



2011 Board Meeting Minutes Chattanooga, Tennessee

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Chattanooga Metropolitan Airport Authority
Chattanooga, Tennessee
January 24, 2011

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting Monday, January 24, 2011 at 2:00 p.m. Chairman Jacobson, Vice Chairman Hall, Commissioners Freeman, Mitchell, Veazey 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 Freeman, the minutes of the December 20, 2010 meeting were approved.

President's Report

President Landguth addressed the Board and thanked them for attending the meeting. He then gave them an update on 2010 enplanements. December boardings were up nearly 5% over the same month last year. CMAA saw declines in capacity from Allegiant earlier this year, which drove declines in enplanements. Load factors remained very high, but there were simply not enough seats in the market. But CMAA has seen steady growth in enplanements over the last five months. These are good signs of the recovering economy and the continued support of the regional travelers. This is also reflective of the airlines' responsiveness in adjusting their flight schedules to meet the needs of local travelers. CMAA has seen additional flights from Delta both in their ATL market, and also in adding DTW service, and now a second DTW flight is being added. This is all great news for travelers and factors which should drive another stable year of traffic growth at CHA.

Vision Airlines announced this week that they will begin nonstop service to the Destin / Ft. Walton Beach Airport on April 1. This is a very popular destination for travelers across the region. CMAA is hearing a lot of excitement from families who are looking forward to spending more time on the beach this year and less time in their cars. Vision is an innovative new airline. They are similar to Allegiant, which has done very well in Chattanooga. Vision will offer local travelers low fares and big jets – two more reasons to check Chattanooga first. The addition of a 5th airline in the market continues to encourage competition, which will lower fares for local travelers and provide a better experience in the Chattanooga Airport.

Every year, CMAA retains the services of Michael Boyd and his team to review the state of the airline industry in comparison to local conditions and determine, among other things, CMAA's potential for expansion over the next several years. First, his review of the airline industry indicates that there are fewer airline brands in the marketplace, and fewer hubsite gateways. In 2010, Delta began shifting their newly-merged assets and as a result, CHA lost MEM service. But the airline simply moved that capacity from MEM to DTW and ATL, and at the end of the day, CHA did not lose any connectivity. In fact, DTW is a much better option as a hub than MEM, as it offers many more destinations for

local travelers. So even with the loss of the MEM service, the total scheduled network of departing seats in Chattanooga will increase by almost 7% in 2011. Another development within the industry which Mr. Boyd is tracking is the Southwest acquisition of AirTran. The bottom line is that he believes this move will not have any effects on leakage or traffic at CHA because there will be no “Southwest Effect” on fares in ATL. AirTran is already offering low fares, so Southwest’s entry in the market will not have a significant impact on pricing. A few industry dynamics that WILL impact air service in Chattanooga are:

- Industry consolidation – Mr. Boyd believes this trend is essentially over for the time being.
- The US Airline Industry is down to four comprehensive network carrier brands: United, Delta, American and US Airways.
- This decline in the number of wedges in the pie limits the number of air service development targets for markets like Chattanooga, particularly as it applies to CMAA’s primary goal of ensuring continued global access, both into and out of Chattanooga.

Finally, the air service opportunity that is most pressing for this community is securing United Airlines. As has been discussed in regards to the limited airline brands, CHA currently offers three of the four remaining network brands in American, Delta, and US Airways. United is the one outlier. A very logical connection for this newly-merged carrier is the Houston hub, which offers connectivity westbound, but also into Mexico, which is an important market for the auto manufacturing industry. With the airline’s recent merger with Continental, expansion opportunities have not been high on their priority list. But with the help of Chattanooga’s business community and support of regional travelers, CMAA will continue pursuing this service in 2011 and will keep the Board posted.

Vice Chairman Hall asked how Vision compares to Allegiant in regards to size of plane and capacity and if CMAA would need to add staff for the new airline. President Landguth replied that it is almost identical to Allegiant and that there is already a manager in place and CMAA will add part time workers as needed.

Vice Chairman Hall asked how this would impact CMAA’s General Liability Insurance. Ms. Cameron replied that the coverage for Vision is included in the insurance that is already in place. She said the insurance company gave CMAA coverage for this at no additional cost.

Vice Chairman Hall asked if the two airlines’ schedules will conflict and is there adequate parking for the additional passengers. President Landguth said CMAA has a contingency plan in place to relocate employee parking when needed. Mr. Hart replied that the new airline is scheduled for Thursday evenings and Sunday midday. In April, the Vision flight will be in between the Allegiant flights, however the Allegiant schedule is subject to change.

Commissioner Veazey asked if the frequent flyer program is up and running yet. Ms. Siebold replied that it has begun and the Republic employees are being trained on their responses to inquiries. Also, she said the Thanks Again staff is creating additional signage based on success they have seen at the Tallahassee Airport.

Vice Chairman Hall asked if there is anything the Board can do to help bring United to Chattanooga. President Landguth replied that he has spoken to Mr. Boyd and other consultants to see if the key decision-making people are in place yet and they are not. CMAA is still trying to identify the right time to get the airport's message out. If any of the Board has contact with United's or Continental's management, it might help to reach out to them so that CMAA will be on their radar.

Mr. Hart then addressed the Board. He updated the Board about changes made to the Commercial Ground Transportation Rules and Regulations. CMAA did a complete review of the rules and regulations, and solicited comments from all the providers as well as some CMAA staff. This does not require a Board Action, but CMAA is providing an update of the changes. CMAA did a complete document reformatting, created a corporate shuttle category and definition, and also added that fees would be charged for any business providing commercial ground transportation that originates at the airport. The operating fees for buses were standardized with all other vehicles, and CMAA also added the piece that airline transportation vouchers may only be issued to ground transportation operators who have been permitted by CMAA. Any permitted vehicle shall use only the hold area, or the load area. Drivers may not use the airport parking to wait for a queuing space to open. Proper documentation DOT number was added to the inspection checklist for shared ride and limousine vehicles. All of the providers have been given copies of the new regulations.

Board Action

Ground Handling Agreement with Vision Airlines

Mr. Hart then said Vision Airlines approached CMAA about serving the Chattanooga Airport. After negotiations with the airline, they have announced service from Chattanooga to Destin / Fort Walton Beach, Florida beginning on April 1, 2011, using 148 passenger Boeing 737-400 jets. CMAA is hereby requesting approval for a contract with Vision Airlines to perform their ground handling operation in Chattanooga.

Staffing – CMAA's current approved staffing structure for the ground handling operation includes a full time manager and a complement of part time staff. In order to effectively manage the additional service, CMAA will be hiring additional part time employees.

Training – The employees will be trained by the airline's staff to administer their system. The cost of training is included in the contract.

GSE – The airport will provide the following ground support equipment to the airline: one baggage truck, six baggage carts, one belt loader and one boarding ramp which is ADA compliant.

Insurance – Coverage for the Vision operation is included in our general liability insurance at \$100 million. There is also an additional excess policy of \$100 million.

Fees – All airport fees, including ground handling, landing fees, security fees, baggage fees, boarding ramp, terminal rent and ground service equipment rental is included in a \$788.83 per turn charge to the airline for the first six months of service. After the first six months, the per-turn charge will be \$1,100.00.

Termination – Either party can terminate the agreement with 60 days notice.

This is the same contract used for the Allegiant ground handling agreement. It is a standard agreement from the International Air Transport Association and has been reviewed by CMAA's legal and risk management firms and all parties are in agreement with the terms and conditions.

Commissioner Mitchell asked if the cost and profit has been reviewed and does CMAA have a net profit. Mr. Hart replied that CMAA has reviewed the proposal and is covering their costs with the additional service.

Commissioner Freeman asked if there is no net profit. President Landguth replied that all the fees will add up to approximately \$52,000.

Board Action: Mr. Hart requested Board approval for a contract with Vision Airlines, Inc., to provide ground handling services to the airline's Chattanooga station, as well as the organizational staffing to support the new service.

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

Maintenance Director Vehicle Lease

Mr. Hart then said the next item is the Maintenance Director Vehicle lease and it has two requests. He read the required American Honda Finance Corporate Resolution to the Board. The resolution is as follows:

CORPORATE RESOLUTION TO LEASE

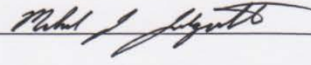
- ☐ Honda Lease Trust, a Delaware Business Trust,
☐ HVT, Inc., a Delaware corporation, as Trustee for Honda Lease Trust (For Virginia Only)
☐ HVT, Inc., a Delaware corporation, (For New York Only)

RESOLVED, that any one or more of the officers of this corporation listed below, and/or any such officers' successor(s), and such other employees as may be designated by the board of directors from time to time are hereby authorized, directed and empowered for and on behalf of this corporation and in its name to execute and deliver a Closed-End Vehicle Lease Agreement dated as of January 22, 2011, between the lessor named therein and said lessor's assignee, named above (individually and collectively, "Lessor"), on such terms as may be agreed to by said persons, together with any documents or agreements deemed necessary or proper by Lessor in connection therewith, and any and all extensions, modifications and/or renewals thereof.

FURTHER RESOLVED, that any present or future officer or officers of this corporation be and hereby is directed to do and perform such acts and things deemed by such officer or officers necessary, convenient or proper to carry out, modify, or supplement any agreements and arrangements made between the corporation and Lessor, and the Board of Directors hereby ratifies, approves and confirms all such acts and things that any such officer has done or may do in connection with any of the matters outlined in these resolutions.

FURTHER RESOLVED, that Lessor is authorized to rely upon the aforesaid resolutions until receipt by it of written notice of any change, which change of whatever nature shall not be effective as to Lessor to the extent Lessor has relied upon the resolutions in the above form.

The officers referred to in these resolutions are:

Title	Name	Authorized Signature
President and CEO	Michael J. Landguth	
_____	_____	_____
_____	_____	_____

I, April Cameron, Secretary of Chattanooga Metropolitan Airport Authority, a Corporation, do hereby certify that the resolution appearing above is a full, true and correct copy of a resolution of the Board of Directors of said corporation duly and regularly passed and adopted at a meeting of the Board of Directors of said corporation which was duly and regularly called and held in all respects as required by law and by the bylaws of said corporation on the 24th day of January, 2011, and that the signatures appearing on the above mentioned copy of said resolution are the genuine signatures of the persons mentioned in said resolution and authorized to act on behalf of said corporation as set forth in said resolution.

I further certify that said resolution has not been amended or revoked and is still in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand as such Secretary and affix the corporate seal of said corporation this 24th day of January, 2011.

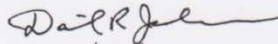
(SEAL)

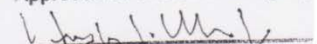
April Cameron
Secretary

LS CORP (9/02)

AMERICAN HONDA FINANCE CORPORATION

Approved as to form and legality


1/24/11


(Legal Counsel)

Board Action: Mr. Hart requested Board approval for this resolution.

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

Mr. Hart continued by saying the lease on the vehicle operated by the Director of Maintenance is expiring. To ensure immediate response to any terminal, airfield, or aircraft emergency, CMAA provides the holder of this position with a take home vehicle.

CMAA solicited and received five quotes for a new vehicle lease. Based on a review of the five responses, CMAA staff recommends acceptance of a 36 month lease with American Honda Finance for a 2011 Honda Pilot LX for an amount of \$417.29 per month. An initial monthly payment plus fees of \$125 are due upon execution of the lease. Although this was a budgeted item, the new rate will be slightly over the budgeted amount of \$390.00. The difference will be reallocated from the elevator / escalator maintenance account where CMAA realized a savings over last year's contract amount.

Board Action: Mr. Hart requested Board approval for a 36 month lease with American Honda Finance for a 2011 Honda Pilot LX at an amount of \$417.29 per month plus \$125 in initial fees.

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

Elevator and Escalator Maintenance Agreement

Mr. Hart then said this agreement encompasses the maintenance and repair of two Montgomery elevators and two Montgomery escalators located in the airport terminal. The scope of the work consists of general cleaning and maintenance of the equipment, as well as repair and replacement of items such as motors, pumps, guides and handrails as warranted. The term of the agreement is three years. The airport solicited bids on this project and received two. After meeting all the bid requirements, CMAA staff reviewed the proposals and recommended the maintenance agreement be awarded to ThyssenKrupp Elevator Corporation at a bid price of \$29,025.83 for a term of three years, beginning February 1, 2011, representing a savings of \$2,000 from the previous provider.

Vice Chairman Hall asked if CMAA was unhappy with the previous provider. Mr. Hart said that CMAA was very happy with them but they did not submit a bid because they missed the deadline.

Board Action: Mr. Hart requested Board approval for a contract with ThyssenKrupp Elevator Corporation in the amount of \$29,025.83 for a term of three years, beginning February 1, 2011, for the maintenance and repair of two elevators and two escalators located in the airport terminal.

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

Mr. Hart then briefed the Commissioners on EPB Fiber Optics. He said CMAA has been working with EPB Fiber regarding a service agreement that will encompass EPB Fiber providing phone, internet and television services for the airport. Currently EPB Fiber

provides CMAA's phone service and Comcast provides internet and television connectivity. CMAA can now realize an approximate savings of \$1,700 a year and improve network capabilities. He said CMAA is still in negotiations with EPB Fiber and will submit it to the Board soon.

Worker's Compensation Renewal

Ms. Cameron then addressed the Board. BB&T Huffaker & Trimble has solicited bids on behalf of the Airport Authority for renewal of CMAA's Workers Compensation insurance policy. Declinations or non-responses were received from eight carriers.

CMAA received quotes from the incumbent carrier, Key Risk, as well as Berkshire Hathaway Group. The lowest quote of \$56,974 was provided by Berkshire Hathaway Group which is an A++ rated company. This quote represents a decrease of 33% from last year's premium primarily due to reclassifying several employees from aviation and operational services to clerical and sales related personnel services. Payments will be required by a 25% deposit and nine monthly payments.

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

Commissioner Mitchell asked if temporary employees are covered under this policy. Mr. Trimble said anyone on the payroll is covered.

Board Action: Ms. Cameron requested Board approval to accept renewal of Workers Compensation Insurance with Berkshire Hathaway Group in the amount of \$56,974 for a one year term commencing January 31, 2011.

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

BlueCross BlueShield Advertising Contract

Ms. Siebold then addressed the Board. CMAA is requesting Board approval for a contract with Blue Cross Blue Shield of Tennessee to continue their advertising in the airport rotunda on the escalator / stair display sponsorship. The advertiser is responsible for providing the creative graphics to be approved by CMAA before production. Once produced, BCBS will be responsible to install the creative into the space. The term of the agreement is for 12 months, beginning on January 27, 2011 at a monthly rate of \$2,000 except for two months which will be charged at \$1,500 to allow for the covering of portions of the stair ads with holiday decorations. The total annual contract amount will be \$23,000.

Chairman Jacobson recused himself from this action item because of his employment with BCBST. He turned the meeting over to Vice Chairman Hall, who noted for the record that Chairman Jacobson abstained from the vote.

Board Action: Ms. Siebold requested Board approval for a contract with BlueCross BlueShield of Tennessee in the amount of \$23,000 annually for a corporate display.

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

Unum Advertising Contract

CMAA is requesting approval for an advertising contract with Unum to continue to advertise in the airport. The ad is a large backlit ad located in baggage claim and welcomes travelers to Chattanooga. The term of the agreement is for 5 years, beginning in January of 2011, at a monthly rate of \$935, or \$11,220 annually.

Commissioner Mitchell asked if there was an increase on the cost of the ad. Ms. Siebold replied that there was no increase because Unum's ad is at the top end of the range for the space so CMAA negotiated a five year agreement with them to keep their pricing low.

Commissioner Freeman asked how the advertising program is doing now that CMAA no longer contracts out the advertising. Ms. Siebold replied that it is going very well. Waterhouse Public Relations is helping with cold calling and CMAA expects the program to grow as the economy improves.

Board Action: Ms. Siebold requested Board approval for a 5 year contract with Unum in the amount of \$11,220 annually for an airport display ad.

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

First Tennessee Business Center Sponsorship

Ms. Siebold then said CMAA requests Board approval for a contract with First Tennessee Bank for the renewal of the sponsorship of the Airport's Business Center. First Tennessee has held the business center sponsorship since August 2006. Their previous contract expired August 1, 2010. Due to several personnel changes, they experienced a delay in renewing the agreement. As such, First Tennessee has agreed to compensate CMAA for that five-month delay, as well as sign a three-year agreement for continued sponsorship of the business center. The annual fee will remain \$5,750 with the outstanding balance for August-December compensated at \$2,396.

Commissioner Mitchell asked if CMAA is going to get an increase on the sponsorship. Ms. Siebold replied that CMAA did not increase the fee, but is looking for a co-sponsor to potentially upgrade the furniture in the facility.

Vice Chairman Hall asked if there is a termination agreement in case CMAA remodels and the current space is no longer available, or a right to relocate clause. Ms. Cameron replied that there is a 30 day termination agreement.

Board Action: Ms. Siebold requested Board approval for a three-year sponsorship contract with First Tennessee Bank in the amount of \$5,750 annually.

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

Other Business

Commissioner Veazey asked how CMAA did with the snow removal. Mr. Hart replied that CMAA staff did very well with the snow removal. The primary runway and taxiways were kept open. Commissioner Veazey asked if there were any slips or falls. Mr. Hart said there were no injuries during that time.

Vice Chairman Hall congratulated President Landguth on the new service with Vision Air and said he has received many positive comments from people in the community regarding the new flights to Destin.

Public Comment

An employee from McKee Foods indicated that he needed quicker snow removal from the front of his hangar in the future. Chairman Jacobson apologized for the situation and asked President Landguth to look into that further.

Closing Comment

Chairman Jacobson expressed his excitement about the new service to Destin, and his hope that the competition will help lower fares in Chattanooga. He also thanked Vision Airlines and the many loyal travelers who use the Chattanooga Metropolitan Airport.

Commissioner Freeman 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
February 21, 2011**

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting Monday, February 21, 2011 at 2:00 p.m. Chairman Jacobson, Vice Chairman Hall, Commissioners Freeman and Mallen were present and Commissioner Mitchell 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 Mallen, the minutes of the January 24, 2011 meeting were approved.

President's Report

President Landguth greeted the Board and thanked them for attending the meeting. He then reviewed enplanements. He said January boardings were up nearly 7% over January of 2010. This is the airport's sixth consecutive month of growth and a good start for 2011.

He then said that he and John Naylor attended the annual FAA conference in Atlanta earlier in the month. At that meeting, Mr. Naylor was presented with the prestigious Southern Region Runway Safety Award. President Landguth then read the letter that the FAA included with their award. The letter is as follows:



U.S. Department
of Transportation
Federal Aviation
Administration

Runway Safety Program Office
Southern Region

P.O. Box 20636, AJS-450
Atlanta, Georgia 30320-0631

January 27, 2010

Mr. John Naylor
Vice President of Planning & Development
Chattanooga Metropolitan Airport Authority
1001 Airport Rd, Suite 14
Chattanooga, TN 37421

Dear Mr. Naylor:

Congratulations! You have been selected to receive the 2010 FAA Southern Region Runway Safety Partnership Award.

This award is presented to you in recognition of the outstanding work and contributions made in promoting surface safety and by taking an innovative and proactive approach to runway safety enhancements. You worked diligently to develop, promote, and acquire funding for a project to construct TW "H" which will eliminate runway crossings from the west side of the airport to the primary Runway 2/20. You acted as the project manager, safety coordinator and escort with 190 individuals involved in this project. Under your leadership, the construction was completed a full day ahead of schedule.

You showed a compelling commitment and vigilance to mitigate the risk of an incursion during the cumbersome duties associated with the development of TW "H" and with the rehabilitation of RW 2/20.

Your proactive approach and the desire to maintain the highest level of safety makes you a leader and a partner in aviation safety. Again, congratulations for a job well done in promoting, developing, and implementing runway safety initiatives and activities at the airport.

Sincerely,

Anna B. Cohen
Manager, ASO Runway Safety Program

cc:
Mr. Mike Landguth, President

President Landguth then thanked Mr. Naylor and the entire airport team that made the runway project such a success.

Also, Vision Airlines visited Chattanooga last week to make a special announcement. The airline partnered with the Make-A-Wish Foundation of East Tennessee to donate airline tickets for the family of 7-year-old Aliyah, whose only wish was to go to the beach and swim with the dolphins. Vision will be flying Aliyah and her family to Destin,

where Make-A-Wish has arranged for her to swim with the dolphins. CMAA worked hard last week to pull together a beach party for Aliyah and her family – complete with the airport’s own little piece of the Destin coastline. Aliyah and her family were very grateful for the tickets and they are excited for the opportunity to vacation at the beach. CMAA was joined by Bill Maloney with Vision Airlines, as well as Bob Doak from the Chattanooga Area Convention and Visitors Bureau who talked about the importance of bringing Floridians to Chattanooga to vacation in the mountains of East Tennessee. It was a great event for the airport and the newest airline. Many thanks to Make-A-Wish Foundation of East Tennessee for the great work they do in and around Chattanooga. And also a warm welcome to Vision Airlines – CMAA is thrilled to see the airline join this community.

Vice Chairman Hall asked when Vision airlines would start air service. President Landguth replied that air service would start in April.

Vice Chairman Hall commented that the enplanements showed impressive growth and asked if the drop in Allegiant’s passengers was because of the loss of one of the Allegiant flights. President Landguth replied that Allegiant is still leaving with full planes, they just aren’t leaving as frequently. CMAA has also strongly expressed interest in regaining the Ft. Lauderdale service and introduced an incentive to the airline to increase flights. Their costs will go down the more flights they schedule, but they have not agreed to that plan yet.

Commissioner Freeman asked President Landguth about pending legislation which might impact the airport. President Landguth said there is a lot of movement on the Hill. He told the Board about his recent trip to Washington DC for the annual legislative conference and said it appears aviation has a tendency to have a very strong bi-partisan support. He said the President, the House and the Senate all have different bills they are looking at and overall less money will come from AIP projects and there won’t likely be an increase in the passenger facility charge. He said they are also starting to see additional safety requirements that will affect CMAA. He told the Board he will update them as he has more information.

Board Action

EPB Fiber Optics Service Agreement

Mr. Hart then addressed the Board, saying that CMAA is requesting Board approval for an agreement with EPB Fiber Optics. This agreement encompasses EPB Fiber Optics providing the phone, internet and television services for the airport. Currently, EPB Fiber Optics provides CMAA’s phone services while Comcast supplies internet and television connectivity. With the deployment of their fiber network to the airport vicinity, EPB Fiber Optics is now able to meet all CMAA’s needs. In doing so, CMAA will realize an annual savings of approximately \$1,700 while improving overall network capabilities. The term of the agreement is for three years. CMAA staff has reviewed the agreement and recommends its acceptance. The cost of the service package over the length of the agreement, excluding long distance charges, is \$44,936.28.

Board Action: Mr. Hart requested Board approval for a service agreement with EPB Fiber Optics in the amount of \$44,936.28 for a term of three years, beginning March 15, 2011.

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

Runway Deicing Fluid Purchase

Mr. Hart continued to say CMAA is requesting Board approval for the purchase of runway deicing fluid. CMAA's current supply of runway deicing fluid, which was last purchased in March 2000, is near its depletion point. To ensure proper response to a winter event, CMAA needs to replenish the supply. After researching the available products, CMAA recommends a liquid runway deicer product manufactured by Cryotech, a company based in Ft. Madison, Iowa. The material combines sustainability with reliable quality and performance, while meeting all FAA and EPA requirements. Although the product can be packaged and delivered by different means, CMAA recommends a bulk delivery of 4,400 gallons, which is the least costly method. The rate would be \$4.89 per gallon or \$21,516. This item was included in the approved 2011 operating budget.

Commissioner Mitchell asked if the rate has increased. Mr. Hart replied that the cost of the fluid has increased. He said CMAA paid \$3.25 per gallon and received 4,800 gallons which was approximately a 50% increase over the cost per gallon from the last time CMAA bought the fluid, which was almost 12 years ago. CMAA compared the price with other suppliers and this was the lowest rate.

Commissioner Mitchell asked about the shelf life of the product. Mr. Hart replied that there is not a shelf life on the product when using the proper storage containers which CMAA has in use.

Commissioner Mallen asked if the price declines in the summer. Mr. Hart replied that he has not seen the price drop seasonally.

Board Action: Mr. Hart requested Board approval for the purchase of 4,400 gallons of EX180 runway deicing fluid from Cryotech at a purchase price of \$21,516.

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

First Tennessee ATM Lease

Ms. Cameron then addressed the Board, saying that CMAA is requesting Board approval to enter into a lease with First Tennessee Bank to provide ATM services at the airport. The First Tennessee ATM lease expired on July 31, 2010, along with the expiration of the bank's sponsorship of the business center. The monthly payment by First Tennessee continued as CMAA attempted to work through the terms of the new agreement for the business center and ATM lease. In December, CMAA was informed that First Tennessee

planned to continue its sponsorship of the business center and wanted to renew the ATM lease but the two could not be linked together as had been done previously. Given this information, CMAA entered into a new contract for the sponsorship and would now like to enter into a new lease agreement for the ATM at the airport. The lease would be for a term of one year ending on July 31, 2011 under the same terms and conditions. This extension through the end of July will provide CMAA staff adequate time to research options for the ATM opportunity at the airport.

Board Action: Ms. Cameron requested Board approval to enter into a lease with First Tennessee Bank to provide ATM services at the airport for a term of one year ending July 31, 2011 in the monthly amount of \$150.00.

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

Wilson Air Transition Budget – March 2011

Ms. Cameron continued to say in December, CMAA obtained approval of an initial transition budget covering Wilson Air Center operations in Chattanooga. CMAA is now requesting Board approval of the budgeted expenses for March 2011 which includes the management fee for February and March as well as other expenses associated with operations, staffing and transportation. The total expense for the month of March is budgeted at \$48,296.36 and is paid on a reimbursable basis therefore, only costs incurred will be reimbursed by CMAA.

Commissioner Freeman asked if this was included in the budget. Ms. Cameron replied that these funds were not included in the budget, they are from money set aside in an unrestricted fund which is part of the money CMAA allocated to fund this operation.

Vice Chairman Hall asked if construction of the facility is on track. Mr. Naylor replied that construction is going very well. Framework is up, they are installing brick and the structural elements in the building are up and drywall installation is about to start.

Board Action: Ms. Cameron requested Board approval of Wilson Air's transition budget for the month of March in the amount of \$48,296.36.

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

Tandus Advertising Contract

Ms. Siebold then addressed the Board, saying that CMAA is requesting Board approval for a contract with Tandus to sponsor an airport recycling station. The advertiser is responsible for providing the creative graphics to be approved by CMAA before production and installation into the station, which will be located in the airport concourse. The term of the agreement is for two years, beginning on February 27, 2011 at a monthly rate of \$750 for a total contract amount of \$18,000.

Vice Chairman Hall asked for more information about Tandus. Ms. Siebold said Tandus is a large floor covering company located in the Dalton area and they are huge supporters of the Chattanooga Airport. They installed the original flooring material in the airport.

Vice Chairman Hall asked if Tandus is doing this type of advertising other places. Ms. Siebold said they could be because the company is environmentally conscious and regularly recycles their materials and they feel like this is a good vehicle for that message. Commissioner Freeman asked who will be supplying the containers. Ms. Siebold replied that CMAA will supply the containers, and the airport has recycling people who will pick up.

Board Action: Ms. Siebold requested Board approval for a contract with Tandus in the amount of \$18,000 for a two-year sponsorship of an airport recycling station.

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

Other Business

Vice Chairman Hall complimented President Landguth on the staff he has brought to the airport and congratulated Mr. Naylor on his runway safety award.

Public Comment

None

Closing Comment

Chairman Jacobson expressed his thanks to Vice Chairman Hall and the other Commissioners for being present. He congratulated Mr. Naylor on his prestigious and well deserved award and thanked the staff for their hard work. Chairman Jacobson thanked the Make-A-Wish Foundation of East Tennessee and Vision Airlines for their contribution and helping Aliyah to realize her wish.

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

Adjourn

Chattanooga Metropolitan Airport Authority
Chattanooga, Tennessee
March 21, 2011

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting Monday, March 21, 2011 at 2:00 p.m. Chairman Jacobson, Vice Chairman Hall, Commissioners Freeman, Veazey, Mitchell 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 Mallen, seconded by Commissioner Freeman, the minutes of the February 21, 2011 meeting were approved.

President's Report

President Landguth greeted the Board and thanked them for attending the meeting. He said February boardings grew 5% over February of 2010. For the months of January and February, CMAA is up 6% for the year. This is the 7th consecutive month of growth and a good start for 2011.

President Landguth reminded the Board that the newest airline, Vision, will begin their nonstop service to Destin / Ft. Walton Beach in just over a week. This is a great time of year to visit the beach for spring break and begin planning those summer vacations. Vision has low fares and big, comfortable jets coming to Chattanooga that will make the traditional 7-8 hour drive a quick 45 minute flight. For the next few days, travelers have even more incentive to book their Vision tickets. The airline is offering an incredible sale fare of \$19 each way. Tickets must be booked by March 24 and used by May 21. Passengers can go to vision's website for all the details.

Also, on March 30 CMAA will be conducting the tri-annual full scale exercise. This event is designed to test emergency response to an accident as well as CMAA's coordination with neighboring agencies.

Board Action

Community Survey and Ticket Lift / True Market Study (Leakage Study)

President Landguth then said CMAA recognizes that changing economic conditions in Chattanooga will impact future air service demand. This demand will shape the air service recruitment strategy. One way to capture this information is to conduct a community survey. CMAA has evaluated several air service consultants over the years and has found that Sixel Consulting, Inc., has been very successful recruiting air service into communities. Therefore, CMAA has selected Sixel Consulting Group, Inc., to develop an online survey which will target the Chattanooga community and businesses in the region to specifically address future air service needs. The CMAA will assist with

marketing the survey to the community. The survey will be a link on the airport website. CMAA plans to leave the survey open for 30 days at which point the consultant will develop an executive summary of the survey results.

The consultant will also prepare a Ticket Lift / True Market Leakage Study to determine the catchment area and size market the airport can reasonably expect to draw passengers from to use the airport. The study will provide specific demographics of the area including population growth / decline and unemployment rates. The report will determine the number of passengers traveling locally and local passengers traveling from each competing airport. This extensive true market analysis of potential passenger traffic in the region is key to understanding the local resident travel patterns and will be useful in educating airline planners on the future opportunities this community holds for growth.

Commissioner Mallen asked if the online survey will be passive where people just need to go to take the survey or will CMAA reach out to current customers. President Landguth asked Christina Siebold to explain more about the survey. Ms. Siebold said that she will work with Waterhouse Public Relations to reach out to business travelers and the business community as well as the local Chambers of Commerce to reach as many frequent flyers and the general community to ensure CMAA passes in-depth information to the airlines. The survey will be on CMAA's website and will be distributed through multiple avenues including Chambers and corporate travel agents.

President Landguth showed the Board an example of what the survey and leakage study look like and said he think it will be beneficial information. The information will be used for meetings with group planners and will include economic change that is going on in the community, as well as factual information from CMAA's consumer in the market in terms of what they see as the demand and services that they think that they need, along with looking at the demographics and total numbers to show them that really the market is probably under served and there are opportunities out there for additional growth.

Commissioner Freeman asked how many hits CMAA has to the website, and are there an anticipated number of hits to the specific link that President Landguth described. Ms. Siebold replied that she did not immediately know the number of hits. She said CMAA is working with the Sixel representatives to find out exactly how this has worked in other markets so she will have a better idea after she talks to him.

Commissioner Mitchell asked if there was a way to find out from the airlines who the passengers are in order to reach a larger portion of the community. President Landguth replied that CMAA's challenge is that the airport does not have a relationship with the consumer from a ticket standpoint. All that information is held by the carriers themselves. As people sign up for the Thanks Again program CMAA is starting to reach out to get a database and CMAA will have access to those people who are actually parking in the parking lots. Based on some past surveys it looks like CMAA is between 60 and 70 percent business dominant.

Commissioner Mallen asked if CMAA has the right to the survey material after the survey is done. President Landguth replied yes, the data belongs to CMAA.

Chairman Jacobson asked if there is a plan to reach the area outside Chattanooga and Hamilton County. President Landguth said CMAA will predominantly be dealing with the Chambers and CVBs in those communities.

Vice Chairman Hall made the motion to approve the study with the condition that Mr. Lum from Sixel Consulting presents the results to the Board upon completion of the study.

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

ASA Maintenance Lease

Ms. Cameron then addressed the Board, requesting approval to renew a lease agreement with Atlantic Southeast Airlines (ASA) for approximately 2,021 square feet of space located in the lower level of the terminal building. ASA will continue to use the premises as administration offices for a maintenance team located in Chattanooga to perform aircraft maintenance. The premises are leased in an “AS IS” condition whereas ASA bears sole responsibility for all janitorial, maintenance, and routine upkeep of the premises. The term of the agreement is for one year with monthly rent of \$4,890.84 paid in advance on the first day of each month.

Board Action: Ms. Cameron requested Board approval for a new one year lease agreement with Atlantic Southeast Airlines in the amount of \$58,690.08 commencing April 1, 2011.

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

Crystal Air Operating Permit

Ms. Cameron continued to say CMAA is requesting Board approval for renewal of an operating permit with TNT Leasing Company, Inc., dba Crystal Air. The permit will allow Crystal Air the privilege and right to operate a charter and air taxi operation at the Chattanooga Metropolitan Airport. The term of the renewal permit will begin on April 1, 2011 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.

Crystal Air will continue to pay CMAA in accordance with Section 3 of the Minimum Standards for sales and service on the airport premises. In addition, Crystal Air has provided to CMAA proof of adequate insurance.

Crystal Air has requested to extend the waiver granted in the original term regarding Section 11(b) of the Airport Minimum Standards. Section 11(b) regarding aircraft charter and air taxi services requires that the operator must occupy a minimum of 200

square feet of properly lighted, heated and air conditioned space on the Airport for office and public use areas. Crystal Air is an affiliate of TNT Leasing which currently occupies only hangar space from TAC Air. Section 16 allows the waiver of any of the Minimum Standards where it deems to be in the best interest of the Airport's operation and the public good.

By accepting the rights and privileges granted by this permit, Crystal Air agrees to continue to pay the rates specified, as well as follow the generally applicable rules and regulations that are set forth in CMAA's Minimum Standards.

Ms. Cameron said a scheduling conflict kept an affiliate with Crystal Air from attending the meeting but did introduce Mr. Bill Steverson whose company owns the aircraft.

Vice Chairman Hall asked how long Crystal Air has been operating. Ms. Cameron replied that they have been here since 2007 under an operating permit.

Vice Chairman Hall asked if CMAA has a copy of the current proof of insurance and has it been reviewed by the insurance agent. Ms. Cameron replied this copy has not been reviewed by the insurance agent but it is identical to the previous copy except for dates, and that copy was reviewed by Mr. Trimble.

Vice Chairman Hall moved that the Board accept this with the stipulation of review by Mr. Trimble.

Board Action: Ms. Cameron requested Board approval for a new one year lease agreement with Atlantic Southeast Airlines in the amount of \$58,690.08 commencing April 1, 2011.

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

Republic Parking Employee Shuttle Contract

Ms. Cameron said upon advice of the Board and the possibility of higher than expected enplanements due to the entrance of Vision Airlines offering low cost fares to the Florida Panhandle, CMAA has consulted with Republic Parking to provide a shuttle operation for employees of the airport. When operational, the shuttle will transport employees of the airport to an offsite lot to allow additional parking spaces for the paying public. This contract will commence on April 6, 2011 and will operate on an as-needed basis until terminated by either party with or without cause by providing 5 days written notice to the other party. The terms of the agreement will be the same as before with the exception of an increased hourly rate from \$13.50 to \$14.50 for the shuttle driver and associated expenses. The cost for the use of the shuttle is the same as before at \$1,000 per month for one shuttle owned by Republic Parking System and includes the cost of the vehicle, insurance and maintenance.

Ms. Cameron introduced Mr. Jim Berry and Mr. Britton Stansell from Republic Parking.

Mr. Berry introduced himself and Mr. Stansell, one of his grandsons. He thanked the Board for the opportunity to do business with CMAA and said the bus will be in Chattanooga by Wednesday and they will put it through the usual checks to make sure it is in proper condition.

Ms. Cameron said CMAA had this same agreement with Republic Parking in 2007 when the parking lot hit capacity. Essentially, employees will be moved offsite to allow more room for the paying public to utilize the lots.

Vice Chairman Hall asked if the service will be in place by the time Vision begins service. Ms. Cameron replied that Vision begins service on April 3 and this agreement begins on April 6. Republic is bringing the bus down from Dayton, Ohio and they will have to get it ready for operations. There is the possibility that because Vision is flying a Thursday - Sunday rotation there could be more Vision passengers on the weekend and then more business travelers through the week. So CMAA could just remain near capacity most of the time. This is just a nice contingency to have in place in the event CMAA does peak during the week.

Commissioner Mitchell asked if the cost is per month regardless if it is used or not. Ms. Cameron replied the cost is \$1,000 per month when the shuttle is active and in the months when the shuttle is inactive CMAA will only be charged \$600 a month which will cover the routine maintenance and the insurance on the shuttle bus itself.

Board action: Ms. Cameron requested Board approval of a contract with Republic Parking to operate an employee shuttle on an as-needed basis at a cost of \$1,000 per month for the shuttle plus an hourly rate of \$14.50.

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

Employee Dental Benefit

Ms. Cameron stated that Strategic Employee Benefits Services (SEBS) in partnership with the Chattanooga Metropolitan Airport Authority (CMAA) has solicited quotes for employee dental benefits. CMAA received quotes from six carriers including MetLife, Principal, BCBS, Delta, Ameritas and Guardian. Each quote provided a variety of options regarding available coverages as well as a variety of cost structures. A review of the quotes by both CMAA and SEBS proved that the quote from BCBS was the lowest with identical coverage as current plus additional cost structures. Given this, SEBS recommends the quote from BCBS which includes 80% coverage for basic services and 50% for major services including orthodontia. The quote also includes a three tier cost structure which will provide staff the following options: employee only, employee + 1, or family. This expense is a previously budgeted expense that is expected to save CMAA \$6,004 per year.

Vice Chairman Hall stated that he would preside over this item because Chairman Jacobson recused himself from this item because of his position with BCBS.

Commissioner Freeman asked if this was a continuation of the previous dental benefit. Ms. Cameron replied that nothing else changed except the carrier.

Board Action: Ms. Cameron requested Board approval of a contract with BCBS for employee dental insurance.

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

Wilson Air Transition Budget – April 2011

Ms. Cameron stated to the Board that CMAA has received and reviewed the transition budget for the month of April 2011 which totals \$73,343.54. During the month, Wilson plans to hire a full-time airline manager who will be responsible for managing fuel operations for the commercial air carriers. Similar to the line manager position hired in March, costs will be incurred for staffing and travel for training of the individual. During April, Wilson will be reviewing and making recommendations regarding the 20 requests for bids for ground service equipment as well as the request for proposals for an aviation fuel supplier.

Mr. Ivey addressed the Board and said the facility is well under construction, and that Wilson Air had retained their first CHA employee, Mr. Andrew Swain, who will be Line Services Manager for the CHA FBO, overseeing the fueling and operations and the training and quality control. Mr. Swain is a recent graduate from MTSU with a degree in aviation and has served an internship here at Chattanooga Airport and is well familiar with the surroundings of the airport itself. During the month Wilson Air anticipates further interviews, the request for bids in reference to the equipment, and further staffing and marketing, pricing structure to be ongoing in the Month of April.

Commissioner Mitchell asked how this compares to the budget, is it still tracking the budget. Ms. Cameron replied that it is tracking to expected expenses for this operation.

Board Action: Ms. Cameron requested Board approval of Wilson Air Center's transition budget for the month of April in the amount of \$73,343.54.

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

Solar Farm Design / Build Contract

President Landguth then addressed the Board to give them more details about the solar farm project. He said CMAA's proposed General Contractor and representatives from TVA and EPB were all in attendance to discuss the project. President Landguth said in 2009 CMAA identified the following goals: to be self-sufficient by diversifying CMAA's revenue to minimize dependency on the airlines, had to be innovative in terms of thinking

for opportunities around the airport, and it had to provide some flexibility to capitalize on sudden opportunities. During that same time there was tremendous interest on a national basis regarding renewable energy. There are many places like Boston where they are starting to get wind turbines on top of the roofs of the buildings, and Denver where they are starting to get large solar farm installation. From this CMAA officials identified a solar walkway canopy system out in the parking lot, and tried very hard to provide that to CMAA customers, because it provides shelter out of the elements and it also provides opportunity to generate additional power for the facility. That became very difficult to implement because of the physical infrastructure of those to hold the solar panels. So CMAA also looked into solar canopy for the rental car return lot, and again, there was cost associated with putting that infrastructure in place, and there was not a return on the investment. And the last one was a 1-3 MW solar farm. CMAA explored lots of options, from third party financing like TVA's Buy Back Program. Part of the challenge initially, in that 2009 early timeframe, was that the Buy Back Program was only a 10 year buy-back program and to get a return on the investment became very difficult in a short period of time. CMAA explored many other grant options but found that they were geared to the private sector and solar manufacturers and installers and very little that was for a quasi-governmental entity, such as CMAA. Then CMAA found the FAA's Voluntary Low Emission (VALE) program.

This is an air quality program that had never approved a solar installation. FAA VALE Program required the use of an air quality modeling program that could not justify solar, even though the program had a solar initiative. Last year, Jacobs Consultancy approached the FAA and explained that the current modeling program could never justify solar unless changes were made. Jacobs recommended the necessary changes and six months ago the first VALE solar project was approved. On October 1, 2010, TVA initiated a new Alternative Energy Program that increased the authorized size of a solar facility from 200kw to 20 MW and changed the length of the contract from 10 to 20 years, making this a financially feasible solution as CMAA started looking at the return on investment. In October this past year CMAA officials took a trip to Washington DC for a visit to the FAA Headquarters where they presented the solar initiative to Mr. Jake Plante, the VALE Program Manager. Mr. Plante said he had a lot of airports come in and say that they want solar, but that is the extent of the research that has been done. CMAA is one of the first airports to come in with a plan, in terms of the number of the panels, the location, how it would be put into play. If successful, CMAA would be only the second airport to receive a solar grant under this program and the largest recipient to date. This airport qualifies because Chattanooga is in a non-attainment area for Particulate Matter 2.5. CMAA issued a Statement of Qualifications to assist with developing the VALE Grant. CMAA received responses from two firms. The staff selected the firm of Leigh / Fisher as the most qualified firm because: Leigh / Fisher (formerly Jacobs Consultancy) developed a modeling program and has been successful in obtaining the first VALE Grant for solar on an airport. 26 of 32 VALE applications approved since 2008 were prepared by Leigh / Fisher 81%, EDMS Modeling Coordination with State Department of Energy and EPA reference Letter of Assurance for Airport Energy Reduction Credits and State Implementation Plan, VALE Grant Application.

The CMAA Board of Directors approved 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 on December 20, 2010. The Scope of Services includes the following tasks for Leigh / Fisher: (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 \$84,010.00 which is reimbursable if the VALE Grant is approved.

Air Space and Safety Analysis

CMAA submitted for an airspace study and obtained approval by the FAA for the proposed location for the solar farm. The study looked at the site for issues such as clearance from all safety areas, Part 77 airspace, possible NAVAID interference, reflectivity, possible aeronautic use of area, and other safety issues. The site was approved by the FAA.

Environmental Assessment

On Friday, CMAA just received the last open action item from FEMA which was the revision to the flood maps.

Procurement Process for Construction of a 1 Mega Watt Solar Farm

Design Build Concept instead of a design bid. CMAA reached out to the University of Tennessee 5 Mega Watt site west Tennessee, Knoxville Utility Board (KUB) 15 projects Design Build, Natural Energy Group two 1 mega watt sites in Strawberry Plains and Jackson, TN, Denver International Airport has done four projects Design/Build Sacramento International Airport did a design build. Design build was the dominant procurement method for this type of installation. CMAA contacted both the Oak Ridge National Laboratory and the City of Knoxville who had develop design build procurement documents and used those documents to develop our RFP. CMAA issued a Request for Proposals for a design build project. Pre-Bid Meeting – January 7, 2011 - 19 attendees representing solar installers, engineering, and electrical firms. Proposals Due – January 28, 2011 - CMAA received 10 bidders and even one of the firms was from Germany. This procurement for design build followed FAA guidance as outline in the Airport Improvement handbook. The FAA has reviewed that process and completed their checklist ensuring all aspects of that requirement have been met.

Contractor Selection Process

All firms were rated and ranked by criteria: meet system requirements, provide warranty, company experience, license and certification, buy America requirement, capability (bid and performance bonds). Next step is taking their ranking and dividing it into their price for a weighted for price rank. That selection process is in accordance with the Airport Improvement Handbook Criteria for selection of Design / Build projects.

Warranties and Performance Guarantee

Warranties: Panels – 25 Year Warranty, Inverters – 20 Year Warranty. Performance bond for construction, performance guarantee. The system will produce 1.2 Million kWh/year or add additional equipment at their expense. Pay CMAA the equivalent dollars that would have been received had the electricity been produced.

Construction

EPB / TVA design approval prior to construction

EPB / TVA inspection/testing prior to completion

Power Purchase Agreement - TVA

- TVA Standard Offer Application – Complete except for Connection Point LAT / LONG to be provided by EPB. Application fee - \$500.00
- Receipt of Contract Approval and Contract Execution – performance assurance - \$15,000 (line of credit)
- Environmental Assessment – completed, submitted to TVA for approval
- TVA Notice to Proceed – design approval, permits obtained, financing received, interconnection agreement signed – metering agreement – performance assurance increases to \$25,000 (line of credit)
- Project Inspection – prior to coming on line.
- Initial Delivery Date – performance assurance increases to \$125,000 (line of credit) for Year 1 – 2
- Performance assurance decreases to \$100,000 (line of credit) for Year 3 – 4
- Performance assurance decreases to \$75,000 (line of credit) for Year 5 – 20
- Standard offer pricing is on a sliding scale based on month and time of day (see attached sheet) averaging 9.1 cents a kWh with a built in annual 3% escalator.

Interconnection Agreement - EPB

- EPB will provide transformer
- Two different circuits for redundancy in case one line is shut down for maintenance.
- A backup transformer will be provided along with maintenance of the system.

President Landguth then introduced the team from Point General to come forward to explain their plan to the Board.

Mr. Mark Jones then introduced himself, Dan Faucet and Steve Shirella and thanked the Board for inviting them. He expressed his excitement and that of his team, in being part of the Chattanooga Metropolitan Airport Authority's solar vision. He said he believes this project along with future solar vision projects will make Chattanooga and the Airport Authority a leader in the embrace of America's renewable energy future. He congratulated CMAA on the identification of the 8 acre parcel identified for the solar farm as an existing underutilized asset.

Mr. Jones said phase one will produce one megawatt of clean power from the use on the utility grid of Chattanooga. He outlined many of the solar projects the company has done

previously, including work for Top Flight, Advance Technical Ceramics, Custom Packaging in Lebanon, TN and Sharp Corporation in Memphis. He said the company has installed PV systems using all manner of racking structure, and berger and panels, with each project being designed to the specific engineering requirements of that particular project. Mr. Jones then showed the Board pictures of their design plans for the project which identified 4,256 solar panels in the 8 acre area and will be mounted on aluminum frames at a fixed 15 degree tilt, and the frames will be supported by pile driven steel posts. The inverters will be located at the Southern tip, and will be near the future transformers. Access to the site will be from this existing access road only. This existing access road is behind the existing fence that protects the existing runway from pedestrian or vehicular access. Prior to the commencement of phase one, there will be an access gate, installed through the existing fence and a barrier installed around phase one will prevent any vehicular, pedestrian or contractor access to the runway at any time.

Mr. Jones said once the array is completed there will be a live internet monitor kiosk installed somewhere in the airport, in a high profile place, which will display in real time the power that is being produced by the array which will allow the general public to gain knowledge about the program and the various environmental benefits and tools.

He then said they selected Solar World sun monitors for the panels and Solaron Inverters for the inverters. Solar World has a 35 year operating history and their modules are manufactured entirely in the United States. Solar World is a profitable company with a strong balance sheet. Solar World's sun module preformed well in an independent test by Photon Magazine in 2008 and 2009 and carry a 25 year warranty which is among the best offered in the industry. The inverters convert this heart power to useable power, which is alternating power in this country. The company selected two 500 kilowatt Solaron inverters made by Advanced Energy, a company that has been in business since 1981. Solaron inverters are made in the United States and carried the highest efficiency rating of any inverter in the world. This means more electricity produced for the Airport Authority, and Solaron Inverters have a 20 year warranty.

Mr. Jones then introduced John Perry with Kimley Horn who discussed his company's role in the project and their qualifications. Mr. Perry said his company is a national civil engineering consulting firm with 59 offices and over 1500 employees. He said his company has done work with airports such as Chicago-O'Hare, Atlanta and Dallas-Ft. Worth, and has over 50 on call consulting contracts with individual airports, which makes them very familiar with dealing with airports. Mr. Jones continued to say their responsibility more specifically to this project will include verifying the construction of this project follows FAA guidelines with the construction adjacent to an active runway.

Mr. Naylor thanked the consultants for coming and then introduced Wendell Boring from EPB. Mr. Boring expressed his excitement to be part of the largest installation the service territory to date and described how EPB plans to connect the solar farm and EPB's facilities. He said the system is designed to be online 99.9% of the time and any maintenance will be done after hours in the dark, when nothing is being produced. EPB will be installing an intelleruptor station, one of the smart ridge switches, so in the event

one primary line goes down the CMAA can continue selling electricity. EPB has also made arrangements to purchase a spare transformer.

Mr. Naylor then introduced Brian Globurn from TVA to talk to the Board about the renewable standard offer.

Mr. Globurn said the renewable standard offer is a midpoint between the small partner program, called Generation Partners, which is more for the end use user with solar panels on their house. He said they developed the Renewable Standard Offer project for mid-sized developers to come in and it will be anything from 200 KW to 20 MW. They will have a total of up to 100 megawatts, but no single technology can exceed 50% total, therefore they can't have more than 50 MW of solar put on the airport's program.

Mr. Globurn outlined the prices for the renewable power and said they will range from 15.9¢ in July and August to 3.9¢ for the off peak prices. The yearly average for the year for this price will be 5.61¢ per kilowatt hour, and with solar the way the generation patterns are, the price will be 9.1¢ per kilowatt. The price from the TVA is competitive, and locked in for up to 20 years. He said there will be the application process, which CMAA is in right now, then they will move forward to signing the contract, and TVA will be the administrators of the contract, and EPB will be the ones in the process of the interconnection agreement.

Vice Chairman Hall said that he did not understand the 50 megawatt issue and asked Mr. Globurn to explain. Mr. Globurn replied the program itself with TVA that has gotten approval from TVA's Board is to do 100 MW total for the program. This size technology in between 200 and 20 megawatts means one company cannot have 50% of one technology, so if there were 51 megawatt applicants, TVA could only accept 50 of them, and the 51st would be put on a waiting list.

Commissioner Mallen asked what that means for CMAA's opportunity for growth. Mr. Globurn said that as of right now there is plenty of room for growth.

Commissioner Mallen asked if CMAA makes this 3 or 4 million dollar place, do they get the first right of refusal in anything and does CMAA want this to be a 2 or 3 megawatt facility eventually. President Landguth replied that CMAA has had discussions with the FAA regarding the possibility of expansion to 2 or 3 and they seemed to be receptive to that but there are challenges.

Commissioner Mallen asked how CMAA gets TVA to hold additional space. President Landguth replied that the strategy is to work quickly once that grant funding goes into place, and put this system online, demonstrate the ability to execute, and go back to Jake Plante to see if there is any direct funding left.

Commissioner Freeman asked if the 20 year warranty on the panel was 100% on any eventuality or are there any exemptions from the warranty, particularly on the small film.

Mr. Maderas replied that the small panels have a tempered glass on them like the windshield of a car, so they'll take terminal velocity, up to 15 mph one inch hail. The basic is the warranty will cover anything that wasn't poor install, etc., that insurance doesn't cover. Insurance would cover if a tornado hit it but if the glass cracked, that would be a warranty issue.

Commission Mitchell asked what is not covered. Mr. Maderas replied that negligence would not be covered, such as improper installation or backing something over it. The panels will work correctly for 25 years, and if there's a problem it should be anticipated that it's going to be replaced by warranty, unless it's an act of God.

Mr. Naylor said that regarding replacement, he had talked to the manufacturer, and if a solar panel breaks in 15 years, they will replace that panel. But more than likely, that panel will not be the same as the current ones – it will be the latest version of that panel.

Vice Chairman Hall asked Mr. Naylor to explain how all these different companies are going to work together. Mr. Naylor replied that Pointe General, Inman Solar, Kimley-Horn, Aviation Alliance, and David Barrueta, will be the ones who put this project together, and build it. Kimley-Horn will be the engineering firm that will put the stamp on the civil engineering portion, and make sure that the construction goes right and correct. Pointe General is the contractor who will manage all the different parts of the project. Inman Solar will purchase the panels and the inverters, and put the project together. They are initially the ones who are responsible for the design of the system and making sure it's correct. Beyond the contracting team, EPB will ensure that the interconnection agreement is there and that all the pieces are working together and functioning. EPB and TVA both will be looking at the final design that they come up to make sure that it will work with the system.

President Landguth said the contract for construction is with Point General and their team is comprised of subcontractors.

Chairman Jacobson asked who would provide construction administration. Mr. Naylor replied that it would be Kimley Horn and Pointe General, but he is considering bringing on a separate team, just to manage the project to make sure that everything goes just the way he needs it to go. He said he would bring that to the Board in the future.

Vice Chairman Hall asked if that would be covered by the grant. Mr. Naylor replied yes, the grant is made up of several different components, including engineering and administration. This portion he would bring under the administration portion.

Vice Chairman Hall asked if this had been seen by general council. Hugh Moore replied that it has, and they have been advised from the state. They have worked closely with Mike and with April on this project. Tim Gibbons, who is a lawyer who specializes in construction contracts, has worked on drafting a contract that Mr. Moore reviewed. Mr. Moore said he also reviewed the TVA agreement, the EPB agreement, the Leigh / Fisher agreement, and he has worked on the contract with Tim.

Vice Chairman Hall asked in three years if one of those panels breaks, who should CMAA call. Mr. Naylor replied Pointe General because of the performance guarantee they provided.

Commissioner Mallen commented that the airport should be recognized as a good corporate partner for contributing to positive economic growth and asked if the FAA requires any performance standards. Mr. Naylor replied that this is very new for the FAA. This is only the second solar installation that has been funded by VALE. What they have required is the airport emission reduction credits. The state has to guarantee that those credits come to the airport and that the airport retains those.

Commissioner Mitchell asked if this was a budgeted project. President Landguth replied that this was not in the original budget. In October 2010 that's when this opportunity became available. CMAA is looking at 95% Federal and is seeking 2.5% from the State and if that does not come through CMAA's cash outright is \$217,000.

Mr. Naylor then stated to the Board the first item in this request is for approval to enter into a design / build contract with Pointe General for the construction of a One Mega Watt Solar (PV) Farm on the Southwest corner of the airfield. The Pointe General team includes the following subcontractors: Inman Solar, Kimley-Horn and Associates, Aviation Alliance Electrical Engineers, Earthworx Surveying Company, Young Electric, and David Barrueta Associates. This team brings a great deal of experience to this project.

CMAA received 10 bids on this project. After meeting all of the bid requirements, staff recommends awarding the design / build contract to the lowest and most responsive bidder, Pointe General. The project will be funded through the FAA Voluntary Airport Low Emissions (VALE) Grant Program. The contract amount is \$3,589,394.

The Solar (PV) Farm will not only benefit the Chattanooga Airport by producing approximately \$110,000 worth of power that will offset approximately one third of the airport's power consumption, but it will also benefit the community and state. The airport has reduced its power consumption by 25% over the past five years. Therefore, the addition of the solar farm will contribute to reducing the airport's power consumption by more than one half over the past five years.

The community and state will benefit through improved air quality. As you are aware, Hamilton County is in a non-attainment area for Particulate Matter 2.5. Solar power produces no emissions and is carbon neutral. Lifetime emission reductions are estimated to be 14.39 tons for PM2.5, 39.89 tons for NOx and VOC's and 120.53 tons for SOx. CMAA is committed to the environment through efforts to reduce emissions and improve the air quality of the region. The state has provided a Letter of Assurance that guarantees that all Airport Emission Reduction Credits generated by this project will be solely owned by the airport – a necessary factor in any future expansion. Additionally, the solar farm provides LEED points toward the West Side Development.

The second request is for an amendment to this contract in the amount of \$39,000. The amendment is to permanently fence this area out of the Airport Operating Area (AOA). CMAA wants to ensure that there is no potential that a vehicle or pedestrian could inadvertently enter the movement area. This protection is not just for the construction period but also for the future upkeep of the system. Pointe General has provided the pricing for this change. CMAA feels that the added protection is well worth the investment.

The term of this contract is 90 days. The project will be 95% Federal and 5% CMAA funding. CMAA has requested state assistance in the amount of 2.5%. It is anticipated that the state will participate but the funding has not been committed at this time. CMAA will reallocate funds from the current year's capital budget to cover CMAA's 5% match for this project. The project is contingent on receiving VALE Grant funding.

Vice Chairman Hall asked why the \$39,000 was not in the original contract. Mr. Naylor replied that when CMAA started going through the project they realized they want a permanent fence for safety reasons, and this was not in the original bid.

Board Action: Mr. Naylor requested Board approval to enter into a design / build contract with Pointe General in the amount of \$3,589,394 for the construction of a One Mega Watt Solar (PV) Farm, contingent on receiving VALE Grant funding.

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

Board Action: Mr. Naylor requested Board approval to an amendment to the Pointe General contract in the amount of \$39,000 to permanently fence the Solar (PV) Farm out of the AOA, contingent on receiving VALE Grant funding.

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

EPB Interconnection Agreement

Mr. Naylor continued to say this request is to enter into an Interconnection Agreement and Contract with the EPB for the installation of equipment and connection to the GRID. EPB will provide the following equipment, labor and materials for this project:

- 2 Intellirupters
- 2 Transformers – Padmount – 2500 kVA – 12 kV/480V
- Underground Cable from the tap point to transformer (includes riser)
- Overhead connection at Lee Highway for 12kV tie line
- Reconductor 12kV from Lee Highway to Midland Pike Substation for tie line capacity

The contract amount is \$400,000. The funding will be 95% Federal and 5% CMAA. CMAA has requested state assistance in the amount of 2.5%. It is anticipated that the state will participate but the funding has not been committed at this time. CMAA will reallocate funds from the current year's Capital Budget to cover CMAA's 5% match for this project. The project is contingent on receiving VALE Grant funding.

Board Action: Mr. Naylor requested Board approval to enter into an Interconnection Agreement and Contract with the EPB in the amount of \$400,000 for the installation of equipment and connection to the GRID contingent on receiving VALE Grant funding.

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

TVA Renewable Standard Offer

Mr. Naylor stated this request is to enter into a Renewable Standard Offer Contract with TVA. The contract will cover the sale / purchase of Renewable (Solar) Power to the TVA power GRID. The contract will be for a 20- year period. Renewable Standard Offer Pricing is on a sliding scale based on month and time of day averaging 9.1 cents a kWh with a built in annual 3% escalator. It is estimated that CMAA will receive approximately \$103,000 annually for power production. CMAA must maintain the following Performance Assurances throughout the contract period:

- Receipt of Contract Approval and Contract Execution – performance assurance - \$15,000 (line of credit)
- TVA Notice to Proceed – design approval, permits obtained, financing received, interconnection agreement signed – metering agreement – performance assurance increases to \$25,000 (line of credit)
- Initial Delivery Date – performance assurance increases to \$125,000 (line of credit) for Year 1 – 2
- Performance assurance decreases to \$100,000 (line of credit) for Year 3 – 4
- Performance assurance decreases to \$75,000 (line of credit) for Year 5 – 20

TVA requires that CMAA provides a performance assurance. CMAA has chosen to provide the assurance through a line of credit at 1.75% of the amount.

Board Action: Mr. Naylor requested Board Approval to enter into a 20-year Renewable Standard Offer Contract with TVA. The contract will cover the sale / purchase of Renewable (Solar) Power to the TVA power GRID. The contract will be contingent on receiving VALE Grant funding for a One Mega Watt Solar (PV) Farm.

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

Other Business

None

Public Comment

David Longmeir of TVA said they are really looking forward to working with the airport. He said the CMAA staff should be commended, Mike, April and John, because it was the most prepared proposal response TVA has received and the most thorough.

Closing Comment

Chairman Jacobson said he looks forward to a bright future for the airport and is very thankful this great project was able to be locally awarded. He said he appreciates the effort to promote things green, but also promote things local and regional. He said that it's very gratifying to see the airport and all these people come together to add a new dimension to Chattanooga's future. He thanked Mike Landguth for his leadership and his great team. He also thanked the Board for their leadership.

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

Adjourn

Chattanooga Metropolitan Airport Authority
Chattanooga, Tennessee
April 18, 2011

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting Monday, April 18, 2011 at 2:00 p.m. Chairman Jacobson, Vice Chairman Hall, Commissioners Veazey, Freeman, Mitchell 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 Freeman, seconded by Commissioner Mitchell, the minutes of the March 21, 2011 meeting were approved.

President's Report

President Landguth greeted the Board and thanked them for attending the meeting. He said on March 30, CMAA conducted the tri-annual full-scale exercise. This event was designed by Terry and his team to test CMAA's emergency response to an accident, as well as CMAA's coordination with partner agencies. More than two dozen agencies were invited to attend, many taking time out of their busy schedules to participate. Those agencies included:

- CMAA's airlines and many tenants
- FAA - ATCT and Airways Facilities
- TSA
- US Customs & Border Patrol
- FBI
- ATF
- Chattanooga Fire Department
- Chattanooga Police Department
- Hamilton County Emergency Management
- Tennessee Department Homeland Security

The Civil Air Patrol also worked closely with CMAA, and provided nearly a dozen cadets to be actors for the exercise.

Overall, it was a productive day which generated good conversations within the agencies. President Landguth said he wanted to recognize Terry and his team for their work on this project. They put a lot of work into ensuring a real-life scenario. He thanked the whole team for their continued focus on safety and security.

Next, President Landguth gave an update on enplanements. March boardings grew by more than 6% over the same month in 2010. Through the first quarter of 2011, CMAA is also showing a 6% increase in enplanements.

One of the key factors in CMAA's growth in enplanements here at the airport is the continued growth of this region. Just this month, Kiplinger's Financial Journal identified 11 comeback cities for 2011, and Chattanooga was recognized as one of those Comeback Cities. The publication cited the forecasted job growth of 3.4% - lead by Volkswagen and Amazon – as a key reason for the city's economic strength. So congratulations to the elected officials and partners at the Chamber and all economic development organizations across the region. The success of those organizations is becoming CMAA's success as CMAA sees growth in aviation demand because of the growth in the local economy, and CMAA is thankful for the work on behalf of this community.

Next, President Landguth recognized CHA's American Eagle station for being named the Grand Annual Winner of the "Make the Gate Great" award, honoring stations and employees who are doing exceptional work in caring for the customer.

President Landguth then said Professional Pilot Magazine rankings were released last week. For the first time, the magazine split all FBOs into two categories – small FBO chains (up to 10 locations) and large FBO chains (11 or more locations). TAC Air was recognized as the #1 large FBO chain with a score of 9.05, and Wilson Air Centers was named the #1 small FBO chain with a total score of 9.2. Then, Pro Pilot subscribers ranked their favorite individual FBO locations with scores in 6 categories:

- Line team
- Customer service representatives
- Facility
- Amenities
- Promptness and efficiency, and
- Value for price

Wilson Air Center garnered two spots out of the top 10 FBO locations of any size across the country. Again, this is a testimony to their commitment to customer service.

President Landguth expressed his thanks to all of CMAA's general aviation service providers for their efforts to distinguish their organization and said he looks forward to the day when the Chattanooga Airport is mentioned among the elite FBO locations in the country.

Next, President Landguth congratulated Bob Wilson, founder of Wilson Air Centers, for his induction into the prestigious Society of Entrepreneurs last week. Mr. Wilson was recognized for his leadership, personal integrity, and ability to transform a vision into a dynamic business achievement. In accepting this honor, Mr. Wilson credited the tremendous work ethic his father modeled for him (his father was Kemmons Wilson, founder of Holiday Inn). He quoted his father as saying one of the secrets to his success was to work only half a day. "It makes no difference which half," he would say. "It can

be either the first 12 hours or the last 12 hours.” Congratulations to Mr. Wilson and his entire team for this honor.

Finally, President Landguth said, he has served in various leadership positions on the Board of Directors for the Southeast Chapter of the American Association of Airport Executives for several years now. Earlier this month, he was elected as President of the Southeast Chapter, replacing Scott Brockman, outgoing president from the Memphis International Airport. AAAE is one of two major trade organizations for airports, and they are an invaluable resource in training, networking and representing airport interests to elected officials. The Southeast Chapter is the largest single chapter in AAAE, and includes more than 450 members from 12 states plus the Virgin Islands and the District of Columbia. President Landguth said he was honored to take the position as President, and looks forward to working with his colleagues – like Mr. Brockman – on strengthening the aviation community across the Southeast. He said he wants to recognize the CMAA staff, all of whom contribute to the efforts of AAAE and who also make it possible for him to participate in the organization as president.

Vice Chairman Hall asked for an update on Vision. President Landguth said the first flight they operated from CHA was a 30 seater and it was full. He said he had not looked at the loads since then, but has received several compliments from people in the community, saying how easy it is to get on a flight from here to the Destin market. It looks like word of mouth is spreading and people are taking advantage of those flights.

Chairman Jacobson then read a letter from the AAAE. The letter is as follows.



AMERICAN ASSOCIATION OF AIRPORT EXECUTIVES

601 Madison Street • Suite 400 • Alexandria, VA 22314 • 703/824/0500 • Fax 703/820/1395 • www.aaae.org

April 12, 2011

Mr. Michael J. Landguth, A.A.E.
President & C.E.O.
Chattanooga Metro Airport Authority
Chattanooga Metropolitan Airport
1001 Airport Rd., Ste. 14
Chattanooga, TN 37421

Dear Mike:

On behalf of the 5,000 members of AAAE, please accept my congratulations on being elected to lead the Southeast Chapter AAAE as its 2011 president.

AAAE's six chapters play integral roles in supporting the association. They give airport executives opportunities connect on a regional level, and help cultivate the future leaders of both AAAE and our industry.

Your ascension to the top rung of Southeast Chapter AAAE leadership underscores the level of respect and confidence that you've earned from your airport industry peers. Without the commitment of volunteer leaders like you, neither AAAE nor its chapters would be as successful as we are in representing airport interests and serving our members.

Thank you for your years of service to the industry and the association. The entire AAAE staff looks forward to working with you to help reach your goals in the coming year.

Regards,

Charles Barclay
President

Cc: Daniel R. Jacobson, Chairman
Chattanooga Metropolitan Airport Authority
1001 Airport Road, Suite 14
Chattanooga, TN 37421

Chairman Jacobson congratulated President Landguth and said the honor was well-deserved.

Board Action

West Side Phone System Purchase

Mr. Hart then addressed the Board, saying that a new phone system is required to support the voice communication needs of the general aviation terminal which is being constructed on the west side of the airfield. With that, a solicitation of bids was made by CMAA to those firms interested in providing a communications phone system to meet this need. It required the new system to interface back to CMAA's current Nortel phone system at the terminal through a fiber connection. In addition, the system was to provide a new voice mail system for both the main passenger terminal as well as the general aviation terminal, replacing CMAA's current Meridian Mail system.

A total of three bids were received from firms interested in installing this system. All three companies met the required bid specifications. Based on a review of the three responses and after receiving feedback from CMAA's I.T. provider, Networks, Inc., CMAA staff recommends accepting the bid submitted by Signal Voice & Data for an amount of \$16,163.75. This item was included in the startup budget for the new FBO.

Mr. Hart introduced representatives from Signal Voice and Data, Henry Franklin, the president, and Bill McKelly, the vice president, and thanked them for coming.

Mr. Franklin told the Board the system is a state of the art voice over IP system that is meant to marry to the Nortel, but it has some great attributes. It will give CMAA a disaster recovery plan so that if the current system collapses, in a couple of hours almost all of the extensions will be working.

Vice Chairman Hall asked what kind of warranty comes with the system. Mr. Franklin said it has a 5-year warranty, and then for a small fee, their company continues to warranty it. **(Correction: As discussed following the meeting, this phone system is accompanied by a 1-year warranty, not a 5-year warranty, as noted here.)**

Commissioner Mitchell asked if there is an annual maintenance fee. Mr. Franklin said the five year warranty comes with the product and there is no separate fee.

Board Action: Mr. Hart requested Board approval to purchase and install a communications phone system, as specified by Signal Voice & Data for an amount of \$16,163.75.

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

Ground and Support Equipment

Mr. Hart continued to say in an effort to support the operation of CMAA's new FBO as well as day to day operations of the Authority, CMAA solicited bids for ground support

equipment. CMAA will directly procure all of the equipment for which CMAA received formal and informal bids. All other miscellaneous equipment will be procured by Wilson Air Center through a prefunded operating account as specified in the agreement. Wilson Air has a management agreement with the CMAA, under which they are paid a flat fee for their operation of the facility, while CMAA retains the revenues derived from the operation. The values associated with this ground support equipment were included as part of the transition and start-up budget set aside for the new FBO operations. An itemized list of the equipment recommended for purchase, along with associated values, is included in the Board books.

Commissioner Mitchell asked how this meets with the budgeted amount. Mr. Hart replied that the budgeted amount is \$735,000 and of this amount it would cost \$533,993.64.

Vice Chairman Hall asked how CMAA ensures all this property is accounted for and inventoried on an annual basis. Mr. Hart replied that it will be on CMAA's asset list, and CMAA will audit the list every two years. Ms. Cameron replied that every two years CMAA inventories all of the equipment and then it will be tagged just as every other asset of the airport.

Commissioner Mitchell asked what the money left in the budget is for. Mr. Hart said that part is for furniture.

Board Request: Mr. Hart requested Board approval to procure ground support and other equipment in the amount of \$533,992.64.

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

Wilson Air Transition Budget – May 2011

Ms Cameron addressed the Board. CMAA is requesting approval of budgeted expenses for May 2011 which includes the management fee as well as other expenses associated with operations, marketing, staffing, and transportation for the new FBO operation. The total expense for the month of May is budgeted at \$43,292.38 and will be paid on a reimbursable basis therefore, only costs incurred will be reimbursed by CMAA.

Commissioner Mitchell asked how the prior months' budgets are coming in against actual expenses. Ms. Cameron replied that they are under budget.

Commissioner Mitchell asked how much under budget. Ms. Cameron replied CMAA is under budget about \$150,000 to date, but CMAA does not have all the bills in at this point.

Board Action: Ms. Cameron requested Board approval of Wilson Air's transition budget for the month of May in the amount of \$43,292.38.

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

Aviation Fuel Provider

Ms. Cameron stated that during the month of March, CMAA worked with Frank Newton to issue a request for proposals for an aviation fuel provider for CMAA's new FBO. Three bids were received and reviewed by Wilson Air Center and a recommendation has been made to the CMAA. Factors included in the evaluation were the cost of fuel, cost to lease fuel trucks, credit card fees, software, training and incentives. A cumulative review of each of these items resulted in a recommendation to award a contract for aviation fuels to Eastern Aviation Fuels, a Shell brand fuel provider. Among the terms and conditions:

- Five-year agreement commencing on July 1, 2011
- Pricing for Jet A and Avgas is based on Platt's Mean Average plus a fixed cost per gallon
- Eastern provided various incentives, including waiving some start-up costs providing promotional services
- There is no minimum fuel purchase requirements for the term of this agreement, CMAA will simply pay as additional fuel is needed to support the operation

Ms. Cameron introduced Steve Johnson, regional sales representative from Shell, who introduced himself to the Board.

Vice Chairman Hall asked what pipeline the fuel comes from and what other operations in Tennessee their company supports. Mr. Johnson stated that the jet fuel will be coming from Atlanta and Doraville, and the Avgas will come from Louisville, Kentucky. He said they support about 60 percent of the airports in Tennessee.

Board Action: Ms. Cameron requested Board approval to enter into a contract with Eastern Aviation Fuels for a term of 5 years.

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

Aviation Refueling Equipment Lease

Ms. Cameron said in conjunction with the request for proposals for an aviation fuel provider, CMAA requested quotes to lease refueling trucks necessary for CMAA's FBO operation. Eastern Aviation Fuels provided the lowest rental rates with a combined rate of \$6,050 per month for four (4) refueling trucks.

The term of the lease shall commence on July 1, 2011 for a term of 5 years and a 30 day termination clause. The monthly rental will be waived for the first six months of the agreement therefore rental payments will begin on January 1, 2012. CMAA is responsible for preventative maintenance with Eastern Aviation Fuels responsible for all major maintenance issues.

Commissioner Mitchell asked if this was in conjunction with the five year lease and if CMAA has a 30 day cancellation on the fuel like the one they have with this lease.

Ms. Cameron replied yes this agreement is in conjunction with the five year lease and said CMAA has a 90 day cancellation on the fuel, but there are no minimum requirements, so if there is not a need to purchase fuel, CMAA does not have to.

Board Action: Ms. Cameron requested Board approval to lease aviation refueling trucks from Eastern Aviation Fuels in the monthly rental amount of \$6,050 with payments beginning on January 1, 2012.

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

Security Services Contract

Mr. Naylor then addressed the Board and said this request is to enter into a contract with T.R. Moore & Associates, Inc. The contract will be for the security services associated with construction projects and occasionally other events that require security on an on-call basis. CMAA issued a Request for Proposals that closed on April 13, 2011. CMAA received responses from two firms. Only one firm met all of the bid requirements. The staff selected the firm of T.R. Moore & Associates, Inc., to provide the required security services. The length of the contract is for one year with the option for 4 one year extensions at the discretion of the airport. The fee for these services is \$13.00 per hour.

Mr. Naylor then introduced Frieda Moore, a representative from T.R. Moore, who attended the meeting to answer any questions of the Board.

Commissioner Mitchell asked what kind of insurance coverage T.R. Moore carries. Ms. Moore said they have a \$6,000,000 umbrella and also carry the mandated state and local insurance. She said they have insurance in excess of what is required.

Vice Chairman Hall asked for examples of what the security guards would be doing. Mr. Naylor replied that during the first project, which will be regarding taxiway "H", they will stay at the gate at Perimeter road and allow the construction people with badges to go in and out. TR Moore has been the airport's provider for the last five years, and they've done an exceptional job. Also their fee has not increased with this new contract, it is at the same level as it was for the last five years. They go through CMAA's security training to make sure they are familiar with the rules and regulations at the airport.

Chairman Jacobson asked if their headquarters were in Chattanooga. Ms. Moore said they are located on McCallie Avenue.

Board Action: Mr. Naylor requested Board approval to enter into a security services contract with T.R. Moore & Associates, Inc., for a term of one year at an hourly rate of \$13.

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

Other Business

Commissioner Mitchell asked President Landguth if they found any suggestions from the emergency full scale drill. President Landguth replied that there were a few items. He said there were three observers in attendance, including himself, and they went over their observations with Terry and were going to create an after action report and then sit down with those agencies to go over training areas that need strengthening. He said it was a very difficult exercise with multiple airplanes, different locations, fires in different locations that were flaring back up, extrication of people, and that he thought the team and all responding agencies did a great job.

Public Comment

None

Closing Comment

Chairman Jacobson thanked the Board and staff for their participation in the meeting. He said the Board has recognized the value in developing the airport team and it is rewarding to see them recognized as thought leaders within the aviation industry. He said he knows that President Landguth will continue to positively impact the Chattanooga Airport and the industry through his work with AAAE. He said he would like to thank all of the team members, TAC Air and Wilson Air and American Eagle. He said their awards are very reflective of CMAA's intense desire to create long-term success through customer service. He congratulated them on their awards.

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

Adjourn

Chattanooga Metropolitan Airport Authority
Chattanooga, Tennessee
June 20, 2011

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting Monday, June 20, 2011 at 2:00 p.m. Chairman Jacobson, Vice Chairman Hall, Commissioners Veazey, Snow, Freeman, Mitchell and Mallen were present.

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

Chairman Jacobson took a moment to share his thoughts on the American flag and patriotism in advance of the Fourth of July holiday. He then introduced the newest Commissioner, Tom Snow. Commissioner Snow is the CEO of T.J. Snow Company, Inc. which is headquartered in Chattanooga. His company is an industry leader in resistance welding and employs around 70 individuals in Chattanooga. He has been a lifelong aviation enthusiast and supporter of the Chattanooga Airport. Chairman Jacobson welcomed Commissioner Snow to the Board.

Minutes

On motion of Commissioner Veazey, seconded by Commissioner Freeman, the minutes of the April 18, 2011 meeting were approved.

President's Report

President Landguth greeted the Board and thanked them for attending the meeting. He said May boardings grew by 16 percent over the same month in 2010. The first five months of the year are showing over 8 percent increase in passenger traffic. Clearly, there is incredible growth in the regional economy, and the airport reflects the hard work of this community's leaders. He also thanked the support of CMAA's regional passengers for their usage of the services at the airport.

He continued to say CMAA had several written consent requests last month.

- CMAA Requested Board approval for an advertising contract with Barnett and Company in the amount of \$12,000 annually for three years for two backlit ads and one poster display.
- CMAA requested Board approval to enter a contract with Big Communications in the amount of \$30,000 for the development of a new brand strategy for the Chattanooga Airport.
- CMAA requested Board approval to modify the By-laws as outlined in the Board books.
- CMAA requested Board approval to implement a Customer Facility Charge at the Chattanooga Airport at an initial rate of \$2.00 per transaction day.
- CMAA requested Board approval of Wilson Air's transition budget for the month of June 2011 in the amount of \$55,000.

- CMAA requested Board approval to enter into a contract with Craig Design Group / Southern Garden Design Inc., in the amount of \$77,521; Bill Ortwein Signs, Inc., in the amount of \$42,916; and Talley Construction in the amount of \$16,750. Total value of this request was \$137,187.
- CMAA requested Board approval for the purchase and installation of furnishings, artwork, and accessories for the West Development Corporate Terminal in an amount not to exceed \$170,000.
- CMAA requested Board approval to accept \$58,000 in additional incentives from the aviation fuel provider, which is to be repaid in 48 equal monthly installments after the first year anniversary of the agreement.
- CMAA requested Board approval for additional work on the Morgan / Paris contract in the amount of \$430,472.17 for the West Side Development project. The work includes the roadway system to the fuel farm, truck load / offload pad, containment, lighting, security system, lavatory cart station, epoxy floor and electrical and communication requirements. This project was part of the original scope, but could not be awarded until the fuel farm provider was selected so the design could be completed.

These requests were approved in writing by Chairman Jacobson, Vice Chairman Hall and Commissioners Mallen, Mitchell and Veazey.

Board Action

Budget

Ms. Cameron then greeted the Board and presented the fiscal year 2012 budget. This budget was developed over the past five months with the coordination of the finance, marketing, personnel and legal committees. Ms. Cameron thanked every member of those committees for the time and effort they invested in the budget process this year. She said their insights and contributions are invaluable.

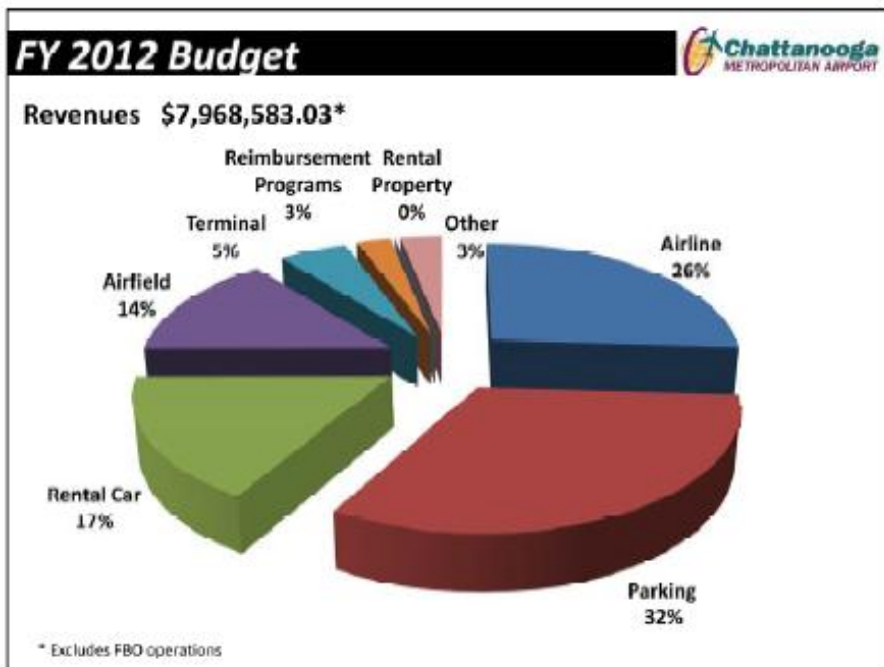
Ms. Cameron's presentation is as follows:

Chattanooga Metropolitan Airport Authority FY 2012 Budget



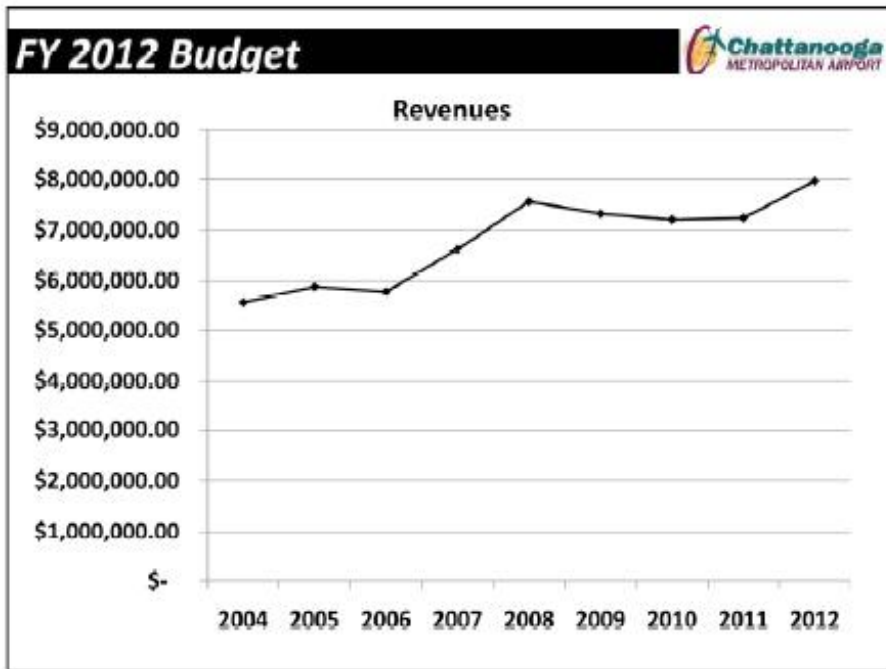
Good morning. I will begin today with the FY 2012 Budget review

- This budget was developed over the past five months in coordination with the Finance, Marketing and Personnel / Legal Committees. I want to thank each member of those committees for their time and effort in completing the budget process again this year. Your insights and contribution are always valued.
- Our FY 2012 budget supports the overall strategic vision for the airport.
- The priorities include 3 Major Areas. First, we must maintain a safe and secure environment, in keeping with the regulations of various federal, state and local agencies, including
 - Federal Aviation Administration
 - Transportation Security Administration
 - Environmental Protection Agency, and
 - State and City regulations
- These regulations require manpower to oversee and perform, which is why approximately 60% of our annual operating budget is staffing
- Our second priority is preparing for the future by investing in infrastructure. Clearly, our community is experiencing phenomenal economic growth. We must be prepared to meet increasing demand in every sector of our business, including Commercial Aviation, Corporate and General Aviation, and Cargo. We prepare for the future by investing in the infrastructure our operation will need to grow and be successful within this changing environment. Many of these items were identified as priorities in our Master Plan, including expanding the checkpoint, improving the rental car facilities, expanding our terminal parking areas, improving the restaurant facilities, and updating the restrooms. Each of these areas improves the passenger experience.
- Our third focus is in diversifying our revenue stream to shield us from the fluctuations within the Commercial Airline industry. Innovative projects like the solar farm should not only provide green energy and improve the environment, but also provide a stable annual revenue stream which will not be impacted by the economic conditions of the airline industry.
- Each of these major areas is covered in the FY 2012 budget.
- Let's look at the details...

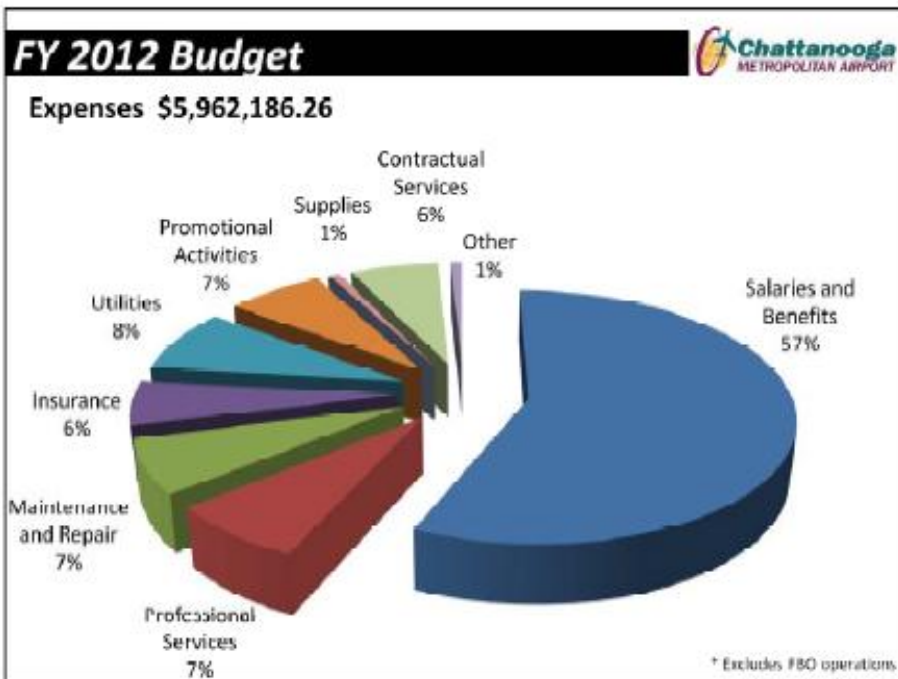


CMAA's total budget for FY 2012 is estimated at \$12.9 million with a portion of the total funding CMAA's operations and a portion funding the new FBO operations. In order to compare apples to apples from last year's budget I am going to focus on CMAA's operations.

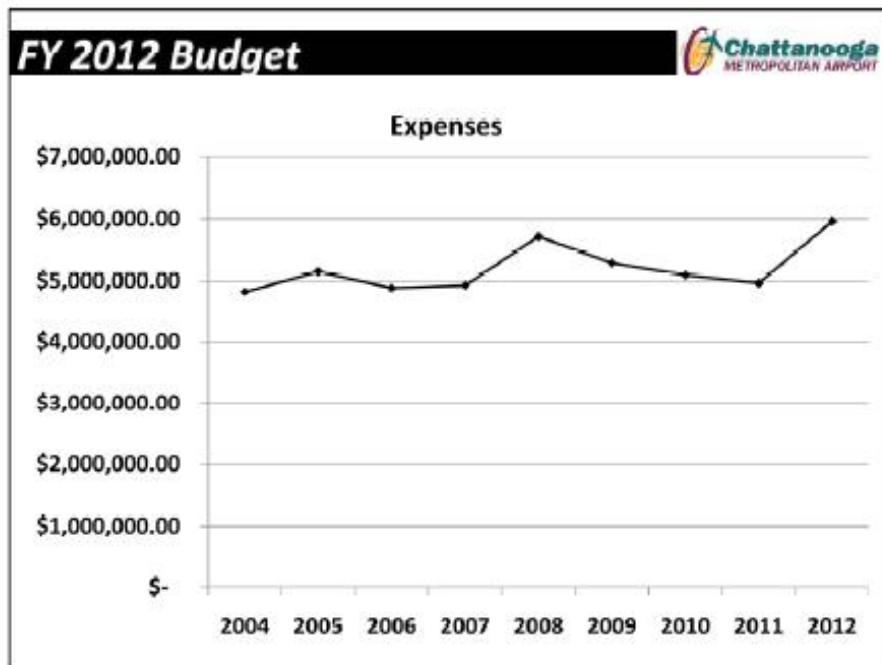
Operating Revenues for FY 2012 are budgeted at \$7.9 million, up from \$7.2 million for the FY 2011 budget. A portion of the revenues will be generated by an increase in the landing fee charged to the commercial air carriers. During FY 2011 CMAA performed a cost allocation analysis in which Newton and Associates, our financial advisors, reviewed every expense that we had and each cost center to determine if we were charging enough to break even in each of the cost centers. From the analysis, CMAA, in consultation with the air carriers servicing our airport, determined to increase the landing fee charged at the airport from \$1.90 to \$2.00 per 1,000 lbs of landed weight. Based on the analysis, CMAA will reduce the terminal rental rate from \$28.76 to \$26.73 per square foot, but will begin charging for areas that have previously not been recovered such as the security checkpoint. A \$1 parking fee increase is also budgeted in the short term and intermediate parking lots. There will be no increase in the long term parking lot. We also plan to increase the badging fee charged at the airport, but only a percentage of the increase that was recommended. Finally, the analysis recommended an increase to the fuel flowage fee charge at the airport which CMAA has opted not to recover at this time. From the chart you can see that, as usual, parking revenue is up to 32% of CMAA's total operating revenue, with our air carrier and rental car partners contributing 26% and 17% of total operating revenues. From this we can see that airline passengers directly contribute 75% of overall revenues to the airport.



The airport had a significant spike in revenues during the entrance of Allegiant to the market in 2007. Since that time the growth in Chattanooga's economy helped to stabilize revenues during the downturn in the national economy. At this point, we see opportunities for additional growth with the addition of even more businesses, such as Amazon.com, and fully expect the airport to facilitate and benefit from that growth.



Operating expenses for the year are budgeted at \$5.9M up from \$4.9 million last year. This increase in expenditures is driven primarily by growth opportunities and additional resources needed to meet new and evolving compliance requirements at the airport. During FY 2012, CMAA has budgeted for three additional staff members who will focus on compliance with all federal and state requirements. CMAA has also allocated the resources to provide staff with a 2% increase in salaries for FY 2012. As you can see, 57% of CMAA's overall expenses are related to staffing which includes both salaries and benefits. All other areas of expense represent small individual wedges of CMAA's overall operating expense.

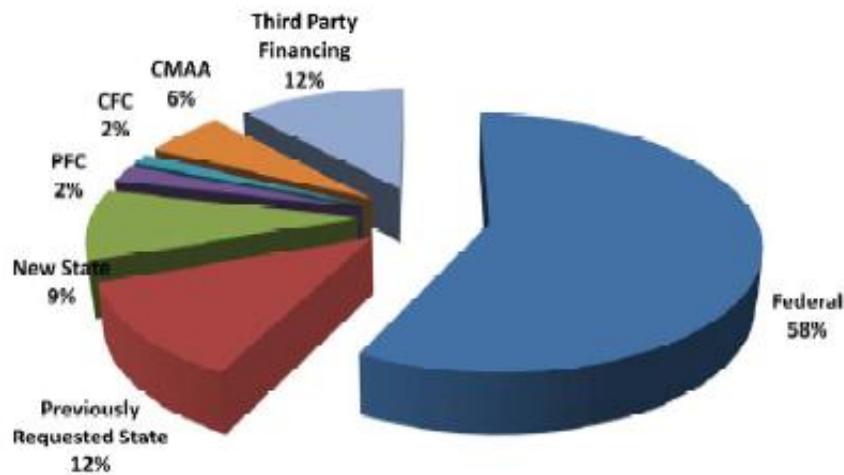


From an expense standpoint, we see the exact same scenario as we saw from a revenue standpoint. We are expecting growth within the community which will increase aviation demands. We are preparing to capitalize on the opportunities presented to us.

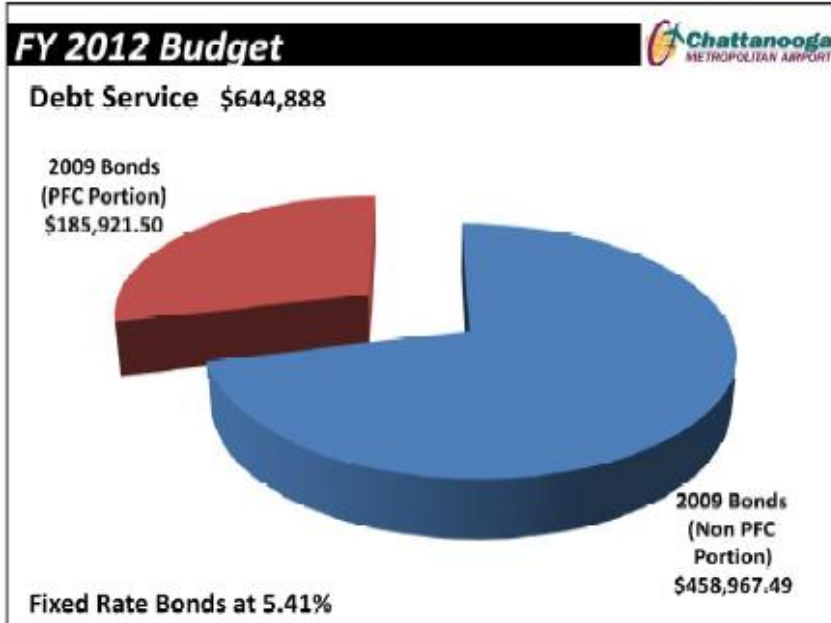
FY 2012 Budget



Capital Investment Funding Profile \$26,727,954.78



Capital investments for FY 2012 are budgeted at \$26M with a variety of funding sources. As you can see, the airport's portion of those projects is only 6% or \$1.5M of the overall total thanks to the additional funding sources that we are eligible for. Most significant is the grant funding provided by both the federal and state governments (through aviation user fees), which accounts for 79% of the expense for infrastructure development and maintenance. Although a portion of the funding is contingent on availability, CMAA is ready to capitalize in the event that the funding becomes available. This year we have also added new funding sources through implementation of the customer facility charge that was implemented on June 1 and is collected by the rental car companies to be used for improvements to the rental car activities at the airport. Also in FY 2012, CMAA plans to develop a new PFC application #5 in order to provide funding for our portions of projects that are approved by the airlines and the FAA. Finally, in the event that growth at the airport requires additional infrastructure development and upon board approval, CMAA will solicit third party financing in order to take advantage of any opportunities.



CMAA refunded its outstanding debt in May 2009 which provided us with a 5.41% fixed rate, CMAA's debt service is budgeted at \$644,888 for FY 2012.

28% of the debt service requirement is eligible for payment through the use of PFC funds and therefore reduces our out of pocket expense to \$459,000.

CMAA's current outstanding debt obligation is \$5,955,988.97

FY 2012 Budget



Summary

- **Balanced budget**
- **Revenues and expense of \$12.9 million**
- **Looking for opportunities to capitalize on growth**

In summary, we have a balanced budget for FY 2012 with total revenues and expenses for the year expected to be \$12.9 million. With the growth that has occurred in our community, we are planning to capitalize on opportunities as they are presented, whether in commercial aviation, corporate and general aviation, or air cargo. The growth and aviation demands of our community will drive our opportunities in the future.

Commissioner Mitchell asked Ms. Cameron to discuss the FBO revenue and expense component of the budget. Ms. Cameron replied the budget does include revenues and expenses that make up the FBO operations. The majority of the revenues and expenses that are budgeted for the upcoming year are based on fuel costs and cost of goods sold. So the level of revenues and expenses are dependent largely on the amount of fuel sold.

Commissioner Mitchell then asked what would be a net operating income, and if CMAA would be running at a loss. Ms. Cameron replied that CMAA does expect there to be a loss the first year.

Commissioner Mitchell asked what will be the reserve after CMAA meets the budget. Ms. Cameron replied that the reserve will still be in excess of \$7 million.

Commissioner Freeman asked for more information about the new staff positions. Ms. Cameron replied that CMAA has three new staff positions; one is a contract administrator. That person's role is to make sure that all of the contracts and leases are in compliance. The second position will be an airport planner who will report directly to John Naylor and facilitate these Federal and State grants, to ensure CMAA maintains compliance. The third position is an airport compliance manager, and that's driven primarily by an airport safety management system that CMAA is expecting to be passed as a regulation in the near future. That position will essentially be a risk manager for the airfield, from a 139 inspection standpoint. CMAA wants to have that position budgeted in the event an SMS system is adopted and CMAA needs to hire for that position in this FY.

Vice Chairman Hall added that the Finance Committee and Commissioners Mitchell, and Jacobson had spent considerable amount of time with Ms. Cameron, as well as the other Committees preparing this budget and that this is a good time for the Board and CMAA staff to monitor the budget very closely with the addition of the new FBO.

Board Action: Ms. Cameron requested Board approval of the budget, the organizational chart as presented in the Board books, and the compensation plan.

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

Leo A. Daly: Planning and Implementation of Improvements to the Passenger Terminal Complex

President Landguth then stated the 2009 Master Plan identified several key areas of airport infrastructure which are currently at capacity and need to be expanded. Those areas are the security checkpoint and parking. CMAA publicly solicited for Architectural and Engineering services through a Request for Qualification (RFQ) process to help begin the planning and implementation phase for these areas. The RFQ was a two part challenge dealing with passenger processing and access interface and landside traffic flow. While the submitted concept might not be the final solution implemented at the airport, the selection committee was interested in the approach, understanding and creativity used by the firms in solving our challenge.

CMAA is recommending the selection of Leo A. Daly to assist with the planning and implementation of improvements to the existing passenger terminal complex. The scope of this initial phase of work will be as follows:

1. Airport roadway entrance and its alignment for access to a new parking structure
2. Establishing a railway right-of-way
3. Capacity for the first phase of a parking structure including public and rental car parking
4. Connection for passengers from the parking structure to the facility for the passengers
5. Expansion of the TSA checkpoint
6. Restaurant and retail facility planning
7. Evaluate probable costs for a parking facility and debt service / financing options (\$83,000 for the first seven items)
8. Geotechnical sub surface investigation (\$8,000)
9. Property survey of approximately 27 acres (\$19,000)

President Landguth then introduced Jerry Voith with Leo A Daly who gave a brief history of the company to the Board and told them about the process they went through to be selected by CMAA. He also shared a quote from one of the company's clients, the Nebraska Medical Center. "Leo A Daly consistently demonstrates their understanding of the word partnership, as we've worked on numerous projects large and small. Our relationship has been very successful, and we're confident we will continue to move forward together." He said he hopes this is the first of many appearances before this Board.

Vice Chairman Hall asked Mr. Voith to comment on local participation as well as what the company will do in order to meet any diversity requirements.

Mr. Voith said the company has put together a team that will include Marsh Adams, who is a local civil engineer, Republic Parking and DHW architects. He said the company also worked with John Naylor on the Tennessee Certification and went through that and selected a team that is going to include surveyors, field technical engineers, structural engineers that will allow Leo Daly to achieve at least the 10% participation goal. He said a significant percentage of minority participation will come from geotechnical and survey work. Most of the study portion will be done by the Leo Daly staff.

Commissioner Mitchell asked how Leo Daly is developing the plan. Mr. Voith replied that a lot of that is yet to be developed. John Naylor and President Landguth have already done research on other airports and areas. He said Leo Daly also has Leigh Fisher on their team, which will help with the financial balance system.

Commissioner Freeman asked what kind of timeline is involved. Mr. Voith said his understanding is that the study should be completed in the fall and Leo Daly will have recommendations complete then.

Commissioner Mallen asked if the property survey would be done in a form that would be typically suitable for a lender. Mr. Voith replied that it will be a combination boundary, topographic, and utility survey. The limits of this survey are actually 27 acres which is confined to the terminal proper as opposed to the whole airfield.

Board Action: President Landguth requested Board approval for a contract with Leo A. Daly in the amount of \$110,000 to develop a terminal and passenger planning document.

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

2011 Audit Contract

Ms. Cameron then addressed the Board. 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, 2011. 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 plus expenses (such as report reproduction, typing, postage, travel, copies, telephone, etc.) The contract fee represents no increase over last year.

Commissioner Mitchell asked if this statement had to be presented to any state or federal agency. Ms. Cameron said CMAA has to present them to the FAA, state and the bank holding the debt service to be in conformance with bond covenants.

Ms. Cameron then introduced Mr. Robert Belcher, a Principal with Decosimo, to the Board.

Commissioner Mitchell asked if the articles of the internal controls had increased over the last couple of years. Mr. Belcher replied that the auditing standards did change in the last few years with an added emphasis on internal control.

Board Action: Ms. Cameron requested Board approval for a contract in the amount of \$32,450 plus expenses with Joseph Decosimo and Company.

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

GSP Transportation Off-Site Parking and Rental Car Operations

Ms. Cameron continued to state that during the month of May, CMAA was notified by GSP Transportation, Inc., of its desire to continue operations at the Chattanooga Airport. In accordance with Resolution No. 56 and No. 57 referencing off-site parking and rental car operations, GSP Transportation has completed an application to renew its operating permit for both activities in order to conduct operations to or from the airport property. This application requires the operator to comply with all airport rules and regulations including but not limited to Resolution No. 56, No. 57, and the Ground Transportation Rules and Regulations, provide the required insurance certificate, and a copy of the in-house inspection of the shuttle vehicle to be used in its operations.

Board Action: Ms. Cameron requested Board approval for a one year operating permit commencing on July 1, 2011, with GSP Transportation, Inc., dba 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 Freeman, seconded by Commissioner Veazey. Motion approved.

CMAA Visa Purchasing Card Account

Ms. Cameron stated in conjunction with the fraud assessment that CMAA initiated previously, Decosimo recommended that CMAA implement a purchasing card (p-card) program in lieu of its standard credit card program. Organizations using p-cards can place restrictions on the use of the card in order to prevent misuse and inappropriate spending. The use of a p-card program also reduces the number of checks written which can easily be altered if they are intercepted in the mailing process. CMAA researched the p-card program and has worked with First Tennessee Bank National Association regarding implementation of a Visa Purchasing Card Account. In addition to enhanced oversight with the p-cards, CMAA will be able to pay many of its monthly bills and reduce the number of checks written. Below is a summary of the bank's proposed agreement.

- 1 year term with an automatic 1 year renewal each year unless terminated by CMAA
- APR – Prime plus 3.9% if not paid in full
- Rebate for monthly payment frequency is set at 60 basis points (0.60%)
- No interest charge if the amount due is paid in full by the payment due date
- Agreement can be terminated by either party with a 30 day written notice
- No annual fees
- No setup fee
- Returned check fee - \$15.00
- Late / collection charge - \$15.00
- Collection cost (if applicable) – 100% CMAA's responsibility if deemed necessary
- No grace period for cash advances

The bank has an online banking module that can be utilized if CMAA chooses to reduce individual credit limits for card members. Ultimately, the online banking module will help streamline the accounting reconciliation process when processing payments. The bank requires CMAA to assign someone to serve as the account administrator. The account administrator will be responsible for the following:

- Handle all client and card member inquiries and billing disputes
- Credit limit increase or decrease requests
- Provide information to the bank upon request
- Advise the bank of the terminated employees who were issued a card
- Upon employee termination, collect and destroy the card

First Tennessee Bank National Association requires approval of a resolution regarding the Visa Purchasing Card Account as well as approval of a Purchasing Credit Card Account Agreement.

Ms. Cameron read the resolution to the Board and it is as follows:

**CERTIFICATE AND RESOLUTION REGARDING
VISA PURCHASING CARD ACCOUNT**

Name of Corporation
Or Other Organization
(the "Organization") _____

Street Address _____

The undersigned certifies that he/she is the Secretary or recording officer of the above name Organization, and that the following is a true copy of a Resolution duly and regularly adopted on _____, 20____ by the Directors or governing body of said Organization in full compliance with applicable law and all pertinent rules, bylaws and other such requirements, to-wit:

WHEREAS, this Organization desires financial accommodation from First Tennessee Bank National Association ("Bank") through the use of credit cards by designated persons for and in connection with the business of this Organization; and

WHEREAS, the Board of Directors or governing body of this Organization has reviewed the terms and provisions of the Purchasing Credit Card Account Agreement regularly used by the Bank (the "Purchase Card Agreement") and desires to enter into a Purchase Card Agreement with Bank.

NOW, THEREFORE, BE IT RESOLVED by this Board of Directors or governing body that:

1. The _____ (title) of this Organization is authorized to execute and deliver for, and in the name of this Organization, a Purchasing Card Agreement with Bank, which will have a binding effect upon the Organization.

2. The Company will be bound by all of the terms and provisions of the Purchasing Card Agreement; and Company will duly inform each cardholder of such terms and provisions of the Agreement as is applicable to cardholders.

3. Bank is and shall be fully authorized to rely and act upon said Purchase Card Agreement, and upon directions from time to time given by the _____ (title) of this Organization in all matters relating to issuance of Purchasing Cards for the account of this Organization and use of same by its personnel in accordance with said Purchasing Credit Card Agreement, including but not limited to the number of cards to be issued, the persons designated to receive and use same, and any changes of personnel among those thus designated.

WITNESS my hand and Seal of said Organization this

Day of _____, 20_____.

By: _____
(Signature of Authorized Officer)

Title: Secretary
(CORPORATE SEAL)

Vice Chairman Hall asked how many p-cards CMAA has. Ms. Cameron replied the way it will be set up is that the President, the Vice Presidents, a couple of the department managers and each department will have one department card. Ms. Cameron said she will keep the department cards locked up in the safe in her office and she and the Comptroller

will be the only ones who have access to those cards. Each card will have different limits, every credit card has a limit of \$15,000 but CMAA can set those limits at any amount. CMAA has never come anywhere close to that limit on a monthly basis.

Commissioner Mitchell asked if CMAA has central purchasing. Ms. Cameron replied no, but that is something the new contract administrator is looking into.

Commissioner Mitchell said she definitely thought the purchasing amount on the cards should be lowered and suggested basing the different limits on the department's budget and the run rate. Ms. Cameron replied that the way this is set up she would be the administrator. The reason it is set up that way is because her position has the ability to meet with the Board, or the Finance Committee or the Chairman alone without President Landguth present, which sets up another level of security. The way this is set up CMAA can initiate the process. Ms. Cameron said she would be willing to work with the Finance Committee to set up the limits for each department if preferred.

Vice Chairman Hall said he thought it was best if CMAA works with Commissioner Mitchell and the inspectors to keep the tightest control over the cards. Ms. Cameron said that she would work with Commissioner Mitchell to set the department limits.

Board Action: Ms. Cameron requested Board approval of the resolution regarding Visa Purchasing Card Account and the Purchasing Credit Card Account Agreement with First Tennessee Bank National Association in accordance with the terms and conditions specified.

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

Replacement of CMAA Police Vehicles

Mr. Hart stated the CMAA Police vehicle fleet consists of three vehicles, two Ford Crown Victoria cruisers and one Ford Explorer 4WD. The latter piece of equipment is a 2009 model, while the two Crown Victoria cruisers were purchased in the early 2000's. Each of the cars has approximately 125,000 miles with total maintenance costs of approximately \$10,000 each. During certain conditions or events, our police officers are required to operate off of paved surfaces and the cruisers are not recommended for this function. A vehicle capable of performing this is required. Based on the environment which the vehicles operate and an assessment from our Maintenance staff, a recommendation is made to replace the two Crown Victoria's with one SUV type vehicle.

CMAA solicited and received four quotes for a SUV similar vehicle and the low bid was received from Mtn. View Ford for a 2011 Ford Expedition in the amount of \$26,750. Associated accessories such as decals and lights for the vehicle total \$1,530. This item was included in the approved capital budget for FY 2011.

Board Action: Mr. Hart requested Board approval for the purchase of one 2011 Ford Expedition and associated accessories in an amount not to exceed \$28,280.00.

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

Access Control Service Agreement

Mr. Hart said CMAA's current access control service agreement with I-Sys Corporation expires on June 30, 2011. It covers all hardware and software associated with the terminal building and perimeter fence from Unum to Station 18.

CMAA requested a proposal from I-Sys to extend the service agreement through the end of our fiscal year, June 30, 2012, continuing to provide 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 of \$64,662, to provide the necessary services to maintain our security access control system through June 30, 2012. This represents no cost increase over our current agreement and is included in CMAA's operational budget.

Board Action: Mr. Hart requested Board approval to accept the proposal submitted by I-Sys Corporation in the amount of \$64,662 to provide the required access control system maintenance support.

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

Hangar 17 Roof Restoration

Mr Hart continued to say CMAA's Hangar 17, which is located on the South end of the airfield, is experiencing minor roof leaks in the facility. The hangar was constructed with a metal panel roof and minor repairs have occurred over the years. Due to age and weather conditions, fasteners have begun to separate and flashings are pulling apart. Moisture enters into the facility at these points. CMAA recommends a restoration process be completed on the roof. Our Director of Maintenance is recommending a white Elastomeric coating being applied to the entire surface. This is the most cost effective solution. Two coats are applied as liquid and dry to form a "rubber like" protective membrane. This is similar to what was placed on the old Ultimate Cycle facility.

The application is sprayed on and is anticipated 10 days to complete. The contract comes with a 5-year warranty which includes material and labor. Upon evaluation of the three submitted bids to complete this work, CMAA staff recommends the bid be awarded to Total Building Maintenance, Inc., a local company, in the amount of \$27,381. This work was included in the approved Capital budget.

Commissioner Mitchell asked how much a new roof would cost. Mr. Hart said a new roof would be around \$60,000 to \$70,000.

Commissioner Mitchell what is the expected life of a new roof. Mr. Hart replied that the warranty is for 5 years, and he believes the process will last longer than 5 years. Based on this product's information, they have people who have had this for 15 to 20 years and not had leaks.

Commissioner Snow said he had used this product and it had solved their problems and the silver white had also cooled the building.

Board Action: Mr. Hart requested Board approval of a contract with Total Building Maintenance, Inc., in the amount of \$27,381 for the roof restoration work on Hangar 17.

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

Airfield Rotary Mower Purchase

Mr. Hart concluded with CMAA Maintenance staff is responsible for the upkeep of all property on the airfield, as well as airport owned property adjacent to the airfield. This includes many acres of grass. Currently, our personnel utilize one batwing mower attached to a tractor to accomplish the majority of this task. After reviewing this process, CMAA staff recommends the purchase of one additional batwing mower. It will be attached to an existing tractor. By providing two tractors on the airfield cutting grass, it will improve efficiency and appearance, while enhancing the overall safety by keeping grass heights at an acceptable level.

Three bids were solicited and received for this project. CMAA staff recommends acceptance of a purchase with R&S Truck and Tractor Company in the amount of \$14,995 for the purchase of one batwing mower. This item was included in the approved Capital budget plan.

Commissioner Mallen asked if the solar farm would reduce the mowing footprint at all. Mr. Hart said that it would reduce the mowing area, but there is still a great deal of grass to mow.

Board Action: CMAA requests Board approval for the purchase of one batwing mower from R&S Truck and Tractor Company in the amount of \$14,995.

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

Terminal Ticket Counters

Mr. Naylor then addressed the Board, saying CMAA was requesting approval to enter into a contract with the firm of SKH Construction Enterprises for construction and installation of Airline Ticket Counters. The ticket counters were designed by Derthick,

Henley and Wilkerson. The airlines reviewed and approved the ticket counter design. A request for proposals was issued and CMAA received three proposals. Derthick, Henley and Wilkerson have recommended that CMAA award the construction contract to SKH Construction Enterprises. The millwork, electrical and communications will be subcontracted to Architectural Surfaces and Lawson Electric. CMAA staff concurs with this recommendation.

The ticket counter construction contract amount is \$235,000. This project is funded through a previously funded state grant. The funding level is 90% State and 10% CMAA. This item is budgeted.

Mr. Naylor then introduced Steve Hudson and Guy Campbell from Architectural Surfaces to the Board.

Commissioner Mitchell asked when the project would start and end. Mr. Naylor replied that they have two weeks to come up with a schedule after being awarded the contract. Mr. Guy Campbell said his company hopes to have shop drawings and all turned around in a couple of weeks. There's probably about a six to eight week time ordering materials and fabricating and installing the counters. He said the contract calls for a completion date of September 16.

Commissioner Mitchell asked about the depreciable life of the new counters. Mr. Naylor replied the current ticket counters were put in when the terminal was opened 19 years ago. CMAA expects to get the same type of lifespan out of these.

Commissioner Snow asked if the current counters are no longer suitable. Mr. Naylor said that the current counters have exceeded their life expectancy. The equipment the airlines use is getting smaller and more efficient. In addition to ADA compliance, the airlines have a larger data need than in previous equipment.

Board Action: Mr. Naylor requested Board approval to enter into a contract with the firm of SKH Construction Enterprises for the construction and installation of the airline ticket counters in the amount of \$235,000.

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

Waterhouse Public Relations

Christina Siebold stated to the Board CMAA requests Board approval for a contract with Waterhouse Public Relations in the amount of \$35,000. Waterhouse will provide public relations support in the following areas:

- Media relations, including but not limited to crisis communications
- Media clips, including sending monthly copies of all print, online and broadcast coverage of the airport
- In-terminal advertising support, as needed

- Special projects and miscellaneous public relations support, as needed

The term of the contract begins on July 1, 2011 and extends through June 30, 2012. 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 \$35,000.

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

Village Volkswagen Advertising Agreement

Ms. Siebold said CMAA requests Board approval for an advertising contract with Village Volkswagen of Chattanooga to continue advertising in the airport. The advertising agreement will consist of three vehicle displays – one located in the rotunda, one in ticketing, and one in baggage claim – along with a small backlit ad which will be rotated throughout the terminal at CMAA’s discretion. The term of the agreement is for 36 months, beginning on July 1, 2011, at a monthly rate of \$1,200 for year one, with a 5% annual escalator for years 2 and 3. Total contract value over the 3-year term will be \$45,396.

Commissioner Freeman asked if the airport will get a locally made Passat. Ms. Siebold said that is a goal of the local Volkswagen dealer.

Board Action: Ms. Siebold requested Board approval for a 3-year advertising contract with Village Volkswagen for a total value of \$45,396.

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

Other Business

Commissioner Freeman asked for an update on the FBO. Mr. Naylor said the FBO is progressing quite well. The terminal building is getting the final finishes put into at this time. Carpet was laid last Friday, the NCT which is a linoleum type tile in the line shack area, was being put down last Friday and should be done this week. The countertops with all the millwork goes in tomorrow. Once the countertops are in then they’ll come in and finish the final plumbing. They are waiting on a couple of parts, but once they get in they’ll be able to finish the hangar portion. The landscaping is being put in and parking lots are being paved. One of the other projects CMAA is doing is installing a new airport sign with landscaping on Lee Highway at the old Target parking lot.

Vice Chairman Hall said he thought that the new sign would definitely enhance the local area and it should be well maintained.

Public Comment

None

Closing Comment

Chairman Jacobson thanked everyone for their patience and forbearance, and generous volunteering of their time. He said they covered a lot of ground during the meeting.

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

Adjourn

Chattanooga Metropolitan Airport Authority
Chattanooga, Tennessee
September 26, 2011

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting Monday, September 26, 2011 at 2:00 p.m. Chairman Jacobson, Vice Chairman Hall, Commissioners Veazey, Snow, Freeman and Mitchell were present, and Commissioner Mallen attended by phone.

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

President Landguth said if the Board would allow it, they would like to skip to the items Hugh Moore, CMAA's counsel, was to bring before the Board as he needed to leave before 2:30 p.m. for a prior commitment. Chairman Jacobson allowed the change.

Board Action

Minimum Standards and Rules and Regulations

Mr. Moore greeted the Board and said he wanted to discuss and offer for Board approval the changes to the new Minimum Standards and new Rules and Regulations.

As part of an annual review process of the airport's rules and regulations, CMAA asked the local legal counsel, Hugh Moore and Tom Greenholtz, as well as the attorney in Washington DC, Pablo O. Nüesch from Spiegel & McDiarmid, to review the airport's Minimum Standards. The review indicated that the airport's Minimum Standards were comprised of three different types of regulatory documents which had been wrapped up into one document. The team of attorneys suggested that three separate documents be developed:

- Minimum Standards for Commercial Operators
- Airport Rules and Regulations
- Rates and Charges

Based on that recommendation, Mr. Nüesch of Spiegel & McDiarmid was asked to update the airport's Minimum Standards for Commercial Aeronautical Service Providers. Internally, the rules and regulations were drafted by staff by extracting existing requirements from the current Minimum Standards and comparing them to the Tri-Cities Airport, which recently had their legal counsel update their Rules and Regulations. The Rates and Charges were also extracted from the current Minimum Standards and were placed in a single document which reflects the rates and charges approved in the overall annual budget. The revisions of the Minimum Standards and Rules and Regulations included public discussion from the tenants and other parties who would be impacted by them.

The initial review process for these draft documents included the following team:

- VP of Finance
- VP of Operations
- VP of Planning and Development
- Director of Marketing and Communications
- Chief of Fire and Police
- Airport President
- Legal team

After completing the internal review, CMAA provided an initial briefing to the Personnel, Legal and Insurance Committee. Once they had an opportunity to review, the documents were posted on CMAA's website and informed the impacted tenants that the documents were available for their review and input. The documents remained on the website for 30 days. The airport received comments from 10 companies or individuals regarding the Rules and Regulations and from four companies regarding the Minimum Standards. All of the questions from these companies / individuals were placed in a spreadsheet along with answers to each of the questions. This document was then posted on the airport website for review. Two companies whose concerns were more legal in nature received a direct written response from CMAA's legal counsel regarding the issues they raised.

CMAA also held a small focus group with four different companies present and communicated via phone with one other. All individuals that submitted comments either attended a small focus group meeting, got a letter from counsel, or had a phone call with the airport regarding their concerns. CMAA received several helpful suggestions on the original proposed documents. As such, both documents were revised based on public comment and then reissued to the public and posted on the website for a second round of comments. CMAA received no new comments regarding the Rules and Regulations and only one company sent a letter regarding the revised Minimum Standards.

CMAA staff and legal counsel then met with the Personnel, Legal and Insurance Committee to review the final Rules and Regulations and Minimum Standards and to discuss the entire process, including the public involvement. The Committee has asked staff to circulate for Board review the proposed Minimum Standards for Commercial Aeronautical Service Providers and the Airport Rules and Regulations. If approved, the new Rules and Regulations and Minimum Standards will eliminate Resolution 4 (Resolution for User Fees), Resolution 20 (Commercial Aircraft Fees, Resolution 23 (regarding smoking), Resolution 28 (rules and regulations in the terminal) and Resolution 35 (firearms in facility) and Resolution 51 (Collections of Fees, Charges and Rents), as each of these topics are now covered in the Rules and Regulations.

Commissioner Mitchell asked if these documents need to be sent to another authority for approval. Mr. Moore said Board approval is the last approval needed. President Landguth will send it to the FAA, but it has been sent to them already as part of the process and so far they have approved everything.

Vice Chairman Hall asked who the new minimum standards apply to and if they apply to existing tenants. Mr. Moore said they apply to a new FBO, someone who wanted to offer maintenance or other services on the airfield. He also said they would apply to existing tenants if those tenants got a new lease. Mr. Moore said existing tenants are grandfathered in unless they have a change in their lease.

Vice Chairman Hall asked why this should be divided into three different documents. Mr. Moore replied that having all three documents in one is confusing. Minimum Standards are a set of standards that can be waived. Rules and Regulations are what CMAA enforces with some type of punishment from violations to the policies. The Rates and Charges may be changed more frequently so it made sense to have different documents.

Vice Chairman Hall requested that each Board member have a copy of the new documents in a binder for future reference.

Board Action: Mr. Moore requested Board approval of the Minimum Standards for Commercial Aeronautical Service Providers as reviewed.

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

Board Action: Mr. Moore requested Board approval of the Rules and Regulations as reviewed.

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

Rates and Charges and Insurance Requirements

Ms. Cameron then addressed the Board, saying that CMAA's legal counsel advised staff that as part of the modification to the Airport Minimum Standards, all references to fees and insurance requirements should be removed from the document. As a result, CMAA developed a separate document that would specify all of the rates and charges that have been approved by the Board through the annual budget process in order to ensure that the fees charged and insurance requirements are consistent for all tenants of the airport.

Most of the rates and charges included in the document are unchanged from previous policies. The exceptions are as follows:

- The ramp parking fee has been modified so that itinerant traffic utilizing the old cargo ramp will be charged aircraft parking fees. No other ramp will require aircraft parking fee charges.

- An admin fee has been added in an effort to help CMAA recover some of its cost (\$50) in performing required reviews of plans and drawings on proposed improvements.

A full summary of the rates is detailed below.

Landing Fee Rate	\$2.00
Terminal Rental Rate	\$26.73
Airline Baggage Claim Fee	\$340,992
Terminal Security Fee	\$333,972
Loading Bridge Fee	\$22,876/each
Fuel Flowage Fee	\$0.13
Airfield Ground Rent	\$0.35
Parking Rates	Long Term Parking \$8.00/day Intermediate Parking \$9.00/day Short Term Parking \$14.00/day
Passenger Facility Charge (Air Carriers)	\$4.50
Customer Facility Charge (Car Rental)	\$2.00
Operating Permit	\$25.00 Administration Fee
Parking Fees	Aircraft weighing less than 20,000 pounds \$10 per day per aircraft Aircraft weighing equal to or more than 20,000 pounds > \$25 per aircraft per day or 25% of landing fee
Maintenance and Equipment Use Fees	Rates vary based on equipment
Fire, Operations, and Police Department	Rates vary
Identification Badge Fees and Charges	Badging Fee (Non-refundable) \$50.00 Fingerprinting Fee \$65.00 Lost Badge Fee 1st Lost Badge Fee \$50.00 2nd Lost Badge Fee \$100.00 3rd Lost Badge Fee \$150.00
Airport Facility Fees	Lovell Room \$175.00 Board Room \$75.00 Training Room \$75.00
Maintenance Rate	\$72.59
Administrative Fee	\$50.00
Insurance Requirements	FBO \$10,000,000.00 SASO \$ 2,000, 000.00

Board Action: Ms. Cameron requested Board approval of the Rates and Charges and Insurance Requirements as reviewed.

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

Resolutions

Tom Greenholtz then addressed the Board. He said as a result of the Board's adoption of the Rules and Regulations and revised Minimum Standards and the new Rates and Charges, there are several resolutions now that the Board does not need to maintain, and CMAA is requesting that the Board action repeal those resolutions to make everything consistent and have one set of governing standards and one set of governing documents. Those resolutions are resolution number 4, related to user fees, resolution number 20 regarding commercial aircraft fees, resolution number 23 regarding smoking, resolution number 28 which are rules and regulations inside the terminal itself, resolution number 35 regarding use and carrying firearms in the facility, and resolution number 51, which refers to flight fees and rents. All of these topics are now covered either by the rules and regulations or by the rates and charges.

Board Action: Mr. Greenholtz requested Board approval to eliminate the resolutions as reviewed in conjunction with the approval of the Rules and Regulations and Minimum Standards.

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

Property Acquisition

President Landguth then introduced Mike St. Charles, of Chambliss Bahner, to discuss the property acquisition.

Mr. St. Charles said the Airport has negotiated the purchase of two parcels of property located on Brainerd Road. The first parcel is the property that was formerly the Prebul Volvo automotive dealership located at 5915 Brainerd Road (the "Volvo Site"). The second site is the property that was previously the BMW automotive dealership and located at 5949 Brainerd Road (the "BMW Site").

Volvo Site

The Volvo Site is presently owned by BB&T Bank. The airport conducted an independent appraisal, which set the purchase price at \$2.4 million. According to FAA Advisory Circular 150/5100-17, when acquiring property, "...the sponsor (airport) shall make a timely written offer to the owner to acquire the property *for the full amount* of just compensation." As such, the appraised value dictates the selling price.

In summary, the contract obligates the Airport to purchase the property if one condition is met relating to environmental matters. The Airport engaged Terracon Environmental Services to conduct environmental studies. The report listed several environmental

issues. BB&T has agreed to remediate those issues. The contract has a condition that the Airport is not required to close until the environmental issues identified in the Terracon report have been remediated to the satisfaction of the Tennessee Department of Environment and Conservation (TDEC).

Terracon has completed its remediation work and has submitted a final report to TDEC. Terracon expects that TDEC will be issuing a letter indicating that no further remediation is required. The receipt of a "no further action" letter from TDEC is the second condition of the contract.

The other provisions of the contract are fairly standard. No survey was ordered.

Given that the plan is to demolish the buildings and convert the property to green space for the present time, there were no issues that were discovered during the inspection. Moreover, attorneys have reviewed the title report and confirmed that there are no title issues.

BMW Site

The Airport has negotiated a price of \$1.3 million for the purchase of the BMW site, which is owned by an affiliate of Sonic Automotive. The terms are very similar to the terms for the Volvo site. Specifically, the Airport has no obligation to purchase the property until a "no further action" letter has been received from TDEC.

While Terracon Environmental Services inspected and prepared a report on the environmental condition of the property, Sonic chose to hire its own environmental consultant. The two consultants have agreed on a course of action for the remediation of the property and Sonic has completed its remediation work. The remediation report has been submitted to TDEC. It is estimated that TDEC will not review the report for the purposes of issuing a "no further action" letter for several weeks.

While the other terms of the proposed contract are in substance basically the same as the BB&T contract, Sonic, through its attorneys, requested different language. The substance of the provisions gives the Airport the authority to inspect the property and to order various reports, including environmental reports, title reports and surveys.

As with the BB&T site, the inspections did not result in any issue that would adversely affect the use of the property as green space.

The primary difference between the BB&T contract and the Sonic contract is for environmental matters. The Sonic property is actually owned by an "investment" entity that had no responsibilities or control over the operations of the site. Consequently, Sonic adamantly "requested" that the owner be released from any environmental indemnity. In its place, the public company, Sonic Automotive, will be providing an indemnity that covers any environmental matters that might have been caused by the operation of the affiliate of Sonic.

Funding for these purchases will be 95% federal funding and 5% CMAA funding. This project was originally budgeted at 95% federal, 2.5% state and 2.5% CMAA. Due to the very late award of the federal grant, CMAA was unable to secure the state grant in time to utilize the funds for this project. As such, CMAA will fund the full 5%, and utilize

state grants to more fully fund a restroom upgrade which would have taken more CMAA funds, thereby keeping the budget in balance.

President Landguth then introduced Dallas Whitmill of Terracon to discuss the phase II environmental site assessments.

Mr. Whitmill said Terracon did both of the phase II environmental site assessments, and on the floor of the Volvo dealership, they identified some petroleum hydrocarbon contamination beneath the floor drain, a long strip floor drain that ran through the garage area. Terracon completed remediation on that site in July. The company prepared a report, collected confirmation samples from that remediation event to document that it had been excavated and then properly disposed of all the contaminated material. Terracon prepared a report, submitted that to TDEC, and got the letter back from TDEC approving the report. TDEC sent Terracon the invoice for their fees for viewing the report and once payment is received they will issue their no further action letter.

Commissioner Mallen asked at which site was remediation completed. Mr. Whitmill replied the Volvo and Infinity dealership at 5915 Brainerd Road.

Commissioner Mallen asked in whose name was the phase I site assessment addressed and if the airport can rely on that report. Mr. Whitmill said it was done by John Fink, and the airport contracted with him for that and the airport should be able to rely on it.

Commissioner Mallen asked when to expect the no further action letter from TDEC. Mr. Whitmill said they anticipate it will arrive within the next week.

Commissioner Mallen asked Mr. St. Charles if the no further action letter is a trigger for the closing. Mr. St. Charles said yes it is a condition of the closing.

Commissioner Mallen asked if there was any ground water contamination at the other site. Mr. Whitmill replied that Terracon identified water contamination beneath the ground, however, it was very shallow beneath the slab, and they think it was actually water that was infiltrating from the drain, not actual ground water and it was infiltrated with petroleum hydrocarbons and polychlorinated biphenyl (PCB's).

Commissioner Mallen asked if the PCB's trigger any obligations under the Toxic Substance Control Act (TSCA). Mr. Whitmill said they are low enough in concentration that he does not expect to encounter any significant issues with that during remediation.

Commissioner Mallen asked if CMAA has received a report from Terracon to that effect and Mr. Whitmill said they completed the Phase II on that and Sonic Automotive has hired their consultant to further that project. Commissioner Mallen said if Sonic hires their consultant, then CMAA cannot rely on that report, unless CMAA pays extra to rely on it or unless CMAA asks to be an addressee on it and Mr. Whitmill confirmed that is correct. Commissioner Mallen said CMAA needs to make sure they can rely on the report and that PCB's are not an issue.

Commissioner Mitchell asked can the PCB's be remediated if it is an issue. Mr. Whitmill said they anticipate being able to fully remove the PCB's. They were basically in the gravel beneath the concrete slab, around the drain, and when they remove the soil that will go with it.

Commissioner Mallen added that he would suggest that the site be certified free of PCB's before CMAA closes on the property because the US EPA is a federal statute and the TDEC no further action letter really has no force and effect as to TSCA.

Commissioner Mitchell asked if the cost of the building demolition is included in the budget. President Landguth said yes, when CMAA submitted the grant, it included not only acquisition of the property itself, but also demolition of those buildings to return it to a green grass site, service costs for projected abatement costs, demolition costs, regrading and revisiting that into a green grass site. But that amount is an estimate for demolition and CMAA used some of the experience with the Target facility in terms of the costs of the abatement, remediation and demolition of that facility itself.

Board Action: Mr. St. Charles requested Board approval to purchase the BMW site for \$1.3 million plus associated closing costs on terms substantially the same as those set forth in the proposed contract.

Commissioner Mallen said he would like to make a motion that the Sonic (BMW) parcel be purchased subject to confirmation that it is free from environmental insult or hazard or contamination as confirmed by CMAA's legal counsel and environmental consultant.

Board Action: Mr. St. Charles requested Board approval to purchase the Volvo site from BB&T for \$2.4 million plus associated closing costs on terms substantially the same as those set forth in the proposed contract.

Commissioner Mallen said he would like to make a motion that the Volvo parcel be purchased subject to confirmation that it is free from environmental insult or hazard or contamination as confirmed by CMAA's legal counsel and environmental consultant.

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

Chairman Jacobson asked Mr. St. Charles if he wanted to ask for a third resolution.

Mr. St. Charles replied that he would like to put forth a broad resolution that would give the President the authority to execute such documents as may be necessary to consummate the purchase of the two properties and also giving him the authority to make such revisions to those contract that have been proposed that are in substantial compliance with those contracts, as he may deem in the best interest of the Authority.

Commissioner Freeman asked if that would include closing costs and other documents. Mr. St. Charles said yes.

Vice Chairman Hall requested that once the deal is finalized that it be brought back to the Board so the Commissioners will know all of the terms and what CMAA purchased. President Landguth said he will bring the information to the Board before going to closing because consultants and counsel are involved in this transaction, to help ensure CMAA meets all the environmental compliance. He said he wants the Board to know exactly what he is going to sign before he signs a document representing the Authority.

Commissioner Mitchell said she also wants CMAA to explore the insurance and report back the premiums to the Board.

Mr. St. Charles said with this information, the motion is that the President be authorized to sign such documents as may be necessary to close the purchase of the two properties and that he also have the authority to negotiate such revisions as he deems necessary and appropriate and that are in substantial compliance with the existing terms, and that he reports back with basically the documentation and evidence that all parties involved have complied with the other terms and the other motions so that CMAA is ready to close.

Commissioner Freeman added to bring back to the Board the information about the environmental insurance.

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

Leo A. Daly Task Order

John Naylor then addressed the Board, saying that CMAA is requesting Board approval of the Master Agreement and Task Order 1 with Leo A. Daly for the design and development of specifications to bid and award the terminal public restroom renovation and terminal carpet replacement. The contract amount is \$61,500 and will be funded by CMAA. The project will include:

- Carpet – Specifications and color palate
- Restrooms – Architectural and engineering with improved ventilation.
Design to include reconfiguration for a family restroom in the concourse.
- Temporary facilities for phasing
- Add family restroom in one of the landside restrooms
- Provide renderings for Board review

Mr. Naylor introduced Jerry Voith of Leo A. Daly to the Board. Mr. Voith said Leo A. Daly has not been authorized to get started, but there are two task orders that are out for the Master Agreement. There was a certain level of urgency on these two items that came up in the stakeholder meetings.

Mr. Naylor said the task order is for the bathroom redesign, to develop a color palette for the facility and to start replacing carpet.

Commissioner Mitchell asked if they will have a focus group to view and approve the color palette. Mr. Naylor said CMAA is bringing it to all the user groups. Mr. Voith said there is no shortage of input at this time, and there is particular interest in the restrooms.

Board Action: Mr. Naylor requested Board approval of the Master Agreement and Task Order 1 with Leo A. Daly in the amount of \$61,500 for the design and development of specifications to bid and award the terminal public restrooms renovation and terminal carpet replacement.

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

EMJ Construction Management Contract

Mr. Naylor continued to say CMAA is requesting Board approval of a construction management contract with EMJ Corporation. CMAA issued a Request for Qualifications for a construction management firm for select projects. The airport received six Statement of Qualifications packages. All six firms were highly qualified. Each firm was rated in six different areas. The selection committee recommends that EMJ Corporation be awarded this contract based on experience in similar renovation projects. The projects under this contract include:

- Security checkpoint expansion
- Restroom upgrade and renovation
- Terminal carpet replacement

EMJ will be responsible to bid and award each project in addition to providing construction management services. EMJ will be compensated as a percentage (7%) of the guaranteed maximum price.

Mr. Voith said that one of the proposed is a hard surface tile to take from the top of the stairs around the existing tiles and enters into the security checkpoint with two security checkpoint lines. There will actually be two contracts on this, one is equipment provided directly by TSA, and then the floor finish is by EMJ's work.

Mr. Naylor said CMAA has selected a hard surface material to go through the checkpoint to improve ventilation and make cleaning it easier and more efficient. They selected some very large tiles that have a texture to them to eliminate the fall hazard.

Mr. Naylor said that TSA would be here on Thursday to plan schedules and to discuss installation of the AIT. He said CMAA is looking at a very aggressive schedule and hoping to have the project complete by mid-November.

Board Action: Mr. Naylor requested Board approval of a construction management contract with EMJ Corporation.

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

Vice Chairman Hall excused himself from the remainder of the meeting due to a scheduling conflict.

Fire Alarm and Suppression Detection Agreement

Terry Hart addressed the Board. This agreement encompasses the inspection and testing of the fire alarm and the suppression detection systems located in the airport terminal, fire station, and west side general aviation development. The scope of the work consists of quarterly and annual tests of components that support the airport's fire alarms, fire sprinklers, and suppression detection devices. Additionally, the fire detection system in the terminal and west side general aviation development will be remotely monitored. The term of the agreement is for three years. It includes an enhancement over the current agreement, by adding the west side development into the scope of work, while reducing the overall cost to the airport by approximately \$100 per year over the previous contract. However, CMAA did receive independent pricing on the service, so each building can be allocated to the appropriate cost center, whether the commercial terminal or the FBO.

The airport received four bids on this project. After meeting all the bid requirements, CMAA staff reviewed the proposals and recommends the agreement be awarded to Simplex Grinnell, CMAA's current provider, at a bid price of \$22,002, for a term of three years, beginning October 1, 2011.

Commissioner Freeman asked if the \$22,002 is per year. Mr. Hart said no it is for the three years and is a budgeted item.

Board Action: Mr. Hart requested Board approval of a contract with Simplex Grinnell to provide the inspection and testing of the fire alarm and suppression detection systems at a price of \$22,002, for a term of three years, beginning October 1, 2011.

**Motion for approval by Commissioner Snow, seconded by Commissioner Freeman.
Motion approved.**

Chairman Jacobson asked for a five minute recess. At 3:35 p.m. Chairman Jacobson reconvened the meeting and said Chairman Jacobson, Commissioners Snow, Veazey, Mitchell, Mallen and Freeman were present.

Big Communications – Phase II

Christina Siebold then addressed the Board, saying that after an extensive, nationwide bid process to select a new marketing firm to assist the airport in developing a new brand image, CMAA approved a contract with Big Communications earlier this year. The firm performed the Big Picture Strategy sessions in Chattanooga. During this process, members of the Consultant's team visited the area for two days to get acquainted with the airport and Chattanooga communities – meeting with key players in the city, learning

about airport goals and hearing from airport leadership. Then the Consultant provided a comprehensive marketing plan including:

- Detailed analysis of brand goals
- Secondary research of competitors
- Outline of key-core values
- Brand analysis
- Unique selling point (USP) identification
- SWOT analysis
- Strategy recommendations
- Messaging recommendations
- Tactics recommendations
- At least three logo concepts
- At least one television concept
- At least two print ad concepts

Ms. Siebold introduced Satina Richardson, senior account executive, who introduced members of Big Communications' senior staff, Chief Brand Officer, Mark Irvine and Chief Creative Officer, Ford Wiles. Big Communications' presentation is as follows:



What you'll see today:

Logo

Tagline/campaign theme

Basic campaign executions

Objective:

Create an identity system that positively positions the airport and reinforces its brand values

Hurdles

Reliability

Baggage

Price

Awareness

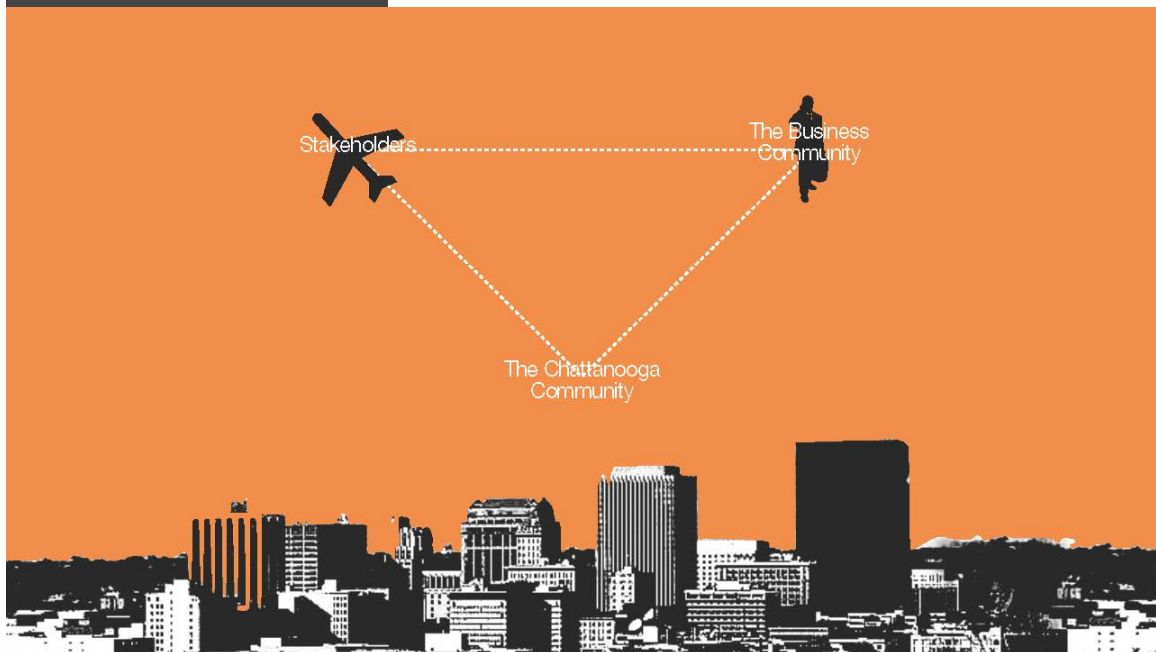
Food

Primary Messaging:

Convenience

Economic Impact

Simplicity





Brand Promise:

It's time to reset your expectations of flying.

Brand Personality

Welcoming, accommodating, service oriented, involved, easy, friendly, warm, problem solving, unexpected, caring.

Value Proposition

Service + Convenience + Civic Duty = Value

Core Brand Values

Simplicity	We are not only conveniently located as the hometown we also make it easy for people to get “into the system”.
Heart	We are customer centric and go out of our way to be helpful and have a passion for serving our customers and community.
Potential	Possibilities and opportunity await around every corner for Chattanooga, and we play a critical part in moving it forward.

the name:

Chattanooga Metropolitan Airport

Chattanooga/Three Rivers Airport

Tennessee Valley Airport

Chattanooga National Airport

Chattanooga Regional Airport

Chattanooga Metropolitan Airport

Chattanooga International Airport

Chattanooga Valley Airport

Chattanooga/North Atlanta Airport

Chattanooga East Tennessee Regional Airport

Chattanooga/Three Rivers Airport
Tennessee Valley Airport
Chattanooga National Airport
Chattanooga Regional Airport
Chattanooga Metropolitan Airport
Chattanooga International Airport
Chattanooga Valley Airport
Chattanooga/North Atlanta Airport
Chattanooga East Tennessee Regional Airport

Chattanooga Metropolitan Airport

Chattanooga Airport

- ▶ Simplifies the name down to who you truly are
- ▶ Is a real, honest statement of self awareness
- ▶ Communicates that this is the hometown airport
- ▶ Shows you understand people don't care about designations

How **we** think about tag lines:

▶ **Simplicity is key, but it needs layers.**

They are not a mandatory or a must have;

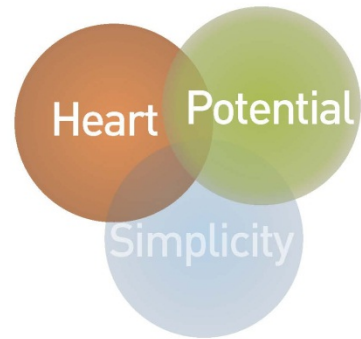
they simply set the tone and voice for a brand.

Tagline

Get on board

- ▶ Loaded with the idea of civic duty, but communicated in a way that's not shaming
- ▶ Obvious connection to the idea of "boarding," both on an airplane and with a head nod to the city's railroad history
- ▶ "Everybody is already doing this and reconsidering the airport. You should, too."

Get on board



Logo







Bringing the brand to life, beyond the logo:

CHANGE



Everyday we are able to do it and have some of our own. It isn't always easy to get out of bed if you haven't flown us in a while but just say you haven't the good kind. See the fact that it's easy to pack and others well it's not that simple like but if you haven't flown us in a while then just say you haven't the good kind. See the fact that it's easy to pack and others well it's not that simple like [get onboard](#)

[chatankodga.com](#)

CHA
CHATANKODGA AIRPORT

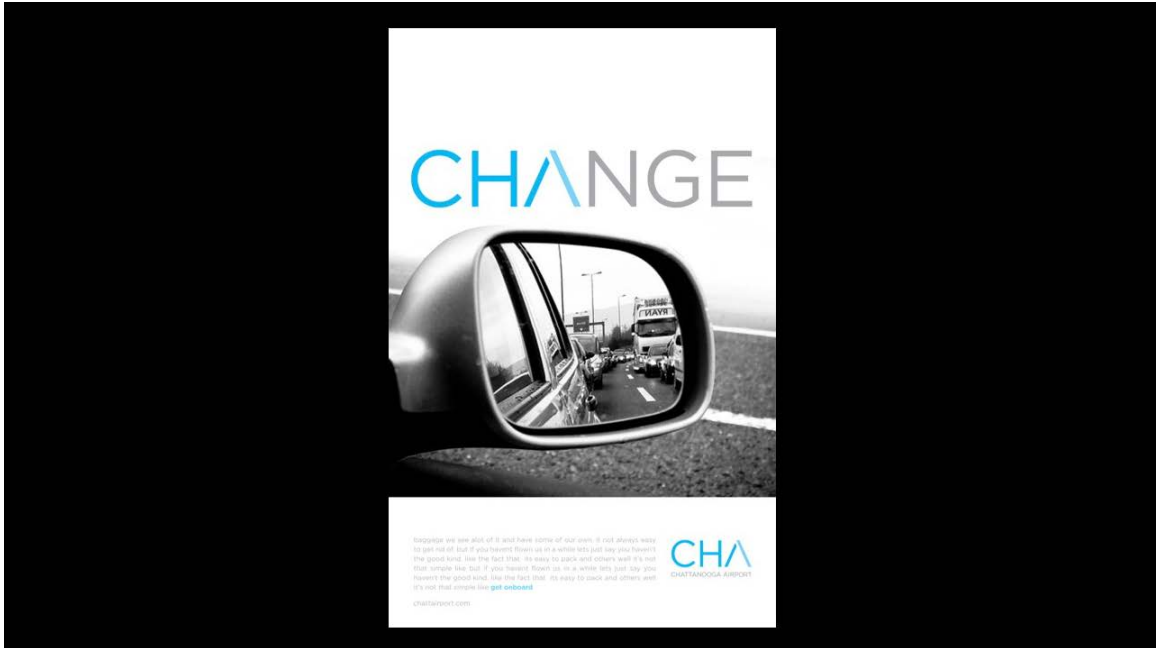
CHANGE



Everyday we are able to do it and have some of our own. It isn't always easy to get out of bed if you haven't flown us in a while but just say you haven't the good kind. See the fact that it's easy to pack and others well it's not that simple like but if you haven't flown us in a while then just say you haven't the good kind. See the fact that it's easy to pack and others well it's not that simple like [get onboard](#)

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CHATANKODGA AIRPORT







TV Concept



Commissioner Mitchell said there should be a correlation between the marketing efforts and the terminal modifications. Mr. Voith said that they did get a preview of their work, and that is one reason why they used the neutral colors to let the branding stand out.

Commissioner Veazey said he loved it and thought it was great. He also said that in the past the suggestion had been made to have regional as part of the name because a lot of traffic comes from North Georgia and Cleveland. Ms. Siebold said she would take a look at that information.

Ms. Siebold said that after presenting their recommendations to CMAA staff and on the recommendation of CMAA's marketing committee, CMAA is ready to move forward with Phase II of the project – executing on the concepts they have developed. The scope of Phase II will include:

- Contractor shall provide general media placement and management services, including, but not limited to, purchasing media, auditing and itemizing invoices.
- Complete development of the approved CMAA logo which should be delivered to CMAA in full color and black & white, JPEG and EPS formats.
- Contractor shall develop at least one (1) television commercial, at least three (3) print ads and at least three (3) online ads.
- Additional items for development may include internal signage designs as well as radio and a full online advertising campaign.
- Contractor shall make written recommendations on how CMAA will promote the brand with marketing collateral and promotional items.
- Contractor shall deliver to CMAA a written recommendation on integrating social media into the organization's marketing efforts, including the staff time, hard costs and marketing benefits associated with any suggested programs.
- Estimates for all aspects of the campaign will be submitted for approval prior to beginning the production process and all elements will be presented for client approval prior to public distribution.

The entire project will cost \$140,000 (\$80,000 for media buy and \$60,000 for creative services and account management) and will be completed by June 30, 2012. This is a budgeted item.

Commissioner Mitchell asked how CMAA intends to implement this message throughout the airport. Ms. Siebold replied that the consultant is going to come in and look at what areas of the airport will be most effective for getting the message out and make recommendations based on what they see in the airport.

Board Action: Ms. Siebold requested Board approval for Phase II of the branding contract with Big Communications to execute the concepts that have been developed. Total contract value is \$140,000.

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

Chairman Jacobson then requested the Board review the minutes from the previous meeting before moving forward.

Minutes

On motion of Commissioner Freeman, seconded by Commissioner Snow, the minutes of the June 20, 2011 meeting were approved.

Sixel Consultants

President Landguth then addressed the Board and asked if he could share his monthly report last and allow Michael Lum from Sixel Consulting to share his presentation with the Board as he had a plane to catch. The Board approved his request and President Landguth introduced Mr. Lum to the Board.

Mr. Lum then addressed the Board. His presentation is as follows:

Chattanooga Metropolitan Airport

Air Service Update



September 2011

Sixel Consulting Group, Inc.

Chattanooga's Existing Air Service



September 2011

Sixel Consulting Group, Inc.

Three Network Carriers Operate Service from Chattanooga to Six Hubs, and Allegiant Operates Less Than Daily Service to Two Destinations



Chattanooga's Network Carrier Capacity Will Increase 2.7% in December 2011 Versus December 2010; Allegiant's Capacity Will Increase 4.2%

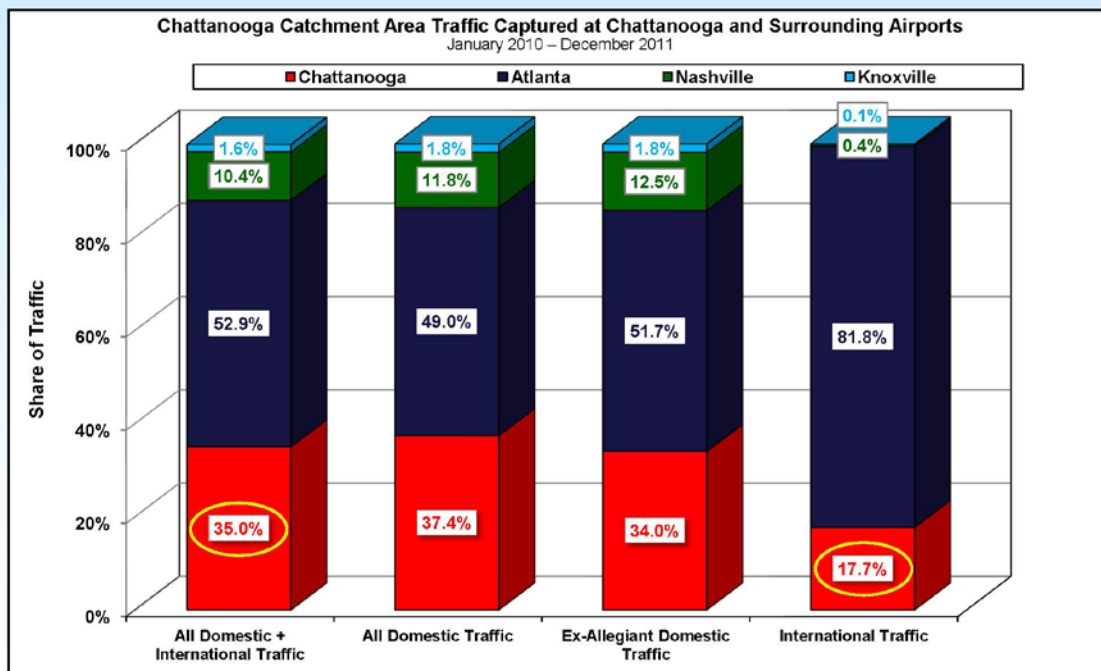
Chattanooga Departures, Seats per Departure and Seats per Day by Carrier and Market
December 2011 Versus December 2010

Carrier	Destination	December 2010			December 2011			Seat Change
		Departures per Day	Seats per Departure	Seats per Day	Departures per Day	Seats per Departure	Seats per Day	
American	DFW	1	44	44	1 4/7	44	71	61.3%
	ORD	1 6/7	44	82	1	44	44	-46.6%
	Total	2 6/7	44	126	2 4/7	44	115	-9.0%
Delta	ATL	8 5/7	48	425	8 4/7	50	431	1.3%
	DTW	1	50	50	1 3/7	50	73	45.2%
	Total	9 5/7	49	475	10	50	503	5.9%
US Airways	CLT	5 2/7	50	269	5 3/7	51	277	2.9%
	DCA	6/7	50	42	6/7	50	42	0.0%
	Total	6 1/7	50	311	6 2/7	51	319	2.5%
Network Carrier Total		18 6/7	48	913	19	49	937	2.7%
Allegiant	PIE	3/7	150	58	3/7	150	63	8.3%
	SFB	3/7	150	58	3/7	150	58	0.0%
	Total	5/7	150	116	6/7	150	121	4.2%
Grand Total		19 4/7	52	1029	19 5/7	54	1058	2.9%

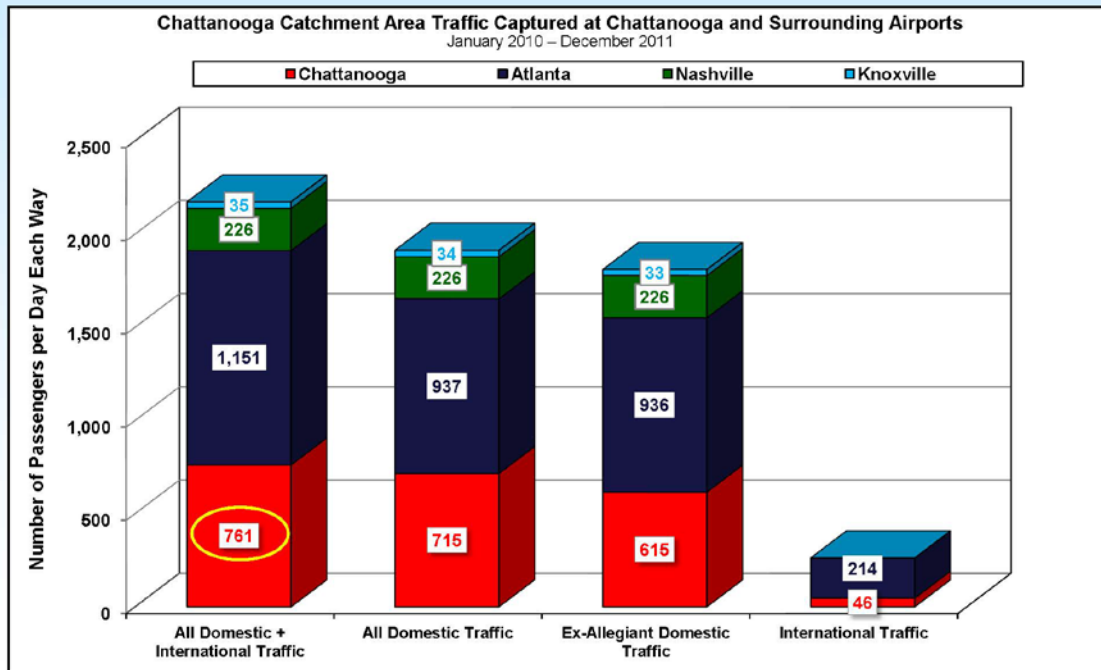
Traffic Leakage and Retention



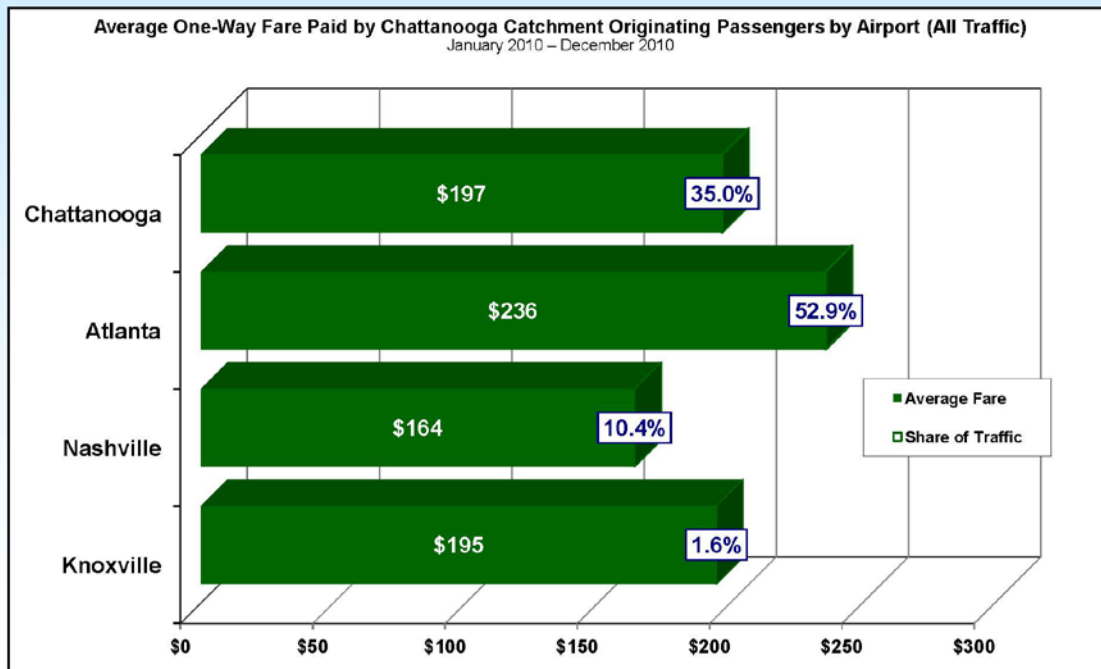
Chattanooga Metropolitan Airport Captures Just 35.0% of All Traffic Generated in Its Catchment Area and Only 17.7% of International Traffic



The Data Translates to 761 Domestic and International Passengers per Day Each Way (PDEW) Using Chattanooga and 1,151 PDEW Using Atlanta

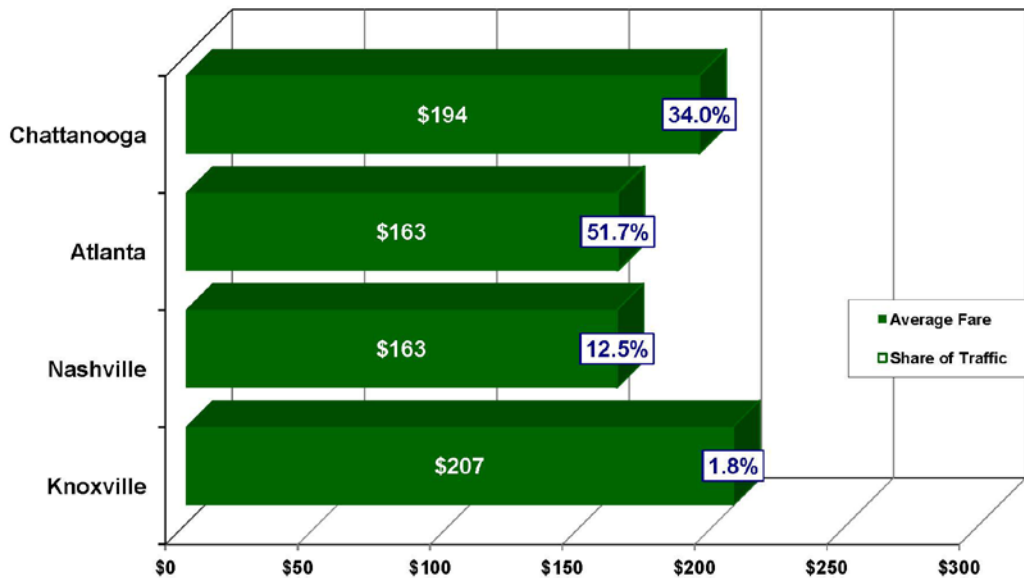


The Average One-Way Fare Paid By All Traffic Originating at Chattanooga Is \$197; the Average Fare Paid at Atlanta Is \$236



The Average One-Way Fare for Domestic Ex-Allegiant Travel Is \$31 Lower for Travelers Originating in Atlanta Versus Chattanooga

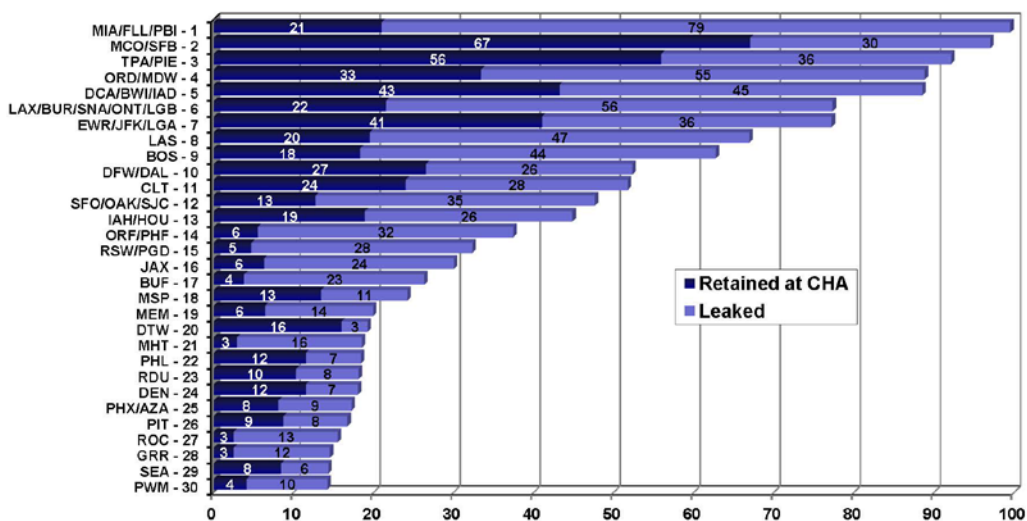
Average One-Way Fare Paid by Chattanooga Catchment Originating Passengers by Airport (Domestic Ex-Allegiant)
January 2010 – December 2010



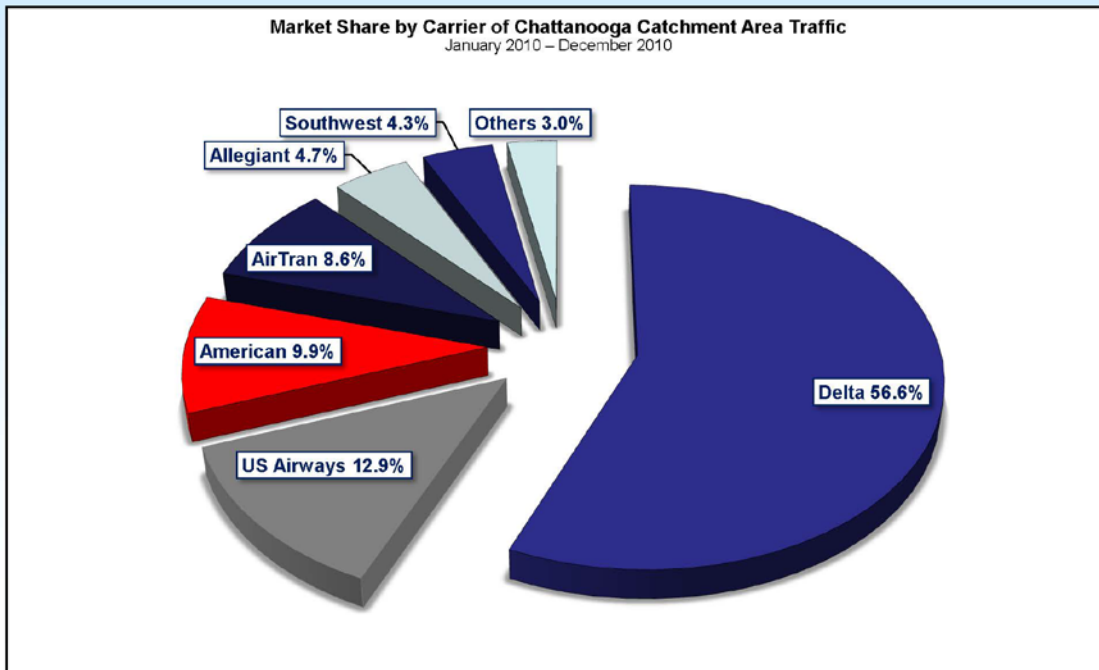
Markets with Nonstop Service at Chattanooga Generally Retain More Traffic at Chattanooga Relative to Markets without Nonstop Service

30 Largest True Markets at Chattanooga

Year-End First Quarter 2011



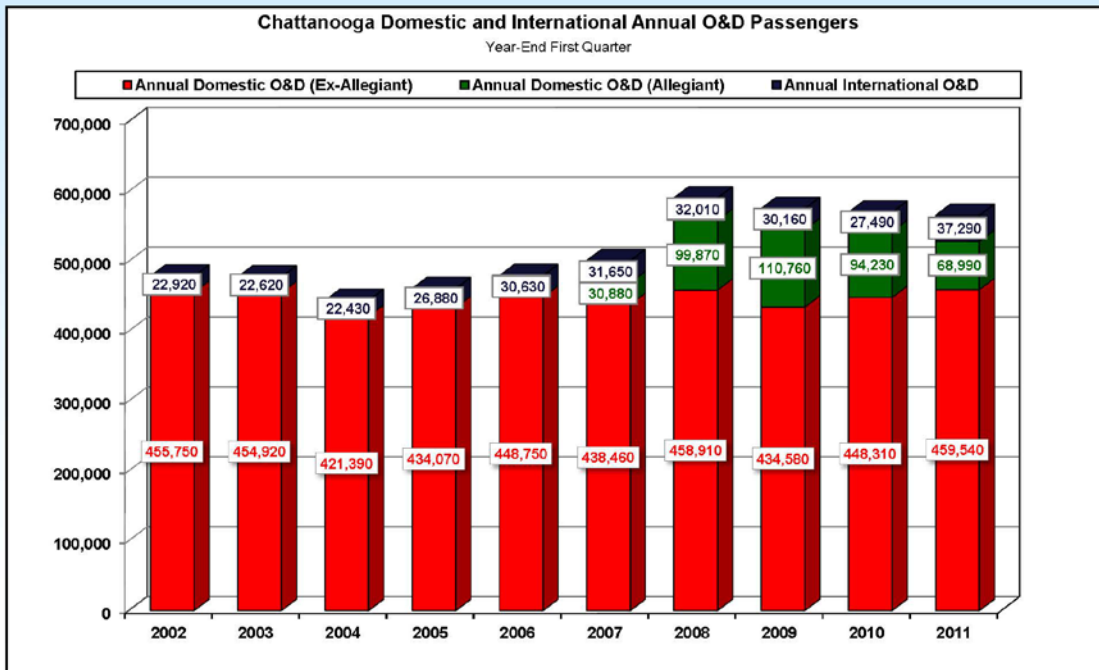
Airlines without Service in Chattanooga, Including AirTran, Southwest and Others Captured 15.9% of Chattanooga's Traffic in 2010



Chattanooga Domestic Traffic and Revenue Trends



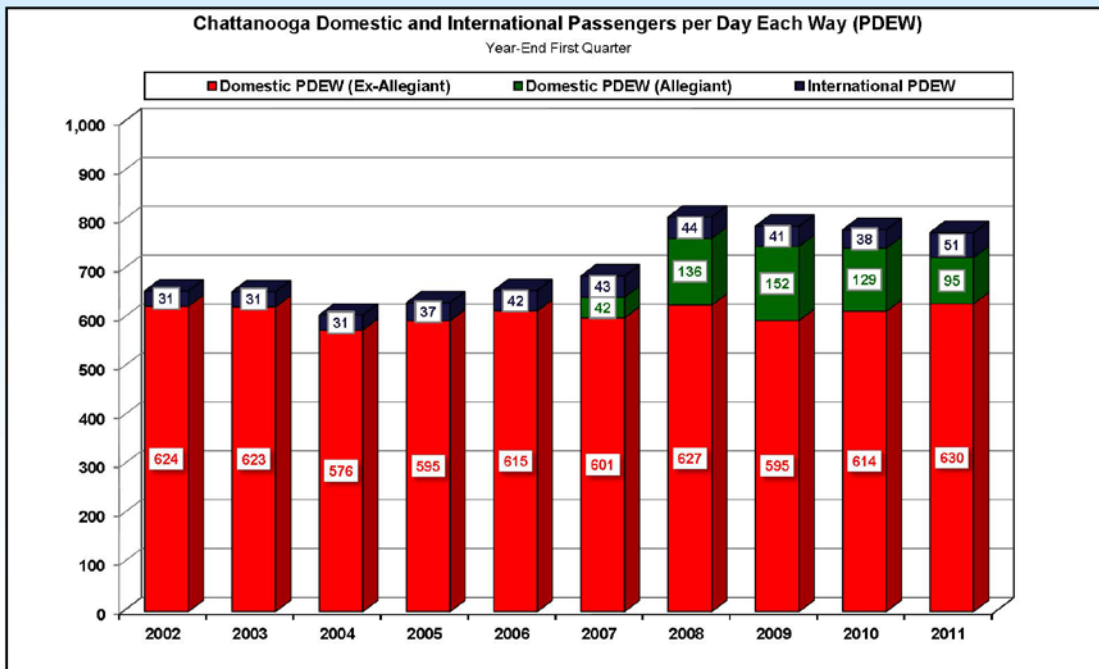
Traffic Is Down 4.2% Versus the Peak in 2008 Because Allegiant's Traffic Is Down 30.9%; Ex-Allegiant Domestic and International Traffic Is Up



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Sixel Consulting Group, Inc.

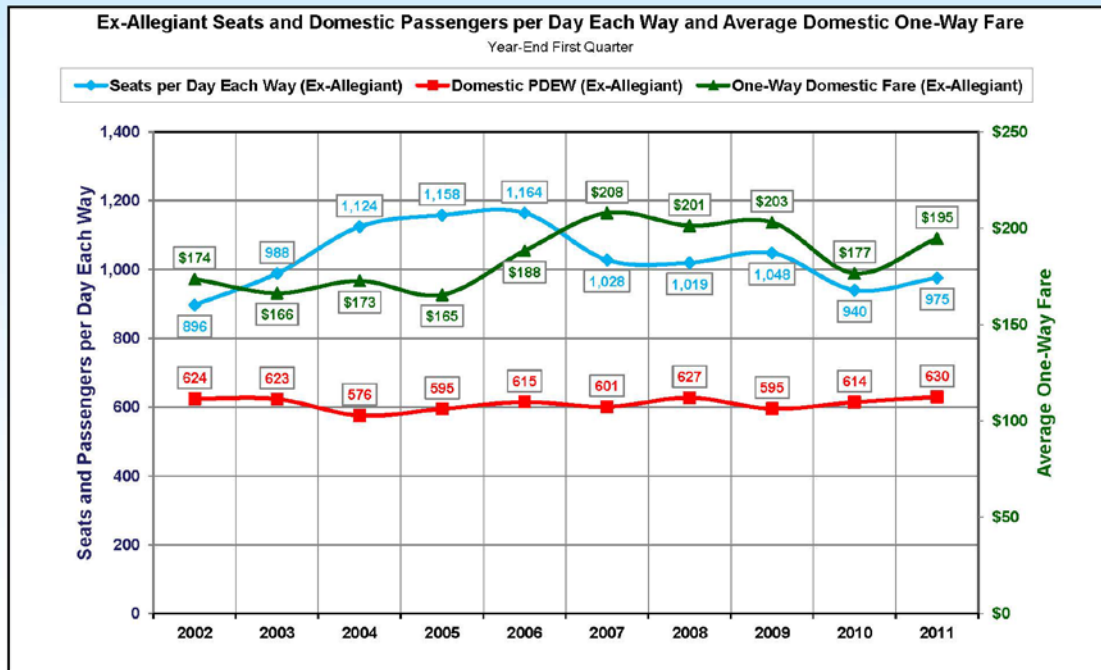
Year-End First Quarter 2011 Data Translates to 630 Domestic Ex-Allegiant PDEW, 95 Allegiant PDEW and 51 International PDEW



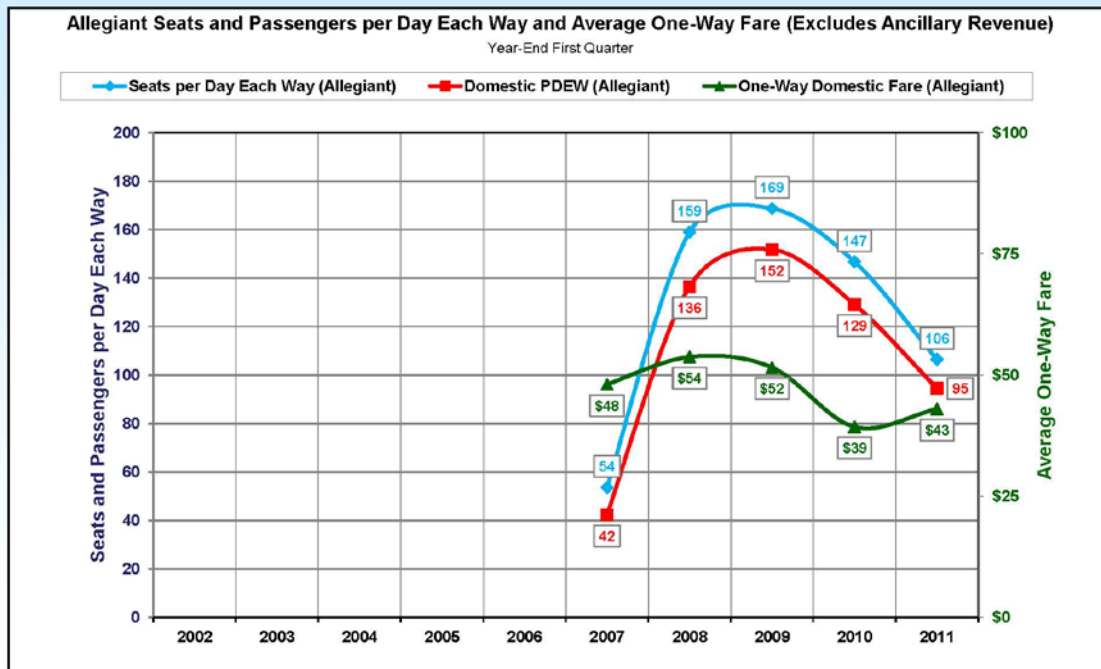
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Sixel Consulting Group, Inc.

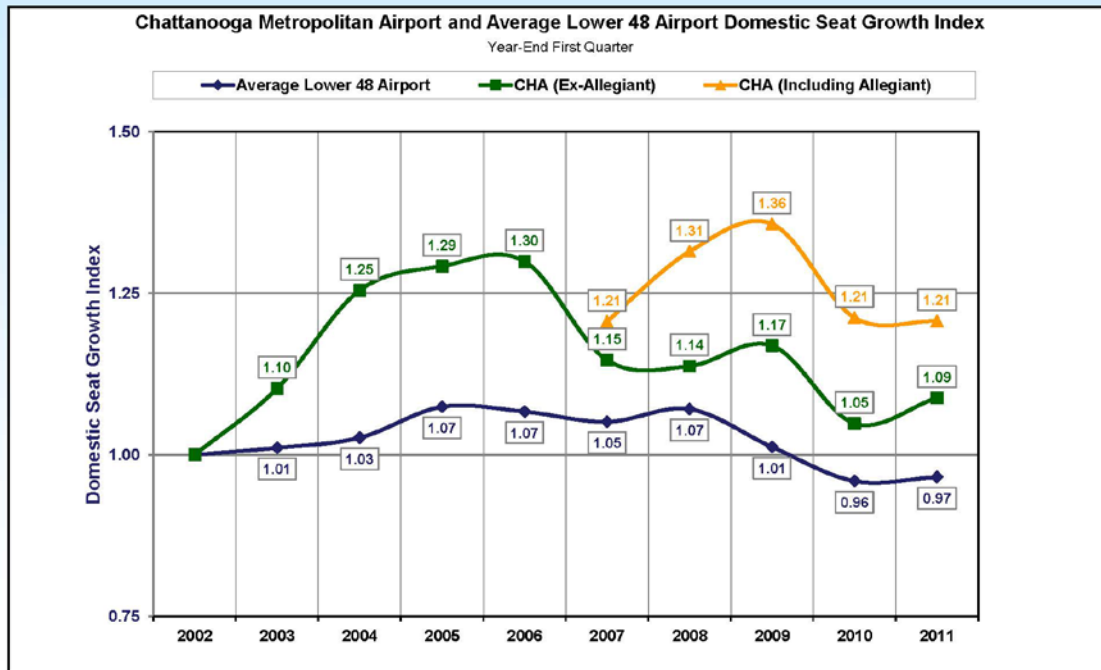
Domestic Ex-Allegiant Traffic Has Been Flat over the Last Ten Years,
Even as the Average Fare Increased and Capacity Fell Beginning in 2007



Allegiant Capacity Is Down Because Ft. Lauderdale Service Was
Discontinued and Allegiant Has Operated Fewer Orlando and Tampa Flights



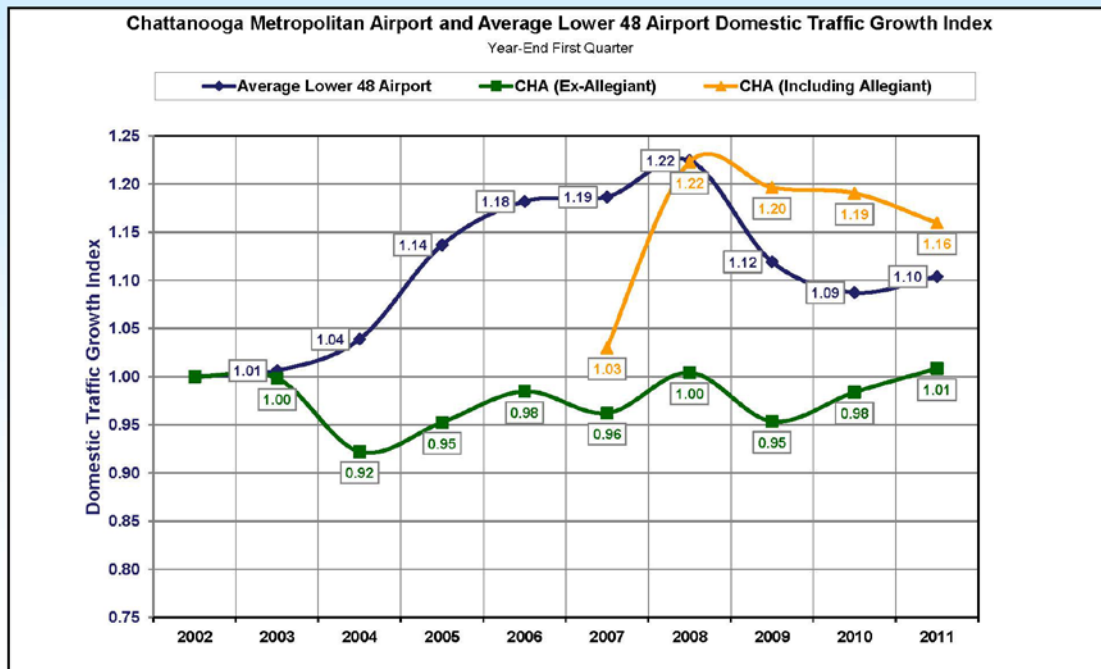
Ex-Allegiant Capacity in Chattanooga Has Trended Better than Capacity Changes at the Average Lower 48 Airport



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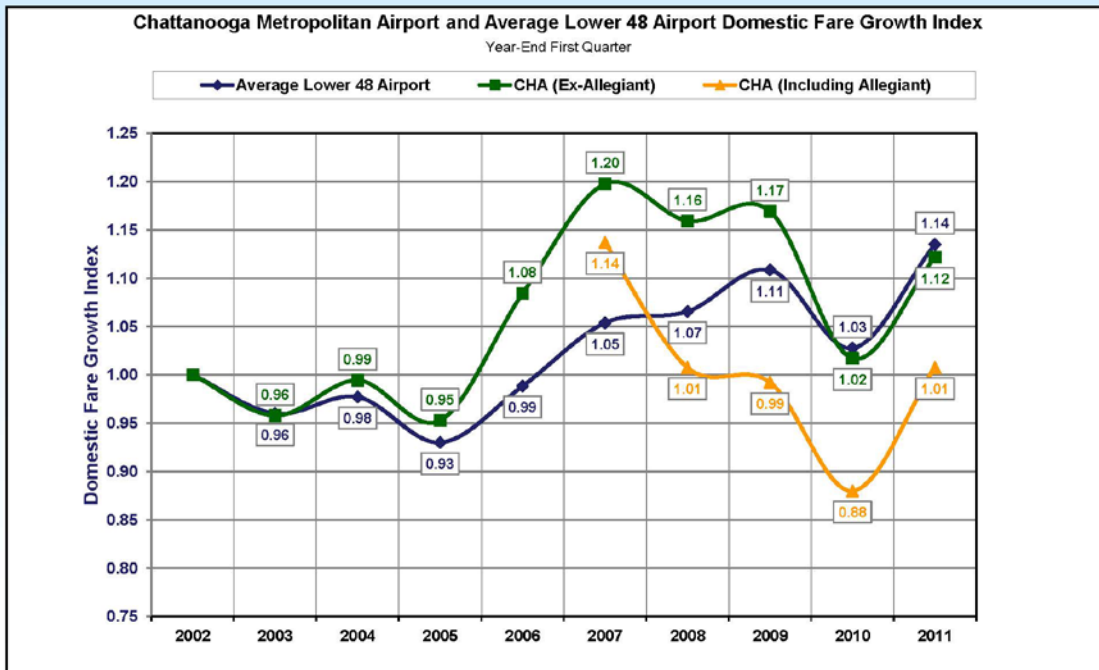
Unlike Capacity, Chattanooga's Ex-Allegiant Traffic Growth Has Trended Lower than the Average Lower 48 Airport



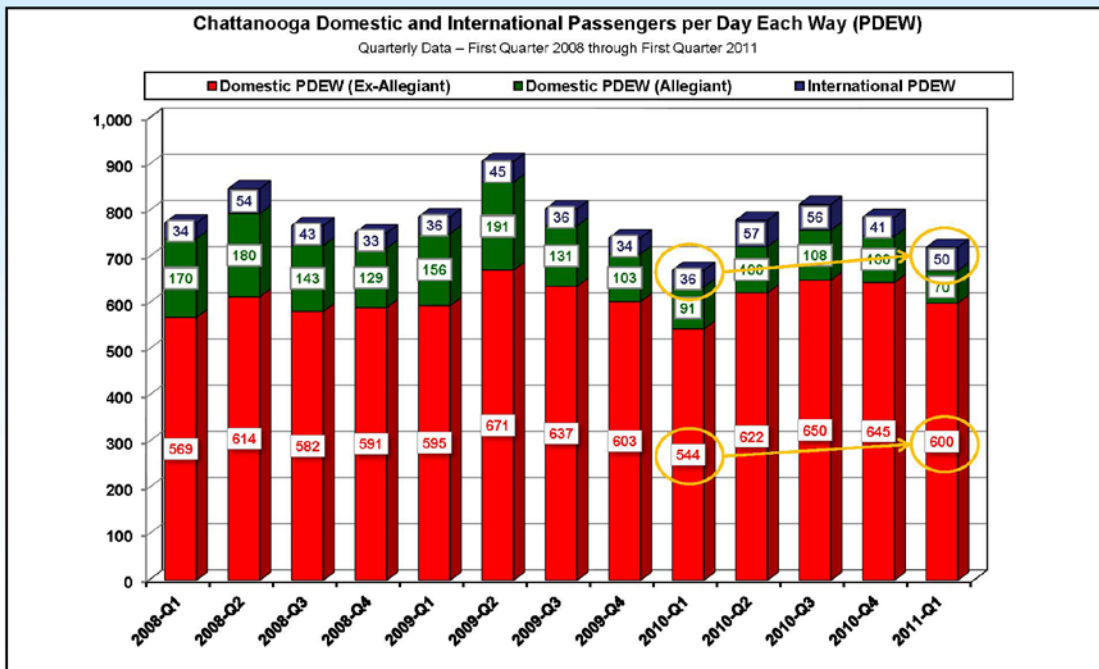
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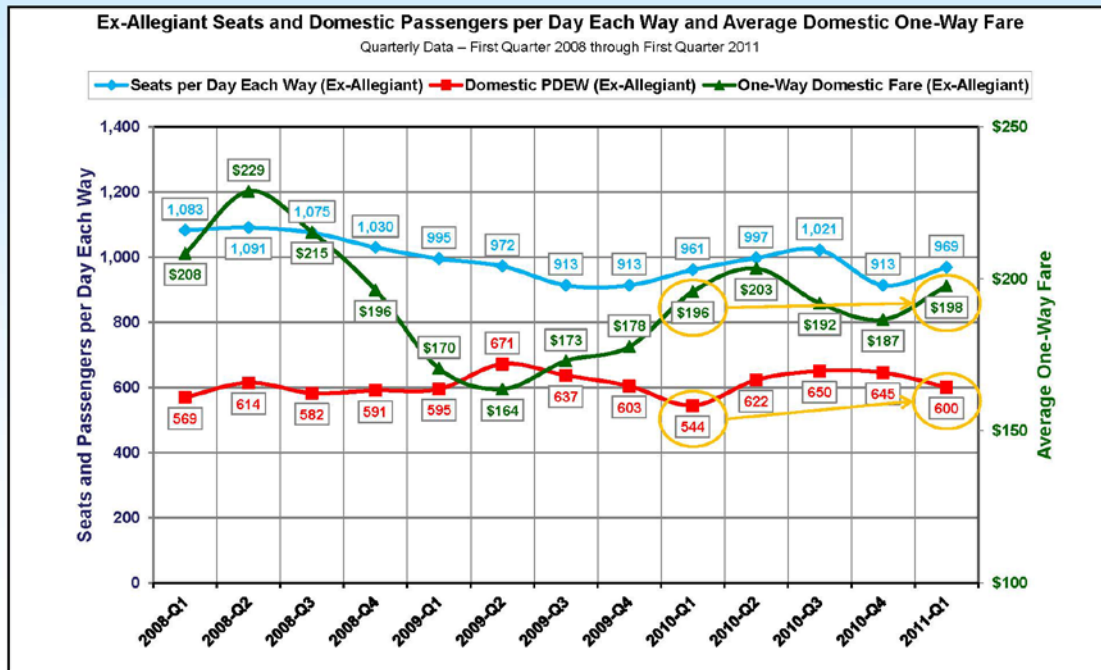
With a Few Exceptions, Chattanooga's Average Domestic Ex-Allegiant Fare Growth Has Generally Trended with the Average Lower 48 Airport



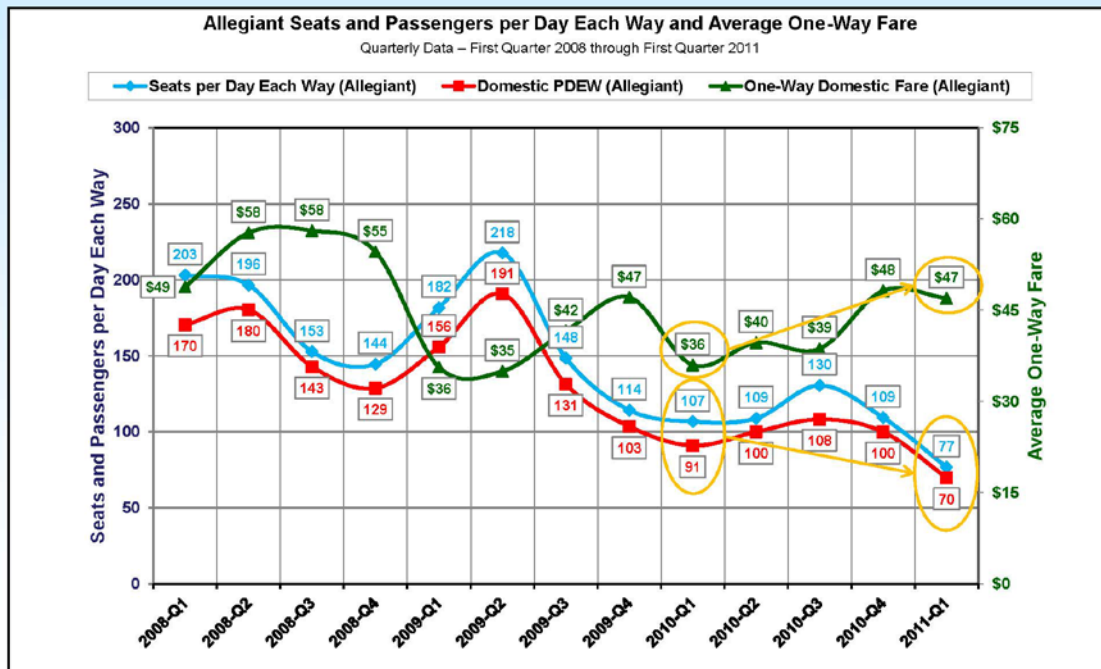
Ex-Allegiant Domestic Traffic Is up 10.3%, Allegiant Traffic is Down 23.3% and International Traffic is up 40.2% in First Quarter 2011 Versus 2010



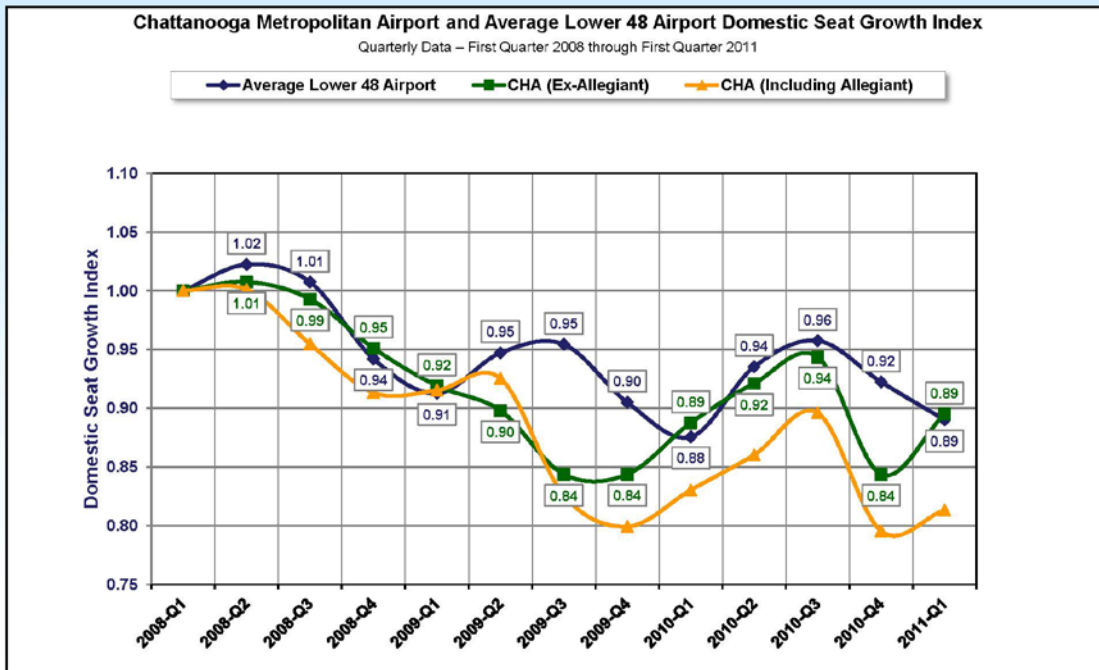
The First Quarter 2011 Domestic Ex-Allegiant Fare Is Only Slightly Higher than the First Quarter 2010 Fare; Traffic Increased 10.3% on Flat Capacity



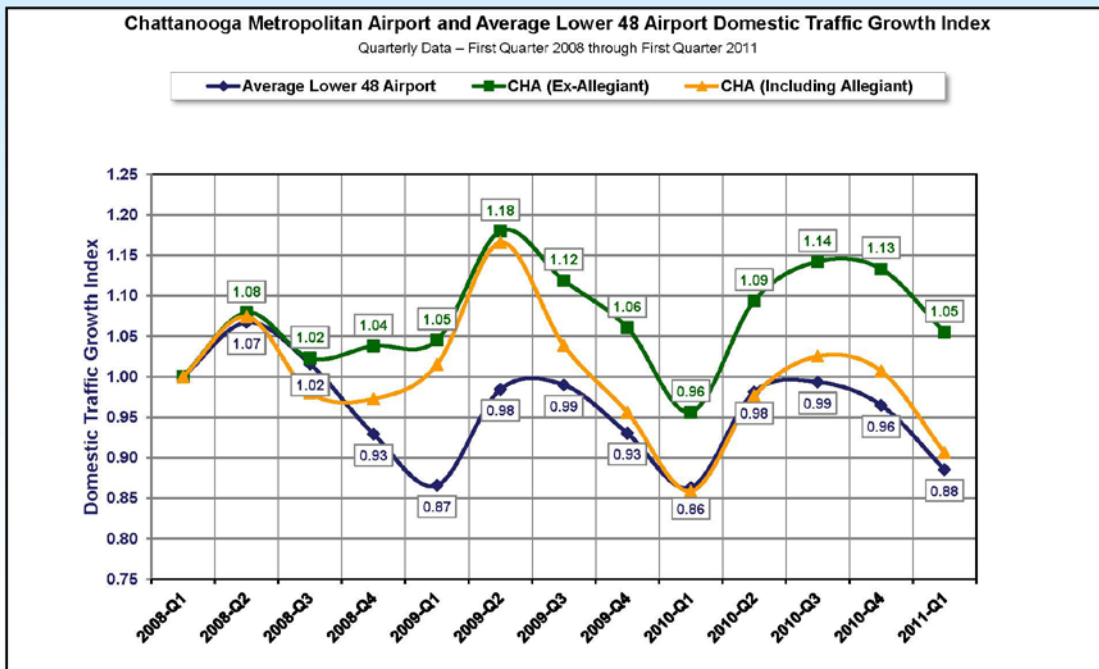
Allegiant's Average Chattanooga Fare Increased to \$47 in First Quarter 2011, but Traffic and Capacity Fell as It Operated Fewer Flights



Over the Last Three Years, Chattanooga's Ex-Allegiant Capacity Has Trended Relatively Closely with the Average Lower 48 Airport



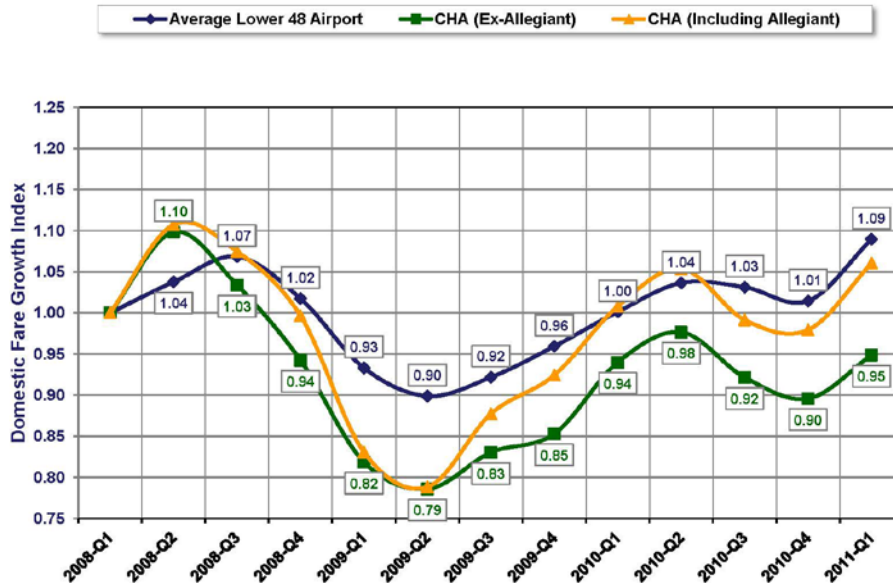
Since First Quarter 2001, Chattanooga's Ex-Allegiant Traffic Growth Has Trended Higher than the Average Lower 48 Airport



Although Fares Are Up from Their Two-Year Low, Chattanooga Fare Growth is Trending Below Fare Growth at the Average Lower 48 Airport

Chattanooga Metropolitan Airport and Average Lower 48 Airport Domestic Fare Growth Index

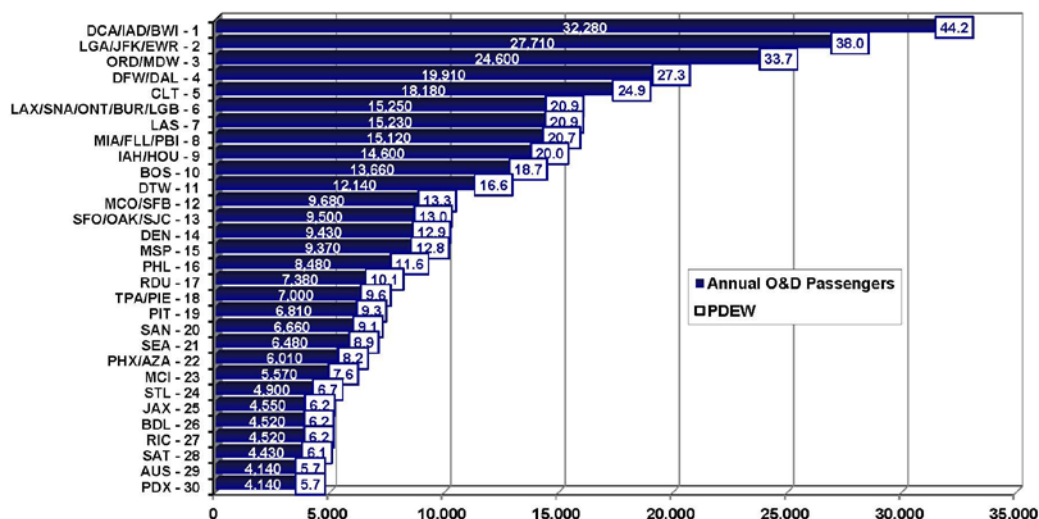
Quarterly Data – First Quarter 2008 through First Quarter 2011



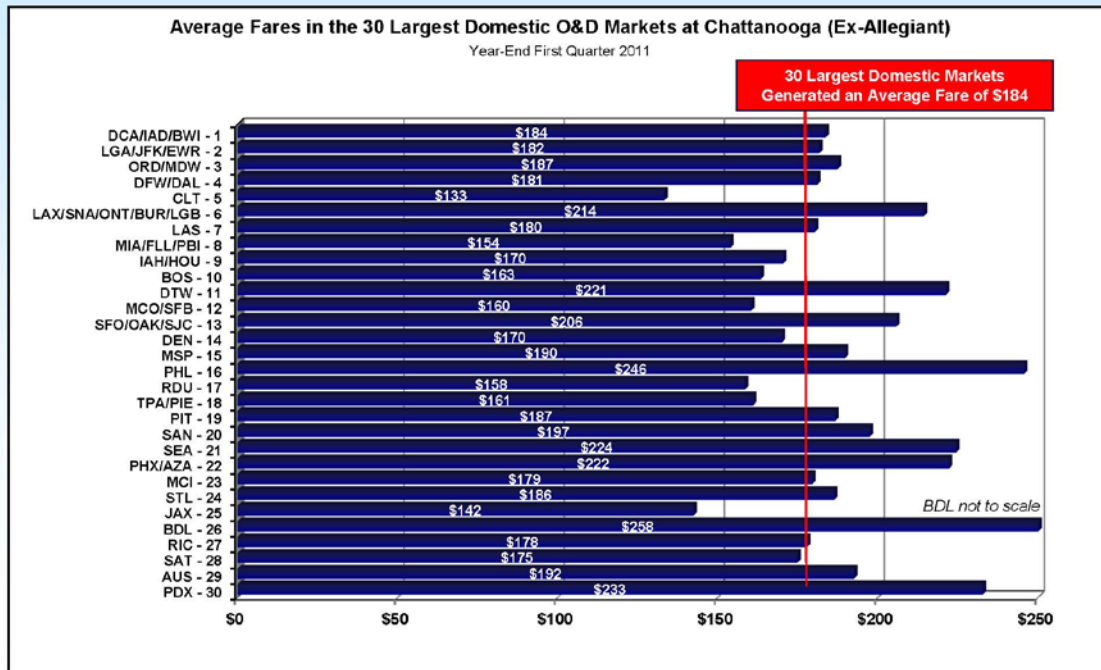
Chattanooga's Largest Domestic Ex-Allegiant Markets Are Washington/Baltimore, New York, Chicago and Dallas/Ft. Worth

30 Largest Domestic O&D Markets at Chattanooga (Ex-Allegiant)

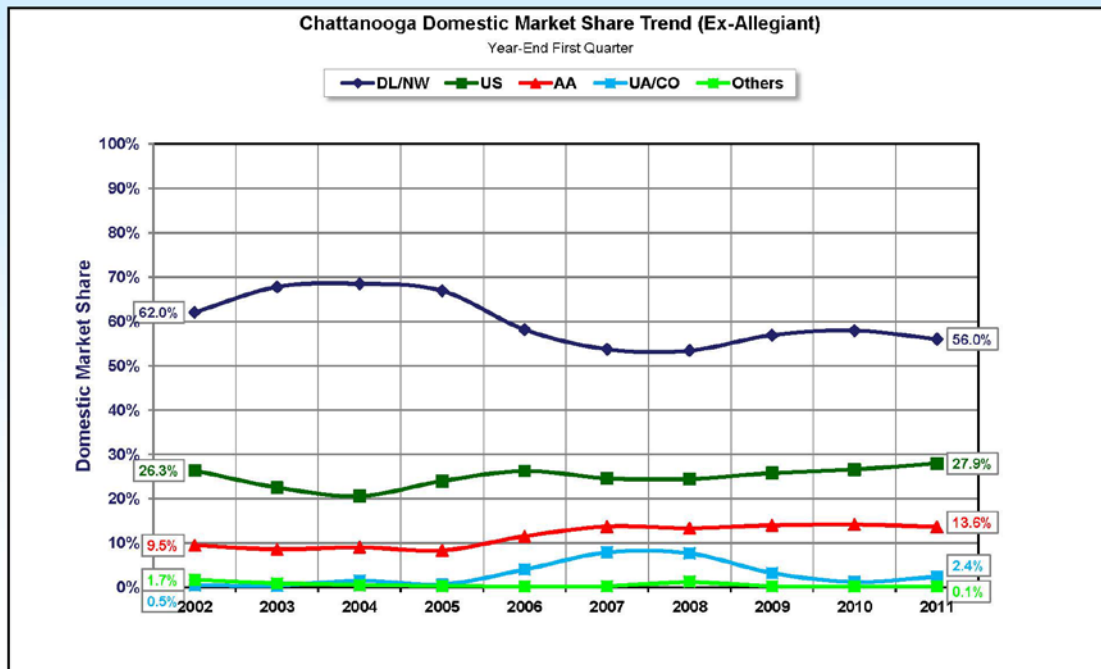
Year-End First Quarter 2011



The Average One-Way Fare in Chattanooga's 30 Largest Domestic Markets Was \$184 in the Year-End First Quarter 2011



American and US Airways Have Taken Domestic Market Share from Delta Since Delta's Share Peaked in 2004



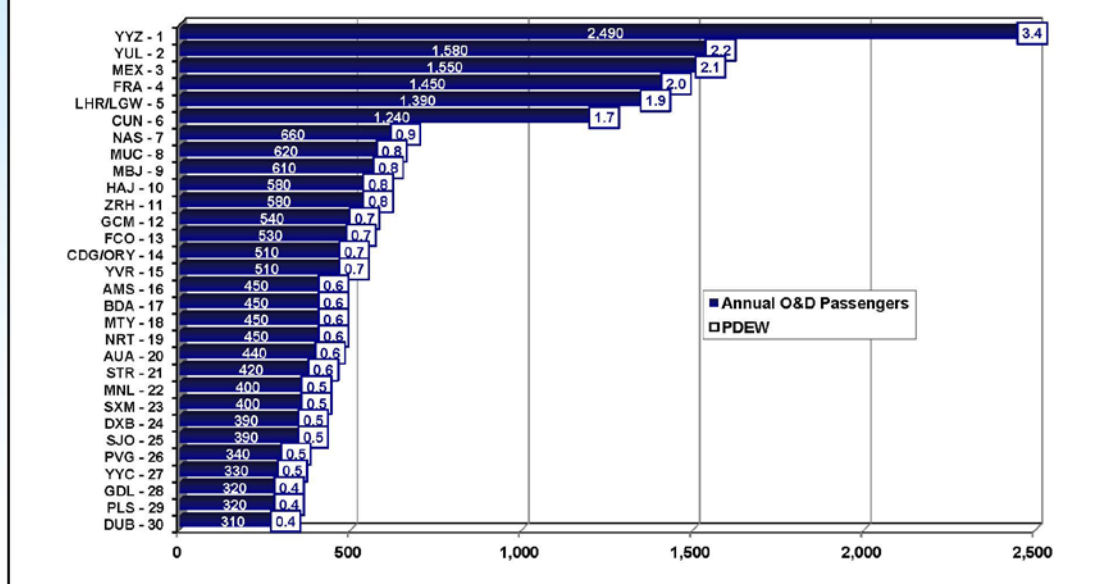
Chattanooga International Traffic and Revenue Trends



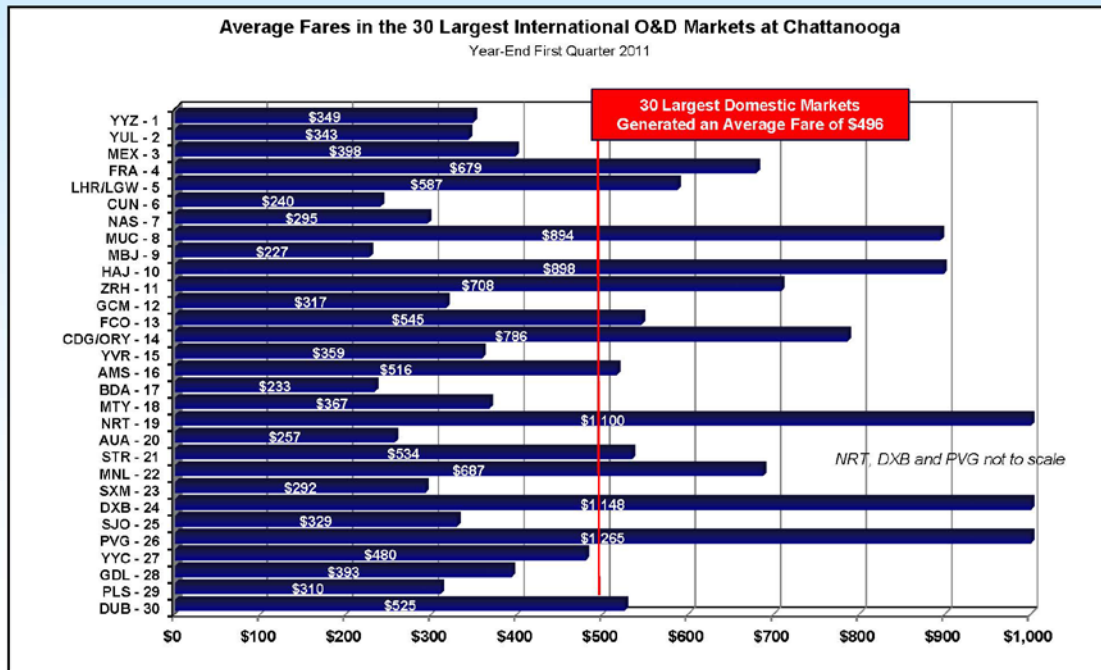
Chattanooga's Five Largest International Markets Are Toronto, Montreal, Mexico City, Frankfurt and London

30 Largest International O&D Markets at Chattanooga

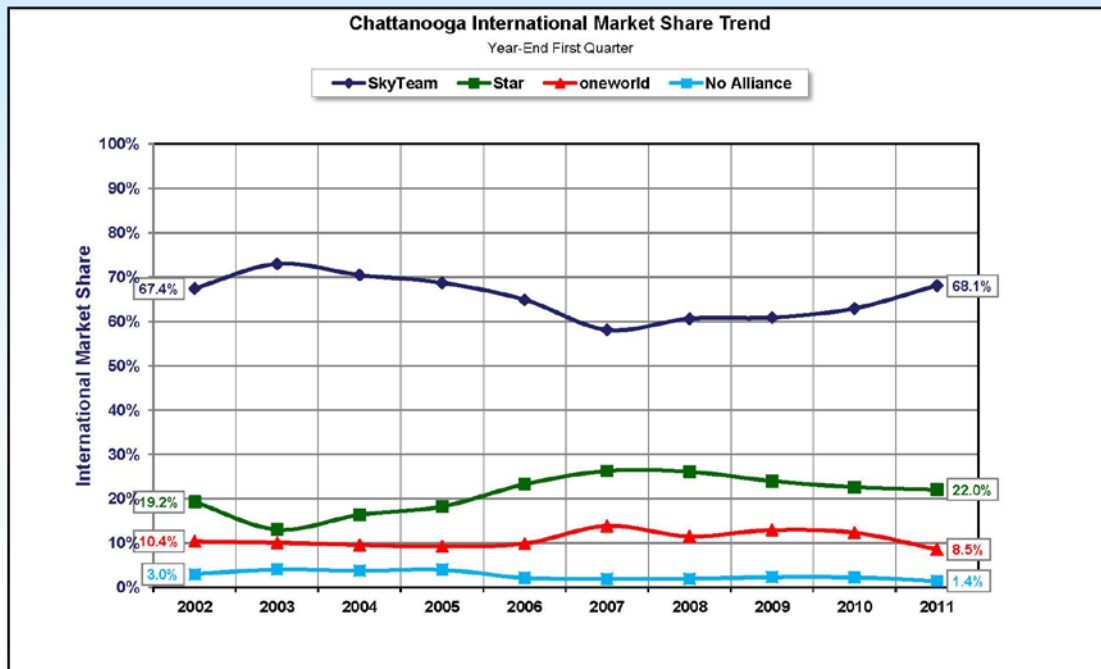
Year-End First Quarter 2011



The Average One-Way Fare in Chattanooga's 30 Largest International Markets Was \$496 in the Year-End First Quarter 2011



Delta's Capacity in Chattanooga Allows the SkyTeam Alliance to Capture the Majority of Chattanooga's International Market Share



For Additional Information

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Supplemental Slides

In the Year-End First Quarter 2011, Delta Captured 53.0% of the Traffic in Chattanooga's 30 Largest Domestic Ex-Allegiant Markets

PDEW, Share and Average Fare by Carrier in the 30 Largest Domestic O&D Markets at Chattanooga (Ex-Allegiant)

Year-End First Quarter 2011

Market	American			Delta			US Airways			All Carriers	
	PDEW	Share	Fare	PDEW	Share	Fare	PDEW	Share	Fare	PDEW	Fare
1 DCA/IAD/BWI	0.2	0.6%	\$268	17.1	38.7%	\$185	25.8	58.3%	\$182	44.2	\$184
2 LGA/JFK/EWR	1.7	4.5%	\$142	20.0	52.7%	\$177	14.7	38.6%	\$191	38.0	\$182
3 ORD/M/DW	25.1	74.5%	\$183	5.9	17.4%	\$198	1.9	5.7%	\$198	33.7	\$187
4 DFW/DAL	14.5	53.0%	\$185	9.8	38.1%	\$168	2.6	9.6%	\$199	27.3	\$181
5 CLT				1.3	5.3%	\$116	22.8	91.3%	\$135	25.0	\$133
6 LAX/SNA/ONT/BUR/LGB	4.9	23.2%	\$194	14.3	68.6%	\$214	1.4	6.9%	\$269	20.9	\$214
7 LAS	3.0	14.2%	\$148	15.5	74.1%	\$180	2.2	10.8%	\$221	20.9	\$180
8 MIA/FLU/PBI	0.0	0.2%	\$145	13.1	63.0%	\$159	7.0	33.8%	\$145	20.8	\$154
9 IAH/HOU	1.3	6.3%	\$147	15.3	76.5%	\$164	2.5	12.5%	\$209	20.0	\$170
10 BOS	1.3	7.0%	\$121	9.0	48.0%	\$163	7.4	39.6%	\$173	18.7	\$163
11 DTW	0.5	3.0%	\$211	13.2	79.4%	\$233	2.8	16.7%	\$176	16.7	\$223
12 MCO/SFB	0.0	0.1%	\$0	8.8	66.7%	\$158	4.2	31.5%	\$164	13.3	\$160
13 SFO/OAK/SJC	2.7	21.0%	\$184	8.3	63.5%	\$200	1.5	11.3%	\$250	13.1	\$207
14 DEN	2.3	18.0%	\$160	9.0	69.7%	\$157	1.1	8.5%	\$210	12.9	\$170
15 MSP	1.4	10.9%	\$162	10.3	79.6%	\$196	1.1	8.3%	\$163	12.9	\$191
16 PHL	0.2	1.8%	\$162	5.2	44.2%	\$243	6.1	52.6%	\$250	11.7	\$245
17 RDU				4.4	43.6%	\$167	5.5	54.7%	\$150	10.1	\$158
18 TPA/PIE				6.8	71.0%	\$155	2.7	27.7%	\$176	9.6	\$161
19 PIT	0.1	0.9%	\$204	4.7	50.2%	\$163	4.4	47.1%	\$212	9.3	\$187
20 SAN	1.9	20.6%	\$171	6.4	70.4%	\$196	0.6	6.8%	\$279	9.1	\$197
21 SEA	2.1	23.1%	\$205	5.9	66.1%	\$227	0.7	7.9%	\$237	9.0	\$226
22 PHX/AZA	1.0	12.3%	\$216	5.5	66.5%	\$214	1.7	20.1%	\$253	8.3	\$222
23 MCI	1.2	15.4%	\$133	5.1	67.0%	\$185	1.2	16.2%	\$203	7.6	\$179
24 STL	1.4	21.0%	\$153	4.2	62.3%	\$185	1.1	16.3%	\$241	6.7	\$187
25 JAX				4.5	72.5%	\$138	1.5	24.4%	\$153	6.2	\$142
26 BDL	0.2	3.5%	\$153	2.8	44.9%	\$248	3.2	50.9%	\$274	6.2	\$258
27 RIC				3.2	51.3%	\$186	3.0	47.8%	\$190	6.2	\$178
28 SAT	1.5	24.3%	\$141	3.9	64.2%	\$184	0.7	11.0%	\$203	6.1	\$176
29 AUS	1.2	20.3%	\$187	4.1	72.9%	\$192	0.3	6.0%	\$210	5.7	\$192
30 PDX	1.0	16.9%	\$222	2.6	66.0%	\$232	0.6	11.1%	\$245	5.7	\$234
30 Largest Markets	70.7	15.5%	\$178	241.6	53.0%	\$185	132.3	29.0%	\$183	455.8	\$184
All Markets	85.6	13.6%	\$189	352.4	56.0%	\$197	175.8	27.9%	\$190	629.5	\$195



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In the Year-End First Quarter 2011, Delta Captured 65.6% of the Traffic in Chattanooga's 30 Largest International Markets

PDEW, Share and Average Fare by Carrier in the 30 Largest International O&D Markets at Chattanooga

Year-End First Quarter 2011

Market	American			Delta			US Airways			All Carriers	
	PDEW	Share	Fare	PDEW	Share	Fare	PDEW	Share	Fare	PDEW	Fare
1 YYZ	0.3	7.6%	\$324	2.3	68.3%	\$317	0.7	20.5%	\$424	3.4	\$349
2 YUL	0.5	22.8%	\$325	1.3	62.0%	\$336	0.3	13.3%	\$379	2.2	\$343
3 MEX				1.9	88.4%	\$401	0.2	8.4%	\$339	2.1	\$398
4 FRA				1.0	51.7%	\$688	0.8	40.0%	\$681	2.0	\$679
5 LHR/LGW	0.2	12.2%	\$762	1.1	56.8%	\$568	0.6	29.5%	\$578	1.9	\$587
6 CUN				1.2	73.4%	\$225	0.4	25.0%	\$285	1.7	\$240
7 NAS				0.6	66.7%	\$290	0.3	33.3%	\$305	0.9	\$295
8 MUC				0.6	71.0%	\$754	0.1	9.7%	\$494	0.8	\$894
9 MJB				0.5	57.4%	\$208	0.4	42.6%	\$253	0.8	\$227
10 HAJ				0.3	36.2%	\$853	0.2	29.3%	\$1,040	0.8	\$898
11 ZRH				0.6	81.0%	\$715	0.1	12.1%	\$845	0.8	\$708
12 GCM				0.3	46.3%	\$316	0.4	48.1%	\$302	0.7	\$317
13 FCO	0.1	11.3%	\$582	0.4	50.9%	\$565	0.2	22.6%	\$476	0.7	\$545
14 CDG/ORY				0.3	49.0%	\$1,025	0.2	25.5%	\$513	0.7	\$786
15 YVR	0.1	11.8%	\$271	0.5	64.7%	\$252	0.0	2.0%	\$806	0.7	\$359
16 AMS				0.4	57.8%	\$453	0.1	13.3%	\$472	0.6	\$518
17 BDA				0.6	91.1%	\$229	0.1	8.9%	\$277	0.6	\$233
18 MTY	0.2	24.4%	\$375	0.5	73.3%	\$357				0.6	\$367
19 NRT	0.1	17.8%	\$880	0.5	75.6%	\$1,157				0.6	\$1,100
20 AUA				0.4	72.7%	\$238	0.2	25.0%	\$301	0.6	\$257
21 STR				0.5	88.1%	\$526	0.1	9.5%	\$575	0.6	\$534
22 MNL				0.3	52.5%	\$685				0.5	\$687
23 SXM				0.2	42.5%	\$261	0.3	57.5%	\$315	0.5	\$292
24 DXB				0.5	87.2%	\$1,176				0.5	\$1,148
25 SJO				0.5	92.3%	\$319				0.5	\$329
26 PVG				0.4	85.3%	\$1,244				0.5	\$1,265
27 YYC	0.2	51.5%	\$515	0.1	30.3%	\$510				0.5	\$480
28 GDL				0.4	81.3%	\$369				0.4	\$383
29 PLS				0.1	15.6%	\$163				0.4	\$310
30 DUB	0.1	16.1%	\$503	0.4	83.9%	\$630				0.4	\$525
30 Largest Markets	1.7	6.0%	\$467	18.6	65.6%	\$480	5.8	20.3%	\$459	28.4	\$486
All Markets	3.8	7.5%	\$605	32.2	62.9%	\$540	8.5	16.7%	\$455	51.1	\$562



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The SkyTeam Alliance Captured 68.2% of the Traffic in Chattanooga's 30 Largest International Markets

PDEW, Share and Average Fare by Alliance in the 30 Largest International O&D Markets at Chattanooga
Year-End First Quarter 2011

Market	oneworld			SkyTeam			Star			All Carriers	
	PDEW	Share	Fare	PDEW	Share	Fare	PDEW	Share	Fare	PDEW	Fare
1 YYZ	0.3	7.6%	\$324	2.3	68.3%	\$317	0.8	22.9%	\$433	3.4	\$349
2 YUL	0.5	22.8%	\$325	1.3	62.0%	\$336	0.3	13.3%	\$379	2.2	\$343
3 MEX	0.1	2.6%	\$459	1.9	89.0%	\$402	0.2	8.4%	\$339	2.1	\$398
4 FRA				1.0	51.7%	\$688	0.9	47.6%	\$670	2.0	\$679
5 LHR/LGW	0.3	13.7%	\$688	1.1	56.8%	\$568	0.6	28.5%	\$578	1.9	\$587
6 CUN				1.2	73.4%	\$225	0.4	25.0%	\$285	1.7	\$240
7 NAS				0.6	66.7%	\$290	0.3	33.3%	\$305	0.9	\$295
8 MUC				0.6	71.0%	\$754	0.2	29.0%	\$1,239	0.8	\$894
9 MJB				0.5	57.4%	\$208	0.4	42.6%	\$253	0.8	\$227
10 HAJ				0.5	62.1%	\$663	0.3	37.9%	\$1,282	0.8	\$898
11 ZRH				0.7	82.8%	\$701	0.1	15.5%	\$775	0.8	\$708
12 GCM				0.3	46.3%	\$316	0.4	48.1%	\$302	0.7	\$317
13 FCO	0.1	11.3%	\$582	0.4	52.8%	\$572	0.3	35.8%	\$494	0.7	\$545
14 CDG/ORY				0.4	62.7%	\$896	0.2	33.3%	\$455	0.7	\$786
15 YVR	0.1	11.8%	\$271	0.5	64.7%	\$252	0.2	21.6%	\$740	0.7	\$359
16 AMS				0.5	86.7%	\$523	0.1	13.3%	\$472	0.6	\$518
17 BDA				0.6	91.1%	\$229	0.1	8.9%	\$277	0.6	\$233
18 MTY	0.2	26.7%	\$395	0.5	73.3%	\$357				0.6	\$367
19 NRT	0.1	22.2%	\$819	0.5	75.6%	\$1,157				0.6	\$1,100
20 AUA				0.4	72.7%	\$238	0.2	25.0%	\$301	0.6	\$257
21 STR				0.5	90.5%	\$529	0.1	9.5%	\$575	0.6	\$534
22 MNL				0.5	87.5%	\$696				0.5	\$687
23 SXM				0.2	42.5%	\$261	0.3	57.5%	\$315	0.5	\$292
24 DXB				0.5	87.2%	\$1,176	0.1	10.3%	\$962	0.5	\$1,148
25 SJO				0.5	92.3%	\$319				0.5	\$329
26 PVG				0.4	88.2%	\$1,344				0.5	\$1,265
27 YYC	0.2	51.5%	\$515	0.1	30.3%	\$510	0.1	12.1%	\$322	0.5	\$480
28 GDL	0.1	12.5%	\$414	0.4	81.3%	\$389				0.4	\$393
29 PLS				0.1	15.6%	\$163	0.4	84.4%	\$338	0.4	\$310
30 DUB	0.1	16.1%	\$503	0.4	83.9%	\$630				0.4	\$525
30 Largest Markets	1.9	6.7%	\$462	19.3	68.2%	\$489	6.6	23.4%	\$517	26.4	\$496
All Markets	4.4	8.5%	\$627	34.8	68.1%	\$556	11.2	22.0%	\$542	51.1	\$562



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Commissioner Freeman asked if the only place CMAA can look to go is to Delta. Mr. Lum said that New York was an example because it is a large local market. But the big gap in Chattanooga's air service is United, and the best opportunity for United is Houston to Chattanooga, as well as their hub at Washington, Dulles. Dulles is especially appealing given the strength of Chattanooga's European traffic, and Chattanooga should be very appealing to United for that reason.

Commissioner Mitchell asked what about the flights from Chattanooga to New York. Mr. Lum replied that all three airports in New York are slot controlled, and in order to land or take off from New York, the airline has to be allocated a slot from the FAA. US Airways doesn't want to be as big in New York as they are today, what they want to do is try to trade some of their LaGuardia slots to Delta for some of Delta's slots to Washington. So Delta is about to be awash in slots and they're going to need places to fly or the FAA is going to give the slot to someone else. Chattanooga would be a prime candidate for Delta to fly to LaGuardia as it is the second largest market out of Chattanooga.

President's Report

President Landguth then addressed the Board to review his monthly report. He said CMAA had several written consent requests last month.

First, CMAA requested Board approval for a facility lease agreement between the Airport Authority and Federal Express Corporation. The lease has an initial term of five years with a renewal term of five years which may be added at the option of FedEx. Facility rent will be \$56,536 for the initial year and ground rent will be \$43,281.73 for the initial year. Both rents are subject to periodic increase. CMAA will assume limited responsibility for certain environmental remediation at the leased facility and will retain environmental responsibility for the leased real estate. This request was approved in writing by Chairman Jacobson, Vice Chairman Hall, Commissioners Freeman, Mallen, Mitchell and Snow.

CMAA requested Board approval to enter a contract with Federal Express Corporation to provide into-plane fueling services for all FedEx aircraft requiring fuel at the Chattanooga Airport. The term of the agreement is three years commencing on October 1, 2011 and ending on September 30, 2014. This request was approved in writing by Vice Chairman Hall, Commissioners Freeman, Mallen, Mitchell and Snow.

CMAA requested Board approval to accept the renewal of flood coverage with The Hartford. The coverage is valued at \$500,000 building and contents in the amount of \$11,348 for a term of one year, commencing on September 1, 2011. This request was approved in writing by Chairman Jacobson, Vice Chairman Hall, Commissioners Freeman, Mallen, Mitchell and Snow.

CMAA requested Board approval to accept the quote from CNA in the amount of \$54,431 to cover CMAA's Property, Boiler and Inland Marine policies for a term of one year ending on September 1, 2012. This request was approved in writing by Chairman Jacobson, Commissioners Freeman, Mallen, Mitchell and Snow.

Finally, CMAA requested Board approval to accept the renewal of CMAA's Commercial Automobile policy with Travelers in the amount of \$18,449 for a one year term commencing on September 1, 2011. This request was approved in writing by Chairman Jacobson, Commissioners Freeman, Mallen, Mitchell and Snow.

Other Business

None

Public Comment

None

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

Adjourn

Chattanooga Metropolitan Airport Authority
Chattanooga, Tennessee
October 17, 2011

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting Monday, October 17, 2011 at 2:00 p.m. Vice Chairman Hall, Commissioners Freeman, Mitchell, Veazey, Snow and Mallen were present.

Vice Chairman Hall 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 Mitchell, the minutes of the September 26, 2011 meeting were approved.

Audit Report

Ms. Cameron addressed the Board and introduced Robert Belcher, from Decosimo and Company, to present the audit report to the Board of Commissioners.

Mr. Belcher said the audit was complete for the year ending June 30, 2011 and each Board member had a draft copy of the report, though he did not anticipate any further changes to the final version. He said the audit was a clean opinion and that it was a good year for the Airport Authority. He said the balance sheet is very strong, the net assets which represent the equity of the Airport Authority were up about \$9 million from the prior year and debt was down. The audit and the financial statements were done in a consistent way and as in prior years there were no changes in accounting policies and procedures.

Commissioner Mitchell asked Mr. Belcher to comment on the overstatement of net income. Mr. Belcher said it was not an overstatement of 2011. He said there were two issues. One was that revenue was recognized in 2011 instead of 2010, and the other was an accounts payable issue, but both were immaterial and they determined that it did not need to be adjusted. He said since it went back to 2010 it would be more efficient to let it go on as a past adjustment instead of recording it and making an adjustment to the 2010 financial statement.

Vice Chairman Hall asked when the final version of the audit would be complete. Mr. Belcher said he hopes to get the last bit of information from the state very soon and at that point the audit report will be finalized very quickly.

Board Action

Air Service Master Plan

President Landguth then greeted the Board and said CMAA requests Board approval to enter into a professional services agreement with the Boyd Group International to

develop an Air Service Master Plan. The Boyd Group has worked with CMAA for many years, including on projects such as the Small Community Air Service Development Grant and on airline relations and JumpStart presentations. 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:

- A detailed analysis of the Chattanooga air service market, including an assessment of the US airline industry, as well as a comparison of Chattanooga's local market and opportunities.
- An analysis of all incumbent carriers and their outlook for the next five years, identifying potential opportunities for growth or expansion as they align with airline strategies.

The plan will be completed by January 31, 2012 at a cost of \$16,750 plus fees for printing and shipping which will be billed at cost and not to exceed \$50. This price is a reduction of \$2,500 off last year's cost.

Commissioner Freeman asked President Landguth to give the Board an overview of what the document will entail. President Landguth said Mr. Boyd has broken it down into several components. The first component describes what is happening with the industry in terms of mergers and the opportunities that exist. He will also discuss what is happening to fleet, particularly as the leases with RJ's start expiring. Mr. Boyd will also break down the Chattanooga market in particular, look at schedules and identify any deficiencies in those schedules. The last component he will look at is what Chattanooga can expect as a community from an air service standpoint in the future, because the community is extremely unique with \$4 to \$5 billion of economic growth which leads to airline interest, but it is extremely competitive. Mr. Boyd will try to position the airport to determine what has the highest probability of success.

Board Action: Mr. Landguth requested Board approval to enter into a professional services agreement with the Boyd Group International to develop an Air Service Master Plan by December 31, 2011 at a cost of \$16,750.

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

Allen and Hoshall Task Order # 11 – Airfield Electrical Drawings

Mr. Hart requested that CMAA enter into Task Order # 11, Airfield Electrical Drawings, with Allen & Hoshall, Inc., in the amount of \$12,000. The duration of the contract will be for three months. The project to be developed under this Task Order consists of preparing drawings which depict the airfield electrical layout. The project will consist of field investigation and data input and analysis of current airfield electrical systems and the preparation of plans and electronic files. Information will be taken from as-built information gathered on each airfield project and compiled into an overall composite plan set. The engineer will provide services necessary to prepare an overall airfield electrical and circuitry plan, which include:

Data System Transition and Data Analysis
Field Investigation
Preparation of Plans and Electronic Files

This project will be 85% federally funded and 15% CMAA.

Mr. Hart said CMAA is doing this for the long term maintenance of the airfield. CMAA needs a concise, complete set of drawings to ensure the system is being maintained correctly.

Commissioner Mallen asked if it would include the solar farm. Mr. Hart said all of the items on these drawing will be completed projects such as taxiway lighting, runway lighting and the rotating beacon. He said that the solar farm would have a stand-alone set of drawings once the project was completed.

Board Action: Mr. Hart requested Board approval to enter into Task Order # 11 with Allen & Hoshall, Inc., to prepare airfield electrical drawings

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

Directors and Officers Liability Insurance

Ms. Cameron said CMAA's current Executive Liability coverage expires on October 30, 2011. This coverage includes Directors and Officers, Employment Practices and Fiduciary Liability coverage for the Airport Authority. BB&T worked in conjunction with the Finance Committee to thoroughly review the current policy specifics in order to ensure that both the limits and coverages offered through the policy meet the expectations of all involved.

After soliciting quotes from seven carriers, two proposals were compared in depth which resulted in a recommendation to accept the proposal by Ace / Westchester for the upcoming term. The Ace / Westchester proposal includes a \$10 million Directors and Officers policy with a \$10,000 deductible as well as a \$10 million Employment Practices Liability policy with a deductible of \$10,000. Both policies have been established separately so that coverage limits are not shared between the two policies. In addition, a Fiduciary Liability policy will have a \$1 million limit and a deductible of \$2,500.

The premium for the Ace / Westchester proposal is \$24,799 for a term of one year commencing on October 31, 2011. This quote represents an increase of \$1,992 over last year's premium due to the coverage changes detailed. Based on the quote received, BB&T recommends acceptance of CMAA's Executive Liability coverage with Ace / Westchester.

Ms. Cameron introduced Stroud Cowart and Patti Johnston from BB&T to the Board. Mr. Cowart said after an extensive review process, they believe they have greatly improved the product.

Board Action: Ms. Cameron requested Board approval for the acceptance of CMAA's Executive Liability coverage with Ace / Westchester for a one year term commencing October 31, 2011 in the amount of \$24,799.

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

Republic Parking Contract

Ms. Cameron continued by saying that Republic has managed the parking operations at the Chattanooga Airport since 1974. During this time, Republic has proven to be a valuable partner, continually going above and beyond to provide support to the airport and the traveling public. They have initiated improvements or accommodated CMAA's requests to improve the operation including reorganizing staffing levels to accommodate peak traffic times, requiring customer service training of their airport personnel, and utilizing their local staff to provide assistance to airport personnel on maintenance issues relating to the parking system and infrastructure. CMAA has found significant benefit in partnering with a local firm that specializes in the management of airport parking operations, with over 65 airports in their portfolio. Their expertise has proven valuable to CMAA in many situations.

Given the strong partnership that the airport and Republic Parking have developed over the years, CMAA is requesting approval to extend the contract with Republic Parking for an additional five years. CMAA's current management fee for Republic is \$31,000 annually, plus approved expenses. Along with the proposed extension, CMAA is requesting approval of an amendment to the agreement which establishes a 3% annual increase to the management fee. A survey of several small airports such as Columbia, SC, Northwest Florida Regional, Sioux City, IA and Lubbock, TX, showed that this recommended annual incremental increase is reasonable and consistent with other airports of similar size.

Ms. Cameron introduced Jim Berry and Britton Stansell from Republic Parking to the Board. Mr. Berry thanked the Board for allowing Republic Parking to continue management of this airport's parking.

Commissioner Mitchell asked for clarification in terms of the approved costs increasing. Ms. Cameron replied that Republic provides CMAA with a budget in December of every year and they work hard to keep those costs consistent or at least consistent with CMAA's expenses so they stay under control.

Board Action: Ms. Cameron requested approval to extend the agreement with Republic Parking for an additional five years with a 3% annual increase in the management fee for the term of the extension.

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

Chattanooga Coca-Cola Bottling Company Advertising Contract

Ms. Siebold then addressed the Board. CMAA is requesting Board approval for acceptance of an advertising contract with Chattanooga Coca-Cola Bottling Company to advertise in the airport. Coca-Cola Bottling will be adding a new digital, interactive kiosk / vending unit to the airport concourse. There are only three such units in the entire service area. The term of the agreement is for five years, beginning on October 17, 2011 at a monthly rate of \$500. If the kiosk is removed from the facility, Coca-Cola will be given another advertising opportunity at a similar value. Total contract amount over the five year term is \$30,000.

Commissioner Freeman asked if this will be Coca-Cola's only presence in the airport facility. Ms. Siebold replied from an advertising perspective in promoting their brand this is what they have chosen. They also have many of their products in the airport and machines in various parts of the building.

Board Action: Ms. Siebold requested Board approval for an advertising contract with Chattanooga Coca-Cola Bottling Company in the amount of \$30,000 for five years.

Motion for approval by Commissioner Veazey. Seconded by Commissioner Mitchell. Motion approved

Vice Chairman Hall then asked for an update on the installation of the solar farm. Mr. Naylor said that they started construction and installed the stakes for the racking system. Last week they started putting in the posts for the racking system, which is a week ahead of schedule. Electric Power Board has been diligently working, they've set a couple of poles, and they have run fiber through the monitoring system and power for the transformer. The project is scheduled to be complete at the end of November, and right now everything is on schedule or ahead of schedule.

Commissioner Veazey inquired about the new FedEx operation. Mr. Naylor replied that FedEx is doing extremely well in their operation at the Chattanooga Airport.

President's Remarks

President Landguth then greeted the Board. He thanked the Board for being very generous to him, and his staff for working countless hours for him. He said this is a wonderful community and he could not say enough great things about it. He said he is excited about this new opportunity as it is an opportunity of a lifetime. He said when he was in high school and would play football, they used to do something before walking on the field—they would say the Lord's Prayer and thank Him for what He had given them, and the second thing the players would do was to say in unison that they had done their best. President Landguth said to the members of the Board and the community that he thanks God for this opportunity and that when he walks off of this field November 7, he had done his best.

Vice Chairman Hall then read a letter from Chairman Jacobson. The letter read:

Dear Mike:

This is a bittersweet day for our organization and the team you have lead so admirably as President and CEO for the last seven years. Your departure fills us with both sadness and pride. Sadness for having lost so great a talent and so vibrant a personality, and pride for having played a part in your personal and professional development.

Your impact on the Chattanooga Airport and our community is undeniable – from improved air service, fares and reliability to an increased focus on capital infrastructure development and the build-out of the West Side Aviation Campus. But for all your accomplishments, your strategic vision for the airport's development and your ability to foster community involvement will be your lasting legacy in this city. You are leaving this airport and this community stronger than you found it, and we thank you for your contribution.

We wish you, Page and the girls all the best as you embark on your new role at the Raleigh-Durham International Airport. We are confident that you will apply the same strategic vision and work ethic which made you so successful in Chattanooga. We have just one small request – as your first official act as Director, we challenge you to introduce two daily nonstop flights from Raleigh-Durham to the Scenic City. We look forward to joining you for the ribbon cutting!

Sincerely,

Daniel R. Jacobson
Chairman

Each of the Board members then took a moment to reflect on their history with President Landguth and wished him well in this new opportunity. Vice Chairman Hall then presented President Landguth with a gift and said he hoped President Landguth would keep it on his new desk as a reminder of those in Chattanooga.

Other Business

Vice Chairman Hall introduced Hugh Moore from Chambliss, Bahner and Stophel, to review two resolutions that he said would lead the Board into the future of the Chattanooga Metropolitan Airport.

Mr. Moore said Chairman Jacobson asked him to prepare two resolutions for consideration by the Board this afternoon. The two resolutions have to do with making an interim President and with the staff here. The resolution is as follows:

CHATTANOOGA METROPOLITAN AIRPORT AUTHORITY
RESOLUTION NUMBER

WHEREAS, Michael J. Landguth has served with distinction as Interim President and President and Chief Executive Officer of the Chattanooga Metropolitan Airport Authority since February 16, 2004; and

WHEREAS, Michael J. Landguth tendered his letter of resignation pursuant to his Employment Agreement, effective November 7, 2011; and

WHEREAS, the Chattanooga Metropolitan Airport Authority wishes to appoint Terry Hart as Interim President and Chief Executive Officer, to serve in that position effective at 12:01 a.m. on November 8, 2011, and otherwise at the pleasure of the Board; and

THEREFORE, BE IT RESOLVED that the Chattanooga Metropolitan Airport Authority Board of Commissioners appoints Terry Hart as Interim President and Chief Executive Officer, to serve in that position effective at 12:01 a.m. on November 8, 2011, and otherwise at the pleasure of the Board. Mr. Hart shall devote his full time in this position to performing and faithfully carrying out and executing all duties, both as assigned to him by the Board, and as required by law. He shall, during the duration of this appointment, have the same duties assigned to the President in Section 100.08 of the Bylaws and T.C.A. § 42-4-106. Also, effective at 12:01 am on November 8, 2011, and for the duration of this appointment, Mr. Hart's annual compensation shall be increased by \$20,000.00.

Adopted by the Board of Commissioners at the regularly scheduled meeting on October 17, 2011 by a majority vote of a quorum of the Board.

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

Mr. Moore read the second resolution. It is as follows:

CHATTANOOGA METROPOLITAN AIRPORT AUTHORITY
RESOLUTION NUMBER

WHEREAS, April Cameron, John Naylor and Christina Siebold have served with distinction on the staff of the Chattanooga Metropolitan Airport Authority, and

WHEREAS, the Board of Commissioners knows that they will continue to provide outstanding service during this time of transition,

THEREFORE, BE IT RESOLVED that the Chattanooga Metropolitan Airport Authority Board of Commissioners approves a one-time bonus payment of \$5,000.00 each to April Cameron, John Naylor and Christina Siebold.

Adopted by the Board of Commissioners at the regularly scheduled meeting on October 17, 2011 by a majority vote of a quorum of the Board.

**Motion for approval by Commissioner Veazey, seconded by Commissioner Snow.
Motion approved.**

Vice Chairman Hall asked the staff to stand up and make a comment. Mr. Hart, Mr. Naylor, Ms. Cameron and Ms. Siebold each took a moment to congratulate President Landguth on his new opportunity and expressed their enthusiasm for continuing to move the airport forward.

Vice Chairman Hall asked them to express to all of the employees the Board's appreciation and thanks as this will be a team effort during the transition.

Public Comment
None

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

Adjourn

**Chattanooga Metropolitan Airport Authority
Chattanooga, Tennessee
December 12, 2011**

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting Monday, December 12, 2011 at 2:00 p.m. Chairman Jacobson, Vice Chairman Hall, Commissioners Freeman, Mitchell, Veazey, Snow 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 Freeman, seconded by Commissioner Snow, the minutes of the October 17, 2011 meeting were approved.

President's Report

Interim President Hart addressed the Board and thanked them for attending. He said CMAA had several written consent requests last month. First CMAA requested Board approval for a contract with Mountain City Landscaping in the amount of \$35,700 for a term of one year, beginning December 1, 2011, to provide landscaping services for three areas located on the Airport premises. This request was approved in writing by Chairman Jacobson, and Commissioners Mallen, Mitchell and Veazey. CMAA requested Board approval for the contracts needed to modify the Airport's access control layout associated with TAC Air's hangar 3 facility at the tenant's request. Those agreements include a contract with I-sys Corporation in the amount of \$25,153.66 for their required work to CMAA's access control system at hangar 3, a contract with High Tech Gate Systems in the amount of \$54,579.50 for required gate and fence work to support the access control system at hangar 3, and an agreement with TAC Air to reimburse the CMAA for all incurred expenses with this project. In conjunction with this item, CMAA also requested Board approval to terminate the automobile parking lease at that hangar 3 facility and return the area to CMAA for employee parking. This request was approved in writing by Chairman Jacobson and Commissioners Mallen, Mitchell, Snow and Veazey. Finally, CMAA requested Board approval to accept Resolution 64, updating the authorized signage listing for CMAA's master business account with First Tennessee to include the Interim President and CEO. This request was approved in writing by Chairman Jacobson, Vice Chairman Hall, and Commissioners Freeman, Mallen and Snow.

Interim President Hart then shared a few updates with the Board. First is an update on the announcement a few weeks ago regarding American Airlines filing for Chapter 11. He said this was not completely unexpected within the industry. All of American's legacy airline competitors have already restructured through Chapter 11 and / or merged with another legacy carrier, such as Continental / United and Delta / Northwest. American has lost money for three consecutive years and their labor cost structure has become out of sync with industry norms after their competitors restructured. They were at a significant

disadvantage and they are probably hoping this restructuring process will correct that scenario. At this point CMAA has not received word of any changes to CHA's service level. American currently operates two daily flights to Dallas and one daily flight to Chicago out of Chattanooga.

Next, he said he wanted to update the Board on the property acquisition efforts. The former Volvo / Infinity site closed on November 21st, and the other property, the former BMW site, has outstanding environmental issues which the owners are currently addressing. CMAA staff is coordinating with the attorneys, land owners and environmental consultants to resolve. Once complete, the owners must submit to TDEC and wait for a no further action letter, and when that process is complete, CMAA will close on the BMW property. Once both properties belong to CMAA the design process for demolition will begin. The entire process will still take many months, but CMAA is excited to continue moving in a direction that will benefit both the airport and the surrounding neighborhoods.

Finally, CMAA has been working with the TSA for several years to add a second checkpoint at the airport. To date, CMAA has worked with TSA to secure a new AIT machine, as well as the associated extra equipment needed to open that second lane, have reconfigured the checkpoint area, expanded the throat, built new partitions and cleaned the carpet. The new machine will be added later this week, and should be online shortly thereafter. This is a great step for the airport because it aligns with CMAA's customer service goals, providing the highest level of convenience for CMAA's travelers, at certain times of the day, particularly during the early morning rush with business travelers and the afternoon Allegiant flights filled with vacationers when the airport experiences delays at the checkpoint which can create strains on the agents and passengers attempting to make their flights. The second lane should provide relief to all CMAA's stakeholders, and continue to make Chattanooga one of the most convenient and hassle free airports in the region.

Board Action

General Liability Insurance

Ms. Cameron addressed the Board, saying BB&T solicited quotes on behalf of CMAA for renewal of the general liability and excess liability policies set to expire on December 31, 2011. The General Liability Insurance includes bodily injury and property damage, personal and advertising injury liability, medical payments, hangar-keepers liability, and non-owned aircraft liability. During the annual marketing exercise, BB&T received quotes from the incumbent, ACE, as well as Chartis, and QBE which is a large underwriter in the European market.

The incumbent, ACE provided a two year guaranteed quote of \$98,522 for the same coverage as expiring, which is a 25% reduction in the premium from last year. In addition, ACE has provided a quote of \$20,213 to obtain an additional \$100 million in coverage which would provide CMAA with a total of \$300 million in coverage at a total cost of \$118,735 – which is 9% less than CMAA paid last year. After discussions with

the Finance Committee, it was determined that the additional coverage was the best option.

The quote received from QBE was less than the quote provided by ACE, however, given that QBE is new to the US market and did not provide a guaranteed rate for two years, as well as the fact that CMAA has received excellent service from ACE in the past, CMAA is recommending that the airport stay with ACE for the upcoming term.

Ms. Cameron introduced Bill Wilder and Stroud Cowart from BB&T. Mr. Cowart told the Board they met with the Finance Committee on two occasions, once with their underwriter from ACE in November. At that point in time, ACE was quite a bit higher in overall premium cost, but after a lot of deliberation on his part, seeing what the marketplace is doing, he did not want to lose the relationship. Terms are somewhat the same, although they have been enhanced in a few areas of coverage. QBE gave it a great effort, and that is an open door for future years.

Commissioner Freeman said the Board is certainly appreciative of the reduction in the premium and asked if market conditions or competition had to do with the reduction. Mr. Cowart replied that initially ACE didn't want to lower their premium cost, based on some claim history but when QBE came in and offered their pricing, ACE decided they didn't want to let go of this long term relationship.

Vice Chairman Hall said that he wanted to add for the record that when CMAA had the one fairly substantial incident involving Allegiant a few years ago, CMAA had no difficulty with ACE paying on that claim.

Board Action: Ms. Cameron requested Board approval to renew general liability coverage with ACE USA for a two year term commencing on December 31, 2011 in the annual amount of \$118,735.

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

HessJet Operating Permit

Ms. Cameron said that CMAA has received a request for Board approval for an operating permit with HessJet, LLC. The permit would give HessJet the privilege and right to operate as a Specialized Aviation Service Operator to include aircraft leasing and rental, aircraft charter and air taxi and flight training operation at the Chattanooga Airport. The term of this permit begins January 1, 2012 for one year. It may be renewed for an additional year if approved by CMAA. Either party may terminate on 14 days written notice. HessJet will pay CMAA in accordance with CMAA's Rates and Charges Policy and the Authority's insurance broker has reviewed the insurance certificate to ensure that adequate insurance is maintained.

HessJet currently operates one aircraft, a Cirrus SR22. As a result, the company has requested three waivers from the requirements outlined in CMAA's Minimum Standards:

- Minimum square footage for office space and aircraft leasing requirements.
- Minimum instructor and aircraft rental standard requirements.
- Minimum employment staffing and operating hours.

Section 8 allows for the waiver of any of the Minimum Standards where it deems to be in the best interest of the Airport's operation and the public good. By accepting the rights and privileges granted by this permit, HessJet agrees to pay the rates specified, as well as follow the CMAA's Rules and Regulations and Minimum Standards.

Commissioner Mitchell asked Ms. Cameron to review the bullet points and what it actually means to give HessJet a waiver. Ms. Cameron said the Minimum Standards specify certain requirements that any operator should meet if they operate at the Chattanooga Airport. These requirements include, for instance, that the company must occupy a minimum of 200 square feet of office space at the airport. Mr. Hess only leases 100 square feet from TAC Air, and what CMAA has agreed to do in the past for other 135 operators is allow them a waiver so they don't have to meet that requirement in order to operate. As for the aircraft standard rental requirements CMAA's Minimum Standards require that there are two aircraft for the flight training. One is a two placed, fixed gear aircraft, and one is a four placed, retractable gear aircraft. Mr. Hess only has the one aircraft and it is a four placed, fixed gear aircraft so CMAA is requesting a waiver to cover the other aircraft. Finally, the Minimum Standards require that these types of operations have specific hours when their business is staffed, 5 days a week, 8 hours a day but based on his business plan, Mr. Hess communicated that this was not feasible, as he's trying to build his business as the market demands. So CMAA is requesting a waiver of that requirement specified in the Minimum Standards.

Vice Chairman Hall asked about the instructor requirements. Ms. Cameron replied that the Minimum Standards require two full time flight instructors, certified under 14-CFR part 141. He does have two full time instructors, but what he communicated to CMAA is that the instructors are not 141 certified, that it's actually the school itself that is certified under CFR 141.

Commissioner Mitchell asked if that created additional liability if the instructors are not properly certified. Ms. Cameron said that instructors cannot get that certification, only the school itself can, and CMAA needs to address that in the Minimum Standards. President Hart added that based on these discussions, CMAA needs to review this category again in the Minimum Standards. He said because the actual flight school itself is certified, and the instructors are not, he does not believe there is any increased liability for the airport.

Vice Chairman Hall asked if Mr. Hess was currently operating and where. Chairman Jacobson said he operates out of Collegedale and Commissioner Snow added that he started out at the Chattanooga Airport.

Vice Chairman Hall said he'd like to have clarification from legal counsel before the Board takes any action. He said he does not want to defer a long time but if the Minimum Standards need to be changed, then they need to change them because he does not like

having to waive Minimum Standards. Mr. Moore said the Minimum Standards were reviewed by Frank Newton, and that's where the data came from. He said this was the first he had heard of this issue.

Commissioner Snow said he would like to speak on behalf of Mr. Hess, as he has known Mr. Hess for several years. Commissioner Snow said Mr. Hess does things right and proper and he is currently faced with either having to renew his lease at Collegedale or move to CHA.

Ms. Cameron asked if it would be possible to obtain approval for the chartering aspect of the business and remove the waiver for the minimum instructor requirement which only modifies the flight training aspect of his request. Commissioner Freeman said that the Board has given these waivers before for start-up businesses that offer services the airport needs in some form. He said many of these companies are struggling to provide these services and the Board wants to be as supportive as possible. Commissioner Freeman said he would like to make a motion to approve the contract but further investigate the conditions to be sure that they satisfy the Board and if the Minimum Standards need to be changed, then move forward to change them. He added that it may take a prolonged length of time to change the standards and he does not want to hold up Mr. Hess' contract.

Commissioner Mallen suggested that the Board approve this contract by written consent after it has clarification by legal counsel.

Chairman Jacobson deferred the HessJet contract but said the Board will plan to address it by written consent before the end of the year, if possible.

Leigh/Fisher Contract

Interim President Hart addressed the Board and said CMAA requests Board approval to enter into a consulting contract with Leigh/Fisher Management Consultants. CMAA received a VALE grant to fund 95% of the cost to install a one-megawatt Solar PV Farm. As a result of the installation, CMAA is required to meet all VALE compliance conditions, including usage tracking of the equipment. The contract will be for the consulting services associated with the development of a compliance plan which will assist CMAA in meeting all VALE compliance requirements. Leigh/Fisher will provide guidance on the Airport Emissions Reduction Credits (AERC) process. In order to secure AERCs and to comply with VALE requirements for grant funding, Leigh/Fisher would assist CMAA by developing a compliance plan for the Authority's 2011 VALE Application. The Compliance Plan will include:

- A methodology for estimating actual emission reductions
- A checklist of all required letters and reports to TDEC, FAA, and EPA Region 4
- A summary and checklist of all VALE-specific AIP project implementation requirements that are made conditional by acceptance and use of grant funding
- VALE logo stickers that must be affixed to all VALE-sponsored equipment

- Instructions and letter templates for securing an AERC credit letter from TDEC when the AERCs are required for use by the Authority

Leigh/Fisher proposes to perform this Scope of Services on a time and materials basis for a fee not to exceed \$15,000. The budget includes professional fees as well as all reimbursable and direct expenses. The fee will be funded at 95% through VALE AIP Grant 53, with the remaining 5% being funded through CMAA funds. This is a budgeted item.

Board Action: Interim President Hart requested Board approval for a \$15,000 consulting contract with Leigh/Fisher for the development of a compliance plan which will assist CMAA in meeting all VALE compliance requirements and will provide guidance on the AERC process.

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

Interim President Hart said that concludes all Board action for today and wished the Board members happy holidays. He said in appreciation for their service to the airport, once again this year CMAA adopted a family from the Community Kitchen's transitional housing program, where they work with families from homeless to employment and stable housing. This year CMAA adopted a single mother and a nine month old baby girl and purchased and wrapped shoes, blankets, pajamas, candles, bath goods, a music box and a gift card. In addition, CMAA also made sure they were stocked up on diapers. All the gifts will be dropped off at the housing complex near the Community Kitchen this week to be sure they make it under the tree before the big day. He thanked them again for their service and contributions throughout the year.

Other Business

None

Public Comment

None

Closing Comment

Chairman Jacobson thanked the Board members for their participation and expressed his gratitude to the airport's customers who support their hometown airport 365 days a year and for the investment they are making in the city. He also thanked the CMAA staff for their contributions and work ethic.

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

Adjourn