



2010 Board Meeting Minutes Chattanooga, Tennessee

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Chattanooga Metropolitan Airport Authority
Chattanooga, Tennessee
February 15, 2010

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting Monday, February 15, 2010 at 2:00 p.m. Chairman Jacobson, Commissioners Freeman, Kilbride, Lloyd, and Wells, were present and Commissioner Griffin attended by phone.

Chairman Jacobson verified a quorum was present and April Cameron verified the requirements of the Sunshine Law had been met.

Minutes

On motion of Commissioner Lloyd, seconded by Commissioner Griffin, the minutes of the November 16, 2009 meeting were approved.

President's Report

Written Consent

President Landguth welcomed the members of the Board and then informed the Board that CMAA had five written consent requests since the last Board meeting. CMAA requested Board approval to accept Workers Compensation Insurance with Key Risk in the amount of \$82,967 for a one year term commencing January 31, 2010. This request was approved by written consent by Chairman Jacobson, Vice Chair Hall, and Commissioners Griffin, Kilbride, Lloyd, and Wells. CMAA requested Board approval for a change order to the I-Sys contract in the amount of \$18,006.31 for the installation of video intercoms at two pedestrian gates at TAC Air. This request was approved by written consent by Chairman Jacobson, Vice Chair Hall, and Commissioners Griffin, Kilbride, Lloyd, and Wells. CMAA requested Board approval for Change Order #1 for the Target Demolition contract with TriStar of America, Inc., for removal of additional mastic and floor tile in the amount of \$58,000. This request was approved by written consent by Chairman Jacobson, Vice Chair Hall, and Commissioners Freeman, Griffin, Kilbride, Lloyd and Wells. CMAA requested Board approval to extend the parking agreement with Republic Parking for an additional two years while maintaining the management fee at \$31,000 for the first year of the new term. The fee structure for the second year of the term as well as any extended term, if any, will be subject to negotiation between the parties. This request was approved by written consent by Chairman Jacobson, Vice Chair Hall, and Commissioners Freeman, Griffin, Kilbride, Lloyd and Wells. Finally, CMAA requested Board approval for a contract with Unum in the amount of \$11,220 annually for an airport display advertisement in the baggage claim area. This request was approved by written consent by Chairman Jacobson and Commissioners Griffin, Kilbride, Lloyd and Wells.

Target Update

President Landguth then updated the Board on the Target Demolition Project. He said the project is nearing completion and showed the Board photos of the project where the building itself is down and the crews are working to separate the materials.

Taxiway Alpha Project

President Landguth continued with one more project update for today. He said CMAA has come forward with a lot of requests for infrastructure development and improvement, and he would like to take some time to review one of the major projects that many of those requests have funded. The realignment of TWY A has been underway for eight years now and has cost more than \$18 million to complete. This was necessary because the FAA required a wider separation between the RWY and TWY, so the entire TWY had to be shifted 50 feet. He showed pictures of the construction process. This year alone, CMAA's Twy A project absorbed nearly \$3 million, which was almost 20% of the entire capital budget for the year.

2009 Boardings

President Landguth reported CMAA's 2009 passenger numbers reached the highest passenger boarding count since 1993, and third highest enplanement total on record. The total boardings were 310,414 – which is a 3% increase over last year and just 790 passengers off CMAA's all-time record of 311,204. About 615,000 passengers flew through the Chattanooga Airport in 2009. Given the turmoil in the national economy, CMAA is pleased with the strong passenger numbers, and the great support CMAA continues to see from the community. He said everyone in Chattanooga is excited about the VW opening, and the many businesses that are working smart and still thriving in this worldwide economic downturn. CMAA's growth is a reflection of their success, as well as continued competitive fares in this market. In fact, a recent report by the U.S. Department of Transportation (DOT) for the Southeast region indicated that the Chattanooga Airport's average fare declined 17% in 2009, outpacing all regional airport competitors. These lower fares continue to attract passengers to the convenience of flying through the Chattanooga Airport. Although 2010 is extremely difficult to predict, like all businesses, CMAA is consistently evaluating every area of operations and, based on long term indicators, CMAA feels very good about the future of the region as a whole.

Industry Update

President Landguth then relayed that at the American Association of Airport Executives annual Issues Conference last month, Dr. Stephen Van Beek, President and CEO of the Eno Transportation Foundation, gave a great presentation on the current state of the industry, and what might be expected in the coming months. First, he identified two major trends within the aviation industry that need to be watched. Those trends are continued airline consolidation, leading to fewer options and less competition, and a possible decline in air service to small communities. Also issues of climate change and security regulations, which are both heaping additional requirements on airports, with little to no funding to fulfill those requirements. All of these issues directly affect Chattanooga as CMAA works to tell its story to the airlines and maintain and grow air service, as well as CMAA works to streamline the operation and work more efficiently during tough economic times.

From an airline and air service perspective, 2009 was a challenging year. US carriers' capacity reductions were the greatest since 1942 and occurred across all sizes of airports. While drastic, these reductions still have not kept pace with falling passenger demand, so the airlines also experienced a decline in yields. Globally, the airline industry lost \$11 billion in 2009, and is forecast to lose nearly \$6 billion in 2010. As a result of these losses, the airlines have been conservative about adding back capacity. On a positive note, in addition to lower fuel costs, the

airlines continued to raise ancillary fees on everything from food and alcohol to baggage and advanced boarding. In 2009, those fees constituted up to 10% of overall revenues for airlines like United and American.

The second major issue airports are facing is the breakdown in transportation policy and funding from regulators. The industry is increasingly linked with non-mobility issues such as climate change and energy independence. And while these are noble causes, the regulations being passed are not being funded, placing severe strain on airports' already limited resources. CMAA simply cannot be asked to fund national environmental policy initiatives or energy independence efforts without being given the resources to do so. While there are a plethora of options to explore for funding relief, with the economy struggling, the legislators are struggling to find enough money to go around. The good news for airports has been in how they have responded to these challenges. Fitch Ratings, one of the leading global rating agencies which provides the world's credit markets with independent credit opinions, recently released a report stating that "...most airports have responded to this stress through cost cutting measures, utilizing the balance sheet to ease the growth in airline use and lease payments and deferring capital spending." And that "...these management actions have mitigated the impact of the downturn."

This board has maintained the organization's focus on fiscal responsibility, and it is in times like this, that discipline and resourcefulness is most appreciated.

Boyd Report

President Landguth then briefed the Board on Michael Boyd's annual review of the air service strategy in Chattanooga. Just like Dr. Van Beek's report, Boyd cites the system-wide capacity reduction in air service and the fewer opportunities those reductions now afford airports. Two critical points to remember from his analysis are any potential growth is completely dependent on community demand – if a community can consistently show a need for a specific destination, the airlines will discuss the concept, but absent the numbers, new service will not come. The second principle of air service from Mike Boyd is that world access is the most critical piece of the air service puzzle. As economies become increasingly globalized, every community – both large and small – will require access to world markets. So while leisure destinations can provide a strong benefit to a community, it is more important to ensure the airport has worldwide access points for the business community.

As is the case in Chattanooga – while Orlando and Tampa fill a need for low-cost, leisure travelers, CMAA also has strong domestic and international connectivity through Dallas, Memphis, Chicago, Charlotte, Atlanta and Washington, DC. Which is why adding additional flights through these hubs is so important, and why CMAA saw strong enplanements in 2009 from growth in the ATL hub. The local travelers need access to the world, and the world needs access to Chattanooga, so this is the focus for the year ahead. Boyd identified three cities that could continue to build that network over the next 5 years. These are not short-term opportunities, as the industry is not in an expansion mode. But in the long-term, if the coming economic development yields the demand the airlines need to see, CMAA may have opportunities in Detroit, LaGuardia, and Dulles. Those opportunities sit outside a 36 month window. CMAA will continue evaluating local demand and staying in close contact with the

airlines to ensure they are educated on the growing needs of the community as CMAA moves forward.

President Landguth then asked if there were any questions.

Chairman Jacobson asked how Boyd identified these three potential cities for growth.

President Landguth replied that Boyd developed these opportunities for growth based on a review of local information. CMAA goes through an analysis to determine where that demand is. It is done by reaching out to the Chamber, the CVB, the business officials and city officials and the local market. CMAA tries to determine where people want to go. Then the airport asks Boyd to come in and make an independent judgment on the possibilities. The most logical one is Detroit. It looks like there are some suppliers that are in that location and in Mexico. The other opportunity is Dulles, because of its close proximity to VW's corporate headquarters for North America, as well as the international connecting opportunities. The final opportunity is LaGuardia. That New York market has always been fairly strong for CMAA, the challenge is trying to find the right time.

Board Action

Choo Choo Aero Amendment - Miller Industries

Ms. April Cameron then stated to the Board that at the June 2009 meeting of the Board of Commissioners, CMAA approved a First Amendment to Lease between CMAA and Choo Choo Aero, LLC. The amendment became effective on July 16, 2009. On January 19, 2010, CMAA received a request from Choo Choo Aero, LLC to admit Miller Industries as an Initial Additional Member with a 10% leasehold interest valued at \$220,900 minus any amortized value from the effective date of the amendment, July 16, 2009. In accordance with the lease amendment, Choo Choo Aero, LLC has submitted the following documentation:

- The name and business address of additional member
- The names of the executive officers and contact information for the additional member
- Summary of any publicly available financial information of additional member
- Executed membership admission documentation
- Certification by proposed additional member of receipt of original lease terms
- Aircraft parking plan and list of additional member's aircraft (including tail number)

Based on a review of the information detailed above and provided by Choo Choo Aero, LLC, CMAA recommends approval of Miller Industries as an Initial Additional Member of the Choo Choo Aero, LLC.

Board Action: Ms. Cameron requested Board approval to accept Miller Industries as an Initial Additional Member of Choo Choo Aero, LLC. **Motion for approval by Commissioner Lloyd. Seconded by Commissioner Kilbride. Motion approved.**

Choo Choo Aero Amendment - William G. Miller

Ms. April Cameron then said that at the June 2009 meeting of the Board of Commissioners, CMAA approved a First Amendment to Lease between CMAA and Choo Choo Aero, LLC. The

amendment became effective on July 16, 2009. On January 19, 2010, CMAA received a request from Choo Choo Aero, LLC to admit William G. Miller as an Initial Additional Member with a 10% leasehold interest valued at \$220,900 minus any amortized value from the effective date of the amendment, July 16, 2009. In accordance with the lease amendment, Choo Choo Aero, LLC has submitted the following documentation:

- The name and business address of additional member
- The names of the executive officers and contact information for the additional member
- Summary of any publicly available financial information of additional member
- Executed membership admission documentation
- Certification by proposed additional member of receipt of original lease terms
- Aircraft parking plan and list of additional member's aircraft (including tail number)

Based on a review of the information detailed above and provided by Choo Choo Aero, LLC, CMAA recommends approval of William G. Miller as an Initial Additional Member of the Choo Choo Aero, LLC.

Commissioner Lloyd asked if these are two separate airplanes. Ms. Cameron replied that they provided two different planes with two different tail numbers.

Commissioner Freeman asked if this would impact the insurance. Ms. Cameron replied that she is not aware of an impact to the insurance but said she would double check to be sure. CMAA's lease is with Choo Choo Aero, LLC, and they have provided proof of insurance.

Board Action: Ms. Cameron requested Board approval to accept William G. Miller as an Initial Additional Member of Choo Choo Aero, LLC. **Motion for approval by Commissioner Griffin. Seconded by Commissioner Kilbride. Motion approved.**

Cost Allocation Analysis

Ms. Cameron continued to state that given the volatility of the airline industry, as well as the difficult economic conditions that CMAA has recently experienced, CMAA has worked diligently to reduce expenses while capitalizing on every financial opportunity. For example, CMAA has restructured the parking management agreement and rental car concession agreements, as well as long term debt, in an effort to increase revenues and decrease expenses. At this point, CMAA has capitalized on most of the opportunities, yet continues to experience drastic fee increases so the airport is now forced to refocus attention on ways to pay for these unexpected expenses.

CMAA's financial consultant, Newton and Associates, is familiar with the challenges that CMAA currently faces. Ms. Cameron then introduced Michael Hill with Newton and Associates and asked him to introduce himself to the Board.

Mr. Hill thanked the Board for the opportunity to be here. He then said Newton and Associates was from Charlotte, North Carolina and specialized in small airport business and financial consulting firm. The company has an extensive history with the Chattanooga Metropolitan Airport, and has been CMAA's financial business consultant since about 1990. The company

was involved with the creation of the original plan of finance. The financial feasibility used to support the construction of the terminal building in 1990. They also participated in the calculation of the Airport rates, fees and charges and were involved with the recent refinance and other business matters.

Ms. Cameron then reported to the Board that CMAA has asked Newton to provide a quote to perform a complete cost allocation analysis of revenues and expenditures. This analysis includes a review of all contracts, leases, minimum standards, rules and regulations, terminal usage, and airport staff time. This information will be used to determine an appropriate allocation and rates model supported by an airport rate survey, and finally, a report detailing the results of the analysis with an associated phasing plan. The analysis will help CMAA to determine if the airport authority is recovering all of its costs and, if not, which expenses are not being covered and how best to recover those expenses. Newton and Associates' fee for performing the cost allocation analysis in conjunction with the annual budget is not to exceed \$59,500.

Chairman Jacobson asked how long this process would take. Ms. Cameron replied that it would be in conjunction with the annual budget approval.

Commissioner Freeman asked if this analysis would delay payment of the expenses that prompted the study. Ms. Cameron replied that it would not delay payment with the exception of the fees CMAA is requesting an exemption from.

Board Action: Ms. Cameron requested Board approval to execute an agreement with Newton and Associates for a cost allocation analysis to be performed in conjunction with the annual budget in an amount not to exceed \$59,500. **Motion for approval by Commissioner Kilbride. Seconded by Commissioner Freeman. Motion approved.**

Parking Lot System Canopy Purchase

Mr. Hart then stated to the Board that during the November Board meeting, CMAA received Board approval to purchase nine protective parking lot system shelters and fifteen fabricated covers from ITR of Georgia, Inc., in the amount of \$59,225.00. After further discussions between the engineer, March Adams, the distributor, ITR of Georgia, Inc., and the actual manufacturer, Porta-King Building Systems, they recommend CMAA purchase the items directly from the manufacturer, Porta-King, for a total of \$58,527.32, including shipping and handling. This results in a savings of \$697.68.

Board Action: Mr. Hart requested Board approval to purchase nine protective parking lot system shelters and fifteen fabricated covers from Porta-King Building Systems in the amount of \$58,527.32. **Motion for approval by Commissioner Freeman. Seconded by Commissioner Lloyd. Motion approved.**

Airfield Stream Fence Installation

Mr. Hart continued to state CMAA is replacing approximately 2,350 feet of fence along the west perimeter of the airfield. CMAA solicited four bids and three were received on this project. Although a lower bid was received at a value of \$46,445.00, CMAA staff recommends the

contract be awarded to the best bid received by Hi-Tech Gate Systems at a bid price of \$51,394.50. CMAA bylaws allow for CMAA to select the best bid rather than the lowest bid when quality is essential to satisfactory performance. Hi-Tech Gate systems has recently performed work on the airport's new security system and have proven themselves to go above and beyond to ensure the highest quality work is provided. This will be a CMAA funded project.

Commissioner Freeman asked what made them the best. Mr. Hart responded that all three companies have done work here, and recently Hi-Tech has been involved with the security project and on numerous occasions the things they have done just stand out.

Commissioner Lloyd inquired on the status of the drive through gate. Mr. Hart replied they are in progress and should be finished within 30 to 60 days.

Board Action: Mr. Hart requested Board approval for the installation of approximately 2,350 feet of security fence which will be completed by Hi-Tech Gate Systems for an amount of \$51,394.50. **Motion for approval by Commissioner Wells. Seconded by Commissioner Freeman. Motion approved.**

Other Business – none

Public Comment – none

Chairman Jacobson thanked the airport staff for staying focused on strengthening the airport infrastructure and customer relations. He said that it has paid off by achieving another year of growth.

Adjourn

Commissioner Griffin made a motion for adjournment. The motion was seconded by Commissioner Kilbride. Motion is approved. The Board is adjourned.

Chattanooga Metropolitan Airport Authority
Chattanooga, Tennessee
March 15, 2010

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting Monday, March 15, 2010 at 2:00 p.m. Chairman Jacobson, Vice Chairman Hall, Commissioners Freeman, Veazey, Lloyd, and Wells were present, and Commissioner Kilbride attended by phone.

Chairman Jacobson verified a quorum was present and April Cameron verified the requirements of the Sunshine Law had been met.

Minutes

On motion of Commissioner Veazey, seconded by Commissioner Freeman, the minutes of the February 15, 2010 meeting were approved.

President's Report

President Landguth stated that last week he took his annual pilgrimage to Washington DC to meet with the elected officials' staffers and ensure they understand CMAA's priorities for the next year. This is an important piece of CMAA's government relations efforts. CMAA has received tremendous support from Senators Alexander and Corker and Congressman Wamp, who all understand the important role aviation plays in supporting regional economic development. This year, there are three key requests for each of these leaders.

First, CMAA requested that they each support the passage of a comprehensive, multi-year reauthorization of the Federal Aviation Administration to ensure the sustainability of the national aviation infrastructure. The FAA predicts there will be more than 1 billion airline passengers by 2016. Airports need to plan now in order to be ready to meet these future demands, and they need a multi-year FAA Reauthorization bill in order to do so. As discussed before, airports are an extremely capital-intensive business – they require funding and long lead times to prepare for future growth – can't turn on a dime. Completing work on the FAA reauthorization will provide airports with the financial tools necessary to build critical safety, security and capacity projects, including new runways, taxiways and completing other critical safety projects. Without this financing, airports will increasingly become chokepoints, creating air travel gridlock and slowing commerce in a critical time for the national economy. There have been numerous continuing resolutions on this issue, which just creates delays in funding which makes it more and more difficult to complete projects. It is time to pass a multi-year reauthorization and ensure airports across the country – including right here in Chattanooga – have the resources they need to succeed.

The second issue discussed was the importance of an increase in the passenger facility charge (or PFC) as part of the overall reauthorization process. The PFC is a user fee charged to airline passengers for use of the airport facility. These PFC funds are used to pay for specific, high-priority local projects without impacting the federal deficit. The PFC program is widely believed to be the most effective and efficient transportation financing mechanism in the United States today, regardless of mode. However, construction cost inflation has eroded the PFC's buying power over the last 20 years, endangering the maintenance and development of airport

infrastructure and the thousands of jobs they represent. CMAA is requesting that the elected officials support an increase to the PFC as part of the FAA Reauthorization to ensure that the national aviation infrastructure is maintained.

The third issue discussed with legislators was the concern regarding unfunded regulatory proposals. Commercial service airports across the country are deluged with new and proposed regulations that are creating significant financial strain on both operating and capital budgets. A few examples include:

- Installation of the new body scanners – TSA would pay for the infrastructure, but each airport would be responsible for the installation, including any building modifications – in this airport, that could be extensive...
- Proposed De-Icing Regulations – approximately \$500,000 infrastructure investment and additional \$500,000 annually.
- Proposed Air Quality Regulations – approximately \$1 million infrastructure investment.

With a total operating budget of \$6 million, these regulations would create a significant financial burden on the Chattanooga Airport. CMAA is supportive of many of the safety and security related regulations, but is simply asking that legislators and regulators connect a funding mechanism to these new regulations, ensuring they are properly funded.

Finally, CMAA's February's boarding report showed over 16% decline in passenger enplanements. The decline can be traced to two major issues. First, a reduction in seat capacity from last February with Allegiant and American drove approximately 10% of the decline. Allegiant saw a 50% decline in flights in February 2010 over February 2009, and American is running one less daily flight to DFW than last year.

The second factor was weather issues. Chattanooga and the rest of the country saw some very unpredictable weather in February, forcing thousands of cancellations throughout the system. Normal weather delays and cancellations were exacerbated by new passenger rights rules. Beginning in April, airlines will face steep fines – up to \$27,500 per passenger – for keeping them on an aircraft for more than three hours without giving them an opportunity to deplane. In an effort to avoid fines, airlines have said they will institute mass cancellations instead of attempting to delay flights and keep them in the system. As such, airlines cancelled four times as many flights in February 2010 as they did in February 2009. At the Chattanooga Airport, 40 flights were cancelled in the month of February, accounting for a 6% decline in enplanements. So the message in Washington is the same message as in Chattanooga – the economy is still in recovery – there is great news locally, but the airlines are still looking at the national economy and questioning the wisdom of expansion in this environment. The airlines are redefining their business models in exploring ancillary revenue opportunities. Airlines like Allegiant are (for the first time) seeing heavy competition from LCC's in many of their markets, forcing them to reallocate flights to compete for passengers. So while there has been good news in CHA for many months, CMAA recognizes there are still challenges for the partners, and will work closely with them to make them successful in this market. While also working closely with legislators to ensure CMAA has the funding necessary to provide for regulatory needs without further taxing the struggling airline partners and customers.

Board Action

Taxiway “H” North

John Naylor then requested approval for a project to construct Taxiway “H” North from Runway 15/33 north to the approach end of Runway 20. The request also includes the demolition of Taxiway “A” between Taxiway “C” and Runway 15/33. This will complete the Taxiway “A” Relocation Project. The project will include the reconstruction of a portion of Taxiway “D.”

CMAA received two bids on this project. After meeting all of the bid requirements, Allen and Hoshall has recommended awarding the construction contract to the low bidder, Talley Construction. CMAA has reviewed the engineer’s recommendation and is in agreement. The bid price was \$3,270,929.05. The engineer’s estimate for this project was \$3,827,687.

The first request is for approval to award a construction contract with Talley Construction for this work. The FAA Reauthorization Act has not been signed into law and will expire on March 31. Therefore, funding for the fiscal year will be divided into two parts, Part A and Part B. Part A funding must be committed this week to avoid its loss if the new law or an extension isn’t signed. Therefore, this project will be a multi-phase project. The phases will be awarded as funding becomes available.

The second item is to approve Task Order 3 with Allen and Hoshall in the amount of \$530,700 for engineering services associated with the Taxiway “H” North project. The fee includes the services of additional Allen & Hoshall personnel that will be brought in for an eight day closure of the primary runway. Allen & Hoshall will be on-site 24 hours a day throughout the closure. Allegiant Airlines has been notified of the closure dates so any impact can be minimized. Allen & Hoshall to meet the airports schedule provided additional design work at their own risk to meet the FAA requirement for the removal of the portion of Taxiway “A” between Taxiway “C” and “D” due to safety concerns of the FAA. The project will be a multi-phase project. The phases will be awarded as funding becomes available. The request is for the performance of all engineering services to include:

- Bid and Award
- Construction Administration/Management
- On-site Inspection Services
- Submittals/shop drawings/as built drawings
- Survey
- Quality Assurance Testing

Funding for the engineering services and construction work is as follows: 95% federal funding, 2.5% state funding, with the remaining 2.5% balance to be paid by CMAA.

Commissioner Lloyd asked why there were just two bids when there are a lot of people looking for work. Mr. Naylor replied that there are basically just two companies who can handle the scope of the work, Talley Construction and Highways. CMAA did not receive out of town bids.

Commissioner Lloyd then asked how it was advertised. Mr. Naylor replied that it was advertised on CMAA's website and a legal notice was placed in the paper. Glen Heath of Allen & Hoshall added that notice had also been sent to anyone who has ever done work at the airport.

Commissioner Freeman asked if this covers all phases of work, and if it was to be paid at one time. Mr. Naylor replied no, that the project was split into two parts. CMAA had the funding for Phase I, and would be applying for an additional grant to cover the rest of the work. The project was done as a base bid and an alternate. Funding for the two phases of the base bid would be entitlement funding, while discretionary funds would be used for the alternate project.

Commissioner Lloyd then asked when the project would be completed. Mr. Naylor replied that the base would be completed and it would be a 2-year cycle, but if the discretionary money becomes available, then it would be one year.

Commissioner Lloyd asked when the reauthorization act would be approved. Mr. Naylor replied that CMAA expects to know by the end of the month if an extension of the act or if the act will be approved.

Vice Chairman Hall asked how long the bid would be good. Mr. Naylor replied 90 days, and CMAA received them last Thursday. Glen Heath then stated that since the construction companies want the work, they would be flexible for keeping the bids good for a longer time.

The project was bid as a base bid and an alternate. Part A and Part B will cover the base bid construction and engineering. The FAA feels confident an extension will be issued and the Part B money will become available. The contract for the base bid will not be issued until the Part B money becomes available. The alternate will be funded with discretionary funding which is not available with Part A. The alternate will not be awarded until discretionary funding becomes available and is awarded. As highlighted in the President's report, the signing of a multi-year FAA Reauthorization Act is vitally important to the planning of capital projects. A delay in funding could impact the cost, phasing, and duration of a project.

Board Action: The first request is for Board approval of a contract with Talley Construction in the amount of \$3,270,929.05 for the construction of Taxiway "H" North from Runway 15/33 north to the approach end of Runway 20 contingent upon FAA funding. The request also includes the demolition of Taxiway "A" between Taxiways "C" and "D." The project will include the reconstruction of a portion of Taxiway "D." The project will be awarded in phases as funding becomes available.

Motion for approval by Vice Chairman Hall, seconded by Commissioner Lloyd. Motion approved.

Board Action: The second request is for Board approval of Task Order 3 with Allen and Hoshall in the amount of \$530,700 for the engineering services associated with the Taxiway "H" North project, contingent on FAA funding. The project will be awarded in phases as funding becomes available.

Motion for approval by Commissioner Freeman, seconded by Commissioner Wells. Motion approved.

Other Business

President Landguth requested that the April Board meeting be rescheduled due to a scheduling conflict and the Board agreed to look at their calendars and reschedule.

Public Comment

None

Closing Comment

Chairman Jacobson thanked everyone for their attendance. He thanked the public for their use of the Airport.

Commissioner Veazey made a motion for adjournment. The motion was seconded by Commissioner Wells. Motion is approved. The Board is adjourned.

Adjourn

Chattanooga Metropolitan Airport Authority
Chattanooga, Tennessee
April 26, 2010

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting Monday, April 26, 2010 at 2:00 p.m. Chairman Jacobson, Commissioners Freeman, Veazey, Lloyd, and Wells, were present.

Chairman Jacobson verified a quorum was present and April Cameron verified the requirements of the Sunshine Law had been met.

Minutes

On motion of Commissioner Freeman, seconded by Commissioner Wells, the minutes of the March 15, 2010 meeting were approved.

President's Report

President Landguth welcomed the members of the Board and thanked them for attending the meeting. He then told the Board that last week he attended the Southeast Chapter of the American Association of Airport Executives conference which was held in Memphis. He then said he has served on the Board for this chapter for several years, and they have been a good resource for the Chattanooga airport when looking at issues impacting aviation, and particularly airports in this region. He said he was honored to be approved as president-elect, so he will serve as president in 2011. They also announced that after courting this conference for several years, Chattanooga will host the 2014 conference. The event regularly draws about 250 airport professionals, so CMAA is excited about the opportunity to show off this city. CMAA appreciates the help and support of the Chattanooga CVB in making this a reality.

He then said a great article came out in the Trend Letter this week, highlighting the things that airports can do to improve service to their key stakeholders. The information came from the annual J.D. Powers Survey, which identifies the top passenger satisfaction factors. They are:

- Speed of baggage delivery
- Ease of check-in and baggage check
- Comfort in airport terminals.
- Amount of time required for security check.

President Landguth then said after reading the article he thought it was a good reminder for CMAA staff of why the company prioritizes their projects the way they do, and he took a minute to review some of CMAA's efforts in each of these major areas.

Speed of baggage delivery

For CMAA staff who handle Allegiant flights, there is a standard for bags on the belt within 15 minutes of the plane pulling up to the gate. This is also an issue Terry addresses in his monthly meetings with the airline station managers to ensure they understand how much this drives passenger perception. When CMAA sees specific issues surface with one of the airlines, CMAA works with the station manager to identify the problem. In some cases, it is a scheduling issue where two flights are landing simultaneously, and the staff on the ground cannot offload the bags

and turn the plane in a timely fashion. For issues like this, CMAA talks to the airline planners and request that they re-time the flights to accommodate staffing levels, because speedy baggage delivery is an important driver of customer satisfaction

Ease of check-in and baggage check

Ease of check-in and baggage check is a second factor driving customer satisfaction.

This was a major benefit of the CT-80 project because it allows passengers to leave their bags with the airline agent at the counter, instead of checking them, then taking them to a TSA station for hand-check, then taking them back to the airline agent. The CT-80's have significantly enhanced the check-in process for passengers.

Comfort in the Airport Terminal

The factor of “comfort in airport terminals” is an ongoing area of focus for CMAA. While CMAA has a long way to go, several of the projects completed over the past 18 months include:

- The Ticketing Concourse back wall has been covered with a new high impact material and a stainless steel chair rail. The airlines have been provided with flat screen monitors to display their branding.
- The airport has developed and installed a Flight Information Display in the connector to the Ticketing Concourse. The goal is to provide a clean and modern appearance.
- New ticket counters, carpet design, and back wall airport logos are under design by Derthick, Henley & Wilkerson, a local architectural firm.
- The terminal and concourse carpet has been deep-cleaned and the carpet was replaced in all vestibule entrance areas.
- All jetbridges have been refurbished mechanically and cosmetically.

“Welcome to Chattanooga” murals installed in Rotunda.

Those are the projects that CMAA has completed and there are several more in the works, including:

- Repairing and repainting drywall on the ceilings and replacing ceiling tiles.
- Upgrading the terminal restroom facilities.
- Replacing carpet throughout the airport.

The Amount of Time Required at the Security Checkpoint

Finally, the amount of time required at the security checkpoint is the last factor driving passenger satisfaction. RS&H Aviation Planners are reviewing CMAA’s current security checkpoint configuration to determine how best to improve and expand it. The introduction of the Full Body Scanner in addition to the need for a second check lane creates the opportunity to explore ways to improve the efficiency of the airport.

CMAA is also taking this opportunity to look for ways to improve the facilities and passenger services by providing more services beyond the checkpoint. CMAA worked with Derthick, Henley & Wilkerson for several months on several concepts for concession improvements down the concourse. RS&H is now picking up that concept and exploring the best application for the facility. So again, this J.D. Powers survey is a great measurement tool for CMAA to ensure the priorities of CMAA’s customers are being met. CMAA is also using this survey to help update

CMAA's customer service training program, to make sure that all of the team understands what is important to CMAA's passengers.

Written Consent

Finally, President Landguth reported that CMAA had one written consent this month. CMAA requested approval to execute a lease with ASA for 2,021 square feet of space for administrative offices for a maintenance team that will be based in Chattanooga at a monthly rate of \$4,843.66 or \$58,123.92 annually. This request was approved in writing by Chairman Jacobson and Commissioners Freeman, Griffin, Kilbride, Lloyd, Veazey and Wells. This is great news for the airport and the city. The airline will be basing about 15 mechanics here at the airport to handle scheduled maintenance on aircraft, as well as to be on hand for any mechanical issues that arise during the day. Several mechanics are transferring into Chattanooga, and the airline is also hiring locally for some positions. CMAA is excited to be able to partner with the airline and bring more of their employees into the city, and hopefully continue to improve the level of service offered here at the airport.

President Landguth also added that CMAA is looking for three quotes on a new AC unit for the restaurant, and the Board would see that soon, probably as a written consent.

Board Action

I-Sys Change Order

Mr. Naylor then addressed the Board to say this request is for a Change Order to the I-Sys contract. CMAA is requesting an expansion of the scope of the Access Control Project. The additional work would increase the value of the contract by \$115,492. All work is being completed using bid unit pricing. The work would include:

- Purchase and placement of a large security turnstile at TAC Air North Gate A
- Relocation of turnstile from Gate A to Gate B
- Establish and install Gate 27A in new location
- Refurbish Gate 27 and add one fixed security camera
- Increase size of Gate 18 from 14' to 21' to accommodate ARFF Vehicle; Relocate concrete pad and gate operator at Gate 18; Provide and install 31' operator drive rail at Gate 18
- McKee Hangar – Provide and install ACS enclosure, ACX controller expansion module, three maglocks, card readers, door contacts, pushbutton REX, PIR REX, conduit, cabling, and A/V.
- Aztec Hangar – Provide and install ACS enclosure, ACX controller expansion module, three maglocks, card readers, door contacts, pushbutton REX, PIR REX, conduit, cabling, and A/V.
- Dixie Hangar – Provide and install new video intercom master station and remote card reader.

Chairman Jacobson asked if this project was included in the current year's budget. Mr. Naylor replied that it had been budgeted. [Following the meeting, the CMAA Board of Commissioners was advised that the funds for this project were reallocated from a capital budget item which would not be funded in FY 2010.]

Board Action: Mr. Naylor requested Board approval of a change order to the I-Sys contract in the amount of \$115,492 for additional work.

Motion for approval by Commissioner Veazey, seconded by Commissioner Lloyd. Motion approved.

Allen and Hoshall Task Order # 4

Mr. Naylor continued to say that this request is to enter into Task Order #4, Pavement Management Services, with Allen & Hoshall, Inc., in the amount of \$30,000. The duration of the contract will be for one year. The project to be developed under this Task Order shall consist of gathering and converting existing pavement analysis data. The project will consist of field investigation and data input and analysis of current airfield pavement, preparation of specifications and plans, and bid and award of a continuing services contract with a contractor for repair work over a one year period. The engineer will prioritize pavement repair and maintenance projects and determine what the airport can accomplish with their own resources and what will need to be accomplished by the contractor under contract with predetermined unit prices. Services provided are:

- Data System Transition and Data Analysis
- Field Investigation
- Preparation of Plans and Specifications
- Bid and Award

Board Action: Mr. Naylor requested Board approval to enter into Task Order # 4 with Allen & Hoshall, Inc., in the amount of \$30,000. The duration of the contract will be for one year.

Motion for approval by Commissioner Wells, seconded by Commissioner Freeman. Motion approved.

Allen and Hoshall Task Order #5

Mr. Naylor stated this request is to enter into Task Order #5, Runway 02/20 Edge Light Replacement Design, with Allen & Hoshall, Inc., in the amount of \$25,000. The project to be developed under this Task Order shall consist of providing the design to replace the Runway 02/20 edge light system. The project will consist of field survey, preparation of specifications and plans, and bid and award. The current edge light system is direct bury, is reaching the end of its useful life, and in need of replacement. The new edge light system will include the installation of conduit, new power cables, counterpoise, transformers and light fixtures. Services provided are:

- Survey with Radio Escort
- Preparation of Plans and Specifications
- Bid and Award

Chairman Jacobson asked if this was urgent or if the airport was staying ahead of repairs.

Mr. Naylor replied that there have been repairs to the system earlier in the year, but CMAA is trying to stay ahead and would like to have the design ready and if Federal funds become

available then construction can begin. It would be better to replace it at CMAA's convenience rather than have to make emergency repairs.

Board Action: Mr. Naylor requested Board approval to enter into Task Order #5 with Allen & Hoshall, Inc., in the amount of \$25,000.

Motion for approval by Commissioner Lloyd, seconded by Commissioner Freeman. Motion approved.

Airfield Lighting Computer System Preventative Maintenance

Mr. Hart then addressed the Board. He said the system that controls the airfield lighting was manufactured and installed in 2006 by ADB Airfield Solutions / Siemens. It performs well, however, to ensure continued optimal performance, a preventative maintenance inspection is required. CMAA staff requested and reviewed ADB Airfield Solutions' detailed inspection and system calibration program of airfield lighting computer systems. Their comprehensive check is accomplished in two visits by ADB technicians and includes a thorough review and update of the network, to include all hardware and software which support it. Each circuit is also monitored and calibrated. A proposal from ADB Airfield Solutions to complete this preventative maintenance program on CMAA's system was received in the amount of \$22,770.46. In accordance with CMAA Bylaws, section 200.02 Purchasing, professional services contracts are subject to approval by the Board of Directors. CMAA staff has reviewed the proposal and recommends its acceptance.

Commissioner Veazey asked if this was a budgeted project. Mr. Hart replied that it is in CMAA's budget. [Following the meeting, the CMAA Board of Commissioners was advised that the funds for this project were reallocated from a capital budget item which would not be funded in FY 2010.]

Board Action: Mr. Hart requested Board approval to accept the proposal submitted by ADB Airfield Solutions in the amount of \$22,770.46 to complete an inspection and calibration of the airfield lighting computer system.

Motion for approval by Commissioner Veazey, seconded by Commissioner Lloyd. Motion approved.

Terminal Carpet Maintenance Program

Mr. Hart then stated a good maintenance program is essential to the performance and appearance of any carpet. It contributes to material longevity and enhances the look of the location. CMAA staff developed a scope of work to complete this task. It included the areas to be completed each evening, the proper process to follow, and measurement criteria to ensure proper performance.

The terminal will be divided into twelve zones, with one zone cleaned nightly. Work will be completed between the hours of 8:00 p.m. and 4:00 a.m. The procedure will meet all industry standards and manufacturer recommendations. Items such as zone coverage and proper cleaning will be measured.

After soliciting bids for the cleaning and maintenance of all the carpet in the public areas of the terminal, CMAA staff reviewed the two submittals and recommends acceptance of a contract with ERM II, a local company, in the amount of \$57,364.95, for a term of one year, beginning May 1, 2010, with an option of two, one-year extensions with predetermined annual adjustments as follows: \$59,243.76, second year; \$61,256.78, third year. Extensions will be based upon performance standards being met.

Mr. Hart took a moment to introduce Jeff Brewer, vice president of sales for ERM II, who said Mr. Hart addressed the scope of the project very well.

Board Action: Mr. Hart requested Board approval for a contract with ERM II for the maintenance and cleaning of the carpet located in the airport terminal, in the amount of \$57,364.95, for a term of one year, beginning May 1, 2010, with an option of two, one year extensions based on their meeting or exceeding performance standards in the contract.

Motion for approval by Commissioner Veazey, seconded by Commissioner Wells. Motion approved.

Terminal Ceiling Tile

Mr. Hart then stated that during the construction project in the ticketing area, all the ceiling tiles were replaced. This was accomplished to improve the appearance of the area. To carry that look throughout the terminal, CMAA staff recommends replacing the remaining ceiling tile. The current tile is approximately 18 years old and its design is conducive to collecting dirt. The replacement tile was specifically designed to reduce maintenance care and enhance appearance.

CMAA staff solicited and received three bids to purchase replacement ceiling tile for the remainder of the terminal building. After reviewing the bids, CMAA's recommendation is to award the purchase to Riverbend Materials at a bid price of \$33,937.25. This will be a CMAA funded project and the installation accomplished by CMAA staff. [Following the meeting, the CMAA Board of Commissioners was advised that the funds for this project were reallocated from a capital budget item which would not be funded in FY 2010.]

Board Action: Mr. Hart requested Board approval for the purchase of replacement ceiling tile from Riverbend Materials in the amount of \$33,937.25.

Motion for approval by Commissioner Lloyd, seconded by Commissioner Freeman. Motion approved.

Other Business

None

Public Comment

None

Closing Comment

Chairman Jacobson thanked the Board for their participation. He then thanked the staff for working so hard to bring the ASA maintenance staff to Chattanooga. He also welcomed the ASA technicians to Chattanooga.

Adjourn

Commissioner Freeman made a motion for adjournment. The motion was seconded by Commissioner Wells. Motion is approved. The Board is adjourned.

Chattanooga Metropolitan Airport Authority
Chattanooga, Tennessee
June 14, 2010

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting Monday, June 14, 2010 at 2:00 p.m. Chairman Jacobson, Vice Chairman Hall, Commissioners Freeman, Veazey, Kilbride, Lloyd and Mallen were present.

Chairman Jacobson verified a quorum was present and April Cameron verified the requirements of the Sunshine Law had been met.

Minutes

On motion of Vice Chairman Hall, seconded by Commissioner Lloyd, the minutes of the April 26, 2010 meeting were approved.

President's Report

President Landguth greeted the Board and thanked them for attending the meeting. He then said CMAA had 12 items for approval today, so his report for the month would simply be to review the written consents and then get right to the Board action items. First, CMAA requested approval to purchase and install two Lennox 30 ton, high efficiency HVAC units from Callahan Service Company, LLC, to replace two units in the dome area that were approximately 20 years old. The amount to purchase and install the two units was \$57,616.00, and included crane rental and removal and proper disposal of the old units. This was a CMAA funded project. Capitol funds were reallocated from a terminal improvement project that was on hold for the remainder of FY 2010. This request was approved in writing by Chairman Jacobson, Vice Chair Hall, and Commissioner Griffin, Kilbride, Lloyd and Wells. Secondly, CMAA requested approval to purchase and install four HySecurity Gate Systems which will replace old devices that were maintained by TAC Air along the perimeter fence. The new devices will be common with the other 14 gate operators which CMAA maintains on the airfield. HiTech Gate System's bid of \$59,700 was the lowest bid received. CMAA reprioritized unused monies from security requirements approved in the capitol budget to fund this additional security project. This request was approved in writing by Chairman Jacobson, Vice Chair Hall, and Commissioners Freeman, Lloyd and Mallen. Third, CMAA requested approval of Resolutions 56 and 57 which replaced Resolutions 11 and 12 dealing with Non-Tenant Car Rental and Parking Operators. The full text of the resolutions was distributed to the Board and this request was approved in writing by Vice Chair Hall, and Commissioner Griffin, Kilbride, Lloyd and Mallen. One lease extension note—CMAA also executed a supplemental lease agreement with the TSA with exact terms of their old agreement- simply extending the term four months while CMAA negotiates the terms on the new CT-80 rooms. This did not require Board approval, but the agreement - as all CMAA contracts are - was reviewed and signed by the Chairman, CMAA's legal counsel, and President Landguth.

Finally, President Landguth said that back in March, CMAA requested approval for the construction of Twy "H" North in the amount of \$3.8 million including engineering services. At that time, CMAA indicated that the project would not move forward until CMAA had full funding. CMAA is now recommending that the project be broken into multiple phases in order to ensure the entire project will be funded. CMAA currently has about \$1.1 million in hand.

CMAA anticipates the grant being released within the next 30 days, bringing an additional \$774,000. By Sept 30, CMAA expects to have the remaining \$260,000 to fully fund the base bid of \$2,310,288.25. Given the level of approved funds right now, CMAA is at risk for just over \$1 million today, in 30 days, that at-risk amount goes down to \$262,000 and by September 30, the project should be completely funded. Even if the full funding does not materialize by Sept 30, CMAA would be eligible for reimbursement of any portion of the project that CMAA has to cash-flow. President Landguth asked if this requires formal Board approval or is this simple notification sufficient.

Vice Chairman Hall stated that since the Authority was at risk it would be prudent to take another vote and made a motion for approval to continue with Taxiway "H" based on President Landguth's presentation, with the understanding that there is a sizeable amount of money at risk.

Motion for approval by Chairman Jacobson, seconded by Commissioner Lloyd. Motion approved.

Commissioner Lloyd asked when the project would be completed. Mr. Naylor answered that it should be working up to Thanksgiving but this does not include taxiway alpha, which will happen in the spring of 2011.

Master Plan

In May of 2007, CMAA selected RS&H as the Prime Consultant to prepare an update to the Airport's 2002 Master Plan. The CMAA staff and Board had determined the update was necessary to direct future development at the Airport due to increased passengers, landside parking constraints, cargo infrastructure needs, environmental issues, and the need for considering long-term expansion alternatives of the Airport's facilities and infrastructure.

The Airport Master Plan Update included an evaluation of the airport's existing facilities and list of actions recommended to meet the current and future aviation needs of the region. The overall update process involved individual study elements that provided detailed examinations of the existing Airport infrastructure and operating methodologies.

Three years later, CMAA has a finished product. President Landguth said he would let Mary walk the Board through the specifics of the project and the outcomes, but CMAA believes that the Master Plan Update has successfully developed a guide for future development at the Airport. The only remaining step in the process is to request approval of the Master Plan from the CMAA Board of Commissioners. It is critical to remember that the Master Plan is not a policy document bound by a specific timeline. Instead it is a guidance document created to provide the flexibility the Airport needs to address sudden changes in its operating environment. The projects, schedules, and phasing of the work (all dependant on funding) can be moved to accommodate the Airport's and community's needs at the will of the Board. The airport staff and consultants believe the concepts contained in the plan are rooted in sound projections and should be followed to the full extent of the funding available, but the schedule is at the discretion of the Board when accounting for community needs.

President Landguth then introduced Mary Soderstrum of RS&H to brief the Board on the Master Plan.

Mary Soderstrum then outlined the process for developing the Master Plan and introduced Michael Hill of Newton & Associates. Mr. Hill then discussed the preparation for the financial feasibility and implementation plan associated with the Master Plan Update. Both presented their part of the Master Plan Update to the Board and their presentations are attached.

Commissioner Mallen asked Ms. Soderstrum what was the process for projecting growth. Ms. Soderstrum replied that projection of growth is done through a series of statistical analysis and they are done in periods of five year growth. They are then taken to the FAA for approval, who develops a forecast for every publicly-used airport in the country. It is a projection, and during the first five years everybody is fairly comfortable with it, but the further out you go, the fuzzier it gets.

President Landguth then stated he had a resolution for approval of the Board, Resolution 58, which states:

Whereas the Federal Aviation Administration strongly recommends that all airports prepare and adopt a new or updated Master Plan on a regular basis, and whereas an airport Master Plan is a comprehensive study of an airport, describing both long-term and short-term development plans designed to meet future aviation demand, and whereas planners are directed by the FAA to tailor each Master Plan and its update to the unique conditions of each individual airport, and whereas the goal of a Master Plan is to provide the framework needed to guide future airport development that will cost-effectively satisfy aviation demand, while considering potential environmental and socioeconomic impacts, and whereas a public involvement program is an essential part of updating any Master Plan, the Chattanooga Metropolitan Airport Authority: 1) appointed both a Technical Advisory Committee and a User's Group to provide insight and input on issues, and 2) conducted two public information workshops, on May 11, 2009 and June 1, 2010, to inform the public of the process and to obtain public response and input, and whereas Reynolds, Smith & Hill, serving as primary consultants to the Chattanooga Metropolitan Airport Authority for the update of the Master Plan have prepared and submitted to the Board of Commissioners a final Master Plan Update, in full compliance with applicable regulations and incorporating a wide range of public input, and whereas the Master Plan is not a policy bound by a specific timeline, but a guidance document created to provide the flexibility the Chattanooga Metropolitan Airport Authority needs to address changes in its operating environment, and whereas the projects, schedules, and phasing of the work (all dependant on funding) can be amended to accommodate the Chattanooga Metropolitan Airport Authority's and community's needs at the will of the Board of Commissioners, therefore, be it resolved that the Chattanooga Metropolitan Airport Authority Board of Commissioners approves and adopts the Master Plan Update. Adopted by the Board of Commissioners at the regularly scheduled meeting on June 14, 2010 by a majority vote of the quorum of the Board.

Vice Chairman Hall and Commissioner Lloyd requested a change in wording, which was made and is reflected above. Mr. Hall also thanked the consultants for their work on the Master Plan and expressed appreciation to CMAA staff for keeping the Board apprised of the progress on the

Master Plan. He also reiterated that the document is a guide that has flexibility for the Board to address the airports changing needs. He said he is optimistic about the airport's future growth and feels the Master Plan is a valuable guide to meet the demands of that growth.

Motion for approval of Resolution 58 (the Master Plan) by Commissioner Freeman, seconded by Commissioner Mallen. Motion approved.

Board Action

Budget Fiscal Year 2011

Ms. Cameron then addressed the Board and said CMAA requests approval of the Fiscal Year 2011 Budget which has been developed in coordination with the Finance, Marketing, Personnel and Legal Committees.

Revenues for FY 2011 are budgeted at \$7.2 million, which is 7% above the FY 2010 budget. Other than an increase in the terminal security fee charged to the air carriers, the overall increase in revenues is driven primarily by modifying the budget development process from a historically conservative budgeting practice to a most likely scenario based budget. The current economic conditions of Chattanooga's local economy have helped to stabilize revenues from the effects resulting from the national economy. One highlight to the proposed budget is an additional \$100,000 as a result of CMAA staff working together to ensure collection for diversions and charter operations at the airport.

Overall expenses for the year have decreased 3% from prior year. This decrease in expenditures is driven primarily by a reduction in staffing levels as well as continued cost reduction strategies by staff.

Capital investments are expected to be slightly over \$13 million for FY 2011 with CMAA responsible for only 14% or \$1.8 million. The remaining balance will be funded through federal and state funds. In addition to the \$13 million included in the proposed budget, CMAA has developed an additional list of priorities which will be used in the event that additional funding is realized.

Finally, as a result of the May 2009 bond refinancing, CMAA has a current bond balance of \$6,289,342.12 with a fixed rate of 5.41%, amortized over 15 years with a 10 year maturity. Debt requirements for FY 2011 are valued at \$648,000 paid in monthly installments of \$53,740.74.

Commissioner Kilbride noted that it was important for CMAA's continued growth efforts that the airlines' landing fees have been unchanged again for FY 2011. This keeps the Chattanooga Airport competitive for air service growth as it shows our willingness to partner with the airlines. He also noted that securing the property is an enormous undertaking and requires a great deal of resources, which is why the security fee was raised minimally in FY 2011. Commissioner Kilbride said the results from the recent cost allocation study by Newton & Associates was gratifying in that it showed CMAA had done a thorough job over the last 10 years in allocating costs.

Vice Chair Hall said it was important for the community to recognize that the airport is a \$7 million economic development engine for the region, with not a single local tax dollar going to support the effort. He said the budget process each year is an important exercise in stewardship, and the senior staff had been effective in looking at opportunities to drive down costs while improving revenue potential. Vice Chair Hall said CMAA is on very sound financial footing for FY 2011 and is well positioned to carry on its important role in the region. He complemented Ms. Cameron and the committees for their long hours of work on the project.

Board Action: Ms. Cameron requested Board approval of the Fiscal Year 2011 Budget with associated organizational structure and pay plan.

Motion for approval by Vice Chairman Hall, seconded by Commissioner Kilbride. Motion approved.

2010 Audit Contract

Ms. Cameron continued by saying that CMAA is requesting Board approval for a contract with Joseph Decosimo and Company to perform an annual audit of financial statements for the year ending June 30, 2010. The objective of the audit is to express an opinion as to whether our financial statements are presented fairly, in all material aspects, in conformity with accounting principles generally accepted in the United States of America and to report on the fairness of the supplementary information which includes: 1) Expenditures of federal awards; 2) Expenditures of state awards; and 3) Passenger facility charges, interests and related expenditures. This audit does not include an audit of internal control but simply evaluates controls in place to provide a reasonable, not absolute, opinion of the financial statements.

The contract fee for these services will be \$32,450.00 plus expenses (such as report reproduction, typing, postage, travel, copies, telephone, etc.) The contract fee represents no increase in fees from last year.

Ms. Cameron then introduced Robert Belcher, from Decosimo, who has overseen CMAA's audit for many years.

Board Action: Ms. Cameron requested Board approval for a contract in the amount of \$32,450 with Joseph Decosimo and Company to perform CMAA's annual audit.

Motion for approval by Commissioner Kilbride, seconded by Commissioner Veazey. Motion approved.

Thrifty Operating Permit

Ms. Cameron stated that on May 7, CMAA was notified by GSP Transportation, Inc., that the company had purchased the local Thrifty and Dollar franchises in Chattanooga and planned to begin operations in June. In accordance with Resolutions No. 56 and No. 57 referencing off-site parking and rental car operations, CMAA informed GSP Transportation that the company would be required to complete an application for an operating permit for both activities in order to conduct operations to and from the airport property. CMAA has received an executed application for off-site parking and rental car operations, received the required insurance certificates, and completed an inspection of the shuttle vehicle to be used in its operations. After

review of the signed application which ensures compliance with all airport rules and regulations including but not limited to Resolution No. 56, No. 57, and the Ground Transportation Rules and Regulations, review of the required insurance certificate, and passing the inspection of the shuttle, CMAA recommends approval of the operating permit.

Commissioner Kilbride asked if GSP was a local company. Ms. Cameron stated that they are located in Greenville-Spartanburg.

Vice Chair Hall asked where the shuttle would be operating from. Ms. Cameron stated that the shuttle would be carrying passengers to and from the Shepherd Road location. He asked if the shuttle vehicle had been inspected and met all safety requirement. Ms. Cameron stated that the first vehicle submitted for inspection did not have seat belts, and CMAA declined to approve the vehicle. The second vehicle submitted for inspection had safety belts and was approved for use.

Commissioner Mallen asked if the contract had renewal terms. Ms. Cameron stated that it did not have any renewal terms, and the company would be required to return to CMAA for approval after the 12-month contract expired.

Board Request: Ms. Cameron requested Board approval for a one year operating permit with GSP Transportation, Inc., d.b.a. Thrifty Car Rental and Dollar Rent-A-Car, for off-site parking and rental car operations at the Chattanooga Metropolitan Airport.

Motion for approval by Commissioner Veazey, seconded by Commissioner Lloyd. Motion approved.

Access Control Service Agreement

Terry Hart then addressed the Board and said that when CMAA's current access control system was purchased from I-Sys Corporation the airport received a one year warranty on all hardware and software. The first two phases of the project, terminal building and the perimeter fence from Unum to Station 18, were completed during the past eight months. Those annual warranties will expire during our fiscal year 2011.

CMAA requested a proposal from I-Sys to extend the service agreements on both phases through the end of our fiscal year, June 30, 2011, providing the necessary options to maintain our security system through that period. This includes emergency maintenance on all network equipment, work stations, recording devices and field controllers. The agreement will also include priority telephone assistance, remote access support, and the latest software upgrades.

Staff recommends acceptance of the I-Sys Corporation's proposal in the amount \$30,375 to provide the necessary services to maintain our security access control system through June 30, 2011.

Board Action: Mr. Hart requested Board approval to accept the proposal submitted by I-Sys Corporation in the amount of \$30,375 to provide the required access control system maintenance support.

Motion for approval by Commissioner Lloyd, seconded by Commissioner Kilbride. Motion approved.

Parking Equipment Maintenance Agreement

Mr. Hart stated that CMAA's current parking control equipment located in each of the parking lots was purchased and installed in 2006. All work associated with the maintenance of the equipment, both preventative and emergency repairs, has been the responsibility of our staff. In an effort to bring additional expertise to bear in dealing with immediate repairs on the equipment, and in order to free our staff to focus on other areas of responsibility, CMAA reviewed a proposal from Republic Parking Systems, our current parking management provider, to assume the maintenance duties of the system.

In conjunction with ITR of Georgia, distributor of the parking equipment for our area, Republic will provide the necessary resources to maintain our parking control equipment to include all preventative and emergency repair services. The contract term is for 12 months, beginning July 1, 2010, at a rate of \$30,600 annually.

After reviewing Republic's proposal and based on the company's thorough knowledge of parking control systems, especially Federal APD, CMAA recommends acceptance of this agreement. Mr. Hart then introduced Chris Talley from Republic Parking to the Board.

Board Action: Mr. Hart requested Board approval to accept the proposal submitted by Republic Parking System in the amount of \$30,600 to maintain our parking control equipment for a term of one year, beginning July 1, 2010.

Motion for approval by Commissioner Veazey, seconded by Commissioner Mallen. Motion approved.

Allen and Hoshall Task Order # 6

Mr. Hart then said that CMAA was requesting Board approval to enter into Task Order # 6, Runway 02/20 Pavement Sealing and Marking Project, with Allen & Hoshall, Inc., in the amount of \$22,200. The project is being conducted to extend the usable life of the runway pavement and provide new runway markings. The project to be developed under this Task Order will consist of the preparation of plans for the resealing and remarking of the primary runway. The actual construction project will take place in conjunction with the Taxiway "H" project. The project will consist of determining product used, development of specifications, drawings, bid documents, the runway marking schedule, and bid and award of the project. This project is funded in the approved 2011 Capital Budget plan.

Board Action: Mr. Hart requested Board approval to enter into Task Order # 6 with Allen & Hoshall, Inc., in the amount of \$22,200 for the sealing and marking of the primary runway.

Motion for approval by Commissioner Lloyd, seconded by Commissioner Freeman. Motion approved.

Runway Protection Zone Property Phase II Environmental

John Naylor then addressed the Board and said CMAA was requesting Board approval for a professional services contract with Terracon for a Limited Phase II Environmental and Asbestos Survey on the properties located at 5915 and 5949 Brainerd Road. The survey is being conducted to evaluate the condition of properties located in the Runway Protection Zone. The Phase I Environmental Survey on the properties determined that further exploration needed to be conducted.

Following is the breakdown of fees:

5915 Brainerd Road		
Limited Phase II ESA Services		\$10,300.00
Limited Asbestos Survey		\$ 3,200.00
5949 Brainerd Road		
Limited Phase II ESA Services		\$18,100.00
Limited Asbestos Survey		<u>\$ 3,800.00</u>
Total		\$35,400.00

CMAA will fund this project through the reallocation of funds that were not used in this fiscal year.

Board Action: Mr. Naylor requested Board approval of a professional services contract with Terracon for the Limited Phase II Environmental and Asbestos Survey for the properties located at 5915 and 5949 Brainerd Road. The amount of this contract is \$35,400.

Motion for approval by Commissioner Mallen, seconded by Vice Chairman Hall. Motion approved.

Waterhouse Public Relations

Christina Siebold then addressed the Board saying that CMAA was requesting approval for a contract with Waterhouse Public Relations in the amount of \$30,000. Waterhouse will provide public relations and advertising creative support in the following areas:

- creative services, including developing and coordinating advertising graphics
- media relations and crisis communications
- public relations planning, including scheduling Airport Speakers' Bureau
- media clips
- special projects
- miscellaneous public relations support

The term of the contract begins on July 1, 2010 and extends through June 30, 2011. Ms. Siebold then introduced Albert Waterhouse to the Board.

Board Action: Ms. Siebold requested Board approval for a one year contract with Waterhouse Public Relations in the amount of \$30,000.

Motion for approval by Vice Chairman Hall, seconded by Commissioner Lloyd. Motion approved.

Advertising Sales Contractor

As a result of the new advertising display successes CMAA realized over the past 18 months, and potential CMAA sees for many more of these types of opportunities, CMAA intends to continue managing the terminal advertising locally, but move it to Waterhouse Public Relations, where a key staff member will oversee the ad sales, with increased creative input from CMAA's Marketing and Communications Department, as well as billing support from CMAA's Finance staff. The consultant will be responsible for the following scope of services:

- develop an annual Marketing Plan, including sales strategies for local, regional and national prospects, along with associated Annual Budget
- develop and implement a schedule of advertising rates, subject to the President's approval
- develop promotional and marketing materials for existing and proposed ad sites
- work with Marketing & Communications Department in developing recommendations as to the types and locations of advertising display devices or concepts
- provide (at CMAA's expense) any new and approved advertising display devices
- enforce CMAA's standards which regulate the attractiveness of exhibitor's advertising copy or displays
- sell to advertisers the right to display advertising copy in the advertising areas
- prepare written agreements with advertisers, subject to the approval and execution by the President
- report monthly on marketing activities and executed advertising contracts
- make recommendations as to the types and locations of community displays or concepts
- do all other things reasonable to the management of a first-class advertising program with maximum revenue production for CMAA

CMAA's Marketing & Communications Department will support Waterhouse with the following activities:

- develop concepts of the types and locations of advertising display devices or concepts
- monitor payments by advertisers by working with CMAA's accounting department
- pursue collection efforts for past-due accounts
- coordinate with Waterhouse and the client on creative production of their ad / display device for the terminal
- coordinate with CMAA Maintenance Department on changing creative in airport displays

Consultant Performance Standards:

- Place 25 cold calls per week (business-to-business or advertising agency).
- Make at least four new contacts (speak to potential advertiser, not just leave message) per week (business-to-business or advertising agency).
- Make at least three personal sales visits per month (business-to-business or advertising agency).

- Develop sales strategy for targeting local companies for advertising in the airport by August 1, 2010.
- Coordinate bi-weekly meetings with Marketing & Communications Department (conference call or in person, as needed) to update on implementation of sales strategy and progress toward sales goal.
- Submit monthly report detailing sales activities, including cold calls, contacts made, sales visits, prospects, contract status, and creative development on executed contracts.

Proposed Compensation

CMAA will pay WPR a flat fee of \$35,000 annually (approximately \$2,900 per month), along with the following commission structure:

\$1 - \$125,000	no commission
\$125,001 - \$200,000	10% commission on gross sales
\$200,001 - \$300,000	15% commission on gross sales
\$300,001 +	18% commission on gross sales

The agreement begins July 1, 2010 and ends June 30, 2011. In return for performance of the duties outlined above, WPR will receive \$35,000 which will be paid in twelve monthly installments of \$2,916.67, with 10% commission on gross sales over \$125,000, 15% commission on gross sales over \$200,000, and 18% commission on gross sales over \$300,000.

Board Action: Ms. Siebold requested Board approval for a contract with Waterhouse Public Relations in the amount of \$35,000, plus commission, for a term of 12 months to manage the airport's advertising program.

Motion for approval by Commissioner Freeman, seconded by Commissioner Lloyd. Motion approved.

Spots Media Placement and Management

CMAA requests Board approval for a contract with Spots Media Placement and Management in the amount of \$20,000. Total contract for media placement will be:

Radio	\$20,000
-------	----------

The standard commission for placing broadcast advertising is 15%. Ramona will be refunding 5% of that commission back to the Airport Authority to be reinvested in our advertising. The term of the contract begins on July 1, 2010 and extends through June 30, 2011.

Board Action: Ms. Siebold requested Board approval for a one year contract with Spots Media Placement and Management in the amount of \$20,000.

Motion for approval by Commissioner Freeman, seconded by Commissioner Kilbride. Motion approved.

Chattanooga Times Free Press

Ms. Siebold requested Board approval for an advertising contract with the Chattanooga Times Free Press in the amount of \$21,000. Of that, \$11,000 will be spent on print ads in the Times Free Press, with another \$10,000 for advertising on the paper's website – timesfreepress.com. The Times Free Press website has seen solid growth in traffic over the last several years, and should be a good channel for our message. The advertising schedule is built around two major campaigns in the fall (leading up to holiday travel) and in the spring and summer. The creative for these outlets will reflect the airport's current route map and airline options.

Vice Chair Hall asked how much CMAA spent on this advertising last year. Ms. Siebold stated that the contract with the Chattanooga Times Free Press was approximately \$17,000, so the airport increased its investment in FY 2011. Vice Chair Hall asked about the marketing for the new Detroit service. Ms. Siebold said CMAA staff was working with Delta Air Lines to develop the marketing strategy for the new service and that CMAA would be investing additional funds for that advertising. Vice Chair Hall asked if the airlines were spending any money promoting their service in the region. Ms. Siebold responded that, to date, Allegiant had been the only airline investing in advertising in the Chattanooga region, but that the airport would continue inviting greater advertising participation by the airlines serving the city. Vice Chair Hall encouraged CMAA staff to stay in front of the airlines because Chattanooga has a great story to tell and the airlines could capitalize on the excitement by building marketing strategies around the growth in Chattanooga. It's important to maximize the visibility surrounding the excitement in the city and bring the focus on air transportation.

Commissioner Mallen asked if CMAA was advertising on any other online news sites. Ms. Siebold indicated that the airport also advertised on Chattanooga.com, but the total amount was under President Landguth's signing authority, so it was not an action item.

Board Action: Ms. Siebold requested Board approval for a one year advertising contract with the Chattanooga Times Free Press in the amount of \$21,000.

Motion for approval by Vice Chairman Hall, seconded by Commissioner Freeman. Motion approved.

Other Business

Commissioner Mallen thanked the CMAA staff for helping expedite the learning curve during his orientation.

Commissioner Freeman thanked the different committees and staff for their hard work in developing the annual budget and marketing plans.

Public Comment

None

Closing Comment

Chairman Jacobson thanked the Board for their participation. He then thanked the staff for their hard work. He also thanked Mary Soderstrum and her team for their work on the development of

the Master Plan. He thanked Mike Hill and Newton & Associates for their work on the budget and with the finance committee. He thanked the Commissioners for their contributions, and welcomed Commissioner Mallen to the Board of Directors.

Commissioner Kilbride made a motion for adjournment. The motion was seconded by Commissioner Lloyd. Motion is approved. The Board is adjourned.

Adjourn

**Chattanooga Metropolitan Airport Authority
Chattanooga, Tennessee
August 16, 2010**

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting Monday, August 16, 2010 at 2:01 p.m. Chairman Jacobson, Vice Chairman Hall, Commissioners Freeman, Veazey, Lloyd and Mallen were present.

Chairman Jacobson verified a quorum was present and April Cameron verified the requirements of the Sunshine Law had been met.

Minutes

On motion of Commissioner Veazey, seconded by Commissioner Mallen, the minutes of the June 14, 2010 meeting were approved.

President's Report

President Landguth greeted the Board and thanked them for attending the meeting. He said CMAA had several items for approval, so he would give a brief report and then get right to the Board action items.

CMAA had two written consent requests to go over. First, CMAA requested Board approval for a 12 month contract with Village Volkswagen to display three vehicles in the Airport. The annual fee for this advertising was \$13,200. This request was approved in writing by Chairman Jacobson, Vice Chair Hall, and Commissioners Griffin, Lloyd, Mallen and Veazey.

Second, CMAA requested Board approval for a contract amendment with Construction Consultants to improve temperature control challenges in the new CT-80 rooms in the amount of \$19,591. This request was approved in writing by Chairman Jacobson, Vice Chair Hall, and Commissioners Griffin, Lloyd, Mallen and Veazey.

President Landguth then read a letter he received in June from Keith McAfee with the Federal Aviation Administration. The letter is as follows:



U.S. Department
of Transportation
Federal Aviation
Administration

June 3, 2010

Michael J. Landguth, A.A.E.
President and CEO
Chattanooga Metropolitan Airport
1001 Airport Road
Chattanooga, Tennessee 37421

Dear Mr. Landguth,

Please accept this letter of appreciation, on behalf of myself, my staff and my controllers, as a small token of our gratitude for the outstanding service from both yourself and your staff!

Late in the evening of May 7, 2010, a small twin engine aircraft was having difficulties due to inoperable landing gear. The aircraft, with two individuals on board, worked diligently to lower the landing gear and ensure it was locked down. Although the end result was not as we hoped it would be, there was NO loss of life, minimal damage to the aircraft AND no excessive down time of the runways. I truly feel that the outcome, through no fault of all those involved, was due to the excellent service that your staff provided to my facility and the pilot.

During this time, your staff, which included Mr. John Naylor, Mr. Terry Hart and the fine men and women of both your fire response and operations teams, conducted themselves in a highly professional manner. Not only were they professional but they were resourceful in the way they handled a very stressful and tense situation.

These men and women conducted themselves in a manner consistent with those who hold a high regard for the safety of others above their own. We applaud you, each and everyone, for a job well done! Please accept our humble ... THANK YOU!

Sincerely,

M. Keith McAfee, M.Ed.
Air Traffic Manager
Chattanooga ATCT

President Landguth then thanked CMAA staff for their great work as described in the letter.

Finally, President Landguth said CMAA would need to reschedule the date of the September Board meeting because of a schedule conflict and they were looking at September 24, and would

send that date out to the Board later in the week to confirm it. He then asked if there were any questions and hearing none went on to the Board action items.

Board Action

Air Service Master Plan

President Landguth then said to the Board that CMAA requests Board approval to enter into a professional services agreement with Boyd Group International to develop an Air Service Master Plan. The Boyd Group has worked with CMAA for many years, including projects such as the Small Community Air Service Development Grant, airline relations, JumpStart presentations and previous air service master plans. Michael Boyd is a nationally recognized expert on the aviation industry, and has been a valuable advisor to the Airport.

The scope of services for the Air Service Master Plan includes:

- An air service market analysis which will cover a current state assessment of the US Airline Industry, a discussion and comparison of the Chattanooga air service market with the aggregate domestic market, and identification of trends in domestic air service that are and will impact Chattanooga.
- A five year air carrier outlook (2011 – 2015) for all incumbent Chattanooga air carriers which will include review of carrier metrics including route load factor, market share, average fare, yield, trip distance, percent origin, international traffic share and metrics, and route, schedule and equipment profile and projection.
- A five year air service opportunity and forecast projection which consists of a review of potential new Chattanooga air service options and an overall market and carrier share forecast in different economic and air service mix scenarios.

The plan will be completed by December 31, 2010 at a cost of \$18,500 plus fees for printing and shipping which will be billed at cost and not to exceed \$50.

Commissioner Freeman asked if there is stability in the commercial air industry at this point where a five year plan would be reasonable. President Landguth replied that it is very volatile right now due to economic weakness and airline consolidations, but that this planning document is an effective tool for the organization.

Board Action: President Landguth requested Board approval to enter into a professional services agreement with Boyd Group International to develop an Air Service Master Plan by December 31, 2010 at a cost of \$18,500. **Motion for approval by Vice Chairman Hall, seconded by Commissioner Freeman. Motion approved.**

Commercial Property

Ms. Cameron then addressed the Board and stated that CMAA requests Board approval to accept the renewal of commercial property insurance with Travelers. BB&T Huffaker & Trimble solicited quotes from 14 insurance providers for renewal of CMAA's commercial property policy. Twelve companies declined to quote due to the class of business as well as their inability to compete with the incumbent's current program and pricing. Travelers, the incumbent, quoted a renewal price of \$42,069 for the same coverage as last year. The quote is a decrease of 21%

from last year partly due to the demolition of the former Target facility on Brainerd Road. If approved, this policy will become effective September 1, 2010 and includes coverage for property damage of airport owned buildings as well as business personal property, business income, and rental income with a deductible of \$10,000.

Ms. Cameron then introduced Arch Trimble III who said they had a good alternate quote for commercial property insurance but Travelers' flood coverage was much better.

Board Action: Ms. Cameron requested Board approval to accept the renewal of property insurance coverage with Travelers in the amount of \$42,069 for a term of one year commencing on September 1, 2010. **Motion for approval by Commissioner Mallen, seconded by Commissioner Lloyd. Motion approved.**

Flood Policy

Ms. Cameron stated that CMAA requests Board approval to accept the renewal of flood coverage with The Hartford. The Hartford submitted a renewal quote to BB&T Huffaker & Trimble in the amount of \$11,837 for CMAA's flood policy. This amount represents a 9% increase from last year's premium due solely to a rate increase implemented by FEMA. The policy covers only the terminal building in the event of a flood with building and contents coverage of \$500,000 each with deductibles set at \$5,000.

Commissioner Mallen asked if the other buildings on the property are required to carry flood insurance. Ms. Cameron answered that no, only the terminal and the fire hall are required. Mr. Trimble added that only buildings in the 100 year flood plane are required. He also said Travelers' policy does include flood coverage for areas not in the 100 year flood plain and provides excess of the FEMA policy.

Board Action: Ms. Cameron requested Board approval to accept the renewal of flood coverage valued at \$500,000 building and contents with The Hartford in the amount of \$11,837 for a term of one year commencing on September 1, 2010. **Motion for approval by Commissioner Freeman, seconded by Commissioner Mallen. Motion approved.**

Commercial Automobile

Ms. Cameron stated that CMAA requests Board approval to accept the renewal of commercial automobile insurance with Travelers. BB&T Huffaker & Trimble received a bid to renew our commercial automobile policy effective September 1, 2010 in the amount of \$18,099 which is a 22% decrease from last year's premium. The automobile policy covers the actual cash value of 19 CMAA vehicles that are driven both on and off airport property. The coverage includes general liability, medical payments, uninsured motorists, and comprehensive and collision damage.

Comprehensive deductible is set at \$250 with collision at \$500. Although the same carriers were solicited for the property and automobile renewals, the incumbent, Travelers, was the only quote on the automobile policy since other companies will not write a monoline business auto policy without also writing the property or general liability.

Vice Chairman Hall asked how many vehicles can be taken off the airport property and who has take-home vehicles. Ms. Cameron replied that all vehicles can go off the airport property, but there are three take-home vehicles and they belong to the President, Vice President and the Director of Maintenance.

Commissioner Mallen asked what the liability and uninsured motorist limits are. Mr. Trimble replied that he believes they are a million.

Vice Chairman Hall asked if this covers the fire and police vehicles. Mr. Trimble said the fire vehicles are covered under both the property and auto policies. Vice Chairman Hall then requested a list of the 19 covered vehicles be provided to the Board.

Board Action: Ms. Cameron requested Board approval to accept the renewal of our commercial automobile policy with Travelers in the amount of \$18,099 for a one year term commencing on September 1, 2010. **Motion for approval by Commissioner Lloyd, seconded by Commissioner Mallen. Motion approved.**

Resolution 59 – Banking

Ms. Cameron stated to the Board that CMAA requests Board approval of Resolution 59 to replace Resolution 33. On June 13, 1994, CMAA's Board of Commissioners approved a resolution which outlined authorized banking processes for CMAA. After review of the resolution, CMAA has determined that the original banking Resolution 33 should be rescinded and replaced with a new Resolution 59. Specifics of Resolution 59 are detailed below:

- In accordance with provisions of the 2009 Taxable Revenue Refunding Bond, CMAA is required to maintain all operating accounts with First Tennessee Bank for the duration of the Loan Agreement.
- CMAA's President & CEO, Vice President of Finance & Administration, Board Chairman, Board Vice Chair on behalf of the CMAA, are authorized to sign checks or drafts or otherwise transfer funds from any account in any designated depository.
- Two signatures are required for all checks.
- CMAA is authorized to enter into a Money Transfer Authorization and Agreement with First Tennessee Bank in order to transfer funds to and from accounts.

A copy of Resolution 59 is as follows:

RESOLUTION #59

BANKING RESOLUTION

WHEREAS, the Board of Commissioners of the CMAA wishes to designate certain depositories of the funds of the CMAA; and WHEREAS, the Board of Commissioners wishes to designate certain officers and commissioners of the CMAA as signatories on the various accounts of the CMAA; and NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of the Chattanooga Metropolitan Airport Authority:

Section 1. In accordance with provisions of the 2009 Taxable Revenue Refunding Bond, CMAA is required to maintain all operating accounts with First Tennessee Bank for the

duration of the Loan Agreement as defined in the Loan and Bond Purchase Agreement dated May 21, 2009. As a result, First Tennessee Bank is hereby designated as depository in which funds of the CMAA may be deposited by its designated officers, agents and employees, and further, any officer or any employee designated for such purpose by an officer of the CMAA is hereby authorized for and on behalf of the CMAA to open an account or accounts with said depository and to endorse for deposit or by stamp and without designation of the person so endorsing; and that in the absence of such endorsement said depository is hereby authorized to make such endorsement itself for deposit in the name of the corporation:

Section 2. CMAA's President & CEO, Vice President of Finance & Administration, Board Chairman, Board Vice Chair or their successor(s) who shall be designated from time to time, on behalf of the CMAA, are authorized to sign checks or drafts or otherwise transfer funds from any appropriate account in any designated depository to any other appropriate account in the same depository or other designated depository, and the said depository is authorized and directed to honor, pay and charge to any account or accounts of the CMAA all checks and orders for payment of money so drawn, when so signed.

Section 3. Two parties from the list provided in Section 2 are required to sign all checks.

Section 4. The parties listed in Section 2 are authorized to enter into a Money Transfer Authorization and Agreement with First Tennessee Bank in order to transfer funds to and from accounts. The agreement defines authorization, procedures, responsibility, liability, transfers, and miscellaneous terms and conditions surrounding money transfers.

Section 5. This Resolution shall effectively rescind and replace Resolution 33 and shall remain in full force and effect until written notice of its rescission or modification is properly approved by CMAA's Board of Commissioners.

Section 6. This Resolution shall take effect from and after its passage.
Adopted this 16th day of August, 2010.

Vice Chairman Hall asked why CMAA needed a new Resolution. Ms. Cameron responded that the old resolution had specific names listed and CMAA wanted to take out the names and change them to titles. They also wanted to include the transfer provision which was not in the previous resolution.

Board Action: Ms. Cameron requested Board approval of Resolution 59 which will supersede and replace Resolution 33. **Motion for approval by Vice Chairman Hall, seconded by Commissioner Freeman. Motion approved.**

Fixed Base Operator Management Services Request for Proposals

Ms. Cameron presented that CMAA requests Board approval of a contract for development of a request for proposals for fixed base operator management services at the Chattanooga Airport. In conjunction with the development recently announced for the west side of the airport, CMAA

has solicited and received a quote from Newton & Associates to develop a request for proposals for fixed base operator management services at the Chattanooga Airport. The scope of the project includes:

- 1) Preparation of FBO Management Services RFP - this task includes development of the FBO Management RFP, supporting documentation and sample specimen agreement.
- 2) Post Development RFP Management Process - this task includes preparation and placement of the RFP advertisement; attendance at the pre-proposal conference and preparation of the subsequent addenda. Additionally, this task includes one overnight trip.
- 3) Proposal Evaluation and Short List - this task includes an initial evaluation of the proposals and discussion with CMAA to develop a short list of proposers for interview or further consideration.
- 4) Interview Short Listed Firms - this task includes assisting the Authority with preparation and conducting of interviews of short listed firms. Additionally, this task includes one overnight trip for two consultants.
- 5) Summary and Recommendations - this task includes a thorough review of the final candidates' proposals and providing the CMAA with a written evaluation and recommendations.

The total cost of the project plus expenses is valued at the not-to-exceed price of \$22,814 and the project is expected to be complete by January 1, 2011.

Board Action: Ms. Cameron requested Board approval of a contract for development of a request for proposals for fixed base operator management services at the Chattanooga Airport in the not-to-exceed amount of \$22,814.

Commissioner Freeman asked if the funds would come out of CMAA's operating account and if before the request goes out, would it be given to the Board to review. Ms. Cameron said the funds would come out of this year's operating account. President Landguth said CMAA will be involved in the process to make sure there are no concerns or issues with the proposal before it goes out.

Motion for approval by Commissioner Veazey, seconded by Commissioner Lloyd. Motion approved.

Runway 2-20 Pavement Maintenance

Mr. Hart then addressed the Board and stated that CMAA requests Board approval for a contract with Talley Construction for Runway 2-20 Pavement Maintenance. The asphalt overlay which was completed in 1995 on Runway 2-20 has been identified through our ongoing pavement management program as requiring attention. An asphalt preservation process has been found which reduces the effects of oxidation and environmental exposure and prolongs the life expectancy of asphalt pavement. The product used is a refined material from a natural asphalt cement mineral. When the liquid material is applied, it is designed for maximum penetration, soaking down in and adding powerful bonding and anti-aging properties deep into the surface of the pavement. This project, to be completed during the planned September closure, will include

the required preparatory work, the material application over the entire runway, and the repainting of all the required markings.

A total of two bids were received for the completion of this project. After reviewing the submitted proposals with Allen & Hoshall, CMAA staff recommends acceptance of the bid from Talley Construction in the amount of \$440,422. This project was included in the approved CMAA Capital Plan; however the budgeted amount was \$275,000. Reallocation of other approved Capital funds will take place to complete this project.

Commissioner Hall asked how CMAA was so far off the mark, what the other bid was, and who it was from. Mr. Hart replied that the initial quotes came in at \$275,000, and the engineers' estimate was \$330,000. The increase had to do with the permitting, or being able to operate in the state of Tennessee. The other bid was \$659,225, from Highways.

Commissioner Veazey asked how long does this application extend the life of the pavement. Mr. Hart replied that he had spoken to several airports that had done this process, and they feel it extended the runway life by 10 to 12 additional years.

Board Action: Mr. Hart requested Board approval for a contract with Talley Construction in the amount of \$440,422 to complete the required pavement maintenance work on Runway 2-20. **Motion for approval by Commissioner Lloyd, seconded by Commissioner Mallen. Motion approved.**

Thanks Again! Travel Reward Program

President Landguth then addressed the Board and said CMAA requests Board approval to enter into a contract with Republic Parking for the Thanks Again! Travel Reward Program. He said several months ago, CMAA was approached by Republic Parking regarding a travel reward program they are implementing in a number of airports across the country. CMAA feels that this is a great way to say "thank you" to travelers for their support of this airport and to further incentivize travel out of the Chattanooga Airport.

This is a turn-key program which includes the following:

- 1-Time Consumer Enrollment (Mobile, Web)
- Registered Travelers Earn Extra 1 Mile/Dollar Spent On Parking Purchases > \$ Threshold
- 1-Time Parking Enrollment
- Access to Dynamic, Opt-In Marketing Database of Enrolled Travelers
- Detailed Monthly and Real-Time Performance Reporting
- Comprehensive Marketing Campaign to Drive Consumer Awareness (e.g., In-Airport Promotions such as Banners, Referral Cards) – costs to be shared evenly between CMAA and Thanks Again!
- Cumulative Spend Bonus Reward Structure Available with Fixed Fee Agreement
 - Earn 500 Miles When Spending \$250 (2 Mi/\$1)
 - Earn 1,500 Miles When Spending \$500 (3 Mi/\$1)
 - Earn 4,000 Miles When Spending \$1000 (4 Mi/\$1)

- Monthly Fixed Fee \$1,000 for a 12-month agreement, though if Thanks Again! can secure 50 area businesses to participate in the program, Republic will only bill CMAA \$500. If within that term of the contract Thanks Again! is able to secure 100 new area businesses, CMAA will not be charged any monthly fee for the program itself.

Additionally, Thanks Again! will be working to enroll other area businesses in the program, so passengers who shop or dine at area establishments will be able to earn additional frequent flyer miles. This should create a mutually beneficial relationship between the airport and area businesses and CMAA looks forward to exploring it further.

Commissioner Mallen stated that even though he is not a member of the Marketing Committee, he did sit in on the meetings and thought this is an opportunity for CMAA to reach out to customers, and with the data CMAA will gather and the ability to reward the Airport's loyal customers, the program will be worth the \$1,000 a month.

Commissioner Freeman said that it would be a wonderful way to reach out to new customers as well as an incentive to use the Airport.

President Landguth then introduced John Leavens from Republic. Mr. Leavens said that this program can be expanded to any number of businesses in the area that want to join in on it and reward their customers. He said they will market the program with handouts at the exits and banners in the Airport, and that people will sign up online. He said it is very easy to use.

Board Action: President Landguth requested Board approval for a contract with Republic Parking in the base amount of \$12,000 (on a declining scale based on the number of Chattanooga area business partners which offer the Thanks Again! customer loyalty program) to implement the Thanks Again! traveler rewards program at the Chattanooga Airport. **Motion for approval by Commissioner Freeman, seconded by Commissioner Mallen. Motion approved.**

Other Business

Commissioner Freeman reflected on the occasion of the announcement of the West Side Development. He said it was a historically significant event and was a milestone event for the growth and development of the airport.

Public Comment

None

Closing Comment

Chairman Jacobson expressed excitement about the new travel reward program, and thanked Republic Parking and Thanks Again for their partnership. He said the airport had enjoyed extraordinarily loyalty from the community, and this was a great way to give something back to those who had been so supportive of their hometown airport.

Commissioner Lloyd made a motion for adjournment. The motion was seconded by Commissioner Moses. Motion approved. The Board is adjourned.

Adjourn

**Chattanooga Metropolitan Airport Authority
Board Minutes
September 24, 2010**

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting Friday, September 24, 2010 at 2:00 p.m. Chairman Jacobson, Vice Chairman Hall, Commissioners Freeman, Kilbride and Mallen were present and Commissioner Griffin attended by phone.

Chairman Jacobson verified a quorum was present and April Cameron verified the requirements of the Sunshine Law had been met.

Minutes

On motion of Commissioner Freeman, seconded by Commissioner Kilbride, the minutes of the August 16, 2010 meeting were approved.

President's Report

President Landguth greeted the Board and thanked them for attending the meeting. He introduced Gary Lander from Chambliss, Bahner and Stophel, who was in attendance for the traveling Hugh Moore.

President Landguth took a moment to update the Board on the runway closure project. The closure started on September 12 at noon and ended on September 19 at 9:30 a.m. The closure ended 26.5 hours ahead of schedule. The following work was completed: Three taxiway connectors were constructed, primary runway rubber removal, primary runway rejuvenation, primary runway remarking, friction testing – primary and secondary runway, Gate 5 pavement repair, radar cable replaced, localizer shack replaced and relocated, approach light stanchions painted, primary runway lights repaired, threshold lights replaced. There were 190 individuals involved during the closure. The success of this project was due to the efforts of each one of these individuals. CMAA wants to thank each and every one involved. CMAA couldn't have done it without them.

Chairman Jacobson thanked everyone involved in the runway refurbishment for their great work. President Landguth then introduced Glenn Heath who reviewed pictures of the runway work with the Board. President Landguth then introduced the tower manager, Keith McAfee, who discussed the tower's role in the runway closure.

President Landguth then reviewed the written consent request from September. CMAA requested Board approval for a change order to the I-Sys contract to expand the scope of the project to include additional controllers, video intercoms, access control card readers, and the necessary conduit and cabling to implement the changes. The additional work increased the value of the contract by \$19,390. Prior to executing the change order, CMAA received written confirmation from the airfield tenant who requested the changes that they will reimburse CMAA for the cost of the change order. This request was approved in writing by Chairman Jacobson, and Commissioners Freeman, Kilbride, Lloyd, and Mallen.

Next, he took a moment to recognize an accomplishment from one of CMAA's key team members. Mr. Terry Hart leads CMAA's Operations Group here at the airport, which oversees the day-to-day operation of the facilities, from safety and fire, to police and security, to maintenance / janitorial and even the ground handling crew. One of his areas of responsibility is the airfield, which encompasses a wide range of issues. The American Association of Airport Executives offers a comprehensive certification for airfield operations personnel known as the Airport Certified Employee or ACE certification this is a Part 139-based curriculum designed to educate and challenge operations staff. Terry just completed his training and passed the exhaustive test, receiving his ACE certification. This was a time-consuming process that once again demonstrated Terry's commitment to the organization and his role on CMAA's team. President Landguth said he couldn't be more proud of Terry's efforts and accomplishments.

Finally, the Tennessee Aeronautics Commission held their annual conference last week, and the Chattanooga Metropolitan Airport Authority was honored with the "Governing Body of the Year" Award. Following was the explanation given for why CMAA was chosen:

"To be chosen as the Governing Body of the Year, the airport governing body must demonstrate a superior leadership effort in overseeing their airport. The 2010 recipient persevered in obtaining a \$3 million economic recovery grant to continue the development of the west side airfield. The Authority not only promotes the growth of their airport, but also the growth and development of the community. They have been instrumental in providing 'front door' assistance to all new and expanding businesses. The Authority will continue to capitalize on the new growth for their region through long-term planning with aviation consultants and other community leaders to complete a new Master Plan Update."

President Languth thanked the Board for their leadership in making the organization what it is today. He then asked if there were any questions and, hearing none, went on to the Board action items.

Board Action

West Side Infrastructure Development

Mr. Naylor requested approval for a project to construct a 9,000 square foot terminal, a 12,000 square foot hangar and an associated vehicle parking lot. CMAA received six bids on this project. After meeting all of the bid requirements, Allen and Hoshall recommended awarding the construction contract to the apparent lowest responsive bidder, Morgan/Paris, a joint venture. The recommended firm submitted all required paperwork, possesses the required contractor's licenses, met the 10% DBE goal, has a LEED AP on staff, and has 28 firms listed on the proposed subcontractors list. Subcontractors listed are experienced and qualified to perform the work.

The review and evaluation found that the recommended firm is properly licensed by the State of Tennessee, experienced in the type of work required by this project, and in possession of sufficient financial resources to perform and complete the work. The selected firm has a bonding

capacity of \$50 million aggregate and \$30 million for a single job. The selected firm submitted combined financial statements audited by the accounting firm of Johnson, Hickey & Murchinson, P.C., and submitted the balance sheets prepared by their independent CPA.

Allen & Hoshall recommended that CMAA award the contract for the base bid plus all alternatives. Alternative 1 is for a cleaning system for both entryways which will provide LEED points, Alternative 2 is for a landside canopy system, and Alternative 3 is for white concrete instead of asphalt which provides additional LEED points. CMAA staff has reviewed the engineer's recommendation and is in agreement. The bid price was \$3,621,884.

Mr. Naylor then introduced Mr. Phillip Higgenbotham, Vice President of Estimating for Morgan Construction. Mr. Higgenbotham gave a brief history of Morgan/Paris and thanked the Board for the opportunity to work in Chattanooga. He then introduced Dewayne Cash, estimator for this project, and Jamal Flanigan, project manager for Paris Construction.

Mr. Naylor continued by saying the second item in this request was to approve Task Order #8 with Allen and Hoshall in the amount of \$354,266 for engineering services associated with the West Side Infrastructure Development project. The fee includes the following services:

- Construction Administration/Management
- On-site Inspection Services
- Submittals/shop drawings/as built drawings
- Survey
- Quality Assurance Testing
- LEED Certification

The construction is funded with 90% state and 10% CMAA funds. Greenspaces is working in partnership with CMAA to provide funding assistance for the LEED certification.

Commissioner Freeman asked what is the duration of the time period for this project. Mr. Naylor replied that CMAA estimates 10 months to completion.

Chairman Jacobson then read a letter from Mayor Littlefield, and expressed thanks for the Mayor's support of this project. The letter is as follows:



City of Chattanooga
Ron Littlefield, Mayor

September 24, 2010

Mr. Dan Jacobson, Chairman
Chattanooga Metropolitan Airport Authority
1001 Airport Road, Suite 14
Chattanooga, TN 37421

Dear Dan:

It was a pleasure participating in the Chattanooga Metropolitan Airport Authority's announcement regarding the development of a second fixed base operator at the Airport. This has been a long-standing need within the community and I am thrilled to see the CMAA being so responsive to its customer base.

I have heard the cries for competition at our Airport for many years and I support the CMAA Board's decision to move forward with this FBO project 100%. As you know, this is about economic development. When businesses work in a competitive environment, regardless of the community or industry sector, service levels are raised and prices are pressured downward. We have seen in our own region that with the Electric Power Board's entry into the fiber market, it has positively impacted the local industry and stabilized pricing in the market. It has been good for our community and our city's economic development prospects.

The development of a second FBO on the airport is a key component of the airport's vision and it's just smart business. Thank you for your leadership and vision. Our community is better because of the leadership provided by you and your fellow commissioners.

Please don't hesitate to contact me if I can be of any help.

Sincerely,

A handwritten signature in blue ink, appearing to read "Ron Littlefield", is written over a horizontal line.

Ron Littlefield
Mayor

101 East 11th Street • Chattanooga, Tennessee 37402
(423) 425-7800 • FAX: (423) 757-0005 • E-MAIL: mayor@mail.chattanooga.gov

Board Action: Mr. Naylor requested Board approval to award the construction contract to Morgan/Paris to construct a 9,000 square foot terminal, a 12,000 square foot hangar and an associated vehicle parking lot. **Motion for approval by Vice Chairman Hall, seconded by Commissioner Kilbride. Motion approved.**

Mr. Naylor requested Board approval for Task Order #8 with Allen and Hoshall in the amount of \$354,266 for engineering services associated with the West Side Infrastructure Development project. **Motion for approval by Commissioner Mallen, seconded by Commissioner Freeman. Motion approved.**

FAA Weather Observer Lease

Ms. Cameron then addressed the Board, requesting approval for the renewal of a lease with the Federal Aviation Administration for 619 square feet of space located underneath the concourse area of the terminal building. The term of the agreement starts on October 1, 2010 and extends through September 30, 2015, provided that adequate federal appropriations are available from year to year for the payment of the rentals. The lease may be renewed each year for one year unless the Government gives CMAA 30 days written notice that it will not exercise its option to renew. No renewal shall extend the period of occupancy beyond September 30, 2015. Rent in the amount of \$928.50 per month will be payable to CMAA in arrears and will be due on the first workday of each subsequent month without the submission of an invoice.

Board Action: Ms. Cameron requested Board approval of a lease agreement with the Federal Aviation Administration for 619 square feet of terminal space payable in monthly installments of \$928.50. **Motion for approval by Commissioner Griffin, seconded by Commissioner Freeman. Motion approved.**

Averitt Air, Inc.

Ms. Cameron continued by requesting Board approval to extend an operating permit for Averitt Air, Inc. The extension will allow Averitt Air to continue to operate an On Demand Air Taxi service at the Chattanooga Metropolitan Airport. The renewal term of this permit begins September 24, 2010 for one year. It may be renewed for an additional year only if approved by CMAA. Either party may terminate on 14 days written notice. Averitt Air will pay CMAA in accordance with Section 3 of the Minimum Standards for sales and service on the airport premises. In addition, Averitt Air has provided to CMAA proof of adequate insurance. By accepting the rights and privileges granted by this permit, Averitt Air, Inc., agrees to pay the rates specified, as well as follow the generally applicable rules and regulations that are set forth in CMAA's Minimum Standards.

Board Action: Ms. Cameron requested Board approval for a one year extension of the operating permit with Averitt Air. **Motion for approval by Commissioner Mallen, seconded by Commissioner Kilbride. Motion approved.**

Other Business

None

Public Comment

Jimmy Lee, owner of Blue Ridge Limousine and Shuttle service, then addressed the Board regarding his 14 passenger shuttle and where it can be parked. He expressed concern about ground transportation at the Chattanooga Metropolitan Airport, and asked the Board members to investigate the matter. Chairman Jacobson asked him to submit a written account of what had happened and assured Mr. Lee that the Board would look into the matter.

Closing Comment

Chairman Jacobson thanked the commissioners and staff for attending the meeting. He said this is an exciting time for the airport and it's gratifying to see the progress that CMAA is making. He also extended the thanks of the entire Board to the staff and consultants for their diligence and great work on the runway project. He said their attention to detail and dedication to the job continues to make the airport a welcoming environment for travelers.

Commissioner Kilbride made a motion for adjournment. The motion was seconded by Commissioner Mallen. Motion is approved. The Board is adjourned.

Adjourn

Chattanooga Metropolitan Airport Authority
Chattanooga, Tennessee
December 20, 2010

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting Monday, December 20, 2010 at 2:00 p.m. Chairman Jacobson, Vice Chairman Hall, Commissioners Freeman, Mitchell, Veazey and Mallen were present and Commissioner Griffin attended by phone.

Chairman Jacobson introduced the newest Commissioner of the Board of Directors, Farzana Mitchell, gave a brief biography and welcomed her.

Chairman Jacobson verified a quorum was present and April Cameron verified the requirements of the Sunshine Law had been met.

Minutes

On motion of Commissioner Mallen, seconded by Vice Chairman Hall, the minutes of the September 24, 2010 meeting were approved.

President's Report

President Landguth greeted the Board and thanked them for attending the meeting. He then gave them an update on enplanements. November boardings were up nearly 5% over the same month last year. CMAA has seen steady growth in enplanements over the last four months. These are good signs of the recovering economy and the continued support of regional travelers and are also reflective of the airlines' responsiveness in adjusting their flight schedules to meet the needs of local travelers.

President Landguth continued to say that one great example of that willingness to work with the community is that Delta has heard from travelers that they need more than one daily trip to Detroit, so effective on March 2, 2011 Delta will be adding a second flight to their Detroit schedule. The new flight times will allow travelers to get into Detroit, do a full day of business, and return to Chattanooga that night. This is a great addition for CMAA's friends in the automotive industry, and CMAA appreciates Delta's willingness to partner with the airport on providing the service that better meets the needs of Chattanooga's growing regional businesses.

President Landguth then reported that CMAA had several written consents since the last meeting. CMAA requested Board approval for the renewal of its Directors and Officers Insurance with Cincinnati Insurance Company for a one year term commencing October 30, 2010 in the amount of \$22,807. CMAA requested Board approval for the purchase and installation of one Lennox 30 ton gas package HVAC unit and associated hardware from McKenney's Mechanical Contractors & Engineers in the amount of \$31,797. CMAA requested Board approval for a change order to I-Sys contract in the amount of \$15,108 for the installation of CMAA's access control system on four pedestrian doors located in Hangar 6. These requests were approved in writing by Chairman Jacobson, and Commissioners Freeman, Griffin and Mallen.

President Landguth then said that during the holidays it is especially important to remember those in the community who may be struggling to get back on their feet. The airport staff held the traditional volunteer day at the Community Kitchen. About a dozen of CMAA employees representing nearly every department spent the morning organizing the kitchen's two stock room areas. Then last week, CMAA held the annual Toys for Tots drive, which included all CMAA employees and tenants and three huge boxes of new toys were collected for kids around the region. As always, CMAA thanks the Marines for their efforts in organizing the toy drive event. And finally, each year the staff adopts a family from the Chattanooga Community Kitchen's transitional housing program and ensure they have gifts for their children. This year, the employees adopted one family as a gift for President Landguth, and CMAA adopted a second family as a gift to the Board. CMAA bought gifts for a single mother who is a full time student and her two children. They received their Christmas wishes, including an Easy Bake Oven, remote control car, books, clothes, and stuffed animals. Their mother did not ask for anything for herself, but was given a gift card to ensure she could have a little holiday cheer. The second family was a mom and dad and two children. The kids received all their requests, including a tricycle, desk and art easel, clothes, shoes, and pajamas. Mom received the clothes and shoes she needed, and CMAA was able to buy several outfits for Dad as he goes on job interviews. The Community Kitchen does amazing work with these families as they transition them from homelessness to a secure living and working environment.

President Landguth showed the Board pictures of the gifts and of the caseworker, Cathy, who is so devoted to these families and their children. He said CMAA was thrilled to be a part of their work again this year. He also thanked Sarah Stephens, CMAA's community relations specialist, who did so much to make all of these events successful – from coordinating the volunteer day to planning the toy drive and hunting down toy sales for the adopted families. CMAA could not have made these events successful without her passion for the community and organizational skills.

Commissioner Freeman asked about the enplanements, especially the Allegiant passengers and who is flying out. President Landguth replied that the Allegiant schedule changes so often and that would account for lower leisure enplanements, but the airport is seeing growth from a business standpoint.

Board Action

FBO Management Agreement

After several years of developing infrastructure to support continued growth at the airport, earlier this year CMAA broke ground on a new FBO on the west side of the airport. This development will benefit both the airlines and CMAA's corporate and general aviation aircraft by offering an environment where quality companies will compete for their business.

The next step in this project is to select an FBO firm to manage the business. To guide CMAA through this process, CMAA turned to Frank Newton and his team at Newton and Associates. Frank brings decades of experience to the table and has been invaluable throughout this project. President Landguth then introduced Mr. Newton to the Board and asked him to discuss the proposal process and his recommendation.

Frank Newton introduced himself to the Board and gave a brief history of his work with CMAA. He described the plans and existing markets at the airport, the request for proposals solicitation and went over the proposals that CMAA received. Mr. Newton said they received four credible proposals.

On December 10, 2010 President Landguth, April Cameron and Christina Siebold joined Mr. Newton in Charlotte, NC, to interview representatives from two of those firms: Hawthorne Aviation of Charleston, SC and Wilson Air Center of Memphis, TN. Mr. Newton said Hawthorne Aviation did a very good job but he felt Wilson Air Center was the best option for Chattanooga because Mr. Wilson stressed the importance of customer service.

Mr. Newton then said he was recommending approval of a contract with Wilson Air Center and introduced Bob Wilson and Dave Ivey of Wilson Air Center to the Board.

Bob Wilson, President of Wilson Air Center and Vice President of Kemmons Wilson Companies, then addressed the Board and gave a brief history of the family company and their operations of FBO's at Memphis, Charlotte and Houston, hotels and timeshares. He also gave a brief history of his own personal aviation background. Mr. Wilson said they are honored to be considered and would love to be chosen as the FBO management company.

Dave Ivey, Vice President of Wilson Air, then addressed the Board and discussed the awards the company has received and said their success started with the Wilson family and their philosophy on customer service. Mr. Ivey said they are very excited about the opportunities in Chattanooga and would like to be a part of it.

Vice Chairman Hall then said the Board spent a lot of time on this decision and expressed his enthusiasm and support for Wilson Air. He also expressed appreciation to Hawthorne Aviation and the other companies for their interest.

President Landguth then addressed the Board to summarize the request. CMAA will be requesting approval today for a 5-year management agreement with Wilson Air Centers under the terms and conditions Mr. Newton just outlined. This approval will also include allocation of \$96,185.32 for an initial start-up budget beginning tomorrow and running through January 31. Wilson will be setting up an office with set hours of operation to ensure they have a presence in the community to support their extensive marketing efforts. This transition budget is set up on a reimbursable basis so CMAA will reimburse the operator for actual expenses that are approved in this budget.

Board Request: President Landguth requested Board approval for a 5-year management agreement with Wilson Air Centers at the terms outlined in the agreement and discussed here today. This approval includes allocation of an amount not to exceed \$96,185.32 for a start-up operating budget through January 31, 2011.

Motion for approval by Vice Chairman Hall, seconded by Commissioner Mallen. Motion approved.

West Side Fuel Farm Development

Mr. Naylor then addressed the Board. CMAA is requesting Board approval for contracts relating to the installation of a turnkey fuel farm for the West Development Area. This project has two requests.

The first request is for approval of a construction contract with Southern Pump and Tank. The fuel farm will consist of two 20,000 gallon (Primary and Satellite), double wall, Jet A, and one 12,000 gallon, double wall, Av Gas tank with all associated equipment to include pumps, filters, piping and pad. After meeting all of the bid requirements staff is recommending awarding the construction contract to the apparent lowest responsive bidder, Southern Pump & Tank Company, LLC of Knoxville, TN. The bid price was \$535,125. The recommended firm is properly licensed by the State of Tennessee and experienced in the type of work required by this project. Chattanooga Metropolitan Airport Authority had three firms express interest in the project. One firm withdrew in writing prior to submitting a bid due to workload.

The second request is for approval of Task Order 9 with Allen & Hoshall for all design, for the roadway system, electrical, Truck Off-load and Retention Pad. The contract amount is \$29,900.

The project is funded with 90% state and 10% CMAA funds.

Commissioner Freeman asked when the work will be complete and Mr. Naylor replied it should be finished July 1, 2011 and online at the same time as the FBO.

Board Action: Mr. Naylor requested Board approval of a construction contract with Southern Pump & Tank Company, LLC of Knoxville, TN in the amount of \$535,125 for the installation of a Turnkey Fuel Farm for the West Development Area.

Motion for approval by Commissioner Freeman, seconded by Commissioner Veazey. Motion approved.

Secondly, Mr. Naylor requested Board approval for Task Order 9 with Allen and Hoshall in the amount of \$29,900 for the design services associated with the establishment of a roadway system for the West Development Area Fuel Farm.

Motion for approval by Commissioner Griffin, seconded by Commissioner Veazey. Motion approved.

Leigh/Fisher Contract

Mr. Naylor continued to say CMAA is requesting Board approval to enter into a consulting contract with Leigh/Fisher Management Consultants. The contract will be for the consulting services associated with the execution of a Voluntary Airport Low Emissions (VALE) Grant for a One to Three Megawatt Solar (PV) Farm.

CMAA has been developing a solar vision for the airport and seeking funding opportunities for the past two years. CMAA issued a Request for Qualifications for a consultant to assist the

airport in obtaining a VALE Grant. CMAA received responses from two firms. The staff selected the firm of Leigh/Fisher as the most qualified firm. Leigh/Fisher, formerly Jacobs Consultancy, developed a modeling program and has been successful in obtaining the first VALE Grant for solar at an airport. VALE is an air quality program. Chattanooga is in a non-attainment area for Particulate Matter 2.5 which makes the Chattanooga Metropolitan Airport eligible for this grant.

The Scope of Services includes the following tasks: (1) Meeting at FAA Headquarters, (2) Data Collection, (3) Estimation of Photovoltaic Generation/TVA Emission Profile, (4) Coordinating with the FAA Airport District Office, (5) Emissions and Dispersion Modeling System Modeling, (6) Securing Airport Emission Reduction Credits, and (7) Preparation of VALE Application for Solar PV System. The fee for these services is \$84,010.

Commissioner Freeman asked who the grant will come from, and Mr. Naylor replied the grant will come from the FAA.

Commissioner Mitchell asked how it is funded and Mr. Naylor replied that 95% is federally funded, 5% local match, and he is hopeful that part of the 5% will be state funded. He said the \$84,010 fee is reimbursable once the grant is approved.

Commissioner Freeman asked if CMAA is already in the running for this grant. Mr. Naylor said that CMAA officials have been to Washington and sat down with the program manager for the VALE program. He said they had a productive meeting and are hopeful that the Chattanooga project will receive the grant.

Commissioner Veazey asked what one megawatt will power. Mr. Naylor replied that CMAA will sell it back to the grid, because it will be too expensive to modify the airport to power the airport. It will offset the electric bill and CMAA will make some money from it too.

Commissioner Veazey asked if it will be beside the runway. Mr. Naylor replied that it has to be clear of all the safety areas. It has to meet the grant assurances that say it has to be on property that can't be used for any aeronautical use and it has to be clear of the par 77 airspace, and it will be below it.

Commissioner Veazey asked what Mr. Naylor guestimates the one megawatt will return in a year. Mr. Naylor replied he estimates about \$130,000.

Chairman Jacobson asked if CMAA submits the one to three megawatts in multiple events does this dollar amount cover all the submissions. Mr. Naylor replied that it covers all the background, and for multiple grants CMAA will have to write an extra application. There would be no additional fees for that.

Vice Chairman Hall asked if the \$84,010 is out of CMAA's pocket. Mr. Naylor replied that it is out of CMAA's pocket, but when the grant is approved, it will be reimbursable.

Commissioner Mitchell asked if \$84,010 fee is in addition to or part of the \$5 million. Mr. Naylor said it is part of the \$5 million.

Commissioner Griffin asked when they talk about the emission reduction credit, are those credits useful in some other area, or are they strictly for Chattanooga's image as a green city and can they be used for educational funds. Mr. Naylor said that there are two types of credits used, AERC, which can be used for certain projects to help CMAA build the airport, and can be used to help offset the environmental concerns, and the other which are renewable energy credits and those are something CMAA will sell to TVA.

Vice Chairman Hall said that it will be useful for the record to indicate why this is not a hazard to aviation. Mr. Naylor responded that there are no reflectivity issues involved with this material. CMAA officials went to the facility in Memphis where they make the panels to get more information and were told if a solar panel reflects light then it is not absorbing energy. They test the panels to make sure there is no reflectivity.

Vice Chairman Hall asked if there are any other airports with a solar farm located so close to the runway. Mr. Naylor said the Fresno airport has three solar farms which have been there for four years and there have been no complaints.

Board Action: Mr. Naylor requested Board approval to enter into a consulting contract with Leigh/Fisher for the services associated with obtaining a VALE Grant for a Solar Farm to be located on the southwest corner of the airport. The fee for these services is \$84,010.

Motion for approval by Vice Chairman Hall, seconded by Commissioner Freeman. Motion approved.

General Liability Insurance

Ms. Cameron then addressed the Board. BB&T Huffaker & Trimble solicited quotes on behalf of CMAA for renewal of our general liability and excess liability policies set to expire on December 31, 2010. The general liability insurance includes bodily injury and property damage, personal and advertising injury liability, medical payments, hangarkeepers liability, and non-owned aircraft liability. In addition to the standard policy, CMAA's policy contains general liability coverage for ground handling operations which is currently provided to Allegiant Airlines. Quotes were requested from eight providers. Following is a detail of the responses received.

Insurance Provider	2010 Quote
Chartis (formerly AIG)	\$130,969
ACE USA	\$130,663
Allianz Global Risk	Declined
W. Brown & Associates	Declined
XL Speciality	Declined
Global Aerospace	Unresponsive
Starr Aviation	Unresponsive
Phoenix Aviation	Unresponsive

ACE USA, the incumbent, provided a quote of \$130,663 for the same coverage as expiring, which is no increase in the premium from last year.

Based on the quote received, previous experience with claims, and customer service, BB&T recommends approval to renew general liability coverage with ACE USA for the one year term commencing on December 31, 2010 in the amount of \$130,663.

Ms. Cameron introduced Arch Trimble III from BB&T and said he would be happy to answer any questions the Board may have.

Commissioner Freeman asked why CMAA renews this insurance every year instead of getting a multiple year policy. Mr. Trimble replied that the insurance companies do not offer a multi-year policy.

Board Action: Ms. Cameron requested Board approval to renew its general liability insurance policy with ACE USA for a one year term commencing on December 31, 2010 in the amount of \$130,663.

Motion for approval by Commissioner Veazey, seconded by Commissioner Mitchell. Motion approved.

Mercury Cab and Checker Cab Lease

Ms. Cameron continued to say CMAA currently has a space located in the south end of baggage claim designated for taxi companies to conduct taxi operations at the airport. The taxi agreement currently in place for the space was developed in 2003 and many of the companies are no longer controlled by the same individuals. As a result, CMAA has met with all of the taxi companies authorized to conduct business at the airport to determine which companies are interested in retaining the space and discussed the requirements that would be included in new lease agreements. A new section of the lease is called Standards of Operation and includes the following provisions:

- Each taxi company participating in this joint leased space will only be allowed to maintain one company representative at the leased premises at any one time.
- Each taxi company participating in this joint leased space is required to post professional logo signage representing its company at the leased premises. Signage must be 18" tall x 36" wide and must receive written approval by the Authority prior to installation at the leased premises. Signage must be installed within 60 days of the effective date of this agreement.
- Only one computer per company is allowed to be maintained at the leased premises.
- No televisions or other electronic devices are allowed at the leased premises.
- No items will be allowed at the counter unless required for performance of taxi operations at the airport.
- Food may not be kept or consumed at the leased premises.
- Each taxi company participating in this joint leased space must at all times maintain the required authorization from the Authority as well as maintain compliance with CMAA's

Commercial Ground Transportation Rules and Regulations in order to conduct taxi operations at the airport.

Two of the four taxi companies operating at the airport have agreed to lease the existing space. Therefore, CMAA is requesting Board approval to enter into separate agreements with Checker Cab and Mercury Cab to share the 90 square feet of designated space. Throughout the agreement, each company will be required to pay \$81.00 per month to CMAA and maintain general liability insurance in the amount of \$1 million.

Vice Chairman Hall asked if the \$1 million is adequate for a 9 passenger vehicle. Ms. Cameron replied that the general liability insurance is solely for the leasehold space inside and that the cab companies have separate insurance for their shared ride vehicles, which is consistent with federal requirements.

Commissioner Freeman asked if the other companies will be at a disadvantage not being able to operate out of the terminal. Ms. Cameron said that some of the companies want to operate out of the terminal and feel it would be beneficial, while some prefer to simply follow the ground rules and regulations and stay in their cabs.

Board Action: Ms. Cameron requested Board approval of a contract with Checker Cab and a contract with Mercury Cab to share the 90 square feet of designated space. Each contract will be for a term of one year commencing on January 1, 2011 and will require monthly payments by each company in the amount of \$81.00 per month.

Motion for approval by Commissioner Mallen, seconded by Commissioner Freeman. Motion approved.

Millennium Taxi Lease

Ms. Cameron said in November, CMAA received a request from Millennium Taxi for space to operate a taxi/shuttle operation from inside the terminal building. After review of available space in baggage claim, CMAA determined that an unused counter from the ticketing area can be relocated to baggage claim without interfering with the emergency exit. The cost for that relocation would have to be the responsibility of Millennium Taxi. Millennium Taxi has agreed to pay the relocation costs as well as to abide by the new terms and conditions of the lease agreement which include:

- Each company will only be allowed to maintain one company representative at the leased premises at any one time.
- Each company is required to post professional logo signage representing its company at the leased premises. Signage must be 18" tall x 36" wide and must receive written approval by the Authority prior to installation at the leased premises. Signage must be installed within 60 days of the effective date of this agreement.
- Only one computer per company is allowed to be maintained at the leased premises.
- No televisions or other electronic devices are allowed at the leased premises.
- No items will be allowed at the counter unless required for performance of taxi operations at the airport.
- Food may not be kept or consumed at the leased premises.

- Each company must at all times maintain the required authorization from the Authority as well as maintain compliance with CMAA's Commercial Ground Transportation Rules and Regulations in order to conduct taxi operations at the airport.

CMAA staff will need time during the month of January to relocate the counter, therefore, the new lease agreement will be for a term of one year commencing February 1, 2011 in the amount of \$162.00 per month.

Commissioner Mitchell asked how much the relocation of the counter will cost. Ms. Cameron responded that it will cost \$1,347 and Millennium has already provided a check that CMAA has not cashed pending Board approval.

Board Action: Ms. Cameron requested Board approval of a contract with Millennium Taxi for a term of one year commencing on February 1, 2011 in the amount of \$162.00 per month.

Motion for approval by Commissioner Mitchell, seconded by Commissioner Mallen. Motion approved.

Transportation Security Administration (TSA) Facility Lease

Ms. Cameron then stated the CMAA requests approval to execute a new lease agreement with the TSA for terminal space consisting of 3,172 square feet. The leasehold currently includes space located in both the secured and unsecured areas of the terminal building and are used for office, training, and break room facilities. This new lease includes the same space that the TSA has occupied since 2002 and covers a period of five years with the term ending on December 31, 2015. The annual lease rate of the space is \$95,857.84 plus an additional amount to cover the cost of improvements that TSA has requested for the leasehold space. Payments will be paid in monthly installments of \$7,965.65.

Board Action: Ms. Cameron requested Board approval for a five year lease with the Transportation Security Administration for terminal space ending on December 31, 2015.

Motion for approval by Commissioner Griffin, seconded by Commissioner Mitchell. Motion approved.

Audit Report

Ms. Cameron then introduced Mr. Robert Belcher, a partner with Joseph Decosimo, to discuss the audit report with the Board.

Mr. Belcher addressed the Board. He said this audit was for the Authority's fiscal year which ended June 30, 2010. He said the audit report is a clean report as has been the case in prior years. Financial Statements were done in a consistent manner with prior years, and there were no changes in accounting policies, procedures or methodology for estimates. He said the financial position of the Authority is very strong; the fiscal year was a good year for the Authority. The balance sheet was very strong as of June 30. Cash balance increased, current assets exceed current liabilities by \$8 million as of June 30. Debt decreased and all financial indicators of the Authority are strong. He then thanked the Board for the opportunity to work with CMAA.

Commissioner Mitchell asked what the losses relating to disposal of property and equipment are related to. Mr. Belcher replied that the losses are related to the demolition of the old Target and Michael's buildings.

Commissioner Mitchell asked which assets went up by \$3 million. Mr. Belcher replied that the total assets had increased by about \$5 million and were mostly capital investments.

Commissioner Freeman asked if since the report was issued, is Mr. Belcher aware if the internal controls they recommended are in place. Mr. Belcher replied that it is his understanding that those procedures have all been implemented.

Vice Chairman Hall welcomed Commissioner Mitchell's arrival to the Board and to the Finance Committee and said the Finance Committee spent a lot of time going through the report and were satisfied with it. He also thanked the CMAA staff for their work with the Finance Committee and on behalf of the Finance Committee.

Chairman Jacobson thanked Mr. Belcher and Decosimo for their work and the CMAA staff for their cooperation of staff through the process and the hours put in by the Finance Committee.

Other Business

None

Public Comment

None

Closing Comment

Chairman Jacobson wished everyone happy holidays.

Commissioner Veazey made a motion for adjournment. The motion was seconded by Vice Chairman Hall. Motion is approved. The Board is adjourned.

Adjourn