

**REGULAR MEETING
GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY
March 21, 2014**

The Greater Asheville Regional Airport Authority ("Authority") met on Friday, March 21, 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 (arrived late); and Carol W. Peterson

MEMBERS ABSENT: Douglas J. Tate; K. Ray Bailey

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; Henry Johnson, WNC Pilots Association; Jeff Kirby, Parrish and Partners; Mike Darcangelo, Avcon; Ted Abernathy, Economic Leadership

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

CONSENT ITEMS: The Chair suggested that Consent Item B, Approval of the Greater Asheville Regional Airport Authority March 7, 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: Mr. Roberts moved to approve Consent Item A, Approval of the Greater Asheville Regional Airport Authority March 7, 2014 Regular Meeting Minutes. Mr. Piccirillo seconded the motion and it carried by a 4 to 0 vote.

OLD BUSINESS:

A. Public Hearing and Final Adoption of the Authority's Fiscal Year 2014-2015 Budget: Vickie Thomas reported that a proposed preliminary Fiscal Year 2014-2015 Budget and Budget Ordinance were presented to the Board at the March 7th Board meeting. The budget documents have remained available for public inspection and comment since then and staff has not received any comments. A Public Hearing is required before the final adoption of the 2014-2015 Budget Ordinance. Mrs. Thomas respectfully requested the Board resolve to adopt the following Fiscal Year 2014-2015 Budget Ordinance following the Public Hearing:

**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	\$34,574,445

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

The Chair opened the floor to public comments at 8:32 a.m.

There being no public comments, the Chair closed the floor at 8:32 a.m.

Mrs. Peterson moved to adopt the FY 2014/2015 Budget as presented by staff. Mr. Roberts seconded the motion and it carried by a 4 to 0 vote.

NEW BUSINESS:

A. Approval of Audit Contract with Martin Starnes & Associates, CPAs, P.A. for Fiscal Year Ending June 30, 2014: Vickie Thomas informed the Board that three years ago Authority staff issued a Request for Proposal (RFP) for audit services and the Board chose Martin Starnes & Associates, CPAs, P.A. as the Authority's auditors. As requested in the RFP, the proposal included fees for a five year time frame. Mrs. Thomas presented 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. The contract fee for the audit services is \$12,700. The audit services were anticipated and included in the budget for FY 2015. Mrs. Thomas requested the Board approve the contract with Martin Starnes in the amount of \$12,700.

Mr. Piccirillo moved to approve the contract for audit services with Martin Starnes & Associates, CPAs, P.A. in the amount of \$12,700 and authorize the Board Chair to execute the necessary documents. Mr. Roberts seconded the motion and it carried by a 4 to 0 vote.

B. Approval of Airline Incentives for Allegiant Air: The Director advised the Board that Allegiant has decided to institute new service from Asheville to Palm Beach, Florida (PBI). A public announcement was made earlier in the month and the service will begin on May 15. Staff needs the Board's approval to offer an incentive package as

PBI is not one of the Authority's top 20 markets. Staff would like to offer Allegiant up to \$150,000 for marketing and advertising for a one-year period as directly related to the PBI service. Since the Authority has fully expended the budgeted allocation for Business Development, staff proposed providing up to \$50,000 of the marketing and advertising incentive through the end of the current fiscal year. This will require a budget amendment increasing Business Development expenditures and increasing Transfer from GARAA Cash by \$50,000. The remaining incentive package would be effective the upcoming fiscal year on July 1, 2014 and include the remaining marketing and advertising funds, airport related fee waivers, excluding PFCs, totaling approximately \$86,000, as well as an incentive for ground handling and passenger service fees of 50% per aircraft turn up to \$250.00 per flight for two flights per week, which totals \$23,000. The total incentive package is worth approximately \$259,000 with direct expenditures being approximately \$173,000.

The Chair asked what the total budget was for the Business Development line item. The Director responded that \$300,000 is budgeted in the Business Development line item. The funds for the current fiscal year have already been used for the Tampa/St. Pete and Punta Gorda service by Allegiant. Allegiant was offered \$106,000 for the Punta Gordo service, and if the \$50,000 for the Palm Beach service is approved, the total for the year will be \$456,000. The Director further stated that Allegiant has been a good partner for the airport. Since initiating service in 2011, Allegiant already garners 21% of the airport's market share and has contributed to the growth in enplanements over the past year. Allegiant has also reached out to Tina Kinsey for help in working with the Asheville Chamber and CVB to offer tour packages to increase Asheville's appeal as a destination city.

Mr. Roberts moved to approve the airline incentives with Allegiant Air for AVL – PBI service as presented by staff, authorize the Executive Director to execute the necessary documents, and amend the FY13/14 budget by adopting the following budget ordinance. Mrs. Peterson seconded the motion and it carried by a 4 to 0 vote:

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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 Cash/Investments		\$50,000
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

DIRECTOR'S REPORT: The Director advised the Board that although there were no items on the agenda for the Director's Report, a few things came up during the week.

A. Meeting with City of Asheville: The Director reported that he and Mike Reisman met with the interim Assistant City Manager and Fire Chief Burnette to talk about the status of the City's need for a fire station on airport property. The City advised the Director that the leasing of the Authority's current fire house has been put on hold for the current time as the City is waiting to hear about the de-annexation of the airport from the city limits. If the airport is de-annexed, the City intends to look for space on Airport Road between the airport and Hendersonville Road to construct a fire station. The Chair stated that he had a meeting with Councilman Marc Hunt the following week and that he would relay this information to Mr. Hunt.

B. Focus Group: The Director informed the Board that the airport has been asked to be part of an Airport Cooperative Research Program conducted by the Transportation Research Board in Washington, DC. Asheville has been identified as one of five airports for their project, The Effects of Airline Industry Changes on Small and Non-hub Airports. The research is being conducted by Bowling Green State University. The Director and the Director of Marketing and Public Relations met with the university representatives as well as area economic development, business, and tourism folks. There is a good sense that the airport, chamber and CVB will be moving forward in the future to put together a business group to look into ways for the community to incentivize airlines. A lot of interesting information came out of the meetings. Members of the business community were more interested in improving reliability of the airline flights than of adding new destinations. Cancelled flights cause people to miss connections so some believe they need to drive to Charlotte in order to get the non-stop flights and avoid cancellations out of Asheville. After the meeting, the Director looked into US Air's flight cancellations and there were 16 cancellations for February. February's flight performance happened to be the lowest in two years for US Air. The couple of people that were part of the focus group meeting seemed to have experienced the flight cancellations in February.

C. Washington, DC: The Director advised the Board that he would be traveling to Washington, DC for a legislative conference the following week. North Carolina airports have worked together to host a breakfast meeting with the delegates from the Senate and House representing North Carolina to discuss the aviation issues facing airports.

D. Airfield Redevelopment Project: The Director reported that he met with the FAA the previous week to discuss relocation of the windshear tower for the airfield redevelopment project. The FAA will move the tower on the Ferncliff property to property owned by Sierra Nevada. There is some question about the location of the tower on the airport property across the street and how it would be impacted as the

land surrounding it will be used for fill for the gas station project, but things seem to be moving in the right direction. The Director was not sure where the funding would come from for the relocation of these towers and thought it was possible the FAA may want to include it as part of the airfield project budget. Additional money would need to be granted as the project is not being funded at a percentage split. At this point the FAA has awarded \$48 million of federal funds for the project, so any work that is added makes funding more difficult for the airport. The Director also advised that he had a meeting set up with the deputy administrator of the FAA in Washington, DC while he is attending the legislative conference, and will discuss this issue with him.

AUTHORITY MEMBERS REPORTS: None

PUBLIC AND TENANTS' COMMENTS: No comments

CALL FOR NEXT MEETING: The Chair stated that the April 11th meeting may not be necessary but requested the Board Members keep the date open. A meeting will be held in May if not in April and staff will be in touch with the Board about the necessity for an April meeting.

STRATEGIC PLANNING: The Director reminded the Board that Ted Abernathy gave a presentation to the Board several months ago regarding the strategic planning process. The Director stated that senior staff has been working diligently on this process, and that Mr. Abernathy was prepared to give an update to the Board. Mr. Abernathy reviewed for the Board the steps taken thus far in the strategic planning process. Mr. Abernathy shared senior staff's perception of the airport's current reality which included the stability of the aviation industry, the airport's position, internal and external issues facing the airport, as well as the airport's strengths, weaknesses, opportunities, and threats. Mr. Abernathy also reviewed both North Carolina's and western North Carolina's economy over the last decade and some of the changes the state is planning to make. Mr. Abernathy asked for the Board's input on what they had seen so far.

At 9:10 a.m. Andrew Tate arrived.

Mr. Roberts commented that he did not see a macro view from Washington, DC in the presentation so far. Mr. Abernathy stated that this was discussed by senior staff in the meetings held and asked what the Board believes the Authority should be looking for from Washington, DC. Mr. Roberts felt the Authority should have a plan for no matter what happens. Mr. Abernathy agreed that scenario and strategic planning is necessary

but felt it was impossible to predict what the government in DC or Raleigh would do and you could not plan for those scenarios.

The Chair commented that Mr. Abernathy spoke of the distance the airport is from Raleigh and felt that in addition to the geographical distance, there was also a psychological distance. The Chair further stated that due to the dysfunctionality of the airline industry, most of the complaints he hears are really about the airlines themselves.

Mr. Abernathy stated that the goal for the staff is to keep watching and set up a strategy going forward to watch economic and competition trends as well as political and industry trends. Mr. Abernathy recommended that at least once a year staff and the Board spend time together as a group trying to paint the current context, determine what is going on, and this should become part of the decision making process.

Mr. Abernathy asked for the Board's input on the community perspective.

Mrs. Peterson felt that members of the community expected that the airport had good relationships with Raleigh and that continuing to work with elected officials in Raleigh and Washington, DC was essential. Mrs. Peterson further stated that an open line of communication is something that has to happen. Mr. Abernathy asked if telling the story back to the community was something that needed to be more prioritized as an airport board. Mrs. Peterson responded that it should be more prioritized.

Mr. Piccirillo remarked that most of what he hears is very complimentary. Mr. Piccirillo felt it would be a good idea to revisit the strategic planning process each year so the Board would have the opportunity to dig a little deeper and hear a bigger picture from the staff.

Mr. Roberts stated that he has learned people assume Asheville doesn't have the connecting flights that people need and have to go elsewhere. Mr. Roberts felt the airport was doing a better job communicating but felt many people, especially infrequent travelers, don't realize the asset the airport is for the region.

The Chair stated that he hears positive feedback but also gets questioned as to why the airport doesn't have certain flights. The Chair felt that the public was not aware of what is involved in attracting new air service and thought maybe education and communication might help.

Mr. Andrew Tate agreed with the Chair's comments and stated that he hears from the business community that they are interested in more non-stop flights rather than connections. He also felt there was a lack of understanding of how air service development is handled, what the airport's opportunities and options are, and how many big picture things are at play that impact the airport and of which the airport has very little control over. Mr. Tate felt this was a communication opportunity that has been mentioned on several occasions. The other segment that Mr. Tate mentioned he hears from frequently are neighbors of the airport asking about implications from future airport development.

Mr. Abernathy advised the Board that as part of the strategic planning process, senior staff was tasked to compose vision and mission statements as well as establish core values and goals. Mr. Abernathy shared that information with the Board and stated that following the Board meeting, senior staff would be meeting with employees to review the goals and determine action items.

The Director advised the Board that four of the goal buckets were completed and that senior staff was still working on the Facilities and Business Development buckets. Mr. Abernathy stated that community education and communication was mentioned earlier and this may be something that should be added. Mr. Andrew Tate stated that retention of existing air service was also important and thought it could be included as a goal under the Business Development bucket.

Mr. Abernathy advised the Board that any input on their part would be welcomed and that the strategic planning process should be completed by the end of the fiscal year.

The Chair thanked Mr. Abernathy for his presentation.

RECOGNITION OF VICTOR W. BUCHANAN: The Chair thanked Mr. Buchanan for his years of work with the Authority and read the following resolution:

Greater Asheville Regional Airport Authority

~ Resolution ~

WHEREAS, the governing bodies of the Asheville Regional Airport have required competent legal counsel over the years; and

WHEREAS, Victor W. Buchanan has served diligently as Attorney for the Asheville Regional Airport Authority from December, 1983 through March, 2014; and

WHEREAS, Victor W. Buchanan also served diligently as Attorney for the Greater Asheville Regional Airport Authority from August, 2012 through March, 2014; and

WHEREAS, this service of over 30 years by one attorney to essentially one entity, on information and belief, is unprecedented as to length of service in Buncombe County; and

WHEREAS, over and above the length of service provided, Victor W. Buchanan has distinguished himself by providing excellent legal counsel throughout the more than 30 years as aforesaid; and

WHEREAS, Victor W. Buchanan has distinguished himself not only through his excellent advice, but also through his calm and caring demeanor and good humor, even in the face of stressful situations; and

WHEREAS, the Greater Asheville Regional Airport Authority is now advised that Victor W. Buchanan wishes to retire, not only from his service to the Asheville Regional Airport, but also from the general practice of law, so that he can devote his time and energy to his lovely wife, Joyce, not to mention his sons and grandchildren; and

WHEREAS, the Greater Asheville Regional Airport Authority wishes to express its appreciation to Victor W. Buchanan for his dedicated efforts in servicing the needs of the Asheville Regional Airport.

NOW, THEREFORE, BE IT RESOLVED, that the Greater Asheville Regional Airport Authority expresses its sincere thanks and gratitude to Victor W. Buchanan for his dedicated efforts over 30 years in serving the needs of the Asheville Regional Airport and the greater Western North Carolina community.

Adopted this 21st day of March, 2014.

Greater Asheville Regional Airport Authority

The Chair called for a break at 9:43 a.m.

The Board reconvened at 9:48 a.m.

CLOSED SESSION: At 9:48 a.m. Mr. Piccirillo moved to go into 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. Mr. Roberts seconded the motion and it carried unanimously.

Open Session resumed at 10:41 a.m.

GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY MARCH 21, 2014

CLOSED SESSION MINUTES: Mr. Piccirillo moved to seal the minutes for the March 21, 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. Mrs. Peterson seconded the motion and it carried unanimously.

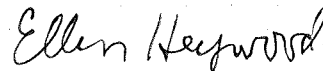
APPROVAL OF THE GREATER ASHEVILLE REGIONAL AIRPORT AUTHORITY MARCH 7, 2014 CLOSED SESSION MINUTES:

Mr. Piccirillo moved to approve the minutes for the March 7, 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. Mrs. Peterson seconded the motion and it carried unanimously.

PERFORMANCE EVALUATION INSTRUMENT: The instrument utilized for the performance evaluation of the Executive Director has been in use for approximately five years. The Chair said it was prepared based on information received from other airports and that the instrument and the overall process could perhaps be improved.

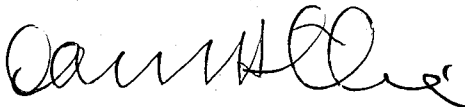
ADJOURNMENT: Mr. Roberts moved to adjourn the meeting at 10:45 a.m. Mr. Andrew Tate seconded the motion and it carried unanimously.

Respectfully submitted,



Ellen Heywood
Clerk to the Board

Approved:



David R. Hillier
Chair