

**REGULAR MEETING**  
**ASHEVILLE REGIONAL AIRPORT AUTHORITY**  
**January 14, 2011**  
**8:30 a.m.**

The Asheville Regional Airport Authority ("Authority") met on Friday, January 14, 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; Jeffrey A. Piccirillo, Secretary-Treasurer; Brownie Newman; Chuck McGrady; Bob Roberts and Martha Thompson

**MEMBERS ABSENT:** David Gantt, Vice-Chairman

**STAFF AND LEGAL COUNSEL PRESENT:** Vic Buchanan, Authority Legal Counsel; Lew Bleiweis, Airport Director; C. Jeffrey Augram, Chief of Public Safety; David Nantz, Director of Operations and Maintenance; Royce Holden, IT Director; Vickie Thomas, Director of Finance and Accounting; Tina Kinsey, Director of Marketing and Public Relations; Suzie Baker, Administration Manager; and Ellen Heywood, Recording Secretary

**ALSO PRESENT:** Bill Moyer; Ben Pace; Bob Palmer; Sonna Lyda; Mike Darcangelo, Avcon; Kevin Frank, Odyssey Aviation; Paul Puckli, RW Armstrong

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

**INTRODUCTION OF NEW STAFF MEMBER:** The Director introduced Michael Reisman to the Board as the new Deputy Airport Director of Development and Operations. The Board welcomed Mr. Reisman.

**APPEARANCES:** None

**PRESENTATIONS:** None

**FINANCIAL REPORT:** The Director reviewed the airport activity section of the Executive Summary for the month of November and stated that staff expected enplanements for the calendar year to be around 365,000 which would be a record setting year. Mrs. Thomas reported on the financial results for the month of November

informing the Board that November was another good month with operating revenue 16.7% over budget while operating expenses were 13.7% below budget.

**CONSENT AGENDA:**

**A. Approval of the Asheville Regional Airport Authority December 10, 2010 Regular Meeting Minutes:**

**B. Approval of the Asheville Regional Airport Authority December 10, 2010 Closed Session Minutes:**

Mr. Piccirillo moved to approve the minutes for the December 10, 2010, Regular Meeting and December 10, 2010, Closed Session, and to seal and withhold the minutes for such closed session from public inspection so long as public inspection would frustrate its purpose or purposes. Ms. Thompson seconded the motion and it carried unanimously.

Mr. McGrady questioned whether old Closed Session minutes should be opened by the Authority Board for public inspection to show that the Authority is in compliance or if this was something legal counsel would automatically do. Mr. Buchanan responded that he had spoken to the Director about this. It was determined that the Director will view the closed session minutes and when it is the appropriate time he will make a recommendation to the Authority to open those minutes that should be opened. Mr. Buchanan further stated that closed session minutes have been opened in the past but that the minutes relating to personnel or litigation would remain closed. Mr. Buchanan thought it would be a good practice for the Authority to look at the minutes to determine if they should be opened with the recommendation coming from the Director. The Chairman stated that he liked the idea of the closed session minutes becoming open automatically after a certain time unless there was a reason not to. The Chairman charged the Director with recommending a policy on the opening of closed session minutes that the Authority could adopt.

**OLD BUSINESS:** None

**NEW BUSINESS:**

**A. Approval of Lease Agreement with ProDIGIQ, Inc. for Airport High Definition Television Concession:**

The Director informed the Board that last year CNN Airport News, which provided television service in the terminal, was upgrading the equipment for broadcasting at a cost to the Authority from \$5,000 to \$45,000. Staff looked into alternative solutions and discovered a new company providing programming

via the internet. ProDIGIQ is currently operating in 12 to 13 airports and has become quite successful. ProDIGIQ is proposing a 10-year contract to provide television programming. ProDIGIQ also provides destination marketing and would pay the Authority 15% of the gross revenue for any advertising revenue they receive. Programming can also be catered to the passengers at the various gates. This television service is of no cost to the Authority other than providing the televisions which are already in the terminal.

Mr. Newman questioned if there was any way to estimate the revenue which would be generated for the Authority. The Director responded that this was difficult to predict, this was more of an ancillary byproduct for the Authority to get some revenue, but could do some research of other airports to gather more information.

Mr. Piccirillo inquired as to the quality of the current televisions in the terminal building since the Authority would be responsible for upgrades. The Director replied that the majority of the televisions were either new or in good shape. The Director also informed the Board that the contract specifies that if ProDIGIQ changes their broadcasting style and the television equipment needs to be changed out before five years, which is the lifespan of the televisions, it would be the responsibility of ProDIGIQ to replace the equipment. After the five years and the equipment has cycled out, it would be the responsibility of the Authority to replace the televisions.

Mr. Newman asked if there was any concern about the quality of the programming and questioned if other programming would be available in the future. The Director stated that through his network of contacts, airports in Oregon and Providence, RI seemed to be pleased with the programming and that as ProDIGIQ expands to more airports, more programming would become available.

Mr. Roberts moved to approve the Agreement with ProDIGIQ, Inc. for an Airport High Definition Television Concession and authorize the Airport Director to execute the necessary documents. Mr. McGrady seconded the motion and it carried unanimously.

**B. Adoption of New Lease Agreement with Encore Asheville FBO, L.L.C. d/b/a Landmark Aviation:** The Director informed the Board that two fixed base operators (FBO) currently operate at the airport. The Director has been approached by the CEOs of Landmark and Odyssey concerning the acquisition of Odyssey Aviation by Landmark Aviation. Due to the economy, Odyssey has seen a decline in revenue and Landmark has not seen the expectation of revenues they were hoping to see. The acquisition is friendly and is expected to be finalized at the end of the month. According to the terms of the current lease with Odyssey Aviation, Odyssey pays 5% of

gross revenues to the Authority, but no rent. The lease with Landmark Aviation was negotiated with land rent rather than gross revenues and a 5 cent fuel flowage fee. The Director has had preliminary negotiations with Landmark and because the rent structure of the two leases is very different, Landmark has asked to consolidate all the leases into one new lease. The Director intends for the lease to stay as revenue neutral as possible and convert all the leases to a per land rent and fuel flowage lease rather than a percent of gross lease. This type of rent structure will guarantee a set revenue stream to the Authority.

Mr. McGrady expressed concern with having one FBO again thereby creating a monopoly and asked if anyone had looked to see if there was an issue with a governmental agency creating such a monopoly. Mr. McGrady was also apprehensive about extending the Odyssey Aviation contract for another 20 years past the point it is set to expire. Mr. McGrady speculated if it would be to the Authority's advantage to keep the two contracts, leaving open the opportunity for a future Board in better economic times to have two FBO's and not tie into a really long lease. The Director responded that there is nothing in our leases that prohibits the assignment of these leases and there are extensions in the Odyssey agreements. The Director stated that FAA regulations prohibit airports from limiting FBO opportunities on airports as long as real estate is available for development. Landmark Aviation is a quality company located on many airports as a sole FBO. The Director felt that having one lease is easier for staff to monitor and control.

Mr. McGrady was not opposed to renegotiating the lease, however, he did have concerns with putting all the leases together with an extension of the entire lease to 2038. Mr. McGrady would prefer to allow the Board as much flexibility as possible and keep the term expirations renewable that are in place with respect to the 2017 lease with those terms. Mr. McGrady further stated that the agreements could still be squared up in terms of how the rent is computed or other terms that would make it easier to manage. Mr. McGrady recommended the Board authorize the Director to enter negotiations with Landmark but that any new contract should come before the Board for approval.

The Chairman asked the Director to respond to Mr. McGrady's point on the time the proposed negotiations extend to. The Director responded that the current lease with Landmark expires in 2039. Odyssey Aviation expires December 31, 2017 but does have an extension. There is a gap in terms so staff could go back and segregate the terms but it would be difficult once the property is wrapped up under one lease to say that one property has one term and the others expire in 2039. The Director also mentioned

one item in the current Landmark lease which requires the Authority to build a new ramp for Landmark at an approximate cost of \$850,000 by the end of this calendar year. A new ramp will not be needed with the acquisition of Odyssey, saving the Authority that money.

Mr. Newman felt the Authority should get something better than the current financial terms if the agreement were to be extended out and also felt the Board should review the final negotiated contract. The Director stated that the lease with Landmark expires in 2039 but also has a 10 year option. The lease also requires Landmark to spend \$10 million in capital improvements within the first 10 years of the lease. Landmark also plans on making significant improvements to the facilities that Odyssey occupies as they are not up to Landmark's standards. The Authority has seen a decline in the gross revenues from Odyssey Aviation because their revenue has gone down.

Mr. Roberts asked if this item could be deferred for 30 days and suggested staff prepare a comparison of the pros and cons of a new lease agreement for the February Board meeting. The Director did not feel holding off on the lease negotiations would hamper the acquisition deal.

The Chairman agreed with some of the concerns raised and instructed staff to prepare a summary of the pros and cons of a new lease with Landmark.

### **DIRECTOR'S REPORT:**

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

**A. FAA AIP Update:** A new Congress is in session but a new long term authorization bill has not come out. Another three-month extension has been issued, extending the AIP to the end of March. Funds have not been released yet this year.

**B. 50<sup>th</sup> Anniversary Celebration Details:** The Director informed the Board that Tina Kinsey had a short presentation for the Board on the details for the 50<sup>th</sup> Anniversary of the airport. Mrs. Kinsey advised the Board that the goal of the year-long celebration was to connect with and engage the region. Items planned throughout the year include a special logo for the anniversary year, an update to the history wall in the terminal, more visually engaging website, Business After Hours event on March 10, special display in the art gallery, as well as a community event in the summer. The Board thanked Mrs. Kinsey for her presentation.

**C. Letter from Representative John Mica:** The Director advised the Board that a letter from Representative John Mica of Florida was available at their seats. Representative Mica is an advocate for private security firms at airports rather than the TSA.

**D. West Side Fill Project:** The Director had available a sample of the liner used in the West Side fill project and demonstrated the manner in which the layers of the liner were placed reiterating that this project far exceeds current EPA requirements.

**INFORMATION SECTION:** No comments

**CLOSED SESSION:** None

**AUTHORITY MEMBERS' REPORTS:**

**B. Discussion of Budget Workshop/Retreat Agenda:** The proposed agenda for the Budget Workshop/Retreat on February 25<sup>th</sup> was reviewed with the Chairman noting that two items on the agenda, Review and Summary of Runway Project and Airport Property Ownership, could possibly be moved to the February 11 meeting and asked for Board input. Mr. McGrady stated that he would be appreciative of the Airport Property Ownership item being moved to the February 11 meeting since he would be in attendance for that meeting.

The Chairman called for a brief recess at 9:27 a.m.

Mr. McGrady left the meeting at 9:27 a.m.

The Board reconvened at 9:37 a.m.

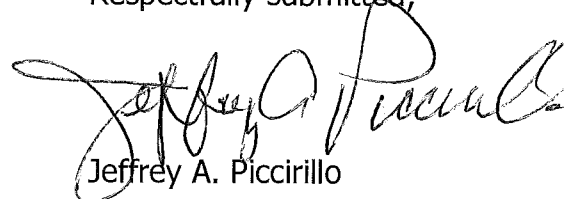
**A. Interviews of Candidates for Authority Board At Large Vacancy:** Individual interviews of the five candidates for the At Large vacancy were conducted. The Chairman informed each of the candidates that he would be in contact with them regarding the Board's decision. As there were several qualified candidates interviewed and it was an important decision to make, Board Members thought it best to review their notes before a candidate was selected. A discussion took place regarding a possible Special Meeting of the Board for the election of the At Large member.

**PUBLIC AND TENANTS' COMMENTS:** None

**ADJOURNMENT:** Ms. Thompson moved to adjourn the meeting at 10:47 a.m. Mr. Roberts seconded the motion and it carried unanimously.


The next regular meeting of the Authority will be on Friday, February 11, 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.

Respectfully submitted,



Jeffrey A. Piccirillo  
Secretary-Treasurer

Approved:



David R. Hillier  
Chairman