

**REGULAR MEETING
ASHEVILLE REGIONAL AIRPORT AUTHORITY
March 13, 2009
8:30 a.m.**

The Asheville Regional Airport Authority ("Authority") met on Friday, March 13, 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; 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 a.m.

APPEARANCES: The Chairman welcomed Captain Phil Kelley, Legal Officer with the Asheville Squadron of the Civil Air Patrol and several other members of the Civil Air Patrol. Captain Kelley thanked Mr. Grotzinger for meeting with representatives of the Civil Air Patrol previously to discuss rumors about the O.D. Lacy Griffin building which the Civil Air Patrol occupies. Captain Kelley's purpose for attending the meeting was to educate the Board on the Civil Air Patrol's functions and to give the Board a brief overview of their program. The Chairman thanked Captain Kelley and invited the Civil Air Patrol back to a future Board meeting for a more in-depth presentation.

Susan Fisher arrived at 8:38 a.m.

PRESENTATIONS:

A. Long Range Planning Review: Mr. Howell advised the Board of several tools used by staff for development planning purposes. The FAA Terminal Area Forecast (TAF) is the official forecast for terminal area studies and is performed on an annual basis. The 2009 forecast has not been received yet as the FAA did not foresee the magnitude of the current recession and will have to redo their forecast.

Mr. Howell also reviewed the Asheville Airport Terminal Area Planning Study (TAP) performed by PBS&J in 2005 which included three forecast scenarios. Mr. Howell reviewed the scenarios and explained the different forecast levels. Mr. Howell further stated that the 2005 TAP forecasts have been updated with actual data through 2008. Historical data for Total Enplaned Passengers was reviewed as well as forecasts of enplaned passengers through 2025. Forecasts of Commercial Operations as well as General Aviation and Military Operations were also reviewed.

Mr. Howell then reviewed the various development phases and the passenger enplanement numbers that trigger future development. The Director informed the Board that construction design actually begins when the passenger enplanement figure is at 60% capacity of the trigger number. Awarding of the construction bids is started at 80% capacity with the anticipation that the development project is completed by the time the actual passenger enplanement numbers are reached.

The Chairman inquired how often these studies had to be completed and Mr. Howell responded that there was no set rule but that the Master Plan Update will need to be updated in the next few years as it was last done in 2001. The Director indicated that the FAA approves two specific components of a Master Plan, the Forecast and Airport Layout Plan set. The forecast can change dramatically and those items need to be updated in order to be eligible for FAA funding. The Director further informed the Board that the Master Plan Update should be updated in the 2011 timeframe.

CONSENT AGENDA:

A. Approval of the Asheville Regional Airport Authority February 13, 2009 Regular Meeting Minutes:

B. Approval of the Asheville Regional Airport Authority February 27, 2009 Budget/Workshop Retreat Meeting Minutes:

C. Approval of Update to Section 106.00 of the Administration Policies and Procedures:

D. Approval of Progress Energy Utility Easements to Landmark FBO Facilities:

Mr. McGrady made a motion to approve the Consent Agenda Items and Mrs. Fisher seconded the motion. The motion carried by unanimous consent.

OLD BUSINESS: None.

NEW BUSINESS:

A. Approval of Preliminary Fiscal Year 2009/2010 Budget: Mr. Bleiweis reminded the Board that the draft budget was presented to the Board at the February 27, 2009 Board Budget/Workshop Retreat meeting. Staff incorporated comments taken

from that meeting into the Budget. Mr. Bleiweis informed the Board that an increase in the projected revenue amount by \$7,000 for first-year ID Badge fees from tenants was one change incorporated into the proposed budget as well as the addition of the word "planned" to Approved/Awarded Projects in the Fund Balance section. Mr. Bleiweis presented a recap of the proposed FY 2009/2010 Budget. Projected revenue is expected to be just over \$7,000,000 and operating expenses just over \$6,000,000.

Mrs. Fisher stated that it appears like staff has effectively held the line on the budgeted expenses for the coming year and that the proposed budget is very responsive to the economic downturn and staff is taking real advantage of recovery money coming our way. Mrs. Fisher moved to approve the budget at the appropriate time. Mr. Gantt seconded the motion.

Mr. Grotzinger expressed deep concern over the \$500,000 increase in spending and requested staff come back to the Board with a budget that really regards the economy. Mr. Grotzinger believes the need for people to travel will decline and that this is not a time for an increase in spending.

Mr. McGrady inquired about the process for approval of the budget and the need for a public hearing. Mr. Bleiweis replied that final adoption of the budget would take place on April 24 which would give the Board time to accept public comments. Mr. McGrady further inquired if corrections on the expense side of the budget could be made if revenue projections were down due to a decrease in passenger traffic. Mr. Bleiweis responded that amendments to the budget could be made at any time of the year to reflect the economic times. Mr. McGrady sympathized with some of Mr. Grotzinger's concerns and suggested the Board review the budget after any public comments. Mr. McGrady was willing to be supportive of the proposed budget with the understanding that the Board is capable of modifying the budget.

A discussion of the possible reduction of cost per passenger fees for the airlines ensued with the Director reiterating that by redoing the rates and charges model and performing a full and true cost allocation among all cost centers, a reduction in the cost per passenger for the airlines may occur.

Mr. Newman stated that although he was supportive of the overall budget, he would like to hold off voting until the budget has been through the public hearing process. The Director responded that in past years the Board has passed a motion to approve a preliminary budget prior to the public comment period. The recommended action is the Board resolve to approve the Proposed Preliminary Fiscal Year 2009/2010 Budget and accept public comment on the Proposed Fiscal Year 2009/2010 Budget during the next 30 days. The motion to approve the preliminary budget and accept public comments carried by a 6 to 1 vote with Mr. Grotzinger voting against the motion.

B. Approval of Updates and Amendments to Human Relations Policy and Procedures Manual: The Chairman thanked Mr. McGrady for his careful study of the proposed amendments. Mrs. Baker appeared before the Board to give an update on the Policy and Procedures Manual after having presented it to the Board at the February 27, 2009 Budget/Workshop Retreat Meeting. Mrs. Baker also thanked Mr. McGrady for his in-depth review and presented the Board with Mr. McGrady's concerns and comments. Mrs. Baker went over the FMLA wording Mr. McGrady reviewed and incorporated his suggestions into the manual. Mrs. Baker further reviewed the Airport Director Agreement, the employee job abandonment issue in the attendance policy, and also the retiree health insurance age requirement.

Mr. Piccirillo requested the word "personal" be added to leave of absence in the last sentence in Section 215.06 of the Policy and Procedures Manual.

Mrs. Baker further advised the Board of revisions to the tracking of unscheduled absences as previously outlined in the manual.

Mr. McGrady moved to approve the Amended Policy and Procedures Manual effective March 13, 2009 including specifically the new section 215 Attendance, to incorporate the word change requested by Mr. Piccirillo, and to authorize the Airport Director to implement the changes effective this day. Mr. Newman seconded the motion and it carried by unanimous vote.

DIRECTOR'S REPORT:

A. North Carolina Department of Environment and Natural Resources Grant: The Director recognized Mr. Bleiweis and Mr. Nantz for their work in putting together the grant application to the state for funding of a diesel reduction grant. The grant amount awarded was \$190,000 and will be used to purchase electrical based equipment. The Director also revealed to the Board the possibility of another grant through federal funds for which the airport was requested to submit an application. The grant application will be for \$290,000 and will be used to purchase additional electrical equipment. At a later date, the Director will seek the Board's approval of maintenance fees to the airlines for their use of the equipment.

B. Fuel Farm Relocation Update: The Director informed the Board that there was not an update to this item as he had not had a chance to meet with Odyssey Aviation.

C. Stimulus Project Funding Update: Director stated that staff has not received final word from the FAA that ARAA has received funding for the Stimulus Plan project and hoped to have official word in the next 10 days. The Board requested to be kept posted via e-mail.

D. Part 16 Process Update: The Director relayed to the Board that the FAA has extended their response date for this case to April 24.

E. Triturator Project Update: The Director reported that this Triturator Project, which will be used by both the airlines and general aviation community to dump lavatory carts into a grinder unit attached to the sewer system, has been on the books for 5 years. The project will be paid for with PFC funds and though the design portion is within the Director's signing authority, the project will come to the Board for construction bid approval. The Director further stated that the airlines may be charged fees for maintenance of the system going forward. Staff will be able to track usage of the facility via a card swipe system.

The Director informed the Board that a new off-site rental car company, U-Save Car and Truck Rental, has signed an operating permit with ARAA and will be operating from the Holiday Inn. The contract calls for 7.5% of their gross receipts to be paid to ARAA and ARAA should start receiving revenue from this company in the month of April.

The Director gave an update on the Virtual Perimeter Monitoring System and although there were some minor expenses to tie our existing cameras into this system, this project is moving forward and will provide state of the art security monitoring in the future.

The Director updated the Board on the possibility of the Civil Air Patrol moving from the O.D. Lacy Griffin building. The Director reported that staff met with WNC Aviation and there is still interest on their part in leasing the Griffin building. The Director is putting together some final rates for their review. There is the potential of \$14,000 to \$18,000 in yearly revenue for the rental of that facility. In addition, ARAA was spending on an average \$7,000 to \$10,000 a year in utility costs for this building so net revenue would be in the \$24,000 to \$30,000 a year range. The Director also informed the Board that the outside of the building needs a few aesthetic changes and sprucing up and these renovations may be back before the Board if the cost exceeds his signing authority.

Mr. Grotzinger requested an update on the Landmark FBO and the Director responded that the project is moving forward with an anticipated completion date of March 31. The Director further stated that Landmark has hit a few snags with the city regarding the landscaping requirements. The city's ordinances call for a required number of trees and since these trees would be on a non-public road there is a need to get the City to waive this requirement. The Director requested the help of Mr. Newman with this and Mr. Newman agreed to offer his assistance.

There was further discussion on fuel sales as well as construction of the new hangar ARAA is constructing with Mr. Howell informing the Board that the contractor is on target for a mid to late May completion date of the hangar.

INFORMATION SECTION: The Director was pleased to note that traffic was up 7.6% for January and although he did not have the numbers from Delta and Northwest for February, there was a slight increase collectively for US Airways and Continental.

AUTHORITY MEMBERS' REPORTS: None

PUBLIC AND TENANTS' COMMENT: No Comments

CLOSED SESSION: At 10:14 a.m. Mr. McGrady moved to go into closed session pursuant to subsections 143-318.11 (a) (3), (4) and (6) of the General Statutes of North Carolina in order to consult with Legal Counsel, to discuss matters relating to the location or expansion of industries or other businesses in the area served by the public body, including agreement on a tentative list of economic development incentives that may be offered by the public body in negotiations, and to consider personnel matters. Mr. Grotzinger seconded the motion and it carried by unanimous vote.

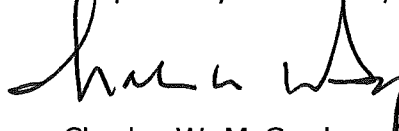
Open Session resumed at 11:12 a.m.

MOTION FOR APPROVAL AND SEALING OF CLOSED-SESSION MINUTES: Mr. McGrady moved to approve the minutes for the February 13, 2009, 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. Fisher seconded the motion and it carried by unanimous vote.

ADJOURNMENT: At 11:14 a.m. Mr. McGrady moved to adjourn the meeting and Mrs. Fisher seconded the motion. The motion carried by unanimous vote.

The next regular meeting of the Authority will be on Friday, April 24, 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