

**Chattanooga Metropolitan Airport Authority
Board of Commissioners Meeting Minutes
January 8, 2014**

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting Wednesday, January 8, 2014 at 2:00 p.m. Chairman Jacobson, Vice Chairman Hall, Commissioners Griffin, Mallen, Lytle, Snow and Veazey were present.

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

Board Action

Resolution 69

President Hart addressed the Board and thanked them for their attendance. In accordance with Tennessee law, before revenue bonds may be issued, the Board of Commissioners must first adopt an initial resolution expressing the intended value and purpose the bonds will be issued. As such, CMAA called a special meeting of the Board to present Resolution 69 which will outline the intent to issue bonds in an amount not to exceed \$10 million for the purpose of acquiring real property to be used for parking by members of the public and for a public use airplane ramp, and other purposes in connection with the operation of the Airport.

President Hart introduced Hugh Moore of Chambliss, Bahner & Stophel, P.C., and asked him to come forward and read Resolution 69 to the Board. Resolution 69 is as follows:

RESOLUTION NO. 69

RESOLUTION EXPRESSING THE INTENT OF THE CHATTANOOGA METROPOLITAN AIRPORT AUTHORITY TO ISSUE BONDS IN THE AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED TEN MILLION DOLLARS (\$10,000,000.00) FOR THE PURPOSE OF ACQUIRING CERTAIN LEASEHOLD INTERESTS IN REAL PROPERTY TO BE USED FOR PARKING BY MEMBERS OF THE PUBLIC USING THE CHATTANOOGA METROPOLITAN AIRPORT-LOVELL FIELD (THE "AIRPORT"), FOR A PUBLIC USE AIRPLANE RAMP AT THE AIRPORT AND FOR OTHER PURPOSES IN CONNECTION WITH THE OPERATION OF THE AIRPORT.

WHEREAS, the Chattanooga Metropolitan Airport Authority (the "Authority") is a public and governmental body organized and existing under, and by virtue of, the provisions of Title 42, Chapter 4, Part 101, *et seq.* of Tennessee Code Annotated, as amended (the "Act");

WHEREAS, Section 42-4-409 of the Act and Part 3 of Title 9, Chapter 21 of Tennessee Code Annotated, as amended (the "Public Obligations Law"), authorize the Authority to issue revenue bonds to finance the costs of public works projects and the acquisition of any interest in real property to be used for the operation of an Airport (as that term is defined in Section 42-4-103 of the Act); and

WHEREAS, Section 9-21-304 of the Public Obligations Law provides that before revenue bonds may be issued pursuant to Part 3 of the Public Obligations Law, the Board of Commissioners of the Authority shall adopt a resolution known as the "initial resolution" determining to issue such bonds:

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE CHATTANOOGA METROPOLITAN AIRPORT AUTHORITY, AS FOLLOWS:

RESOLVED THAT pursuant to the Act and the Public Obligations Law, the Authority shall issue its revenue bonds in an aggregate principal amount not to exceed \$10,000,000 for the purpose of acquiring certain leasehold interests in real property to be used for parking by members of the public using the Airport, for a public use airplane ramp at the Airport and for other purposes in connection with the operation of the Airport; and

FURTHER RESOLVED THAT the maximum rate of interest which such revenue bonds are to bear is a fixed per annum rate equal to 4.99%; provided, however, that upon a default the interest rate will increase to a variable per annum rate equal to 3.00% per annum, plus the base commercial rate of interest established from time to time by First Tennessee Bank National Association; and provided, further, however, that upon a determination of taxability with respect to any tax exempt series of the revenue bonds, the interest rate on such series of the revenue bonds will increase to a fixed per annum rate equal to the greater of (i) 4.99%; and (ii) the yield on U.S. ten-year treasury notes on the date of such determination plus 200 basis points.

FURTHER RESOLVED THAT such revenue bonds will be payable exclusively from revenues of the public works project(s), revenues of the Authority and certain collateral, as permitted by the Act and the Public Obligations Law.

APPROVED AND ADOPTED this 8th day of January, 2014.

By: _____
Chairman of the Board of Commissioners

ATTEST:

Secretary of the Board of Commissioners

Commissioner Mallen asked Mr. Moore to clarify who is liable for the bonds in the event of default. He asked if the City of Chattanooga will be liable in any event. Mr. Moore said CMAA is solely liable for these bonds. Neither the City of Chattanooga nor the State of Tennessee is liable in the event of default if the bonds are issued.

Board Action: Mr. Hart requested Board approval of Resolution 69 which expresses the intent of the CMAA to issue bonds in an amount not to exceed \$10 million for the purpose of acquiring real property to be used for parking by members of the public and for a public use airplane ramp, and other purposes in connection with the operation of the Airport.

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

Other Business

None

Closing Comment

Chairman Jacobson thanked everyone in attendance and stated he looked forward to seeing everyone on January 10 for the regular monthly meeting.

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

Adjourn

**Chattanooga Metropolitan Airport Authority
Board of Commissioners Meeting Minutes
January 10, 2014**

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting Friday, January 10, 2014 at 2:00 p.m. Chairman Jacobson, Commissioners Griffin, Mallen, Lytle, Snow, Mitchell and Veazey 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 Mitchell, seconded by Commissioner Snow, the minutes of the October 30, 2013 meeting were approved.

On motion of Commissioner Griffin, seconded by Commissioner Veazey, the minutes of the January 8, 2014 meeting were approved.

President's Report

President Hart addressed the Board and thanked them for their attendance. He informed the Board of the work CMAA did in the Shepherd Community over the holidays including a day spent volunteering at the Community Center. He also told them that the airport hosted over 100 children for a Christmas party at Wilson Air Center in December, during which each child received a gift from their wish list.

He continued with a brief summary of the projects at the airport in 2013. He stated a number of projects were completed including the Brainerd Road sustainability project, phase two of the solar farm, phase two of the West Side project, phase one of the cargo expansion project, and the ground power unit and preconditioned air installation project. The terminal renovation is progressing well and completion is anticipated in February. CMAA's new concessionaire, Tailwind Concessions, has been met with a positive response from both the airport and customers. The new restaurant on the concourse opened January 6, 2014 and has been popular with customers.

Next, he said two audits took place in the fall. The FAA Part 139 annual inspection took place in October. CMAA finished with a no finding audit. Also, Decosimo finished their financial audit in the fall. Again, it was a no findings audit, and due to the oversight of the Board and CMAA staff, the airport is in a strong financial position.

President Hart then said he was pleased to report that over the last number of months enplanements at the airport have continued to grow. December statistics show enplanement growth of 26 percent over December 2012. Year to date, there is a 1 percent increase over 2012. President Hart noted that 2012 had been the largest enplanement number at the airport, and CMAA will surpass that in 2013. Customers are choosing to fly from CHA because the fares are comparable to airports in the area, as well as the convenience of flying out of Chattanooga. Air

cargo also surpassed last year's numbers. Year to date, CMAA is up 20 percent in air cargo. FedEx has increased capacity because the demand is there.

President Hart continued, saying, an organization's success is dependent upon it embracing its core principles. CMAA's resolve has never wavered from this; in fact, everything CMAA does must pass the test of its three shared goals: maintaining a safe and secure operation, improving service to CMAA's key shareholders, and insuring the long-term financial success of the airport. The leadership of CMAA's Board over the past number of years has positioned the airport well and allowed for the completion of a number of projects that support shared goals, and contribute to the economic development of the community. Projects such as the terminal renovation, the green development in the Brainerd community, and the West Side aviation campus which includes a 2.1 megawatt solar farm are all examples of CMAA's success, and have been validated by positive feedback from customers, industry colleagues, and environmental organizations. In addition, the general aviation terminal bears the title of the first general aviation terminal in the world to be certified LEED Platinum. CMAA understands that the primary function of the airport is to serve the community, and CMAA does that by focusing on commercial aviation, air cargo, sustainability, and corporate general aviation.

With that in mind, CMAA embarked on a project over a year ago that would move the airport forward and touch on each of these business sectors. It involved CMAA reaching out to the leadership of TAC Air in an effort to reach a mutual agreement to address the ongoing concerns. Several options were reviewed, and a mutual agreement between the parties has been reached. President Hart thanked a number of key people and organization's whose work allowed for an agreement to be made between CMAA and TAC Air; Frank Newton of Newton & Associates, Michael Hodges of Airport Business Solutions, Chambliss, Bahner & Stophel, Pablo Nuesch of Spiegel & McDiarmid, First Tennessee Bank, Louann Smith of Baker & Donelson, Decosimo and Company, and the FAA. Today CMAA continues its endeavor to move the airport forward with the request of the purchase of assets and operating obligations of TAC Air in Chattanooga.

Board Action

Resolution 70

President Hart said today CMAA is presenting and requesting approval of Resolution 70 authorizing and approving the issuance, sale, and delivery of the 2014 Revenue Bonds.

President Hart introduced Hugh Moore of Chambliss, Bahner & Stophel, who read Resolution 70 to the Board. Resolution 70 is as follows:

RESOLUTION NO. 70

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY BY THE CHATTANOOGA METROPOLITAN AIRPORT AUTHORITY OF ITS REVENUE BONDS IN TWO SERIES: (I) TAX EXEMPT REVENUE BOND, SERIES 2014A, IN A PRINCIPAL AMOUNT NOT TO EXCEED \$5,086,077.00 (THE "TAX EXEMPT BOND") AND (II) TAXABLE REVENUE BOND, SERIES 2014B, IN A PRINCIPAL AMOUNT NOT TO EXCEED \$4,913,923.00 (THE "TAXABLE BOND") AND AUTHORIZING AND APPROVING ALL DOCUMENTS, INSTRUMENTS, ACTIONS AND MATTERS NECESSARY OR APPROPRIATE FOR, OR PERTAINING TO, SUCH BONDS

WHEREAS, the Chattanooga Metropolitan Airport Authority (the "Authority") is a public and governmental body organized and existing under, and by virtue of, the provisions of Title 42, Chapter 4, Part 101, *et seq.* of Tennessee Code Annotated, as amended (the "Act");

WHEREAS, it is necessary and in the public interest of the Authority to issue the above-referenced Tax Exempt Bond and Taxable Bond (collectively, the "Bonds"), the proceeds of which will be used by the Authority in accordance with the terms and provisions of that certain Bond Purchase Agreement dated as of January 10, 2014 (the "Bond Purchase Agreement") to be entered into by and between the Authority and First Tennessee Bank National Association, a national banking association (the "Bank"), for the purpose of acquiring the real property leasehold interests described in the Sale and Purchase Agreement dated January 10, 2014 between the Authority and Truman Arnold Companies (the "Real Property Purchase Agreement"); and

WHEREAS, real property subject to a portion of the leasehold interests acquired under the Real Property Purchase Agreement will be used to provide parking for members of the public using the Chattanooga Metropolitan Airport-Lovell Field (the "Airport") and to provide a public use airplane ramp at the Airport (collectively, the "Tax Exempt Project"); and

WHEREAS, the Tax Exempt Project will be financed with the proceeds of the Tax Exempt Bond; and

WHEREAS, real property subject to a portion of the leasehold interests acquired under the Real Property Purchase Agreement will be used for other purposes in connection with the operation of the Airport (the "Taxable Project"); and

WHEREAS, the Authority is authorized by the Act and Title 9, Chapter 21, Tennessee Code Annotated, as amended (the "Public Obligations Law"), to issue and sell revenue bonds for the purpose of financing the Tax Exempt Project and the Taxable Project; and

WHEREAS, the Authority adopted Resolution No. 69, regarding its intent to issue the Bonds (the "Preliminary Resolution"), which Preliminary Resolution was published in The Chattanooga Times Free Press on January 9, 2014 as required by Section 9-21-304 of the Tennessee Code Annotated; and

WHEREAS, the Authority now desires to definitively authorize and approve the issuance, execution, sale and delivery of the Bonds, to be dated as of the date of issuance and delivery, with (i) the Tax Exempt Bond to be in a principal amount not to exceed Five Million Eighty-six Thousand Seventy-seven and 00/100 Dollars (\$5,086,077.00), or such lesser amount as may be determined by the officers of the Authority executing the Tax Exempt Bond, and (ii) the Taxable Bond to be in a principal amount not to exceed Four Million Nine Hundred Thirteen Thousand Nine Hundred Twenty-three and 00/100 Dollars (\$4,913,923.00), or such lesser amount as may be determined by the officers of the Authority executing the Taxable Bond, such Tax Exempt Bond and such Taxable Bond to be issued in accordance with the Bond Purchase Agreement, and the proceeds of the sale of the Bonds to be used by the Authority for the purposes described above; and

WHEREAS, as security for the payment of the principal of and interest on the Bonds and the obligations of the Authority under the Bond Purchase Agreement, the Authority now desires to approve the execution and delivery of that certain Pledge and Security Agreement (the "Pledge Agreement") to be dated the date of the issuance of the Bonds, pursuant to which the Authority will grant a security interest in and pledge its revenues and the funds deposited in certain accounts to be created under the Bond Purchase Agreement (the Bond Purchase Agreement and the Pledge Agreement are hereinafter sometimes referred to as the "Bond Documents"); and

WHEREAS, the principal of, and the premium, if any, and interest on, the Bonds will be payable solely and exclusively from payments to be made by the Authority under the provisions of the Bond Documents; and

WHEREAS, the Bank has agreed to purchase the Bonds in accordance with the provisions of the Bond Purchase Agreement; and

WHEREAS, the following documents have been presented to the Authority for approval in connection with the issuance, sale, and delivery of the Bonds:

- (1) The proposed form of the Bond Purchase Agreement;
- (2) The proposed form of the Pledge Agreement; and
- (3) The proposed form of the Bonds.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE CHATTANOOGA METROPOLITAN AIRPORT AUTHORITY, AS FOLLOWS:

Section 1. Authorization of the Issuance of the Bonds. Under and pursuant to the provisions of the Act and the Public Obligations Law, the Authority hereby authorizes the execution, issuance, sale and delivery to the Bank in consideration of payment therefor in accordance with the provisions of the Bond Purchase Agreement, of the Bonds, the proceeds of the sale thereof to be used for the purposes specified in the preamble hereto.

Section 2. Approval of the Bond Purchase Agreement. The form, content and provisions of the Bond Purchase Agreement as presented to this meeting of the Board of Commissioners of the Authority (the "Board") are in all particulars approved, and the Chairman and the Vice Chairman of the Board, or either of them, and the Secretary and the Assistant Secretary of the Board, or either of them, are hereby authorized, empowered and directed to execute, attest and deliver the Bond Purchase Agreement in the name and on behalf of the Authority.

The Bond Purchase Agreement is to be in substantially the form now before this meeting of the Board, or with such changes therein as shall be approved by the officers of the Board executing the same, their execution thereof to constitute conclusive evidence of their approval of any and all such changes or revisions.

The officers of the Board and the Authority are hereby authorized, empowered and directed from and after the execution and delivery of the Bond Purchase Agreement to do all acts and things and execute all documents as may be necessary or convenient to carry out and comply with the provisions of the Bond Purchase Agreement, as executed and delivered.

Section 3. Approval of the Bonds. The form, content and provisions of the Bonds, as set forth in the Bond Purchase Agreement and as presented to this meeting of the Board, subject to appropriate insertions and revisions, are in all particulars hereby approved, and the Chairman and Vice Chairman of the Board, or either of them, and the Secretary or Assistant Secretary of the Board, or either of them, are hereby authorized, empowered and directed to execute, attest and deliver the Bonds to the Bank in consideration of payment therefor, in the name and on behalf of the Authority, such Bonds to be in substantially the form now before this meeting of the Board, or with such changes therein as shall be approved by the officers of the Board executing the same, their execution thereof to constitute conclusive evidence of their approval of any and all such changes or revisions, and when (i) the Tax Exempt Bond shall be executed, attested and delivered in the manner contemplated herein in the principal amount of Five Million Eighty-six Thousand Seventy-seven and 00/100 Dollars (\$5,086,077.00), or such lesser amount as may be determined by the officers of the Board executing the same, it shall conclusively be the approved form of the Tax Exempt Bond, and (ii) the Taxable Bond shall be executed, attested and delivered in the manner contemplated herein in the principal amount of Four Million Nine Hundred Thirteen Thousand Nine Hundred Twenty-three and 00/100 Dollars (\$4,913,923.00), or such lesser amount as may be determined by the officers of the Board executing the same, it shall conclusively be the approved form of the Taxable Bond.

Section 4. Reasonably Expected Economic Life. The Board hereby further finds and determines that (A) the reasonably expected economic life of the Tax Exempt Project and the

reasonably expected economic life of the Taxable Project are as set forth on Schedule 1, and (B) the reasonably expected economic life of (i) the Tax Exempt Project will be at least the term of the Tax Exempt Bond, which is ten years, and (ii) the Taxable Project will be at least the term of the Taxable Bond, which is also ten years.

Section 5. Approval of the Pledge Agreement. The form, content and provisions of the Pledge Agreement as presented to this meeting of the Board are in all particulars approved, and the Chairman and the Vice Chairman of the Board, or either of them, and the Secretary or Assistant Secretary of the Board, or either of them, are hereby authorized, empowered and directed to execute, acknowledge and deliver the Pledge Agreement in the name and on behalf of the Authority.

The Pledge Agreement is to be in substantially the form now before this meeting of the Board, or with such changes therein as shall be approved by the officers of the Board executing the same, their execution thereof to constitute conclusive evidence of their approval of any and all such changes or revisions.

The officers of the Board and the Authority are hereby authorized, empowered and directed from and after the execution and delivery of the Pledge Agreement to do all acts and things and execute all documents as may be necessary or convenient to carry out and comply with the provisions of the Pledge Agreement, as executed and delivered.

Section 6. Authorizations Regarding Tax Certifications and Filings with the Internal Revenue Service and the State of Tennessee. The Chairman and Vice Chairman of the Board, or either of them, and the Secretary or the Assistant Secretary of the Board, or either of them, are authorized and directed in the name and on behalf of the Authority (i) to execute and deliver a certificate as to the reasonable expectations of the Authority regarding the amount and use of the proceeds of the Tax Exempt Bond, (ii) to execute and file Internal Revenue Service Form 8038G with the Internal Revenue Service with respect to the Tax Exempt Bond, as required by Section 149(e) of the Internal Revenue Code of 1986, as amended (the "Code"), and (iii) to execute and make all other certifications and filings required under Section 103 of the Code and the applicable Treasury Regulations promulgated thereunder with respect to the Tax Exempt Bond or required by the laws of the State of Tennessee or regulations promulgated thereunder with respect to the Tax Exempt Bond or the Taxable Bond.

Section 7. Ratification of Commitment Letter. The Authority hereby ratifies and confirms that certain Commitment Letter from the Bank dated September 5, 2013.

Section 8. Miscellaneous Acts. The appropriate officers of the Board and the Authority are hereby authorized, empowered and directed to do any and all such acts and things, and to execute, acknowledge, deliver and, if applicable, file or record, or cause to be filed or recorded, in any appropriate public offices, all such documents, instruments and certifications, in addition to those acts, things, documents, instruments and certifications hereinbefore authorized and approved, as may in their discretion be necessary or desirable to implement or comply with the intent of this Resolution, or any of the documents herein authorized and approved, for the authorization, issuance and delivery by the Authority of the Bonds.

Section 9. Limited Obligation and Liability. The Bonds and the interest payable thereon are limited obligations of the Authority and shall not be deemed to constitute a general debt or liability of the Authority but shall be payable solely from the sources and collateral provided therefor in accordance with the provisions thereof and the provisions of the Bond Purchase Agreement.

Neither the City of Chattanooga, Tennessee, nor the State of Tennessee, nor any other political subdivision thereof shall be liable for the payment of the principal of, or the interest on, the Bonds, or for the performance of any pledge, mortgage, obligation, agreement or certification, of any kind whatsoever of the Authority, and neither the Bonds nor any of the pledges, mortgages, agreements, obligations or certifications of the Authority shall be construed to constitute an indebtedness of the City of Chattanooga, Tennessee, or the State of Tennessee, or any other political subdivision thereof, within the meaning of any constitutional or statutory provisions whatsoever.

No recourse under or upon any statement, obligation, covenant, agreement or certification contained in any of the foregoing documents, including, without limitation, the Bonds and the Bond Purchase Agreement; or in any other document or certification whatsoever; or under any judgment obtained against the Authority or by the enforcement of any assessment or by any legal or equitable proceeding or by virtue or any constitute or statue or otherwise, or under any

circumstances, under or independent of the foregoing documents, including, without limitation the Bonds and the Bond Purchase Agreement; or any other document or certification whatsoever shall be had against any incorporator, member, director or officer, as such, past, present, or future, of the Authority, either directly or through the Authority or otherwise, for the payment for or to the Authority or any receiver thereof, or from or to the owner of the Bonds, for any sum that may be due and unpaid by the Authority upon the Bonds or the interest payable thereon. Any and all personal liability of every nature, whether at common law or in equity or by statute or by constitution or otherwise, of any such incorporator, member, director or officer, as such, to respond by reason of any act or omission on his or her part or otherwise for, directly or indirectly, the payment for or to the Authority or any receiver thereof, or for or to the owner of the Bonds, of the principal of, or the premium, if any, or interest on, the Bonds, shall be deemed to have been waived and released as a condition of and consideration for the execution of the aforesaid documents and the issuance of the Bonds.

Section 10. Captions. The captions or headings in this Resolution are for convenience only and shall in no way define, limit or describe the scope or intent of any provision hereof.

Section 11. Partial Invalidity. If any one or more of the provisions of this Resolution shall be held invalid, illegal or unenforceable in any respect by final decree of any court of lawful jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision hereof, but this Resolution shall be construed the same as if such invalid, illegal or unenforceable provision had never been contained herein, or therein, as the case may be.

Section 12. Conflicting Resolutions Repealed. All resolutions or parts thereof in conflict herewith are, to the extent of such conflict, hereby repealed, and this Resolution shall take effect from and after its adoption.

(signature page follows)

APPROVED AND ADOPTED this 10th day of January, 2014.

By: _____
Chairman of the Board of
Commissioners

ATTEST:

By: _____
Secretary of the Board of
Commissioners

**SCHEDULE 1
TO
RESOLUTION NO. 70**

Reasonably Expected Economic Life

The reasonably expected economic life of the Tax Exempt Project is 39 years.

The reasonably expected economic life of the Taxable Project is 39 years.

Commissioner Mitchell asked for the rate on the bond, about the sinking fund requirement, and prepayment penalties. Mr. Moore said the rate is 4.99 percent and is subject to increase on default. Ms. Cameron said there are prepayment penalties for years one through three and outlined those penalties, and the bond sinking fund requirements.

Commissioner Mallen asked Mr. Moore if there is any obligation by the City of Chattanooga to repay this debt if the airport were to default. Mr. Moore said no. Commissioner Mallen asked if the City of Chattanooga is backing these bonds in any way. Mr. Moore said neither the City, nor the state, nor any other political subdivision thereof, will be responsible for these bonds in any way.

Board Action: President Hart requested Board approval of Resolution 70 authorizing and approving the issuance, sale, and delivery of 2014 Series A and B Revenue Bonds in an aggregate amount not to exceed \$10 million for the purpose of acquiring real property to be used for parking by members of the public and for a public use airplane ramp, and other purposes in connection with the operation of the airport.

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

Tax-Exempt Financing Compliance Procedure

President Hart continued. In exchange for the right to issue tax-exempt bonds at favorable interest rates and terms, the Internal Revenue Code imposes requirements that focus on the investment, use and expenditure of the tax-exempt proceeds. Based on the bond issuance just approved, CMAA has developed a procedure, which requires Board approval, to ensure compliance with the requirements of the tax-exempt bonds. The procedure names the Bond Compliance Officer, April Cameron, who is responsible for implementing this procedure and details CMAA's responsibilities regarding:

- Bond compliance training
- Compliance of outstanding tax-exempt bonds
- Compliance for issuing new tax-exempt bonds
- Monitoring of tax-exempt bonds
- Annual Disclosures

Commissioner Mitchell asked about the key compliance procedures. Ms. Cameron outlined the compliance procedures and said these procedures only apply to the tax-exempt bonds. Commissioner Mitchell requested that Ms. Cameron present the compliance procedures checklist to the Board when it is ready.

Board Action: President Hart requested Board approval of the Tax-Exempt Financing Compliance Procedure as outlined.

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

Purchase Agreement

President Hart continued. After much discussion and negotiations with TAC Air, CMAA has reached a mutual agreement to terminate the current leases and purchase the right to operate and certain specified assets from TAC Air for an amount of \$12,375,000. This transaction not only meets shared goals, but it also allows the airport to insure the competitive environment that was created for services and pricing remain and flourish. Additionally, this purchase allows for continued development of facilities that airport users want and deserve by gaining control of the properties under the leases, and it strongly supports CMAA's commitment to this community and CMAA's part in the long term economic development of the region.

In addition, CMAA will also pay to TAC an amount equal to \$85,000 as liquidated damages for repayment of funds provided by Phillips 66. The financial specifics of this agreement were specified in Resolution 70 that was just approved and have been reviewed individually with each member of the Board. Broadly, the \$12,375,000 will come from a \$10,000,000 bond issue, which will be purchased by First Tennessee Bank, and the remaining portion of \$2,375,000 plus any closing costs and transaction fees will be funded directly from CMAA reserve accounts. It is important to note, again, that the monies that fund CMAA's reserve accounts and the monies to repay the bonds have not and will not come from the City of Chattanooga or Hamilton County. CMAA receives no money from either entity to operate the airport. The airport is completely self-sufficient as required by grant assurances.

President Hart thanked the Vice President and Chief Operating Officer of TAC Air, Christian Sasfai, for his professionalism and assistance in the development of this solution.

Commissioner Mitchell asked CMAA to walk the Board through the steps they took to assign a purchase price for TAC Air. Ms. Cameron said CMAA worked with Newton & Associates who worked with a consultant TAC Air had named to evaluate certain specified pieces of information, particularly the revenues and certain expenses. From that standpoint Newton and Associates developed an estimated operating income on an annual basis, and from that applied a multiple to it. The overall purchase price was essentially a negotiated fee which was based on the information presented in the evaluation from Newton & Associates. CMAA utilized the services of Decosimo to evaluate TAC Air's operations to determine that the revenues, gallons, and information they had provided were in line with CMAA's projections. Ms. Cameron also said the process was independent, the information provided to CMAA was validated, and the two consultants worked together to arrive at a multiple that generated a fair market value for this price.

Commissioner Mitchell stated for the record the finance committee was intimately involved in reviewing the information between the two parties. This decision has been in the works for over a year, and this is a fair market value that, if approved, will be because the Board has put a lot of time and energy in agreeing upon it.

Commissioner Veazey asked if CMAA was able to look at their books. President Hart said yes, Decosimo validated the information given to CMAA.

Commissioner Mitchell asked President Hart to elaborate on how this transaction benefits the future growth for the airport. President Hart said the transaction allows CMAA to reassess the Master Plan, and the facilities as the airport moves forward. He said there is an automobile parking issue that needs to be addressed, and CMAA will go forward and look at that and determine what makes the most sense by evaluating whether a deck needs to be built or surface parking can take place. Over time CMAA will be able to provide new facilities at competitive rates for the users of the airport, and possibly move those services away from the commercial air services ramp. President Hart stated CMAA will be looking at what the tenants and users need, desire, and deserve and CMAA should be able to deliver upon that.

Chairman Jacobson asked President Hart to discuss the costs of a parking deck. President Hart stated CMAA did some research into the possibility of building a parking deck at the airport. He stated an 800 car parking deck, depending on the type of construction, would cost between \$16 million and \$18 million.

Commissioner Mallen stated that the point is that the purchase price is the purchase price to acquire the lease on interest at fair market value, but there are costs avoided in terms of the airport's growth and planning that are not articulated in the transaction, but make this important and valuable to the airport.

Commissioner Mitchell stated that this agreement is extremely important for insuring that the airport moves forward and remains competitive.

Board Action: President Hart requested Board approval of a purchase agreement with TAC Air as outlined in the amount of \$12,375,000 plus closing costs and transaction fees, and \$85,000 for liquidated damages.

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

Wilson Air Center Amendment

President Hart continued. With the recently approved purchase and sale agreement between CMAA and TAC Air, the General Aviation Facilities Management Agreement with Wilson Air Center – Chattanooga, LLC requires amending. Specifically, it requires a modification to the areas of responsibility and compensation.

Exhibit A of the agreement has been updated to include the additional General Aviation Facilities acquired through this transaction. Although responsibilities have increased, the annual management fee will remain unchanged at \$200,000. In addition, the incentive fees outlined in the agreement for years 3 and 4 will be reduced, while year 5 remains the same.

Wilson Air Center has been a great partner and CMAA is very pleased with the level of service they have provided to the airport since their opening in 2011. CMAA is confident that the entire general aviation community will enjoy the award winning service they deliver and which the airport has come to expect.

Commissioner Mitchell asked when the management agreement starts. President Hart stated Wilson Air will assume responsibility of the facilities at 12:01 a.m. Saturday, January 11, 2014.

Commissioner Mallen asked what the net outcome was for job transfers and employment from this transaction. Dave Ivey addressed the Board and stated on January 2, 2014 Wilson was granted permission to talk with TAC Air employees. Hourly employees were offered employment; 95 percent were offered employment with a large majority of those accepting employment. Those that accepted underwent training with Wilson Air Center and will be fully certified under Wilson's training manual to go to work at 12:01 a.m. Saturday.

Board Action: President Hart requested Board approval to amend the General Aviation Facilities Management Agreement dated December 20, 2010 between CMAA and Wilson Air Center – Chattanooga, LLC as outlined above.

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

Fuel Agreements

President Hart said as part of the negotiation between CMAA and TAC Air, CMAA agreed to purchase a portion of its annual fueling requirements from Phillips 66 to offset the liquidated damages that TAC would incur for early termination of its agreement with Phillips 66. In order to facilitate this process CMAA is required to take two actions:

- 1) Modify its current agreement with Eastern Aviation Fuels to eliminate the exclusivity requirement of the agreement while adding five additional years to the base term.
- 2) Approve a new agreement with Phillips 66 to purchase a minimum of 800,000 gallons of aviation fuel annually for an agreed term.

Amendment of Eastern Aviation Fuel Agreement

CMAA is requesting Board approval for an amendment to the agreement with Eastern Aviation Fuels dated April 18, 2011. The changes to the contract are as follows:

- Paragraph 1 shall be amended to remove the exclusivity requirement regarding purchases through June 30, 2016.
- Paragraph 2 shall be amended by increasing the term from five years to ten years.

All remaining terms and conditions in the agreement will continue in place for the term of the agreement.

Commissioner Lytle asked if CMAA extended the terms so Eastern Aviation would remove the exclusivity requirement. President Hart said yes.

Commissioner Mitchell asked if President Hart believed there would be a surplus. President Hart said no, the 800,000 gallons represents about 40 percent of what CMAA's annual fuel purchases will be.

Board Action: President Hart requested Board approval to amend the Eastern Aviation Fuels agreement as outlined.

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

Phillips 66 Agreement

President Hart continued, saying CMAA is requesting Board approval of an agreement with Phillips 66 to provide 800,000 gallons of unbranded Jet-A fuel annually to the Chattanooga Airport. The 800,000 gallons represents 40 percent of CMAA's annual fuel purchases. The term of the agreement will begin on January 15, 2014 and run through June 30, 2016. The price basis for the fuel will be the Gulf Coast previous week average plus \$0.085 per gallon with a freight rate of \$0.0546 per gallon plus any surcharges for delivery. The agreement does not include any provision for liquidated damages.

Commissioner Mallen asked if the previous agreement had a provision for liquidated damages. President Hart said no, the previous agreement did not.

Board Action: President Hart requested Board approval of the agreement with Phillips 66 as outlined.

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

Other Business

None

Public Comment

Tony Smith addressed the Board. He stated he represents a client who is about to base a large cabin business jet at Chattanooga Airport, and they had been negotiating with both TAC Air and Wilson Air over the past few weeks. He asked for clarification on the competitive pricing at the airport. President Hart said CMAA will make sure the airport remains competitive with this change and will give Mr. Smith's company a competitive rate.

Closing Comment

Chairman Jacobson thanked everyone in attendance for their time and expertise. He thanked the staff for putting together the Christmas party for the kids at the Community Center. In closing, he shared a quote from Ralph Waldo Emerson, and said he believes the airport is doing what is best for the city and county, and continues to be a leader in the industry and a good partner for the community. He said the Board remains committed to providing excellent service at a competitive price to the customers.

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

Adjourn

**Chattanooga Metropolitan Airport Authority
Board of Commissioners Meeting Minutes
February 17, 2014**

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting Monday, February 17, 2014 at 2:00 p.m. Vice Chairman Hall, Commissioners Snow, Mallen, Lytle, and Mitchell 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 Mallen, seconded by Commissioner Snow, the minutes of the January 10, 2014 meeting were approved.

President's Report

President Hart addressed the Board and thanked them for their attendance. He began by reporting that CMAA had one written consent since the last meeting.

CMAA is requesting Board approval for two items associated with the expansion of the Intermediate parking lot.

The project is for the construction of public infrastructure, specifically, to expand the Intermediate parking lot by approximately 104 spaces on unleased ramp space. The spaces will be used to create additional parking for customers that utilize the commercial terminal.

The project encompasses the relocation/installation of 553' of 8' tall galvanized chain link fence and posts, and other related work. The fence work will be completed by Hi-Tech Gate Systems for an amount of \$19,710.75. The striping will be completed by JW Enterprise, LLC at a cost of \$660. The total project cost is \$20,370.75.

Funding for the construction is through the reallocation of capital funds. The budgeted Terminal Ramp Rehabilitation project will not be constructed in this fiscal year.

This request was approved in writing by Chairman Jacobson, Commissioners Mallen, Griffin, Lytle, and Snow.

Board Action: President Hart requested Board approval to enter into a construction contract with Hi-Tech Gate Systems for an amount of \$19,710.75 to relocate and install 553' of 8' tall galvanized chain link fence and posts, and other related work. President Hart requested to enter into a contract with JW Enterprise, LLC for an amount of \$660 for the striping of the expanded parking lot. The total project cost is \$20,370.75.

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

President Hart continued, saying he was pleased to report that the enplanement data for January 2014 showed a 14 percent increase over last January. In addition, air cargo saw an increase over the previous January of almost 21 percent. President Hart attributed the increase in enplanements to the competitive fares out of Chattanooga as compared to Knoxville and Atlanta, and people are choosing to fly out of Chattanooga. Secondly, it's much more convenient to travel out of Chattanooga than to drive to Knoxville, Nashville, or Atlanta. FedEx has been very pleased with their lift out of Chattanooga. So much so, that there have been unscheduled drop-ins from a second 757 at night.

Next, President Hart reported that the FBO transition has gone very well. He stated that Wilson Air held an open house for based tenants on January 15, and CMAA and Wilson were able to answer all of their questions about the transition. Overall, the feedback has been very positive. He said CMAA plans to have another tenant meeting in six months, and Commissioner Snow requested that the Board be made aware of any future meetings so members can attend.

Lastly, President Hart gave the Board a quick update about the terminal renovation project. The pre-security restaurant opened February 10. About 95 percent of the renovation is complete; a few minor details are all that are left.

Board Action

Ground Transportation Leases

Ms. Cameron addressed the Board. CMAA currently leases counter space located in the south end of baggage claim to Blue Ridge Limousine, Mercury Cab Company and Millennium Taxi to conduct operations at the airport. Each company has indicated their desire to retain the leasehold space and enter into a new one year agreement with one eleven month renewal option at the sole discretion of CMAA. The eleven month option would allow the term to end concurrently with the other ground transportation leases which run on a February 1 – January 31 timeframe.

The Standards of Operation that were developed previously for these operations have been included in the new agreements and include the following provisions:

- Company will only be allowed to maintain one company representative at the leased premises at any one time.
- Company is required to obtain approval and post professional logo signage representing its company at the leased premises.
- Only one computer is allowed to be maintained at the leased premises.
- No televisions or other electronic devices are allowed at the leased premises.
- No items will be allowed at the counter unless required for performance of ground transportation operations at the airport.
- Food may not be kept or consumed at the leased premises.
- Company must at all times maintain the required authorization from the Authority as well as maintain compliance with CMAA's Commercial Ground Transportation Rules and Regulations in order to conduct ground transportation operations at the airport.

Throughout the agreement, each company will be required to pay \$205.70 per month to CMAA, which is a 10 percent increase from the previous agreements, and maintain general liability insurance in the amount of \$1 million.

Vice Chairman Hall asked if the airport keeps a record of complaints against the ground transportation services at the airport. Ms. Cameron said yes, CMAA keeps a log of all complaints made.

Board Action: This item has three requests.

Ms. Cameron requested Board approval of a contract with Blue Ridge Limousine for a term of one year with one eleven month renewal option at the sole discretion of CMAA commencing on March 1, 2014 in the amount of \$205.70 per month.

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

Ms. Cameron requested Board approval of a contract with Mercury Cab Company for a term of one year with one eleven month renewal option at the sole discretion of CMAA commencing on March 1, 2014 in the amount of \$205.70 per month.

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

Ms. Cameron requested Board approval of a contract with Millennium Taxi for a term of one year with one eleven month renewal option at the sole discretion of CMAA commencing on March 1, 2014 in the amount of \$205.70 per month.

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

Revision to the FY 2014 Budget

Ms. Cameron continued. CMAA Bylaws state that in the event of a sudden and material change in either general economic conditions or in the scope of airport operations, the current operating and capital budgets shall be amended. Given the purchase of the TAC Air operations at the airport, the economic conditions have changed which require revision to the FY 2014 operating and capital budgets. A summary of the changes being requested are presented in the books. The new operations are expected to increase revenues from \$9.8 million to \$16.3 million while expenses are expected to increase from \$6.9 million to \$12.6 million. Both changes in revenues and expenses are primarily driven by the additional fuel that CMAA expects to purchase and sell. The remaining portion of the additional revenue will come in the form of additional rent revenue and other sources such as into plane fees. The remaining increase in expenses is due to the additional staffing and expenses associated with the increased operations.

Capital expenses will increase by approximately \$43,000 which will be used for additional capital purchases to support the operations.

Finally, debt service has increased to cover payment of the new bonds and the Debt Reserve Fund is being funded for the year.

This budget revision has been developed and based on the projections put together when CMAA went through the TAC Air purchase. CMAA put together a projection of where they believe the airport will be, and that is what this revision is based on substantially. Ms. Cameron stated that CMAA is 37 days into this operation, and every day they are learning the ins and outs, expenses, and revenues. By the time CMAA brings forth the 2015 fiscal budget in a few months, CMAA will have a very good idea of what the operation will look like going forward into the next fiscal year.

Commissioner Mitchell asked what evaluation has been done on the expense side and whether any cost savings have been noted since the operations have been consolidated. Ms. Cameron said CMAA projects savings from a staffing standpoint, but some things will increase such as insurance. By the time CMAA puts a budget together for the next fiscal year they will have a better idea.

Vice Chairman Hall asked how Wilson Air Center's takeover of TAC Air's operations has gone. Dave Ivey addressed the Board and said the transition has been going very well. They determined that gaining the confidence of the tenants was imperative so they made a point of having an overabundance of staff available to answer any questions, make sure all planes were fueled and pulled up on time, repair some of the items that were not repaired when TAC Air left, etc. Wilson staff was brought in to train TAC Air employees the week after the acquisition. Mr. Ivey said the TAC Air employees have worked out very well and Wilson is very pleased with their work and the understanding of TAC Air tenants they bring to the operation.

Board Action: Ms. Cameron requested Board approval of the revision to the FY 2014 Budget as outlined.

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

Report on Debt Obligations

Ms. Cameron presented the Debt Obligations report to the Board. In accordance with the bonds that were issued last month, CMAA is required to submit a Report on Debt Obligation to the State of Tennessee. This report simply states the terms associated with both the taxable and tax-exempt bonds. The report has been developed by bond counsel and reviewed by both staff and airport legal counsel and a copy has been placed in the Board books for review. This item does not require Board approval as the bonds have already been approved. It simply must be presented to the Board prior to submission to the State. The report is as follows:

REPORT ON DEBT OBLIGATION (Pursuant to Tennessee Code Annotated Section 9-21-151)

1. Public Entity:	
Name:	<u>Chattanooga Metropolitan Airport Authority</u>
Address	<u>1001 Airport Road, Suite 14</u> <u>Chattanooga, Tennessee 37421</u>
Debt Issue Name:	<u>\$4,913,923.00 Taxable Revenue Bond, Series 2014B</u>
If disclosing initially for a program, attach the form specified for updates, indicating the frequency required.	

2. Face Amount:	<u>\$ 4,913,923.00</u>
Premium/Discount:	<u>\$ 0.00</u>

3. Interest Cost:	<u>4.9900</u> %	<input type="checkbox"/> Tax-exempt	<input checked="" type="checkbox"/> Taxable
<input type="checkbox"/> TIC	<input checked="" type="checkbox"/> NIC		
<input type="checkbox"/> Variable:	Index _____ plus _____ basis points; or		
<input type="checkbox"/> Variable: Remarketing Agent	_____		
<input type="checkbox"/> Other:	_____		

4. Debt Obligation:		
<input type="checkbox"/> TRAN	<input type="checkbox"/> RAN	<input type="checkbox"/> CON
<input type="checkbox"/> BAN	<input type="checkbox"/> CRAN	<input type="checkbox"/> GAN
<input checked="" type="checkbox"/> Bond	<input type="checkbox"/> Loan Agreement	<input type="checkbox"/> Capital Lease
If any of the notes listed above are issued pursuant to Title 9, Chapter 21, enclose a copy of the executed note with the filing with the Office of State and Local Finance ("OSLF").		

5. Ratings:		
<input checked="" type="checkbox"/> Unrated		
Moody's _____	Standard & Poor's _____	Fitch _____

6. Purpose:					
<input type="checkbox"/> General Government _____ % <input type="checkbox"/> Education _____ % <input type="checkbox"/> Utilities _____ % <input checked="" type="checkbox"/> Other <u>100.00</u> % <input type="checkbox"/> Refunding/Renewal _____ %	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <th align="center" colspan="2">BRIEF DESCRIPTION</th> </tr> <tr> <td style="width:50%;"></td> <td style="width:50%;"><u>airport facilities</u></td> </tr> </table>	BRIEF DESCRIPTION			<u>airport facilities</u>
BRIEF DESCRIPTION					
	<u>airport facilities</u>				

7. Security:	
<input type="checkbox"/> General Obligation	<input type="checkbox"/> General Obligation + Revenue/Tax
<input checked="" type="checkbox"/> Revenue	<input type="checkbox"/> Tax Increment Financing (TIF)
<input type="checkbox"/> Annual Appropriation (Capital Lease Only)	<input type="checkbox"/> Other (Describe): _____

8. Type of Sale:	
<input type="checkbox"/> Competitive Public Sale	<input type="checkbox"/> Interfund Loan _____
<input checked="" type="checkbox"/> Negotiated Sale	<input type="checkbox"/> Loan Program _____
<input type="checkbox"/> Informal Bid	

9. Date:	
Dated Date: <u>01/10/2014</u>	Issue/Closing Date: <u>01/10/2014</u>

REPORT ON DEBT OBLIGATION

(Pursuant to Tennessee Code Annotated Section 9-21-151)

10. Maturity Dates, Amounts and Interest Rates *:

Year	Amount	Interest Rate	Year	Amount	Interest Rate
2014	\$ 133,888.19	4.9900 %		\$	%
2015	\$ 152,845.89	4.9900 %		\$	%
2016	\$ 160,098.11	4.9900 %		\$	%
2017	\$ 169,051.01	4.9900 %		\$	%
2018	\$ 177,804.94	4.9900 %		\$	%
2019	\$ 187,012.17	4.9900 %		\$	%
2020	\$ 196,134.39	4.9900 %		\$	%
2021	\$ 206,852.58	4.9900 %		\$	%
2022	\$ 217,563.97	4.9900 %		\$	%
2023	\$ 228,830.05	4.9900 %		\$	%
2024	\$ 3,083,841.70	4.9900 %		\$	%

If more space is needed, attach an additional sheet.

If (1) the debt has a final maturity of 31 or more years from the date of issuance, (2) principal repayment is delayed for two or more years, or (3) debt service payments are not level throughout the retirement period, then a cumulative repayment schedule (grouped in 5 year increments out to 30 years) including this and all other entity debt secured by the same source **MUST BE PREPARED AND ATTACHED**. For purposes of this form, debt secured by an ad valorem tax pledge and debt secured by a dual ad valorem tax and revenue pledge are secured by the same source. Also, debt secured by the same revenue stream, no matter what lien level, is considered secured by the same source.

* This section is not applicable to the Initial Report for a Borrowing Program.

11. Cost of Issuance and Professionals:☐ No costs or professionals

	AMOUNT (Round to nearest \$)	FIRM NAME
Financial Advisor Fees	\$ 0	
Legal Fees	\$ 0	
Bond Counsel	\$ 19,948	Baker, Donelson, Bearman, Caldwell & Berkowitz, PC
Issuer's Counsel	\$ 2,418	Chambliss, Bahner & Stophel, P.C.
Trustee's Counsel	\$ 0	
Bank Counsel	\$ 0	
Disclosure Counsel	\$ 0	
Paying Agent Fees	\$ 0	
Registrar Fees	\$ 0	
Trustee Fees	\$ 0	
Remarketing Agent Fees	\$ 0	
Liquidity Fees	\$ 0	
Rating Agency Fees	\$ 0	
Credit Enhancement Fees	\$ 0	
Bank Closing Costs	\$ 0	
Underwriter's Discount _____%		
Take Down	\$ 0	
Management Fee	\$ 0	
Risk Premium	\$ 0	
Underwriter's Counsel	\$ 0	
Other expenses	\$ 0	
Printing and Advertising Fees	\$ 0	
Issuer/Administrator Program Fees	\$ 0	
Real Estate Fees	\$ 0	
Sponsorship/Referral Fee	\$ 0	
Other Costs <u>Newspaper notice</u>	\$ 163	Chattanooga Times Free Press
TOTAL COSTS	\$ 22,529	

REPORT ON DEBT OBLIGATION

(Pursuant to Tennessee Code Annotated Section 9-21-151)

12. Recurring Costs:☒ No Recurring Costs

Remarketing Agent
 Paying Agent / Registrar
 Trustee
 Liquidity / Credit Enhancement
 Escrow Agent
 Sponsorship / Program / Admin
 Other _____

AMOUNT
(Base, points, \$)

FIRM NAME
(If different from #11)

13. Disclosure Document / Official Statement:☒ None Prepared☐ EMMA link _____ or☐ Copy attached**14. Continuing Disclosure Obligations:**

Is there an existing continuing disclosure obligation related to the security for this debt?

☐ Yes☒ No

Is there a continuing disclosure obligation agreement related to this debt?

☐ Yes☒ No

If yes to either question, date that disclosure is due _____

Name and title of person responsible for compliance _____

15. Written Debt Management Policy:

Governing Body's approval date of the current version of the written debt management policy

06/17/2013

Is the debt obligation in compliance with and clearly authorized under the policy?

☒ Yes☐ No**16. Written Derivative Management Policy:**☒ No derivative

Governing Body's approval date of the current version of the written derivative management policy _____

Date of Letter of Compliance for derivative _____

Is the derivative in compliance with and clearly authorized under the policy?

☐ Yes☐ No**17. Submission of Report:**

To the Governing Body:

on 02/17/2014

and presented at public meeting held on

02/17/2014

Copy to Director to OSLF:

on 02/19/2014

either by:

☐ Mail to:

505 Deaderick Street, Suite 1600
 James K. Polk State Office Building
 Nashville, TN 37243-1402

OR

☒ Email to:StateAndLocalFinance.PublicDebtForm@cot.tn.gov**18. Signatures:****AUTHORIZED REPRESENTATIVE****PREPARER**

Name

Terry L. HartLouann P. Smith

Title

President & CEOAttorney

Firm

Baker, Donelson, Bearman, Caldwell & Berkowitz, P.C.

Email

thart@chattairport.comlpsmith@bakerdonelson.com

Date

02/17/201402/17/2014

REPORT ON DEBT OBLIGATION

(Pursuant to Tennessee Code Annotated Section 9-21-151)

1. Public Entity:			
Name:	Chattanooga Metropolitan Airport Authority		
Address	1001 Airport Road, Suite 14		
	Chattanooga, Tennessee 37421		
Debt Issue Name:	\$5,086,077 Tax Exempt Revenue Bond, Series 2014A		
If disclosing initially for a program, attach the form specified for updates, indicating the frequency required.			
2. Face Amount: \$ 5,086,077.00			
Premium/Discount:	\$ 0.00		
3. Interest Cost: 3.9900 %			
<input checked="" type="checkbox"/> Tax-exempt <input type="checkbox"/> Taxable			
<input type="checkbox"/> TIC <input checked="" type="checkbox"/> NIC			
<input type="checkbox"/> Variable: Index _____ plus _____ basis points, or			
<input type="checkbox"/> Variable: Remarketing Agent _____			
<input type="checkbox"/> Other: _____			
4. Debt Obligation:			
<input type="checkbox"/> TRAN <input type="checkbox"/> RAN <input type="checkbox"/> CON <input type="checkbox"/> BAN <input type="checkbox"/> CRAN <input type="checkbox"/> GAN <input checked="" type="checkbox"/> Bond <input type="checkbox"/> Loan Agreement <input type="checkbox"/> Capital Lease			
If any of the notes listed above are issued pursuant to Title 9, Chapter 21, enclose a copy of the executed note with the filing with the Office of State and Local Finance ("OSLF").			
5. Ratings:			
<input checked="" type="checkbox"/> Unrated Moody's _____ Standard & Poor's _____ Fitch _____			
6. Purpose:			
<input type="checkbox"/> General Government _____ % <input type="checkbox"/> Education _____ % <input type="checkbox"/> Utilities _____ % <input checked="" type="checkbox"/> Other 100.00 % <input type="checkbox"/> Refunding/Renewal _____ %	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #333; color: white;">BRIEF DESCRIPTION</th> </tr> </thead> <tbody> <tr> <td>airport facilities</td> </tr> </tbody> </table>	BRIEF DESCRIPTION	airport facilities
BRIEF DESCRIPTION			
airport facilities			
7. Security:			
<input type="checkbox"/> General Obligation <input type="checkbox"/> General Obligation + Revenue/Tax <input checked="" type="checkbox"/> Revenue <input type="checkbox"/> Tax Increment Financing (TIF) <input type="checkbox"/> Annual Appropriation (Capital Lease Only) <input type="checkbox"/> Other (Describe): _____			
8. Type of Sale:			
<input type="checkbox"/> Competitive Public Sale <input type="checkbox"/> Interfund Loan _____ <input checked="" type="checkbox"/> Negotiated Sale <input type="checkbox"/> Loan Program _____ <input type="checkbox"/> Informal Bid			
9. Date:			
Dated Date: 01/10/2014	Issue/Closing Date: 01/10/2014		

REPORT ON DEBT OBLIGATION

(Pursuant to Tennessee Code Annotated Section 9-21-151)

10. Maturity Dates, Amounts and Interest Rates *:

Year	Amount	Interest Rate	Year	Amount	Interest Rate
2014	\$ 154,746.33	3.9900 %		\$	%
2015	\$ 175,103.69	3.9900 %		\$	%
2016	\$ 181,780.10	3.9900 %		\$	%
2017	\$ 189,811.84	3.9900 %		\$	%
2018	\$ 197,634.19	3.9900 %		\$	%
2019	\$ 205,779.54	3.9900 %		\$	%
2020	\$ 213,809.33	3.9900 %		\$	%
2021	\$ 223,071.92	3.9900 %		\$	%
2022	\$ 232,265.82	3.9900 %		\$	%
2023	\$ 241,837.59	3.9900 %		\$	%
2024	\$ 3,070,236.35	3.9900 %		\$	%

If more space is needed, attach an additional sheet.

If (1) the debt has a final maturity of 31 or more years from the date of issuance, (2) principal repayment is delayed for two or more years, or (3) debt service payments are not level throughout the retirement period, then a cumulative repayment schedule (grouped in 5 year increments out to 30 years) including this and all other entity debt secured by the same source **MUST BE PREPARED AND ATTACHED**. For purposes of this form, debt secured by an ad valorem tax pledge and debt secured by a dual ad valorem tax and revenue pledge are secured by the same source. Also, debt secured by the same revenue stream, no matter what lien level, is considered secured by the same source.

* This section is not applicable to the Initial Report for a Borrowing Program.

11. Cost of Issuance and Professionals:☐ No costs or professionals

	AMOUNT (Round to nearest \$)	FIRM NAME
Financial Advisor Fees	\$ 0	
Legal Fees	\$ 0	
Bond Counsel	\$ 20,646	Baker, Donelson, Bearman, Caldwell & Berkowitz, PC
Issuer's Counsel	\$ 2,502	Chambliss, Bahner & Stophel, P.C.
Trustee's Counsel	\$ 0	
Bank Counsel	\$ 0	
Disclosure Counsel	\$ 0	
Paying Agent Fees	\$ 0	
Registrar Fees	\$ 0	
Trustee Fees	\$ 0	
Remarketing Agent Fees	\$ 0	
Liquidity Fees	\$ 0	
Rating Agency Fees	\$ 0	
Credit Enhancement Fees	\$ 0	
Bank Closing Costs	\$ 0	
Underwriter's Discount _____%		
Take Down	\$ 0	
Management Fee	\$ 0	
Risk Premium	\$ 0	
Underwriter's Counsel	\$ 0	
Other expenses	\$ 0	
Printing and Advertising Fees	\$ 0	
Issuer/Administrator Program Fees	\$ 0	
Real Estate Fees	\$ 0	
Sponsorship/Referral Fee	\$ 0	
Other Costs Newspaper notice	\$ 179	Chattanooga Times Free Press
TOTAL COSTS	\$ 23,327	

REPORT ON DEBT OBLIGATION

(Pursuant to Tennessee Code Annotated Section 9-21-151)

12. Recurring Costs:		
<input checked="" type="checkbox"/> No Recurring Costs		
	AMOUNT <small>(Base point/s)</small>	FIRM NAME <small>(If different from #11)</small>
Remarketing Agent	_____	_____
Paying Agent / Registrar	_____	_____
Trustee	_____	_____
Liquidity / Credit Enhancement	_____	_____
Escrow Agent	_____	_____
Sponsorship / Program / Admin	_____	_____
Other _____	_____	_____


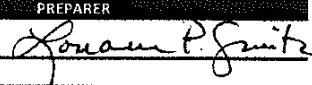
13. Disclosure Document / Official Statement:	
<input checked="" type="checkbox"/> None Prepared	
<input type="checkbox"/> EMMA link _____	or
<input type="checkbox"/> Copy attached _____	

14. Continuing Disclosure Obligations:	
Is there an existing continuing disclosure obligation related to the security for this debt?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Is there a continuing disclosure obligation agreement related to this debt?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If yes to either question, date that disclosure is due _____	
Name and title of person responsible for compliance _____	

15. Written Debt Management Policy:	
Governing Body's approval date of the current version of the written debt management policy	<u>06/17/2013</u>
Is the debt obligation in compliance with and clearly authorized under the policy?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

16. Written Derivative Management Policy:	
<input checked="" type="checkbox"/> No derivative	
Governing Body's approval date of the current version of the written derivative management policy	_____
Date of Letter of Compliance for derivative	_____
Is the derivative in compliance with and clearly authorized under the policy?	<input type="checkbox"/> Yes <input type="checkbox"/> No

17. Submission of Report:	
To the Governing Body: on <u>02/17/2014</u>	and presented at public meeting held on <u>02/17/2014</u>
Copy to Director to OSLF: on <u>02/19/2014</u>	either by:
<input type="checkbox"/> Mail to: 505 Deaderick Street, Suite 1600 James K. Polk State Office Building Nashville, TN 37243-1402	<input checked="" type="checkbox"/> Email to: <u>StateAndLocalFinance.PublicDebtForm@cot.tn.gov</u>

18. Signatures:	
AUTHORIZED REPRESENTATIVE	PREPARER
Name: <u>Terry L. Hart</u> 	Name: <u>Louann P. Smith</u> 
Title: <u>President & CEO</u>	Title: <u>Attorney</u>
Firm: _____	Firm: <u>Baker, Donelson, Bearman, Caldwell & Berkowitz, P.C.</u>
Email: <u>thart@chattairport.com</u>	Email: <u>lpsmith@bakerdonelson.com</u>
Date: <u>02/17/2014</u>	Date: <u>02/17/2014</u>

Replacement of Airport Vehicle

Maurice Songy addressed the Board. The leased vehicle operated by the Airport Director of Maintenance must be returned to the dealership on February 23, 2014 at the end of the lease term. In order to ensure immediate response to any terminal, airfield, or aircraft emergency, CMAA provides the holder of this position with a take home vehicle.

Three quotes were solicited and received. CMAA staff recommends acceptance of the lowest quote submitted by Mountain View Ford for the purchase of one 2014 Ford Explorer in the amount of \$30,189.93. This item was not included in the approved capital budget, however CMAA procured a grant for 95 percent of the purchase and the remainder will be paid from the originally budgeted lease payments. Given that CMAA will not purchase this vehicle until receiving the executed grant from the state, CMAA is requesting approval to purchase in an amount not to exceed \$31,667.

Commissioner Mitchell asked why CMAA has chosen to buy the car rather than lease it. Ms. Cameron responded that since the airport keeps the vehicles for so long, upwards of 13 years, it makes the most fiscal sense to purchase the vehicle with this grant for \$1,500 rather than have an ongoing lease payment.

Board Action: Mr. Songy requested Board approval for the purchase of one 2014 Ford Explorer from Mountain View Ford in an amount not to exceed \$31,667.

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

Other Business

Vice Chairman Hall addressed the Board with his concerns regarding the complaints he received about the deicing equipment issues on December 31, 2013. He said he wanted to be sure the airport is prepared because it is important safety equipment. President Hart stated that the deicing equipment is the property of the airlines not the airport. On the morning of December 31, there were equipment failures with the carriers' vehicles, and they were unable to deice that morning. President Hart and Maurice Songy stepped in once they were made aware of the issues and had Wilson loan its deicing truck until a mechanic for the airport could repair one of the carrier's trucks. However, Delta made an operational decision from Atlanta to cancel some of the operations that morning. President Hart said he has spoken with Wilson Air Center about the possibility of Wilson providing deicing services to the carriers next winter. CMAA plans to continue having discussions with Wilson about possible solutions.

Vice Chairman Hall also brought to the Board's attention his concerns with Delta's service reliability in the past month. He suggested the possibility of putting a letter together from the Board, as well as some members going to Atlanta to meet with Delta to express their concerns. He stated that a few years ago, CMAA had similar service problems with Delta. A vice president from Delta visited the airport, and there was considerable improvement in the service. President Hart said the challenge has been in the past month two weather events that have crippled Atlanta. Also, due to the Department of Transportation rules, when there are events like this there will be a high number of cancellations. Airlines pre-cancel flights because if they have

people stuck on airplanes for over three hours they are required to pay fines. Still, President Hart said, it is always good to reach out to carriers and have conversations with them. Commissioner Mallen suggested documenting Delta's performance so the airport can graphically track performance numbers.

Public Comment

None

Closing Comment

Vice Chairman Hall thanked everyone in attendance. He stated that he is very excited with what is happening at the airport and reiterated his hope for service improvements.

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

Adjourn

**Chattanooga Metropolitan Airport Authority
Board of Commissioners Meeting Minutes
April 21, 2014**

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting Monday, April 21, 2014 at 2:00 p.m. Chairman Jacobson, Vice Chairman Hall, Commissioners Griffin, Lytle, Mallen, Snow, Veazey and Mitchell were present.

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

Minutes

On motion of Commissioner Hall, seconded by Commissioner Snow, the minutes of the February 17, 2014 meeting were approved.

President's Report

President Hart addressed the Board and thanked them for their attendance. He began by reporting that CMAA had one written consent since the last meeting.

CMAA is requesting Board approval to purchase one LEKTRO Pushback tractor and associated battery charging system from McKee Foods, Inc., for an amount of \$15,000. The unit, purchased new in 2003 by McKee, is no longer required with their relocation to the Westside campus. With that, a need exists in CMAA's FBO operation for a unit like this to tow corporate and general aviation aircraft. Given its immaculate condition, and the extremely favorable price, CMAA would like to add this to the FBO equipment fleet. The President of LEKTRO, which has 4,500 units in service, said, "\$15,000 for a 2003 AP8750SDB in immaculate condition is a fair price. LEKTRO tugs hold their value extremely well, and unlike an airline environment, a corporate operator does not use the units nearly as severe. I wouldn't be afraid of buying the unit at that price, especially if you are familiar with its condition/operation, and know the customer who has owned it."

This item was included in the recently approved capital budget revision.

This request was approved in writing by Chairman Jacobson, Vice Chairman Hall, Commissioners Mallen, Lytle, and Snow.

Board Action: President Hart requested Board approval for the purchase of one 2003 LEKTRO Pushback tractor and associated battery charging system from McKee Foods, Inc., for the amount of \$15,000.

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

President Hart continued saying he was pleased to report that the enplanement data for February 2014 showed a 12.5 percent increase over last February. Deplanements are tracking within the same line as enplanements. Operations were off a little from last February, but Cargo continues

the positive upward trend. In March, enplanements were upwards of 20 percent over March last year. Year to date, CMAA has seen a 15.5 percent increase in enplanements. Those are tracked by carrier. U.S. Airways shows a 30 percent increase, American is up 31 percent, and Delta is up about 13 percent over last year. Deplanements in March are also tracking in line with enplanements. Operations for the month of March were up nearly 12 percent. Year to date, cargo poundage is 5 percent over the first three months of last year.

Since the last meeting, President Hart said he reached out to Delta and had a conversation with them regarding service for the community. Delta is currently gathering performance data, reliability and dependability information, and President Hart will follow up with Delta to discuss the data once he receives it.

President Hart gave an update on a number of sustainability issues at the airport. First, John Naylor travelled to Denver a couple of months ago to attend an airport sustainability conference. While there he was presented with the J. Hollingsworth Speas Award for CMAA's Brainerd Road Water Quality Project. President Hart read the award narrative which said, "To recognize the person or person's judged to have contributed most outstandingly during the recent past towards achieving compatible relationships between airports and adjacent environments. Presented to the Chattanooga Metropolitan Airport Authority for innovative flood control and storm water management using green infrastructure to solve the flooding problems for the neighboring community while dramatically improving the area's appearance and extending the airport's runway protection site. February 2014." In addition to the award, CMAA received a \$10,000 honorarium. That \$10,000 will go into the facility and provide additional trees and vegetation for the property.

Second, CMAA's West Side Phase 2 Project received a LEED Gold certification. President Hart thanked Glenn Rivenbark, Allen & Hoshall, and Morgan Construction for their work.

Third, CMAA has been working with CARTA to add a bus stop at the airport. CMAA has heard from the community that there has not been a public transportation facility at the airport for many years. CMAA reached out to CARTA, and a new bus stop has been installed on Airport Road adjacent to the ticketing area. Service will begin the first week of May.

Finally, TESLA reached out to CMAA about plans to establish a charging network from Michigan to Florida for their TESLA Model S electric cars. Their plan is to install 6 charging stations in the Intermediate parking lot; in turn, they will compensate CMAA for the 6 parking spots being given up. TESLA will provide all of the utilities and infrastructure to install the stations. President Hart said he would have brought that agreement before the Board today, but it is not quite ready.

President Hart invited Maurice Songy to provide the Board with an update on the airport's Full Scale Drill. According to FAA Regulations Part 139, every three years a certificated airport must conduct a full scale drill to test the parameters of an airport's emergency plan. This includes Aircraft Rescue and Fire Fighting and responding mutual aid agencies. This year's participants included: CMAA Operation Safety and Fire, CMAA Security and Public Safety, CMAA Public Relations, Hamilton County MS, Hamilton County Fire Training, Chattanooga

Fire Department, Chattanooga Police Department, Angel EMS, Hamilton County Rescue Squad, and Delta Airlines. Mr. Songy gave a summary of the scenario and the events on the day of the drill. Mr. Songy thanked everyone who played a part in helping the drill be a success.

President Hart then introduced Dave Ivey with Wilson Air to give a presentation on the first 90 days of the FBO operations. His presentation is as follows:



WILSON AIR CENTER
Charlotte – Memphis – Houston - Chattanooga

**Aviation Support Services
Review of Operations**

CHA
CHATTANOOGA AIRPORT

1



Your Front Door to Business Chattanooga...
...Vision of CMAA Board



SERVICE

COMPETITIVE ADVANTAGE

PRICE

FACILITY

CHA
Wilson Air Center

2

Business Plan to Enhance Airport Services...

...CMAA Board Directives Accomplished

1) World Class Facilities



3

Facilities...

...First and Last Impression

- Corporate Aviation
 - > 17,000 Jet Powered Aircraft
 - > Majority are Business Operators
 - Senior Managers
 - 14%
 - Middle Managers
 - 49%
 - Professional Staff
 - 19%
- Chattanooga Airport
 - > Business Transient Operations Annually
 - Over 5,000 Jet Powered Business Aircraft
 - Over 3,000 Small Aircraft
 - > Airport
 - 24 Hour – ILS – Fire & Rescue – Tower



4

Business Plan to Enhance Airport Services...

...CMAA Board Directives Accomplished

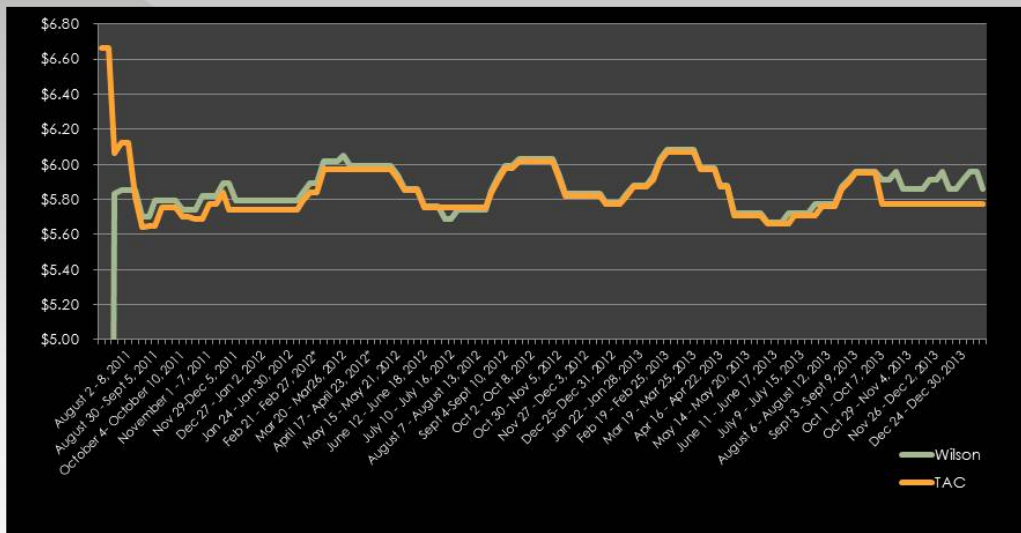
- 1) World Class Facilities
- 2) Price



5

Jet A Posted Retail at Chattanooga Airport

Thirty Month Historical

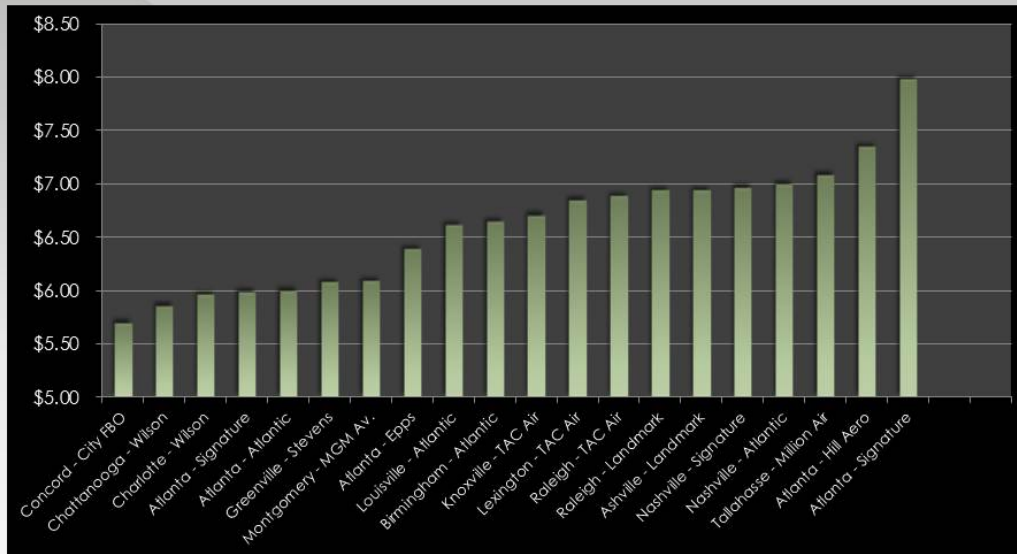


Posted Jet A at Chattanooga Airport

6

Jet A Fuel Pricing...

Area Pricing as of January 13, 2014



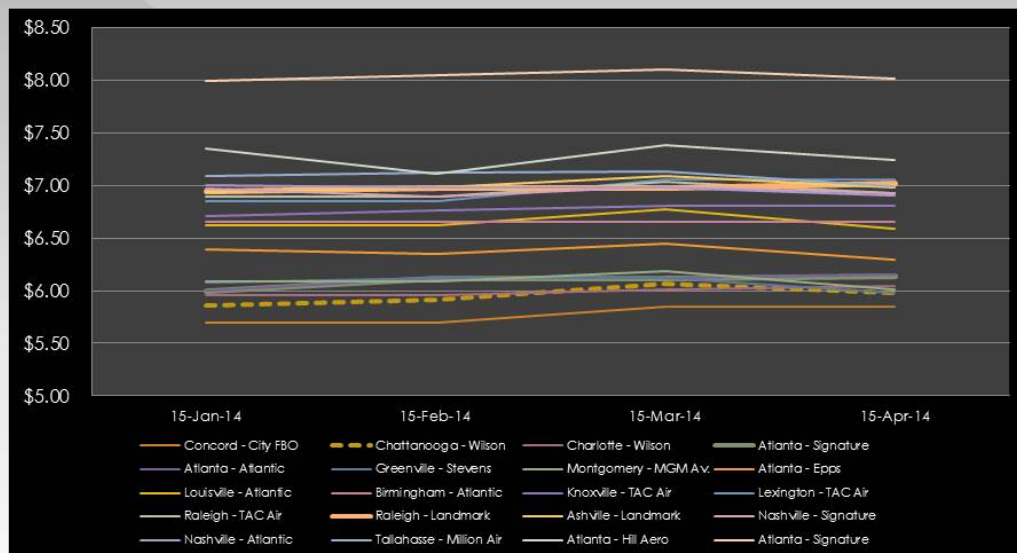
Similar size airports within 250 mile radius. Based on posted retail from AirNav.Com



7

Jet A Fuel Pricing...

Chattanooga Airport Pricing Remains Second Lowest in Survey



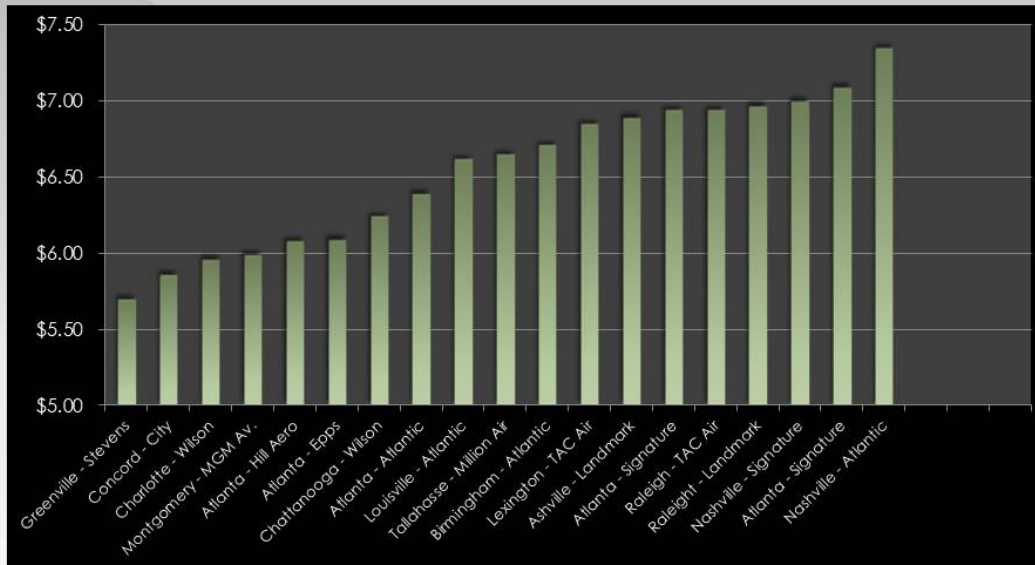
Similar size airports within 250 mile radius. Based on posted retail from AirNav.Com



8

Avgas Fuel Pricing...

Area Pricing as of January 13, 2014



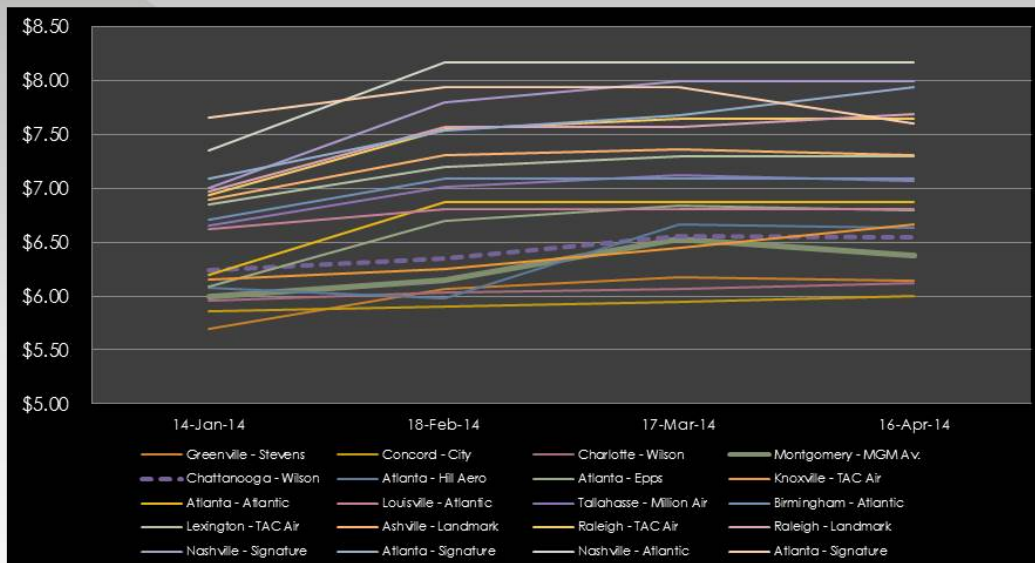
Similar size airports within 250 mile radius. Based on posted retail from AirNav.Com



9

Avgas Fuel Pricing...

Chattanooga Airport Pricing Is Seventh Lowest in Region



Similar size airports within 250 mile radius. Based on posted retail from AirNav.Com



10

Business Plan to Enhance Airport Services...

...CMAA Board Directives Accomplished

- 1) World Class Facilities
- 2) Price
- 3) Service



11

The Award Winning Service of Wilson Air Center...

...Chattanooga Recognition

AIN FBO SURVEY

Memphis/Nashville Metro Area		
WILSON AIR CENTER MEMPHIS	KMEM	9.0
WILSON AIR CENTER CHATTANOOGA	KCHA	8.7
ATLANTIC AVIATION	KBNA	8.1
SIGNATURE FLIGHT SUPPORT	KBNA	7.9
SIGNATURE FLIGHT SUPPORT	KMEM	7.5

Beginning its third year of operation...

Top 30% of all FBO's
In
North America



12

The Only FBO to be Voted #1 Best U.S. FBO Chain....Six Times!



Wilson Air Center has been voted as the #1 Best Small U.S. FBO Chain for six times. No other FBO comes close to the unsurpassed level of customer service. A "small FBO" is defined by Professional Pilot Magazine as ten or less operations. Wilson Air Center has operations in CLT-MEM-HOU-CHA.



13

Wilson Air Center...
...Who We Are



- Four locations.
- 175 employees.
- 1,250,000 sq. ft. of hangar space.
- 150,000 sq. ft. of terminal and office.
- Service to over 75,000 businessjet operations annually.
- Airline Fueling.
- Airline De-Icing.
- Construction design and management.

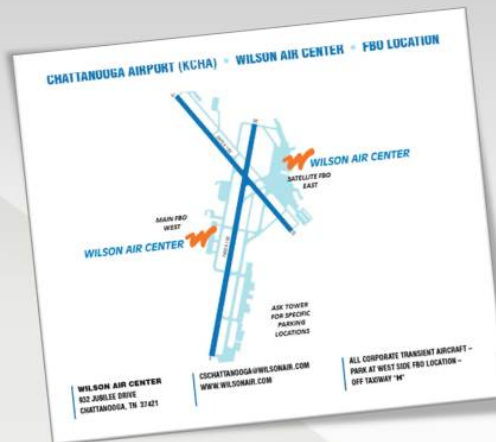


14

The Next Ninety Days...

...Planning Items

- Current and Future Capacity Analysis
- Infrastructure Review
- Best Business Practices Study
- Aviation Marketing
- Partnership with City, Chamber, Visitors Bureau
 - > Front Door
 - > First & Last Impression



15



16

Board Action

Hertz Corporation Service Facility Lease

President Hart addressed the Board. CMAA is requesting Board approval to enter into a new Lease Agreement with the Hertz Corporation for a Service Facility consisting of a 2,079 square foot building and associated land measured to be 42,585 square feet located at 1101 Airport Road. The service facility will be used solely for the purpose of maintaining, servicing and storing vehicles to accommodate passengers arriving and departing from the airport. The premises are leased in an “AS IS” condition whereas Hertz bears sole responsibility for all maintenance, routine upkeep, and repair of the building (including but not limited to the roof and HVAC), parking area, shrubbery, other plantings, fencing, and anything else whatsoever on the premises.

The initial term of the agreement is for two years ending on April 20, 2016 with one three-year renewal option. The rental amount of \$1,388.33 is due in advance on the first day of each month. Following March 31, 2015 and at the end of each year during the term of this lease, including any renewal term, the fixed monthly minimum rent amount shall be adjusted upward if the cost of living index discloses an increase in the cost of living, accordingly to the United States Consumer Price Index.

This represents about a 12 percent increase in rent from the past year. There is a termination clause in the agreement at the airport’s determination.

Commissioner Mitchell asked how CMAA is maintaining the facilities. President Hart said the airport maintenance staff conducts routine inspections of the facilities following an extensive checklist.

Board Action: President Hart requested Board approval to enter into a service facility lease commencing on April 21, 2014 with the Hertz Corporation for two years in the amount of \$16,659.96 per year for year one and may be adjusted upward annually throughout the term and any renewal terms according to the US Consumer Price Index.

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

Carpet Cleaning Services

Maurice Songy addressed the Board. CMAA is requesting Board approval of a contract for carpet cleaning services. In March, CMAA issued a Request for Proposals for the cleaning of the carpet in the airport terminal.

The scope of this contract will include:

- Cleaning of at least one of the identified eleven carpeted zones in the terminal nightly for 5 nights per week utilizing the approved cleaning methods of the manufacturer.
- Spot cleaning as requested by CMAA.

CMAA received six proposals and after reviewing, staff recommends acceptance of an agreement with ERM. ERM is the current provider of the service. The term of the contract will be for three (3) years with two (2) twelve-month renewal options commencing May 1, 2014 and ending April 30, 2017 for a monthly amount of \$5,021.88.

Vice Chairman Hall asked how old the cleaning equipment is, and how its age would affect the new carpets. Jeff Brewer of ERM stated the sweepers are one and two years old, and the extractor is three years old. The cleaning process will be the same; sweeping all the carpet nightly, and doing hot water extraction on the zones as they're laid out. There is a warranty on the carpet that does meet the specifications recommended by Tandy, the carpet manufacturer.

Board Action: Mr. Songy requested Board approval to enter into a contract with ERM to provide carpet cleaning services for a monthly contracted amount of \$5,021.88.

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

North Terminal Ramp Rehabilitation Construction

John Naylor addressed the Board and said CMAA is requesting Board approval for two items associated with the North Terminal Ramp Rehabilitation project.

The project is for the reconstruction of existing pavement used for commercial aircraft parking at Terminal Gates 2, 4, and 5. Existing pavement types vary and include concrete, asphalt, and concrete overlaid with asphalt. Pavement includes existing electrical, sanitary sewer, and drainage sewer structures. The current ramp has exceeded its design life.

The first item is for a contract with Thomas Brothers Construction Company, Inc., for the North Terminal Ramp Rehabilitation in the amount of \$1,898,752. CMAA received five bids for this project. After meeting all of the bid requirements, Allen and Hoshall has recommended awarding the construction contract to the apparent low bidder, Thomas Brothers Construction Company, Inc. CMAA has reviewed the Engineer's recommendation and is in agreement. The bid price was \$1,898,752. The engineers estimate for this project was \$2,310,367.

The second item is to approve Task Order 22 with Allen and Hoshall in the amount of \$285,000 for engineering services associated with the North Terminal Ramp Rehabilitation project. The fee includes engineering services for the Construction Administration, Submittals/Shop Drawings, Resident Project Representative, Final Survey, As-built Drawings, and Quality Assurance Testing.

Funding for the engineering services and construction work is 90 percent Federal with the remaining 10 percent to be paid by CMAA. All requests are contingent upon receiving a Federal AIP Grant. This is a budgeted item.

Commissioner Mallen asked what the surface area is in square feet, and how long the project will take. Mike McBrayer with Thomas Brothers Construction addressed the Board and said the

surface area is 10,000 square yards, around 90,000 square feet. The project from start to finish will take 180 days. It is divided into three phases, and only one gate will be taken out at a time.

Chairman Jacobson asked if the bid meets the DBE requirements. Mr. Naylor said the bid exceeds the DBE requirements. The airport has a 10 percent goal, and what was proposed came in at 11 percent. For this project, all five bidders met the 10 percent goal. Commissioner Mitchell asked what the administration fee covers, how much it is, and who receives it. Mr. Naylor said the administrative fee is \$125,367.00. That fee covers the bidding process, paper charges to run legal notices, and what CMAA has to do to manage the project.

Board Action: CMAA has two separate requests.

Mr. Naylor requested Board approval for a contract with Thomas Brothers Construction Company, Inc., for the North Terminal Ramp Rehabilitation project in the amount of \$1,898,752 contingent upon receiving a Federal Airport Improvement Program Grant.

Motion for approval by Commissioner Lytle, seconded by Commissioner Hall. Motion approved.

Mr. Naylor requested Board approval for Task Order 22 with Allen and Hoshall in the amount of \$285,000 for engineering services associated with the North Terminal Ramp Rehabilitation project contingent upon receiving a Federal Airport Improvement Program Grant.

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

Morgan Construction Contract Amendment

Mr. Naylor continued, CMAA is requesting Board approval to amend the contract with Morgan Construction to construct additional vehicle parking spaces for the West Side Aviation Development.

The amendment is for the construction of additional vehicle parking spaces south of the General Aviation Terminal in support of the Phase II build out. All work will be completed using original bid pricing submitted by Morgan Construction. The current contract amount will be increased by \$134,610 for a total amount of \$4,842,452.37. The construction is funded through the original state grant at 90 percent with 10 percent CMAA funds.

Vice Chairman Hall asked if the additional 44 spaces will be adequate parking, and if CMAA has parking control equipment over on the West Side. Mr. Ivey said yes, the additional parking will be adequate to support current operations for both hangars. The parking is for the corporate hangars and terminal building.

Board Action: Mr. Naylor requested Board approval to amend the construction contract with Morgan Construction in the amount of \$134,610 for the construction of additional vehicle parking spaces to support the West Side Aviation Development.

Motion for approval by Commissioner Snow, seconded by Commissioner Lytle. Motion Approved.

INVISTA S.a.r.l. Advertising Agreement

President Hart addressed the Board. CMAA is requesting Board approval of an advertising agreement with INVISTA S.a.r.l, LLC. INVISTA is an international organization that produces chemical intermediates, polymers and fiber in their Chattanooga facility. The agreement will consist of a large window wrap at gate one. The wrap will cover six windows facing the dome and will be printed on perforated vinyl to allow maximum visibility. The term of the agreement is for 12 months, beginning April 21, 2014, at a monthly rate of \$1,000, or \$12,000 annually.

Commissioner Lytle asked how CMAA is controlling where advertising goes in the building. President Hart said CMAA has been looking for new areas suitable for advertising in the terminal.

Board Action: President Hart requested Board approval of an advertising agreement with INVISTA S.a.r.l, LLC in the amount of \$12,000.

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

Other Business

None

Public Comment

Carlene Vital with Chattanoogaans for Reliable Air Travel (CHART) addressed the Board. Ms. Vital asked the Board if they had received her group's petition, and what CMAA and the Board plan to do to address Delta's reliability issues. She asked President Hart when he spoke with Delta and what their response was. President Hart said he has spoken with Delta, and they have promised to provide performance information. He said he anticipates having a follow up with Delta in the coming weeks. Commissioner Griffin interjected to say there are always going to be delays when an airport is close to a major hub. Ms. Vital said she understands that, and CHART's position is not an attack on the airport. She said CHART is asking for CMAA's voice in fixing the issues.

Commissioner Mitchell asked if CHART's petition has been sent to Delta Air Lines. President Hart assured her that Delta does know about the petition, and that Delta has a department to manage social media. After CHART's social media presence took off, President Hart received no phone calls from Delta reaching out to address the petition. Commissioner Mitchell stated CHART's concerns are valid, and she questioned how CMAA will continue to have increasing enplanement numbers if Delta's service continues to be an issue. President Hart said the increase in enplanement numbers is driven mostly by price. He stated that more customers from Knox and Cobb Counties are choosing to fly out of Chattanooga because of competitive prices. However, President Hart promised to relay information back to Delta and open up a dialogue to address performance issues.

President Hart said he is going to talk to the people who make the everyday decisions at the airline rather than those in the executive office. He will open up a dialogue with them and see if there are things CMAA can do to help fix the problems. He will call upon his 25 years in the airline industry to offer suggestions. He is hopeful Delta or any of the other carriers will continue to have a dialogue with CMAA. Ms. Vital said she appreciates that and asked if there is anything CHART can do to support the airport.

Chairman Jacobson thanked Ms. Vital and the rest of CHART for all they have done. He said the main thing CHART can do is continue to support CMAA and lend their community voice to the issue. He said a possible solution would be to get larger aircraft coming into Chattanooga from Atlanta. Chairman Jacobson committed to keeping CHART updated on CMAA's dealings with Delta.

Greg Vital addressed the Board and said he appreciates the airport. He has used the airport for over 30 years on both the commercial and general aviation side. Mr. Vital said the reliability and predictability of Delta is why he won't fly out of Chattanooga commercially.

Vice Chairman Hall thanked everyone with CHART for attending the meeting. He said it's important for members of the Board to keep in mind that they are representatives of the community. He said there are a number of things the airport can do to alleviate the problem including: de-icing equipment, better maintenance support, and ground transportation to Atlanta.

Commissioner Mallen added that, because airlines are federally regulated, CHART could inform government officials of their frustrations.

Closing Comment

Chairman Jacobson thanked Carlene and Greg Vital for attending the meeting. He said he looks forward to working with them in the future. He thanked Mr. Songy for his presentation and for his work in keeping the airport safe. He thanked Mr. Ivey for his presentation and Wilson Air's commitment to working as a partner with the airport. He closed by reflecting on Earth Day, and the airport's commitment to sustainability.

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

Adjourn

**Chattanooga Metropolitan Airport Authority
Board of Commissioners Meeting Minutes
May 19, 2014**

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting Monday, May 19, 2014 at 2:00 p.m. Chairman Jacobson, Commissioners Veazey, Snow, Mallen and Griffin 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 Veazey, the minutes of the April 21, 2014 meeting were approved.

President's Report

President Hart addressed the Board and thanked them for their attendance. He began by reporting that CMAA had two written consents since the last meeting.

CMAA has been approached by Tesla Motors, Inc., requesting to install several electric vehicle charging stations in the intermediate parking lot. The agreement would allow Tesla to lease six dedicated parking spaces in order to install Tesla supercharger stations to be used by owners of Tesla vehicles. The agreement will commence on the date that the charging station opens to the public but no later than August 15, 2014. The initial term of the agreement is ten (10) years with one option to renew for an additional five (5) years. The rental rate for the term is as follows:

Years 1-5	\$588.00 per month
Years 6-10	\$648.00 per month
Years 11-15 (if exercised)	\$708.00 per month

Tesla is responsible for the installation, maintenance, and utilities of the premises. Tesla customers will not be charged for parking their vehicles for two hours or less in the airport parking lot.

This request was approved in writing by Chairman Jacobson, Vice Chairman Hall, Commissioners Lytle, Mallen, Snow, Mitchell and Griffin.

Board Action: President Hart requested Board approval to enter into a lease agreement with Tesla Motors, Inc., for six parking spaces at the rates provided.

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

President Hart continued, saying Federal Aviation Regulation Part 139 requires that a certified airport provide Aircraft Rescue and Firefighting capability according to the largest aircraft making five scheduled departures a day at the facility. The Chattanooga Airport operates as an

AARF Index “B”, which must provide at the minimum, at least 1,500 gallons of water with foam capability and 500 pounds of dry chemical. The Chattanooga Airport currently has two vehicles that meet this requirement, with one vehicle acting as a primary and one acting as a secondary. One vehicle, a 1999 E-One, recently developed engine issues and requires a rebuilt engine. The airport currently meets the required ARFF index with the remaining truck, however if that truck develops issues and has to be taken out of service, commercial flights will be restricted from operating at CHA. The estimated cost of repair for the E-One Airport Rescue and Firefighting vehicle from Freightliner of Chattanooga is \$27,360.19. Freightliner of Chattanooga is the only vendor in the area that repairs Detroit Diesel engines of this type.

This request was approved in writing by Chairman Jacobson, Vice Chairman Hall, Commissioners Mitchell, Snow, Lytle, Mallen and Griffin.

Chairman Jacobson asked how long the repair might take. President Hart said they anticipate four to six weeks to have the unit back in service. The engine has been ordered, but it hasn't been delivered yet. Once the engine is delivered Freightliner of Chattanooga anticipates two weeks.

Board Action: President Hart requested Board approval to enter into a contract with Freightliner of Chattanooga in an amount not to exceed \$30,000 to affect the required repairs for the 1999 E-One Airport Rescue and Firefighting vehicle.

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

President Hart spoke briefly about the grand reopening event at the airport on Saturday, April 26. About 175 people attended including Mayor Berke. President Hart said CMAA is very pleased with how the event went, and said it was an opportunity to recognize EMJ, DH&W and all the subcontractors who worked on the project.

President Hart updated the Board on the airport's sustainability projects. The terminal renovation project is on track to receive a LEED Silver certification. Also, the second phase of the Westside Development should receive a LEED Gold certification. Next, after a number of years, CARTA has returned to the airport. There is now a stop at the end of ticketing, and a number of people have already been seen using the CARTA service. Lastly, President Hart informed the Board that the winners of the 2014 Governor's Environmental Stewardship Awards have been announced. He said the Airport will receive the Pursuit of Excellence Award which recognizes past award winners who continue to demonstrate a high regard for environmental stewardship practices.

Finally, President Hart gave an update on air service at CHA. Today there are three airlines that serve the market: American/U.S. Airways, Delta and Allegiant. While these airlines only fly to a limited number of airports directly from Chattanooga, they are major hubs that grant passengers from Chattanooga access to wider domestic and international markets. In the past eight years, there has been a 35 percent increase in international traffic out of the market. This can be

explained both by the increase of investment in the community as well as the key hubs Chattanooga's airlines fly into.

President Hart gave an overview of the changes across the airline industry. He stated that the consolidation of airlines has left only four major players in the market: American, Delta, United, and Southwest. Also, for the airlines to remain profitable, they have stripped capacity out of the market. Parking airplanes are reducing seats in the markets. Airlines are phasing out 50 seat regional jets because they are no longer economically practical. This has changed the hub structure, and midsized hubs are going away, and major hubs are becoming more important. Additionally, last year the requirements for first officers at the airlines changed. The minimum requirements were greatly enhanced, and the cost to become an airline pilot has significantly increased. As a result, there is a shortage of pilots for regional airlines.

President Hart went on to say that he feels CMAA has an opportunity to get United Airlines into the airport. In the last 30 days, he has had discussions with United and will continue to speak with them. Next, he said CMAA is most interested in gaining access to the New York market and feels the best airline to provide service would be Delta to LaGuardia Airport. He stated that CMAA plans to go forward with the Boyd Group, an air service consultant group, to submit an application requesting an FAA Small Community Air Service Grant.

President Hart ended his report by updating the Board on Delta's air service. After the last Board meeting, President Hart had a meeting with representatives from Delta, Delta Connection, and ExpressJet. They discussed the background of Chattanooga and what had taken place over the last few years, problems and concerns in the market, the feedback that was being received, and performance. Delta provided performance data which President Hart presented to the Board. It showed how the Chattanooga Airport compared to other airports close to Atlanta.

First they measured the completion factor from March 2013 to April 2014 which showed a completion factor of 98.6 percent with the exception of January and February when snow in Atlanta caused all the airports to have cancellations. That equated to about 3.2 cancellations per month from Chattanooga based on a schedule of about 275 departures per month. If the weather cancellations in January and February are factored in, Delta operated at a completion factor of 97.4 percent. Next, they measured the number of on time departures. Chattanooga experienced huge thunderstorm activity affecting departures in June and July of 2013. The data shows Chattanooga performing comparable to the other airports measured for the rest of the year. Delta also measured the percentage of on time first flight departures. President Hart said this was the performance data Delta was most concerned with. It showed Chattanooga was not performing as well as other markets in getting the first flight out on time. Finally, Delta measured arrivals that arrive within 14 minutes of their scheduled time. If a flight arrives within the parameters of A14 it is considered on time by the airline. Again, Chattanooga fell in June and July of 2013 due to thunderstorm activity but remained in line with the other markets for the rest of the year.

President Hart said the data shows Chattanooga does not have the worst performance, but there are areas for improvement. At the request of Vice Chairman Hall, President Hart asked Delta to provide him with the data for the last departure from Atlanta to Chattanooga over the last 12 months. Delta had scheduled 326 flights and operated 315, or 96.6 percent.

President Hart said when he met with Delta he told them that the data shows that Chattanooga's performance is not bad, but the perception in the community is that Delta is unreliable. President Hart offered suggestions for fixing that perception. Delta also brought a number of possible solutions to the table. They admitted that ExpressJet, one of the key feeders into their hubs, needed focus. Recently there have been changes to ExpressJet's leadership and a lot of things are happening as a result of that. Also, as the industry changes 50 seat regional jets are going away. Two to three years ago, Delta operated 550 CRJ-200s. Today they operate 250, and Delta plans to cut that to 125 by the end of the year. That allows Delta to place more spare aircraft in their hubs. When a difficulty occurs, Delta has the ability to pull a spare, put it on the line, and maintain the schedule. Delta also looked at their capture rate, how many of their planes are being touched by maintenance at night. Around 20 percent of their fleet was being captured but now it is up to 35 percent of their fleet. Since speaking with Delta, there have been no cancelled flights. Delta has also agreed to provide the airport with performance data every month. President Hart ended by saying that he has reached out to representatives at American and U.S. Airways as well.

Commissioner Mallen thanked President Hart for following through with his promise to speak with Delta, and for presenting the data to the Board. He asked if it would be possible to have meetings with Delta on a periodic basis. President Hart said CMAA will continue to have a dialogue with Delta, and that Delta has been actively reaching out to the airport.

Commissioner Veazey asked if there was a new generation of regional jets planned. President Hart said the 50 seat jets are starting to be replaced with 70 and 90 seat regional jets. However, it could take longer for the 50 seat jets to be phased out of the Chattanooga market because Delta's main focus is removing smaller jets on any route of 600 or more miles.

Board Action

IT Network Server Upgrade

Maurice Songy addressed the Board. CMAA is requesting Board approval to enter into a contract with Networks Inc., to upgrade the IT Network server. An IT server is necessary to support the airport's Access Control System, security functions, and administrative activities. The current server is reaching its maximum capacity and must be upgraded to a new server.

The scope of this project will include:

- One Intel 2 U Big Horn Peak Server
- Associated hardware
- Associated software
- Licensing

Networks, Inc., currently provides upkeep and maintenance of the airport's IT system and will update the server at a total cost of \$14,504. A state grant will cover 95 percent of the cost with the remaining 5 percent CMAA responsibility. This is a budgeted item.

Board Action: Mr. Songy requested Board approval to enter into a contract with Networks, Inc., to upgrade the IT Server for an amount of \$14,504.

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

Maintenance Vehicle Purchase

Mr. Songy continued, two CMAA Maintenance vehicles are reaching the end of their useful life and need to be replaced. These vehicles are used on the airfield daily to support all required activities. A state grant was secured to replace these vehicles and equip them with snow plows.

The scope of this project will include:

- Two (2) Ford F-250 Super Duty Pick-up trucks
- Two (2) snow plow packages for the vehicles

CMAA requested quotes from four dealerships and received two quotes. After reviewing the submitted quotes, staff recommends accepting the bids from Marshall Mize Ford of \$46,450 for the two vehicles, and D&M Distributing of \$13,450 for the snow plow packages. The total cost of the project is \$59,900 with a state grant providing 95 percent of the cost, and the remaining 5 percent CMAA responsibility. This is a budgeted item.

Chairman Jacobson asked if CMAA will be trading in anything as a part of the deal. Mr. Songy said the vehicles being replaced are 1997 vehicles approaching 100,000 miles and will be taken out of service.

Board Action: Mr. Songy requested Board approval for the purchase of two Ford F-250 trucks from Marshall Mize Ford for a cost of \$46,450, and the purchase of two snow plow packages from D&M Distributing for a cost of \$13,450.

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

Budget Fiscal Year 2015

April Cameron addressed the Board. CMAA is requesting Board approval of the Fiscal Year 2015 Budget for the Chattanooga Metropolitan Airport Authority (CMAA) which has been developed in coordination with the Finance and Marketing Committees.

General operating revenues for the CMAA for FY 2015 are budgeted at \$8.5 million, which is 1 percent below the FY 2014 forecast. This overall decrease in revenues for the upcoming year is primarily due to the consolidation of US Airways and American Eagle which reduces the airline's overall leasehold. In addition, the rent that CMAA had previously received from TAC Air is now included in rent revenue for the FBO. Please note that CMAA has not implemented any rate/fee increases for tenants or customers. The landing fees, terminal rental rates and parking fees will remain constant.

General operating expenses for the year are budgeted at \$5.8 million. This budget includes a 2 percent increase in employee salaries, 6.5 percent forecasted increase in employee benefits as well as additional funds to insure and maintain the additional property that was acquired earlier this year and to promote the airport going forward.

FBO revenues are budgeted to be \$12 million which is up 98 percent from the FY 2014 forecast due to the acquisition that occurred earlier this year. FBO revenues come from fuel sales, ground rent, ground handling operations, and other services such as catering and line services.

FBO expenses are budgeted at \$10.9 million due to additional operations acquired from the acquisition. Nearly \$8 million of the total expense used is to purchase fuel for resale. Note that fuel is purchased as it is sold therefore the expense for fuel is completely dependent on demand.

Capital investments are expected to be almost \$9.8 million for FY 2015. New projects include rehabilitation of the terminal ramp, expanding the rental car and public parking lots, restriping the airfield and installing covered walkways in the parking lots. CMAA will be responsible for only 9 percent, or \$844,000, of the total expense.

From a debt service perspective, CMAA has a current bond balance of \$14,716,674. The debt requirement for FY 2015 is valued at \$1,322,771.

After combining the airport's general operations and the FBO operations CMAA expects to have net operating revenues of \$3.7 million for FY 2015. After deducting capital expenditures, debt service requirements, and reimbursing a portion of the out-of-pocket expense of the acquisition, CMAA expects to have a balanced budget for FY 2015.

Commissioner Veazey asked how CMAA handles the military fuel. Ms. Cameron said there is a contract in place that came to the airport after the TAC Air acquisition. The contract is based on a five year term, and is based on a set amount per gallon. CMAA receives a certain amount of revenue for every gallon pumped for the military.

Board Action: Ms. Cameron requested Board approval of the Fiscal Year 2015 Budget with updated organizational structure, pay plan, Rates and Charges and Insurance Policy, and the Debt Management Policy.

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

2014 Audit Contract

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, 2014. The objective of the audit is to express an opinion as to whether CMAA's 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 will evaluate and report controls in place and will include any significant deficiencies and material weaknesses in controls if found. The audit reports will provide a reasonable, not absolute, opinion of the financial statements.

The contract fee for the audit services will be \$35,910 plus expenses (such as report reproduction, typing, postage, travel, copies, telephone, etc.) The contract fee represents a 5 percent increase in fees from last year.

In addition, the contract fee for the audit procedures on the acquisition and the allocation of the purchase price for the TAC Air acquisition will be \$5,000.

Board Action: Ms. Cameron requested Board approval for a contract in the amount of \$35,910 plus expenses with Joseph Decosimo and Company to conduct the 2014 annual audit as well as Board approval for a contract in the amount of \$5,000 plus expenses with Joseph Decosimo and Company to conduct the audit procedures on the TAC Air acquisition.

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

Barnett & Company Advertising Renewal

President Hart addressed the Board. CMAA is requesting Board approval to renew an advertising agreement with Barnett & Company. Barnett & Company is an investment counsel firm located in Chattanooga. They have been long term advertisers in the airport. The renewal agreement will consist of a wall wrap at gate one and two large backlit ads. The term of the agreement is for 36 months, beginning May 19, 2014, at a monthly rate of \$1,000, and a total contract value of \$36,000.

Board Action: President Hart requested Board approval of a three year advertising agreement with Barnett & Company for \$36,000.

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

Other Business

None

Public Comment

None

Closing Comment

Chairman Jacobson thanked everyone for attending. He thanked President Hart for his report and his work to improve air service at the airport. He closed by reflecting on the upcoming Memorial Day holiday and asked the Board and those in attendance to take a moment of silence.

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

Adjourn

**Chattanooga Metropolitan Airport Authority
Board of Commissioners Meeting Minutes
June 16, 2014**

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting Monday, June 16, 2014 at 2:00 p.m. Chairman Jacobson, Commissioners Griffin, Mallen, Mitchell, Veazey and Lytle 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 Griffin, the minutes of the May 19, 2014 meeting were approved.

President's Report

President Hart addressed the Board and thanked them for their attendance. He began by giving an update on the American and U.S. Airways merger. The airlines have begun the process of merging their leasehold space in ticketing, but at this time they plan on keeping both gate one and four.

Also, earlier in the month, CMAA had the pleasure of giving a tour to 108 first through fifth grade students from Walker County School summer program. The children learned the basics of flight operations at Wilson Air Center, toured the ARFF station, learned about CMAA's solar farm and LEED building practices, and took a tour of the control tower. President Hart thanked Sarah Stephens, Maurice Songy, John Naylor, the staff at Wilson, and ARFF for their work making the tour a success.

He continued, saying a number of events took place at the Airport or were attended by CMAA since the last meeting. The Mazda Adventure Rally began at Wilson Air Center giving the airport positive media exposure. Wilson Air Center also hosted an open hangar gala for the Hixson Flight Museum in April, and CMAA and Wilson were both recognized by the group. There were over 150 people who attended the event, and the main purpose was to raise money for the children's hospital in Chattanooga. As a result of this event, \$4,000 was raised for the children's hospital. Finally, President Hart stated he and John Naylor attended a dinner for the Honoring the Sacrifice Foundation. The foundation was started by a local wounded war veteran, Sgt. Andrew Smith, to provide support for others wounded while serving the country. President Hart stated he found the event very moving, and CMAA has made a donation to the organization.

Board Action

President Hart introduced Hugh Moore of Chambliss, Bahner & Stophel. Mr. Moore addressed the Board and presented Resolution Number 71.

RESOLUTION NUMBER 71

***A RESOLUTION:* TO ACCEPT OFFER OF FEDERAL FUNDING AIP GRANT NUMBER 3-47-0009-060-2014**

WHEREAS, the Chattanooga Metropolitan Airport Authority (“Authority”) has submitted to the Federal Aviation Administration (“FAA”) a Project Application dated April 15, 2014, for a grant of federal funds to be used in the construction of the North Terminal Apron and in the design and construction of the West General Aviation Apron, both of which are located at the Chattanooga Metropolitan Airport;

WHEREAS, the FAA has approved the Project under AIP Grant Number 3-47-0009-060-2014, and has made an offer to pay 90 percent of the allowable costs incurred accomplishing the Project up to the maximum amount of \$4,635,458.00; and

WHEREAS, a formal resolution of acceptance from the Authority’s Board of Commissioners is needed by the FAA in order to accept the FAA’s offer;

THEREFORE, THE BOARD OF COMMISSIONERS OF THE CHATTANOOGA METROPOLITAN AIRPORT AUTHORITY HEREBY RESOLVES AS FOLLOWS:

1. The Chattanooga Metropolitan Airport Authority does hereby ratify and adopt all assurances, statements, representations, warranties, covenants, and agreements contained in the Authority’s Project Application and the other incorporated materials referred to the FAA’s Offer.
2. The Chattanooga Metropolitan Airport Authority does hereby accept the FAA’s Offer of funding in AIP Grant Number 3-47-0009-060-2014, and, by such acceptance, agrees to comply with all of the terms and conditions in this Offer and in the Project Application.

Adopted by the Board of Commissioners at the regularly scheduled meeting on June 16, 2014 by a majority vote of a quorum of the Board.

Chairman

Vice-Chairman

Attest:

Counsel

Commissioner Mitchell asked where the funding amount is stated. Mr. Moore said the funding amount is stated in paragraph 1 of the grant attached to Resolution Number 71. President Hart said when CMAA received the grant the cover letter stated the Airport needed a Board Resolution approving acceptance of funds. CMAA had not done that before, but while talking with the FAA they said CMAA must receive a Board Resolution authorizing CMAA to accept FAA funds through AIP projects. Commissioner Mitchell asked that, in the future, CMAA provide funding amounts to the members of the Board.

Board Action: Mr. Moore requested Board approval of Resolution 71 as outlined.

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

Passenger Facility Charge Application and Amendment 2014

April Cameron addressed the Board. CMAA is requesting Board approval to enter into a contract with Newton and Associates, Inc., (NAI) to assist CMAA with Passenger Facility Charge (PFC) strategic planning and in developing an amendment to CMAA's existing PFC Program and development of a new PFC application for submission to the administrator of the Federal Aviation Administration in accordance with 14 CFR Part 158.

PFC TASK I ELEMENTS:

- Task 1. Information Gathering, Fact Finding and PFC/CIP Review:** Collect, review and analyze the airport's existing PFC Program and current Capital Improvement Program ("CIP") funding plan for AIP/PFC project eligibility. Provide recommendations on applicability of funding source(s) by project as well as scheduling.
- Task 2. Amendment of PFC Application No. 5:** NAI will assist the Authority in identifying projects approved by the FAA for impose and use authority in PFC Application No. 5 that require amendment based on actual project costs. NAI will prepare an amendment to the FAA to reflect the revised or actual PFC project costs of PFC Application No. 5. Any required air carrier consultation will occur commensurate with the air carrier consultation required in the new PFC Application described in Task 3.
- Task 3. PFC Program Development – New PFC Application:** NAI will develop a PFC funding plan (in the form of Attachment "A") for the PFC eligible projects to be included in the new PFC application. NAI will also assist the Authority in describing, justifying and identifying the objectives for each project work element (in the form of Attachment "B" or Attachment "H"). Utilizing historical financial and operational information and existing airport planning documents provided by the Authority, NAI will project future enplaned passengers and PFC gross and net revenues utilizing time series analysis. NAI will estimate PFC Charge Expiration

Date as required by the FAA.

Task 3a. Air Carrier Consultation and Public Notification Process: NAI will facilitate all aspects of the air carrier PFC consultation and public notification process as required by 14 CFR 158 of the Federal Aviation Regulations, including:

- Identification of air carriers and foreign air carriers to which PFC notification letters must be sent and recommending, where appropriate, any class of air carriers for exclusion from the requirement to collect a PFC;
- Drafting and transmittal of the notification letter on the Authority's behalf to identified air carriers and foreign air carriers serving the airport;
- Providing the notified air carriers with project work element descriptions, justifications and PFC funding plans;
- Drafting and coordinating notice and opportunity for public comment;
- Conducting the air carrier consultation meeting or assisting the Authority in conducting the meeting and taking, drafting and editing meeting minutes;
- Compiling all air carrier certifications of agreement/disagreement and summarizing substantive air carrier comments contained therein, along with any public comments received by the Authority; and
- Drafting the Authority's reasons for proceeding with project work elements in the face of any air carrier or public disagreements, if applicable.

Task 3b. PFC Application Development and Submittal: Utilizing the airport's current CIP and PFC financial and project information supplied to NAI by the Authority and its engineer(s) and/or designers, or derived by NAI during the course of this assignment, NAI will prepare the new PFC application for submittal by the Authority to the FAA in a manner and form prescribed by the FAA including all information and attachments thereto. NAI will coordinate with other governmental officials at the Authority's direction and as may be agreed upon between NAI and Authority. NAI will notify the air carriers to collect PFCs following FAA approval of the PFC application.

Fees

NAI will perform the above described scope of services for a not to exceed fee of \$53,000. NAI will invoice monthly and the invoices will be due and payable upon receipt by the Authority. Each invoice will include an itemization of work performed, the time expended and the expenses incurred during the given period. Note that amounts paid to NAI pursuant to this scope of services would be fully recoverable from PFCs under the New PFC Application when approved by the FAA.

Qualifications

Newton and Associates, Inc., has been CMAA's financial consultant since 1990. They advised CMAA during the 1990 bond financing for the Terminal Expansion Project as well as the 2002 and 2009 bond refundings. They were responsible for development of CMAA's application to use passenger facility charges and the associated Application 1 in 1993. In 1996, they developed Application 2 on behalf of CMAA. In 2000, they developed Amendments to Application 1 and 2 as well as Application 3. In 2007, they developed Amendments to Application 1 and 3 and developed Application 4. They were responsible for developing the airline rates and charges and facilitating the airline meetings on behalf of CMAA from 1990 through 2002. In 2005, they conducted a study of the impact of a second FBO at CMAA along with the 2005 Airport Business Plan. Newton completed a cost allocation analysis in 2010 and 2011 that was used to support the development of CMAA's annual rates and charges. Most recently, Newton developed Amendments to Application 4 which allowed CMAA to close the application as well as developed Application 5 which greatly facilitated the terminal renovation project. Their historical involvement and knowledge of the Chattanooga Airport stands to benefit CMAA through this project.

Commissioner Mitchell asked if there are any competitors to Newton and Associates or similar companies that CMAA has considered in the past. Ms. Cameron said CMAA has considered other companies in the past. Because a large portion of this project is an amendment to a previous application, and Newton and Associates did all the work developing the justifications for that project, CMAA did not look elsewhere. She said the fee is actually less than Newton and Associates charged CMAA before.

Commissioner Mallen asked if Newton and Associates fee of \$53,000 could increase. Ms. Cameron said the fee is fixed not to exceed \$53,000.

Board Action: Ms. Cameron requested Board approval of a contract with Newton and Associates in the amount of \$53,000 to perform the work as outlined.

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

Access Control System Maintenance Contract

Maurice Songy addressed the Board. The Chattanooga Airport has an access control system that consists of many components such as servers, cameras and door access systems. The current agreement with I-Sys Corporation expires on June 30, 2014 and covers maintenance support for security and camera hardware and software. A maintenance contract is required to have prompt maintenance in the event that a malfunction should occur. To maintain the system, SDi-ISys, LLC has quoted CMAA a price of \$99,235 for year one and \$104,200 for year two, for a total contract amount of \$203,435.

The scope of this project will include:

- Planned maintenance of the system.
- Remote support.
- Extended warranty of components with 24 hour emergency service.
- Software upgrades.

I-Sys, LLC installed the system in 2007 and has been maintaining it since the installation. This is a budgeted item.

Mr. Songy introduced Bryan Glandon with I-Sys to the Board. Commissioner Mallen asked if there is a cost benefit analysis as to whether it is more beneficial to invest in new equipment rather than pay to maintain seven year old equipment. Mr. Songy said much of the equipment is newer although there are some components that are seven years old. Mr. Glandon said on security issues such as this, a cost benefit analysis would be productive in the long run to see where the changeover process can start. Currently, there isn't one in place; however, President Hart and Mr. Glandon have discussed putting one in place for the future. This system is not only the physical doors and security cameras, it is also the networking and servers behind the scenes that carry the weight of the other devices and will allow for future expansions to the system.

Commissioner Mallen offered the suggestion to agree to a one year contract and within that year look at the cost benefit of new equipment before committing to two years. He asked if I-Sys would be willing to hold the second year price until the analysis is completed. Mr. Glandon said he cannot commit either way to I-Sys holding the price because the price is based on the evaluation of equipment that is physically at the airport. President Hart said CMAA and I-Sys have had an ongoing dialogue about evaluating what items in the system should be replaced or changed, but it hasn't been finalized. He said CMAA will continue to have that dialogue through the first year of the contract.

Commissioner Lytle asked if there would be a cost increase if the Board only approved a one year contract. Mr. Glandon said the year one price would remain the same, but year two would be reevaluated. President Hart said he understood the concerns of the Board, and suggested going forward with the one year agreement with I-Sys.

Board Action: Mr. Songy requested Board approval to enter into a one year contract with SDi-ISys, LLC to maintain the access control system for a contracted amount of \$99,235.

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

Airfield Re-marking

Ms. Songy continued, according to 49 Code of Federal Regulations Part 139 “Certification of Airports,” an air carrier airport must clean or replace any airfield marking to make it clearly visible and provide an accurate reference to the airport user. There are numerous airfield markings that have faded over time and are in need of replacement to keep the airfield to CFR Part 139 standards.

In May, CMAA issued a Request for Proposals for a project to have specified airfield markings re-marked. Three proposals were received. CMAA recommends entering into a contract with JJ Cunningham, LLC, the lowest responsive bidder, at a cost of \$72,928.59.

The scope of this project will include:

- The materials and labor to re-mark the specified airport markings.
- The removal of built up rubber material.

It will take approximately four days to complete the work. The start date is subject to the contractor’s schedule but is expected to start in July. This is a budgeted item and funding is expected to be recovered through the new PFC application.

Chairman Jacobson asked if this project will affect operations. Mr. Songy said no, any work on the runway will be done at night as specified in the contract. During the day, work will be done on the taxiways which will result in their closure, but planes and vehicles will be rerouted and won’t be affected.

Commissioner Lytle asked if JJ Cunningham, LLC is a local company. Mr. Songy said the company is located out of Pennsylvania. Only one of the companies that put in a bid was local, and that company’s bid was approximately \$50,000 higher than JJ Cunningham, LLC.

Board Action: Mr. Songy requested Board approval to enter into a contract with JJ Cunningham, LLC to remove rubber and re-mark the specified airport markings at a cost of \$72,928.59.

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

ARFF Truck Repair

Mr. Songy continued, Federal Aviation Regulation Part 139 requires that a certificated airport provide Aircraft Rescue and Firefighting capability according to the largest aircraft making five scheduled departures a day at the facility. The Chattanooga Airport operates as an AARF Index “B,” which must provide at the minimum, at least 1,500 gallons of water with foam capability and 500 pounds of dry chemical. The Chattanooga Airport currently has two vehicles that meet this requirement, with one vehicle acting as a primary and one acting as a secondary. One vehicle, a 1999 E-One, recently developed engine issues and requires a rebuilt engine. The airport currently meets the required ARFF index with the remaining truck, however if that truck develops issues and has to be taken out of service, commercial flights will be restricted from operating at CHA. The estimated cost of repair for the E-One Airport Rescue and Firefighting vehicle from Clarke Power Services, Inc., is \$24,590.

Commissioner Mitchell asked how much it would cost to get a new fire truck. Mr. Songy replied, a new fire truck would cost between \$850,000 and \$1,000,000.

Commissioner Griffin asked why it was decided that Freightliner could no longer repair the engine. Mr. Songy said that Freightliner had given the airport a quote to buy a rebuilt engine, but then found out there were no rebuilt engines available after CMAA acquired the written consent. .

Board Action: Mr. Songy requested Board approval to enter into a contract with Clarke Power Services, Inc., in an amount not to exceed \$30,000 to affect the required repairs for the 1999 E-One Airport Rescue and Firefighting vehicle.

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

Flight Information Display System

John Naylor addressed the Board saying this request contains two items.

First, CMAA is requesting Board approval to enter into a contract with ProDigic for the design and installation of a new Flight Information Display System (FIDS) and Baggage Information Display System (BIDS) for the Chattanooga Metropolitan Airport. The system will replace the current Flight View FIDS which is not user-friendly and requires continuous staff attention. ProDigic was selected from 8 submitted bids, and will provide the hardware and software required to support the new system. The cost of the project is \$25,750.

The new system will improve customer service and convenience while reducing staff workload. The new system will provide an upgraded version of the current services while adding a Baggage Information Display System and a digital advertising platform. Digital advertising will provide the airport with additional revenue opportunities.

The second request is for a maintenance contract for years one through three at a rate of \$1,075 monthly. The maintenance agreement includes software upgrades, data backups and updates for all of the feeds, cloud based hosting, and system hardware.

This project will be funded out of CMAA's capital and operating budgets. This is a budgeted item.

John Naylor introduced Arpit Malaviya of ProDigic who spoke briefly about his company and provided a display of the FIDS for the Board.

Commissioner Lytle asked who receives the revenue for the advertising. Mr. Naylor said the airport receives advertising revenue whether ProDigic or the CMAA sells the advertising space. The airport will solicit locally to advertise on the system, and ProDigic will also search out advertising for the system. Mr. Malaviya said if the advertising comes from ProDigic's database of advertisers, then the revenue is split with CMAA; ProDigic only takes a small percentage to cover maintenance for any advertisement sold by the airport.

Commissioner Mallen asked why the maintenance isn't included with the purchase price. Mr. Malaviya said because the software updates and upgrades come as an add-on. The maintenance contract also supports the real-time flight data coming from four sources.

Board Action: Mr. Naylor requested Board approval to enter into a contract with ProDigic for the design and installation of a new Flight Information Display System (FIDS) and Baggage Information Display System (BIDS). The cost of the system is \$25,750.

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

Board Action: Mr. Naylor requested Board approval to enter into a three year maintenance contract with ProDigic at a monthly rate of \$1,075.

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

Allen and Hoshall Task Order 23

Mr. Naylor continued, saying CMAA is requesting Board approval to enter into Task Order 23 with Allen & Hoshall, Inc., for the design, bid and award, and permitting for the West General Aviation Ramp Expansion Project. Allen & Hoshall's fee for this work is \$136,630. An independent fee analysis was conducted for this project by PDM Engineering Services and found the submitted fees to be fair and reasonable and in line with standard industry rates and charges.

Due to increased general aviation activity it has become necessary to expand the West General Aviation Ramp. The project will fill in the existing grass islands allowing for additional parking, storage and movement of aircraft. Approximately 47,000 cubic yards of earthwork, 14,000 square yards of pavement section (and associated), drainage, marking and electrical work will occur on the site. The estimated construction cost will be \$2,100,000.

This project is contingent on Federal and state funding which is anticipated to be received in July and will be funded at a level of 90 percent Federal, 5 percent state, and 5 percent CMAA. This project was included in CMAA's approved FY2015 budget.

Board Action: Mr. Naylor requested Board approval to enter into Task Order 23 with Allen & Hoshall, Inc., contingent on receiving Federal and state funding. The amount of the contract is \$136,630.

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

Allen and Hoshall Task Order 24

Mr. Naylor continued, CMAA is requesting Board approval to enter into Task Order 24 with Allen & Hoshall, Inc., for the design, bid and award, and permitting for the Rental Car Parking Lot Expansion Project. The fee for these services is \$165,600 and is consistent with industry standards for a project of this size.

Due to increased demand for rental car parking at the terminal, it has become necessary to expand the Rental Car Parking Lot to provide improved customer service and meet current and future needs. The design will expand the lot, under cover, by 93 spaces to a total of 194, while at the same time creating a new entryway into Hangar 1 and 2.

In addition to improving the customer experience and meeting current and future needs of rental car tenants, this work will improve the flow of traffic through this area.

CMAA's approved FY2015 budget included this project and will be funded through collected Customer Facility Charge (CFC) fees from rental car transactions.

Commissioner Mitchell asked how the fees for Allen & Hoshall are determined. Mr. Naylor said the fees are determined a number of ways. Allen & Hoshall's fee came in at 5.9 percent of the project's total cost. The percentage was determined by a scale put out by the state. The fee was also determined by looking at hourly rates.

Board Action: Mr. Naylor requested Board approval to enter into Task Order 24 with Allen & Hoshall, Inc., in the amount of \$165,600.

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

Waterhouse Public Relations

President Hart addressed the Board. CMAA requests Board approval for a contract with Waterhouse Public Relations in the amount of \$45,000. 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, as needed
- Event management and miscellaneous public relations support, as needed

The term of the contract begins on July 1, 2014 and extends through June 30, 2015.

Board Action: President Hart requested Board approval for a one year contract with Waterhouse Public Relations in the amount of \$45,000.

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

TwoxFour Contract

President Hart continued, saying CMAA is requesting Board approval to increase CMAA's total contract amount with TwoxFour for FY2015. Last year, CMAA entered into a two year agreement with TwoxFour for advertising placement and creative services at an annual cost of \$125,000.

In recent years, CMAA has advertised solely within the Chattanooga market to educate newcomers about the airport and to increase local awareness of the available air service. As enplanements have continued to grow, CMAA has noticed additional opportunities to reach new markets within driving distance of the airport. One such market is North Atlanta. In FY2015, in addition to advertising within the local community, CMAA will target the North Atlanta region for a specific campaign to attract customers from the area to fly out of Chattanooga.

The entire project will cost \$155,000 (\$110,000 for media buy in both Chattanooga and North Atlanta markets, \$45,000 for creative services and account management) and will be completed by June 30, 2015. This is a budgeted item.

President Hart thanked the marketing committee for their assistance, and introduced Brittany Dedman and Peggy Shaver of TwoxFour.

Commissioner Lytle asked what decisions the CMAA and TwoxFour made in regards to proposals and ideas made by the marketing committee. President Hart said the airport followed

up on the committee's feedback and presented it to TwoxFour. CMAA will be going forward with digital and outdoor advertising targeting the North Georgia market.

Commissioner Mitchell asked how CMAA plans to track the success of marketing in North Georgia. President Hart said marketing in North Georgia will utilize the URL flychatt.com. That website will reroute to the airport's website, but it allows the airport to keep track of customers in North Georgia. Ms. Dedman said the success of digital advertising can be tracked using UTM codes which will direct people from the digital advertisement to Chattanooga's website, and Google Analytics will pick up on what city or suburb they're coming from.

Board Action: President Hart requested Board approval of an increase in the marketing and media placement contract with TwoxFour for a total annual contract value of \$155,000.

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

Village Volkswagen Advertising Agreement

President Hart continued. CMAA requests Board approval of a renewal contract with Village Volkswagen of Chattanooga to continue advertising in the airport. The agreement will consist of four vehicle displays – one located in the rotunda, one in ticketing, and two in baggage claim. The term of the agreement is for 36 months, beginning on July 1, 2014, at a monthly rate of \$1,500. The total contract value over the three year term will be \$54,000.

Board Action: President Hart requested Board approval for a three year advertising contract with Village Volkswagen for a total value of \$54,000.

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

Other Business

None

Public Comment

None

Closing Comment

Chairman Jacobson thanked everyone for attending. He thanked President Hart for his updates and for informing those in attendance of the Honoring the Sacrifice Foundation. He closed by reflecting on the upcoming Independence Day holiday.

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

Adjourn

**Chattanooga Metropolitan Airport Authority
Board of Commissioners Meeting Minutes
August 4, 2014**

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting Monday, August 4, 2014 at 2:00 p.m. Chairman Jacobson, Vice Chairman Hall, Commissioners Griffin, Lytle, Snow and Veazey 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 Griffin, seconded by Commissioner Lytle, the minutes of the June 16, 2014 meeting were approved.

President's Report

President Hart addressed the Board and thanked them for their attendance. He began by giving a brief update on the June statistics. Enplanements saw a 10 percent increase over last June; Delta's enplanement numbers were up 10 percent, U.S. Air's were up 16 percent and Allegiant's were up 7 percent. American Eagle's numbers were down 5 percent. Year to date, CMAA is 14 percent above last year's first six months. Cargo continues to remain strong. President Hart stated that with the recent Volkswagen announcement, CMAA's cargo numbers should continue to increase. Year to date, CMAA's cargo numbers are still 1 percent above last year's numbers. Operations have been down this year with June seeing a 4 percent decrease compared to last year. However, military has seen a significant increase at 2 percent over last year. General aviation decreased by 9 percent on operations both itinerant and local due to fewer local touch-and-gos.

President Hart continued with an update on Delta's performance. Delta finished June with a 99.2 percent completion factor; they only had two cancellations out of the market. Their departures plus zero were at 63 percent and arrivals within 14 were at 76 percent. This is a huge improvement over last June when their completion factor was 97.4 percent, departures plus zero was 49 percent, and arrival within 14 was 60 percent. The cancellations this June were the result of thunderstorm activity in the Atlanta area. Year to date, Delta's Completion Factor is at 97.6 percent. In January and February, winter storms greatly impacted the Atlanta area, and if those two months are factored out, the completion factor increases to almost 99 percent. Weather and maintenance delays have decreased by 50 percent over last year.

Next, President Hart gave an update on recent events at the airport. He presented CMAA's 2014 Governor's Environmental Stewardship Award to the Board. CMAA was recognized by the Governor for their continued efforts in being environmentally sound. He said the north terminal ramp renovation is well underway since the last Board meeting. The airport is currently in the first phase of the three phase project. CMAA expects to have the project completed by December. Next, Tesla began installation of their superchargers in the intermediate parking lot. They should be fully operational by August 22. President Hart said CMAA has had a lot of positive feedback from the community about this project and believes it will be very successful

for Tesla. Also, one item that was not completed in the renovation is the airport monument sign off the terminal road. President Hart was pleased to report that CMAA has approved a design to renovate the sign to match the new look of the terminal. The work is expected to be completed this month.

CMAA also participated in a number of community outreach events since the last Board meeting. On July 11 CMAA hosted Airport Night at the Chattanooga Lookouts. It was a fun event, many of CMAA's staff attended, and at the end of the game, 10 contestants competed for a trip to the Tampa Bay Area by folding and flying paper airplanes. The event was in conjunction with the airport's social media efforts. President Hart was pleased to report that the airport gained more than 1,200 followers in the month-long Facebook and Twitter promotion. The co-sponsors, Allegiant and SpringHill Suites by Marriott, were very happy with the end results of the promotion.

Also, in July, CMAA assisted with another tour of Wilson Air for a group of children and their parents. The kids ranged in age from preschool to elementary school. President Hart thanked everyone who was involved in making the tour a success. He gave special thanks to McKee Foods for allowing the children to get on board their corporate aircraft.

Finally, in July, CMAA submitted a proposal for a small community air service development grant. If CMAA receives the grant, the airport will use it to try to obtain nonstop service to the New York market. President Hart reached out to several key organizations in the area for support and the response has been very positive. President Hart said he will keep the Board updated on the process.

Vice Chairman Hall asked how the gift shop and restaurants have been performing. President Hart said the response from customers has been very positive, and the restaurants and gift shop have generated a lot of revenue for the airport.

Commissioner Snow asked if CMAA is doing any marketing to attract people to refuel at the airport. President Hart said he has been speaking with Dave Ivey and Glenn Rivenbark about a campaign to get the word out about Chattanooga and its amenities. He went on to express his happiness with Wilson Air Center and their customer service.

Board Action

Allen & Hoshall Contract

John Naylor addressed the Board. CMAA's current architectural and engineering contract expires on August 17, 2014. The agreement between CMAA and Allen & Hoshall has been in place for five years and the scope of work includes design, bidding and negotiation, construction phase and special services for projects including ramps and aprons, hangar development, parking, demolition and alternate energy projects. Overall, Allen & Hoshall has been the airport's Engineer of Record for 14 years.

The Federal Aviation Administration has an approved process that must be followed when selecting an architectural and engineering firm. Advisory Circular 150/5100-14 provides the

guidance that airport sponsors are required to use in the selection and engagement of consultants. The required qualifications-based selection procedure is the same procedure outlined in Title IX of the Federal Property and Administration Services Act of 1949. Airport sponsors must use qualifications-based selection procedures in the selection and engagement of consultants. Qualifications-based procedures require that a contract for A/E services be awarded pursuant to a fair and open selection process based on the qualifications of the firms. The fees for such services are established following selection of the firm through a negotiation process to determine a fair and reasonable price. CMAA has followed the approved procedures throughout.

The selection process began in February 2014 with the development of the Airport Capital Improvement Plan and scope of work, which the FAA approved in March. A Request for Qualifications was released in May with nine firms responding. A staff committee was formed to rate each of the submissions on their qualifications and three firms were selected for further discussion. At the conclusion of the interview process, the committee unanimously determined that Allen & Hoshall was the most qualified firm.

As outlined in the Advisory Circular, a subsequent negotiation of fees took place with Allen & Hoshall which resulted in the attached numbers presented. The overall fees represent an increase over the current contract which was put in place five years ago, and compare reasonably and fairly to a recent independent fee analysis that was completed by staff. These fees will remain constant for the duration of this five year agreement.

The service provided by Allen & Hoshall has been exceptional throughout the current contract period. The company's local office has three full time employees and conducts 100 percent of CMAA's civil design. Ninety-three percent of Allen & Hoshall's subcontracts have been with local firms and they have consistently met or exceeded the established DBE goal of 10 percent. Mr. Glen Heath makes himself available any time, day or night, to discuss concerns or ideas of CMAA. The firm of Allen & Hoshall, and especially Glen, has always been extremely loyal to this airport and consistently protected CMAA's best interest.

Mr. Naylor introduced Glen Heath to the Board. Mr. Heath expressed his happiness with the work Allen & Hoshall has been able to do with the airport over the past 14 years, and his excitement to spend five more years working on projects with CMAA. Mr. Naylor went on to discuss Allen & Hoshall's commitment to bringing on Disadvantaged Business Enterprises. The airport has a DBE goal of 10 percent for the year; year to date, the Airport is at 15 percent. He finished by saying, despite Allen & Hoshall being based in Memphis, 80 percent of the fees the airport pays them stays in Chattanooga.

Board Action: Mr. Naylor requested Board approval to enter into an Architectural and Engineering Services contract with Allen & Hoshall, Inc., for a five year term beginning August 18, 2014.

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

Allen and Hoshall Task Order 25

Mr. Naylor continued, saying this request is to enter into Task Order 25 with Allen & Hoshall, CMAA's approved Engineer of Record, for the demolition, design, bid and award, permitting and construction of an expanded and enhanced intermediate parking lot. Allen & Hoshall's fee for this work is \$299,750.

Due to increased demand for vehicle parking it has become necessary to expand the intermediate parking lot to provide improved customer service and meet current and future needs. The area, currently occupied by a 63 year old facility, will be repurposed and commercial terminal parking will expand north into this space. It is estimated that CMAA will gain an additional 286 parking spaces for customers. A covered walkway will also be designed and constructed to connect the intermediate lot to the terminal building.

The project will be funded through a state grant. The state will pay 95 percent of the contract and CMAA will be responsible for the remaining 5 percent. This item was included in the approved Capital budget.

Vice Chairman Hall asked when CMAA anticipates beginning work of this project. Mr. Naylor said CMAA anticipates beginning the project toward the end of the year. It is projected to be completed by spring or early summer 2015.

Board Action: Mr. Naylor requested Board approval to enter into Task Order 25 with Allen & Hoshall, Inc., in the amount of \$299,750.

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

Allen and Hoshall Task Order 26

Mr. Naylor continued, this request is to enter into Task Order 26 with Allen & Hoshall, Inc., CMAA's approved Engineer of Record, for the design, bid and award, and permitting of covered walkways through the short and long-term parking lots. Allen & Hoshall's fee for this work is \$50,000.

In order to improve customer convenience and improve way-finding in the short and long-term parking lots, Allen & Hoshall has been tasked to design a covered walkway through both lots. The walkway will provide customers protection during inclement weather. The walkway will be of the same design as used in the intermediate and rental car parking lots. The airport is creating a unified look throughout all public parking lots.

The project will be funded by CMAA. This item was included in CMAA's approved Capital budget.

Chairman Jacobson asked how the walkways will work around the existing landscaping. Mr. Heath said some of the trees will have to be removed, and Allen & Hoshall will work with the city to make sure the airport meets their landscaping requirements. He stated that the canopy is going to take up most of the walkway.

Board Action: Mr. Naylor requested Board approval to enter into Task Order 26 with Allen & Hoshall, Inc., in the amount of \$50,000.

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

Other Business

Vice Chairman Hall asked about the status of replacing the parking equipment. President Hart stated replacing the equipment throughout the parking lots is in the capital plan.

Public Comment

None

Closing Comment

Chairman Jacobson began by thanking everyone in attendance and Terry for his updates. He said he is excited for the Tesla supercharger stations, and stated the stations will be a great addition to the airport's sustainability efforts. He expressed his appreciation for the 2014 Governor's Environmental Award for the Pursuit of Excellence. He thanked Mr. Heath for his and Allen & Hoshall's work at the airport over the years, and said he believes customers will appreciate the new covered walkways and the additional parking spaces Allen & Hoshall has proposed and the Board has approved.

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

Adjourn

**Chattanooga Metropolitan Airport Authority
Board of Commissioners Meeting Minutes
September 15, 2014**

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting Monday, September 15, 2014 at 2:00 p.m. Chairman Jacobson, Commissioners Lytle, Mallen, Mitchell, Snow and Veazey were present.

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

Minutes

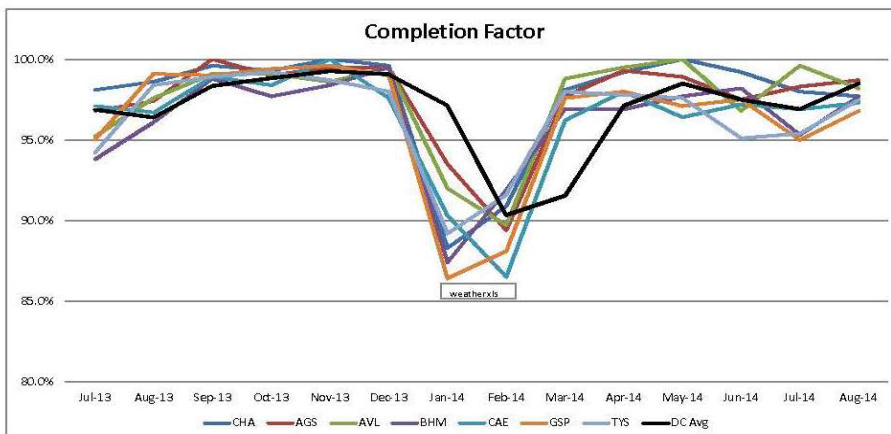
On motion of Commissioner Snow, seconded by Commissioner Lytle, the minutes of the August 4, 2014 meeting were approved.

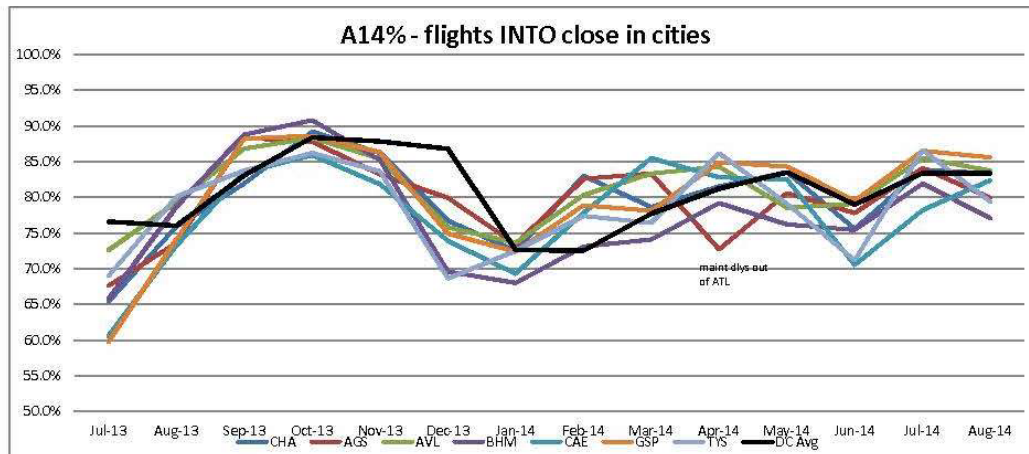
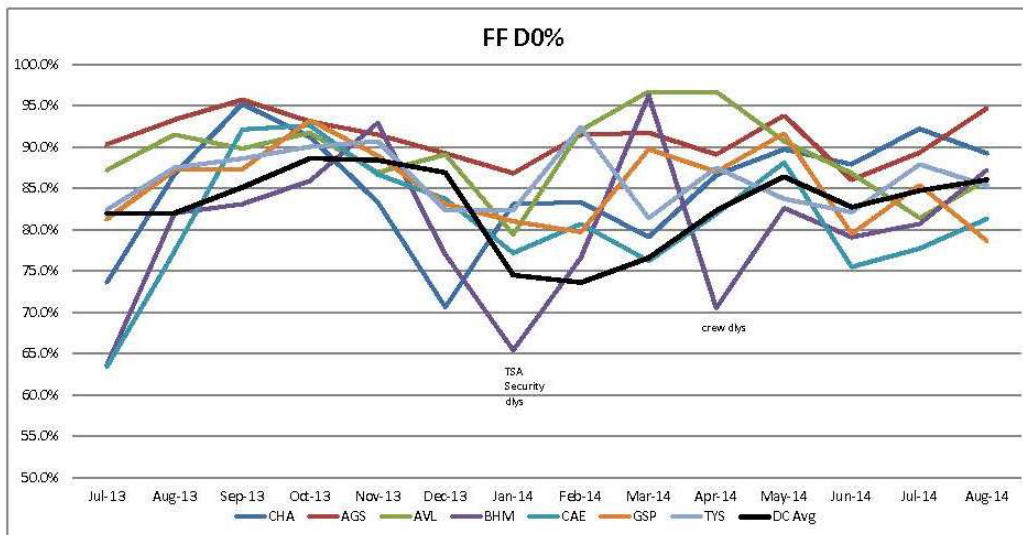
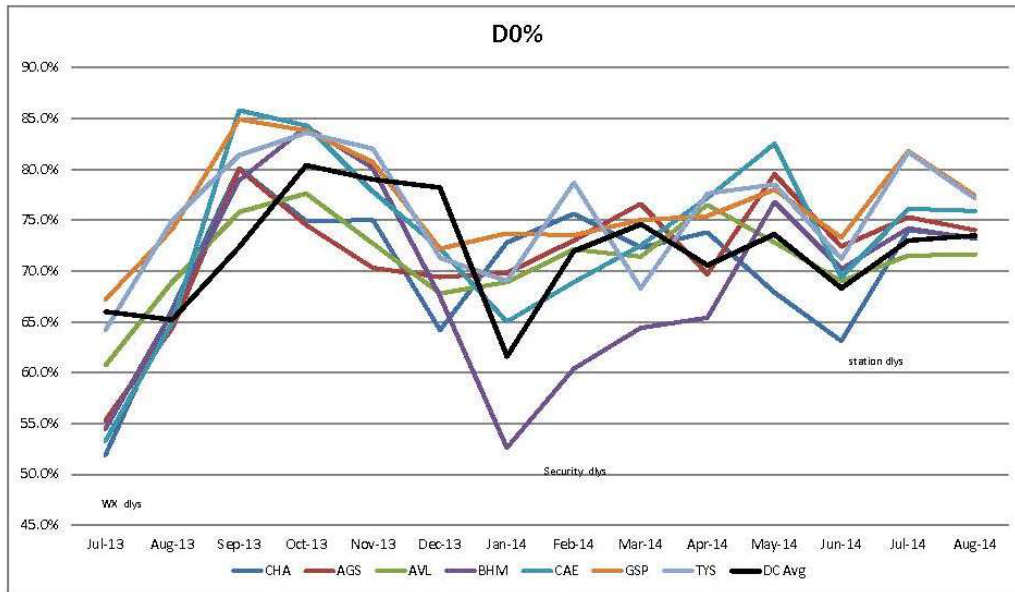
President's Report

President Hart addressed the Board and thanked them for their attendance. He began by giving a brief update on the July statistics. Enplanements and deplanements saw an almost 19 percent increase over last July; Delta's enplanement numbers were up 19 percent, U.S. Air's were up 30 percent, Allegiant's were up 7.5 percent, and American Eagle was up 2 percent. Year to date, CMAA is nearly 15 percent above last year. Specifically, U.S. Airways leads with a 25 percent increase, Delta 14 percent, American Eagle 10 percent, and Allegiant is down 3 percent as a result of fewer flights this year. Cargo continues to remain strong. Air Cargo increased by 4.5 percent over last July.

Next, President Hart updated the Board on air service at the airport. Delta has begun to phase out their regional jets and is now operating two additional mainline aircraft. Thus far, Delta has not reduced the number of operations to Atlanta. Also, CMAA has a new air service opportunity through the general aviation sector. Southern Airways Express will be operating scheduled air service out of Wilson Air Center to Memphis utilizing a nine passenger Cessna Caravan. They anticipate starting around October 1 and operating Mondays through Thursdays.

President Hart continued by sharing an update on Delta's performance for the previous month.





Next, President Hart gave an update on the Tailwind Concessions sales performance. Since moving into the permanent facilities in January, Tailwind has seen a continual rise. The previous concessionaire averaged \$60,000 to \$70,000 a month, and Tailwind has surpassed that trend.

The airport currently has several projects underway or completed. First, Tesla completed their installation of six Superchargers in the intermediate lot. CMAA has heard from several Tesla owners throughout this project who have shared their excitement to see the chargers officially open. President Hart said he believes this will be a positive addition to the airport's sustainability program. Next, reconstruction of the north terminal ramp is underway and still on schedule. CMAA expects the project to be complete by December.

Finally, President Hart informed the Board of a number of community outreach events the Airport took part in. First, the airport held its annual school supply drive and airport employee lunch in August. This year the supplies were donated to the United Way's Stuff the Bus campaign to benefit Hamilton County students. Also, last month, Allen & Hoshall started upgrading their computers and worked with CMAA to donate their old computers to the Shepherd Community Center. Several CMAA employees, along with Glen Heath of Allen & Hoshall, visited the community center to install the computers in the lab. Ivy Strickland, who manages the Center, was very grateful for the donation and said she feels like they finally have enough computers to meet the needs of the children. Lastly, this past weekend, CMAA took part in the MidTown Celebrates festival as an event sponsor. The airport set up a table during the event and gave out promotional items including luggage tags and water bottles for the adults, and captain's wings and foam airplanes for the children.

Board Action

Fire Alarm and Suppression System Services Contract

Maurice Songy addressed the Board, saying CMAA is requesting Board approval of a fire alarm and suppression system services contract. The Chattanooga Airport is required to provide appropriate fire alarm and fire suppression testing and inspection for the airport terminal, Airport Rescue and Firefighting (ARFF) building and Wilson Air Center complex, monitoring of the associated alarm systems, and also inspection and testing of all the portable fire extinguishers and fire hydrants.

The current contract expires on September 30, 2014. A request for bids was issued and CMAA received two bids. The lowest responsive bidder was Chattanooga Fire Protection, Inc., with a bid of \$6,312.50 per year. This represents an approximate 14 percent reduction in cost over what CMAA is currently paying.

The scope of this contract will include the quarterly/yearly testing and inspection of the:

- CMAA terminal building fire alarm and suppression systems
- CMAA ARFF building fire alarm system

- Wilson Air Center West FBO terminal fire alarm system
- Wilson Air Center West hangars fire alarm systems

The scope also includes:

- Yearly inspections of portable fire extinguishers
- Yearly inspections of hydrants on all properties
- Remote monitoring of all alarm systems

The term of this contract will be for three years beginning on October 1, 2014 and ending on September 30, 2017. This is a budgeted item.

Commissioner Mitchell asked who the previous contract was with and if they were the second bidder. Mr. Songy said the previous contract was with SimplexGrinnell, and they were the second bidder. The winning bid was around \$7,500 less than SimplexGrinnell's bid. Commissioner Mitchell asked about Chattanooga Fire Protection, Inc.'s background. Mr. Songy said they received a number of references. Commissioner Mitchell asked about the state of the equipment. Mr. Songy said the equipment at Wilson Air Center is new, but the equipment in the commercial terminal is the original system. The system in the terminal is up to code.

Board Action: Mr. Songy requested Board approval to enter into a contract with Chattanooga Fire Protection, Inc., to test and inspect the fire alarm and suppression system and associated items at the Chattanooga Airport and Wilson Air Center for \$6,312.50 per year or a total contract value of \$18,937.50 for a term of three years, beginning October 1, 2014.

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

West Side Ramp Expansion

President Hart then addressed the Board. CMAA is requesting Board approval for two items associated with the West Side ramp expansion. The project is for the expansion of the existing general aviation ramp on the west side of the airfield. The project will increase the ramp size allowing for additional aircraft parking and better traffic flow on the existing ramp.

The first item is for a contract with Thomas Brothers Construction for the west side ramp expansion in the amount of \$2,461,787. CMAA received 4 bids for this project. After meeting all of the bid requirements, Allen and Hoshall has recommended awarding the construction contract to the apparent low bidder, Thomas Brothers Construction. CMAA has reviewed the engineer's recommendation and is in agreement.

The second item is to approve Task Order 1 with Allen and Hoshall in the amount of \$237,000 for engineering services associated with the West Side Ramp Expansion. The fee includes engineering services for the construction administration, submittals/shop drawings, resident project representative, final survey, as-built drawings, and quality assurance testing.

Funding for the engineering services and construction work is 90 percent Federal, 5 percent state, and the remaining 5 percent to be paid by CMAA. This item and project was included in the approved FY2015 Capital budget.

President Hart referred back to the agreement with Allen & Hoshall the Board approved during the last Board Meeting. That agreement included Allen & Hoshall's hourly rates for the next five years. Glenn Heath of Allen & Hoshall estimated the number of hours that will go into each of the services listed and applied the approved hourly rate resulting in the \$237,000 fee.

Commissioner Mitchell asked how CMAA will be billed if Allen & Hoshall works fewer hours than estimated. President Hart said they will be billed for the actual number of hours, not the estimated, and there is a not to exceed amount.

Chairman Jacobson asked if traffic will be affected by the construction. President Hart said there will be heavy coordination between Wilson Air Center and the tower to ensure day to day operations are not affected. Chairman Jacobson asked when the project is anticipated to be completed. Glen Heath of Allen & Hoshall said he anticipates Phase 1 of the project to be completed by December, and Phase 2 to be completed by late spring/early summer.

Board Action: CMAA has two separate requests.

President Hart requested Board approval of a contract with Thomas Brothers Construction for the West Side ramp expansion project in the amount of \$2,461,787.

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

President Hart requested Board approval for Task Order 1 with Allen and Hoshall in the amount of \$237,000 for engineering services associated with the West Side ramp expansion project.

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

Construction of the Rental Car Lot Expansion

President Hart continued, CMAA is requesting Board approval for two items associated with the construction of the rental car parking lot expansion. The project is for the expansion of the existing rental car lot on the south side of the terminal adjacent to Baggage Claim. The project will increase the lot from 94 to 178 parking stalls.

The first item is for a contract with Dillard Construction, for the construction of the rental car lot expansion in the amount of \$1,137,400. CMAA received one bid for this project. After meeting all of the bid requirements, Allen and Hoshall has recommended awarding the construction contract to Dillard Construction. CMAA has reviewed the engineer's recommendation and is in agreement.

The second item is to approve Task Order 2 with Allen and Hoshall in the amount of \$197,000 for engineering services associated with the construction of the rental car lot expansion. The fee includes engineering services for the construction administration, submittals/shop drawings, resident project representative, final survey, as-built drawings, and quality assurance testing.

Funding for the engineering services and construction work is provided by the Customer Facility Charge (CFC). The CFC is a fee paid by rental car customers. The funds are only applied to approved car rental improvement projects. This item and project was included in the approved FY2015 Capital budget.

Commissioner Mallen asked why the engineering services for the Rental Car Expansion account for 20 percent of the project when the engineering services for the West Side Expansion Project accounted for 10 percent. President Hart said it depends on the number of man hours. Mr. Heath said the duration of the Rental Car Expansion Project is longer than the West Side Expansion, and in order to keep the flow of traffic, there will be four phases, including a night phase. He said the project is less expensive in total but requires more hours to complete.

Chairman Jacobson asked about the project timeline. Mr. Heath said the plan is to begin by the end of the month with Phase 1 being completed in December, Phase 2 completed by early January, and Phase 3 completed by February/March.

Board Action: CMAA has two separate requests.

President Hart requested Board approval for a contract with Dillard Construction for the construction of the rental car lot expansion project in the amount of \$1,137,400.

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

President Hart requested Board approval for Task Order 2 with Allen and Hoshall in the amount of \$197,000 for engineering services associated with the construction of the rental car lot expansion.

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

EPB Advertising Lease Agreement

President Hart continued, CMAA is requesting Board approval of an advertising lease agreement with EPB Fiber Optics.

The lease portion of the agreement consists of 421 square feet of space located on the upper level of the terminal adjacent to the security checkpoint, the former gift shop location, to install an interactive gig demonstration area. The premises are assumed in an "As Is" condition and EPB bears sole responsibility for all janitorial, maintenance, and routine upkeep of the premises. CMAA has no responsibility or liability with respect to the premises, or for any damages alleged

to have been suffered as a result of any condition. EPB will carry the following insurance for the space:

- General Liability including advertising injury coverage with a limit of at least \$2 million naming CMAA as an additional insured;
- Adequate property coverage for any of EPB's own equipment placed on CMAA's property; and
- Workers' Compensation coverage including Employer's Liability limits of \$1 million for their employees if they choose to staff the space.

The following items may be placed in the demonstration area:

- 3 flat screen TVs (maximum)
- 5 iPads (maximum)
- 2 laptops (maximum)
- Xbox video game system or similar with screen
- 2 to 3 electric charging stations
- 2 to 3 Aastra IP-telephones
- Coffee table touchscreen computer
- Two desks
- Two office chairs
- Two Sofas

In addition, EPB will receive these advertising spaces in the airport:

- Signage on luggage carts and luggage cart dispensing areas
- Unsold backlit spaces throughout the terminal building
- Wall wraps over all three water fountains in the terminal building
- Small window decals throughout the terminal
- Two wall murals on the concourse may be used as filler for Gig City messaging

In exchange for the leasehold and advertising spaces, EPB will provide free WiFi throughout the terminal so all airport users can experience the gig. EPB will install three separate input paths for

the internet line to ensure complete coverage throughout the building and will allow plenty of bandwidth for everyone. Unlike CMAA's current system, EPB will not put caps or limits on users, which will allow customers to work more efficiently while they are waiting for their flights, and will improve the overall customer experience for both residents and visitors to the area.

The agreement will commence on September 16, 2014 for a three year term, with two, 12-month renewal options by mutual consent of CMAA and EPB. The entire agreement will be an even trade.

Board Action: President Hart requested Board approval of an advertising lease agreement as outlined with EPB Fiber Optics beginning September 16, 2014.

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

Thrifty / Dollar Rental Car Advertising Agreement

President Hart said CMAA is requesting Board approval of an advertising contract with GSP Transportation, Inc., dba Dollar Rent A Car / Thrifty Car Rental. The agreement will consist of one large backlit ad in baggage claim. The term of the agreement is for 24 months, beginning on September 15, 2014, at a monthly rate of \$600. The total contract value over the two year term will be \$14,400.

Board Action: President Hart requested Board approval for a two year advertising contract with GSP Transportation, Inc., dba Dollar Rent A Car / Thrifty Car Rental for a total value of \$14,400.

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

Other Business

None

Public Comment

None

Closing Comment

Chairman Jacobson began by thanking everyone in attendance and President Hart for his updates. He expressed his happiness with the airport's progress over the summer in adding amenities and improving service to its customers who are choosing to travel out of Chattanooga.

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

Adjourn

**Chattanooga Metropolitan Airport Authority
Board of Commissioners Meeting Minutes
October 20, 2014**

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting Monday, October 20, 2014 at 2:00 p.m. Chairman Jacobson, Vice Chairman Hall, Commissioners Veazey, Snow, Mitchell, Lytle, Mallen and Griffin were present.

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

Minutes

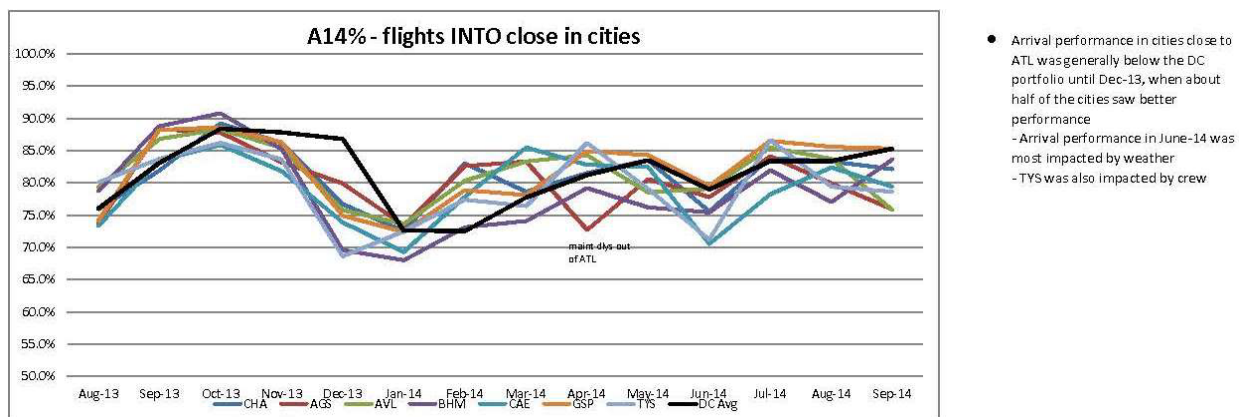
On motion of Commissioner Mallen, seconded by Commissioner Veazey, the minutes of the September 15, 2014 meeting were approved.

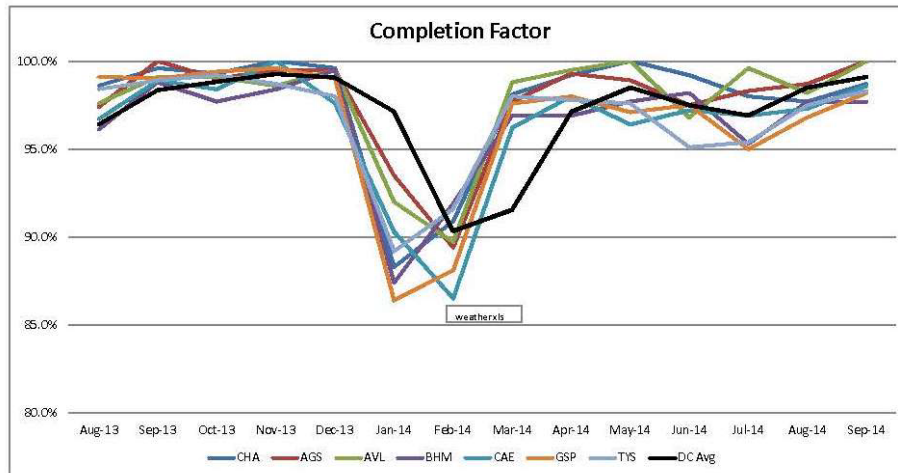
President's Report

President Hart addressed the Board and thanked them for their attendance. He began by giving a brief update on the August and September statistics. Enplanements in August were up 7 percent; while, in September, there was a 14 percent increase. Year to date, enplanements have increased almost 14 percent over last year, and CMAA expects 2014 to be a record year for the airport. President Hart went on to give a breakdown by airline of the enplanements year to date: Delta's enplanement numbers are up almost 13 percent, U.S. Air's are up 23 percent, Allegiant's are up 1 percent, and American Eagle's are up 8 percent. Year to date, air cargo is up almost 16 percent for the year.

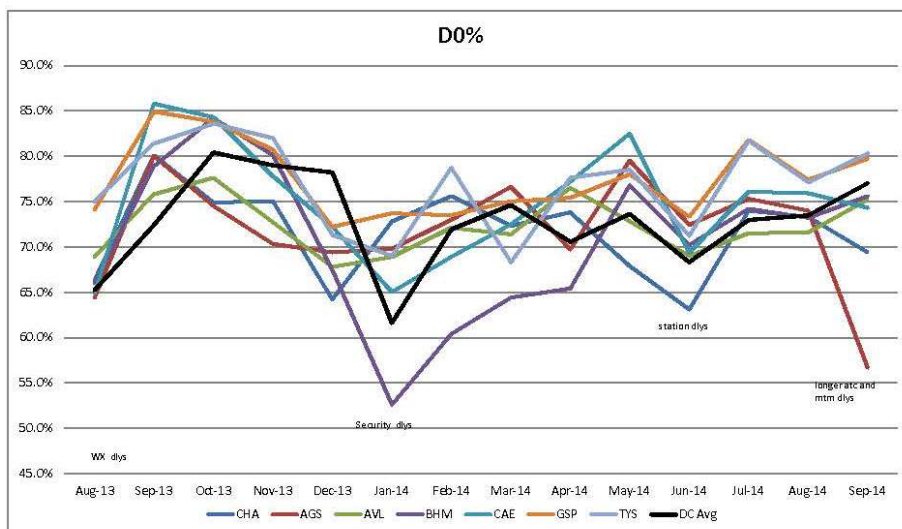
Next, President Hart updated the Board on air service at the airport. Earlier in the month, CMAA learned it did not receive the FAA Air Service Grant it had applied for. Unfortunately, the DOT funded fewer grant requests this year. President Hart said that while CMAA is disappointed that the airport did not receive the grant, CMAA did identify many key supporters in the community, and President Hart plans to take that information and continue to build on it and submit it to airline planners in the coming months. He went on to say he will specifically speak with United Airlines about the New York City and Houston markets.

President Hart continued by sharing an update on Delta's performance for the previous month.





- Completion factor in the select cities closest to ATL has seen significant improvement after Feb-14, as weather/IROPs improved
 - CAE saw a dip in Jun-13 due to significant (16) weather cancels
 - Almost all cities saw a dip in Jan-14 and Feb-14 due to weather cancells; all but CAE were above the DC average in Mar-14
 - TYS performance declined in June due to Weather and Maint
 - GSP performance declined in July due to Weather and Maint



- D0% in cities closest to ATL has improving in 2014, with only CHA below the average in June
 - CHA saw a dip in May-14 and Jun-14 due to significant weather delays, along with maintenance delays
 - Summer 2013 was impacted by weather delays; Jan-14 for BHM had TSA security delays
 - BHM was improving until Apr-14 when there was an uptick in Station delays; but July was above DC avg
 - AGS saw some longer ATC and maint delays in Sept

President Hart continued, saying the airport currently has several projects underway or completed. First, reconstruction of the north terminal ramp is underway and still on schedule. Phase 1 is complete, and phase 2 is expected to be completed in early November. CMAA expects the project to be complete by December. Next, construction began on the West Ramp Expansion Project. This is a two phase project that is expected to be completed by early summer. Finally, the car rental lot expansion has also begun. The project should expand the rental car lot from around 90 spots to 178 parking spots. That project is a three phase project with a completion date anticipated for early February.

Finally, EPB has finished their Wi-Fi installation at the airport, and customers now have access to the fastest internet in the country.

President Hart introduced Glen Hussmann, President of Tandus Centiva, Clarice McPherson, Account Executive, and Mausi McDaniel, Vice President of Marketing, to the Board. They thanked CMAA for their continued partnership and gave a brief presentation on the carpet recycling project CMAA and Tandus Centiva did during the terminal renovation. Mr. Hussman

then presented President Hart and CMAA with a Tandus Centiva Environmental Stewardship Award.

President Hart introduced Robert Belcher of Decosimo. Mr. Belcher presented the Board with a report on CMAA's annual audit. He reported that it was a clean audit. He thanked April Cameron, Tena Keith and President Hart for their assistance in making the audit successful.

President Hart thanked Mr. Belcher, April Cameron and Tena Keith for their work on the audit.

Board Action

Commercial Property

April Cameron addressed the Board. Over the last year, CMAA has increased property values from \$73.5 million to \$107.7 million as a result of the terminal renovation, solar farm installations, and the FBO acquisition and expansion. Wells Fargo worked diligently to negotiate a flat renewal of the rates to somewhat offset the increased exposures. The best property coverage quote came from the incumbent carrier, CNA, at \$97,000 for coverage of \$107.7 million with a \$10,000 deductible, except for flood claims that have a deductible of \$100,000, except those locations considered in a Flood Zone A that have a \$500,000 NFIP deductible. A thorough review of the policy's sublimits and exclusions by Wells Fargo and CMAA show that CNA has provided the most competitive proposal. Wells Fargo agrees that CMAA should remain with CNA for the upcoming term effective October 31, 2014.

Ms. Cameron thanked Wells Fargo and Dawn Kirkland for their assistance in creating the insurance proposal. Commissioner Lytle asked for the details of Wells Fargo's role in creating the insurance proposal. Ms. Cameron said Wells Fargo is CMAA's broker; they handle all of CMAA's policies. CMAA requests proposals from different insurance companies, Wells Fargo will then put all of the quotes together and make a recommendation to the Airport Authority. Ms. Kirkland said it is the job of Wells Fargo to work for the airport rather than the insurance companies to find the best, competitive proposal.

Board Action: Ms. Cameron requested Board approval for the renewal of CMAA's commercial property coverage with CNA in the amount of \$97,000.

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

Commercial Automobile

Ms. Cameron continued, Wells Fargo also negotiated rates for CMAA's commercial automobile policy effective October 31, 2014. Proposals were received from the incumbent, Harleysville, American Southern and Columbia Insurance Group. The quote received from Harleysville is higher than the 2013 rate due to a recent auto claim reported under the current Harleysville policy, therefore, Wells Fargo recommends moving the coverage to American Southern for this term. A review of the proposals including premiums, deductibles and exclusions show that

American Southern provided a competitive quote at \$14,338 which is a slight decrease from last year's premium paid to Harleysville. The automobile policy covers the actual cash value of 17 CMAA vehicles that are driven both on and off airport property. The coverage includes auto liability, medical payments, uninsured motorists, and comprehensive and collision damage with deductibles set at \$500.

Vice Chairman Hall asked whether the auto claim was on or off the airport property. Ms. Cameron stated that the claim was off airport property.

Board Action: Ms. Cameron requested Board approval to accept American Southern for CMAA's commercial automobile coverage in the amount of \$14,338.

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

Executive Liability

Ms. Cameron continued, CMAA's Executive Liability includes Directors and Officers, Employment Practices and Fiduciary Liability coverage for the Airport Authority. Premiums are based on the total assets of the organization which increased 12 percent over last year. CMAA currently maintains a primary management liability policy in the amount of \$5 million and a fiduciary policy in the amount of \$1 million. Additionally, CMAA maintains a \$5 million excess policy and a \$5 million secondary excess policy. After extensive remarketing, Wells Fargo has recommended that CMAA accept the proposal from ACE for the primary coverage in the amount of \$16,089 which represents a 5 percent increase over last year due to adding the FBO exposures. The fiduciary coverage will remain with Travelers in the amount of \$854 and excess policies will remain with RSUI and Hiscox in the amounts of \$11,177 and \$9,968 and are based on the current value of assets. The total cost of the \$15 million executive liability coverage is \$38,088.

Vice Chairman Hall asked Ms. Kirkland if she believes the airport is adequately covered. Ms. Kirkland said CMAA did acquire more liability when it acquired the FBO, but she and Wells Fargo believe \$15 million is sufficient to protect the Board. Vice Chairman Hall asked Ms. Kirkland to look into the settlements in Lexington, Kentucky to determine if CMAA is fully covered in the event of a commercial aviation accident. Commissioner Mitchell suggested CMAA table a recommendation on Executive Liability until Ms. Kirkland can get back with the Board. Ms. Cameron asked if it would be acceptable with the Board to send out a written request on the matter. The Board agreed to a written request.

Workers' Compensation

Ms. Cameron continued, in 2013, Wells Fargo chose not to market the Workers' Compensation portion of the portfolio because the account was moved to QBE within the same year and QBE's rates were the most competitive in the Aviation Workers' Compensation marketplace. During this year's effort, Wells Fargo received proposals from the incumbent, QBE, Phoenix Aviation/Old Republic, Starr Aviation, and USAIG. Wells Fargo recommends moving the coverage to

Phoenix Aviation/ Old Republic for the upcoming term due to their competitive quote of \$39,502 which represents a 19 percent decrease in premium while maintaining all of the statutory limits required by the State of Tennessee.

Commissioner Griffin asked if Phoenix Aviation/Old Republic take the amount of claims they receive into consideration. Ms. Cameron said yes, they develop an experience factor which they then base the rate upon.

Board Action: Ms. Cameron requested Board approval to accept Phoenix Aviation/ Old Republic for CMAA's Workers' Compensation coverage in the amount of \$39,502.

Motion for approval by Chairman Hall, seconded by Commissioner Griffin. Motion approved.

Aviation Liability

Ms. Cameron continued, ACE has held CMAA's aviation liability for many years and has always been responsive to claims and other requests. In addition, ACE granted premium reductions over the past few years all while increasing CMAA's coverages. Given that ACE has performed so well in the past, Wells Fargo is recommending acceptance of the quote from ACE in the amount of \$66,474 for limits of \$100 million. Although this quote represents a 7.6 percent increase or \$4,716 in the annual premium for last year it is actually based on a 4 percent rate decrease against higher exposures. The policy includes coverages, such as terrorism, that the other carriers did not offer. Additionally, Wells Fargo recommends that CMAA accept excess coverage of \$200 million by Lloyd's of London in the amount of \$30,299 which represents a decrease of \$3,367 in the annual premium or a 20 percent rate decrease over last year.

Board Action: Ms. Cameron requested Board approval for the renewal of ACE for aviation liability coverage in the amount of \$66,474, and excess coverage with Lloyd's of London in the amount of \$30,299.

Motion for approval by Commissioner Snow, seconded by Commissioners Mallen and Mitchell. Motion approved.

Landscaping Services Contract

Maurice Songy addressed the Board. The identified facilities and surrounding properties of the Chattanooga Airport require landscaping and mowing to be performed in order to keep the grounds clean and neat. The current contract for these services expires on October 31, 2014. A request for bids was issued with CMAA receiving five bids. The lowest responsive bidder was Green Effects Full Service Landscaping with an annual bid of \$43,405 for the next three years. This represents a \$10,000 annual savings over the current contract.

The scope of this contract will include:

- The mowing, trimming, edging, and landscaping of the airport terminal parking lots and entryways, the Jubilee Drive sign area, and Wilson Air Center.

- The mowing, trimming, and edging of miscellaneous non-secure areas.
- The mowing, trimming, and edging of miscellaneous secure areas on the airfield.

The terms of this contract will be for three years beginning on November 1, 2014 and ending on October 31, 2017. This item was included in the approved operating budget.

Mr. Songy introduced Ryan Belk of Green Effects to the Board who thanked the Board for the opportunity.

Board Action: Mr. Songy requested Board approval to enter into a contract with Green Effects Full Service Landscaping to perform the landscaping maintenance services at the Chattanooga Airport for \$43,405 per year for a term of three years, beginning November 1, 2014.

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

Fiber Optics Services Contract

Mr. Songy continued, the Chattanooga Airport provides telecommunication, internet, and television services for its staff, customers and tenants' use. CMAA's current agreement with EPB Fiber Optics, which covers components such as phone service, long distance, television and internet services, has recently expired. A new 36 month contract bringing together all of the Fiber Optic services for the CHA Terminal Building will allow CMAA to obtain a lower bundled price from EPB Fiber Optics.

EPB Fiber Optics has estimated that CMAA's monthly price for Fiber Optic service is \$1,028.26, for a total three year contract amount of \$37,017.36. This contract represents a savings of approximately \$4,023.84 per year. The cost per month is an approximation and dependent on factors such as long distance phone usage.

The scope of this contract will include:

- 23 Channel PRI (for Telephone)
- 40 Inward Dial Numbers (for Telephone)
- 5000 Monthly Minutes of Long Distance Service
- Business and Foreign Directory Listings
- Fiber Optic Service for Telephone
- Fiber Optic Service for Television
- Fiber Optic Service for Internet
- 8 Static IP Addresses

EPB has provided and maintained similar service at CHA since 2011. This item was included in the approved operating budget.

Mr. Songy introduced Lee George of EPB to the Board. Commissioner Lytle asked if the services listed are the same CMAA received from EPB last year. Mr. Songy said yes, and CMAA was able to get a better rate this year by bundling the multiple contracts they had with EPB into one.

Board Action: Mr. Songy requested Board approval to enter into a contract with EPB Fiber Optics to provide and maintain fiber optic supported telecommunication services at CHA for a projected amount of \$1,028.26 per month for 36 months.

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

Airfield Re-marking

Mr. Songy continued, according to 49 Code of Federal Regulations Part 139 “Certification of Airports,” an air carrier airport must clean or replace any airfield marking to make it clearly visible and provide an accurate reference to the airport user. There are numerous airfield markings that have faded over time and are in need of replacement to keep the airfield to CFR Part 139 standards.

In September, CMAA issued a Request for Proposals for a project to have specified airfield markings re-marked. Six proposals were received. CMAA recommends entering into a contract with JJ Cunningham, LLC, the lowest responsive bidder, at a cost of \$80,320.60.

The scope of this project will include the materials and labor to re-mark the specified airport markings. It will take approximately four days to complete the work. The start date is subject to the contractor’s schedule but is expected to start in November. This is a budgeted item and Passenger Facility Charge (PFC) funds will be used to fund this project.

Commissioner Veazey asked how long it has been since the airfield has been re-marked. Mr. Songy said the airfield has actually been going through the process of re-marking for a few years; the project has just been taking place in stages. This narrative is for the final phase of the airfield re-marking.

Board Action: Mr. Songy requested Board approval to enter into a contract with JJ Cunningham, LLC to re-mark the specified airport markings at a cost of \$80,320.60.

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

Other Business

None

Public Comment

Richard Cartier addressed the Board. He stated he was present unofficially on behalf of the Hixson Flight Museum. He informed the Board that the Hixson Flight Museum is currently in need of new space, and suggested the possibility of CMAA allowing the Museum to move into the former TAC Air Hangar on the north side of the airfield. Chairman Jacobson said the Board would follow up with the Hixson Flight Museum to see if there is an opportunity to collaborate with them.

Closing Comment

Chairman Jacobson began by thanking everyone in attendance and President Hart for his updates. He expressed his happiness with the airport's high enplanement numbers and the new Wi-Fi provided by EPB throughout the Terminal.

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

Adjourn

**Chattanooga Metropolitan Airport Authority
Board of Commissioners Meeting Minutes
December 15, 2014**

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting Monday, December 15, 2014 at 2:30 p.m. Chairman Jacobson, Commissioners Mallen, Lytle, Snow, Veazey and Griffin 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 Snow, seconded by Commissioner Lytle, the minutes of the October 20, 2014 meeting were approved.

President's Report

President Hart addressed the Board and thanked them for their attendance. He gave them a brief overview of the projects completed in 2014.

Next, President Hart said CMAA had one written consent request since the October meeting. CMAA's Executive Liability includes Directors and Officers, Employment Practices and Fiduciary Liability coverage of the Airport Authority. Premiums are based on the total assets of the organization which increased 12 percent over last year. CMAA currently maintains a primary management liability policy in the amount of \$5 million and a fiduciary policy in the amount of \$1 million. Additionally, CMAA maintains a \$5 million excess policy and a \$5 million secondary excess policy.

Wells Fargo has recommended that CMAA accept the proposal from ACE for the primary coverage in the amount of \$16,089 which represents a 5 percent increase over last year due to adding the FBO exposures. The fiduciary coverage will remain with Travelers in the amount of \$854 and excess policies will remain with RSUI and Hiscox in the amounts of \$11,177 and \$9,968 and are based on the current value of assets. The total cost of the \$15 million executive liability coverage is \$38,088.

The request was approved in writing by Chairman Jacobson, Commissioners Griffin, Mallen, Mitchell, Lytle, and Snow.

Board Action: President Hart requested Board approval to accept the proposal from ACE for the primary coverage in the amount of \$16,089, fiduciary coverage with Travelers in the amount of \$854, and excess policies with RSUI and Hiscox in the amounts of \$11,177 and \$9,968. The total cost of the \$15 million executive liability coverage is \$38,088.

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

President Hart stated that, at the request of the Finance Committee, CMAA has explored the possibility of increasing the Airport Authority's coverage over the original \$15 million. Wells Fargo secured two additional policies that increased the coverage from \$15 million to \$25 million. The first was with Federal for \$5 million at a premium of \$6,621. The second was with Star Indemnity for \$5 million at a premium of \$6,621. Both of those were enacted and put in place, and now the total coverage is at \$25 million. Neither of the items required Board approval because they were two separate policies and fell under President Hart's \$10,000 approval limit.

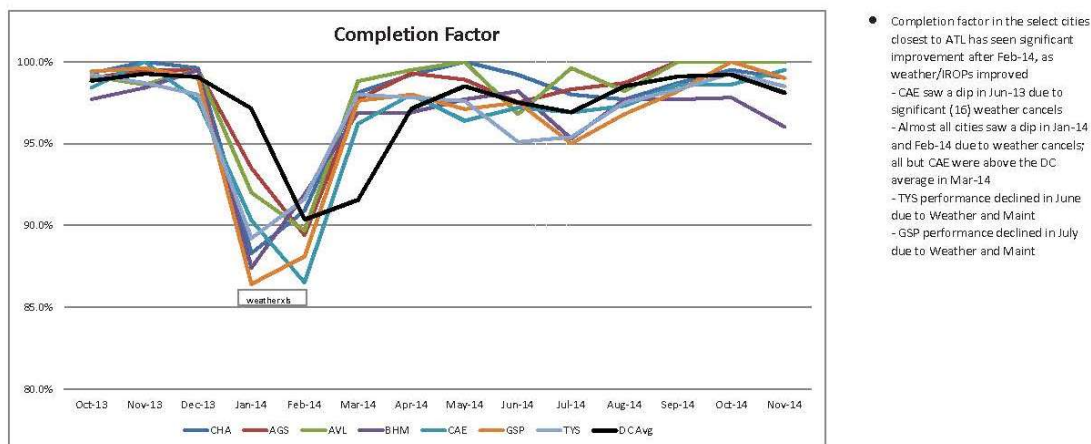
Commissioner Mallen asked if the written consent the Board had just approved was the coverage underneath the two additional policies. President Hart said yes, the Board approved the original policies CMAA had in place that were expiring. Commissioner Mallen asked Chairman Jacobson if it would be possible to put forth an action to approve not just the original policies but the stacked coverage as well. Chairman Jacobson said that would be welcomed.

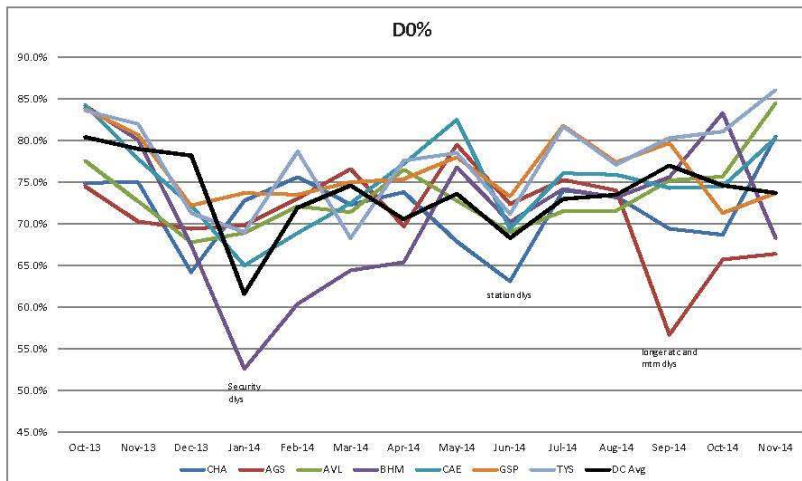
Commissioner Mallen moved that the underlining coverage that the Board reapproved along with the existing two policies all be enacted and effective as of November 7, 2014.

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

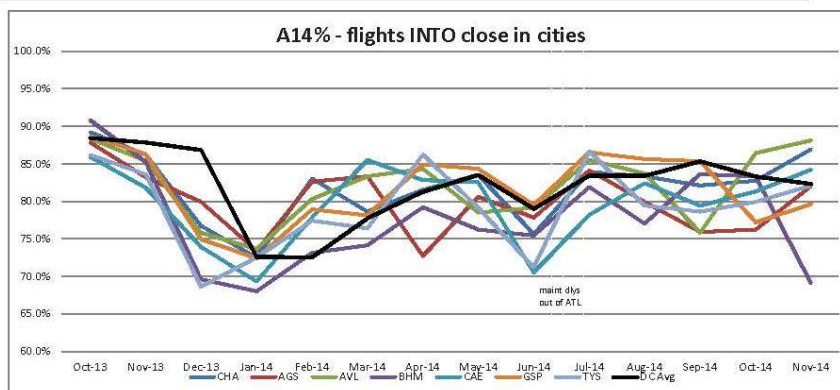
President Hart continued by reviewing the operational statistics for October and November. Enplanements in October were up 18 percent compared to the previous October. Delta showed an almost 24 percent increase, U.S. Air was up 13 percent, Allegiant was up 23 percent, and American was down 3 percent. Cargo enplanements continue to be positive for the airport. There was an almost 6 percent increase in poundage carried on enplaned cargo. In November, enplanements increased 14 percent over last November. Delta's enplanements were up 19 percent, U.S. Airways 17 percent, Allegiant 7 percent, and American had a 1 percent increase over last November. Year to date, Delta shows a 14 percent increase, U.S. Airways is up 21 percent, Allegiant is up almost 3 percent, and American is up 5 percent. At the end of November, the total number of passengers year to date was 322,052 breaking CMAA's previous record of 311,204 customers set in 1993.

Next, President Hart gave an update on Delta's performance for the previous month.





- D0% in cities close to ATL has improving in 2014, with only CHA below the average in June
- CHA saw a dip in May-14 and Jun-14 due to significant weather delays, along with maintenance delays
- Summer 2013 was impacted by weather delays; Jan-14 for BHM had TSA security delays
- BHM was improving until Apr-14 when there was an uptick in Station delays; but July was above DC avg
- AGS saw some longer ATC and maint delays in Sept



- Arrival performance in cities close to ATL was generally below the DC portfolio until Dec-13, when about half of the cities saw better performance
- Arrival performance in June-14 was most impacted by weather
- TYS was also impacted by crew

President Hart informed the Board of a couple of holiday events held at the airport, including a new event, Christmas at the Airport. CMAA invited the community to come out for free photos with Santa, free hot cocoa courtesy of Tailwind, and several musical performances.

In addition, CMAA welcomed all arriving passengers with a gift bag full of items from the event's sponsors. President Hart then showed a video put together by a student from Lee University of the event. CMAA also held its annual party for the children from the Shepherd Community Center. Sixty-five children came to the airport and were fed dinner, and they each received a special gift from Santa. Most of the gifts were provided by airport employees and tenants.

This year, CMAA purchased gifts for eight kids on the Board's behalf. The gifts included Hot Wheels track sets, dolls, action figures and Easy Bake Ovens. In addition, each child received hats and gloves to help them stay warm in the coming months.

Next, President Hart showed the Board an award CMAA received from the Shepherd Community Center on December 14. The award read, "Community Services Award Presented to the Chattanooga Metropolitan Airport Authority December 14, 2014. For Distinguished Support in Fostering the Sustainability of the Shepherd Community. Presented by Shepherd Community Action Council." President Hart stated that he finds this to be the most rewarding recognition the airport has received as it is from the airport's community and neighbors.

President Hart then gave the Board a brief update on a number of projects underway and ones that have been completed, including expansion of the parking area at the general aviation West Side Campus, the North Terminal Ramp Expansion, the replacement of the airport's FIDS and BIDS system, the expansion of the West Side general aviation ramp, and the rental car parking lot expansion. Finally he updated them on the completion of the airfield marking project.

Finally, President Hart asked Chairman Jacobson to join him in announcing that Commissioner Veazey has chosen to retire from the Board. President Hart expressed his appreciation for Commissioner Veazey's years of services. Chairman Jacobson read a few words, and presented Commissioner Veazey with a framed photo to commemorate his time on the Board.

Board Action

Resolution 72

To Authorize Creation of Investment Account and Acceptance of Stock from Delta Airlines as Payment of Claim

April Cameron addressed the Board. In 2005, Delta Airlines filed for Chapter 11 bankruptcy and the Authority was named as an unsecured creditor. Fidelity Investments notified CMAA that shares of Delta stock had been put into an account as repayment to CMAA for outstanding debt included in the bankruptcy proceedings. CMAA is required to approve a resolution to authorize creation of an investment account in order to accept the stock from Delta Airlines. As soon as the account is authorized and established, CMAA will request that the account be closed and the funds transferred to CMAA's General Operating account. A copy of Resolution 72 authorizing creation of this account is attached. Ms. Cameron invited Hugh Moore of Chambliss, Bahner & Stophel up to read Resolution 72.

BEFORE THE BOARD OF COMMISSIONERS OF THE CHATTANOOGA METROPOLITAN AIRPORT AUTHORITY

RESOLUTION NUMBER 72

A RESOLUTION: TO AUTHORIZE CREATION OF INVESTMENT ACCOUNT AND ACCEPTANCE OF STOCK FROM DELTA AIRLINES AS PAYMENT OF CLAIM

WHEREAS, the Chattanooga Metropolitan Airport Authority ("Authority") is a public and governmental body organized and existing under the Tennessee Metropolitan Airport Authority Act, Tenn. Code Ann. § 42-4-101, *et seq.* ("MAAA");

WHEREAS, pursuant to the MAAA, the Authority has "all powers necessary to accomplish the purposes of [its creation] (excluding the power to levy and collect taxes and special assessments)," including the powers to sue and be sued and the powers to enter into agreements

with carriers for the payment of landing fees, rental rates and other charges. *See* Tenn. Code Ann. § 42-4-107;

WHEREAS, in 2005, Delta Airlines filed for Chapter 11 bankruptcy, and the Authority was an unsecured creditor of Delta Airlines in that bankruptcy;

WHEREAS, as part of the ultimate resolution of the Delta Airlines bankruptcy, the United States Bankruptcy Court approved a plan to allow Delta Airlines to give to its unsecured creditors, including the Authority, a percentage of the value of their allowed claims as shares of new Delta stock;

WHEREAS, the Authority received shares of this new Delta Airlines stock, which has been placed with Fidelity Brokerage Services, LLC; and

WHEREAS, the Authority has been asked by Fidelity for a formal resolution authorizing the creation of an investment account (“Account”) belonging to the Authority into which the stock will be placed;

THEREFORE, THE BOARD OF COMMISSIONERS OF THE CHATTANOOGA METROPOLITAN AIRPORT AUTHORITY HEREBY RESOLVES AS FOLLOWS:

1. The Authority certifies that its current President and Chief Executive Officer is Terry L. Hart.
2. The Authority authorizes and empowers Terry L. Hart, for and on behalf of the Authority, to establish, maintain, and act on the Account, and he is authorized and empowered for and on behalf of the Authority, with Fidelity Brokerage Services LLC and its affiliate National Financial Services LLC (herein called the “Brokers”) for the purpose of acquiring, selling, possessing, transferring, exchanging, or otherwise disposing of any and all forms of securities. Either Broker may deal with Mr. Hart, as though they were dealing with the Authority directly.
3. The Authority grants Terry L. Hart broad authority act with respect to the Account, including the authority to give instructions to the Brokers with respect to said transactions; to bind and obligate the Authority to and for the carrying out of any contract, arrangement, or transaction that shall be entered into on behalf of the Authority with or through the Brokers; to pay from the funds of the Authority such sums as may be necessary in connection with the Account; to direct the sale or exercise of any rights with respect to any securities; to sign for the Authority all releases, powers of attorney, and/or other documents in connection with the Account, and to agree to any terms or conditions to control the Account; to direct the Brokers to surrender the securities to the proper agent or

party for the purpose of effecting any exchange or conversion, or for the purpose of deposit, or otherwise to accept delivery of any securities; to appoint any other person or persons to do any and all things that he is empowered by this Resolution to do; and generally to do and take all action necessary in connection with the Account, or considered desirable by him with respect to the Account.

4. The Brokers may rely upon any certification given in accordance with this Resolution as continuing fully effect in, unless and until the Brokers shall receive written notice of a change in or the rescission of the authority granted herein. Similarly, the powers and authorities given to Mr. Hart herein shall continue in force until revoked by the Authority by a written notice, addressed and delivered to Fidelity Brokerage Services, LLC, addressed and delivered to Fidelity Investments, P.O. Box 770001, Cincinnati, OH 45277-0002.

5. The Authority passes this Resolution for the benefit of the Brokers, who are entitled to rely upon it for the purposes set forth herein. The Board certifies that no provision in the MAAA, its bylaws or other similar documents of the Authority (“Governing Documents”) limits the power of the Board of Commissioners to adopt this Resolution and that this Resolution is in conformity with the Governing Documents. No provision of the Governing Documents requires or provides for any vote or consent necessary to authorize the adoption of this Resolution other than of the Board of Commissioners.

6. To the extent permitted by Tennessee law, the Authority indemnifies and holds the Brokers harmless from any claim, loss, expense, or other liability for effecting any transactions and acting upon any instructions from Mr. Hart.

Adopted by the Board of Commissioners at the regularly scheduled meeting on December 15, 2014 by a majority vote of a quorum of the Board.

Chairman, Board of Commissioners

Vice-Chairman, Board of Commissioners

Attest:

CMAA Legal Counsel

Commissioner Lytle asked for clarification of the timeline for the claim. Mr. Moore said the stock was issued by Delta in 2010, and it has administratively taken the airport that long to get to the point where they could open an account and get the stock accepted and sold. In that time, the stock has increased fourfold. The market value of the stock was \$7,600 when deposited and has increased to \$28,000.

Board Action: Mr. Moore requested Board approval of Resolution 72.

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

Hangar 1 & 2 Reconfiguration - Construction

John Naylor addressed the Board. During the September Board meeting, CMAA received approval for entering into Task Order 2 with Allen & Hoshall for the engineering services associated with the Rental Car Lot Expansion. As this project touched the space behind Hangar 1 & 2, a reconfiguration of the hangar entryway was required in an effort to improve customer convenience and improve security. The design, completed by Allen & Hoshall, created a new covered walkway and entrance foyer into the Hangar 1 & 2 complex.

A Request for Proposals was submitted for the work associated with this design and CMAA received four bids on the project. Allen & Hoshall's review and evaluation found the low bidder, Durango Enterprises, LLC properly licensed by the State of Tennessee, experienced in the type of work required by this project, and in possession of sufficient equipment and financial resources to perform the work. After meeting all of the bid requirements, Allen and Hoshall has recommended awarding the construction contract to the apparent low bidder, Durango Enterprises, LLC. Durango Enterprises is a certified DBE in the State of Tennessee. CMAA has reviewed the Engineer's recommendation and is in agreement. The bid price was \$29,300.

Funding for this project is through a state grant. The state will cover 95 percent with the remaining 5 percent to be paid by CMAA. This item was included in the approved capital budget.

Mr. Naylor introduced Candace Esparza, the owner of Durango Enterprises, to the Board. Ms. Esparza gave a brief overview of the history of her company.

Board Action: Mr. Naylor requested Board approval for a contract with Durango Enterprises, LLC for the Hangar 1 & 2 Reconfiguration - Construction in the amount of \$29,300.

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

Hangar 1 & 2 Security Improvement Project

Mr. Naylor continued, in conjunction with the Hangar 1 & 2 construction work and in preparation for the removal of Hangar 3, necessary work is required to the access control and

CCTV (Security) system. SDI, the airport's security system contractor, will affect the changes to ensure CMAA's compliance with all federal security regulations. CMAA will request Board approval to enter into a construction contract with SDI for the necessary security modifications. The contract amount for this project is \$42,835.

The scope of work includes the removal of all existing security equipment and enclosures presently located at Hangar 3. Equipment removed from Hangar 3 will be repurposed to Hangar 1 & 2. Hangar 1 & 2 will receive five new access controlled doors and two security cameras. In addition, SDI will reinstall the Gate 39 security enclosure, removed during the Rental Car Expansion project, to Vehicle Gate 2. The Gate 39 camera will be reinstalled on the rental car fence line. SDI will provide all labor and install all necessary cabling, fiber lines, and wireless nodes.

Tenants and customers will have improved convenience with a covered walkway to enter into a new foyer to gain access to Hangar 1 & 2. Security will be significantly improved with the relocation of access control to the airside of the building. Entrance to Hangar 1 & 2 will be relocated to the non-secure side of the building similar to what is found at the West General Aviation Terminal.

Funding for this project is through a state grant. The state will cover 95 percent with the remaining 5 percent to be paid by CMAA. This item was included in the approved capital budget.

Mr. Naylor introduced Brian Glandon of SDI to the Board. Mr. Glandon thanked CMAA and the Board for their continued partnership with SDI. Chairman Jacobson asked how long the project will take to complete. Mr. Glandon said the physical work will take about 30 days, while the entire contract will be for around 60 days.

Board Action: Mr. Naylor requested Board approval for a contract with SDI for the Hangar 1 & 2 security improvements in the amount of \$42,835.

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

Other Business

Commissioner Snow wished to inform the Board that he and Glenn Rivenbark of Wilson Air are working on two fly-in groups that will be coming in early June. One is a group of Mooney pilots who will be flying in for training, and the second is a group from the Southeastern Bonanza Society.

Public Comment

None

Closing Comment

Chairman Jacobson began by thanking everyone in attendance and President Hart for his updates. He recognized and thanked the customers who continue to choose to fly out of CHA.

He said he looks forward to seeing the final number for 2014 and working on an aggressive plan to increase those numbers in 2015. He thanked President Hart for his updates, and the airport staff for their continued positive impact on the local community.

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

Adjourn