

REGULAR MEETING
ASHEVILLE REGIONAL AIRPORT AUTHORITY
June 13, 2008
8:30 AM

The Asheville Regional Airport Authority ("Authority") met on Friday, June 13, 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; Rhett Grotzinger, Vice-Chairman (via conference call); James E. Ellis, Secretary/Treasurer; David Gantt, Brownie Newman, Gerard P. Mozian (via conference call), Susan Fisher and Chuck McGrady (Ex-Officio Member)

MEMBERS ABSENT: None

STAFF AND LEGAL COUNSEL PRESENT: Victor Buchanan, Authority Legal Counsel; David N. Edwards, Jr., A.A.E., Airport Director ("Director"); Lew S. Bleiweis, Deputy Airport Director; D. David Nantz, Director of Operations and Maintenance; Kevin Howell, Development Manager; C. Jeffery Augram, Chief of Public Safety, Christy Brunson, Finance Manager, and Debra Roman, Recording Secretary.

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

APPEARANCES: None

SERVICE AWARD PRESENTATIONS: The Chairman recognized Ronald Mundy for 30 years of service at the Asheville Regional Airport. The Chairman thanked Mr. Mundy for his dedication, and presented him with a Service Recognition Award and a gift from the Authority.

The Chairman recognized C. Jeffery Augram for 20 years of service at the Asheville Regional Airport. The Chairman thanked Mr. Augram for his dedication, and presented him with a Service Recognition Award and a gift from the Authority.

The Chairman recognized D. David Nantz for 10 years of service at the Asheville Regional Airport. The Chairman thanked Mr. Nantz for his dedication, and presented him with a Service Recognition Award from the Authority.

The Authority congratulated Messers. Mundy, Augram, and Nantz for a job well done.

CONSENT AGENDA:

A. Approval of the Asheville Regional Airport Authority, April 11, 2008, Regular Scheduled Meeting Minutes: Mr. Gantt moved to approve the regular meeting minutes of the April 11, 2008 Board Meeting. Mr. Ellis seconded the motion and it carried by a unanimous vote.

B. Ratification of the North Carolina Association of County Commissioners (NCACC) Insurance Policies: The Director stated to the Board that for several years, the NCACC has provided the Authority insurance coverage for employee health insurance, workers compensation, general liability insurance, including employment practices, public official, crime, and law enforcement; and property insurance, including inland marine, and auto. During the time the NCACC pool has provided coverage, the premiums paid by the Authority have been substantially lower than obtaining insurance coverage through conventional insurance brokers. The Director relayed to the Board that in the upcoming fiscal year Staff would be conducting a full insurance audit and market analysis to determine if the Authority is obtaining all necessary insurance coverages at the best possible premiums.

Mrs. Fisher moved to ratify the renewal of Authority insurance coverages and authorize the Airport Director to execute any necessary documents. Mr. Ellis seconded the motion, and it carried by a unanimous vote.

PRESENTATIONS: None

OLD BUSINESS: None

NEW BUSINESS:

A. Award of Management and Operation of Rental Car Concessions Agreements: The Director relayed to the Board that the current rental car concessions agreements at the Asheville Regional Airport were for an initial term of three years with two one-year options to renew. Four companies had been awarded concession agreements to operate at the airport at that time. The Director stated that with the new rental car service facilities and the expansion of the terminal baggage claim area (which would include accommodations for an additional rental car company), Staff notified the rental car companies that the agreements would terminate on June 30, 2008, and would not be renewed for the last one-year term.

The Director reported to the Board that on March 14, 2008, Staff issued an invitation for Bids for the Management and Operation of a Rental Car Concession at Asheville Regional Airport and relayed how the process progressed.

The Director stated that Staff had received five (5) bids and ranked them in accordance with the bid documents.

The Chairman inquired as to whether the numbers presented reflected a 5 year aggregate. The Director stated that this was correct. The Director stated to the Board that the top bidder received first preference to counter and facility space and then the rest of the companies chose in order of their ranking.

Mrs. Fisher moved to (1) approve the ranking and award of the five rental car concessions opportunities at the airport to Hertz, Vanguard dba national and Alamo, Avis, Enterprise, and Budget; and (2) authorize the Airport Director to execute the necessary documents. Mr. Gantt seconded the motion, and it carried by a unanimous vote.

The Chairman requested to be excused from New Business Items B due to having a potential conflict of interest. Mr. Newman moved to excuse the Chairman from New Business Item B, due to having a potential conflict of interest. Mr. Ellis seconded the motion, and it carried by a unanimous vote.

The Chairman left the meeting at 8:50 AM.

Mr. Grotzinger continued the meeting

B. Approval of a Change Order for Baggage Handling System Modifications: Mr. Howell stated to the Board that in May of 2007 the Authority approved the award of a construction contract in the amount of \$4,479,000.00 to Perry Bartsch, Jr. Construction Company (PB Jr.) for the Terminal Renovation and Expansion – Phase I Project.

Mr. Howell stated that the baggage handling system as designed and bid was for a manual screening operation. The Transportation Security Administration (TSA) has allocated four Reveal CT-80 units for inline screening, and revisions to the baggage handling system are required to integrate the Reveal units and the baggage conveying system.

Mr. Howell stated that a change order had been submitted in the amount of \$324,816.00 by PB Jr. for the revisions necessary for the integration of the baggage handling system. This change order also provides the necessary testing and certification as required by the TSA.

Mr. Howell stated that if the Board elected not to proceed with the change order the airport would lose the four allocated automated screening units from the TSA.

Mr. Howell reported to the Board that even with the change order the total project cost would still be under the Board approved amount in the Capital Improvement Plan for this project.

There were discussions regarding overhead on the project and any possible additional change orders.

Mr. Ellis moved to (1) approve the change order proposal with PBJr. in the amount of \$324,816.00 and (2) authorize the Airport Director to execute the necessary documents. Mrs. Fisher seconded the motion, and it carried by a unanimous vote.

The Chairman returned to the meeting at 8:57 AM

C. Approval to Amend Encore FBO Acquisition Services, LLC's (Encore) Fixed Based Operator Lease Agreement to Include Additional Property: The Director stated to the Board that Encore had requested to have additional property added to their Lease Agreement. This additional property represents approximately 1.2 acres. The Director stated that as Encore is progressing on their development plans for their facilities and that they have found that it would be beneficial to capture additional property located around the north ramp to facilitate their development.

The Director relayed to the Board that Staff has reviewed this proposal and recommends adding such property to Encore's Lease Agreement.

Mr. Jim Hopkins, Landmark (Encore), thanked the Board for the opportunity to speak to them. Mr. Hopkins stated the purpose for the request for the additional property. There were discussions regarding traffic needs, safety issues, grading and drainage issues, office space and phasing of the project.

Mr. Grotzinger stated that this project was a positive move for the airport and the community.

Mr. K. Dean Shatley, an attorney with Roberts & Stevens, P.A., stated that he was appearing before the Authority on behalf of his law firm's client, Asheville Jet, Inc., and that he was covering for Attorney Sarah Patterson Brison, who was unable to attend. He further stated that he objected to the recommended action. After he concluded his comments, Mr. Gantt asked if Asheville Jet, Inc. had made a proposal in the past with respect to the property. Mr. Shatley responded that he was not sure. Mr. Grotzinger said that Asheville Jet, Inc. had made a proposal about a year ago, but that the proposal had been withdrawn by Asheville Jet, Inc.

The Director stated that Asheville Jet, Inc. has approximately 32 acres under their lease at the airport, and with the additional property outlined that Encore will have approximately 9.2 to 9.5 acres.

Mr. Grotzinger moved to (1) approve Encore FBO Acquisitions, LLC request for additional property; and (2) authorize the Airport Director to execute the necessary documents. Mr. Gantt seconded the motion, and it carried by a unanimous vote.

DIRECTORS REPORT:

A. Airline Merger Update: – The Director relayed to the Board that Delta and Northwest are having productive discussions between the pilots and management.

B. Rapid Intervention Vehicle for Aircraft Rescue and Firefighting (RIV ARFF): The Director stated that the purchase of the RIV ARFF vehicle has been delayed due to the uncertainty of the industry and grant timing.

The Director stated to the Board that Construction Logic had delayed the Regional Boarding Ramp Project by 110 days. The Director stated that Staff and Construction Logic will be meeting to discuss Liquidated Damages due to this delay and that Staff will keep the Board informed as the discussions move forward. The Director stated that he was aware that the construction company was not paying their sub-contractors for work completed and that he would be speaking to them regarding this matter as well.

The Director stated to the Board that the Cooling Tower Project was completed.

There was a discussion regarding the Part 16 Complaint filed by Asheville Jet, Inc.. The Director stated that he would keep the Board updated as to the progress of the complaint process.

The Director informed the Board that because of the state of the economy, rising fuel costs, and airlines filing bankruptcy that the dynamics of the airline industry was about to shift. The Director stated that Delta Air Lines alone is expecting to see a 10% reduction in capacity in the fall and that the other airlines may be following suit soon. The Director stated that with these kinds of reductions in the industry it has caused him to proceed cautiously with the spending of Authority Funds. The Director noted that he and Staff are putting together a plan to move grant dollars around and to tightening down on overall expenditures. Staff will share the plan with the Board at their August 2008 Board meeting. The Director stated that Staff has been fiscally responsible in the past and will continue to do so in the future. Mr. Gantt relayed his thanks to the Director for taking a proactive stance

C. Verbal Update of the Department of Public Safety: Chief Augram gave an in depth report/presentation on accomplishments and goals of the Department of Public Safety.

There was a discussion regarding table top drills, relationships with other Public Safety entities, and the new security video.

INFORMATION SECTION:

Mr. Grotzinger requested more in-depth information regarding the Statement of Revenue, Expenses and Changes in Net Asset document, as this would add to the granularity of the report. The Director stated that the Finance Department is retooling the report but that Staff is providing more in-depth information regarding variances in the major cost center areas in the written Summary Report.

The Chairman requested information on the low load factors. The Director stated that this is an anomaly, but that he would get the Chairman a more conclusive answer.

There was a discussion regarding the Business Outreach Survey and the Chairman expressed his disappointment in the overall interest of the community.

Mr. McGrady stated to the Board that the summer camp that he is associated with did not pick any children up this year at airport or the surrounding airports. This was attributed to the new unaccompanied minor rules and air fare costs.

AUTHORITY MEMBERS REPORT:

The Chairman stated that the Authority might not have the need to meet in July for the Regular Schedule Authority Board meeting. The Director stated that a formal notice would be sent out if the meeting was canceled.

The Chairman also stated that there would be a Board Workshop directly after the August Regular Authority Board meeting.

PUBLIC AND TENANT'S COMMENTS: None

CLOSED SESSION: None

ADJOURNMENT:

Mrs. Fisher moved to adjourn the meeting at 10:53 AM. Mr. Ellis seconded the motion and it carried by a unanimous vote.

The next regular meeting of the Authority will be on August 8, 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,

James E. Ellis
Secretary-Treasurer

Approved:

David R. Hiller
Chairman