a separate entrance for the rental car operation was planned off Loop Road and pointed out the entrances and exits for passengers. The design elements of the garage were reviewed including some textured concrete panels and exterior stair towers, as well as an imagery planned for the east and west sides of the garage fabricated out of perforated metal with the pattern configured to form the image of the Blue Ridge Mountains.

Mr. Bailey asked about storm water that could collect in the lower level. The Director deferred to Ms. Leslie Jo Hurwitz of Walker Parking who responded that there would be floor drains that collect the water and pipe it to the existing storm system.

Mr. Piccirillo asked if the fire extinguisher system would be water. Ms. Hurwitz responded that there would not be an overhead system since it's not required, but that there would be fire extinguishers and a manual-dry standpipe system. Mr. Reisman stated that staff will also budget in the next fiscal year for the purchase of a skid mounted fire suppression system that would mount to the back of one of the light-weight airport rescue vehicles so that public safety officers could respond in the event of a fire.

Ms. Brown questioned how the image of the Blue Ridge Mountains would be formed and suggested touching base with the arts community due to the sensitivity by some community members in mimicking the natural environment. The response from the consultants was that there was not a specific photographic image, rather more of a representation of the mountains in this area, but mentioned that this was great input.

Ms. Brown also asked if more landscaping would be included in the areas surrounding the garage. The Director responded that there was not a lot of room to include additional landscaping, but that the existing plants along Airport Road would remain.

The Chair inquired about the process of approval for the design. Mr. Reisman advised the Board that staff expected to move forward with the design after presenting it to the

Board and anticipated being finished and out for bid in June. Staff would come back to the Board possibly in August for award of the construction contract.

B. Preliminary Fiscal Year 2016/2017 Budget: Janet Burnette gave an overview of the preliminary Fiscal Year 2016/2017 Budget. Mrs. Burnette highlighted the operating budget assumptions which included passenger enplanements at 402,000, conservative airline revenue due to a new rates and charges model which includes a year-end reconciliation, a salary adjustment pool of 3.5%, and an increase in contingency funds to cover the cost of some strategic plan projects. The Director informed the Board that staff has included four additional Public Safety Officer positions in the budget just as a place holder and for informational purposes only. Since the airlines are using larger aircraft, the airport may be moved to a "c" index classification in the FAA's guidelines for firefighting purposes. The Director explained the differences and requirements in the classifications and noted that this would require one additional firefighter per shift to meet the FAA guidelines. These four positions, totaling \$268,836 plus \$19,420 for equipment, are not included within the expense figures of the budget. Because of the uncertainty of this requirement and when it would become effective, staff decided to come back to the Board for approval if the positions become necessary.

Mrs. Burnette reviewed the proposed operating budget which included an increase in revenue by \$658,000 and an increase in operating expenses by \$376,000. Sources of operating revenue and expenses were summarized. Mr. Moyer inquired if the airline agreement had been signed by all the airlines. The Director responded that Allegiant was the only airline to sign the agreement. The Director stated that a new rates and charges model is based 65% on enplanements and 35% on operations and is unique. The legacy carriers have elected not to sign the agreement at the current time. Staff may move toward an ordinance structure if forced to do so.

Mrs. Burnette went over the proposed capital budget which included funds for the Airfield Re-development project, the parking garage, and demolition of the former Public Safety building. The reserve funds and cash balance were discussed and Mrs. Burnette advised the Board that although a \$12 million deficit was shown for the estimated unrestricted undesignated cash & investments as of June 30, 2017, once staff determines the amounts and sources of funding for the parking garage project, which may include bonds and investment by the rental car companies, those sources of revenue will be added back into the budget and the cash balance will show a positive balance.

The Director informed the Board that a current part-time position in the Administration Department is being increased to a full-time position in the budget effective July 1st. The

Director requested the Board review the budget over the next month. If there are no changes, staff will seek preliminary approval of the budget at the March 11th Board meeting. The budget will then sit for public inspection for 10 days and will come back to the Board for adoption at either the March 24th or April 8th meeting.

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

CONSENT ITEMS: The Chair remarked that Consent Item B, Approval of the Greater Asheville Regional Airport Authority December 11, 2015 Closed Session Minutes would be reviewed in closed session.

A. Approval of the Greater Asheville Regional Airport Authority December 11, 2015 Regular Meeting Minutes:

C. Approve Grant of Easement to Duke Energy Progress, Inc. A North Carolina Corporation for Airport Main Entrance:

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

OLD BUSINESS: None

NEW BUSINESS:

A. Approval to Unseal Closed Session Minutes: The Director reminded the Board that it is the Authority's policy to review the preceding year's Closed Session minutes for possible unsealing. The Director has reviewed the minutes and has provided a recommendation to the Board for the unsealing of certain minutes.

Mr. Moyer moved to unseal those portions of Closed Session minutes as designated and recommended by the Executive Director. Mr. Piccirillo seconded the motion and it carried unanimously.

B. Adopt Amended Asheville Regional Airport Five-Year Capital Improvement Plan (CIP) for FY 2017-2021: Michael Reisman reminded the Board that the FY 2017-2021 CIP was approved by the Board at the October 16, 2015 meeting. Since that time, several changes have been made to the CIP including adjustment to the final approved budget for the parking garage project, removal of the ground transportation lot conversion project as it is now incorporated into the cost of the parking garage project, addition of security system upgrades to replace the ground transportation

lot conversion project, and splitting of the terminal apron expansion project from one phase to two phases. Mr. Reisman informed the Board that the amended CIP will be submitted to the FAA and is considered a planning and administrative tool for the Authority, the NCDOT Division of Aviation, and the FAA. Adoption of the CIP does not give approval for any of the projects included on the CIP.

Mr. Bailey moved to adopt the Amended Asheville Regional Airport Five-Year Capital Improvement Plan for FY 2017-2021. Mr. Moyer seconded the motion and it carried unanimously.

C. Approve Non-Federal Reimbursable Agreement with Department of Transportation, Federal Aviation Administration: Michael Reisman stated that the FAA Reimbursable Agreement before the Board will provide for FAA engineering/design and certain construction oversight services for the navigational aids for the new permanent runway. This will be the final Reimbursable Agreement for the Airfield Re-development project. Mr. Reisman stated that the FAA is the only source of engineering/design and construction oversight for this type of equipment. The total cost for this agreement is \$841,187.94 and will be incurred over the course of two fiscal years. These expenses are incorporated into the Airfield Re-development project budget and will be reimbursed under the pending FAA grants for additional phases of the project.

Mr. Moyer questioned if it were possible for the costs to come in beyond the agreement amount and what would happen if that were the case. Mr. Reisman responded that the FAA uses a maximum amount that will be charged for the work. The FAA would have to ask for an amendment if the costs were more than the agreement amount and staff would bring that to the Board for approval.

Mr. Moyer moved to approve the Non-Federal Reimbursable Agreement with the Department of Transportation, Federal Aviation Administration in the amount of \$841,187.94 and authorize the Executive Director to execute the necessary documents. Mr. Tate seconded the motion and it carried unanimously.

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

A. FAA Reauthorization Update: The Director informed the Board that the Transportation and Infrastructure Committee worked on a FAA Reauthorization bill last week. The major piece of the legislation was privatizing the air traffic control system with some sort of governmental corporation. An increase in PFCs was declined from the bill. The committee did vote and approve an increase in airport improvement funding by 2% and the length of the bill was set at six years. The bill will now go to the House and

then the Senate. The Director advised the Board that the airport currently has authorization for spending through March 31st. The FAA is basically giving out half the funding as the other half of the year has not yet been appropriated. The FAA has suggested giving the airport 43% of the entitlement money which equals \$1.3 million. This would not be enough for the Airfield Re-development project. The fire truck could be purchased with those funds. When there is a continuing resolution or a long-term bill, the airport will receive the remaining amount of money allocated through September 30th. Bid Package 3 is currently out for bid and staff intends to bring this to the Board for approval in March. The bid package contains a stipulation that staff could hold off awarding the contract for 90 days. If funding does not come through, staff may have to postpone phase 3 until the following year. The majority of the funding the airport gets from the FAA is discretionary, but discretionary is not reimbursable so the funds need to be in hand before it is spent.

B. Snow Storm Update: The Director reported on the snow removal efforts during the recent storm in January. The storm expenses incurred totaled \$24,000 for staff overtime and \$17,000 in chemicals used for ice removal. The majority of the chemical costs will be billed back to the airlines. The cost of the storm has already been built into the current fiscal year budget.

C. Conservation Easement: City Council has approved the acreage increase for the conservation easement along the French Broad River and staff is working with the Carolina Mountain Land Conservancy to complete the easement.

D. Wings for Autism: The airport is hosting the Wings for Autism event on Saturday, February 13. The event is full with 150 people having signed up.

E. State Funding: The Director reported that last spring in Washington, DC several North Carolina airports met with the delegates representing North Carolina to discuss the importance of AIP and PFC funding for airports. The legislators suggested that the airports look to the state for funding. Staff from Raleigh-Durham Airport and Wilmington Airport have been working closely with the state legislators in North Carolina to look for ways to increase capital or infrastructure funding within the state. There are some items that occur at airports that are taxed and the funds go to the state. The airports are working to capture some of those funds for capital projects at airports. Funding for local municipalities will not be impacted by these efforts. There is a \$15 billion need within the state for airport projects, including those at general aviation airports.

F. Access Agreement with Duke Energy: The Director advised the Board that they had been provided with a copy of the access agreement with Duke Energy. This agreement provides documentation that outlines the responsibilities for monitoring the

wells moving forward. The Director stated that he was not looking for the Board to approve the access agreement since the obligation to allow access was already contained in the original fill agreement. Ms. Rice has reviewed the access agreement from an administrative side and Mr. Shields has reviewed it from an environmental side. The Director requested the Board let him know if there were any questions or concerns.

Mr. Tate inquired if the access agreement requires the Authority to take on any additional liability or obligations not already contained in the original fill agreement. Ms. Rice stated that she would defer to Mr. Shields from an environmental aspect, but did not believe it was changing anything other than giving access to the property in the future.

The Chair affirmed that the intent is to allow access to monitor the wells and thought Mr. Tate was asking if there was anything in the access agreement that would change something. The Director responded that he and Mr. Shields have reviewed the agreement and there is nothing to their knowledge that would change any obligations that the Authority already has under the agreement for accepting the fill for the three areas. The DEQ could change the requirements but at the present time there is nothing that would change the Authority's obligations. Duke Energy is tied to this under their permits with DEQ formerly DENR. The Chair questioned when the permit would expire. The Director stated that according to Duke Energy the permits are for five years and Duke Energy believes they only have to monitor the wells while the permit is existing. The Director, however, was not comfortable with this so he added a requirement for a minimum of 20 years of well monitoring or whatever the state requires, whichever is longer.

Mr. Moyer questioned the authorization to sign this agreement. Ms. Rice stated that this would be discussed in closed session.

INFORMATION SECTION: No comments

AUTHORITY MEMBER REPORTS:

A. Key Strategic Elements: The Chair stated that the Board had been asked to review the Key Strategic Elements and if the Board Members had any changes or suggestions, they were encouraged to bring up for discussion over the next meeting or two.

Ms. Brown asked when a work plan behind the strategic objectives would be presented. The Director stated that staff's strategic plan runs parallel to the Board's Key Strategic Elements and that he was finishing up the finalized working document and would have to the Board shortly. Ms. Brown wondered what tactics and strategies would be implemented that align with the Board's plan. The Chair stated that the Board's document

was not a strategic document, rather more of guardrails or the governing document that contains the elements that the Board wants to have fulfilled.

B. Performance Evaluation: The Chair commented that it was time to begin the evaluation process of the Director. Information on competencies other airport directors are held accountable for has been received, and the Chair may utilize a survey monkey tool for a broader audience of feedback. A template will be sent out to the Board for their review.

C. Conference Schedule: The Chair reminded the Board Members that if there were any conferences they were interested in attending, to please mention at a Board Meeting so that travel plans can be arranged.

PUBLIC AND TENANTS' COMMENTS: Ms. Amira Trebincevic of Delta Airlines addressed the Board to clarify a point relative to the airline rates and charges and the agreement between the Authority and the airlines. Ms. Trebincevic stated that there was a question on the division of common use space and the percentages that were used. Asheville is proposing something that is unique and uncharacteristic and not one that many other airlines are party to. The division is not simply a matter of percentages but a matter of concept. There was a change in concept and what is proposed in Asheville is based on operations and enplanements. Ms. Trebincevic stated that the Director has been willing to openly discuss the issue and she looks forward to moving toward an agreement and perhaps an alternate to the resolution option that is proposed.

CALL FOR NEXT MEETING: The Chair stated that the next regular meeting of the Board would be on March 11, 2016.

CLOSED SESSION: At 10:08 a.m. Mr. Piccirillo moved to go into Closed Session pursuant to Subsections 143-318.11(a)(3) and (4) of the General Statutes of North Carolina to Consult with Legal Counsel in Order to Preserve the Attorney-Client Privilege, to Discuss Matters Relating to the Location and/or Expansion of Industries or Other Businesses in the Area Served by the Greater Asheville Regional Airport Authority, Including Agreement on a Tentative List of Economic Development Incentives that may be Offered by the Greater Asheville Regional Airport Authority in Negotiations. Mr. Moyer seconded the motion and it carried unanimously.

The Chair indicated they would break until 10:13 a.m., at which time the Board would resume in closed session.

Open Session resumed at 10:40 a.m.

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY FEBRUARY 12, 2016

CLOSED SESSION MINUTES: Mr. Piccirillo moved to seal the minutes for the Closed Session just completed and to withhold such Closed Session minutes from public inspection so long as public inspection would frustrate the purpose or purposes thereof. Mr. Moyer seconded the motion and it carried unanimously.

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY DECEMBER 11, 2015

CLOSED SESSION MINUTES: Mr. Piccirillo moved to approve the minutes for the inspection so long as public inspection would frustrate the purpose or purposes thereof. Mr. Tate seconded the motion and it carried unanimously.

ADJOURNMENT: Mr. Piccirillo moved to adjourn the meeting at 10:42 a.m. Mr. Bailey seconded the motion and it carried unanimously.

Respectfully submitted,



Ellen Heywood
Clerk to the Board

Approved:



Robert C. Roberts
Chair