

REGULAR MEETING
ASHEVILLE REGIONAL AIRPORT AUTHORITY
August 14, 2009
8:30 a.m.

The Asheville Regional Airport Authority ("Authority") met on Friday, August 14, 2009 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; David Gantt, Vice-Chairman; Chuck McGrady, Secretary-Treasurer; Rhett Grotzinger; Susan C. Fisher; Brownie Newman; and Jeffrey A. Piccirillo.

MEMBERS ABSENT: None

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

ALSO PRESENT: Joe Weinflash, Civil Air Patrol; Mike Darcangelo, AVCON; Nate Otto, RS&H; Kevin Frank, Odyssey Aviation; and Paul Wood, Landmark Aviation.

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

The Director introduced Vickie Thomas as the new Director of Finance and Accounting to the Board. The Board welcomed Mrs. Thomas to the Authority.

The Chairman informed the Board of Mr. Bleiweis' acceptance into the Leadership Asheville program.

The Director reported to the Board that due to his dedication and diligence, Mr. Howell was appointed Director of Properties and Development in June. The Director further stated that Mr. Howell has been participating in ACI's Airport Management Professional Accreditation Program (AMPAP) and has earned his International Airport Professional (IAP) designation.

Mr. McGrady arrived at 8:33 a.m.

APPEARANCES: None

PRESENTATIONS:

A. Airline Route Development and Airline Relations: Ms. Michel appeared before the Board and gave a presentation on air service and the approach staff takes with prospective airlines. Ms. Michel touched upon the components of a typical presentation to an airline including an economic picture of the community, current air service data, top 20 origin and destination markets, leakage, amenities and marketing, recent upgrades and development projects, rate structure and the incentive program.

A discussion of the percentage of leakage to surrounding airports and the difficulty in tracking this ensued. Mr. Gantt inquired if the Authority's incentive package was competitive compared to airports of our size. Ms. Michel responded that it was and that staff does not pitch anything that wouldn't fit the needs of both the Authority and the airline. Ms. Michel further stated that staff not only wants to acquire new service but to retain the existing service as well.

The travel needs of the business community were also discussed and Ms. Michel informed the Board that it is a goal of staff this year to reach out to the business community for help in marketing the airport as well as increasing passenger traffic. Mr. Newman inquired if partnering with the tourism industry would help with attracting service and passenger traffic. Ms. Michel replied that the Convention and Visitors Bureau (CVB) typically pursues the drive market but that she would welcome any support the CVB was willing to provide. Mr. Gantt inquired if a resolution urging the Buncombe County Tourism Development Authority (TDA) to support Asheville Airport would be beneficial and suggested this be included on the agenda for the next Authority Board meeting. Ms. Michel stated that she would be happy to make a presentation to the TDA and Mr. Gantt replied that he would work on having this added to a future TDA meeting agenda.

B. Construction Update: Mr. Howell gave a brief update to the Board on the following construction projects:

Landside Parking Lot and Terminal Drive Project: There are five phases to this project. The first phase is the north end portion of long-term parking. Work has started in phase one, mainly demo, milling, curb repair and prepping for new landscaping. The project should be finished by Thanksgiving.

Wright Brothers Way - General Aviation Access Road Improvements Project: This project is off to a very good start. The contractor started working on cut and fill operations. Relocation of the utilities will be starting soon.

Parking Lot Toll Plaza Expansion Project: There is a slight delay to this project due to permits on hold from the City of Asheville for storm water retention.

North General Aviation Project: The contractor is making good progress on the fill operation and has done some preliminary planning for the west side.

Triturator: The contractor has submitted shop drawings to the engineer. However, there is a long lead time for the grinder pump system.

Hangar Building: A few minor punch list items remain and staff is going through close out documentation with the contractor. The building has been turned over to Odyssey Aviation.

Terminal/Baggage Claim Project: The project is basically closed out with Perry Bartsch Jr. Construction Company with only very minor punch list items to be addressed.

PC Air and Fixed Ground Power Units: Specifications and shop drawings have been submitted to the contractor for review so that manufacturing can be started.

A Gates/Terminal Improvements: This area has been turned over to the contractor. City permits were recently released and the contractor has started doing prep work. Demolition is expected to start in about two weeks.

Passenger Boarding Bridges: Shop drawings have started and staff expects manufacturing to be started later this fall.

Mr. Howell reported to the Board that projects on hold are the Runway Rehabilitation, General Aviation Aprons Expansion and Connector Taxiway Project, and Purchase of a Rapid Intervention Firefighting Vehicle pending further word of funding from the FAA.

CONSENT AGENDA:

The Chairman stated that Consent Agenda Item B would be pulled to be reviewed in Closed Session. The Chairman further stated that Consent Agenda Item C would be moved to Old Business.

A. Approval of the Asheville Regional Airport Authority June 12, 2009 Regular Meeting Minutes: Mr. Grotzinger requested the addition of the total amount approved by the Board for the AirTran incentives be reflected in the minutes under Consent Agenda Item, Ratification of Agreements/Purchases Related to the Provision of Air Service Incentives for AirTran Airways. The Director stated that the incentives for AirTran as discussed during the Closed Session at the March 13, 2009 Authority Board meeting would be in the area of \$585,000.00. Mr. McGrady agreed with Mr. Grotzinger and requested the minutes be amended to include ratification of the provision of air service incentives in the total amount of \$585,000.00 and authorize the Director to execute the necessary contracts and documents associated with the provision of such incentives. Mr. McGrady moved to approve as corrected the regular meeting minutes of the June 12, 2009 Authority Board. Mr. Grotzinger seconded the motion and it carried by unanimous consent.

D. Approval of a Utility Easement Agreement for the Wright Brothers Way Improvements Project: Mr. McGrady made a motion to approve the Utility Easement Agreement for the Wright Brothers Way Improvements Project. Mr. Gantt seconded the motion and it carried by unanimous consent.

OLD BUSINESS:

A. Ratification of the Appointment of the Deputy Finance Officer and Finance Officer: Mr. McGrady moved to appoint and approve, and ratify the appointment and approval of, Ms. Pamela Sue Baker as the temporary Deputy Finance Officer of the Asheville Regional Airport Authority for the period which began on June 26, 2009, and ended at 11:59 p.m. on July 12, 2009, and Ms. Vickie Thomas (whose employment title is Director of Finance and Accounting) as the Finance Officer of the Asheville Regional Airport Authority effective July 13, 2009, for the purpose of preauditing instruments and signing certificates as referred to in Subsection 159-28(a) of the General Statutes of North Carolina and for such additional purpose or purposes as may be appropriate. Mrs. Fisher seconded the motion and it carried by unanimous consent.

NEW BUSINESS:

A. Approval of Space/Use/Operating Permit with Civil Air Patrol: The Director informed the Board that staff has not received the Space/Use/Operating Permit back from the Civil Air Patrol (CAP) as the Permit must go to the United States government for approval. The Director further stated that the appearance of this item on the agenda was for transparency purposes as the O.D. Lacy Griffin building has been leased to WNC Aviation and the CAP moved to a trailer. Since time is of the essence and staff does not want to further impact the CAP, the Director will go ahead with the approval of the Space/Use/Operating Permit when the instrument is returned as it is

within his signing authority. The Director will keep the Board apprised of this issue and will ratify approval of the lease at the next Authority Board meeting.

B. Director's Goals and Objectives: Mr. Grotzinger commented with regard to goal number 9 that the Authority currently has a solid, effective model which was used for air service discussions with Continental Airlines and believes this model could be used with other carriers for new air service. The Director stated that it was his intent to establish a group of community leaders and business people to participate in an effort to market air service for Asheville Regional Airport.

Mrs. Fisher noted that the goals and objectives were a great start in terms of helping the Board to measure performance of the new Director in the evaluation process later in the year.

Mr. McGrady was supportive of what was proposed but would like to see the second goal of establishing working relationships with community leaders expanded to include adjoining property owners of the airport. The Director agreed to make this change and will forward a revised list to the Board members.

Mr. Newman suggested the addition of a goal for a specific plan for a multi-year strategy for growing the business of the airport through a number of different strategies, from increasing service, reducing leakage, reducing the cost of service in the airport or other strategies the Director thinks will be successful in terms of growing the number of enplanements.

Mr. Gantt suggested adding some type of environmental statement to reduce energy costs and that the exploration of alternative energy and greenway policies also be included in the goals. The Director agreed that the airport needs to include an environmental policy but believes this type of policy should be established by the Board to be carried out and followed by the Director and staff.

The Chairman suggested the approval of the goals and objects with the specific addition of establishing working relationships with adjacent property owners to goal number two and for the Director to commit to the creation of a business plan by the end of the year for continued growth consistent with Mr. Newman's suggestion. The Chairman further stated the draft of an environmental policy should be included on the agenda for the next Authority Board meeting.

Mr. McGrady moved to approve the Airport Director's Goals for 2009/2010 as stated with the addition of establishing working relationships with adjacent property owners to goal number two and further request the Airport Director to propose to the Board an

additional goal reflective of the comments made. Mr. Newman seconded the motion and it carried by unanimous consent.

C. Summarization of Understanding of Employment of Lew Bleiweis: Mr. McGrady moved to approve and ratify the June 12, 2009, summarization of the understanding concerning the employment of Lew Bleiweis, A.A.E., as Airport Director. Mr. Gantt seconded the motion and it carried by unanimous consent.

DIRECTOR'S REPORT:

A. FAA Part 139 Inspection: The Director reported to the Board that the FAA completed their Part 139 Inspection of the airport and for the fourth consecutive year there were no discrepancies reported.

B. Aviation Liability Insurance Inspection: The Director informed the Board that Ace Aviation Insurance conducted a risk assessment and inspection in July and concluded the Authority is operating in a safe manner. Staff is awaiting a written report as there will be a few recommendations made by Ace.

C. Update on AIP Funding: The Director reported that the FAA Reauthorization did move through the House with a two-year authorization plan. The Senate Subcommittee approved its version of an authorization plan on July 21. The Senate Subcommittee has left the PFC's at \$4.50 and there are no provisions on the concerns the airport industry has on the ARFF issues. The House bill did raise the PFC's to \$7 but they did include an ARFF amendment asking for higher staffing. Additional ARFF requirements would add approximately \$1 million in annual operating costs to the Authority budget for additional staff. New facilities would also be required. Trade associations are fighting this issue.

D. Art in the Airport: Our 9th exhibit began in July. The program is doing well overall and the airport has sold art in all but one of the exhibits.

The Director reported to the Board that due to some errors made in the financials in April, accrued liabilities that have not been accounted for in the past, as well as true-ups with rental car companies completed earlier than usual, the bottom line figure to the FY 09 Budget will be just over \$1 million rather than the \$1.2 to \$1.3 million figure reported at the June Board meeting.

INFORMATION SECTION: There was a discussion on the increase of enplanements, the reduction of flights being offered by the airlines, the merge of airlines, and the need to increase capacity to avoid more leakage. The Director stated that it boils down to

supply and demand. The airplanes are full, fares will start to rise as the demand increases, it's cyclical and the Director plans on working with the airlines to increase capacity and hopefully reverse the start of this trend that the Authority doesn't want to see.

AUTHORITY MEMBERS' REPORTS: None

PUBLIC AND TENANTS' COMMENT: No Comments

CLOSED SESSION: At 9:55 a.m. Mr. McGrady made a motion to go into closed session pursuant to subsection 143-318.11 (a) (3) 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 commenced 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 (which is now d/b/a Odyssey Aviation), as plaintiff, and the City of Asheville, the Asheville Regional Airport Authority, and possibly the County of Buncombe, as defendants.

Open Session resumed at 10:44 a.m.

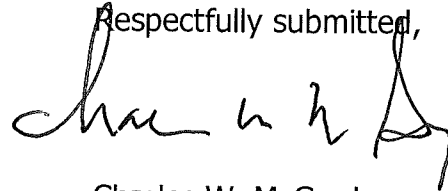
MOTION FOR APPROVAL AND SEALING OF CLOSED SESSION MINUTES: Mr. McGrady moved to approve the minutes for the June 12, 2009, Closed Session and to seal and withhold the minutes from public inspection so long as public inspection would frustrate the purpose or purposes thereof, with the exception that the last four paragraphs thereof (beginning with the paragraph entitled "Resolution of Appreciation") shall be unsealed and shall not be withheld. Mr. Grotzinger seconded the motion and it carried by unanimous vote.

ADJOURNMENT: Mr. McGrady moved to adjourn the meeting at 10:45 a.m. Mr. Grotzinger seconded the motion and it carried by unanimous vote.

The Chairman informed the Board that the Board would not meet in September 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, October 9, 2009 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,

A handwritten signature in black ink, appearing to read "Charles W. McGrady". The signature is fluid and cursive, with a prominent initial "C" and a long, sweeping tail.

Charles W. McGrady
Secretary-Treasurer

Approved:

A handwritten signature in black ink, appearing to read "David R. Hillier". The signature is cursive and somewhat stylized, with a large initial "D" and a long, sweeping tail.

David R. Hillier
Chairman