

**REGULAR MEETING**  
**ASHEVILLE REGIONAL AIRPORT AUTHORITY**  
**October 10, 2008**  
**8:30 AM**

The Asheville Regional Airport Authority ("Authority") met on Friday, October 10, 2008 at 8:30 AM in the Conference Room at the Authority's Administrative Offices, Asheville Regional Airport ("Airport"), 61 Terminal Drive, Suite 1, Fletcher, NC 28732.

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

**MEMBERS ABSENT:** None

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

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

**APPEARANCES:** None

**PRESENTATIONS:** The Director noted that the presentation of the Asheville Regional Airport Authority Draft 2007/2008 Annual Audit will not be held today as there are documents that still need to be pulled together. Staff will bring this item back to the Board at a future date.

**CONSENT AGENDA:** The Chairman inquired if Board members had any comments on any of the Consent Agenda items. Mr. Grotzinger requested that Consent Agenda Items A and E be pulled for discussion. Mr. Gantt moved to approve Consent Agenda Items B, C, and D. Mr. Grotzinger seconded the motion and it carried by a unanimous vote.

**A. Approval of the Asheville Regional Airport Authority September 12, 2008 Regular Meeting Minutes:** Mr. Grotzinger requested that the wording in the second sentence of the Approval of the August 8, 2008 Regular Meeting Minutes be amended to substitute the word "incorrect" for the word "correct" in the minutes. Mr. McGrady made a motion to approve as corrected the regular minutes of the September 12, 2008 Board Meeting. Mr. Gantt seconded the motion and it carried by a unanimous vote.

**E. Approval of an Amendment to Section 110.00 of the Administration Purchasing/Procurement Policy:** Mr. Grotzinger stated that this was a change in the way we spend money and merits a discussion as we go forward. Mr. Edwards relayed to the Board that the main question on this policy relates to the approval of the dollar amount. Mr. Edwards also stated that at the request of Mr. Grotzinger, Staff checked with Buncombe County as to their purchasing procedure. The County's procedure is to require requisitions and purchase orders for purchases over \$5,000.00 with procurement cards being utilized as much as possible for purchases under \$5,000.00. Staff is recommending we change our policy to not issue purchase orders for dollar items below \$1,000.00. Items under \$1,000.00 should be purchased with a procurement card and we are comfortable with staff having a \$1,000.00 limit. Mr. Grotzinger questioned the use of the terms procurement card and credit card and if there was a difference. Mr. Edwards replied that there was no difference and that Staff switched to procurement cards two years ago to provide a greater level of accountability and control. Staff will reword the policy to be consistent with the term procurement card. Mr. Grotzinger stated that the use of procurement cards takes the visibility away from the liability. He indicated that the liability will not be known until the statement comes in. Purchase Orders grant visibility as to when a liability will be incurred and the Authority needs to understand why we are doing this. Mr. Grotzinger moved to approve the Amendment to Section 110.00 of the Administration Purchasing/Procurement Policy. Mr. Newman seconded the motion and it carried by a unanimous vote.

**OLD BUSINESS:**

**Approval of Amended Smoking/Tobacco Policy:** The Chairman noted that legal counsel has concerns about this subject and stated that the Board will need to go into closed session for discussion. The Chairman also noted that three members of the public have requested to speak on this subject. There were no objections from the members of the Board to allow the speakers to address this item since they were present.

Mr. Gregg Childers, General Manager of Continental Airlines, spoke and noted that he is a non-smoker and would like to offer his opinion on the proposed policy. He does not agree with having a non-smoking campus but rather designated areas. He agrees that there are problems with people on the curb and at the bus stop smoking while waiting. Some tenants smoke on the curb as the distance of the one currently designated smoking area is too far for these employees. The airport has a smoking policy in place and Mr. Childers believes it needs to be enforced. He foresees the airport losing customers to other airports if a campus wide ban is implemented. He stated that managers would still have to enforce a policy and would be forced to track down employees who are smoking away from the terminal area.

David Sanderson, Station Manager for Atlantic Southeast Airlines, noted that although he is a smoker, his concerns are also from a management perspective and agrees with Mr. Childers about having employees disappearing to go smoke. Mr. Sanderson believes this could result in a lower level of customer service and also offers the opportunity for more debris and risk of fires if cigarettes are thrown into trash receptacles and brush.

Mrs. Fisher arrived at 8:50 AM.

Mr. Allan Demmer of the Transportation Security Administration shared his observations since employees of the TSA heard of a smoking policy change. Of the 18 comments he received from employees, 15 were from non-smokers who disagree with a campus-wide ban of smoking. In the six years he has worked at the Asheville Airport, he has not heard of any complaints of smoking outside the building. He agrees it is unattractive to have people smoking at the curb and believes there should be a designated area. Most of the complaints he has heard relate rather to intoxicated customers and the use of cell phones in the terminal. The Chairman asked if it was typical to receive so many comments and Mr. Demmer said he has not solicited opinions and that employees have commented on this subject face to face to him. The Board thanked the public for their input.

## **NEW BUSINESS:**

**A. Approval of RS&H Proposed Scope of Services and Fee for Professional Services Related to the Runway 16-34 Rehabilitation/Reconstruction Project Phase 1 – Pavement & Lighting Evaluation:** Mr. Howell stated that the Phase 1 Capital Improvement Plan was presented to the Board in August of 2008. This included

the Runway Rehabilitation Project in FY 2009 and FY 2010. During Phase 1 of this project, lighting, signage and NAVAIDS will also be evaluated. The total fee for this service is \$186,633.00. This project will be funded at 95% through reimbursement by AIP entitlement funding and the Authority's share for Phase 1 will total \$9,331.65. Mr. Grotzinger questioned what NAVAIDS he was referring to and Mr. Howell stated that currently we have a Category 1 ILS and are trying to upgrade to a Category 2 ILS. Although NAVAIDS are not our responsibility, the airport could incur costs for relocation and lighting requests. The FAA will maintain the NAVAIDS after the project as well. Mr. Grotzinger questioned the CIP rough order of magnitude for the entire project. Mr. Edwards stated that it is \$5.6 million but that Staff anticipates that the price tag will be substantially higher than that. Mr. Edwards relayed to the Board that we would use entitlement money and discretionary funds of up to 95% to fund the project. Mr. Grotzinger moved to award approval of RS&H Proposed Scope of Services and Fee for Professional Services Related to the Runway Project and to authorize the Airport Director to execute the necessary documents. Mrs. Fisher seconded the motion and it carried by a unanimous vote.

**B. Approval of the LPA Group of North Carolina, p.a. Proposed Scope of Services and Fee for Professional Services Related to the Terminal Area Parking and Access Road Improvements Project:** Mr. Howell stated that although we started the planning process with WK Dickson, Staff will work with LPA Group on this project. He further relayed to the Board that the final selected alternative approved by the Board included pavement rehabilitation in the long term parking area, parking toll plaza expansion, improvements to the terminal access roadway and Wright Brothers Way. This project is three complete projects in one. The proposed fee for this work is \$729,044.00. The work associated with the public parking lot is not eligible for AIP entitlement funding. The work related to the terminal access roadway and general aviation access roadways are eligible up to 95% through AIP entitlement funds. The Chairman questioned how much of the project is made up of the parking lot aspect compared to the roadway portion of the project. Mr. Kirby of LPA stated that it was a 30/70 split, with the parking lot being 70% of the project. There was a discussion of the use of FY09-10 AIP funds. Mr. Edwards stated that the Authority had \$2.2 - \$2.3 million in AIP funds left over from last year to combine with this year's funds for a total of \$4.5 - 4.6 million. Some AIP entitlement funding will be used for the North General Aviation area which will free-up Authority funds for the new hangar project. Mr. Edwards also indicated that AIP Discretionary funds are used for high priority airfield infrastructure projects and/or safety and security projects. Mr. Grotzinger questioned the wisdom of counting on discretionary funds due to the economy and whether we should hold onto AIP money we haven't spent for these projects. Mr. Edwards

responded that he doesn't want to say it's not wise to do this but that we go through cycles with AIP every 3 to 5 years and that 50% of funding for 2009 has been freed up. Mr. Grotzinger questioned if enplanement numbers declined wouldn't entitlement funds also. Mr. Edwards explained that 2009 figures are based on 2007 calendar year enplanement figures. Mr. Grotzinger mentioned the possibility of phasing out portions of the project and Mr. Edwards replied that as this was to be three separate design and bid packages, the Board could decide to reject any portion of the project. Mr. McGrady made a motion to award approval of the LPA Group of North Carolina, p.a. Proposed Scope of Services and Fee for Professional Services Related to the Terminal Area Parking and Access Road Improvements Project and to authorize the Airport Director to execute the necessary documents. Mr. Gantt seconded the motion and it carried by a unanimous vote.

**C. Approval of AVCON Engineers and Planners, Inc. Proposed Scope of Services and Fee for Professional Services Related to the North General Aviation Expansion Project – Construction Phase Services:**

Mr. Howell mentioned that Staff worked with WK Dickson previously but will be carrying forward with AVCON on this project. He indicated that timbering, clearing and grubbing of the site has been completed. The next phase of the project includes the installation and extension of a 60" reinforced concrete pipe for storm drainage which will require full time construction inspection services as some sections of this pipe will be 50' deep. Upon completion of the pipe installation, inspection will move to part time and on call service from the engineer. The proposed fee for this project is different this time with an hourly not-to-exceed method to keep the figure as low as possible. The fiscal impact of this fee and scope of services is not-to-exceed \$99,100.00. The funding for this project has already been approved through the North General Aviation Expansion Project budget. Mr. Grotzinger inquired if we had approval to build yet to which Mr. Howell responded that we have secured the 401 permit. The 404 permit through the Army Corps of Engineers has not been obtained yet. The Cherokee Indians raised concerns about this project. We have had an archaeological survey performed and nothing was found. The results of this survey have been forwarded to the Army Corps of Engineers. The Cherokee Indians have 30 days to comment. We don't expect anything further and are awaiting word from the Army Corps of Engineers on the final permit approval. Mr. Grotzinger stated that the project list needs to be updated in the Board Books. Mr. McGrady made a motion for the approval of AVCON Engineers and Planners, Inc. Proposed Scope of Services and Fee for Professional Services Related to the North General Aviation Expansion Project – Construction Phase Services and to authorize the Airport Director to execute the necessary documents. Mr. Grotzinger seconded the motion and it carried by a unanimous vote.

## **DIRECTOR'S REPORT:**

- A. AAAE Aviation Issues Conference – January 11-15, 2009:** Mr. Edwards requested Board members advise him of any plans to attend this conference.
- B. Delta/Northwest Merger:** Mr. Edwards relayed to the Board that this merger was moving ahead. He indicated that final approval from the Justice Department was pending and that he expected this to take place in December or January. He stated that Staff is planning that this merger will occur and have received a request by ASA in conjunction with Delta to relocate the ticket counter. We have approved this request along with the relocation of self-service kiosks to be built in-line with the ticket counters for the ease of passengers. Mr. Edwards does not believe this merger is a huge negative or positive for the airport.
- C. Pinnacle Passenger and Ground Handling Services at AVL:** Pinnacle has taken over passenger services and ground handling for Express Jet/Continental and you will see their red carts around the airport. Mr. Edwards foresees the potential of other carriers contracting with Pinnacle for this service.
- D. Update from ACI-NA Annual Conference in Boston, MA:** It was a good conference overall with good presentations. One item that was very intriguing was the use of roof-top wind devices at Logan Airport. We will explore this venture as we are always looking for ways to be more energy efficient. The analysis will be free and we will bring any findings back to the Board.
- E. Status of Airport Improvement Program:** This item was covered already.
- F. Update on Financial Contingency Plan:** The financial report for August did not track down in expenses as we did in July which was due to the custodial service expenses. Staff had made its original projection based on a 15% reduction in passengers and 10% reduction in revenue. Based on the current financial report we are in good shape.

One item not on the agenda was Mr. Edwards' recent trip to the Boyd Forecast Conference. There were several presentations on industry trends. The information is in the folders presented to the Board.

**G. Terminal Renovation and Expansion Project Update:** Mr. Howell relayed to the Board that Staff is focusing with contractor and architect to commit all resources to the baggage claim area by the holidays. Staff intends to have the new devices operational by Thanksgiving. In area 1 which comprises the TSA screening area/offices, the offices are moving along well. He stated that the TSA screening area is behind schedule. The screening devices arrived Monday and there is a lengthy testing process for the contractor, then Staff has to validate the results and TSA will bring in their consultants for final acceptance. Mr. Howell indicated that he expects this area to come on-line in January. He also stated that the plan is to move the airlines into their offices before the screening units come on-line. Mr. Grotzinger questioned whether the project was on schedule and Mr. Howell replied that renovations take longer than a green field construction project. The contractor is behind schedule but Staff intends to enforce the contract. Mr. Grotzinger questioned whether that contract was ever settled with Construction Logic. Mr. Howell replied that Staff received the documentation late last week and that Staff will authorize final payment. Mr. Grotzinger inquired as to whether Authority losses were recouped and Mr. Howell informed the Board that Staff received \$70,000.00 back from Construction Logic on the project. The Chairman inquired if the guest services center would be open by Thanksgiving and Mr. Howell responded that it would be early December.

Mr. Edwards informed the Board that he received a notice from Odyssey Aviation, formerly Million Air that they are renaming themselves and wanted to inform the Board in case they hear the name Odyssey Aviation in the future. The renaming will officially take place as of January 1, 2009.

Mr. Grotzinger asked for an Encore/Landmark update and Mr. Howell stated that Encore received the final permits from the city and will be moving forward shortly.

**INFORMATION SECTION:** No Presentations.

The Chairman inquired as to the Frequent Traveler Program and Ms. Michel indicated that she plans to move forward with a Travel Business Forum in October to learn more about customer needs. Ms. Michel plans to have a program in place early next year.

Mr. Grotzinger inquired about the Finance Report and what information was rolled up in the terminal numbers. He wanted to know how we pull concessions from the finance report. Ms. Brunson informed the Board that the report contains standard fixed rent, concessions, interest discretionary section, etc. Mr. Grotzinger replied that it would be good to see those numbers split out as we don't know how the hangars are doing. Mr.

Edwards informed the Board that Staff has already committed to provide a more detailed report to the Board that follows the budget format and that Staff will do so as soon as the report is completed and vetted for accuracy.

Mr. McGrady inquired if there was an increase in passengers booking flights through our web page. Mr. Edwards stated that the web site is used as a tool to reach out to customers. There are many booking agents on the internet and Staff is pleased with how many people have signed up to date. We use the website to obtain customer contact information and send e-newsletters to them as well. Ms. Michel stated that the carriers aren't charging fees like booking agents and some people go to the airlines direct. She indicated that the website is used as a marketing tool using the Airfare Watchdog and E-newsletter, and that subscriber numbers are increasing.

**AUTHORITY MEMBERS REPORT:** No Report

**PUBLIC AND TENANT COMMENT:** No Comments

**CLOSED SESSION:** At 9:35 AM, Mr. McGrady moved to go into closed session pursuant to Subsections 143-318.11(a)(3) and (6) of the General Statutes of North Carolina, in order to consult with the Asheville Regional Airport Authority's Legal Counsel, and during this closed session, or a portion thereof, the Asheville Regional Airport Authority expects to receive advice from its Legal Counsel concerning an existing lawsuit filed in the Buncombe County Superior Court, File Number 08 CVS 697, the parties to which are Asheville Jet, Inc., d/b/a Million Air Asheville, as Plaintiff, and the City of Asheville, the Asheville Regional Airport Authority, and possibly the County of Buncombe, as Defendants, and in order to consider personnel matters. This motion was seconded by Mr. Grotzinger, and it carried by a unanimous vote.

**OPEN SESSION:** Open session resumed at 11:44 AM. Mr. Gantt made a motion to increase the Director's annual salary to \$161,570.00 effective November 1, 2008. Mr. McGrady seconded the motion and Mr. Gantt noted that this was an increase of 7%. The motion carried by a majority vote, with Mr. Grotzinger voting against the motion, and the remaining six Authority Members voting for the motion. Mr. Grotzinger stated that the Director needed to be richly recognized for his performance during the 2007-2008 evaluation period.

Mr. Gantt departed at 11:48 AM.



At 11:48 AM Mr. Newman moved to return to closed session pursuant to Subsection 143-318.11 (a) (6) of the General Statutes of North Carolina, in order to consider personnel matters. Mr. McGrady seconded the motion and it carried by a unanimous vote.

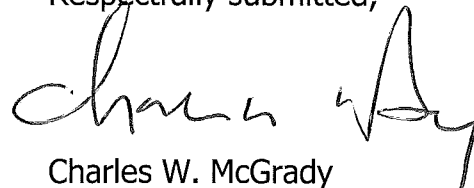
**OPEN SESSION:** Open session resumed at 12:01 PM. The Chairman referred to the upcoming budget schedule and the anticipated cancellation of the November 2008 regular meeting.

**ADJOURNMENT:** Mr. Newman made a motion to adjourn the meeting at 12:03 PM. Mr. McGrady seconded the motion, and it carried by a unanimous vote.

The Chairman informed the Board that the Board would not meet in November unless it was determined there was a need by the Chairman in consultation with the Airport Director.

The next regular meeting of the Authority will be on Friday, December 12, 2008 at 8:30 AM in the Conference Room at the Authority's Administrative Offices, Asheville Regional Airport, 61 Terminal Drive, Suite 1, Fletcher, NC 28732.

Respectfully submitted,



Charles W. McGrady  
Secretary-Treasurer

Approved:



David R. Hillier  
Chairman