

REGULAR MEETING
ASHEVILLE REGIONAL AIRPORT AUTHORITY
January 9, 2009
8:30 a.m.

The Asheville Regional Airport Authority ("Authority") met on Friday, January 9, 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; Chuck McGrady, Secretary-Treasurer; Rhett Grotzinger; Brownie Newman; and Jeffrey A. Piccirillo.

MEMBERS ABSENT: David Gantt, Vice-Chairman; Susan C. Fisher

STAFF AND LEGAL COUNSEL PRESENT: Cindy Rice, Authority Legal Counsel; David N. Edwards, Jr., 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 a.m.

APPEARANCES: None

PRESENTATIONS: None

CONSENT AGENDA:

A. Approval of the Asheville Regional Airport Authority December 12, 2008 Regular Meeting Minutes: Mr. McGrady requested a change to the word "insignificant" rather than "significant" in the fourth paragraph of New Business Item B – Authorization to Establish Conservation Easements on Airport Property Bordering the French Broad River.

Mr. Grotzinger requested a change in Presentation Item A – Asheville Regional Airport Airspace Change Proposal to substitute the word "everyone" with "VFR traffic" in the third paragraph.

Mr. Grotzinger also requested a change in the Authority Members' Report to the third paragraph to substitute the word "including" rather than the first word "for" in the second sentence.

Mr. McGrady made a motion to approve as corrected the regular minutes of the December 12, 2008 Board meeting. Mr. Grotzinger seconded the motion and it carried by unanimous vote.

OLD BUSINESS: None.

The Chairman moved to address New Business Item C.

NEW BUSINESS:

C. Approval of Fees and Charges for the Issuance of Airport Identification

Media: C. Jeffrey Augram, Chief of Public Safety appeared before the Board to request the approval of fees and charges for Airport Identification Media due to the Department of Homeland Security Directive 1542-01-08F which requires all individuals having unescorted access to the Air Operations Area (AOA) be issued a photo ID badge. Chief Augram stated that the Asheville Regional Airport Authority (ARAA) has passed all of the audit inspections performed to date. The Authority has been covering the full cost of all ID badges to date but staff feels the need to establish a reasonable fee schedule to recover costs in a fair and equitable manner. Replacement cards will be issued to any individual currently with an ID badge or access card at no charge through June 30, 2009.

Mr. Grotzinger felt that due to the economy this was not a good time to burden tenants with additional costs, rather it would be a good time to look at all our fees and charges at the February 27 Budget/Workshop Retreat.

Chief Augram pointed out that the cost of new ID badges would be absorbed by the tenant companies rather than individual employees. The exception to this would be those individuals requiring AOA access that would not be associated with a tenant company. A discussion ensued about the current cost and amount of the badges issued, future costs to the Authority as well as what other airports around the country are charging for ID badges, with ARAA being out of the norm for not charging tenants for ID badges.

The Director was asked by the Board if this was something that could be deferred to the February 27 Budget/Workshop Retreat. The Director replied that it was. The Chairman noted that the consensus of the Board was to table this to the Budget/Workshop Retreat in February.

A & B. Approval of North Carolina Department of Transportation

Aviation Grants in the Amount of \$72,750.00 and \$1,712,404.00: Mr. Howell requested to address both grant items together in general by stating that the ARAA normally receives an allocation of \$300,000 per year in grant funding from the North Carolina Department of Transportation (NCDOT). Mr. Howell stated that staff has been

working with the state to apply all of the outstanding available grant funds against prior/already completed Airport Improvement Projects (AIP). Therefore the grant offers are reimbursements for projects that have been completed.

Mr. Howell respectfully requested the Board approve the grant agreement with the NCDOT in the amount of \$72,750.00 (not exceeding 50% of the non-federal share of the final, eligible project costs) and authorize the Airport Director to execute the necessary documents. Mr. McGrady made a motion to approve the grant agreement with the NCDOT in the amount of \$72,750.00 and Mr. Newman seconded the motion. Mr. Grotzinger questioned the entitlement money and inquired if the ARAA received funds from the state over the past six to seven years. Mr. Howell replied that we had received the funds but there was money remaining on several of the annual grant fund allocations that staff would like to get off the books. The Director informed the Board that the grant money dates back to the late 1990's and that the ARAA has not used all of the allocated funds in the past five to six years. The Chairman inquired if there were further questions from the Board. The motion was carried by unanimous vote.

Mr. Howell respectfully requested the Board approve the grant with the NCDOT in the amount of \$1,712,404.00 (not exceeding 90% of the non-federal share of the final, eligible project costs) and authorize the Airport Director to execute the necessary documents. Mr. McGrady made a motion to approve the grant agreement with the NCDOT in the amount of \$1,712,404.00 and Mr. Grotzinger seconded the motion. The motion was carried by unanimous vote.

Mr. McGrady left the Board Meeting at 9:05 a.m.

DIRECTOR'S REPORT:

A. Status of the Asheville Jet Part 16 Filing: The Director informed the Board that due to changes in FAA Administration and staff, the FAA has extended the date to file their report to February 24. This grants the FAA another 60 days to complete their report.

B. Air Service Update: The Director brought to the Board's attention the fact that passenger traffic has increased for the month of November, the second month in a row for the ARAA.

The Director also informed the Board that due to the merge of Delta and Northwest, starting in late February or early March, Delta has elected to forego service to Minneapolis as well as further reductions in service to Cincinnati by one flight. However, Delta will now offer 17 more flights per week to Atlanta. ARAA will gain seat capacity but lose a non-stop destination.

The Director further stated that he received a call from United Airlines regarding their renewed interest in providing service from AVL to Chicago. Staff will be working with United over the next couple of months on this potential new air service.

On a final note, the Director reported that December enplanement numbers have increased 4.7% with deplanements similar and seats up 1.6%. These numbers help prove that AVL is bucking the trend for airports of the same size across the nation. There was further discussion of aircraft size and seat capacity.

INFORMATION SECTION: Mr. Grotzinger questioned the refunds to the rental car companies from the November, 2008 Monthly Financial Report. The Director explained the way the rental car company agreements work and the difference between the Minimum Annual Guarantee and Percentage of Gross Receipts and how the rental car companies are paying rent. The Director further stated that staff prefers not to use credits but rather issue refunds. Ms. Brunson, Finance Manager, assured the Board that staff received money in December from the companies that owed the ARAA.

Mr. Grotzinger also questioned the fund balance and lack of interest being received at this time and suggested that staff look at paying off some of ARAA's debt as an option as the rate of interest ARAA is paying on the debt is higher than the interest ARAA is receiving on its invested funds. Further discussion ensued regarding debt and interest. Mr. Grotzinger stated this discussion item may be worth looking into at the Budget/Workshop Retreat.

The Director reported to the Board that staff has submitted two projects to the FAA as part of a stimulus plan that is being considered by Congress. One project would be a taxiway project at a cost of \$36,500,000. The other project was the relocation of the fuel farm and extending the roadway to the fuel farm at a cost of around \$5,000,000. He stated that the FAA has given us good feedback and seemed excited about the projects. Staff may need to move quickly on the design portion of the projects. These projects would be funded 100% from the stimulus plan at no out of pocket costs to the ARAA. Mr. Newman stated that Board should be fully supportive of Staff to act quickly if needed on these projects.

AUTHORITY MEMBERS' REPORTS: The Chairman requested the Director have a draft agenda prepared and distributed to Board Members for the Board Budget/Workshop Retreat so that Board Members may add to the agenda if they have items to be addressed.

Mr. Newman informed the Board that the Director was appearing before the City Council next week to give the State of the Airport presentation as well as briefing the Council on the Conservation Easement issue. The Chairman reported that the State of the Airport presentation will also be given to Buncombe County Commissioners.

Mr. Grotzinger questioned the status of the drain pipe installation in the culvert in the north end. Mr. Howell reported that an additional 250 feet of pipe was remaining to be installed and should be completed by the end of next week.

Mr. Grotzinger further inquired about the construction of the new hangar and Mr. Howell informed the Board that construction is slightly behind schedule. The Landmark hangar is going up at a faster rate as their construction crew is working 6 or 7 days a week and being privately funded. Mr. Grotzinger stated that fuel sales are down and questioned how this would impact things moving forward on Landmark's budget and being on time. The Director responded that staff has retained a \$3,150,000 Letter of Credit from Landmark and that Landmark will make their completion date of March 31.

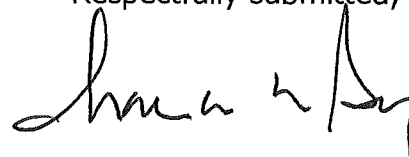
PUBLIC AND TENANTS' COMMENT: No Comments

CLOSED SESSION: None

ADJOURNMENT: The Chairman adjourned the meeting at 9:25 a.m.

The next regular meeting of the Authority will be on Friday, February 13, 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,



Charles W. McGrady
Secretary-Treasurer

Approved:



David R. Hillier
Chairman