



AGENDA

Greater Asheville Regional Airport Authority Regular Meeting
Friday, March 21, 2014, 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. CONSENT ITEMS:
 - A. Approval of the Greater Asheville Regional Airport Authority March 7, 2014 Regular Meeting Minutes ([document](#))
 - B. Approval of the Greater Asheville Regional Airport Authority March 7, 2014 Closed Session Minutes
- IV. OLD BUSINESS: None
 - A. Public Hearing and Final Adoption of the Authority's Fiscal Year 2014/2015 Budget ([document](#))
- V. NEW BUSINESS:
 - A. Approval of Audit Contract with Martin Starnes & Associates, CPAs, P.A. for Fiscal Year Ending June 30, 2014 ([document](#))
 - B. Approval of Airline Incentives for Allegiant Air ([document](#))



- VI. DIRECTOR'S REPORT
- VII. AUTHORITY MEMBER REPORTS
- VIII. PUBLIC AND TENANTS' COMMENTS
- IX. CALL FOR NEXT MEETING
- X. STRATEGIC PLANNING ([document](#))
- XI. CLOSED SESSION:

Pursuant to Subsections 143-318.11 (a)(3) and (6) of the General Statutes of North Carolina to Consult with Legal Counsel in Order to Preserve the Attorney-Client Privilege and to Consider Personnel Matters.

- XII. 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.

**REGULAR MEETING
GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY
March 7, 2014**

The Greater Asheville Regional Airport Authority ("Authority") met on Friday, March 7, 2014 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, Chair; Robert C. Roberts, Vice-Chair; Jeffrey A. Piccirillo; Andrew T. Tate; K. Ray Bailey; and Carol W. Peterson

MEMBERS ABSENT: Douglas J. Tate

STAFF AND LEGAL COUNSEL PRESENT: Victor Buchanan, Authority Legal Counsel; Lew Bleiweis, Executive Director; Michael Reisman, Deputy Executive Director of Development and Operations; Kevan Smith, Interim Chief of Public Safety; David Nantz, Director of Operations and Maintenance; Royce Holden, IT Director; Suzie Baker, Director of Administration; Tina Kinsey, Director of Marketing and Public Relations; Vickie Thomas, Director of Finance and Accounting; and Ellen Heywood, Clerk to the Board

ALSO PRESENT: Cindy Rice, Patla, Straus, Robinson & Moore, PA; Stephanie Brown, Convention and Visitors Bureau; Henry Johnson, WNC Pilots Association

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

PRESENTATIONS:

A. Airfield Redevelopment Project Public Relations Plan: Tina Kinsey gave a high-level presentation of the public relations plan for the Authority's upcoming Airfield Redevelopment project. Mrs. Kinsey detailed the goals of the plan which include branding the four+ year project, building a public relations plan using the brand, developing materials to distribute via posters and brochures, texting, and website, and then implementing the plan.

The Chair thanked Mrs. Kinsey for her presentation.

FINANCIAL REPORT: The Director reviewed the airport activity section of the Financial Report for January which included enplanements, aircraft operations and general aviation activity. Vickie Thomas reported on the Financial Results for the month of January.

CONSENT ITEMS: The Chair suggested that Consent Item B, Approval of the Greater Asheville Regional Airport Authority February 14, 2014 Closed Session Minutes, be pulled for review in Closed Session.

A. Approval of the Greater Asheville Regional Airport Authority February 14, 2014 Regular Meeting Minutes: Mrs. Carol Peterson moved to approve Consent Item A, Approval of the Greater Asheville Regional Airport Authority February 14, 2014 Regular Meeting Minutes. Mr. Roberts seconded the motion and it carried unanimously.

OLD BUSINESS: None

NEW BUSINESS:

A. Approval of Preliminary Fiscal Year 2014/2015 Budget: Vickie Thomas presented the Preliminary Fiscal Year 2014/2015 Budget to the Board. Mrs. Thomas reviewed the operating revenue which is budgeted at \$8.6 million and the operating expenses which are budgeted at \$7.8 million. Operating Revenues include increased airline revenues, increased revenues for parking due to higher estimated enplanements, increased advertising revenues with advertising being brought in-house for full year, and land revenues increasing with addition of Triangle Stop convenience store lease. Operating Expenses include full year of five FTE positions added in previous fiscal year, salary adjustment pool budgeted at 3.5%, higher utilities with addition of new Public Safety facility, higher parking management fees and custodial supplies and consumables with higher enplanements. The Director advised the Board that the salary adjustment pool was increased to 3.5% from 3% this year. The Director explained that most merit raises given to employees fall between 2-4% of the pool which does not allow for the opportunity to award a 5% merit increase to an employee for an exceptional performance. The additional .5% will allow for those instances where an employee deserves a higher merit increase. The proposed capital budget, including funding sources, was also reviewed. The largest capital project is the Airfield Redevelopment project budgeted at \$12.8 million. Also reviewed were several small capital projects including roofing for the terminal building and toll plaza, vehicle replacements, landside pole lighting, and system upgrades totaling \$612,336 for a total capital budget of \$13.4 million. Mrs. Thomas further reviewed the Supplemental Fees

schedule noting that increases are proposed for SIDA badging, employee and commuter parking rates, as well as the airport ground transportation permit. The Director informed the Board that staff has surveyed 17 airports in the southeast region regarding their ground transportation fees and found that Asheville is far below the regional pricing. Staff proposed increasing the fee by \$100 for this fiscal year and gradually increasing the fee over the next couple of years to arrive at the \$500 to \$600 range which puts Asheville closer to what is charged throughout the region.

The Chair thanked Mrs. Thomas and her staff for the work done on the budget and complimented Mrs. Thomas on the way the airport's finances have been handled since she began employment with the Authority.

Mr. Bailey moved to approve the Proposed Preliminary Fiscal Year 2014/2015 Budget and accept public comment on the Proposed Fiscal Year 2014/2015 Budget during the next 10 days. Mrs. Peterson seconded the motion and it carried unanimously.

The Chair called for a moment of silence for the sudden passing of Senator Martin Nesbitt.

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

A. Strategic Plan Update: The Director reported that as mentioned at the last Authority Board meeting, senior staff has been working with a consultant on the strategic plan. Copies of the core values, vision and mission statements drafted by senior staff were available at the Board Members' seats. The consultant will be in attendance at the March 21st Board meeting to work with the Board for their input on the strategic plan.

B. Wings for Autism: The Director advised the Board that as mentioned at the last Authority Board meeting, staff has been working with ARC of Buncombe County to implement the Wings for Autism program. The tentative date for this event is June 7th provided aircraft is available that day for the tour.

C. FAA Modification of Standard (MOS) Update: As reported at the last Authority Board meeting, the FAA has been slow to respond to some of the variance requests for the Airfield Redevelopment project. This has caused some issues with design delays. Staff has received approval for two of the MOS that were submitted. Approval was not given on the third modification which involved grading and drainage so changes are being made to the design. An additional charge of approximately \$500,000 for these changes is anticipated but still falls within the \$64 million project

budget. Staff is still waiting for an answer on the final MOS but is able to move forward with the design. The bid package will be completed by the end of March and put out for bid the first week of April. Staff expects to receive the bids the first week of May. The Board's approval of the construction contract for the first bid package of phase one will be required; therefore the Authority Board meeting scheduled for May 9th may be necessary.

Mr. Bailey inquired if any local contractors will be able to bid on phase one. Mr. Reisman informed the Board that bidding will be open to everyone but did not believe there were any local contractors based in Asheville large enough to bid on a project of this magnitude.

D. Automatic External Defibrillators (AED): The Director reported that six AEDs have been installed throughout the terminal building.

E. Prescription Drug Drop Off: The Authority is participating in a State program called Operation Medicine Drop on March 21st. Airport employees will be able to drop off any prescription medication at the Public Safety facility so that the medication can be properly disposed of.

INFORMATION SECTION: No comments

AUTHORITY MEMBERS REPORTS: None

PUBLIC AND TENANTS' COMMENTS: No comments

CALL FOR NEXT MEETING: The Chair stated that the next regular meeting of the Board will be held on March 21, 2014.

The Chair called for a break at 9:13 a.m.

The Board reconvened at 9:19 a.m.

CLOSED SESSION: At 9:19 a.m. Mr. Piccirillo moved to go into Closed Session pursuant to Subsection 143-318.11(a)(3) of the General Statutes of North Carolina to Consult with Legal Counsel in Order to Preserve the Attorney-Client Privilege. Mrs. Peterson seconded the motion and it carried unanimously.

Open Session resumed at 9:50 a.m.

**APPROVAL OF THE GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY
FEBRUARY 14, 2014 CLOSED SESSION MINUTES:**

Mr. Piccirillo moved to approve the minutes for the February 14, 2014 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. Bailey seconded the motion and it carried unanimously.

**GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY MARCH 7, 2014
CLOSED SESSION MINUTES:**

Mr. Piccirillo moved to seal the minutes for the March 7, 2014 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. Roberts seconded the motion and it carried unanimously.

**GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY MOTION
CONCERNING LEGAL SERVICES:**

Mr. Piccirillo moved to authorize the Executive Director to execute and deliver and thereby agree to, for and on behalf of the Greater Asheville Regional Airport Authority ("GARAA"), an engagement letter (that is, an Agreement) by and between GARAA and Womble Carlyle Sandridge and Rice, a Limited Liability Partnership ("WCS&R"), for the provision of legal services by WCS&R with respect to an evaluation of Session Law 2012-121 and a review of strategic alternatives related thereto, and to authorize the payment by GARAA of WCS&R's hourly rates for legal services by attorneys and paralegals as set forth in the engagement letter, and to pay WCS&R's costs and disbursements as set forth in the attachment to such engagement letter. Mr. Roberts seconded the motion and it carried unanimously.

ADJOURNMENT: Mr. Bailey moved to adjourn the meeting at 9:53 a.m. Mrs. Peterson seconded the motion and it carried unanimously.

Respectfully submitted,

Ellen Heywood
Clerk to the Board

Approved:

David R. Hillier
Chair



MEMORANDUM

TO: Members of the Airport Authority

FROM: Vickie Thomas, Director of Finance and Accounting

DATE: March 21, 2014

ITEM DESCRIPTION – Old Business Item A

Public Hearing and Final Adoption of the Authority's Fiscal Year 2014/2015 Budget

BACKGROUND

A proposed preliminary Fiscal Year 2014/2015 Budget and Budget Ordinance were presented to the Authority Board at the Board meeting held on March 7, 2014. The budget documents have remained available for public inspection and comment since March 7, 2014, with no comments being received to date.

ISSUES

A Public Hearing is required under Chapter 159 of the General Statutes of North Carolina before final adoption of the 2014/2015 Budget Ordinance.

ALTERNATIVES

None recommended.

FISCAL IMPACT

As outlined in the 2014/2015 Budget Ordinance.

RECOMMENDED ACTION

It is respectfully requested that following the Public Hearing on the Fiscal Year 2014/2015 Budget that the Airport Authority Board resolve to adopt the enclosed Fiscal Year 2014/2015 Budget Ordinance.

Enclosure

Old Business - Item A

**GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY
2014-2015
BUDGET ORDINANCE**

BE IT ORDAINED by the Greater Asheville Regional Airport Authority that, pursuant to Section 159-13 of the General Statutes of North Carolina, the 2014-2015 Budget Ordinance of the Airport Authority is hereby set forth as follows:

Section 1. The following amounts are hereby appropriated for the operation of the Greater Asheville Regional Airport Authority for the fiscal year beginning July 1, 2014 and ending June 30, 2015 in accordance with the following schedules:

EXPENDITURES

Administration Department	\$ 564,506
Development Department	277,219
Executive Department	487,210
Finance Department	381,741
Guest Services Department	201,257
Information Technology Department	673,240
Marketing Department	519,710
Operations Department	3,205,370
Public Safety Department	1,377,680
Emergency Repair Costs	75,000
Reimbursable Costs	214,000
Carry-over Capital Expenditures from Prior Year	12,208,230
Capital Improvement	12,750,123
Renewal and Replacement	612,336
Business Development	300,000
Debt Service	626,823
Contingency	100,000
Total Expenditures	<hr/> \$34,574,445 <hr/>

Section 2. It is estimated that the following revenues will be available for the fiscal year beginning July 1, 2014 and ending June 30, 2015.

REVENUES

Administration (Interest Income)	\$ 22,000
Terminal	3,919,333
Airfield	883,300
General Aviation	978,105
Parking Lot	2,557,425
Other	209,779
Reimbursable Costs	214,000
Passenger Facility Charges	1,325,000
Customer Facility Charges	1,075,000
Federal Grants – AIP Entitlements	5,199,460
Federal Grants – AIP Discretionary Funds	14,000,000
NC Department of Transportation Grants	300,000
Transfer from GARAA Cash/Investments	3,891,043
Total Revenues	<u><u>\$34,574,445</u></u>

Section 3. The Budget Officer is hereby authorized to transfer appropriations as contained herein under the following conditions:

- a. He may transfer amounts between line item expenditures within a budget ordinance line item without limitation and without a report being required. These changes should not result in increased recurring obligations such as salaries.
- b. He may transfer amounts up to \$60,000 from contingency appropriations to other budget ordinance line items within the same fund. He must make an official report on such transfers at the next regular meeting of the board.

Section 4. This Budget Ordinance shall be entered in the minutes of the Greater Asheville Regional Airport Authority and within five (5) days after its adoption copies shall be filed with the Finance Officer, the Budget Officer and the Clerk to the Board of the Greater Asheville Regional Airport Authority as described in G.S. 159-13.

Section 5. This ordinance shall become effective on July 1, 2014.

Adopted this 21st day of March, 2014.

David R. Hillier, Chair

Attested by:

Ellen Heywood, Clerk to the Board



MEMORANDUM

TO: Members of the Airport Authority

FROM: Vickie Thomas, Director of Finance and Accounting

DATE: March 21, 2014

ITEM DESCRIPTION – New Business Item A

Approval of Audit Contract with Martin Starnes & Associates, CPAs, P.A. for Fiscal Year Ending June 30, 2014

BACKGROUND

Three years ago, Authority Staff issued a Request for Proposal for audit services and the Board chose Martin Starnes & Associates, CPAs, P.A. as the Authority's auditors. As requested in the RFP, the Martin Starnes proposal included fees for a five year time frame. We are presenting a contract for auditing services with Martin Starnes for the annual audit for the fourth year of the contract, the fiscal year ended June 30, 2014.

ISSUES

None

ALTERNATIVES

The Board could elect to reject the current contract being presented by Martin Starnes & Associates, CPAs, P. A. and request staff to seek alternate firms to conduct the fiscal year end audit.

FISCAL IMPACT

The contract fee for services rendered by Martin Starnes is the \$12,700 quoted in their proposal. The expense for audit services was anticipated and included in the budget for FY 2015 as presented by Authority Staff.

New Business – Item A



RECOMMENDED ACTION

It is respectfully requested that the Airport Authority Board resolve to (1) approve the contract for audit services with Martin Starnes & Associates, CPAs, P.A. in the amount of \$12,700, and (2) authorize the Board Chair to execute the necessary documents.

Attachment

CONTRACT TO AUDIT ACCOUNTS

Of Greater Asheville Regional Airport Authority
Governmental Unit

On this 15th day of January, 2014, Martin Starnes & Associates, CPAs, P.A.
Auditor

730 13th Avenue Drive SE, Hickory, NC 28602

Mailing Address

, hereinafter referred to as

the Auditor, and Board of Directors of Greater Asheville Regional Airport Authority, hereinafter referred
Governing Board Governmental Unit

to as the Governmental Unit, agree as follows:

1. The Auditor shall audit all statements and disclosures required by generally accepted accounting principles (GAAP) and additional required legal statements and disclosures of all funds and/or divisions of the Governmental Unit for the period beginning July 1, 2013, and ending June 30, 2014. The non-major combining, and individual fund statements and schedules shall be subjected to the auditing procedures applied in the audit of the basic financial statements and an opinion will be rendered in relation to (as applicable) the governmental activities, the business-type activities, the aggregate discretely presented component units, each major governmental and enterprise fund, and the aggregate remaining fund information (non-major government and enterprise funds, the internal service fund type, and the fiduciary fund types).
2. At a minimum, the Auditor shall conduct his/her audit and render his/her report in accordance with generally accepted auditing standards. The Auditor shall perform the audit in accordance with *Government Auditing Standards* if required by the State Single Audit Implementation Act, as codified in G.S. 159-34. If required by OMB Circular A-133 and the State Single Audit Implementation Act, the Auditor shall perform a Single Audit. This audit and all associated workpapers may be subject to review by Federal and State agencies in accordance with Federal and State laws, including the staffs of the Office of State Auditor (OSA) and the Local Government Commission (LGC). If the audit and/or workpapers are found in this review to be substandard, the results of the review may be forwarded to the North Carolina State Board of CPA Examiners (NC CPA Board).
3. This contract contemplates an unqualified opinion being rendered. If financial statements are not prepared in accordance with GAAP, or the statements fail to include all disclosures required by GAAP, please provide an explanation for that departure from GAAP in an attachment.
4. This contract contemplates an unqualified opinion being rendered. The audit shall include such tests of the accounting records and such other auditing procedures as are considered by the Auditor to be necessary in the circumstances. Any limitations or restrictions in scope which would lead to a qualification should be fully explained in an attachment to this contract
5. If this audit engagement is subject to the standards for audit as defined in *Government Auditing Standards*, 2011 revisions, issued by the Comptroller General of the United States, then by accepting this engagement, the Auditor warrants that he has met the requirements for a peer review and continuing education as specified in *Government Auditing Standards*. The Auditor agrees to provide a copy of their most recent peer review report regardless of the date of the prior peer review report to the Governmental Unit and the Secretary of the LGC prior to the execution of the audit contract (See Item 22). If the audit firm received a peer review rating other than pass, the Auditor shall not contract with the Governmental Unit without first contacting the Secretary of the LGC for a peer review analysis that may result in additional contractual requirements.

If the audit engagement is not subject to *Government Accounting Standards*, the Auditor shall provide an explanation as to why in an attachment.
6. It is agreed that time is of the essence in this contract. All audits are to be performed and the report of audit submitted to the State and Local Government Finance Division (SLGFD) within four months of fiscal year end. Audit report is due on: October 31, 2014. If it becomes necessary to amend this due date or the audit fee, an amended contract along with a written explanation of the delay must be submitted to the Secretary of the LGC for approval.
7. It is agreed that generally accepted auditing standards include a review of the Governmental Unit's systems of internal control and accounting as same relates to accountability of funds and adherence to budget and law requirements applicable thereto; that the Auditor will make a written report, which may or may not be a part of the written report of audit, to the Governing Board setting forth his findings, together with his recommendations for improvement. That written report must include all matters defined as "significant deficiencies and material weaknesses" in AU-C 265 of the *AICPA Professional Standards (Clarified)*. The Auditor shall file a copy of that report with the Secretary of the LGC.
8. All local government and public authority contracts for audit or audit-related work require the approval of the Secretary of the LGC. This includes annual or special audits, agreed upon procedures related to internal controls, bookkeeping or other assistance necessary to prepare the Governmental Unit's records for audit, financial statement preparation, any finance-related investigations, or any other audit-related work in the State of North Carolina. Invoices for services rendered under these contracts shall not be paid by the Governmental Unit until the invoice has been approved by the Secretary of the LGC. (This also includes any progress billings.) [G.S. 159-34 and 115C-447] The process for

Contract to Audit Accounts (cont.)

Greater Asheville Regional Airport Authority

(Name of Governmental Unit)

invoice approval has changed. All invoices for Audit work must be submitted by email in PDF format to the Secretary of the LGC for approval. The invoices must be sent through the portal at: <http://nctreasurer.slgfd.leapfile.net>. Subject line should read "Invoice - only. The PDF invoice marked 'approved' with approval date will be returned by email to the Auditor for them to present to the Governmental Unit for payment. Approval is not required on contracts and invoices for system improvements and similar services of a non-auditing nature.

9. In consideration of the satisfactory performance of the provisions of this contract, the Governmental Unit shall pay to the Auditor, upon approval by the Secretary of the LGC, the following fee, which includes any cost the Auditor may incur from work paper or peer reviews or any other quality assurance program required by third parties (Federal and State grantor and oversight agencies or other organizations) as required under the Federal and State Single Audit Acts:

Year-end bookkeeping assistance – [For audits subject to Government Auditing Standards, this is limited to bookkeeping services permitted by revised Independence Standards] _____

Audit \$10,175

Preparation of the annual financial statements \$2,525

Prior to submission of the completed audited financial report, applicable compliance reports and amended contract (if required) the Auditor may submit invoices for approval for services rendered, not to exceed 75% of the total of the stated fees above. If the current contracted fee is not fixed in total, invoices for services rendered may be approved for up to 75% of the prior year audit fee. **The 75% cap for interim invoice approval for this audit contract is \$ 9,525**

10. If the Governmental Unit has outstanding revenue bonds, the Auditor shall include documentation either in the notes to the audited financial statements or as a separate report submitted to the SLGFD along with the audit report, a calculation demonstrating compliance with the revenue bond rate covenant. Additionally, the Auditor should be aware that any other bond compliance statements or additional reports required in the authorizing bond documents need to be submitted to the SLGFD simultaneously with the Governmental Unit's audited financial statements unless otherwise specified in the bond documents.
11. After completing the audit, the Auditor shall submit to the Governing Board a written report of audit. This report shall include but not be limited to the following information: (a) Management's Discussion and Analysis, (b) the financial statements and notes of the Governmental Unit and all of its component units prepared in accordance with GAAP, (c) supplementary information requested by the client or required for full disclosure under the law, and (d) the Auditor's opinion on the material presented. The Auditor shall furnish the required number of copies of the report of audit to the Governing Board as soon as practical after the close of the accounting period.
12. If the audit firm is required by the NC CPA Board or the Secretary of the LGC to have a pre-issuance review of their audit work, there must be a statement added to the engagement letter specifying the pre-issuance review including a statement that the Governmental Unit will not be billed for the pre-issuance review. The pre-issuance review must be performed **prior** to the completed audit being submitted to the LGC. The pre-issuance report must accompany the audit report upon submission to the LGC.
13. The Auditor shall electronically submit the report of audit to the LGC when (or prior to) submitting the invoice for services rendered. The report of audit, as filed with the Secretary of the LGC, becomes a matter of public record for inspection, review and copy in the offices of the SLGFD by any interested parties. Any subsequent revisions to these reports must be sent to the Secretary of the LGC. These audited financial statements are used in the preparation of official statements for debt offerings (the Auditors' opinion is not included), by municipal bond rating services, to fulfill secondary market disclosure requirements of the Securities and Exchange Commission, and other lawful purposes of the Governmental Unit, without subsequent consent of the Auditor. If it is determined by the LGC that corrections need to be made to the Governmental Unit's financial statements, they should be provided within three days of notification unless, another time frame is agreed to by the LGC.

The LGC's process for submitting contracts, audit reports and Invoices are subject to change. Auditors should use the submission process in effect at the time of submission. The most current instructions will be found on our website: <https://www.nctreasurer.com/slg/Pages/Audit-Forms-and-Resources.aspx>

In addition, if the OSA designates certain programs to be audited as major programs, a turnaround document and a representation letter addressed to the OSA shall be submitted to the LGC.

14. Should circumstances disclosed by the audit call for a more detailed investigation by the Auditor than necessary under ordinary circumstances, the Auditor shall inform the Governing Board in writing of the need for such additional investigation and the additional compensation required therefore. Upon approval by the Secretary of the LGC, this contract may be varied or changed to include the increased time and/or compensation as may be agreed upon by the Governing Board and the Auditor.
15. If an approved contract needs to be varied or changed for any reason, the change must be made in writing, signed and dated by all parties and pre-audited if the change includes a change in audit fee. This document and a written explanation of the change must be submitted by email in PDF format to the Secretary of the LGC for approval. The portal address to upload your amended contract and letter of explanation documents is <http://nctreasurer.slgfd.leapfile.net> **No change shall be effective unless approved by the Secretary of the LGC, the Governing Board, and the Auditor.**

Contract to Audit Accounts (cont.) Greater Asheville Regional Airport Authority
 (Name of Governmental Unit)

16. Whenever the Auditor uses an engagement letter with the Governmental Unit, Item 17 is to be completed by referencing the engagement letter and attaching a copy of the engagement letter to the contract to incorporate the engagement letter into the contract. In case of conflict between the terms of the engagement letter and the terms of this contract, the terms of this contract will control. Engagement letter terms are deemed to be void unless the conflicting terms of this contract are specifically deleted in Item 23 of this contract. Engagement letters containing indemnification clauses will not be approved by the LGC.
17. Special provisions should be limited. Please list any special provisions in an attachment.
18. A separate contract should not be made for each division to be audited or report to be submitted. A separate contract must be executed for each component unit which is a local government and for which a separate audit report is issued.
19. The contract must be executed, pre-audited, physically signed by all parties and submitted in PDF format including Governmental Unit and Auditor signatures to the Secretary of the LGC. The current portal address to upload your contractual documents is http://nctreasurer.slgfd.leapfile.net Electronic signatures are not accepted at this time. Included with this contract are instructions to submit contracts and invoices for approval as of September 4, 2013. These instructions are subject to change. Please check the NC Treasurer's web site at www.nctreasurer.com for the most recent instructions.
20. The contract is not valid until it is approved by the LGC Secretary. The staff of the LGC shall notify the Governmental Unit and Auditor of contract approval by email. The audit should not be started before the contract is approved.
21. There are no other agreements between the parties hereto and no other agreements relative hereto that shall be enforceable unless entered into in accordance with the procedure set out herein and approved by the Secretary of the LGC.
22. The Auditor acknowledges that any private employer transacting business in this State who employs 25 or more employees in this State must, when hiring an employee to work in the United States, use E Verify to verify the work authorization of the employee in accordance with N.C.G.S. §64 26(a). The Auditor acknowledges further that any such private employer and its subcontractors must comply with all of the requirements of Article 2 of Chapter 64 of the North Carolina General Statutes (North Carolina's E-verify law), and that such private employer has a duty under the law to ensure compliance by its subcontractors. The Auditor further acknowledges that this contract is of the type governed by S.L. 2013-418, which makes it unlawful for a local government to enter into certain types of contracts unless the contractor and its subcontractors comply with North Carolina's E-verify law, and that failure to comply with such law could render this contract void. The Auditor hereby covenants, warrants and represents for itself and its subcontractors that with respect to this contract the Auditor and its subcontractors shall comply with the provisions of North Carolina's E-verify law and that failure to comply with such law shall be deemed a breach of this contract and may render this contract void.
23. All of the above paragraphs are understood and shall apply to this contract, except the following numbered paragraphs shall be deleted: (See Item 16.)
24. **All communications regarding audit contract requests for modification or official approvals will be sent to the email addresses provided in the spaces below.**

Audit Firm Signature:
 Firm Martin Starnes & Associates, CPAs, P.A.
 By Amber Y. McGhinnis, Audit Manager
 (Please type or print name)
Amber Y. McGhinnis
 (Signature of authorized audit firm representative)
 Email Address of Audit Firm:
amcghinnis@martinstarnes.com
 Date January 15, 2014

Governmental Unit Signatures:
 By David R. Hillier, Chairman
 (Please type or print name and title)

(Signature of Mayor/Chairperson of governing board)
 Date _____

Date Governing Body Approved Audit Contract - G.S. 159-34(a)
 Date: _____

Unit Signatures (or if not signed):
 By N/A
 (Chair of Audit Committee- please type or print name)

 (Signature of Audit Committee Chairperson)
 Date N/A
 (If Governmental Unit has no audit committee, this section should be marked "N/A.")

This instrument has been preaudited in the manner required by The Local Government Budget and Fiscal Control Act or by the School Budget and Fiscal Control Act. Additionally, the following date is the date this audit contract was approved by the governing body.

Vickie Thomas, Director of Accounting and Finance
 Governmental Unit Finance Officer (Please type or print name)

(Signature) _____
 Email Address of Finance Officer
vthomas@flyavl.com

Date _____
 (Preaudit Certificate must be dated.)



SYSTEM REVIEW REPORT

May 22, 2012

Martin, Starnes & Associates, CPAs, PA and the
Peer Review Committee, North Carolina Association
of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Martin, Starnes & Associates, CPAs, PA (the firm) in effect for the year ended December 31, 2011. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under the *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Martin, Starnes & Associates, CPAs, PA, in effect for the year ended December 31, 2011, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Martin, Starnes & Associates, CPAs, PA has received a peer review rating of *pass*.

Koonce, Wooten & Haywood, LLP

Koonce, Wooten & Haywood, LLP

Raleigh
4060 Barrett Drive
Post Office Box 17806
Raleigh, North Carolina 27619

919 782 9265
919 783 8937 FAX

Durham
3511 Shannon Road
Suite 100
Durham, North Carolina 27707

919 354 2584
919 489 8183 FAX

Pittsboro
10 Sanford Road
Post Office Box 1399
Pittsboro, North Carolina 27312

919 542 6000
919 542 5764 FAX



MEMORANDUM

TO: Members of the Airport Authority

FROM: Lew Bleiweis, Executive Director

DATE: March 21, 2014

ITEM DESCRIPTION – New Business Item B

Approval of Airline Incentives for Allegiant Air

BACKGROUND

Allegiant Air (Allegiant) began service at Asheville Regional Airport in November 2011 with two weekly flights to Sanford – Orlando, Florida. With the success of the Sanford – Orlando flights, Allegiant added service to Ft. Lauderdale in November 2012, Tampa/St. Pete in June 2013, and Punta Gorda in October 2013. Allegiant has been so pleased with the success of the Asheville – Florida routes that Allegiant is instituting new service in Palm Beach, Florida with Asheville being the inaugural city.

On March 4, 2014, Allegiant made a public announcement that Allegiant will begin Palm Beach (PBI) service on May 15, 2014 with two flights per week.

In accordance with the Authority's Air Service Incentive Policy, staff would like to offer Allegiant up to \$150,000 for marketing and advertising of this new service; and airport related fee waivers, excluding PFCs, for a one-year period as directly related to the PBI service. Staff is also seeking approval to provide Allegiant with a ground handling and passenger service fee incentive of 50% per aircraft turn up to \$250.00 per flight for two flights per week through the one-year anniversary of the inception of the AVL-PBI service.

ISSUES

The Authority's policies currently provide for airline incentives to be offered for new airline service to AVL's top 20 markets. PBI currently ranks at number 23. Staff is seeking approval for incentives despite the fact that PBI is not within the top 20 air service markets.

New Business – Item B



Additionally, with all the added Allegiant service in 2013, the Authority has fully expended the budgeted allocation for Business Development. Staff is proposing to only provide \$50,000 for marketing and advertising through the end of the fiscal year. The remaining marketing and advertising money along with the ground handling incentive would be effective in the upcoming fiscal year on July 1, 2014.

ALTERNATIVES

The Board can decide not to provide any incentives to Allegiant or postpone any incentives until July 1, 2014 with the beginning of the new fiscal year.

FISCAL IMPACT

Staff would like to officially offer Allegiant an incentive package in the amount up to \$150,000 for PBI service marketing and advertising (\$50,000 through June 30, 2014), waived rents and fees (totaling approximately \$86,000) for up to one year of service for this specific service route, and ground handling fees for the PBI service at 50% per turn up to \$250.00 per flight for two flights per week (\$23,000 total). Total incentive package is worth approximately \$259,000 with direct expenditures being approximately \$173,000. To provide the initial marketing and advertising incentive of up to \$50,000, the Board will need to approve a budget amendment increasing Business Development expenditures and increasing Transfer from GARAA Cash by \$50,000.

RECOMMENDED ACTION

It is respectfully requested that the Authority Board resolve to (1) approve airline incentives with Allegiant Air for AVL- PBI service as described above; (2) authorize the Executive Director to execute the necessary documents; and (3) to amend the FY13/14 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, 2014:



Section 1. To amend the appropriations as follows:

EXPENDITURES:

	<u>Decrease</u>	<u>Increase</u>
Business Development		\$50,000
Totals	<u>\$0</u>	<u>\$50,000</u>

This will result in a net increase of \$50,000 in the appropriations. To provide the additional revenue for the above, revenues will be revised as follows:

REVENUES:

	<u>Decrease</u>	<u>Increase</u>
Transfer from GARAA		\$50,000
Cash/Investments		
Totals	<u>\$0</u>	<u>\$50,000</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 21st day of March, 2014.

David Hillier, Chair

Attested by:

Ellen Heywood, Clerk to the Board



Greater Asheville Regional Airport Strategic Planning



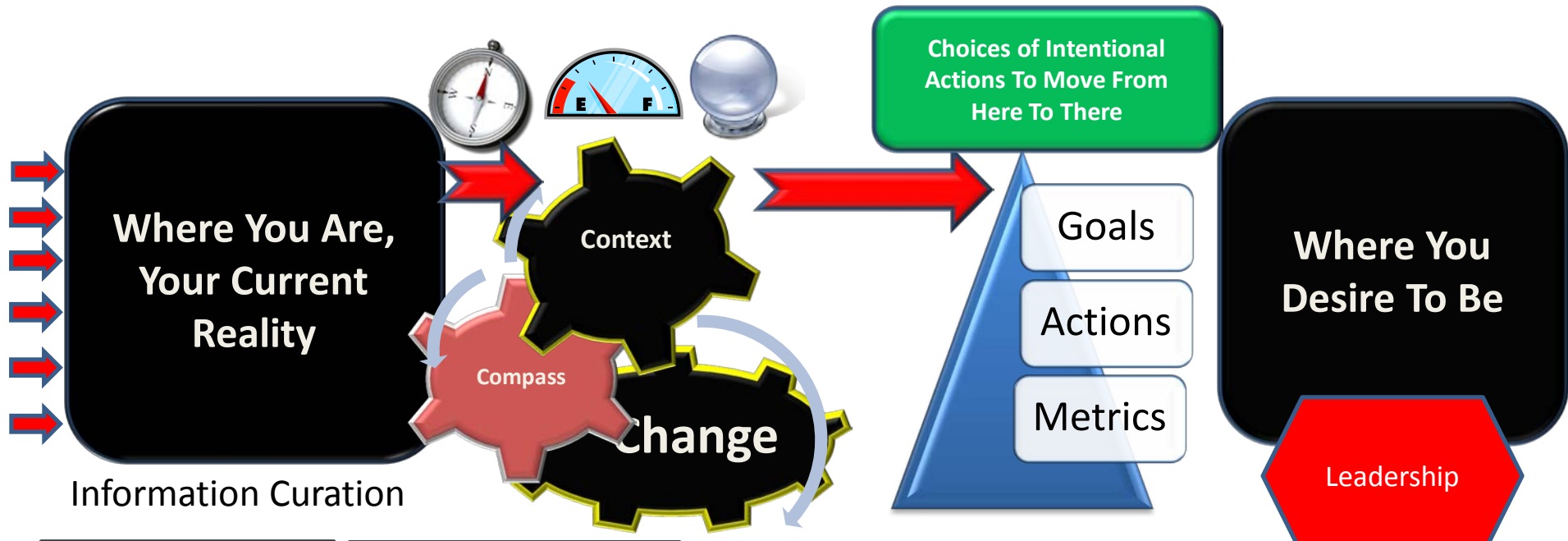
**Where
you are.**

Strategic

**Where
you want
to be.**

Planned, tactical, calculated, deliberate,
premeditated, considered, intentional

A “Place-Based” Strategy



Direction, or Compass is driven by the Vision, Mission and Core Values of the organization or place

Context is determined by the conversion of comparative and longitudinal data into information that can be used as knowledge

Change is the group of factors, outside your control, that influences your future, global trends, demographic shifts, changing technology

Action Plan

- What actions will we undertake?
- Who will be responsible for those actions?
- What resources do we need to be successful?
- Where will those resources come from?
- When will each action start and be completed?
- What results do we expect?
- How will those results be evaluated, and;
- How will we monitor the plan and continuously update it?

Asheville Regional Airport Authority Strategic Process

Four Meetings Over 6 Months

Reality, Desire,
Context, &
Change

Choices &
Specifics

Alignment

Blessings

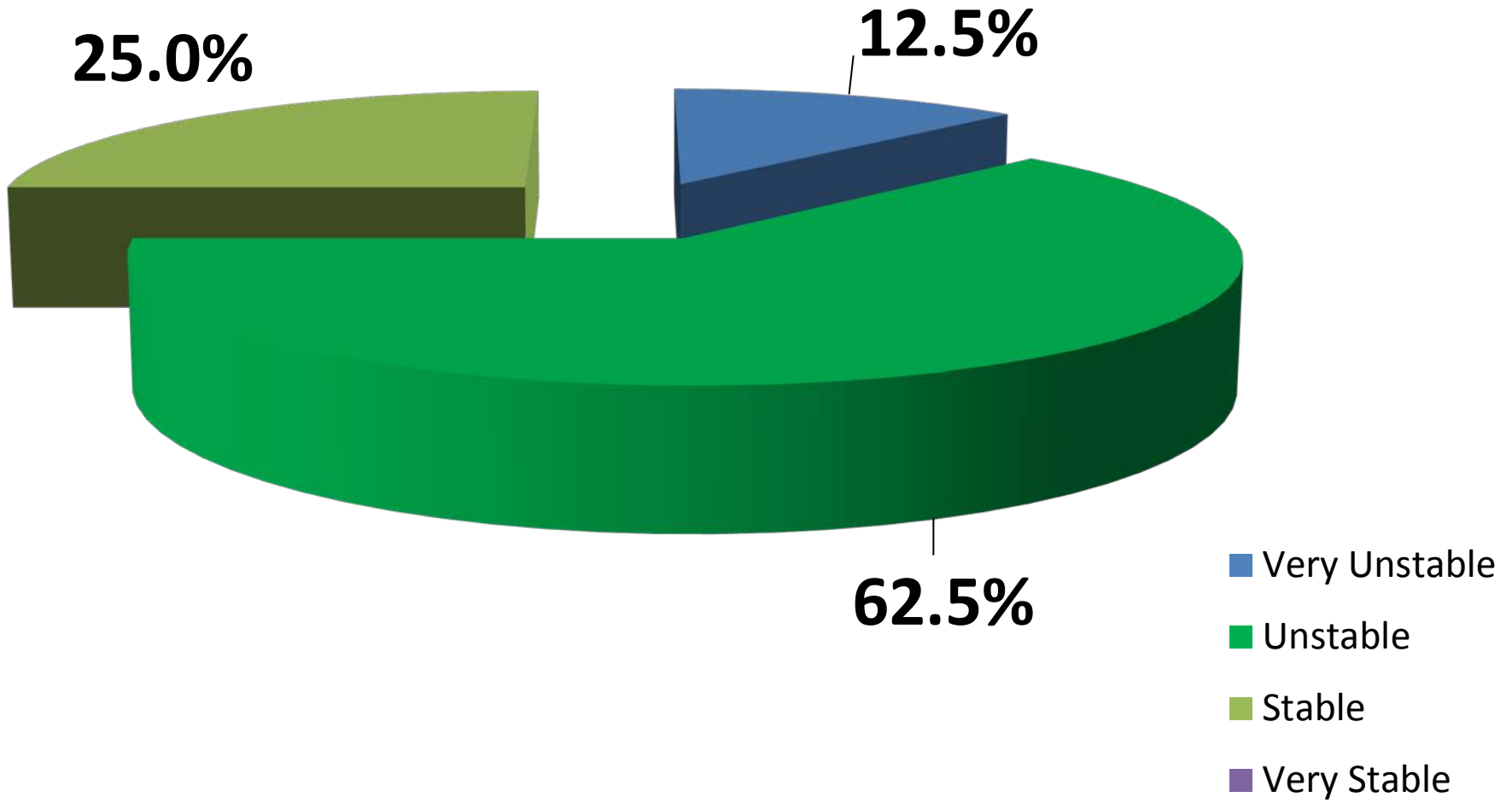
Establishing Current Reality

**Things We
All Know
We Know**

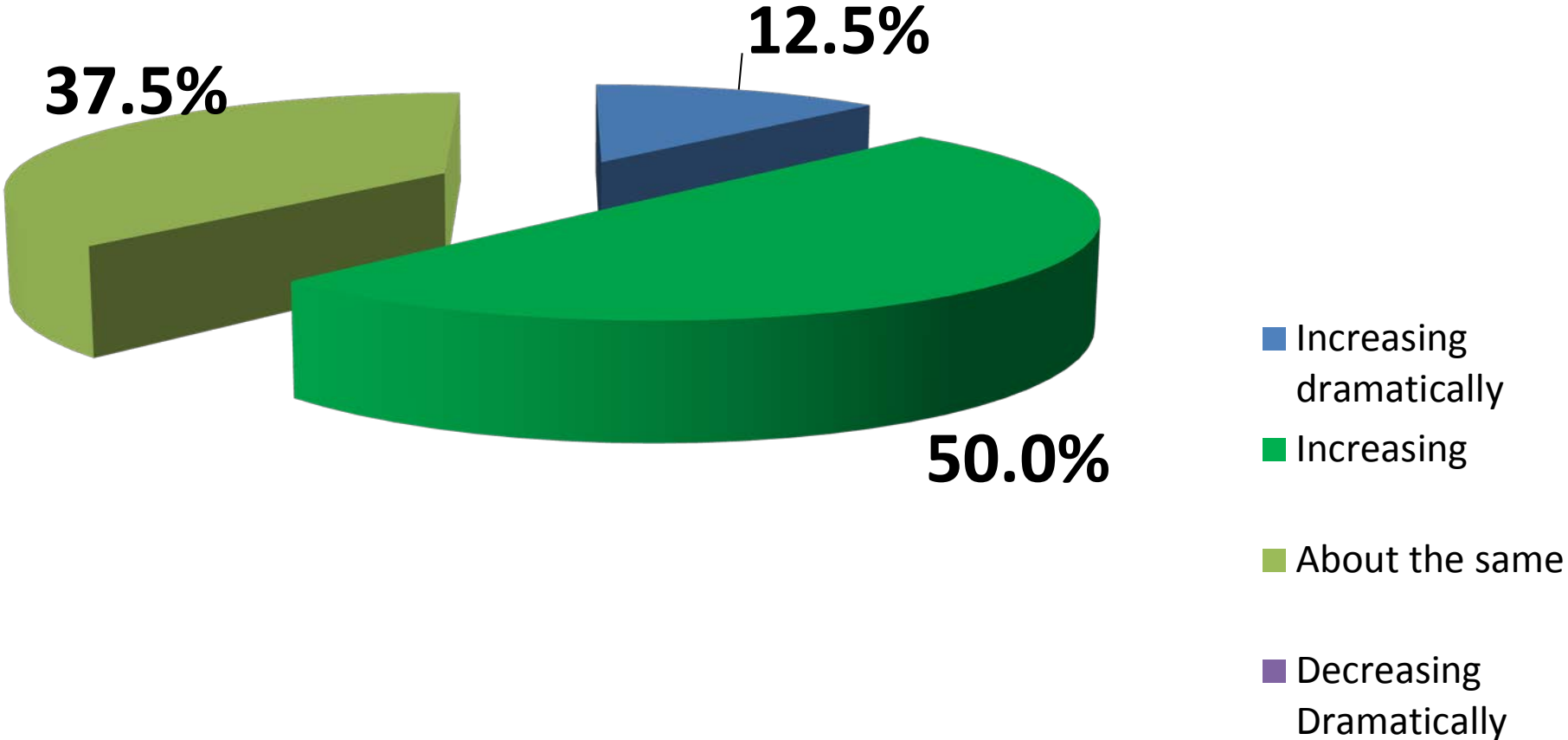
SURVEY



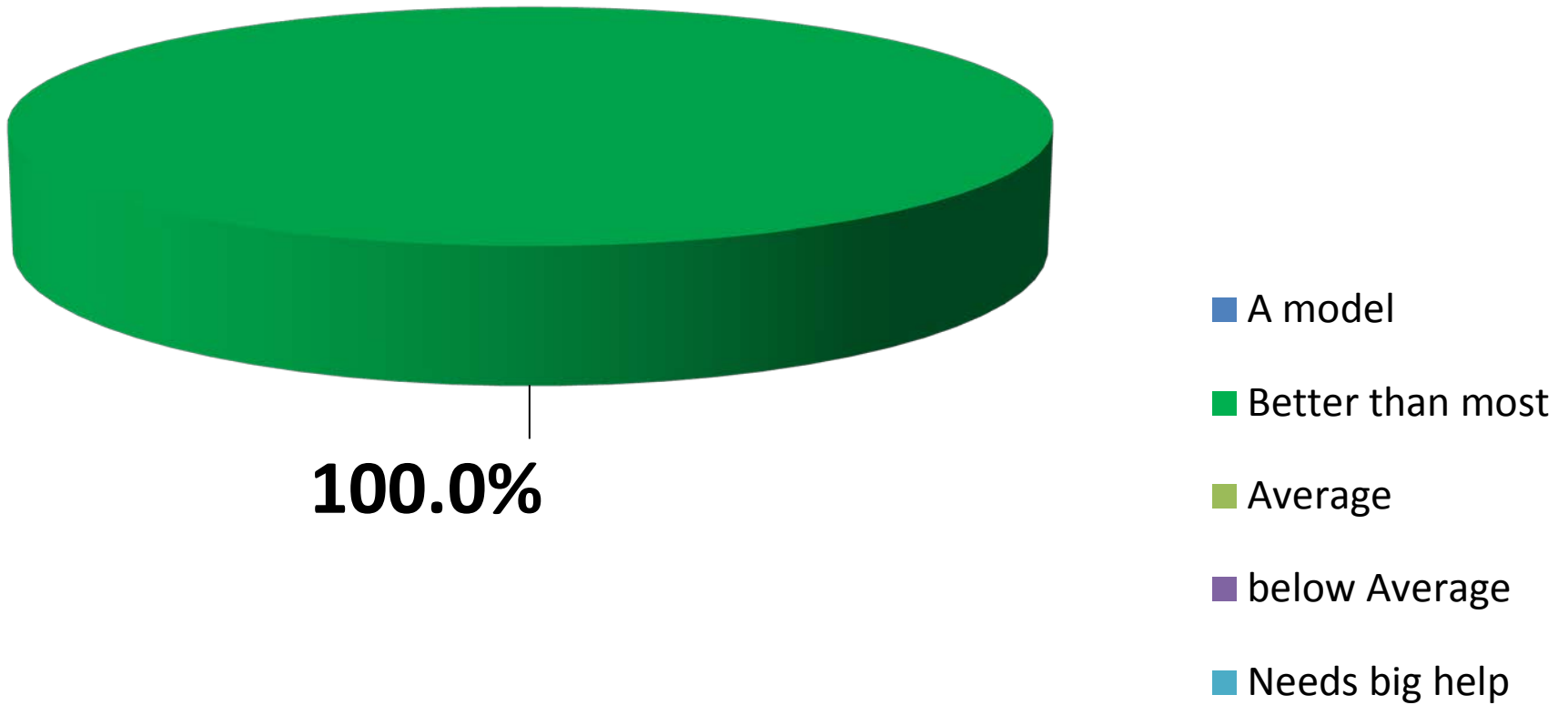
The Airline Industry Is...



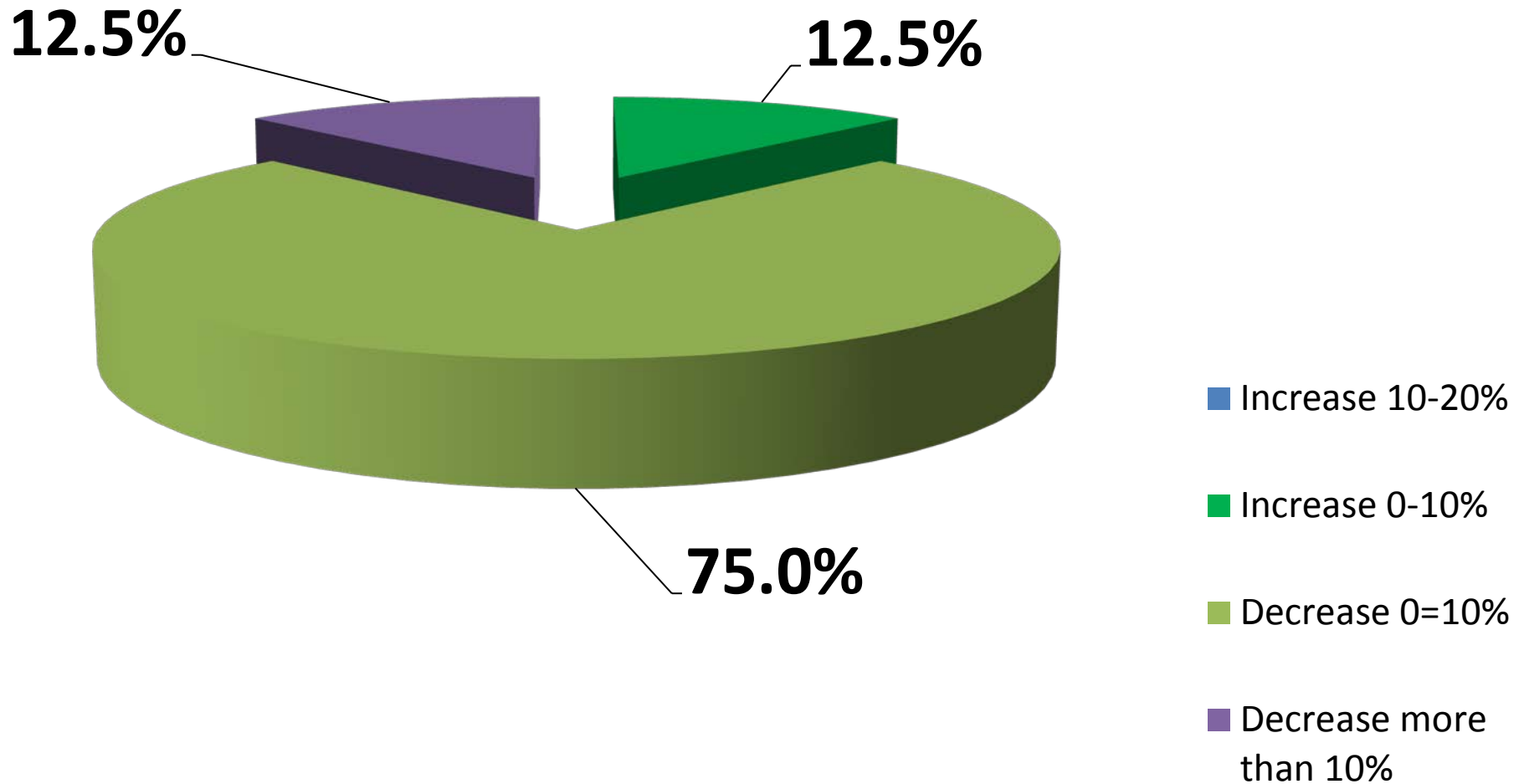
Passenger (not airline) service demands are:



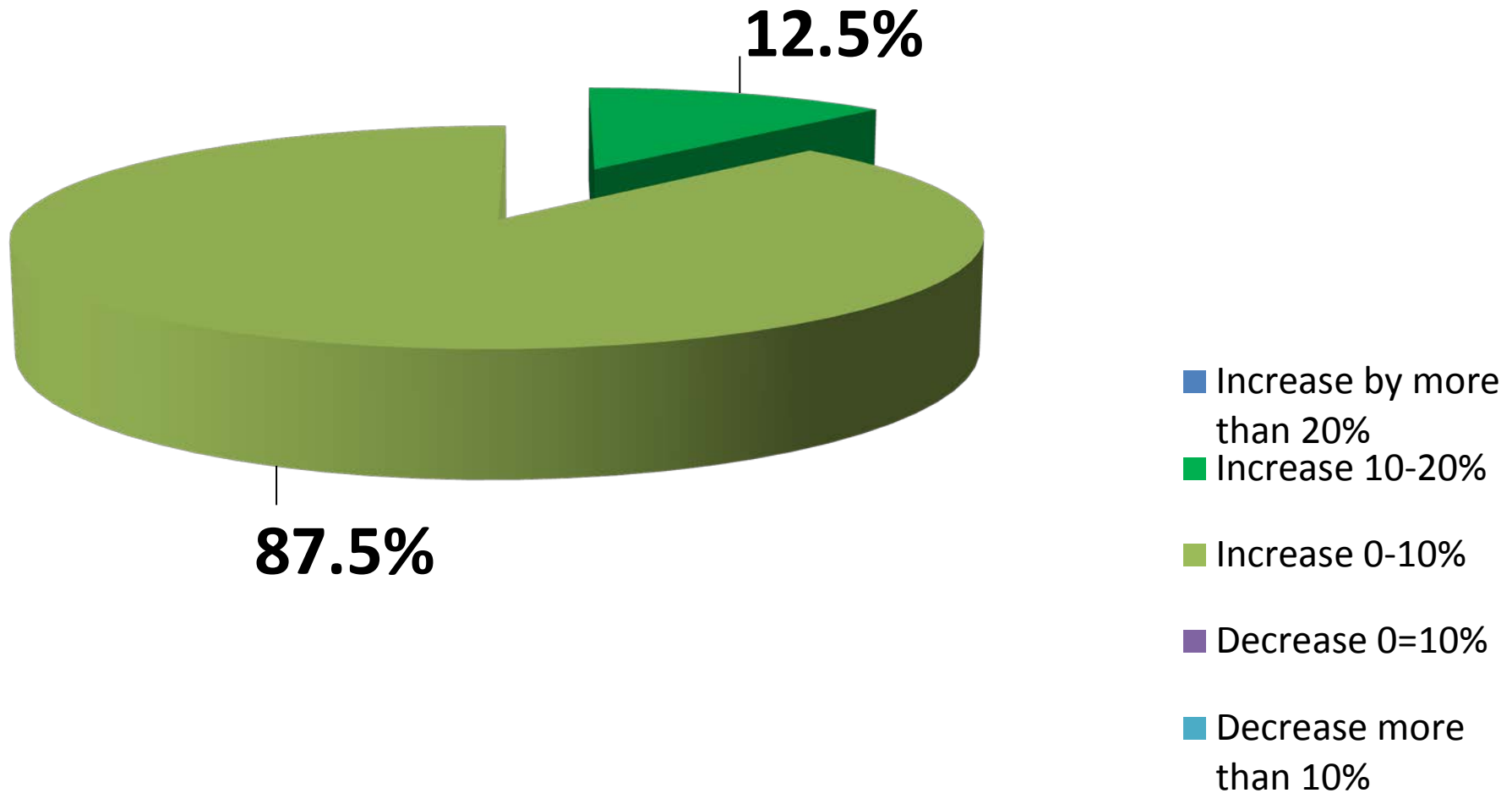
Compared to other airports GARA is



Over the next 10 years, passenger enplanements will



Over the next 10 years, cargo will



What are the 3 most important **internal** issues facing the Greater Asheville Regional Airport over the next 5 years?

- Employee ownership and retention
- Budget/Revenue
- Airfield development
- Aging terminal
- Authority Board
- Staying educated
- Trust



What are the 3 most important **external** issues facing the Greater Asheville Regional Airport over the next 5 years?

- Airline instability, seat capacity, reduction in enplanements
- Revenues, grant reductions
- Increased competition from other airports
- Public perceptions
- Airfield development
- Government relationships



What model airports should the Greater Asheville Regional Airport aspire to be like?

- Denver for continuous quality improvement
- San Jose for technology
- Wilmington, NC
- Columbia, SC
- Lexington, KY
- Savannah, GA



SWOT

The Airport's Strengths Are...

- People like the convenience
- Located in the middle of a population center
- Well equipped
- Modern, highly maintained facilities
- Level of customer service
- Cost per enplanement low
- Desirable place to work
- Current financial position
- Good governance

The Airport's Weaknesses Are...

- Little control over air service supply
- Proximity to Charlotte and Greenville SC
- Limited market size
- Little non-air revenue
- Little developable land
- Costs rising
- Staff communication

The Airport's Threats Are...

- Airline changes
- Seasonal demand
- Dependence on grant funding
- Raleigh is along way away
- Overall revenue vs costs
- Personnel costs
- Unfunded mandates

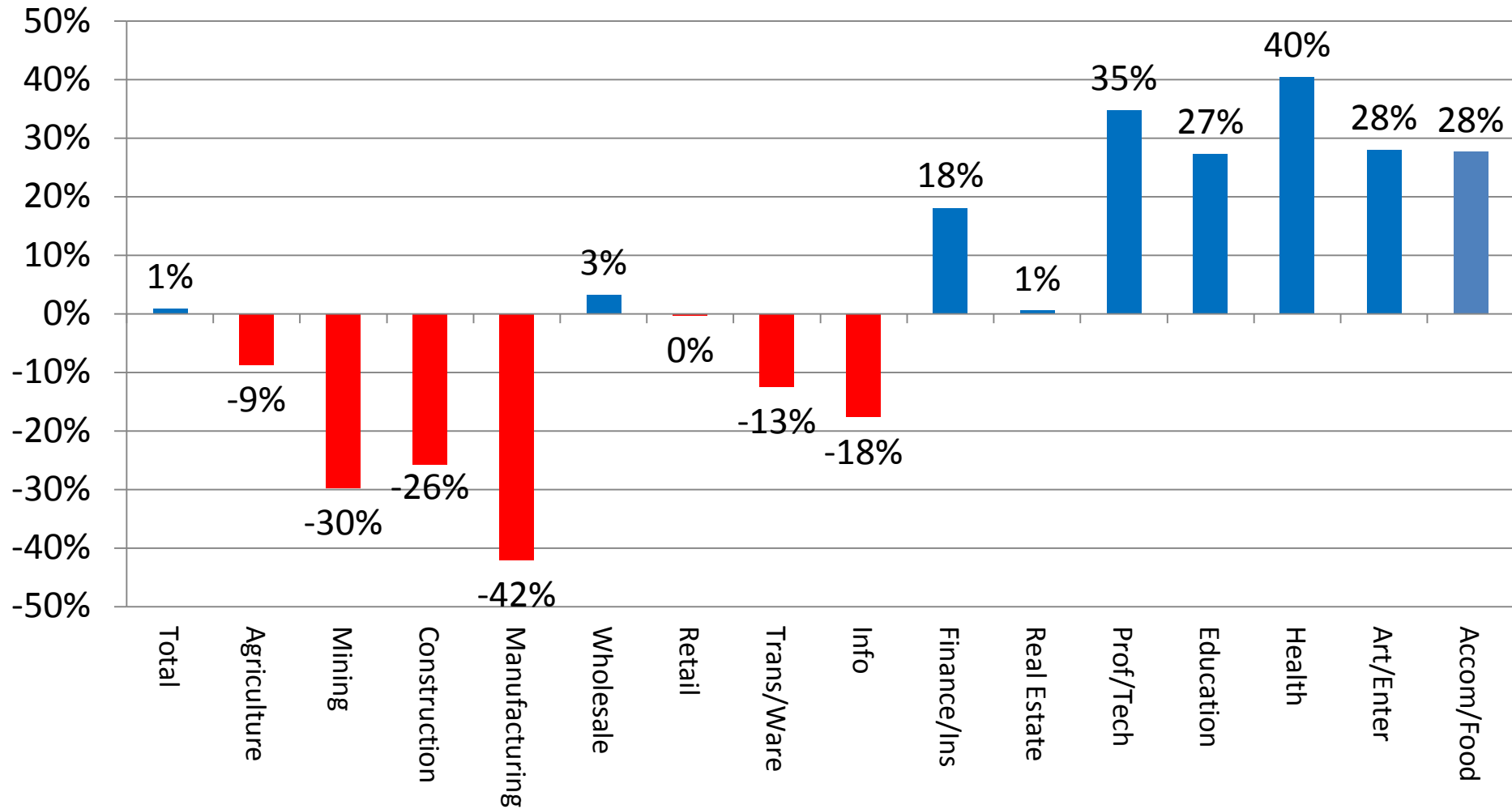
The Airport's Opportunities Are...

- Increasing non-air revenues
- Growing demand
- More air service
- Projects to cut costs (while maintaining quality)

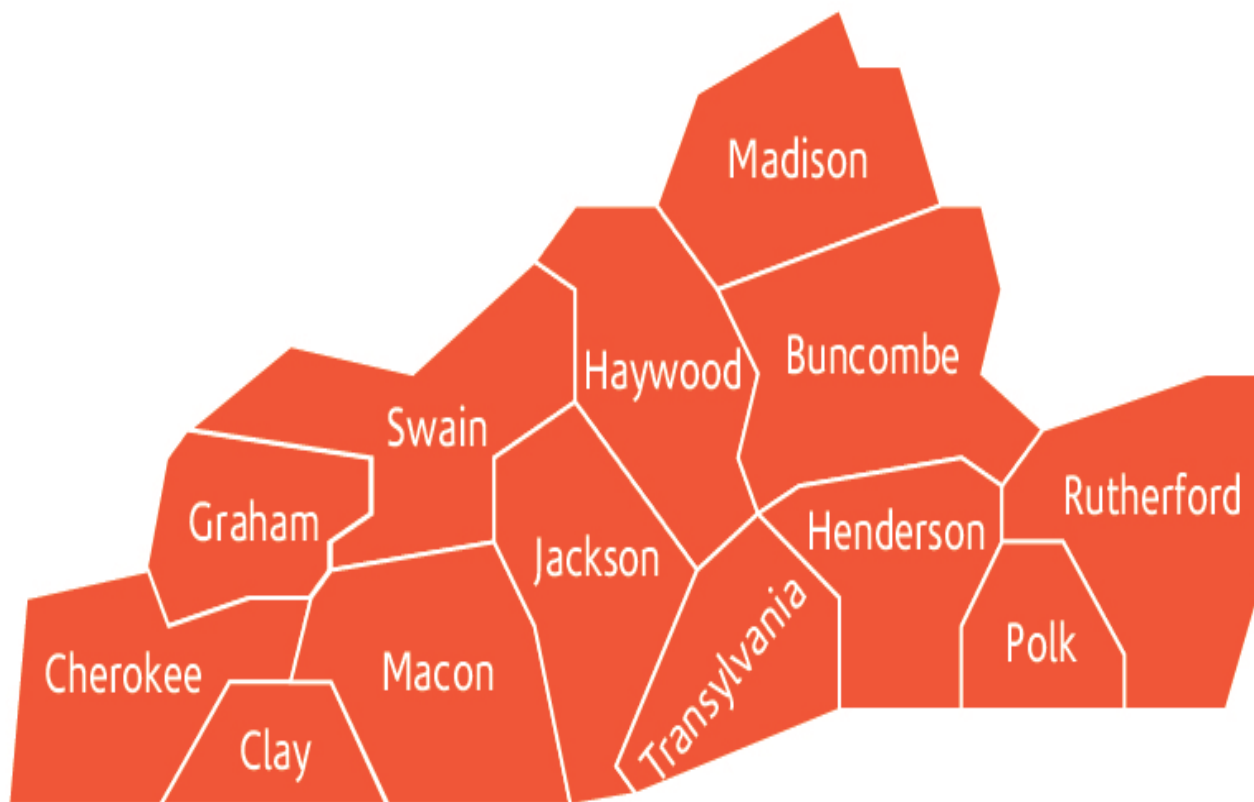
Contextualizing the Economy in Things We All Know We All Know!



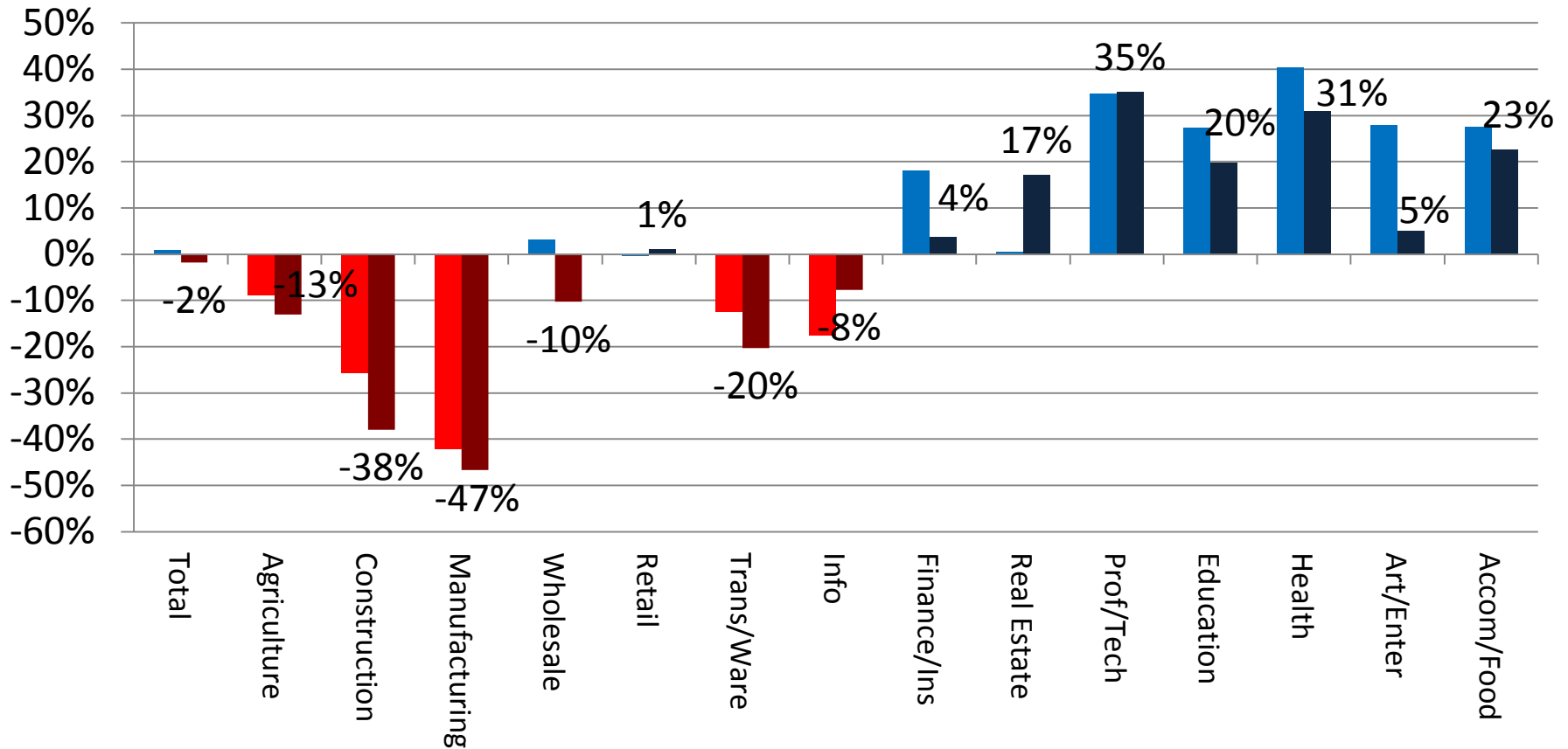
NC Employment Changes By Sector 2000-2012



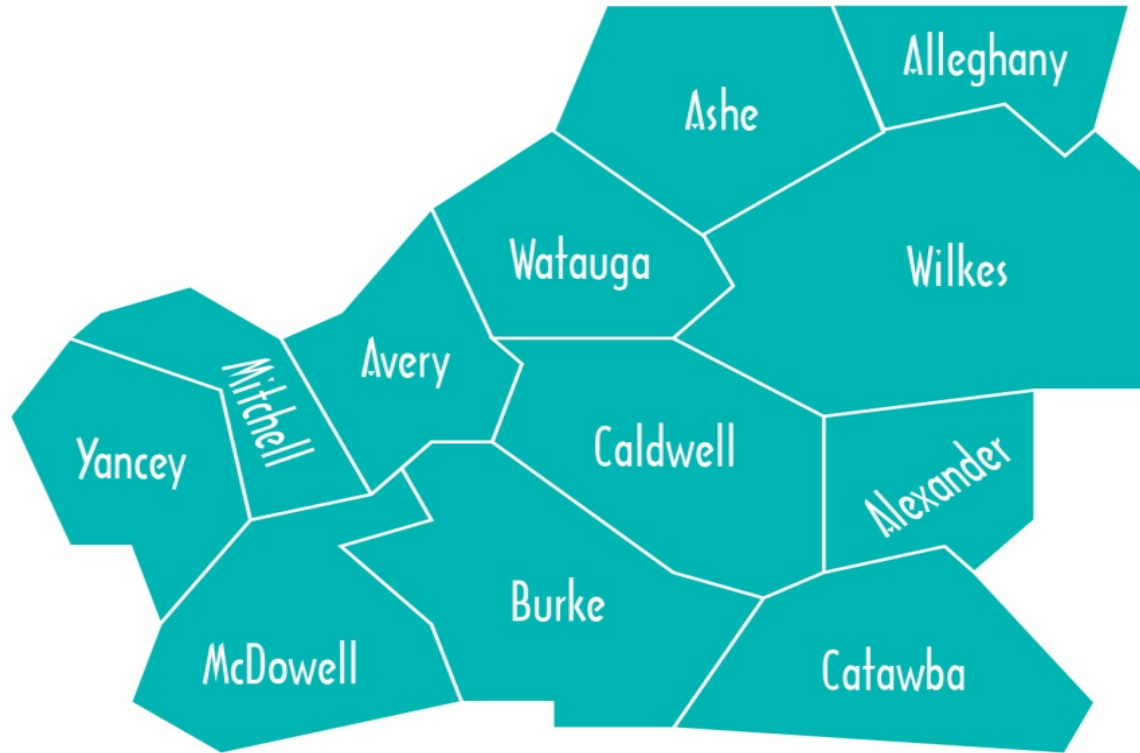
Western Zone



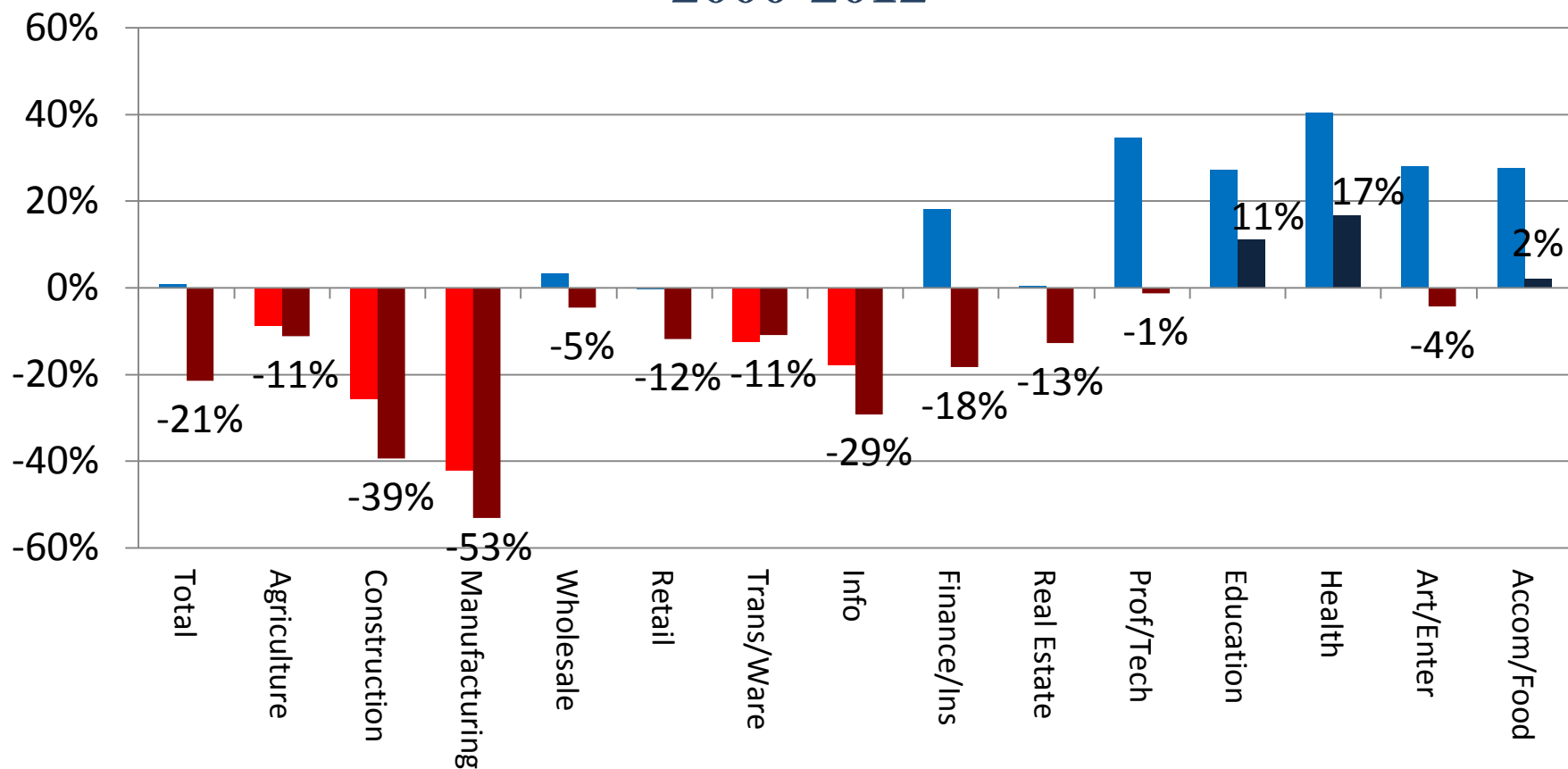
NC and Prosperity Zone 1 Employment Changes By Sector 2000-2012



Northwest Zone



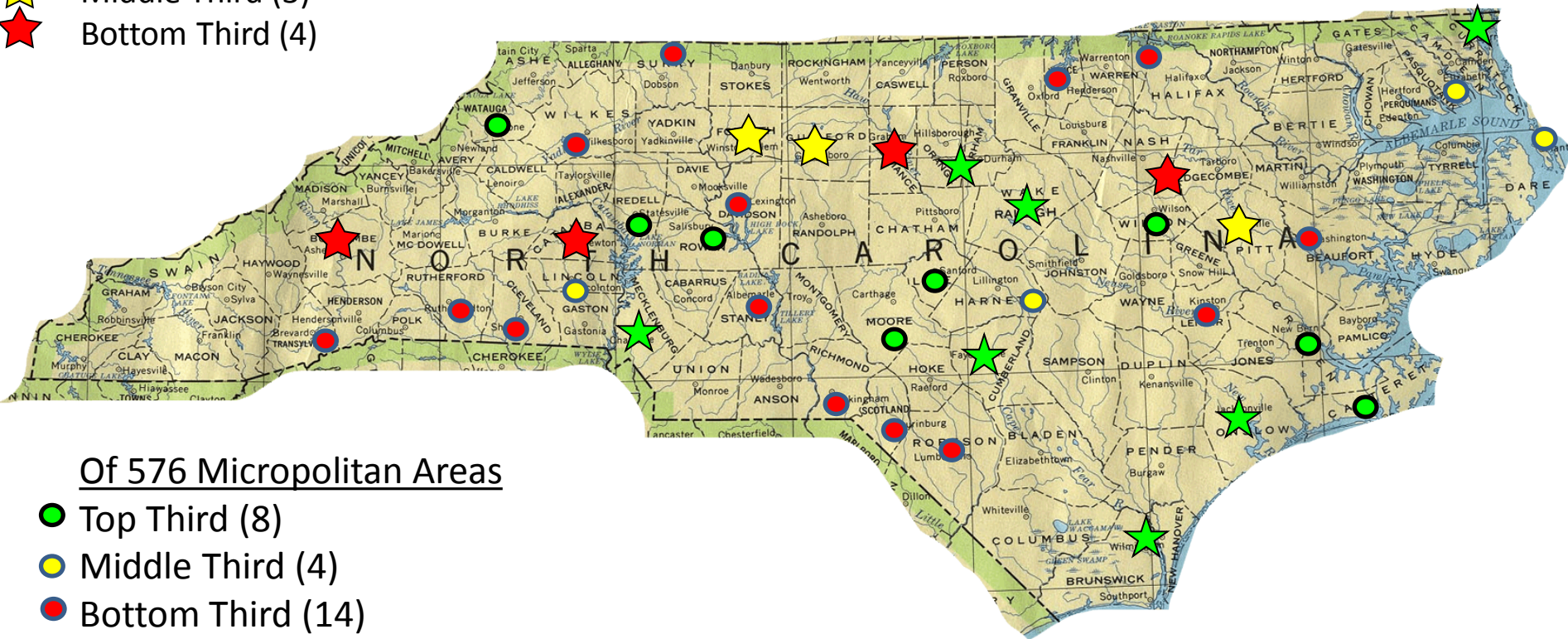
NC and Prosperity Zone 2 Employment Changes By Sector 2000-2012



2013 Ranking for NC Metropolitan and Metropolitan Statistical Areas

Of 366 Metropolitan Areas

- ★ Top Third (7)
- ★ Middle Third (3)
- ★ Bottom Third (4)

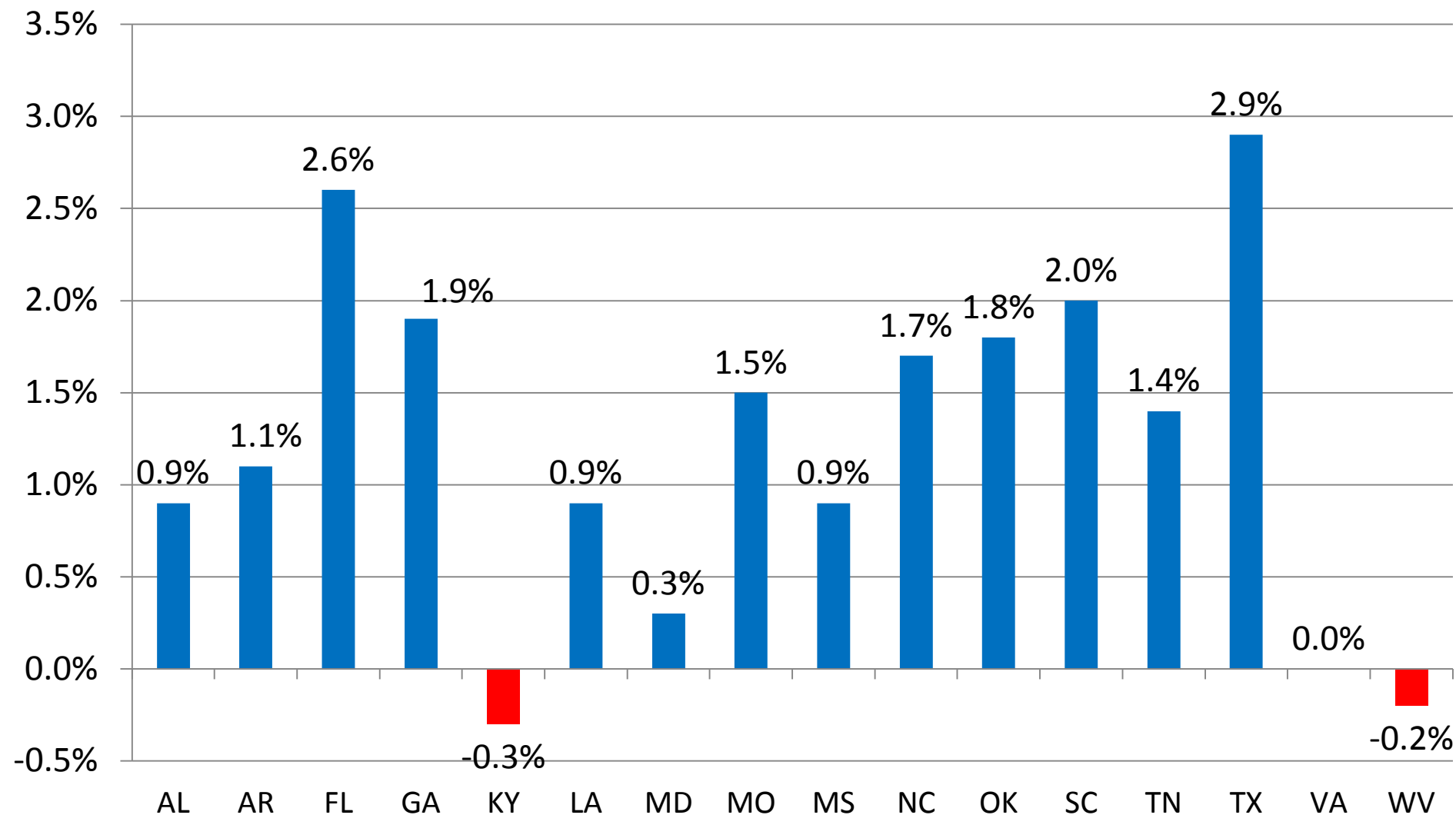


Of 576 Micropolitan Areas

- Top Third (8)
- Middle Third (4)
- Bottom Third (14)

Southern States 1-Year

Employment Changes January 2013 to January 2014

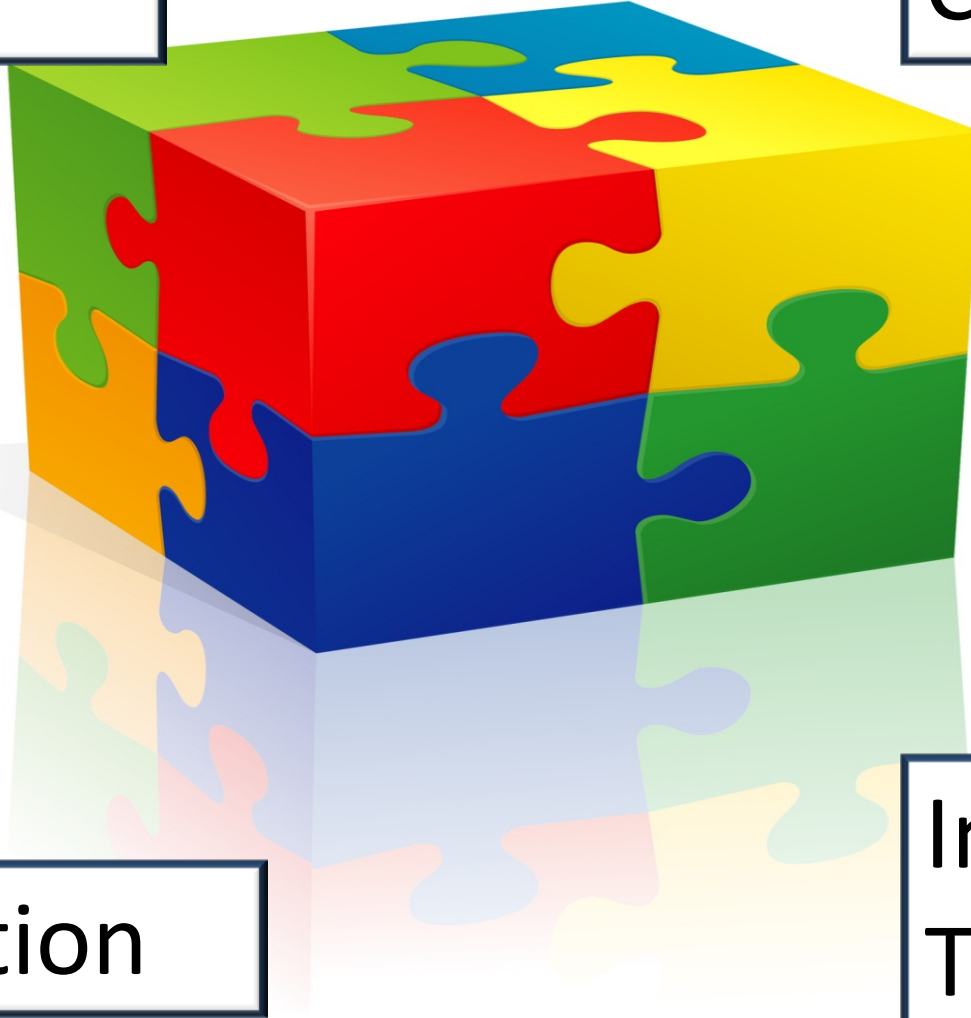


Did We Get This Right?



Economic
Trends

Political
Choices



Competition

Industry
Trends



- Shift in political power in Raleigh
- New economic development structure
- New marketing brand
- New transportation funding formulas

What Else Do You See From The Community Perspective?





Vision

To be a champion for exceptional customer experiences and economic vitality

Mission

To provide an exceptional airport experience with a focus on people, service, commercial and general aviation and to contribute to the regional economy

Values

Caring

Integrity

Excellence

Service

Adaptability

Respect

People

Strategic Planning Goals DRAFT

Financial Stability	Administration	Operations	Facilities	Culture	Business Development
Manage expenses responsibly	Complete transition to independent authority	Operate at the highest safety levels	Complete airfield project	High employee satisfaction	Attract increased air service
Ensure revenue supports self-sufficiency	Continually update organizational principles and protocols to guide decisions and ensure compliance	Implement best practices for ground transportation management	Build new GA facility	Promote healthy lifestyle	Increase local usage of airport (leakage)
Manage capital investment to support long-term financial stability	Maintain and enhance tech systems and service	Improve energy efficiency of operations and facilities per policy	Maintain existing facilities and infrastructure	Enhance the customer experience	
Advocate for government support of airport industry		Undertake transition of communications center functions to serve organizational needs		Hire the highest quality staff	
		Enhance emergency preparedness		Practice good corporate citizenship	

Leadership Team Issues







ECONOMIC LEADERSHIP

“Leadership and learning are indispensable to each other.”

John F. Kennedy

