

**Chattanooga Metropolitan Airport Authority
Board of Commissioners Meeting Minutes
January 20, 2015**

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting Monday, January 20, 2015 at 2:00 p.m. Chairman Jacobson, Commissioners Griffin, Lytle, Mallen, Mitchell, and Snow 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 Snow, the minutes of the December 15, 2014 meeting were approved.

President's Report

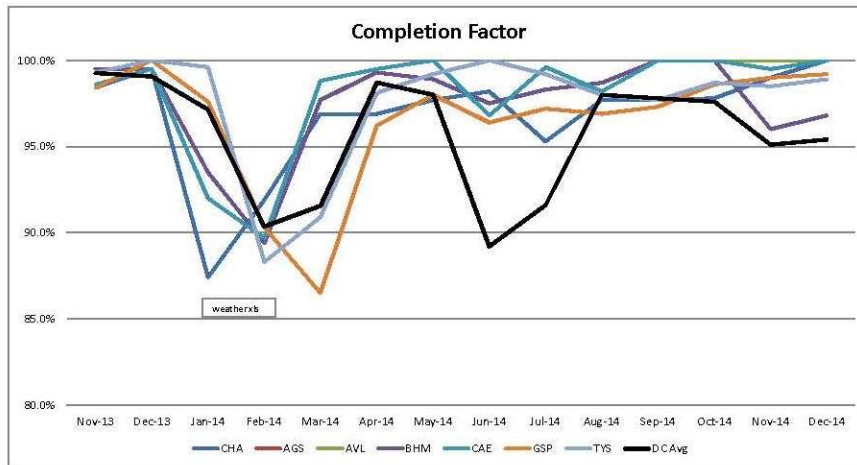
President Hart addressed the Board and thanked them for their attendance. He began by reviewing CMAA's overall goals in 2014. From an operations perspective, CMAA successfully completed a full scale emergency drill and a FAA Part 139 inception. In Finance, CMAA had another clean audit report and produced a balanced budget that focused on growth and the customer experience. The Airport's acquisition of the general aviation facilities on the airfield allowed for an improved relationship with tenants, while also ensuring fuel pricing was competitive. From a development perspective, CMAA completed several major projects including the terminal renovation with new concessions and upgrading WiFi, the installation of six Tesla charging stations, and the north terminal ramp project, all of which were directly beneficial to customers.

CMAA was also very involved in the community this year. Community outreach events included: a special grand reopening event to celebrate the completion of the renovation, hosted a Lookouts baseball game, and invited the community to the airport for special holiday events. The Airport received several awards recognizing ongoing efforts in 2014, including the Speas Airport Award, the Governor's Environmental Stewardship Award for the Pursuit of Excellence, a sustainability award from Tandus Centiva, and a business award for CMAA's partnership with the Shepherd Community Center.

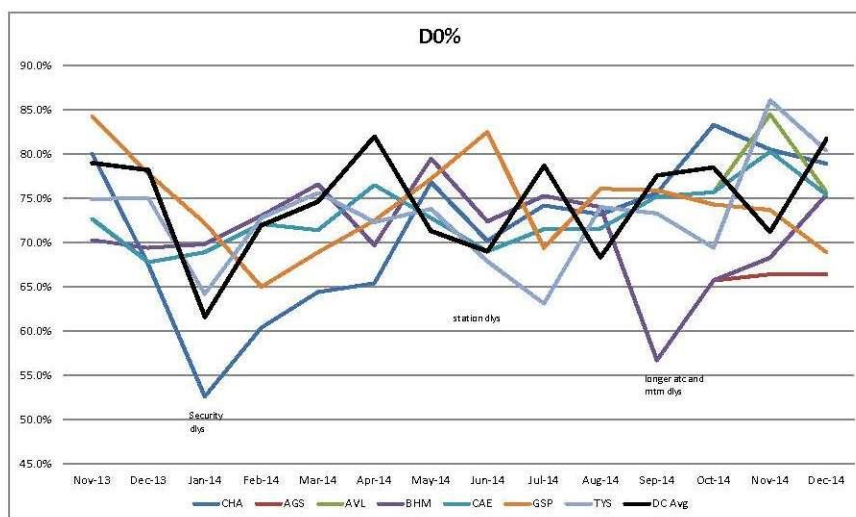
All of this served one purpose – to make the airport the best it can be for its customers. And customers responded by using the airport more than ever. 2014 was a record year for the Airport with enplanements totaling 352,459, which is a 14% increase of 2013.

President Hart continued by reviewing the operational statistics for December. Cargo showed a 17% increase over December 2013. Enplaned cargo saw a 12% increase over 2013.

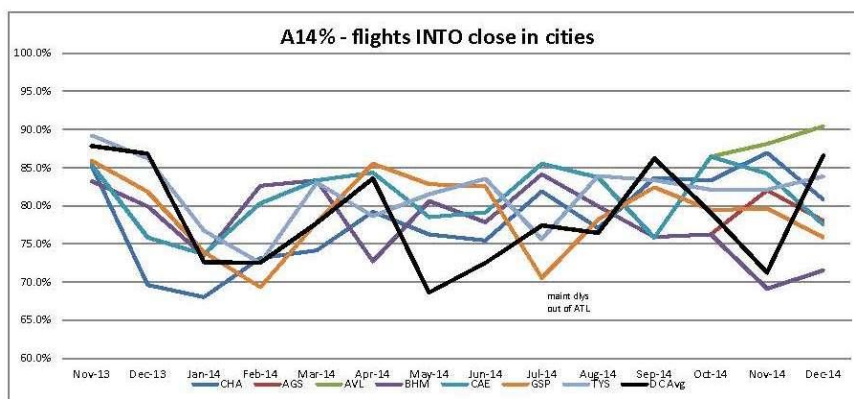
Next, President Hart gave an update on Delta's performance for the previous month.



- 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 cancels; 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 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

From an air service perspective, CMAA received some positive news from air service consultant The Boyd Group. In 2015, there are currently 926 additional scheduled departures which is a 13% increase over 2014, as well as 61,299 added seats, at 14.6%. President Hart commented that this is great news, and shows airline partners are noticing the Airport's growth and supporting it. He went on to say he will be attending and airline conference in February where he will meet with some of the airline planners to discuss opportunities for additional air service.

Finally, President Hart read two exceptional thank you notes the Airport received in December.

Board Action

Resolution 73

Debt Modification Agreement 2015

April Cameron addressed the Board. In January 2014, CMAA issued \$5,086,077 in Tax Exempt Revenue Bonds and \$4,913,923 in Taxable Revenue Bonds to purchase the assets and leasehold rights of TAC Air Chattanooga. The amount of the bonds that were issued for tax exempt and taxable purposes was based on the expected use of the facilities. Since acquiring the space, CMAA has evaluated the facilities and determined that our initial plan of use needed to be modified based on the condition of the facilities. Likewise, we also requested that the interest rates be adjusted to reflect reductions in the rates that have occurred since the bonds were issued in January 2014. Finally, the Finance Committee recommended that we utilize a portion of our cash on hand to reduce a portion of the outstanding debt.

As a result, CMAA will present a resolution for approval which will authorize the Interest Rate Reduction, the Change in Use, the Tax Exempt Partial Bond Redemption, the Tax Exempt Bond Monthly Payment Reduction, the Taxable Bond Partial Redemption, the Taxable Bond Monthly Payment reduction, and the execution, delivery, and performance of the Modification Agreement.

The new annual debt requirement will be \$507,305.64 paid in monthly installments of \$42,275.47. This change will provide debt service savings in the amount of \$255,217.92 annually. Costs associated with this modification include legal fees for development of the modification documents and a modification fee of \$35,000 to First Tennessee which will be recovered through the first year's savings.

Ms. Cameron asked Hugh Moore of Chambliss, Bahner & Stophel to come forward and review the resolution for the Board.

RESOLUTION NO. 73

RESOLUTION AUTHORIZING AND APPROVING (I) AN INTEREST RATE REDUCTION AND CERTAIN OTHER MODIFICATIONS TO THE CHATTANOOGA METROPOLITAN AIRPORT AUTHORITY TAX EXEMPT REVENUE BOND, SERIES 2014A, IN THE ORIGINAL PRINCIPAL AMOUNT OF \$5,086,077 (THE "TAX EXEMPT BOND"), (II) AN INTEREST RATE REDUCTION AND CERTAIN OTHER MODIFICATIONS TO THE CHATTANOOGA METROPOLITAN AIRPORT AUTHORITY TAXABLE REVENUE BOND, SERIES 2014B, IN THE ORIGINAL PRINCIPAL AMOUNT OF \$4,913,932 (THE "TAXABLE BOND"), (III) A CHANGE IN USE FOR A PORTION OF THE REAL PROPERTY ACQUIRED WITH THE PROCEEDS OF THE TAX EXEMPT BOND AND THE TAXABLE BOND, (IV) A PARTIAL REDEMPTION OF THE TAX EXEMPT BOND IN THE PRINCIPAL AMOUNT OF \$1,800,000 OF THE TAX EXEMPT BOND, (V) A PARTIAL REDEMPTION OF THE TAXABLE BOND IN THE PRINCIPAL AMOUNT OF \$817,232 AND (VI) ALL DOCUMENTS, INSTRUMENTS, ACTIONS AND MATTERS NECESSARY OR APPROPRIATE FOR, OR PERTAINING TO, SUCH MODIFICATIONS, CHANGE IN USE AND PARTIAL REDEMPTIONS.

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, the Authority issued and sold the Tax Exempt Bond and the Taxable Bond (collectively, the "Bonds") on January 10, 2014 to First Tennessee Bank National Association (the "Bank"), which remains the registered owner of the Bonds; and

WHEREAS, the Authority has requested that the Bank agree to a reduction in the interest rate borne by the Tax Exempt Bond from 3.99% to 2.67% (such proposed new interest rate being subject to adjustment based on market conditions on the effective date of the Modification Agreement (as defined below)) (the "Tax Exempt Bond Interest Rate Reduction"); and

WHEREAS, the Authority has requested that the Bank agree to a reduction in the interest rate borne by the Taxable Bond from 4.99% to 4.03% (such proposed new interest rate being subject to adjustment based on market conditions on the effective date of the Modification Agreement) (the "Taxable Bond Interest Rate Reduction"); and

WHEREAS, the Authority purchased leasehold interests in Hangars 1, 2 and 22 at the Chattanooga Metropolitan Airport - Lovell Field (the "Airport") with a portion of the proceeds of the Tax Exempt Bond with the intention of tearing them down and using the real property on which they are located for public parking; and

WHEREAS, the Authority purchased a leasehold interest in Hangar 3 at the Airport with a portion of the proceeds of the Taxable Bond with the intention of using it for private airplane hangar rental; and

WHEREAS, Airport management has informed the Authority that Hangars 1, 2 and 22 would be better suited for private airport hangar rental, which does not qualify for tax exempt

treatment, and has recommended that a change in use of Hangars 1, 2 and 22 to private airplane hangar rental be approved by the Authority; and

WHEREAS, Airport management has also informed the Authority that Hangar 3 would be better suited for demolition and use of the real property on which it is located for public parking, and has recommended that a change in use of Hangar 3 to public parking be approved by the Authority (this change in use together with the change in use of Hangars 1, 2 and 22 are collectively called the "Change in Use"); and

WHEREAS, as a result of the change in use of Hangars 1, 2 and 22 and in order to preserve the exemption of the interest on the Tax Exempt Bond from federal and state income tax, the Authority would be required to redeem \$1,800,000 in principal amount of the Tax Exempt Bond (the "Tax Exempt Bond Partial Redemption"); and

WHEREAS, the Finance Committee has determined that the cash reserves of the Authority will permit the redemption of \$817,232 in principal amount of the Taxable Bond and has recommended to the Authority that such redemption be authorized (the "Taxable Bond Partial Redemption"); and

WHEREAS, the Authority has requested that the Bank permit the monthly principal payments on the Tax Exempt Bond to be reduced from \$30,947.06 to \$17,447.43 (subject to adjustment based on the actual reduced interest rate on the Tax Exempt Bond as determined on the effective date of the Modification Agreement (as defined below)) (the "Tax Exempt Bond Monthly Payment Reduction"), as a result of the proposed Tax Exempt Bond Interest Rate Reduction and the Tax Exempt Bond Partial Redemption; and

WHEREAS, the Authority has requested that the Bank permit the monthly principal payments on the Taxable Bond to be reduced from \$32,596.57 to \$24,828.04 (subject to adjustment based on the actual reduced interest rate on the Taxable Bond as determined on the effective date of the Modification Agreement (as defined below)) (the "Taxable Bond Monthly Payment Reduction"), as a result of the proposed interest rate reduction and partial redemption of the Taxable Bond; and

WHEREAS, the Bank is willing to agree to the Tax Exempt Bond Interest Rate Reduction, the Tax Exempt Bond Partial Redemption, the Tax Exempt Bond Monthly Payment Reduction, the Taxable Bond Interest Rate Reduction, the Taxable Bond Partial Redemption and the Taxable Bond Monthly Payment Reduction, provided that the Authority will enter into a Modification Agreement in the form presented to the Authority for approval and attached hereto as Exhibit A (the "Modification Agreement") and provided that the Authority satisfies the conditions and requirements set forth in the Modification Agreement;

WHEREAS, the Authority desires to authorize and approve the above-described the Tax Exempt Bond Interest Rate Reduction, the Taxable Bond Interest Rate Reduction, the Change in Use, the Tax Exempt Bond Partial Redemption, the Tax Exempt Bond Monthly Payment Reduction, the Taxable Bond Partial Redemption and the Taxable Bond Monthly Payment Reduction and the execution and delivery of the Modification Agreement;

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

Section 1. Authorization of the Tax Exempt Bond Interest Rate Reduction, the Taxable Bond Interest Rate Reduction, the Change in Use, the Tax Exempt Bond Partial Redemption, the Taxable Bond Partial Redemption, the Tax Exempt Bond Monthly Payment Reduction and the Taxable Bond Monthly Payment Reduction and Other Modifications to the Bonds Set Forth in the Modification Agreement.

The Authority hereby finds and determines that the Tax Exempt Bond Interest Rate Reduction, the Taxable Bond Interest Rate Reduction, the Change in Use, the Tax Exempt Bond Partial Redemption, the Taxable Bond Partial Redemption, the Tax Exempt Bond Monthly Payment Reduction and the Taxable Bond Monthly Payment Reduction and other modifications to the Bonds set forth in the Modification Agreement will reduce interest costs, result in the more efficient operation of the Airport and otherwise be in the public interest. Accordingly, the Authority hereby authorizes and approves:

- (a) the Tax Exempt Bond Interest Rate Reduction and the Taxable Bond Interest Rate Reduction,
- (b) the Change in Use,
- (c) the Tax Exempt Bond Partial Redemption and the Taxable Bond Partial Redemption,
- (d) the Tax Exempt Bond Payment Reduction and the Taxable Bond Payment Reduction, and
- (e) all other modifications to the Bonds set forth in the Modification Agreement.

Section 2. Approval of the Modification Agreement. The form, content and provisions of the Modification Agreement are in all particulars approved, and the Chairman and the Vice Chairman, or either of them, and the President of the Authority are hereby authorized, empowered, and directed to execute, acknowledge, and deliver the Modification Agreement in the name, and on behalf, of the Authority.

The Modification Agreement is to be in substantially the form attached hereto as Exhibit A which is now before this meeting of the Board of Commissioners, or with such changes therein as shall be approved by the officers of the Authority 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 Authority are hereby authorized, empowered, and directed, from and after the execution and delivery of the Modification 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 Modification Agreement, as executed and delivered.

Section 3. Approval of the Bond Modifications. The form, content, and provisions of the Bond, as modified by the Modification Agreement, are in all particulars hereby approved and as so modified shall conclusively be the approved form of the Bond.

Section 4. Ratification of Commitment Letter. The Authority hereby ratifies and confirms that certain Commitment Letter from the Bank dated December 2, 2014.

Section 5. Miscellaneous Acts. The appropriate officers of 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.

Section 6. 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 such special sources and funds provided therefor in accordance with the provisions thereof and the Bond Purchase Agreement, dated January 10, 2014, as amended by the Modification 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.

Section 7. 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 8. 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 9. 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 20th day of January, 2014.

By: Daniel R. Jaworski
Chairman 1/20/15

ATTEST:


By: 
Secretary 1/20/15

EXHIBIT A

Form of Modification Agreement

[Attached]

MODIFICATION AGREEMENT

This MODIFICATION AGREEMENT (the "Agreement") made and entered into effective as of January 22, 2015 (the "Effective Date") by and between **FIRST TENNESSEE BANK NATIONAL ASSOCIATION** (the "Holder"), a national banking association with an office in Chattanooga, Tennessee, and **CHATTANOOGA METROPOLITAN AIRPORT AUTHORITY** (the "Issuer"), a Tennessee metropolitan airport authority created pursuant to the provisions of the Metropolitan Airport Issuer Act, Tennessee Code Annotated Sections 42-4-101, et seq., as amended;

WITNESSETH:

WHEREAS, the Issuer 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, on January 10, 2014, the Issuer issued and sold (i) its Tax Exempt Revenue Bond, Series 2014A, in the original principal amount of \$5,086,077 (the "Tax Exempt Bond"), and (ii) its Taxable Revenue Bond, Series 2014B, in the original principal amount of \$4,913,932 (the "Taxable Bond"; the Tax Exempt Bond and the Taxable Bond collective called the "Bonds"), to the Holder, which remains the registered owner of the Bonds, all pursuant to that certain Bond Purchase Agreement dated as of January 10, 2014 between the Holder and the Issuer (the "Bond Purchase Agreement"); and

WHEREAS, the Holder and the Issuer entered into a Pledge and Security Agreement dated as of January 10, 2014 (the "Pledge Agreement"), and other documents in connection with the Bonds (the Bonds, the Bond Purchase Agreement, together with the Pledge Agreement and such other documents collectively called the "Bond Documents"); and

WHEREAS, the Issuer has requested that the Holder reduce (i) the interest rate borne by the Tax Exempt Bond from 3.99% per annum to 2.67% per annum, and (ii) reduce the interest rate borne by the Taxable Bond from 4.99% to 4.03% (as further described in this Agreement, the "Interest Rate Reductions"); and

WHEREAS, the Issuer purchased leasehold interests in Hangars 1, 2 and 22 at the Chattanooga Metropolitan Airport - Lovell Field (the "Airport") with a portion of the proceeds of the Tax Exempt Bond with the intention of tearing them down and using the real property on which they are located for public parking; and

WHEREAS, the Issuer purchased a leasehold interest in Hangar 3 at the Airport with a portion of the proceeds of the Taxable Bond with the intention of using it for private airplane hangar rental; and

WHEREAS, the Issuer has determined that Hangars 1, 2 and 22 would be better suited for private airport hangar rental, which does not qualify for tax exempt treatment, and has approved a change in use of Hangars 1, 2 and 22 to private airplane hangar rental; and

WHEREAS, the Issuer has determined that Hangar 3 would be better suited for demolition and use of the real property on which it is located for public parking, and has approved a change in use of Hangar 3 to public parking (this change in use together with the change in use of Hangars 1, 2 and 22 are collectively called the "Change in Use"); and

WHEREAS, as a result of the change in use of Hangars 1, 2 and 22 and in order to preserve the exemption of the interest on the Tax Exempt Bond from federal and state income tax, the Issuer is required to redeem \$1,800,000 in principal amount of the Tax Exempt Bond (the "Tax Exempt Bond Partial Redemption"); and

WHEREAS, the Issuer has determined that its cash reserves will permit the redemption of \$817,232 in principal amount of the Taxable Bond (the "Taxable Bond Partial Redemption"); and

WHEREAS, the Issuer has requested that the Holder permit the monthly principal payments on the Tax Exempt Bond to be reduced from \$30,947.06 to \$17,447.43 (the "Tax Exempt Bond Monthly Payment Reduction"), as a result of the proposed Tax Exempt Bond Interest Rate Reduction and the Tax Exempt Bond Partial Redemption; and

WHEREAS, the Issuer has requested that the Holder permit the monthly principal payments on the Taxable Bond to be reduced from \$32,596.57 to \$24,828.04 (the "Taxable Bond Monthly Payment Reduction"), as a result of the proposed interest rate reduction and partial redemption of the Taxable Bond; and

WHEREAS, the Holder is willing to permit the Change in Use and to agree to the Interest Rate Reductions, the Tax Exempt Bond Partial Redemption, the Tax Exempt Bond Monthly Payment Reduction, the Taxable Bond Partial Redemption and the Taxable Bond Monthly Payment Reduction, provided that the Issuer will enter into this Agreement and satisfy the conditions and requirements set forth in the Agreement;

NOW, THEREFORE, in consideration of the premises, the continued extension of credit, and other good and valuable consideration, the receipt and sufficiency of which are hereby irrevocably acknowledged, the Issuer and the Holder agree as follows:

1. Capitalized Terms. Capitalized terms as used herein shall have the same meaning contained in the Bond Purchase Agreement unless a different definition is provided herein.

2. Amendments to Bond Purchase Agreement. The Bond Purchase Agreement is hereby amended as follows:

a. The definition of "Determination Rate" contained in Section 1.1 is deleted in its entirety, and the following definition is inserted in lieu thereof:

"Determination Rate with respect to the Tax Exempt Bond means the fixed per annum rate of interest equal to the greater of (i) 4.03% per annum, and (ii) the yield on U.S. ten-year treasury notes on the Date of Taxability, plus 200 basis points.

b. The definition of "Interest Rate" contained in Section 1.1 is deleted in its entirety, and the following definition is inserted in lieu thereof:

"Interest Rate" with respect to (i) the Taxable Bond means the fixed rate of interest equal to 4.03% per annum, and (ii) the Tax Exempt Bonds means the fixed rate of interest equal to 2.67%; provided, however, that upon a Determination of Taxability, then from and after the Date of Taxability, the Interest Rate with respect to the Tax Exempt Bonds means the Determination Rate.

c. Section 2.2(c)(ii) is amended as shall be necessary to reflect that beginning February 10, 2015, the amount of each of the monthly installments due on the Tax Exempt Bond shall be \$17,447.43, with the last installment being in an amount equal to the remaining unpaid principal balance of the Tax Exempt Bond and all accrued but unpaid interest thereon.

d. Section 2.2(d)(ii) is amended as shall be necessary to reflect that beginning February 10, 2015, the amount of each of the monthly installments due on the Taxable Bond shall be \$24,828.04, with the last installment being in an amount equal to the remaining unpaid principal balance of the Taxable Bond and all accrued but unpaid interest thereon.

e. Section 6.2 is deleted in its entirety, and the following Section 6.2(a) is inserted in lieu thereof:

Section 7.2 Optional Redemption Generally. The Issuer shall be permitted to redeem the Bonds in whole or in part upon thirty (30) day prior written notice to Holder without penalty or premium; provided, however, if the funds for such redemption are obtained from a lender or purchaser other than Holder, then the Issuer shall pay a redemption premium equal to: (i) three percent (3%) of the then outstanding principal balance being redeemed if redeemed during the period beginning January 22, 2015 and ending at midnight on January 21, 2016; (ii) two percent (2%) of the then outstanding principal balance being redeemed if redeemed during the period beginning January 22, 2016 and ending at midnight on January 21, 2017; and (iii) one percent (1%) of the then outstanding principal balance being redeemed if redeemed during the period beginning January 22, 2017 and ending at midnight on January 21, 2018.

3. Amendments to the Bonds. The Bonds are hereby amended as shall be necessary to reflect the following:

a. Beginning January 22, 2015, the Tax Exempt Bond shall bear interest at the fixed rate of 2.67% per annum until the Tax Exempt Bond is paid in full; provided, however, that upon a Determination of Taxability, then from and after the Date of Taxability, the Tax

Exempt Bond shall bear interest at the Determination Rate; and provided, further, however, that upon the occurrence and during the continuance of any Event of Default (as that term is defined in the Bond Purchase Agreement), the Tax Exempt Bond shall bear interest at the Default Rate (as that term is defined in the Bond Purchase Agreement).

b. Beginning January 22, 2015, the Taxable Bond shall bear interest at the fixed rate of 4.03% per annum until the Taxable Bond is paid in full; provided, however, that upon the occurrence and during the continuance of any Event of Default (as that term is defined in the Bond Purchase Agreement), the Taxable Bond shall bear interest at the Default Rate (as that term is defined in the Bond Purchase Agreement).

c. Beginning February 10, 2015, the amount of each of the monthly installments due on the Tax Exempt Bond shall be \$17,447.43, with the last installment being in an amount equal to the remaining unpaid principal balance of the Tax Exempt Bond and all accrued but unpaid interest thereon.

d. Beginning February 10, 2015, the amount of each of the monthly installments due on the Taxable Bond shall be \$24,828.04, with the last installment being in an amount equal to the remaining unpaid principal balance of the Taxable Bond and all accrued but unpaid interest thereon.

e. The Issuer shall be permitted to redeem the Bonds in whole or in part upon thirty (30) day prior written notice to Holder without penalty or premium; provided, however, if the funds for such redemption are obtained from a lender or purchaser other than Holder, then the Issuer shall pay a redemption premium equal to: (i) three percent (3%) of the then outstanding principal balance being redeemed if redeemed during the period beginning January 22, 2015 and ending at midnight on January 21, 2016; (ii) two percent (2%) of the then outstanding principal balance being redeemed if redeemed during the period beginning January 22, 2016 and ending at midnight on January 21, 2017; and (iii) one percent (1%) of the then outstanding principal balance being redeemed if redeemed during the period beginning January 22, 2017 and ending at midnight on January 21, 2018.

f. Any provision of the Bonds that is in conflict with the foregoing provisions of this Section 3 is hereby deleted and shall be of no further validity or effect.

4. Change of Use; Remedial Action; Partial Redemption of Tax Exempt Bond. The Issuer agrees to redeem \$1,800,000 in principal amount of the Tax Exempt Bond on the Effective Date. The Issuer represents and warrants that such partial redemption of the Tax Exempt Bonds is a remedial action meeting the requirements of Treasury Regulation §1.141-12. The Issuer further represents and warrants that it has met all of the conditions set forth in Treasury Regulation §1.141-12(a) for taking such remedial action. The Issuer's Remedial Action Tax Certificate of even date herewith is incorporated into this Agreement by reference as fully as if set forth in this Agreement, and the Issuer hereby reconfirms the certifications, representations and warranties set forth therein for the benefit of the Holder. Based on such certifications, representations and warranties the Holder consents to the Change in Use and the Tax Exempt Bond Partial Redemption.

5. Partial Redemption of Taxable Bond. The Issuer agrees to redeem \$817,232 in principal amount of the Taxable Bond on the Effective Date, and the Holder consents to such partial redemption.

6. Conditions to Modifications and Redemptions. On or before the Effective Date, the Issuer shall furnish the following to the Holder, each in form and substance satisfactory to the Holder and its counsel:

- a. an executed counterpart of this Agreement;
- b. a certified resolution of the Issuer authorizing the Interest Rate Reductions, the Change in Use, the Tax Exempt Bond Partial Redemption, the Tax Exempt Bond Monthly Payment Reduction, the Taxable Bond Partial Redemption and the Taxable Bond Monthly Payment Reduction Interest Rate Reduction and the execution, delivery and performance of this Agreement;
- c. a Closing Certificate of the Issuer in such form as the Holder shall reasonably request;
- d. a Remedial Action Tax Certificate in form and substance reasonably satisfactory to the Holder;
- e. a Tax Certificate and Agreement in form and substance reasonably satisfactory to the Holder;
- f. a completed IRS Form 8038G that has been executed by the Issuer and is ready for filing with the Internal Revenue Service;
- g. a certificate of existence issued by the Tennessee Secretary of State no more than 30 days prior to the Effective Date, stating that the Issuer is in good standing in the State of Tennessee;
- h. an opinion of counsel to the Issuer that (i) this Agreement has been duly authorized, executed and delivered by the Issuer, (ii) this Agreement is the legal, valid and binding obligation of the Issuer enforceable against the Issuer in accordance with its terms, and (iii) as to such other matters as the Holder shall reasonably request;
- i. an opinion of bond counsel that the amendments to the Bonds set forth in this Agreement will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes (except for interest on any Bond during any period while such Bond is held by a "substantial user" of the facilities financed by the Bonds or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code); and
- j. such other items as shall be reasonably required by the Holder.

7. Bond Documents to be Conformed to this Agreement; Issuer's Continued Liability under the Bonds and the Bond Documents. The Issuer hereby authorizes and directs the

Holder to take any action necessary to conform the Bond Purchase Agreement, the Bonds and the other Bond Documents to the terms of this Agreement and hereby accepts and confirms its liability under the Bond Purchase Agreement, the Bonds and the other Bond Documents with the terms as modified by this Agreement.

8. Reconfirmation of Representations and Warranties. The Issuer represents and warrants to the Holder that all of the representations and warranties set forth in the Bond Purchase Agreement, the Security Agreement, the Pledge Agreement and the other Bond Documents are and remain true and correct in all material respects on and as of the date of this Agreement with the same effect as though such representations and warranties had been made on and as of this date.

9. Financial Statements. The Issuer represents and warrants to the Holder that the balance sheet of the Issuer dated as of June 30, 2014 and the related statements of income and retained earnings of the Issuer for the fiscal year then ended and the accompanying footnotes, together with the opinion thereon, dated October 20, 2014 of Decosimo & Company, independent certified public accountants, and the interim balance sheet of the Issuer as of November 30, 2014, and the related statements of income and retained earnings for the five-month period then ended, copies of which have been furnished to the Holder, are complete and correct and fairly present the financial condition of the Issuer as of such dates and the results of operations of the Issuer for the periods covered by such statements, all in accordance with GAAP consistently applied, and since November 30, 2014, there has been no material change in the condition financial or otherwise, business or operations of the Issuer.

10. Compliance with Bond Purchase Agreement and other Bond Documents. The Issuer represents and warrants to the Holder that the Issuer is in full compliance with the covenants and conditions set forth in the Bond Purchase Agreement, the Security Agreement, the Pledge Agreement and the other Bond Documents, and no Event of Default as specified in the Bond Purchase Agreement, the Security Agreement, the Pledge Agreement or the other Bond Documents, and that no event which, upon notice, lapse of time or both, would constitute an Event of Default thereunder, has occurred or is continuing.

11. No Release of Collateral. The Issuer further agrees that this Agreement and the modifications contained in it shall in no way affect or otherwise release any collateral held by the Holder as security for the Bond or the obligations of the Issuer under the Bond Purchase Agreement, the Bond and the other Bond Documents but acknowledges and agrees that all collateral held by the Holder as security for the Bond and the obligations of the Issuer under the Bond Purchase Agreement, the Bond and the other Bond Documents shall continue to secure the Bond and the obligations of the Issuer under the Bond Purchase Agreement and the other Bond Documents to the same extent and in the same manner as if the foregoing modifications and extensions had not been effected.

12. No Waiver. The Issuer agrees that neither the Holder's agreement to the Interest Rate Reductions, the Change in Use, the Tax Exempt Bond Partial Redemption, the Tax Exempt Bond Monthly Payment Reduction, the Taxable Bond Partial Redemption and the Taxable Bond Monthly Payment Reduction, nor anything in this Agreement nor any other document executed

prior to the date of this Agreement shall constitute a waiver of any Event of Default or breach under the Bond Purchase Agreement or any of the other Bond Documents or a waiver of any of the rights and remedies of the Holder under the Bond Purchase Agreement, such other Bond Documents or applicable law. Unless and until a final written agreement otherwise is signed by the Issuer and the Holder, no conversations or unwritten agreements or understandings shall be binding on the Holder or waive or modify any of the matters set forth in this Agreement or any of the rights and remedies of the Holder under the Bond Purchase Agreement, such other Bond Documents or applicable law.

13. No Offsets, Defenses, Counterclaims or Claims. In consideration of the Holder's agreement to the Interest Rate Reductions, the Change in Use, the Tax Exempt Bond Monthly Payment Reduction and the Taxable Bond Monthly Payment Reduction, the Issuer acknowledges and agrees that there are no existing offsets, defenses or counterclaims to the obligations of the Issuer, as set forth in the Bond, the Bond Purchase Agreement or in any of the other Bond Documents and that the Issuer has no existing claim for damages against the Holder arising out of or related to the Bond or the transactions contemplated by the Bond Purchase Agreement; and, if and to the extent (if any) that the Issuer has or may have any such existing claim (whether known or unknown), the Issuer does hereby forever release and discharge, in all respects, the Holder with respect to such claim.

14. Miscellaneous.

a. All terms and conditions of the Bond Purchase Agreement, the Bond, the Security Agreement, the Pledge Agreement and the other Bond Documents shall remain in full force and effect except as modified in this Agreement.

b. This Agreement shall be effective as of the Effective Date.

c. Nothing in this Agreement, express or implied, is intended or shall be construed to confer upon, or to give to, any person other than the parties hereto, any right, remedy or claim under or by reason of this Agreement or any covenant, condition or stipulation hereof; and the covenants, stipulations and agreements in this Agreement contained are and shall be for the sole and exclusive benefit of the parties hereto any of their successors and assigns.

d. In case any one or more of the provisions contained in this Agreement or in the other Bond Documents shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby, and this Agreement and the other Bond Documents shall be interpreted as if said invalid, illegal or unenforceable provisions never existed.

e. Whenever in this Agreement any of the parties hereto is named or referred to, the successors and assigns of such party shall be deemed to be included and all the covenants, promises and agreements in this Agreement contained by or on behalf of the Issuer shall bind and inure to the benefit of its successors and assigns, whether so expressed or not.

f. This Agreement is being executed in any number of counterparts, each of which is an original and all of which are identical. Each counterpart of this Agreement is to be deemed an original hereof and all counterparts collectively are to be deemed but one instrument.

g. It is the intention of the parties hereto that this Agreement and the rights and obligations of the parties hereunder and the rights and obligations of the parties thereunder shall be governed by and construed and enforced in accordance with the internal laws of the State of Tennessee.

h. The Issuer irrevocably submits to the jurisdiction of any state or federal court sitting in Hamilton County, Tennessee over any suit, action or proceeding arising out of or relating to this Agreement or any of the other Bond Documents. The Issuer waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. Final judgment in any such suit, action or proceeding brought in any such court shall be conclusive and binding upon the Issuer and may be enforced in any court in which the Issuer is subject to jurisdiction by a suit upon such judgment provided that service of process is effected upon the Issuer as provided in this Agreement or as otherwise permitted by applicable law.

i. The Issuer consents to process being served in any suit, action or proceeding instituted in connection with this Agreement or any of the other Bond Documents by the mailing of a copy thereof by certified mail, postage prepaid, return receipt requested, to the Issuer. Nothing in this Section shall affect the right of the Holder to serve process in any manner otherwise permitted by law and nothing in this Section will limit the right of the Holder otherwise to bring proceedings against the Issuer in the courts of any jurisdiction or jurisdictions.

j. THE ISSUER, HEREBY WAIVES TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO WHICH SUCH ISSUER MAY BE A PARTY, ARISING OUT OF OR IN ANY WAY PERTAINING TO THIS AGREEMENT OR ANY OF THE OTHER BOND DOCUMENTS. THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE BY THE ISSUER, AND THE ISSUER HEREBY REPRESENTS THAT NO REPRESENTATIONS OF FACT OR OPINION HAVE BEEN MADE BY ANY INDIVIDUAL TO INDUCE THIS WAIVER OF TRIAL BY JURY OR TO IN ANY WAY MODIFY OR NULLIFY ITS EFFECT. THE ISSUER FURTHER REPRESENTS THAT IT HAS BEEN REPRESENTED IN THE SIGNING OF THIS AGREEMENT AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL, SELECTED OF ITS OWN FREE WILL, AND THAT IT HAS HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH SUCH COUNSEL.

k. The Holder and the Issuer agree that they will, from time to time, execute and deliver or cause to be executed and delivered, such supplements hereto and such further instruments as may reasonably be required for carrying out the intention of the parties to, or facilitating the performance of, this Agreement.

[Signatures appear on the following page.]

SIGNATURE PAGE
TO
MODIFICATION AGREEMENT

IN WITNESS WHEREOF, the Issuer and the Holder have caused this Modification Agreement to be executed in their respective names and attested by their duly authorized officers, all as of the date first above written.

ISSUER:

ATTEST:

**CHATTANOOGA METROPOLITAN
AIRPORT AUTHORITY**, a Tennessee
metropolitan airport authority

By: _____
Secretary

By: _____
Chairman
By: _____
President

Approved as to form and legality but without
obligation or liability hereunder:

Chambliss, Bahner & Stophel, P.C.

By: _____
Hugh J. Moore, Jr.

HOLDER:

**FIRST TENNESSEE BANK NATIONAL
ASSOCIATION**, a national banking
association

By: _____
Robert T. Lusk,
Senior Vice President

Commissioner Mitchell asked what CMAA's cash balance after the \$1.8 million pay down would be. Ms. Cameron said CMAA currently has about \$8.4 million unrestricted. After the pay down CMAA would have \$6.2 million. Commissioner Mitchell asked if there will be a balloon payment at the end. Ms. Cameron said yes, there will be a balloon payment. However, the bond documents themselves require a \$500,000 commitment every year into a reserve account. That account will be used to make the balloon payment in 2024.

Commissioner Lytle asked if there was an additional \$800,000 being paid down. Ms. Cameron said \$800,000 will be paid down on the taxable portion for a total of \$2.6 million.

Commissioner Mallen asked if the new rates were fixed for the remaining nine years. Ms. Cameron said yes, the only way the rates can change is if the Board agreed to the changes.

Board Action: CMAA requests approval of Resolution 73 which authorizes the Interest Rate Reduction, the Change in Use, the Tax Exempt Partial Bond Redemption, the Tax Exempt Bond Monthly Payment Reduction, the Taxable Bond Partial Redemption, the Taxable Bond Monthly Payment reduction, and the execution, delivery, and performance of the Modification Agreement.

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

Parking Revenue Control Equipment

President Hart addressed the Board. In 2005, CMAA purchased parking revenue and access control equipment in an effort to enhance service to our customers. After many years of complications and failures with the system, CMAA has secured a grant from the State of Tennessee to fund replacement of the parking equipment system.

An RFP was issued in October to replace the equipment. Five proposals were received from parking companies who not only provided quotes for replacement of the equipment but also provided us innovative solutions to managing our parking revenue and access control system that will enhance not only the customer experience but will also reduce staff time necessary to manage specific aspects of the parking system. The review panel was made up of staff members from finance and operations in addition to key members of Republic Parking System. Our goal is to ensure that we get the best equipment at the best price with the greatest functionality for our customers.

The equipment to be replaced includes:

- Seven ticket dispensers
- Five exit machines
- Two automated fee computers (located at each exit booth)
- Two Pay on Foot machines

- All underground loops (required for engaging equipment and vehicle counts)
- 13 exit gates and gate arms
- Management server and software
- License plate inventory equipment
- Installation of an Automatic Vehicle Identification (AVI) system for monthly parkers and employee access

Additional options we selected to enhance our operations include:

- MiParc and accounts receivables modules (administration of monthly parkers)
- Flex Scan Readers (QR barcode scanners)

CMAA interviewed the top two proposers and determined that, based on competitive pricing and additional options currently offered, Amano McGann has provided the best proposal. Amano McGann is one of the largest and most diverse parking access and revenue control system manufacturers in the world. They have completed installations at many airports across the US and have earned positive comments on their equipment's functionality as well as their customer service.

The total price of the equipment and additional options selected is \$368,087.60. State funding will provide 95 percent of the total cost with CMAA responsible for the remaining 5 percent. This project was planned and approved through our FY 2015 Capital Budget.

In addition to the equipment acquisition, we have opted to secure an extended warranty that includes maintenance and support of the system for years two through five in the amounts detailed below:

- Year 2 \$29,028.00
- Year 3 \$29,898.84
- Year 4 \$30,795.81
- Year 5 \$31,719.68

President Hart introduced David Moore of Amano McGann to the Board. Commissioner Mallen asked what the anticipated useful life of the new equipment will be. Mr. Moore said it should last eight to ten years, if not more. Commissioner Mallen asked if there will be opportunities for software and component upgrades. President Hart said the extended warranty also includes software upgrades to extend the life of the products.

Chairman Jacobson asked when the equipment change out will begin and how long it will take place. President Hart said he anticipates the installation of the new equipment to begin in the spring.

Board Action: CMAA requests Board approval to purchase new parking revenue and access control equipment from Amano McGann in the amount of \$368,087.60.

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

Board Action: CMAA requests Board approval of an extended warranty to include maintenance and support for years two through five in the total amount of \$121,442.33.

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

Other Business

Chairman Jacobson brought forth a motion to elect Commissioner Mallen as the new Secretary of the Board.

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

Public Comment

None

Closing Comment

Chairman Jacobson began by thanking everyone in attendance and President Hart for his updates. He stated he and the rest of the Board are proud to see the Airport's growth. He thanked President Hart and his team for their dedication to the airport. He thanked CMAA's airline partners for supporting Chattanooga's economic growth and adding larger aircraft and more flights out of the Airport. Finally, he thanked the 352,459 customers for giving the Airport a record breaking year.

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

Adjourn

Minutes approved by:

Gene Veazey
CMAA Secretary

Corporate Secretary:

April Cameron

Minutes approved by:

Daniel R. Jacobson
CMAA Chairman

Minutes Recorded by:

Sarah Stephens

**Chattanooga Metropolitan Airport Authority
Board of Commissioners Meeting Minutes
February 16, 2015**

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting Monday, February 16, 2015 at 2:00 p.m. Chairman Jacobson, Vice Chairman Hall, Commissioners Mallen, Mitchell, and Snow were present.

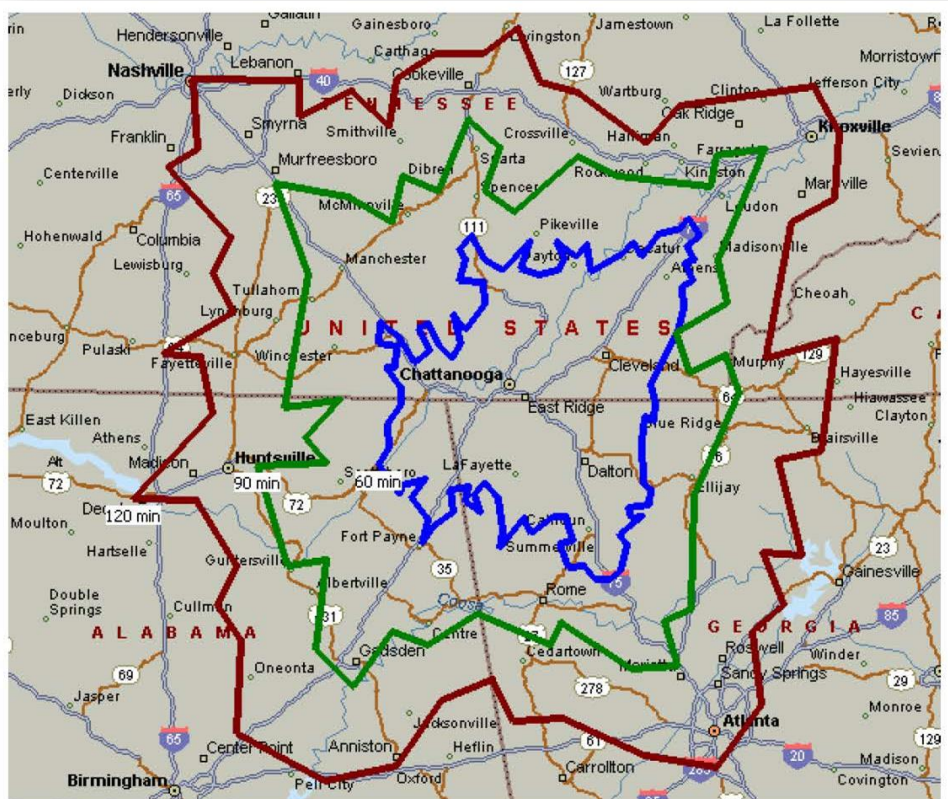
Chairman Jacobson verified a quorum was present and April Cameron verified the requirements of the Sunshine Law had been met.

Minutes

On motion of Commissioner Mitchell, seconded by Commissioner Snow, the minutes of the January 20, 2015 meeting were approved.

President's Report

President Hart addressed the Board and thanked them for their attendance. He began by informing the Board that he attended an Air Service Conference a few weeks before. At the conference he met with a number of airlines, and he shared his presentation with the Board.



Employment By Business Type Chattanooga MSA

Business Type	Employment
Education & Health Services	42,469
Professional & Business Services	39,193
Manufacturing	35,755
Retail Trade	27,383
Leisure & Hospitality	23,810
Financial Activities	21,313
Public Administration	18,934
Other Services	17,508
Wholesale Trade	13,994
Construction	13,584
Information	9,171
Transportation, Warehousing, & Utilities	8,137
TOTAL	271,251

Source: Hoovers, January 2014



Regional Employers Vibrant Business Environment



Higher Education in CHA Region

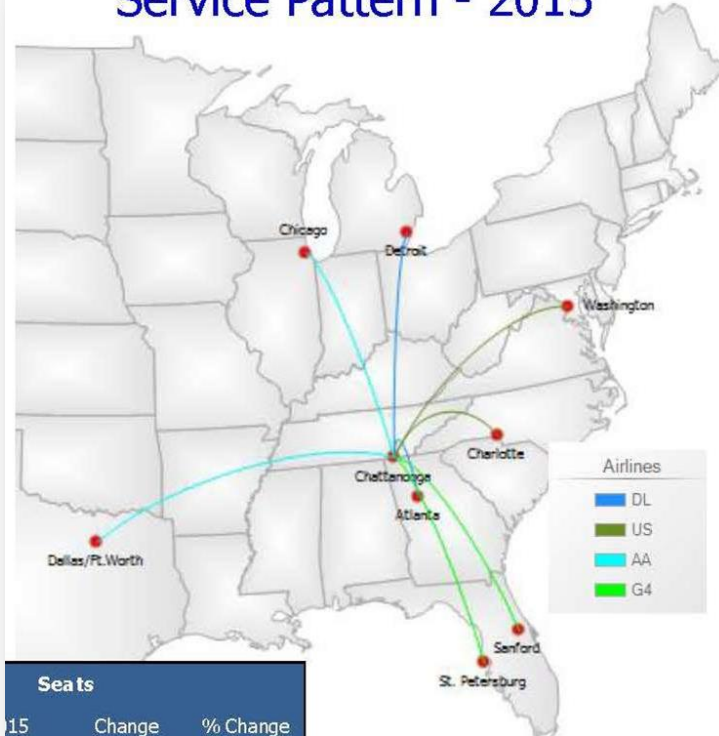
Colleges and Universities	Fall 2014 Enrollment
The University of Tennessee at Chattanooga	11,670
Chattanooga State Tech. Community College	9,910
Lee University	4,922
Southern Adventist University	3,127
Bryan College	1,700
Covenant College	1,173
Tennessee Temple University	300
Belhaven University	130
TOTAL	32,932

Source: Individual Schools

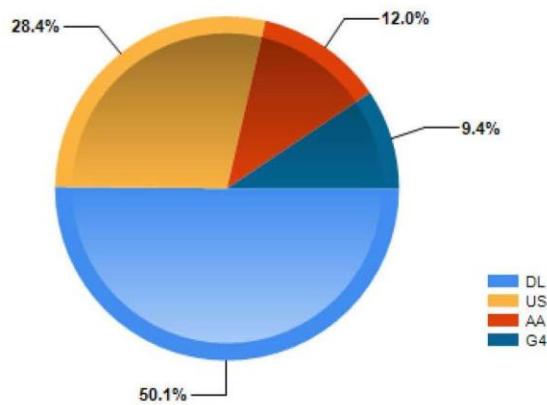
- Very strong higher education component in CHA region with approximately 33,000 students enrolled as of Fall 2014
- The University of Tennessee Chattanooga is the second largest UT school in the state with over 11,000 students
- Higher education institutions drive some international travel within the CHA region



Service Pattern - 2015



Airline Passenger Share at CHA YE Q2 2014

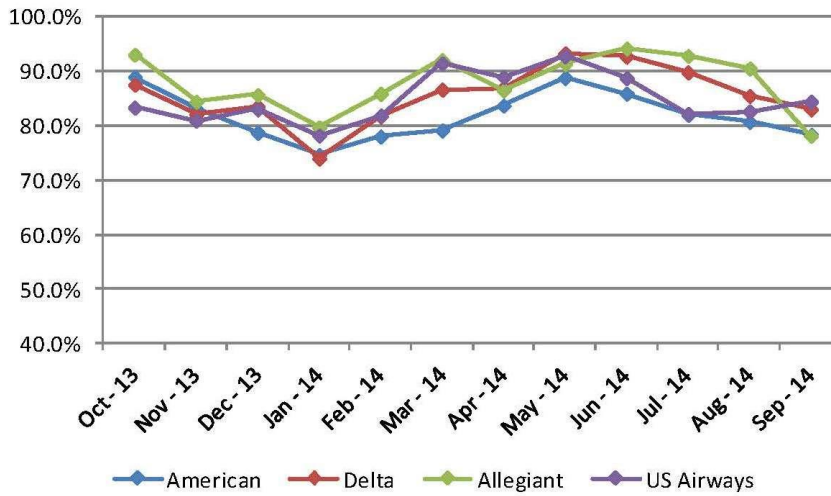


Carrier	Psgr	PDEW	% Psgr	% Originating @ CHA	Net OW Fare	Net Revenue	% Net Revenue	Ticket Yield
American	77,813	106.6	12.0%	52.0%	\$244.19	\$17,957,006	14.2%	20.92¢
Delta	324,461	444.5	50.1%	62.8%	\$227.82	\$69,279,757	54.7%	24.24¢
Allegiant	60,720	83.2	9.4%	51.4%	\$47.47	\$2,874,121	2.3%	9.47¢
US Airways	184,049	252.1	28.4%	49.2%	\$204.11	\$36,513,123	28.8%	22.68¢
Total	647,043	886.4	100.0%	56.6%	\$205.20	\$126,624,006	100.0%	22.49¢

- Delta captures approximately half of the CHA market with American/US Airways accounting for 40% of the market, but with overall CHA load factors averaging over 85%, increased air service can be supported

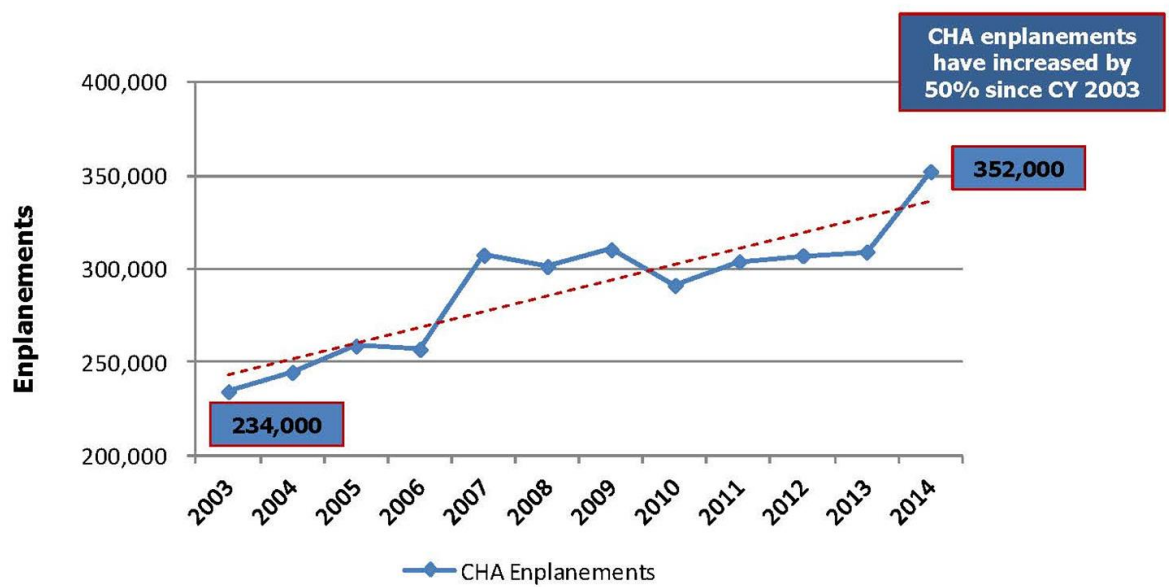
CHA Load Factor Performance

Oct 2013 – Sep 2014



- CHA average load factor for the 12 months ending September, 2014 was 85.3%

- Allegiant: 88.5%*
- Delta: 85.8%*
- American: 81.8%*
- US Airways: 84.7%*



Carrier	Dest	Departures				Seats			
		2014	2015	Change	% Change	2014	2015	Change	% Change
American		1,047	1,118	71	6.8%	49,506	55,882	6,376	12.9%
	DFW	684	719	35	5.1%	32,592	35,950	3,358	10.3%
	ORD	363	399	36	9.9%	16,914	19,932	3,018	17.8%
Delta		3,465	3,879	414	11.9%	217,849	250,528	32,679	15.0%
	ATL	2,877	3,279	402	14.0%	188,409	220,528	32,119	17.0%
	DTW	588	600	12	2.0%	29,440	30,000	560	1.9%
Allegiant		209	209	0	0.0%	34,898	34,898	0	0.0%
	PIE	103	103	0	0.0%	17,681	17,681	0	0.0%
	SFB	106	106	0	0.0%	17,217	17,217	0	0.0%
US Airways		2,375	2,747	372	15.7%	118,672	137,590	18,918	15.9%
	CLT	2,071	2,397	326	15.7%	103,472	120,090	16,618	16.1%
	DCA	304	350	46	15.1%	15,200	17,500	2,300	15.1%
Total		7,096	7,953	857	12.1%	420,925	478,898	57,973	13.8%

*Allegiant 2015 operations estimated to be same level as 2014

CHA Top 25 Domestic O&D Markets YE Q2 2014

Rank	Market	Psgr	PDEW	% Originating @ CHA	Net OW Fare	% of Pax	Net Revenue	Ticket Yield
1	SFB	31,420	43.0	50.5%	\$49.60	4.9%	\$1,551,075	10.12¢
2	ORD	30,341	41.6	56.0%	\$167.68	4.7%	\$4,939,308	27.15¢
3	PIE	29,300	40.1	52.4%	\$45.19	4.5%	\$1,323,046	8.81¢
4	DFW	27,556	37.7	53.7%	\$221.07	4.3%	\$5,684,242	28.09¢
5	DCA	26,574	36.4	59.5%	\$170.41	4.1%	\$4,398,035	29.12¢
6	LGA	23,657	32.4	62.6%	\$175.63	3.7%	\$3,972,661	20.70¢
7	DTW	18,942	25.9	44.8%	\$248.84	2.9%	\$4,507,794	42.97¢
8	BOS	15,351	21.0	56.0%	\$200.36	2.4%	\$2,920,027	19.56¢
9	CLT	14,964	20.5	44.9%	\$186.32	2.3%	\$2,717,073	72.65¢
10	MCO	13,193	18.1	71.2%	\$185.24	2.0%	\$2,348,696	32.13¢
11	IAH	13,160	18.0	57.6%	\$187.00	2.0%	\$2,396,713	20.61¢
12	LAX	12,002	16.4	60.2%	\$257.22	1.9%	\$2,862,166	11.81¢
13	EWR	11,457	15.7	52.1%	\$221.57	1.8%	\$2,455,940	26.91¢
14	LAS	11,206	15.4	84.9%	\$276.55	1.7%	\$2,773,438	14.20¢
15	DEN	10,584	14.5	61.8%	\$243.91	1.6%	\$2,375,934	17.17¢
16	PHL	10,150	13.9	49.2%	\$275.00	1.6%	\$2,635,894	37.26¢
17	FLL	9,899	13.6	63.3%	\$165.19	1.5%	\$1,539,092	22.15¢
18	SFO	9,489	13.0	64.2%	\$277.95	1.5%	\$2,425,653	11.83¢
19	BWI	9,113	12.5	55.7%	\$181.03	1.4%	\$1,627,921	27.63¢
20	MSP	8,776	12.0	51.1%	\$265.00	1.4%	\$2,197,930	24.41¢
21	PHX	8,725	12.0	63.0%	\$283.99	1.3%	\$2,257,399	15.62¢
22	TPA	8,366	11.5	52.4%	\$200.34	1.3%	\$1,593,208	31.45¢
23	RDU	7,998	11.0	47.2%	\$178.96	1.2%	\$1,395,180	42.08¢
24	PIT	7,790	10.7	49.1%	\$189.85	1.2%	\$1,448,622	29.95¢
25	MCI	7,405	10.1	55.4%	\$195.98	1.1%	\$1,417,531	23.03¢
Total		377,417	517.0	56.2%	\$181.48	58.3%	\$65,764,578	21.84¢

CHA Top 25 Int'l O&D Markets YE Q2 2014

Rank	Market	City	Country	% Originating @ CHA
1	YYZ	Toronto	Canada	63.5%
2	LHR	London	United Kingdom	77.7%
3	YUL	Montreal	Canada	65.2%
4	MEX	Mexico City	Mexico	38.8%
5	CUN	Cancun	Mexico	96.6%
6	CDG	Paris	France	81.5%
7	GUA	Guatemala City	Guatemala	80.9%
8	FRA	Frankfurt	Germany	55.5%
9	GCM	Grand Cayman	Cayman Islands	92.2%
10	DUB	Dublin	Ireland	91.7%
11	MUC	Munich	Germany	66.2%
12	FCO	Rome	Italy	98.3%
13	NRT	Tokyo	Japan	36.4%
14	AMS	Amsterdam	Netherlands	79.8%
15	VCE	Venice	Italy	94.3%
16	TGU	Tegucigalpa	Honduras	73.0%
17	MBJ	Montego Bay	Jamaica	97.9%
18	SAP	San Pedro Sula	Honduras	85.4%
19	SJD	San Jose Del Cabo	Mexico	93.6%
20	NAS	Nassau	Bahamas	89.4%
21	PVG	Shanghai	China	77.9%
22	DUS	Dusseldorf	Germany	56.5%
23	MTY	Monterrey	Mexico	50.0%
24	YVR	Vancouver	Canada	80.2%
25	YYC	Calgary	Canada	53.5%

Next, President Hart informed the Board of two new Commissioners that will be joining CMAA's Board of Directors. Dr. Paul Conn of Lee University will be replacing Gene Veazey. Warren Barnett will be replacing Lynda Griffin who was not reappointed.

Board Action

Hangar 3 Demolition Contract

John Naylor addressed the Board. Due to increased demand for vehicle parking at the commercial terminal, it is necessary to expand the Intermediate Parking Lot. Passenger enplanement numbers reached a record level in 2014 while scheduled departures for 2015 are up

12 percent year over year. Each week parking requirements reach current capacity. In an effort to meet current and future demands, in addition to improving the comer experience, additional parking capacity is required.

In preparation for expanding the vehicle parking and after completion of thorough facility evaluations, it has been identified that Hangar 3 will be taken down and commercial terminal parking expanded north into this space. The facility, constructed in 1951, is unoccupied and inadequate for future hangar needs. The scope of the work to remove the hangar and attached office space includes the demolition and removal of the existing building, capping of utilities, and remediation of asbestos and lead based paint.

A Request for Proposals was submitted for the work associated with the demolition of Hangar 3 and CMAA received eight bids on the project. Allen & Hoshall's review and evaluation found the low bidder, Environmental Abatement, 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 demolition contract to the apparent low bidder, Environmental Abatement. CMAA has reviewed the Engineer's recommendation and is in agreement. The bid price was \$184,557.

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

Mr. Naylor said Ed Craft of Environmental Abatement could not attend the meeting, but he thanked the Board for the opportunity to work with the airport. CMAA received eight bids with Environmental Abatement being the lowest; the highest bid was \$446,200.

Commissioner Mallen asked if Environmental Abatement had given any idea as to the quantities of lead paint that will be removed. Mr. Naylor said the environmental assessment done of the building showed lead paint on the doors of the hangar, and CMAA will receive manifests of the disposal of the lead paint.

Board Action: Mr. Naylor requested Board approval to enter into a contract with Environmental Abatement for the work associated with the demolition of Hangar 3. The amount of the contract is \$184,557.

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

Perimeter Road Infrastructure Development

Mr. Naylor continued, in an effort to prevent Runway Incursions, CMAA has a program that restricts vehicle movement on the airport's runways and taxiways except in response to aircraft emergencies or required maintenance activities. A perimeter road exists for vehicles to traverse from one side of the airport to the other without the necessity of crossing runways or taxiways. Over time the west perimeter roads sub-grade and pavement from Gate 10 to Hangar 8 has

deteriorated. This section of the road lies on the unprotected side of the levee and is subject to flooding from the South Chickamauga Creek.

This request is for approval of Task Order 5 with Allen and Hoshall in the amount of \$57,120 for engineering services associated with the design and reconstruction of the identified perimeter road. The fee includes the following services:

- Design, Bid and Award
- Preparation of Plans
- Permitting
- Construction Administration/Management
- On-site Inspection Services
- Submittals/shop drawings/as built drawings
- Survey
- Quality Assurance Testing

This planned project was included in the approved capital budget and will be fully funded through Passenger Facility Charges (PFC).

Commissioner Mitchell asked if this amount is going toward the construction. Mr. Naylor said the \$57,120 is for the design and the construction administration; it will not go toward construction costs. There will be another bid once the design is done.

Commissioner Mallen asked for a breakdown of the project total by hours and fees for future projects. Mr. Naylor said CMAA will begin to include that information.

Board Action: Mr. Naylor requested Board approval of Task Order 5 with Allen & Hoshall in the amount of \$57,120 for the engineering services associated with the reconstruction of the perimeter road from Gate 10 to Hangar 8.

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

Vehicle Replacement

Maurice Songy addressed the Board. CMAA is requesting Board approval to replace two vehicles that have reached the end of their useful life and are fully depreciated. The vehicles being replaced are 2002 Dodge Durangos and are currently used by the Manager of Police and Security and the Vice President of Planning and Development. Annual maintenance costs to operate both vehicles have continued to escalate and were targeted for replacement this fiscal year.

The scope of this project includes the purchase of two 2015 Ford Escapes.

Three quotes were solicited for the purchase of the vehicles with Marshal Mize Ford submitting the lowest quote of \$19,376.44 per vehicle. The total cost of the project is \$38,752.88 with a

state grant providing 95 percent of the cost and the remaining 5 percent to be paid by CMAA. This item was included in the approved capital budget.

Board Action: Mr. Songy requested Board approval to purchase two 2015 Ford Escapes at a total cost not to exceed \$40,000 from Marshall Mize Ford.

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

Other Business

Vice Chairman Hall took a moment to compliment the Airport for its holiday decorations and thanked the staff for their work during the holiday season.

Public Comment

None

Closing Comment

Chairman Jacobson began by thanking everyone in attendance and President Hart for the air service updates.

Commissioner Snow made a motion for adjournment. Motion is approved. The Board is adjourned.

Adjourn

Minutes approved by:

Minutes approved by:

Mike Mallen
CMAA Secretary

Daniel R. Jacobson
CMAA Chairman

Corporate Secretary:

Minutes Recorded by:

April Cameron

Sarah Stephens

**Chattanooga Metropolitan Airport Authority
Board of Commissioners Meeting Minutes
April 20, 2015**

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting Monday, April 20, 2015 at 2:00 p.m. Chairman Jacobson, Vice Chairman Hall, Commissioners Lytle, Mitchell, and Barnett were present.

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

Minutes

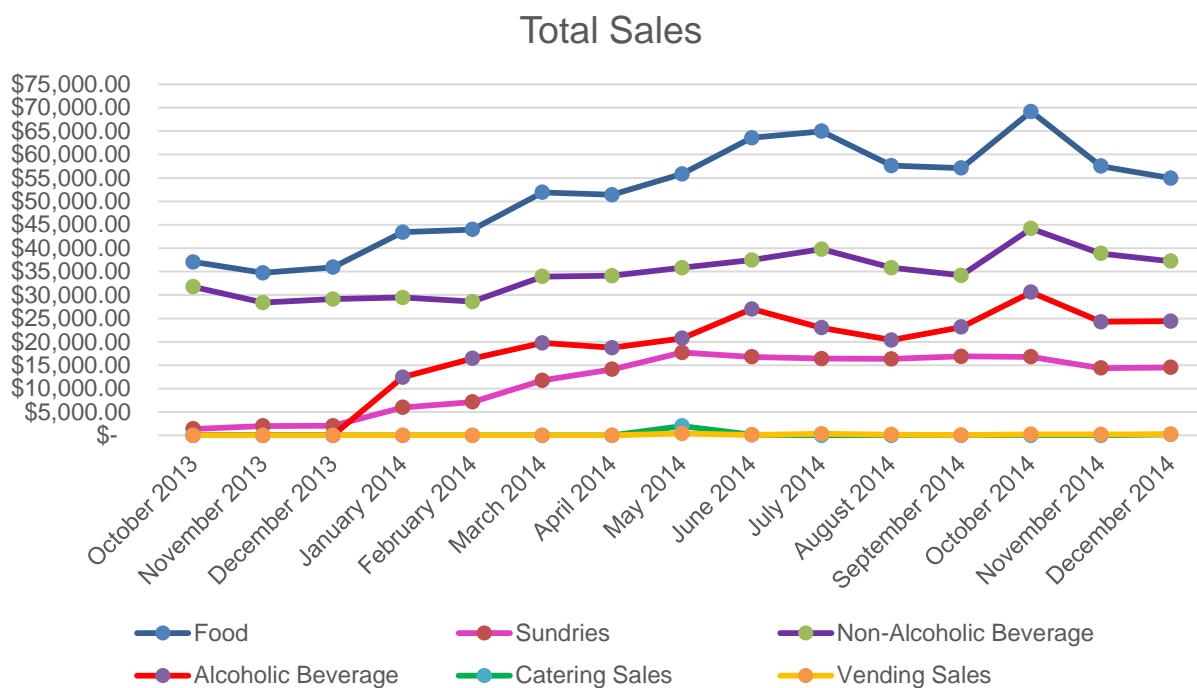
On motion of Commissioner Mitchell, seconded by Commissioner Barnett, the minutes of the February 16, 2015 meeting were approved.

President's Report

President Hart addressed the Board and thanked them for their attendance. He began by reviewing the statistics for February and March. Compared to February 2014, enplanements for February of this year were up 14%; year to date in February enplanements were up 15%. March enplanements increased 13% over last March; year to date CMAA is up 14.5%.

President Hart continued by updating the Board on a number of projects. The second phase of the West Ramp Expansion Project has begun. That project is expected to be completed by mid-May. Two large projects were recently completed. First, the rental car parking lot expansion is complete; all that remains is the installation of some signage. In conjunction with the rental car lot expansion, CMAA reconstructed the entry into hangars one and two. Next, CMAA has made noticeable progress on the parking lot expansion project, as the hangar demolition is nearing completion. Lastly, the expansion of the concession area on the concourse is nearing completion.

Continuing on with Tailwind, CMAA have been tracking revenues since Tailwind began operation in Chattanooga.



Finally, earlier in the month CMAA held the annual Ambassador Appreciation spring picnic. All airport volunteers and tenants were invited for lunch, and CMAA gave each Ambassador special gifts to thank them for all their help throughout the year. The lunch was also used as an opportunity to collect canned goods for the Community Kitchen and as always, airport employees came through in support.

President Hart asked the Board if they had any questions for him before he moved on to board actions. Vice Chairman Hall asked if there was a reason Cargo was still underperforming. President Hart said enplaned cargo has increased over last year while deplaned cargo is down. He said that was the result of some changes FedEx made regarding how they were moving some items through Chattanooga. When President Hart talked with the local manager he was told that number should change. Vice Chairman Hall asked why there were no covered walkways in the newly expanded rental car lot. President Hart said the canopies will eventually be put in, but when CMAA funded that project through CFCs, the bids that were submitted for the canopies were above what CMAA had in mind. Vice Chairman Hall also asked for an update on employee parking and the possibility of a cell phone lot. During a normal day, employees park in the intermediate lot. When the Airport becomes busy, employees park in the offsite gravel lot and are shuttled to the terminal. CMAA is looking into evaluating the signage for a cell phone lot. President Hart said the gravel lot used for employee parking could also be used as a cell phone lot.

Board Action

Aircraft Technicians Lease

April Cameron addressed the Board. CMAA is requesting Board approval of a lease agreement with Aircraft Technicians Inc., (ATI) for approximately 390 square feet of space located in the

lower level of the terminal building. ATI will use the premises to perform maintenance of airline ground support equipment such as tugs and bag belts. The Premises are leased in an “AS IS” condition whereas ATI bears sole responsibility for all janitorial, maintenance, and routine upkeep of the premises. The term of the agreement is for one year with monthly rent of \$487.50 paid in advance on the first day of each month.

Ms. Cameron said this is an old lease space previously used by ASA for maintenance. ATI would like to take this space over to perform maintenance of tugs, bag belts, etc. for American Airlines and U.S. Airways. Commissioner Barnett asked if they will perform maintenance for any other airlines. Ms. Cameron said no, ATI only has a contract with American and U.S. Airways.

Board Action: CMAA requests Board approval for a new one year lease agreement with Aircraft Technicians Inc., in the amount of \$5,850 commencing April 21, 2015.

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

Parking Lot Construction Contract

John Naylor addressed the Board. Included in our approved capital budget for this fiscal year was an improvement project that focused on increasing the capacity of the commercial terminal parking lots in order to meet current and future demands, while at the same time creating an environment which improved the customer experience. This was a phased approach.

First, we solicited proposals to replace all of the parking revenue control equipment. Amano-McGann was awarded the contract, and that project is underway. On February 16, 2015, Board approval was received for a contract with Environmental Abatement to complete the work of removing Hangar 3 and by early May that work will be finished. Concurrently, Allen & Hoshall has been completing Task Orders 25 and 26, which included the design of this new Intermediate Parking area along with associated improvements in all parking lots.

When complete, the result for our customers will be approximately 300 additional total parking spaces, including an increased number of spaces in the short term lot, new parking equipment, and covered walkways in all lots.

A Request for Proposals was submitted for the work associated with the construction of this new area and the improvements in the other lots. CMAA received three bids on the project. Allen & Hoshall’s review and evaluation found that the low bidder for the Base Bid, Alternate # 1 and Alternate # 2 was Dillard Construction. Dillard Construction is 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 Base Bid and both Alternatives to the apparent low bidder.

CMAA has reviewed the Engineer's recommendation and is in agreement. The Base Bid price is \$2,338,321.38, Alternate # 1 is \$471,417.52 and Alternate # 2 is \$617,320.47 for a total project cost of \$3,427,059.37. Due to available funding, CMAA is seeking approval to award the Base Bid to Dillard Construction in the amount of \$2,338,321.38 with the intent to award both alternatives when funding becomes available. CMAA is seeking funding for Alternative #1 and #2 as well as all of the canopy work contained in the Base Bid through a Passenger Facility Charge (PFC) application.

The Base Bid will be funded with a state grant in the amount of \$1,517,725.17 with the remaining \$820,596.25 paid by CMAA.

Mr. Naylor introduced Bruce Martin of Dillard Construction to the Board. Mr. Martin addressed the board and gave a brief history of Dillard Construction.

Commissioner Mitchell asked for a breakdown of the Base Bid, Alternate #1 and Alternate #2. Mr. Naylor said the Base Bid refers to the expansion of the intermediate parking lot, Alternate # 1 is the work in the long term parking lot, and Alternate # 2 is the work in the short term parking lot. CMAA will begin with the Base Bid and then will move on the Alternate # 1 and # 2 once CMAA receives the funding. Commissioner Mitchell asked why CMAA is paying 40% of the project when the State usually funds 95% with CMAA paying 5%. Mr. Naylor said the Airport's request for a grant from the State did not include funding for the canopies. When the price of canopies is removed the funding is again 95% State and 5% CMAA. The Airport is currently in the process of requesting funding for the canopies through the FAA using PFCs.

Vice Chairman Hall asked what the breakdown of parking spaces is in all three parking lots and if the Base Bid includes covered walkways. President Hart said there are currently approximately 1,300 spaces in long term, short term and intermediate. The completed project will add 300 spots. The Base Bid does include the price of canopies. Vice Chairman Hall asked if the alternates include new asphalt. President Hart said no, the two alternates cover the canopies and walkways in the long term and intermediate parking lots. CMAA does have money in next year's capital budget for paving.

Commissioner Lytle asked if Alternates # 1 and # 2 cover the canopies in the rental car lot. President Hart said no, the covered walkways in the rental car lot will be paid for with CFCs.

Vice Chairman asked if CMAA could provide the Board with a breakdown of parking spaces at the next meeting. Commissioner Mitchell asked if CMAA could also provide a breakdown of the funding between state grant, PFC and out of pocket.

Board Action: CMAA requests Board approval to enter into a contract with Dillard Construction for the base bid of \$2,338,321.38, and Alternates #1 and #2 as outlined. Alternates #1 and #2 will be awarded contingent on the receipt of PFC funding.

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

Allen and Hoshall Task Order # 4

Mr. Naylor continued, this request is to enter into Task Order # 4 with Allen & Hoshall, CMAA's Engineer of Record, for the Design, Bid, Award, Preparation of Plans, LEED documentation, and Permitting associated with the development of a new community hangar. Allen & Hoshall's fee for this work is \$343,850.00.

The following is a distribution of Allen & Hoshall's fee for Task Order 4 to the Master Agreement.

Design, Bid & Award

Design sub-consultants

FAA Radar Coordination (hourly rates)	\$3,000
Survey	\$2,750
Geotechnical Investigation	\$4,600

Sub-Total – sub-consultants \$ 10,350

Preparation of plans, documentation, & specifications

Construction Budget \$4,000,000	
2,335 man hours budgeted	\$294,525

Bid and award (1 bid package)	\$ 10,800
90 man hours anticipated	

Energy Model (150 man hours)	\$15,000
------------------------------	----------

Sub-Total – A&H Design Phase \$ 320,325

Permitting Fees

Plans/Design/Construction Review, & Registration Fee	\$ 10,675	
	Stormwater Fee	\$ 2,500

Sub-Total – Fees \$ 13,175

With current hangars at capacity and increased demand for hangar space, it has become necessary to develop additional aviation facilities on the west general aviation campus. The introduction of new aircraft on the field and a rapidly improving economy within the region has created this need. In an effort to better serve our community, CMAA plans to design and construct a new community aviation hangar adjacent to our General Aviation Terminal. The project will include a 28,125 sf hangar with 3,600 sf of associated office space, vehicle parking, and a Ground Support Equipment storage site. In an effort to meet the airport's continued sustainability goals, we will seek LEED certification. The engineer's cost estimate for the construction of this project is \$4,000,000.00.

Chattanooga Metropolitan Airport Authority has received state assistance in the amount of \$250,658.00. The airport is responsible for \$93,192.00. This item was included and approved in the current fiscal year capital budget.

Commissioner Lytle asked for the cost of building the previous two hangars. The first hangar was \$1.2 million, and the second hangar was \$5.5 million. Vice Chairman Hall asked if there were currently any occupants for the new hangar. Glenn Rivenbark of Wilson Air addressed the Board. He said there are not currently any tenants for the new hangar space, but some of the current tenants have indicated that they want to upgrade their aircraft and will require more hangar space. President Hart said current hangar space is at capacity, and an additional hangar will allow for more tenants as well as provide space for aircraft to be stored overnight in inclement weather.

Commissioner Mitchell asked how the price per square foot of the new hangar compares to the price of the previous hangars. Glen Heath of Allen & Hoshall addressed the Board. He said the price per square foot is comparable at a less than 10% increase of what was paid before. Mr. Naylor added that changes in building and fire codes have also lead to an increase in price per square foot.

Board Action: CMAA requests Board approval to enter into Task Order # 4 in the amount of \$343,850.00 with Allen & Hoshall, Inc. for the design services associated for a new community hangar on the west side aviation campus.

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

Tandus-Centiva Advertising Contract

President Hart addressed the Board. CMAA is requesting Board approval of a renewal agreement with Tandus-Centiva for their continued sponsorship of a recycling station on the concourse. The term of the agreement is for two years, beginning March 1, 2015 at a monthly rate of \$750 for a total contract amount of \$18,000.

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

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

Other Business

None

Public Comment

None

Closing Comment

Chairman Jacobson began by thanking everyone in attendance and welcomed Commissioner Barnett to the Board. He thanked President Hart for his updates, and expressed his excitement to see the projects approved today completed. He closed by reflecting on the upcoming Earth Day and read a list of activities those in attendance might do in honor of the holiday.

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

Adjourn

Minutes approved by:

Minutes approved by:

Mike Mallen
CMAA Secretary

Daniel R. Jacobson
CMAA Chairman

Corporate Secretary:

Minutes Recorded by:

April Cameron

Sarah Stephens

**Chattanooga Metropolitan Airport Authority
Board of Commissioners Meeting Minutes
May 18, 2015**

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting Monday, May 18, 2015 at 2:00 p.m. Chairman Jacobson, Vice Chairman Hall, Commissioners Conn, Mallen, and Snow 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 Snow, the minutes of the April 20, 2015 meeting were approved.

President's Report

President Hart addressed the Board and thanked them for their attendance. He began by welcoming Dr. Paul Conn to the Board, and thanked him for his willingness to serve on the Board. Next, he reviewed the statistics for April. An upward trend continued with a 14.6% increase over April of last year. Year to date, enplanements are 14.5% above 2014. Depanements are falling in line with enplanements; air cargo is still down, but it is improving after President Hart had a conversation with FedEx.

President Hart continued by updating the Board on a number of projects. The parking lot construction is underway. The first phase will take about 60 days, and then construction will move into different areas of the intermediate parking lot to complete that project. The projected finish date for that entire project is November 2015. In conjunction with the construction project, CMAA is replacing all parking revenue control equipment. The installation process began earlier in April. Amano McGann has already installed a new pay machine in the ticketing terminal and new equipment in the intermediate lot.

Also, President Hart informed the Board that he attended that annual Allegiant Air conference. He said Chattanooga has been performing favorably compared to the other 95 airports operating Allegiant flights. Allegiant has been very pleased with the revenue coming from the Orlando and Tampa Bay area flights.

Next, President Hart updated the Board on two community outreach events. First, CMAA once again took part in Airport Night at the Chattanooga Lookouts. CMAA gave away a trip to Orlando through a 10 person bag packing contest. Five contestants were pre-selected via social media, and the other five were selected at the game. This event is primarily a social media promotion, and it resulted in over 1000 new fans of Facebook and about 100 new followers on twitter. Second, CMAA held its annual sustainability tour for the entire Normal Park 4th grade class at Wilson Air Center. This year there were 98 students plus several teachers and parents. John Naylor and Sarah Stephens facilitated the tour and the kids learned about CMAA's LEED certified facilities and solar farm.

Finally, President Hart introduced Dave Ivey of Wilson Air Center to the Board. Mr. Ivey gave an update Wilson Air Center since taking over general aviation operations at the airport.



Discussion Items

- First Year + Review
- Service
- Performance
- Pricing
- How Do We Compare
- Current Projects
- Future Projects

Aviation International News – April 2015

"Pam Coates is one of many outstanding employees you can find at Wilson Air-Chattanooga. Pam is always cheerful, friendly, and ready to help with a smile on her face."



Proud To Be In Chattanooga...



How Are We Doing?

- Open Dialogue with Tenants
- Two Major Pilot Open House Meetings



How Are We Doing?

...January 2014 to Date

- Airline flights handled.
 - Approximately 10,000 airline fueling events.
 - 99.99% dispatch reliability.
 - FY1 – Just under 100 Atlanta diversions.
- Based tenant departure handling.
 - 12,000 arrivals/departures
 - 99.99% efficiency.
- Transient
 - 10,000 arrivals/departures
 - Five Star Rating by Customers
- Allegiant
 - 80,000 passengers handled.
- Military
 - 1,500 military missions
- Fed Ex
 - B-757 fueling – zero delays.



Airport Master Plan...

...Immediate Needs

- Hangar 1-2
 - 16 Hangar Tenants
 - 7,000 sq. Office & Support
 - All Military Operations



...Industry Forecast

...Projections are Positive

- Forecast
 - 65% New Aircraft sold today are Large Category Size.
 - More Square Feet Required
 - Occurring in Chattanooga
 - Large Delivered in January
 - Two Others on Order
 - New Aircraft Deliveries Mirror GDP.
 - Pre-Recession Deliveries 1,300 Business Jets Per Annum
 - 672 Business Jets in 2012
 - Various Models Project 1,000 – 1,300 Business Jets Delivered Per Annum for the Next Ten Years



...Not Just in Chattanooga

- [illegible]



...Project Update

-



...Additional Hangars Require Expanded Ramp

-



Rates & Fees...

...No Change

- All Existing Based Tenants.
- No Increase in Hangar Rents
- Honor All Fuel Discounts
- Existing Long Term Leases Currently In Place were Honored.
- Same for Fiscal Year 2015-16.



Working to Keep Prices Down...

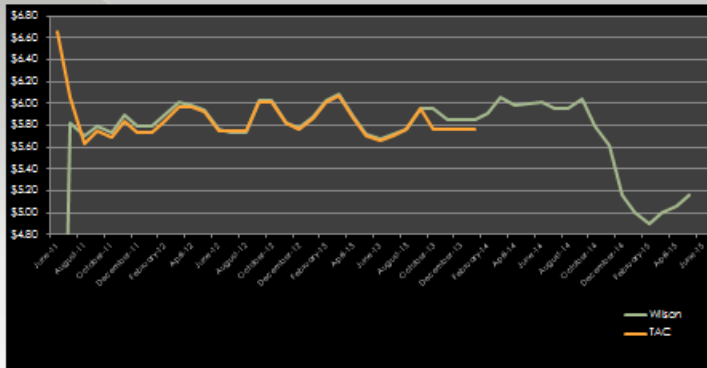
...Agreement with Shell Aviation

- Additional \$.05 Discount Per Gallon when Shell Aviation Fuels Credit Card is Used



Jet A Posted Retail at Chattanooga Airport...

...Historical

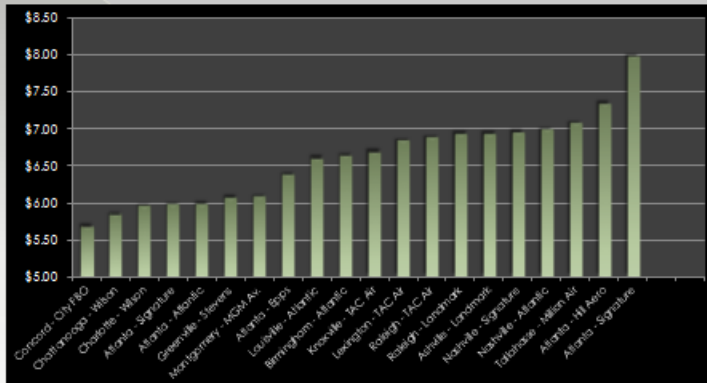


• Posted Jet A at Chattanooga Airport



Jet A Fuel Pricing...

...Area Pricing as of January 13, 2014

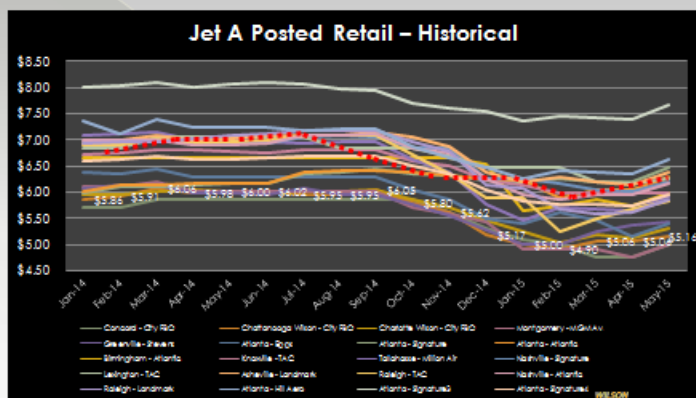


Similar size airports within 250 mile radius.
Based on posted retail from AirNav.Com



Jet A Fuel Pricing...

...Regional Analysis



Red dotted line: Average of Sampled Airports



How Do We Keep Improving...



Technology

...Introduce Innovative and Customer Friendly Programs

- Computerized Flight Data
- Internet Platform
- Managers Monitor from Work and Home
- Improves on Labor Demand
- All Data Tracked & Assigned
 - Departure/Arrival
 - Catering
 - Rental Cars or Ground Transportation
 - Fuel, Lav, Potable Water
 - Hotel
- On Line Confirmations
- On Line Reservations from Flight Crews



Customer Comments...

...AirNav.Com

Debbie was the best customer service agent/manager I have had contact with at any FBO in my 30 years of flying. She met our plane along with 3 line personnel and made sure every detail of our 4 hour stay worked out perfect.

Feb 9, 2015

I've had an aircraft based at CHA since the 1970's and have dealt with several FBO's during those 35+ years. I am happy to say that Wilson Air provides the best service I've had during that time. The staff exerts great effort to handle any requests/problems, which might require attention.

David Noonan

March 20, 2015



Customer Comments...

...AirNav.Com

I flew into KCHA on July 31 for business, but was interested in seeing Wilson Air since my son is attending UTC this fall. I plan many more trips down and back. **Huge improvement** over TAC Air that I had utilized on prior trips to KCHA. We pilots talk about being two minutes ahead of the airplane. **Well, The Wilson Air guys were all two minutes ahead of this pilot.** They had my wife and me fueled, unpacked, and carried to our HERTZ car before I knew they were tugging my plane to a safe parking spot. **Never faster. Never friendlier.** We'll be on a first name basis with everyone there very soon.

Aug 7, 2014



Community Involvement...

...Hixon Flight Museum Open Hangar Gala



Economic Generators...

...Aero Commander Fly In



Southeastern Bonanza Society

Mooney Pilot Proficiency Course





Board Action

Budget Fiscal Year 2016

April Cameron addressed the Board, CMAA requests approval of the Fiscal Year 2016 Budget for the Chattanooga Metropolitan Airport Authority (CMAA) which has been developed in coordination with the Finance Committee.



2016 Budget Presentation

2015

Fiscal Year Accomplishments

Terminal Ramp
Rehabilitation



Hangar 1 & 2
Redevelopment



Rental Car Lot
Expansion



Acquired New Flight
Display System



West Ramp
Expansion



Acquired New Revenue
Control Equipment



2016

Fiscal Year Budget

- Mission
- Goals & Objectives
- Capital Investments
- Budget



Mission

To provide for the safe, secure, efficient and economically sound operation of the airport while achieving an unprecedented customer service experience for all passengers – parking lot to plane.



Goals & Objectives

- **Maintain a Safe and Secure Operation**
- **Improve Financial Performance**
- **Improve Service to Customers**



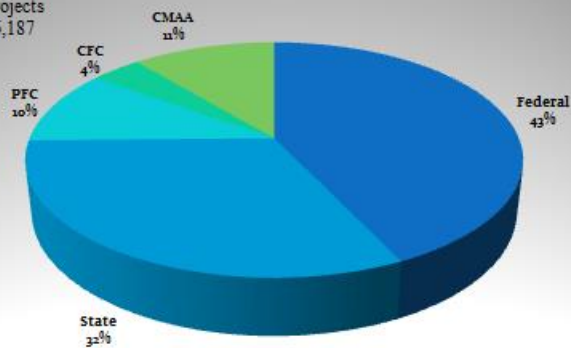
Capital Investments

- **Maintain a Safe and Secure Operation**
 - Acquire Airfield Rescue and Firefighting Vehicle
 - East Public Ramp Rehabilitation
 - Seal Runway 15/33
- **Improve Financial Performance**
 - North parking lot expansion
 - Solar Farm - Phase 3
- **Improve Service to Customers**
 - Covered walkways in parking lots
 - West Side Hangar 3 Construction



Capital Investment Funding Profile

Total Projects
\$15,466,187



Airport Portion \$1,687,022

General Operating Revenues

Revenues	FY 2015 Forecast	FY 2016 Budget	Variance
Airline	\$2,237,348	\$2,236,353	0%
Parking	\$3,580,380	\$3,651,988	2%
Rental Car	\$1,630,941	\$1,684,912	3%
Airfield	\$753,777	\$765,199	2%
Terminal	\$765,160	\$792,198	4%
Reimbursement Programs	\$163,726	\$187,726	15%
Rental Property/Other	\$151,266	\$153,292	1%
Total	\$9,282,598	\$9,471,666	2%

- Airline security fee adjustment
- Simplify parking rate structure
- No increases in fees to customers
- Overall growth in passenger traffic generates additional revenues



Parking Rate Structure

	FY 2015 Daily Rates	FY 2016 Daily Rates
Short Term Parking	\$16.00	\$16.00
Intermediate Term Parking	\$10.00	\$9.00
Long Term Parking	\$8.00	\$9.00
Economy Lot	N/A	\$6.00



General Operating Revenues

Revenues	FY 2015 Forecast	FY 2016 Budget	Variance
Airline	\$2,237,348	\$2,236,353	0%
Parking	\$3,580,380	\$3,651,988	2%
Rental Car	\$1,630,941	\$1,684,912	3%
Airfield	\$753,777	\$765,199	2%
Terminal	\$765,160	\$792,198	4%
Reimbursement Programs	\$163,726	\$187,726	15%
Rental Property/Other	\$151,266	\$153,292	1%
Total	\$9,282,598	\$9,471,666	2%

- Airline security fee adjustment
- Simplify parking rate structure
- No increases in fees to customers
- Overall growth in passenger traffic generates additional revenues



General Operating Expenses

Expenses	FY 2015 Forecast	FY 2016 Budget	Variance
Salaries and Benefits	\$3,143,488	\$3,329,718	(6%)
Professional Services	\$174,652	\$175,851	(1%)
Maintenance & Repair	\$680,175	\$553,076	19%
Insurance	\$364,109	\$375,433	(3%)
Utilities	\$435,845	\$433,749	0%
Promotional Activities	\$370,365	\$405,365	(7%)
Supplies	\$39,300	\$41,977	(7%)
Contractual Services	\$324,205	\$368,741	(14%)
Other	\$256,906	\$220,006	14%
Total	\$5,789,045	\$5,903,917	(2%)

- 2% COLA
- 4% increase in Group Insurance and Affordable Care Act compliance
- Additional expense for shuttle during parking expansion project



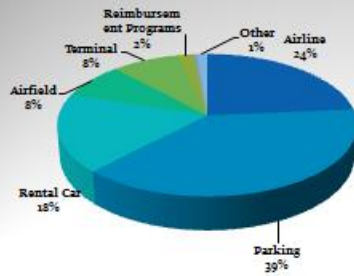
General Operating

	FY 2015 Forecast	FY 2016 Budget	Variance
Revenues	\$9,282,598	\$9,471,666	2%
Expenses	(\$5,789,045)	(\$5,903,917)	(2%)
Net Operating Revenues	\$3,493,553	\$3,567,749	2%

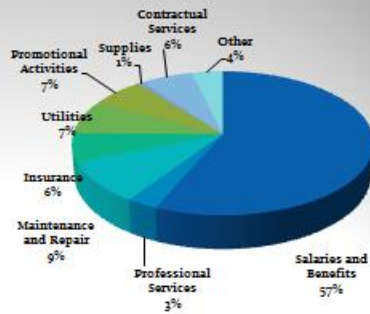


General Operating

Revenues



Expenses



FBO Operating Revenues

Revenues	FY 2015 Forecast	FY 2016 Budget	Variance
Jet A Sales	\$6,458,750	\$6,640,656	3%
Avgas Sales	\$633,877	\$600,000	(5%)
Airline Fueling	\$243,643	\$324,000	33%
Military Fueling	\$880,739	\$905,544	3%
Rent	\$1,175,807	\$1,123,289	(4%)
Ground Handling	\$238,435	\$214,817	(10%)
Other	\$190,405	\$174,229	(8%)
Total	\$9,821,657	\$9,982,536	2%



FBO Operating Expenses

Expenses	FY 2015 Forecast	FY 2016 Budget	Variance
Salaries and Benefits	\$1,764,874	\$1,782,387	(1%)
Promotional	\$36,790	\$27,591	25%
Insurance	\$120,199	\$124,735	(4%)
Utilities	\$164,252	\$146,512	11%
Repairs	\$51,343	\$55,934	(9%)
Travel	\$22,018	\$14,896	32%
Other	\$115,600	\$253,018	(119%)
Management Fee	\$200,000	\$273,123	(37%)
Fuel	\$6,208,851	\$6,120,009	1%
Other COGS	\$347,111	\$354,435	(2%)
Total	\$9,031,638	\$9,152,638	(1%)



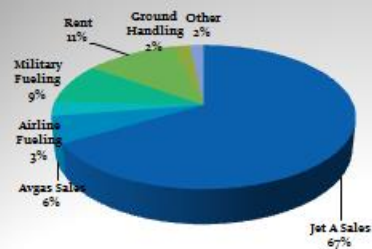
FBO Operating

	FY 2015 Forecast	FY 2016 Budget	Variance
Revenues	\$9,821,657	\$9,982,536	2%
Expenses	<u>\$(9,031,038)</u>	<u>\$(9,152,639)</u>	<u>(1%)</u>
Net Operating Revenues	\$790,619	\$829,897	5%

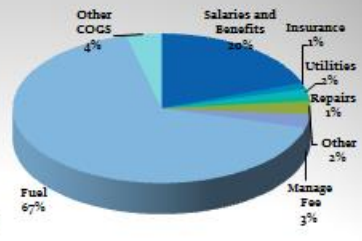


FBO

FBO Revenues



FBO Expenses



Debt Service

Bonds	Beginning Balance July 1, 2015	FY 2016 Principle and Interest	Ending Balance June 30, 2016
2009 Taxable Bond (2.95%)	\$4,426,424	\$560,247	\$3,992,668
2014 Taxable Bond (4.03%)	\$3,895,667	\$297,936	\$3,754,288
2014 Tax-Exempt Bond (2.67%)	\$3,068,575	\$209,369	\$2,940,700
Total Debt	\$11,390,666	\$1,067,552	\$10,687,656



FY 2016 Budget

	FY 2015 Forecast	FY 2016 Budget	Variance
Revenues	\$19,104,255	\$19,454,202	2%
Expenses	\$(14,820,083)	\$(15,056,556)	(2%)
Net Operating Revenues	\$4,284,172	\$4,397,646	3%
Capital	\$(415,834)	\$(1,687,022)	(306%)
Debt Service	\$(3,836,013)	\$(1,067,553)	72%
Transfer to Reserves	(\$500,000)	\$(1,643,071)	(221%)
Transfer from Reserves	\$467,675	\$0	
Net Revenues	\$0	\$0	



Summary

- Balanced Budget
- Strong Financial Position
- Preparing for Continued Growth
- Continue to Enhance the Customer Experience
- Positioned to Support Regional Economic Growth



Chairman Jacobson asked if any member of the Board would like to make a comment on the proposed budget. Vice Chairman Hall said the Airport has reached out to the members of the Board and gone over the 2016 Budget with them. He said the Finance Committee spent a large amount of time on the budget, and went through it in great detail. Vice Chairman Hall said he feels this is a responsible and conservative budget that will continue to pay down the Airport's debt. Chairman Jacobson stated that he attended every Finance Committee meeting during the budget process, and he assured the Board that the budget has been thoroughly vetted. He said he feels very strongly that this budget accurately reflects CMAA and the direction the Airport is going.

Board Action: CMAA requests Board approval of the Fiscal Year 2016 Budget with updated organizational structure, pay plan, and Rates and Charges and Insurance Policy.

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

Perimeter Road Infrastructure Development

John Naylor addressed the Board. In an effort to prevent runway incursions, CMAA has initiated a program that restricts vehicle movement on the airport to non-movement areas except in response to an aircraft emergency. The airport has developed a perimeter road for vehicles to traverse from one side of the airport to the other without the necessity of crossing runways or taxiways.

Over time the perimeter road from Gate 10 to Hangar 8 has deteriorated. During periods of heavy rain, this section of the perimeter road goes under water. The sub-grade and pavement have deteriorated. The project consists of the improvement of this approximately 4,000 foot section of the airport perimeter road. The scope includes aggregate placement on the existing road, addition of cement and in-place mixing, fine grading and sodding side slopes. The project encompasses all site work, topsoil, sod, and erosion control.

A request for proposals was submitted for the work associated with the construction. CMAA received two bids on the project. Allen & Hoshall's review and evaluation found that the low bidder was Thomas Brothers Construction. Thomas Brothers Construction is 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, Thomas Brothers Construction.

CMAA has reviewed the Engineer's recommendation and is in agreement. The contract amount is \$219,630. The project was approved in the current FY capital budget and is funded through an approved PFC Application.

Vice Chairman Hall asked if there was anything that could be done to prevent water damage. Mr. Naylor said there is not; Perimeter Road is subject to flooding due to its location. However, the Airport has worked on other projects to reduce the amount of flooding on the airfield such as

the Brainerd Road Project. In addition, a cement treated base will be used in place of asphalt to extend the life of the road. Vice Chairman Hall asked for an overview of Thomas Brother's Construction. Mr. Naylor said they are a local company based in Soddy Daisy, Tennessee. They've been on several Airport projects in the past. He said they are a very good company; their DBE percentage is always high.

Board Action: CMAA requests Board approval to enter into a contract with Thomas Brothers Construction in the amount of \$219,630 for the construction of the perimeter road from Gate 10 to Hangar 8.

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

Other Business

Vice Chairman Hall welcomed Commissioner Conn to the Board, and thanked Gene Veazey for his years of service.

Commissioner Conn thanked the Board and the Airport for the thoroughness to which he has been introduced to the work of the Airport Authority.

Public Comment

None

Closing Comment

Chairman Jacobson began by thanking everyone in attendance. He thanked Mr. Ivey for his presentation. He thanked President Hart for his updates, and representing the Airport well in his meeting with Allegiant. He expressed his excitement with the continued growth in enplanements. He closed by reflecting on the upcoming Memorial Day and recited a quote from President Harry Truman.

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

Adjourn

Minutes approved by:

Mike Mallen
CMAA Secretary

Corporate Secretary:

April Cameron

Minutes approved by:

Daniel R. Jacobson
CMAA Chairman

Minutes Recorded by:

Sarah Stephens

**Chattanooga Metropolitan Airport Authority
Board of Commissioners Meeting Minutes
June 15, 2015**

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting Monday, June 15, 2015 at 2:00 p.m. Chairman Jacobson, Vice Chairman Hall, Commissioners Mallen, Mitchell, Conn, Barnett, and Snow 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 Barnett, the minutes of the May 18, 2015 meeting were approved.

President's Report

President Hart addressed the Board and thanked them for their attendance. He began by updating the Board on several community outreach items. Last month CMAA was contacted by the Trousdale School from Cleveland requesting a tour of the airport terminal for their 30 adult students with developmental disabilities and their chaperones. The tour was in preparation for their annual summer musical production; this year it was called Come Fly with Me and was set in an airport. CMAA agreed and coordinated with all of the tenants to ensure the group received a thorough tour of the facility and airport operations. All of the CMAA team participated as well as all of the airlines, Tailwind Concessions, TSA, and Avis.

Next, President Hart toured the Orange Grove Center earlier in the month. CMAA has had a partnership with Orange Grove for more than a year and employ 3 adult students and their supervisors on a weekly basis. This was President Hart's first time touring the facility, and he said it was an amazing experience. In addition to touring the facility, President Hart was made aware of a partnership between Orange Grove and Philip Laszlo, an artist who has created several pieces to help raise funds for Orange Grove. They are considering the airport as a location to display the artwork.

From the general aviation side, last week a large military charter departed from Chattanooga out of Wilson Air Center. There were about 130 Marines from the local marine artillery unit, Mike battery heading off to their annual training in California. In addition, since the last Board Meeting, the Airport has two general aviation fly-in events. First was the Bonanza fly-in, followed by the Mooney fly-in.

Finally, CMAA received word last week that a Lithuania-based startup group called Rotten WiFi allowed users of its app to rate the quality of public WiFi in more than 130 airports in 53 countries worldwide and created a top 10 list of airports with the fastest WiFi—and the Chattanooga Airport was rated # 2 on the list. President Hart said this accolade gained a lot of positive attention for the Airport as well as the community.

Next, President Hart updated the Board on several projects. First, there has been significant progress with the new economy lot. The project is on target for pavement to be complete by early July. Overall the entire parking construction project is on track to be complete in November. Second, the perimeter road construction project is complete. The project was to replace a portion of the perimeter road on the northwest corner of the airport between Gate 10 and Hangar 8. The work was completed well ahead of schedule.

Finally, President Hart reported that the solar farm surpassed 9,000,000 kilowatt hours of energy production at the end of May.

President Hart ended his report by giving a quick update on operational statistics for May. Airport enplanements are continuing to grow; there were more than 34,000 enplanements, an 11% increase over last May. Year to date, enplanements are still almost 14% higher than the same period last year.

President Hart asked the Board if they had any questions. Commissioner Barnett asked if President Hart noticed a trend towards increasing the size of aircraft or increasing the number of flights. President Hart said Delta began replacing some of the CRJs and introducing mainline aircraft a couple of years ago. Depending on the day of the week, there are four mainline departures with Delta, and Delta continues to say they are pleased with what they're seeing. He said he believes there will start to be an increase in aircraft size as American and U.S. Airways continue their merger.

Board Action

2015 Audit Contract

April Cameron addressed the Board. CMAA is requesting Board approval for a contract with Elliott Davis Decosimo to perform an annual audit of financial statements for the year ending June 30, 2015. The objective of the audit is to express an opinion as to whether our financial statements are presented fairly in conformity with accounting principles and to report on the fairness of the supplementary information including: 1) Federal awards; 2) state awards; and 3) Passenger facility charges. This audit does not include an audit of internal control but does include an evaluation of controls in place.

Earlier this year, Decosimo and Company merged with Elliot Davis to become Elliot Davis Decosimo, one of the top 30 accounting firms in the nation. This merger provides additional resources and fresh perspectives to evaluate our audit procedures and ensure that we are receiving the most thorough review possible.

The firm has provided us with pricing to support a three year contract in order to keep costs low for the near future. The contract fee for the audit services will be as follows plus expenses (such as report reproduction, typing, postage, travel, copies, telephone, etc.):

Year 1	\$36,500
Year 2	\$37,000
Year 3	\$37,500

Ms. Cameron introduced Robert Belcher of Elliot Davis Decosimo. Commissioner Mitchell asked what the increase is from last year. Ms. Cameron said it is a 1.5% increase over last year. Mr. Belcher said the fee correlates to the slight increase in hours due to the new GASB pronouncement. Commissioner Mallen asked if CMAA has a separate internal control audit periodically. Ms. Cameron said CMAA periodically performs internal control of tenants, but there is not a set schedule in place. She said Decosimo has performed a review of CMAA's processes in the past. The last review happened in approximately 2010, and Decosimo came back with 10 recommendations to improve CMAA's procedure. Commissioner Mallen suggested that one of the upcoming audits include an internal control audit. Vice Chairman Snow asked for CMAA to provide the Board with a proposal for an internal control audit.

Board Action: CMAA requests Board approval of a three year contract totaling \$111,000 plus expenses with Elliot Davis Decosimo to conduct an annual financial audit.

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

Allen and Hoshall Task Order # 6

John Naylor addressed the Board. As we prepared our capital budget for the upcoming year, a multi-phase project was identified as requiring completion. The east public ramp, which is adjacent to Taxiway Alpha, was noted through our pavement management analysis as requiring replacement. The forty year asphalt pavement has exceeded its designed lifespan and is in poor condition. It will not support the size and weight of today's group 3 aircraft. The identified ramp supports the operations of Hangar 19, 21, 22 and future development.

To begin this process, we are requesting to enter into Task Order # 6 with Allen & Hoshall for the engineering services associated with the East Ramp Renovation Project. This will include both the total project design and construction administration work for Phase 1. Allen & Hoshall's fee for this work is \$475,575, and is outlined below. An Independent Fee Analysis was conducted by PDM Engineering Services for this project and found the fees of Allen & Hoshall to be fair and reasonable.

Design, Bid and Award

1. Survey	\$ 4,500
2. Geotechnical Investigation	\$ 8,500
3. Stormwater Permitting – 16 Hours	\$ 3,000
4. Preparation of Plans & Specifications (Phase 1 & 2) – 1,415 Hours	\$ 180,000
5. Bid & Award (Phase 1) – 90 Hours	\$ 10,800

Construction Administration

1. Construction Administration – 881 Hours	\$ 113,600
--	------------

2. Submittals & Shop Drawings – 50 Hours	\$ 5,500
3. Resident Inspection Representative – 1,476 Hours	\$ 112,100
4. Resident Inspection Expenses	\$ 575
5. Quality Assurance Testing	\$ 30,000
6. Miscellaneous & Final Survey	\$ 2,000
7. As-Built Drawings – 40 Hours	\$ 5,000

The engineers estimated construction cost for this project is \$5,000,000. Funding for this request will be through a Federal AIP grant and Passenger Facility Charges (PFC's). The approved Capital budget included this item.

Vice Chairman Hall asked for a breakdown of the two phases of the project. Mr. Naylor said due to the funding levels from the FAA, CMAA will not be able to complete the whole project in the first year. In the first year, the new connector will be constructed along with as much ramp as the funding will allow. The second year will complete the project. Commissioner Mitchell asked how PDM Engineering Services performed the Independent Fee Analysis. Mr. Naylor said CMAA sent the project to PDM, and they determined what they would charge if they did the project. The two estimates were very close, however, PDM estimated 1,000 construction administration hours while Allen & Hoshall estimated 881 hours.

Commissioner Snow voiced his support for the project. He said his business is based near the section of ramp being discussed, and it is in very poor condition. Vice Chairman Hall asked when the last time that section of ramp was improved. Glenn Heath of Allen & Hoshall said the pavement was done in 1972 and 1983. Vice Chairman Hall requested a historical graphic showing age of concrete and asphalt on the airfield.

Board Action: CMAA requests Board approval to enter into Task Order # 6 with Allen & Hoshall, Inc., for the engineering services identified with the East Ramp Renovation project. The amount of the contract is \$475,575.

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

TwoxFour Contract

President Hart addressed the Board. CMAA is requesting Board approval of a contract with TwoxFour for marketing and media placement services for FY16 in the amount of \$120,000.

Our original agreement with TwoxFour included two, one year options to renew and we have decided to exercise the first renewal option this year. We have worked with the agency since 2013 and have been very pleased with their creative capabilities and concepts. They have helped us find new and innovative ways to maximize our budget to gain maximum exposure and drive brand recognition.

TwoxFour's budget will be allocated as follows:

- Media planning and buying in the amount of \$90,000. This item includes local market opportunities still to be determined, and continued digital advertising in the North Atlanta market.
- Creative concepts and design in the amount of \$21,000. This item includes production of previously presented creative and ad resizing.
- Production of a special Thank You campaign for our record enplanement numbers in the amount of \$9,000.

The term of the agreement begins on July 1, 2015 and ends on June 30, 2016. This item was included in our approved operating budget.

President Hart introduced Andrea Crouch of TwoxFour to the Board. Ms. Crouch said she and the rest of TwoxFour appreciate their relationship with the Airport and are especially excited about the Thank You campaign.

Board Action: CMAA requests Board approval of a renewal agreement with TwoxFour in the amount of \$120,000.

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

Waterhouse Public Relations

President Hart continued, 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
- Social media monitoring, including notifying CMAA as needed for reputation management

The term of the contract begins on July 1, 2015 and extends through June 30, 2016. This item was included in our approved operating budget.

Commissioner Mallen asked if there were expenditures last year in addition to the contract amount. President Hart said there were no additional expenditures.

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

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

Other Business

Vice Chairman Hall asked when the canopies will be completed. President Hart said the first phase of the parking lot expansion project should end around the beginning of July. The canopy in the Long Term II parking lot will begin during phase two towards the end of July and should be completed in two months.

Commissioner Snow proposed a marketing project to reach out to aircraft groups that are searching for locations to fly and buy fuel. President Hart said the Airport has been talking with Wilson Air Center about ways to promote the airfield and attract more fly-ins.

Public Comment

None

Closing Comment

Chairman Jacobson began by thanking everyone in attendance. He thanked President Hart for his updates. He expressed his excitement to see the progress of the parking lot improvements. He was also excited to learn of the Airport's top 10 ranking of the Airport's WiFi. He said this draws worldwide attention to the Airport, but also emphasizes the innovative spirit of the community. He thanked customers for continuing to get on board in record numbers. Finally, he closed by reading a quote by Tenzing Norgay

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

Adjourn

Minutes approved by:

Minutes approved by:

Mike Mallen
CMAA Secretary

Daniel R. Jacobson
CMAA Chairman

Corporate Secretary:

Minutes Recorded by:

April Cameron

Sarah Stephens

**Chattanooga Metropolitan Airport Authority
Board of Commissioners Meeting Minutes
August 17, 2015**

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting Monday, August 17, 2015 at 2:00 p.m. Chairman Jacobson, Vice Chairman Hall, Commissioners Barnett, Snow, Conn, Mitchell, and Mallen were present.

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

Minutes

On motion of Commissioner Barnett, seconded by Commissioner Conn, the minutes of the June 15, 2015 meeting were approved.

President's Report

President Hart addressed the Board and thanked them for their attendance. He began by giving an update on operational statistics for the months of June and July. Enplanement numbers have continued to rise. In June, there was a 13.5% increase in enplanements compared to June 2014. Operations were also up almost 10%, and Cargo shows a small increase. July saw enplanement numbers in excess of 7% above July of last year. Year to date, enplanements are 12.5% above the same time last year. Deplanements are tracking in line with that. Year to date, landing weights are up 10% above last year. Operations were up almost 5.5% in the month of July.

Next, President Hart updated the Board on a number of airport projects. The parking lot expansion project is moving along rapidly. 210 new spaces were added in July with the work that was done at the north end of the parking lot. Now, crews are repaving throughout the parking lot and are building the canopy structure through the center of the parking lot. The Long Term 2 parking lot is expected to be completed in mid-September. Afterwards, construction of the canopies will move into the Long Term and Short Term parking lots where it is expected to be completed in mid to late November. The new parking equipment has been installed in each of the parking lots. CMAA is working with Parkmobile to launch a mobile payment option. That project is nearing completion and the program will begin testing in early September.

President Hart updated the Board on the status of the new community hangar to be constructed beside the Wilson Air Center terminal on the west aviation campus. Allen & Hoshall have submitted renderings of the new hangar which will include a 28,125 sf hangar [with 3,600 sf of associated office space], vehicle parking, and a Ground Support Equipment storage site. CMAA anticipates bringing the construction contract forward during the September Board Meeting. John Naylor has presented the project to TDOT, and CMAA has received approval for the state grant. If approved, CMAA anticipates construction on that project to begin in October. Commissioner Mitchell asked how long that project will take to complete. President Hart said CMAA anticipates it to take seven months.

Next, TDOT has begun work on much needed improvements to the Shepherd Road bridge off of Highway 153. CMAA has met with representatives from TDOT to express interest in this

project and they are keeping the Airport updated on lane closures that may impact customers. The entire project is expected to be complete in October 2016.

President Hart then updated the Board on two special events at the Airport. First, CMAA hosted a health fair to kick off airport participation in the Heart Walk to benefit the American Heart Association. CHI Memorial Hospital set up booths to provide blood pressure checks, body mass index measurements, and weight loss and exercise information. CPR training was also provided. All airport tenants and employees were invited and many signed up to participate in the Heart Walk.

CMAA also hosted a group of six developmentally disabled adult students plus their teachers from Cross Plains Community Partner in Dalton. The students received a tour of the commercial terminal, which included walking through the security checkpoint, a presentation by an American Airlines agent, and demonstration by the ARFF department.

In addition, CMAA participated in a community showcase event at Lee University. The event introduced local businesses to new freshmen students. Many parents of out of state students expressed great interest to know that there was an airport close to the university that included shuttle service for students.

President Hart commended Wilson Air Center and the Operations staff for handling the arrival of Vice President Biden, the Secretary of Defense, the Secretary of the Navy, and the Commandant of the Marine Corps. A lot of behind the scenes planning went into handling their arrival, and it was successful.

Lastly, in July CMAA received word that the commercial terminal is now officially LEED Silver certified. President Hart presented the plaque to the Board, and informed them that there will be an event to place it in the terminal. In addition, there will also be a commemoration for the terminal's architect Andy Roth.

Board Action Resolution 74

President Hart introduced Hugh Moore of Chambliss, Bahner & Stophel to the Board to present the resolution. The Federal Aviation Administration (FAA) recently began requiring grant recipients to ratify and adopt all assurances, statements, representations, warranties, covenants, and agreements contained in the airport improvement project applications and to accept the offer of funds from the FAA. By accepting FAA funds, the recipient agrees to comply with all of the terms and conditions of the FAA Grant Agreement and the Project Application.

As a result, CMAA will request approval of Resolution 74 which provides the Airport President and CEO the authority to accept all grant offers from the FAA and bind the airport to the associated terms and conditions.

A copy of Resolution 74 is attached for review.

**BEFORE THE BOARD OF COMMISSIONERS OF THE
CHATTANOOGA METROPOLITAN AIRPORT AUTHORITY**

RESOLUTION NO. 74

WHEREAS, from time to time CMAA submits to the FAA a Project Application for a grant of Federal funds for a project at or associated with the Lovell Field Airport, also known as the Chattanooga Metropolitan Airport; and

WHEREAS, the FAA may on behalf of the United States, offer and agree to pay a portion of the cost of such project through a Grant Agreement; and

WHEREAS, the FAA requires CMAA to ratify and adopt all assurances, statements, representations, warranties, covenants, and agreements contained in in the Project Application, and to accept the offer of funds from FAA, and by such acceptance agrees to comply with all of the terms and conditions of the FAA Grant Agreement and the Project Application; and

WHEREAS, CMAA is required to designate an official representative to accept on behalf of CMAA the funds provided pursuant to any Grant Agreement, under all of the conditions of that Grant Agreement; and

WHEREAS, the Board of Commissioners have determined that the appointed President and CEO of CMAA is best able to accept grant funds on behalf of CMAA, under all of the conditions of a proposed Grant Agreement;

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

1. The President and CEO is designated the Official Representative of CMAA for the purpose of acceptance of all grants offers from the FAA, and he is authorized to sign FAA Grant Agreements on behalf of, and with the full authority to bind, CMAA.
2. The President and CEO shall report to the Board of Commissioners on a regular basis the type, purpose, amount, and terms of each such Grant accepted.
3. This Resolution shall remain in full force and effect until specifically rescinded by a majority vote of the Board of Commissioners.

Adopted by the Board of Commissioners at the regularly scheduled meeting on August 17, 2015 by a majority vote of a quorum of the Board.

Chairman

Attest:

Vice-Chairman

CMAA Legal Counsel

Commissioner Mallen suggested an amendment to the phrasing in subparagraph one from “and he is authorized to sign FAA Grant Agreements on behalf of,” to “and the President and CEO is authorized to sign FAA Grant Agreements on behalf of.” Commissioner Conn suggested an amendment to the phrasing in subparagraph two from “The President and CEO shall report to the Board of Commissioners on a regular basis,” to “The President and CEO shall report to the Board of Commissioners at its next meeting.”

Vice Chairman Hall asked what is driving this resolution. President Hart said last year the FAA began the process of requiring airport sponsors to receive board approval to accept FAA AIP dollars. There have been timing issues between when the grants are issued and Board meetings. This resolution allows the President and CEO to accept the grants but inform the Board that the grants are being received, when they arrive and how they will be used. Vice Chairman Hall asked if this is in compliance with the Board’s authority. Mr. Moore said yes, they looked at the statute, the bylaws, the wording of the FAA grants very closely, and he believes this complies. Commissioner Mitchell asked for clarification that the Board will have approved the projects before the grants were accepted. President Hart said yes, the Board will have previously approved the project; this resolution will allow the President and CEO to accept the grant and report to the Board at the next meeting.

Board Action: CMAA requests approval of Resolution 74 as amended.

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

RBG Termination Agreement

President Hart addressed the Board. Our success, and there has been much over the last three years, is incumbent upon this organization continuing to embrace its core principles. All of us, the staff, remain focused on maintaining a safe and secure environment, improving service to our customers, and insuring the long term financial success of the airport. This all comes about through your leadership and what I call the ‘Moving Forward’ vision you provide. Through your oversight and the work of this team, our airport is rising and growing. As I like to say, we are on a positive wave and will stay on top riding it as long as we can. We understand that the primary function of this airport is to serve our community and we will continue doing so by focusing on commercial aviation, air cargo, sustainability, and corporate/ general aviation.

With this in mind, we have been working on an opportunity that embraces our core principles while continuing to move this airport forward. It begins with Hangar 7, a facility on the Northwest corner of the airfield which was leased by RBG, a division of Jones Airways. Last year they relocated their operations off the airfield and were interested in finding a strong,

quality entity to replace them. We shared that same vision and were very willing to assist in the process.

It did not take long for that quality entity to come forward. West Star Aviation, one of the leading Maintenance, Repair and Overhaul (MRO) companies in the country - maybe even the *best* in the country if you ask their customers – expressed an interest in the property. That interest has led to a firm decision to grow their business by expanding into Chattanooga.

As reference, an aviation MRO is an entity that provides maintenance and repair services to aircraft. Now that is a very broad description and there is much more that goes into it. Very soon, I'm sure our friends from West Star will provide better detail about what they accomplish.

For the past two years West Star Aviation has been voted the #1 preferred MRO in the United States by Professional Pilot magazine's PRASE survey. They accomplish this by possessing a strong technical expertise, experienced employees, attention to detail, and constant focus on customer service and satisfaction.

During this entire process, the Jones Management team has been extremely helpful and supportive. I cannot thank them enough for all the professionalism they displayed. Likewise, there is a reason why West Star Aviation is where they are today - their people - and that begins with leadership. They are true professionals that exhibit strong partnership qualities. All of us have been very impressed and believe they are another ideal company to have on the airfield.

Today, we will bring forward two requests for your consideration and approval. The first is the lease termination agreement with RBG, and the second, the lease agreement with West Star Aviation.

RBG, also known as Jones Airways, assumed the leasehold interests of Hangar 7 from Coca-Cola Consolidated in 2005. They operated their corporate flight department from that location until 2014 when they relocated their operations. As a result of their relocation, RBG desires to terminate its agreement with CMAA concurrent with the closing of the hangar purchase agreement between RBG and West Star Aviation.

Commissioner Mitchell asked what day CMAA be terminating the lease. President Hart said it will be concurrent with the purchase agreement between West Star Aviation and RBG. The anticipated closing date is August, 24 2015. Vice Chairman Hall asked what term is left on the Jones lease and what the current income is. President Hart said the lease is through December 2019, and the current income is approximately \$60,000 a year.

Board Action: CMAA requests Board approval to terminate its lease agreement with RBG as outlined.

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

West Star Aviation Lease

CMAA is requesting Board approval of a lease agreement with West Star Aviation for Hangar 7. West Star Aviation is a prominent Maintenance, Repair, and Overhaul (MRO) operation with primary locations in Grand Junction, CO and East Alton, IL.

The lease includes 3.92 acres of land and a 40,000 square foot hangar facility. Highlights of the lease include:

- 15 year Initial Term
- One 5-year Renewal Option
- Rent Structure
 - Years 2-3 \$24,000/year
 - Year 4 \$36,000/year
 - Year 5 \$48,000/year
 - Years 6-10 \$70,000/year
 - Years 11-15 \$89,000/year
 - Years 16-20 \$106,000/year
- Improvements revert to CMAA after Initial Term
- Wilson Air Center will provide fuel
- West Star will invest \$50,000 for Ramp Improvements
- West Star will be responsible to keep and maintain the premises
- Subleasing allowed with CMAA approval

BEFORE THE BOARD OF COMMISSIONERS OF THE CHATTANOOGA METROPOLITAN AIRPORT AUTHORITY

RESOLUTION NO. 75

WHEREAS, the Chattanooga Metropolitan Airport Authority (“Authority”) is the owner and operator of the Chattanooga Metropolitan Airport, inclusive of a tract of land situated in the City of Chattanooga, County of Hamilton, State of Tennessee known as Tract 3 on ALP, a tract of approximately 3.92 acres (170,798.87 sq. ft.) (herein referred to as the “Leased Premises”);

WHEREAS, West Star Aviation, Inc., a Colorado corporation (“West Star”), has entered into an agreement (the “Hangar Purchase Agreement”) with RBG, LLC and Tennessee Plus, LLC, as the immediately prior lessees of the Leased Premises (“Prior Lessees”);

WHEREAS, Authority has entered into a Lease Termination Agreement with the Prior Lessees, terminating the lease for the Leased Premises;

WHEREAS, subject to the closing of the Hangar Purchase Agreement, and concurrent with the effective date of the Lease Termination Agreement, Authority desires to lease the Leased Premises to West Star and West Star desires to lease the Leased Premises from Authority; and

WHEREAS, the Authority and West Star have negotiated an agreement (“Lease Agreement”) for the lease of the Leased Premises for a term of fifteen (15) years, with one option for the renewal of the Lease Agreement for an additional five (5) years, such Lease Agreement being incorporated in this Resolution by reference;

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

1. That the Board of Commissioners does hereby approve the Lease Agreement and authorize the Chairman and the President and CEO of the Chattanooga Metropolitan Airport Authority to enter into and execute the Lease Agreement with West Star on the terms and conditions set forth therein; and
2. That this Resolution shall be effective immediately upon its adoption.

Adopted by the Board of Commissioners at the regularly scheduled meeting on August 17, 2015 by a majority vote of a quorum of the Board.

Chairman

Attest:

Vice-Chairman

CMAA Legal Counsel

President Hart introduced the President and CEO of West Star Aviation Bob Raspberry to the Board. He gave a brief summary of West Star Aviation’s 12 year history. Commissioner Mitchell asked how many employees they plan to have initially. Mr. Raspberry said they initially plan to bring in 20 - 25 very experienced people transferred from their other operations. He said he anticipates the number of employees will quickly build to around 50. In the next two years, they plan to expand their operations on the airfield and build two new hangars. He said they expect to have 175 – 225 employees in the next five years.

Mr. Moore presented Resolution 75. Commissioner Mitchell asked what termination rights West Star Aviation has. West Star has a 6 month termination privilege contingent on the tax exempt statute and a 12 month termination privilege for any other reason.

Board Action: CMAA requests Board approval of a lease agreement with West Star Aviation as outlined and Resolution 75.

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

Other Business

Vice Chairman Hall requested information from Allen & Hoshall.

Public Comment

None

Closing Comment

Chairman Jacobson began by thanking everyone in attendance. He thanked President Hart for his updates. He said he was thrilled to hear of the terminal's LEED Silver certification. He thanked customers for continuing to get on board in record numbers. Finally, he thanked West Star Aviation for choosing to bring their organization to the Airport. He closed by welcoming West Star Aviation to Chattanooga.

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

Adjourn

Minutes approved by:

Minutes approved by:

Mike Mallen
CMAA Secretary

Daniel R. Jacobson
CMAA Chairman

Corporate Secretary:

Minutes Recorded by:

April Cameron

Sarah Stephens

**Chattanooga Metropolitan Airport Authority
Board of Commissioners Meeting Minutes
September 21, 2015**

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting Monday, September 21, 2015 at 2:00 p.m. Chairman Jacobson, Commissioners Snow, Mallen, Lytle, Conn, and Barnett 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 Conn, seconded by Commissioner Snow, the minutes of the August 17, 2015 meeting were approved.

President's Report

President Hart addressed the Board and thanked them for their attendance. Before beginning his update for the Board, President Hart introduced Christine Lewis and Phillip Gilliland from the Hixson Flight Museum to the Board. The Flight Museum presented the Airport with a framed photograph to thank them for allowing the museum to use their hangar facilities for a fundraising gala.

President Hart began by updating the Board on Airport statistics. August was another strong month with enplanements increasing 15% over last August. Year to date, the Airport is up 13% over the same time last year, and deplanements are tracking in line with enplanements. Operations also did very well in August, increasing 13% over last August. Year to date, operations are up 2%.

Next, President Hart shared a number of recent compliments CMAA has received from customers recently. The compliments were in regards to excellent customer service from Republic Parking, the airlines, and CMAA. He thanked the customers for taking the time to send comments, and expressed his appreciation to the CMAA team and tenants' employees for continuing to set CHA apart as a customer-centered airport.

President Hart continued by giving updates on several projects at the Airport. First, the first phase of the covered sidewalk project is open and in use. The second portion of the canopy is nearing completion. Once complete, work will shift to the long and short term parking lots for the next phase. In addition, a project to improve traffic flow along the terminal road was recently completed. When driving around to the terminal there was an exit lane that caused the terminal road to drop to one lane. That exit caused general confusion for new customers, as well as created a turning point from Airport Road that often let to people driving the wrong way on the one way road. To alleviate the confusion, CMAA removed that lane and landscaped the area.

Next, CMAA worked with Newton & Associates to develop PFC application #6 over the last several months. CMAA received approval of that application on August 21 from the FAA. That approval allows collection of \$7,282,737 in PFC funds to be used for various terminal and

airfield related projects. Collection will begin on October 1, 2015 and continue through July 1, 2020.

Finally, CMAA's annual Part 139 Safety Inspection took place August 26 through 28. There was one minor discrepancy noted due to a date on one individual's training record. The inspector noted that the airfield looked wonderful and the Airport is in compliance with all required items.

Before opening up the meeting to Board actions, President Hart introduce Glen Heath with Allen & Hoshall to give a brief presentation on the airfield's pavement history.

Board Action

Managed Document Output Services – Novacopy

President Hart addressed the Board. In August, CMAA issued a request for proposals to provide managed document output services for the Chattanooga Airport Authority. We only received one proposal, which came from the incumbent, Novacopy. Based on the proposal, Novacopy will provide a Konica Minolta C454e copier plus all labor, toner, developer and parts necessary to produce copies for a monthly fee of \$308.10. This fee includes 5,000 black and white copies and 1,500 color copies monthly. Additional copies will be billed at \$0.0077 per copy for black and white and \$0.0484 per copy for color. After a thorough review of the proposal, CMAA is requesting Board approval of a contract with Novacopy for a three year term commencing September 26, 2015.

Chairman Jacobson asked if CMAA would be receiving any new equipment. President Hart said yes, Novacopy will be replacing the equipment.

Board Action: CMAA requests Board approval of a three year contract with Novacopy in the total amount of \$11,091.60 commencing on September 26, 2015.

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

FAA Weather Observer Lease

President Hart continued, CMAA is requesting Board approval of a lease with the Federal Aviation Administration for 619 square feet of space located below the concourse area of the terminal building. The term of the agreement shall commence on October 1, 2015 and extend through September 30, 2020, provided that adequate federal appropriations are available from year to year for the payment of the rent. The lease may be renewed each year for one (1) year unless the Government gives the Authority 30 days written notice that it will not exercise its option to renew. No renewal shall extend the period of occupancy beyond September 30, 2020.

Rent in the amount of \$1,344.83 per month will be payable to the Authority in arrears and will be due on the first workday of each subsequent month without the submission of an invoice.

Board Action: CMAA requests Board approval of a five year lease agreement with the Federal Aviation Administration for 619 square feet of terminal space payable in monthly installments of \$1,344.83.

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

East Ramp Renovation – Phase 1

John Naylor addressed the Board. On June 15, 2015, Task Order #6 with Allen & Hoshall was approved for the design and engineering services for the East Ramp Renovation project. Today, CMAA requests Board approval of a construction contract with Talley Construction for the East Ramp Renovation project. Talley Construction's fee for this work is \$2,310,853.60.

Due to increased aviation demand and economic development associated with many new businesses entering our region it has become necessary to renovate the East Aviation Ramp. The current ramp has exceeded its lifespan and is in poor condition. The current ramp will not support the size and weight of today's aircraft.

The project will relocate/offset the current taxiway connector to meet the FAA's new design standard. This will be a multi-year, multiphase project and construction will be completed in phases as funding becomes available.

A Request for Proposals was submitted for the work associated with the construction and CMAA received two bids on the project. Allen & Hoshall's review and evaluation found the low bidder, Talley Construction, 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, Talley Construction. CMAA has reviewed the Engineer's recommendation and is in agreement. The bid price was \$2,310,853.60.

The project will be funded at 90 percent Federal and 10 percent PFC. This item was included in our approved capital budget.

Mr. Naylor introduced Mark Roberts of Talley Construction to the Board. Mr. Talley thanked the Board and CMAA and expressed the company's excitement to be working with the Airport again.

Commissioner Lytle asked if this project falls in line with the Airports DBE goal. Mr. Naylor said the Airport has a 10% DBE goal and Talley Construction has met it. This year, the Airport has exceeded their DBE goal.

Board Action: CMAA requests Board approval to enter into a construction contract with Talley Construction for the East Ramp Renovation project in the amount of \$2,310,853.60.

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

West Side - Hangar 13 Construction

Mr. Naylor continued, on April 20, 2015, Task Order # 4 with Allen & Hoshall was approved for the Design, Bid, Award, Preparation of Plans, LEED documentation, and Permitting associated with the development of a new community hangar. Today, CMAA is requesting Board approval of a construction contract with Wilson Construction Group, LLC, for the construction of this hangar.

With current hangars at capacity and increased demand for hangar space, it has become necessary to develop additional aviation facilities on the west side general aviation campus. The introduction of new aircraft on the field and a rapidly improving economy within the region has created this need. In an effort to better serve our community, CMAA plans to construct a new community aviation hangar adjacent to our general aviation terminal. The project was bid as a Base Bid with 3 Alternates. Due to available funding only the Base Bid will be awarded at this time. The Base Bid is to construct the hangar only. In an effort to meet the airport's continued sustainability goals we will seek LEED certification for this project.

A Request for Proposals was submitted for the work associated with the construction and CMAA received three bids on the project. Allen & Hoshall's review and evaluation found the low bidder, Wilson Construction Group, 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, Wilson Construction Group, LLC. CMAA has reviewed the Engineer's recommendation and is in agreement. The bid price was \$2,963,519.50.

The project is funded at 85 percent state and 15 percent CMAA. This item was included and approved in our current fiscal year capital budget.

Mr. Naylor introduced Keith Wilson and Bryce Walker from Wilson Construction. Mr. Wilson expressed his appreciation to be involved with the project and gave a brief summary of his company's history.

Commissioner Conn asked what the capacity of the hangar will be. Glenn Rivenbark with Wilson Air Center said the new facility should hold 10 – 14 aircraft. Commissioner Lytle asked if the new hangar will have the same amenities offered by Wilson Air Center's current hangar. Mr. Naylor said there will be no office space associated with it, but it will be a LEED certified building. Office space has been designed and may be added in the future if the Airport obtains the funding. Commissioner Conn asked what the schedule is to complete the project. Mr. Naylor said the plan is to begin the project in early October and finish in March or April of 2016.

Board Action: CMAA requests Board approval to enter into a construction contract with Wilson Construction Group, LLC, for the construction of a new community hangar on the west side general aviation campus in the amount of \$2,963,519.50.

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

Allen and Hoshall Task Order # 7

Mr. Naylor continued, CMAA is requesting Board approval of Task Order #7 with Allen & Hoshall, CMAA's Engineer of Record, for the engineering services associated with the construction of a new community hangar (Hangar 13). Allen & Hoshall's fee for this work is \$263,090.

The following is a distribution of Allen & Hoshall's fee for Task Order #7 to the Master Agreement.

Construction Administration (lump sum fee)	\$121,100
26 weeks construction anticipated	
908 man hours anticipated	
Submittals / shop drawings (lump sum fee)	\$21,500
270 man hours anticipated	
Resident project representative (budgeted amounts)	
Inspection – 892 man hours anticipated	\$63,500
Expenses – 26 weeks anticipated	\$ 650
Miscellaneous & Final Survey (budgeted amount/hourly rate)	\$ 4,000
Field verification as required and as-built survey	
Trips for Inspection by Architect (billed per trip)	\$3,980
Budget 2 trips at \$1,990 per each	
(Includes \$100 for hotel, \$50 food and \$340 mileage)	
Final Punch List Inspection	\$7,960
Budget for Architect, Electrical, Mechanical, and Structural	
4 trips at \$1,990 per each	
(Includes \$100 for hotel, \$50 food and \$340 mileage)	
As-built drawings (lump sum fee)	\$5,000
45 man hours anticipated	
Q/A – Testing (budgeted amount)	<u>\$35,400</u>
TOTAL	\$263,090

With current hangars at capacity and increased demand for hangar space, it has become necessary to develop additional aviation facilities on the west side general aviation campus. The introduction of new aircraft on the field and a rapidly improving economy within the region has created this need.

The project will be funded through a state grant. The state will pay 85 percent and CMAA will be responsible for 15 percent. This item was included in the approved capital budget.

Board Action: CMAA requests Board approval to enter into Task Order #7 in the amount of \$263,090 with Allen & Hoshall, Inc., for the engineering services associated with the construction of a new community hangar on the west side general aviation campus.

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

Allen & Hoshall Task Order #8 - AGIS - eALP

CMAA is requesting Board approval of Task Order #8 with Allen & Hoshall for the preparation of an AGIS – eALP for the Chattanooga Airport. Allen & Hoshall’s fee for this work is \$108,994.

The Airports Surveying Geographic Information System (Airports GIS) helps the Federal Aviation Administration (FAA) collect airport and aeronautical data to meet the demands of the Next Generation National Airspace System. The FAA will use the data to develop satellite-based approach procedures and to better utilize and manage the National Airspace System. The Office of Airports developed an initiative to create the Airport Layout Plan (ALP) assembly tools from the GIS data. Final programming and beta testing was completed on the deployable eALP module from Airports GIS data gathered from the 37 pilot program airports across the country.

Guided by Advisory Circulars, the airport sponsor or proponents are key links in the information chain. The FAA is now requiring airports to prepare an AGIS – eALP for their airport. Airports are required to use the Airports GIS web application to access airport data and submit changes matching defined business rules. After an airport submits changes, the Airports GIS application notifies the proper FAA office. Electronic Airport Obstruction Charts and electronic Airport Layout Plans are now completed through this process. The FAA’s ultimate goal is to integrate multiple versions of the airport data: preliminary, current, planned and temporary. The plan is to share data with other FAA systems.

Task Order # 8	<u>Task</u>	<u>Fee</u>
Base Proposal	Preparations and Communications	\$3,231
	Geodetic Control Verification	\$2,693
	Aerial Photography Control	\$4,040
	Aerial Photography Acquisition, Scanning, Analytic Triangulation	\$11,260
	Runway Surveys	\$5,386
	Photogrammetric Obstruction Analysis	\$13,538
	Obstruction Survey and Final Analysis	\$6,733
	NAVAID Inventory	\$1,347
	Progress Reporting and Final Project Report Ortho Imagery	\$6,733
	Ortho Imagery	\$8,007
	Compilation & Cartography	\$22,349
ALP Option	Feature Extraction & Mapping	\$5,587
Sub-Consultant Total		\$90,904
	Admin / CA	\$18,090
Total		\$108,994

The project will be funded at 90 percent Federal and 10 percent CMAA. Capital funds were reallocated to fund this required FAA project.

Mr. Naylor introduced Paul Aykers with Woolpert to the Board. Mr. Aykers gave a brief overview of the program. Chairman Jacobson asked how long the project will take to complete. Mr. Aykers said the imagery has to be collected before leaves fall; the process should take about 120 days.

Board Action: CMAA requests Board approval to enter into Task Order #8 with Allen & Hoshall for the preparation of an AGIS – eALP for the Chattanooga Airport in the amount of \$108,994.

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

Allen and Hoshall Task Order #9

Mr. Naylor continued, CMAA is requesting Board approval of Task Order #9 with Allen & Hoshall, CMAA's Engineer of Record, for the Engineering Services associated with the construction of covered walkways through the Short and Long-Term Parking Lots.

In order to improve customer convenience and wayfinding in the Short and Long-Term Parking Lots, Allen & Hoshall has been tasked with providing construction administration/management for the covered walkway project through both lots. The walkway will provide our customers protection during inclement weather and will be of the same design as used in the Long-Term 2 (formerly Intermediate) Parking Lot.

This is a supplement to Task Order #25, which was approved August 4, 2014, for the completion of the Covered Walkway project. The associated construction contract for this work was approved April 20, 2015 contingent upon receipt of PFC funding. That funding has been approved and we are ready to proceed with the next phase of this project.

The following is a distribution of Allen & Hoshall's fee for Task Order #9 to the Master Agreement.

Construction Administration (lump sum fee)	\$64,000	
17 weeks construction anticipated		
460 man hours anticipated		
Resident project representative (budgeted amounts)		
Inspection – 212 man hours anticipated	\$19,150	
Expenses – 17 weeks anticipated	\$ 850	
Q/A – Testing (budgeted amount)	<u>\$ 15,000</u>	
		TOTAL
\$99,000		

The project will be paid for with PFC funding. This item was included in our approved capital budget.

Board Action: CMAA requests Board approval to enter into Task Order #9 with Allen & Hoshall, Inc., in the amount of \$99,000.

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

Air Service True Market Study Agreement

President Hart addressed the Board. In an effort to update and provide the necessary air service analysis for our market, CMAA is requesting Board approval to enter into a professional services agreement with Sixel Consulting Group, Inc., to develop a True Market Study for CHA. A True Market Study, formerly known as a leakage study, will provide us a complete picture of the air travel demand in our region, including data on both the passengers who use CHA and those who ‘leak’ to other airports. This study will give us real data on our total catchment area and will be used to provide estimated data for specific destinations as we seek new air service opportunities. Air carriers use this information when determining market opportunities.

To prepare the study, Sixel Consulting Group will acquire data from several third parties including:

- DB1A Origin and Destination Traffic Survey – U. S. Department of Transportation
- Ticket Data – Airline Reporting Corporation (ARC)
- Airline Schedules – Official Airline Guides (OAG)
- Census Data- U.S. Census Bureau
- Regional Economic Data – U.S. Bureau of Economic Analysis

Our market has changed greatly since our last True Market Study was completed in 2011. Although enplanements have grown, leakage still occurs. It is important that we have the most current information available when speaking with the different air carriers about our market. Sixel Consulting Group has worked with CMAA for many years on different air service projects and will be able to assist in this endeavor. The True Market Study will be completed and delivered to CMAA no later than 30 days from the execution of the agreement. The cost of the study and presentation to the Board is \$18,500 plus expenses. Expenses will be approved in advance by CMAA.

This item was included in our approved operating budget.

Commissioner Barnett asked what the geographical area of the study will be. President Hart said the study will encroach into Knoxville, Nashville, Huntsville, and North Atlanta. Commissioner Snow suggested Sixel survey local travel agencies as well. President Hart said he would recommend that to Sixel.

Board Action: CMAA requests Board approval of an agreement with Sixel Consulting Group, Inc., in the amount of \$18,500 plus expenses to complete a True Market Study as outlined above.

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

Other Business

President Hart congratulated Tom Greenholtz on his recent appointment by Governor Haslam as a Hamilton County Criminal Court judge. Mr. Greenholtz thanked President Hart and the Board and expressed his gratitude to have been able to work with CMAA for the past 11 years. Chairman Jacobson congratulated Mr. Greenholtz and thanked him for his service to the Airport and his continued service to the community.

Public Comment

None

Closing Comment

Chairman Jacobson began by thanking everyone in attendance. He thanked President Hart for his updates. He expressed his thanks to customers for their positive feedback and for continuing to fly out of CHA. He closed by sharing a quote by Henry Ford.

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

Adjourn

Minutes approved by:

Minutes approved by:

Mike Mallen
CMAA Secretary

Daniel R. Jacobson
CMAA Chairman

Corporate Secretary:

Minutes Recorded by:

April Cameron

Sarah Stephens

**Chattanooga Metropolitan Airport Authority
Board of Commissioners Meeting Minutes
October 19, 2015**

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting Monday, October 19, 2015 at 2:00 p.m. Chairman Jacobson, Commissioners Snow, Mallen, Conn, Barnett, Lytle, and Mitchell 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 Snow, the minutes of the September 21, 2015 meeting were approved.

President's Report

President Hart addressed the Board and thanked them for their attendance. He began by introducing attorneys Kirby Yost and Yousef Hamadeh of Chambliss, Bahner & Stophel to the Board. They will be working with CMAA moving forward.

He continued by giving an update on operational statistics for the month of September. Enplanement numbers have continued to rise with a 13% increase over last September. Year to date, enplanements are up 13% over the same time last year, and all the airlines are showing positive increases. Delta and American are up 18%, Allegiant is up 7%, and U.S. Airways is up 4%. In addition, American and U.S. Airways have completed their merger, and all operations are now under the American name. In the first two weeks of October, there was a major increase in the number of seats in the market, as well as record weekly pre-bookings, exceeding 8,000 weekly customers both weeks.

Next, President Hart updated the Board on a number of airport projects. The long term 2 lot is complete and open. Construction has moved into the long and short term lots. Work is underway to build a covered walkway through those lots and is on track for completion in early December. Also, from a community outreach standpoint, CMAA often receives requests from local production companies to use the airport for filming needs. In early September, CMAA worked with the team at Pathfinder, who used the terminal for a short segment in a film introduction for a new travel website called Travelier. President Hart then showed the commercial to the Board. In addition, the Airport is participating in this year's Heart Walk to benefit the American Heart Association. CMAA staff and airport tenants have been heavily involved with the walk, and together they have raised over \$3,000 for the American Heart Association.

Finally, President Hart suggested combining the November and December board meetings in order to work with everyone's holiday travel schedules.

Board Action

Audit Report Extension

April Cameron addressed the Board. The 2015 audit field work has been completed and a draft report has been developed. CMAA staff and auditors from Elliot Davis Decosimo met with the City to discuss the actuarial results provided by the City's consultant regarding CMAA's pension liability and the new GASB standard No.68 which requires municipalities to report that liability. The City noted that revisions are expected to occur over the next few weeks and that CMAA should expect the final version sometime in November. As a result, CMAA is requesting approval from the Board to extend the audit report until the December 2015 Board meeting.

Commissioner Conn asked if this will be a permanent shift. Ms. Cameron said she believes it will be. The Airport Bylaws require that the audit report be presented to the Board within 120 days of the end of the fiscal year. President Hart and Ms. Cameron have discussed presenting a request to the Board to amend the bylaws in order to provide them 180 days to present to the Board.

Board Action: CMAA requests Board approval to extend the audit report until the December 2015 Board meeting.

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

Insurance Renewal

Ms. Cameron continued, CMAA has been working with Wells Fargo Insurance Services over the last few years to ensure that the airport has the best coverage at the most competitive pricing. The 2015 proposal continues to be very competitive and boasts reductions despite the airport's continued growth.

The aviation insurance market continues to be stable even through catastrophic losses. Aviation insurance markets are adjusting its expectations regarding "safe areas of operation" with carriers remaining aggressive in writing risks that have few losses and maintain a strong safety culture.

A summary of their efforts, which reflects a 14% overall rate decrease, is highlighted below.

Ms. Cameron introduced Dean Anderson, Dawn Kirkland, and Katherine Crawell of Wells Fargo to the Board. Mr. Anderson briefed the Board on the industry.

Commercial Property

Ms. Cameron continued, since last year, CMAA has decreased property values from \$107.7 million to \$106 million as a result of the demolition of Hangar 3. Wells Fargo worked diligently to negotiate a reduction in rates to coincide with CMAA's decreased exposures. The best property coverage quote came from CMAA's incumbent carrier, CNA, at \$90,923 for coverage of \$106 million with a \$10,000 deductible except for flood claims that have a deductible of \$50,000 and 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, 2015.

Commissioner Mallen asked if CMAA has any tenants in the flood zones. Ms. Cameron said there are four buildings in Flood Zone A; the tenants in those buildings can be easily moved from those facilities. Commissioner Mallen suggested the tenants assume any losses which might be incurred due to a flood. Ms. Cameron said CMAA will look into it. Commissioner Mitchell asked what the percentage of the decline is. Ms. Cameron said there is an overall 6% premium reduction which was a 5% rate reduction.

Board Action: CMAA requests Board approval for the renewal of CMAA's commercial property coverage with CNA in the amount of \$90,923.

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

Inland Marine

Ms. Cameron continued, CMAA's inland marine policy provides coverage for several pieces of equipment that are utilized on the airfield including two fire trucks. The coverage provides actual cash value or replacement cost of equipment less than 5 years. Wells Fargo received a quote from CNA to renew the coverage for the upcoming term for \$10,000 which is no increase from last year. The total value of the policy is \$2,789,625 with deductibles set at \$1,000 per occurrence with the exception of a \$10,000 deductible per occurrence for each of the fire trucks. Wells Fargo recommends acceptance of the quote from CNA for the term beginning October 31, 2015.

Board Action: CMAA requests Board approval for the renewal of CMAA's inland marine coverage with CNA in the amount of \$10,000.

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

Commercial Automobile

Ms. Cameron continued, Wells Fargo also negotiated rates for CMAA's commercial automobile policy effective October 31, 2015. Proposals were received from the incumbent, American Southern, AIG, and Firemans Fund. Although the quote received from American Southern is the lowest quote at \$15,338, it comes with a significant reduction in coverages. The next quote from AIG includes all of the necessary coverages and enhancements and is reasonably priced at \$16,714. The final quote from Firemans Fund was not competitive at \$26,000. Given the AIG quote is only \$1,376 more and includes the enhanced coverages, Wells Fargo recommends moving the coverage to AIG for the upcoming term. 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.

Commissioner Conn asked what AIG's enhancements include. The enhancements include blanket waiver of subrogation, unintentional errors and omissions, lessor as additional insured, accidental discharge of airbags, and additional insured as required by contract. All of those enhancements were included in American Southern's previous coverage but were pulled for the upcoming term. Commissioner Mitchell asked what CMAA paid last year. Last year's coverage was \$14,338; the premium has increased 17% over last year's premium.

Board Action: CMAA requests Board approval to accept AIG for CMAA's commercial automobile coverage in the amount of \$16,714.

Motion for approval by Commissioner Barnett, seconded by Commissioner Mitchell. 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 10% 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 four \$5 million excess policies for total coverage of \$25 million. After extensive remarketing and negotiating, Wells Fargo has recommended the following primary and excess policies:

<u>Coverage</u>	<u>Value</u>	<u>Carrier</u>	<u>Premium</u>
Primary	\$5 million	Atlantic Specialty	\$21,130
1 st Excess	\$5 million	Ironshore	\$12,500
2 nd Excess	\$5 million	RSUI	\$9,500
3 rd Excess	\$5 million	Hiscox	\$7,130
4 th Excess	\$5 million	Starr Indemnity	\$7,200
Total	\$25 million		\$57,460

The total premium for the \$25 million executive liability coverage will cost \$57,460 which is a 14% increase from last year.

Commissioner Mallen asked what the ratings for the various carriers are. Dawn Kirkland said they're all A rated carriers: Atlantic Specialty is A10, Ironshore is A+14, RSUI is A+14, Hiscox is A11, and Starr Indemnity is A14. Commissioner Mallen asked if CMAA is changing underwriters, does the organization need to purchase tail coverage. Ms. Kirkland said no, the new carrier is picking up the same dates as the prior carrier. If an occurrence is not known about it is automatically covered; if there is an incident known about then it needs to be reported to the current carrier. Commissioner Mallen asked if CMAA ever received a quote for tail coverage. Ms. Kirkland said no.

Board Action: CMAA requests Board approval for the executive liability coverage as outlined in the total amount of \$57,460.

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

Workers' Compensation

Ms. Cameron continued, Wells Fargo marketed CMAA's workers' compensation program and received proposals from the incumbent, Phoenix Aviation/ Old Republic and AIG. The incumbent, Phoenix Aviation, provided the most competitive quote in the amount of \$35,726 which represents a 5% decrease in premium while maintaining all of the statutory limits required by the State of Tennessee. As a result of this reduction, Wells Fargo recommends accepting the proposal from Phoenix Aviation for workers compensation coverage.

Board Action: CMAA requests Board approval for the renewal of CMAA's workers' compensation coverage with Phoenix Aviation in the amount of \$35,726.

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

Aviation Liability

Wells Fargo marketed CMAA's aviation liability and received three quotes from ACE, AIG and Starr Aviation. Although ACE has held CMAA's aviation liability for many years and proposed a 5% reduction in premium, CMAA received a 47% reduced quote from AIG. After thorough review, Wells Fargo has determined that the lower quote from AIG in fact provides all of the same coverages maintained in CMAA's current policy, includes the entire \$300 million coverage (which eliminates the need for an excess policy), includes terrorism coverage, and is offered with a price guarantee for two years if claims do not exceed 50% of the previous year's premium. As a result, after significant review and deliberation, Wells Fargo recommends acceptance of the proposal from AIG for CMAA's aviation liability in the amount of \$51,559.

Commissioner Conn asked if there was a reason for the sizeable reduction in the premium. Mr. Anderson said a lot of it has to do with the market. Commissioner Mallen asked if the two year price guarantee was offered by AIG initially. Mr. Anderson said it was asked for.

Board Action: CMAA requests Board approval to accept AIG for CMAA's aviation liability in the amount of \$51,559.

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

Elevator and Escalator Systems Maintenance

President Hart addressed the Board. CMAA is requesting Board approval of an Elevator and Escalator Systems Maintenance agreement. In September, a request for proposals was issued for this project which includes two elevators and two escalators at the Chattanooga Airport. The Airport received three bids and Oracle Elevator, D.B.A. Chattanooga Elevator, Inc. was the lowest qualified bidder with a total bid of \$39,720 for a three year agreement.

The scope of work will include all inspections, testing, lubrication, adjustment, and maintenance of the elevator and escalator systems.

President Hart introduced Rodney Swan with Oracle to the Board. Mr. Swan gave the Board a brief summary of Oracle's history.

Board Action: CMAA requests Board approval to enter into a three year agreement with Oracle Elevator, D.B.A. Chattanooga Elevator, Inc., for the Elevator and Escalator Systems Maintenance for a total amount of \$39,720 for three years.

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

Terminal Camera Replacement Project

President Hart continued, the Chattanooga Airport has an access control system that is approved by the TSA and consists of many components such as servers, cameras, and door access systems. The airport currently have numerous cameras that are using outdated technology, servers with limited memory, and computer workstations that have reached the end of their useful life. At the recommendation of the Board in a previous meeting, CMAA began discussions with CMAA's security system provider, SDI Solutions, on how to improve the system in its entirety. From those discussions, CMAA received a quote from SDI Solutions to replace the outdated cameras with digital technology cameras and new servers, workstations and components for a total cost of \$225,136.26.

The scope of this project will include:

- 49 digital cameras.
- 2 Avigilon 21 TB video storage servers and components.
- 4 Dell OptiPlex 7020 desktop workstations for the Access Control System.
- 2 Avigilon video monitoring workstations.
- All required switches, encoders, converters, cabling and licenses.
- All installation, programming, testing and training.

The funding for this project was included in CMAA's recent Passenger Facility Charge (PFC) application to the FAA. This project was approved by the FAA and will be funded entirely by PFC's.

Once this project is completed in early 2016, CMAA will bring forward a request to the Board for an updated maintenance agreement with SDI Solutions which will replace CMAA's current agreement and will incorporate all the new equipment and technology.

President Hart introduced Brian Glandon of SDI to the Board. Mr. Glandon informed the Board that this system has been tested in the Boston Logan International Airport.

Commissioner Mallen asked if everything that is gathered on the new system will be backed up off site. President Hart said everything that is backed up is done at the fire hall. Chairman Jacobson asked what brand of camera will be used. Mr. Glandon said the cameras are Vigilant;

the video management solution is also Vigilant. Chairman Jacobson asked if all of the cameras on the airfield are being replaced. Mr. Glandon said there are a total 120 cameras, and 49 will be replaced. The 49 cameras represent the initial install and are on the actual terminal. Everything else that has been added since the initial install is already IP based. Finally, Chairman Jacobson asked how long the project will take to complete. Mr. Glandon said the project is expected to be completed by December 31, 2015. Commissioner Barnett requested the Board Action be amended to reflect the use of PFCs for the project.

Board Action: CMAA requests Board approval to enter into a contract with SDI Solutions to purchase and install security system upgrades for a contracted amount of \$225,136.26 which will be reimbursed through PFC collections.

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

Other Business

None

Public Comment

None

Closing Comment

Chairman Jacobson began by thanking everyone in attendance. He thanked President Hart for his updates. He thanked Ms. Cameron and her team as well as Wells Fargo for their work on the insurance renewal and insuring CMAA receives the best value. He expressed his gratitude to the airlines for increasing the number of seats available and to the customers for continuing to choose CHA. He closed by reading a quote from William Arthur Ward.

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

Adjourn

Minutes approved by:

Minutes approved by:

Mike Mallen
CMAA Secretary

Daniel R. Jacobson
CMAA Chairman

Corporate Secretary:

Minutes Recorded by:

April Cameron

Sarah Stephens

**Chattanooga Metropolitan Airport Authority
Board of Commissioners Meeting Minutes
December 7, 2015**

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting Monday, December 7, 2015 at 2:00 p.m. Chairman Jacobson, Vice Chairman Hall, Commissioners Barnett, Lytle, Snow, and Mallen were present.

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

Minutes

On motion of Commissioner Mallen, seconded by Commissioner Snow, the minutes of the October 19, 2015 meeting were approved.

President's Report

President Hart addressed the Board and thanked them for their attendance.

He continued by giving an update on operational statistics for the months of October and November. In October, enplanement numbers were up 7%, and operations tracked as expected. In November, enplanements were up 12% compared to the previous November, and year to date enplanements are up almost 12.25%. At the end of November, enplanement totals were 361,275 surpassing the record set last year.

Next, President Hart updated the Board on airport projects. The sidewalk and canopies in the long term and short term lots are coming along quickly and are expected to be completed by Christmas provided good weather. On the west side, the new hangar construction is underway. Currently, they are in the process of readying the site for pouring concrete. The buildings have been ordered, and the steel should arrive during the first part of 2016. The project is on track to be completed around April. Finally, the east ramp renovation project is underway. That project is anticipated to take 90 days to complete.


President Hart updated the Board on a number of community outreach events the Airport took part in. The Airport took part in the American Heart Association's Heart Walk and raised almost \$7,000 for the association. In addition, a group of CMAA employees volunteered at the Ronald McDonald House helping clean and set up for their annual fundraiser event. Finally, the Airport's annual Christmas party for tenants took place. Tenants were asked to bring toys to be delivered to the Shepherd Community Center and distributed to children in the community.

President Hart commended Chairman Barnett for being named The Outstanding Philanthropist of the Southeast Tennessee Chapter of the Association of Fundraising Professionals at the 2015 National Philanthropy Day Awards Luncheon. Finally, President Hart introduced Blake Poole, CMAA's new Vice President of Air Service and Economic Development, to the Board. Mr. Poole introduced himself to the Board and gave a brief summary of his professional history. He expressed his excitement to be back working in the aviation sector and thanked the Board and CMAA for the opportunity.

Before moving on to Board items, there were two special presentations. First, President Hart introduced Robert Belcher with Elliot Davis Decosimo to present CMAA's audit report. The result of their work was a clean audit report. Mr. Belcher thanked Ms. Cameron, President Hart and their team for assisting with the audit. Finally, President Hart introduced Michael Lum with Sixel Consulting to present the Board with an air service update.

CHA

Chattanooga Metropolitan Airport
Airline Industry and Chattanooga Air Service Update



CHA

December 2015

CHA

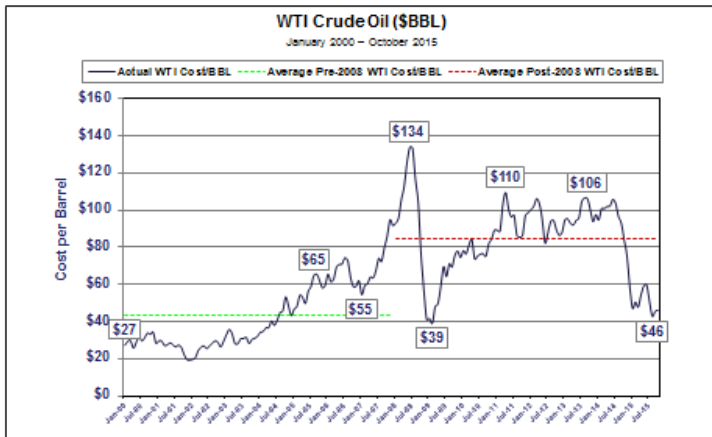
Chattanooga Metropolitan Airport
Airline Industry and Chattanooga Air Service Update

- **Airline Industry Update and Trends**
- Chattanooga Traffic Retention and Leakage
- Chattanooga Capacity, Traffic and Fare Trends
- Discussion and Questions

CHA

December 2015

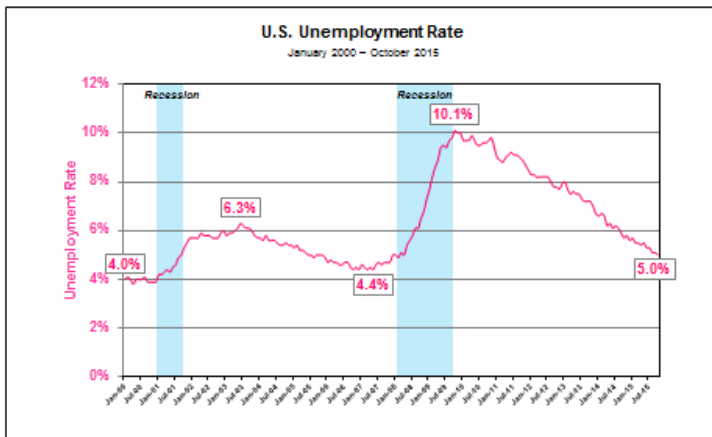
The Cost of Oil Increased to a High of \$134 Per Barrel in June 2008 and Has Averaged \$85 Per Barrel Since January 2008



CHA

Page 16

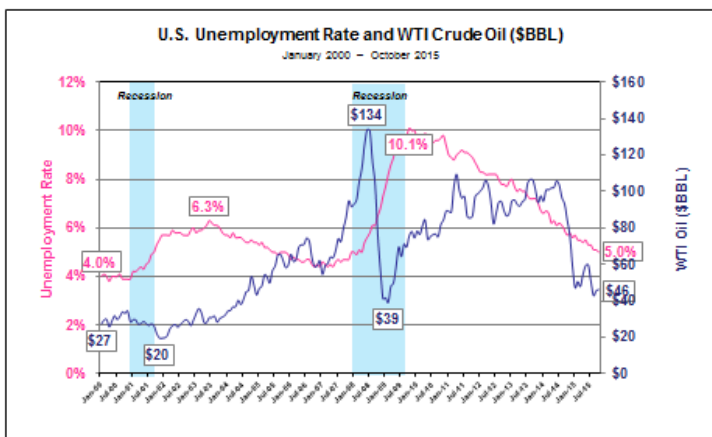
The U.S. Unemployment Rate Stood at 4.4% in May 2007 and Increased During the Recession to a High of 10.1% in October 2009



CHA

Page 17

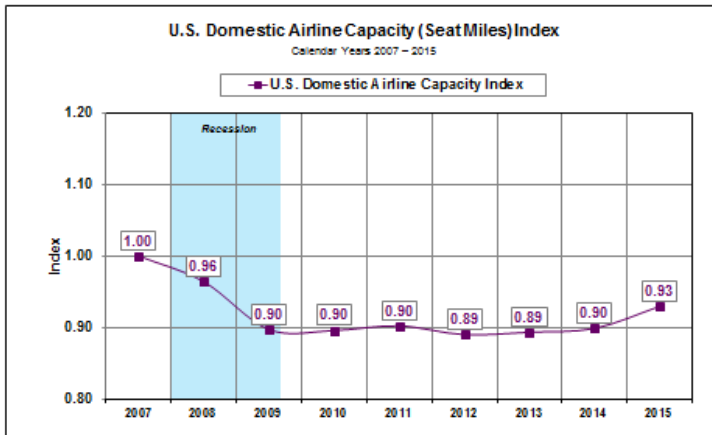
Although Both Are down from Their Peaks, the Cost of Oil and the Unemployment Rate Remain Higher than Historical Levels



CHA

Page 18

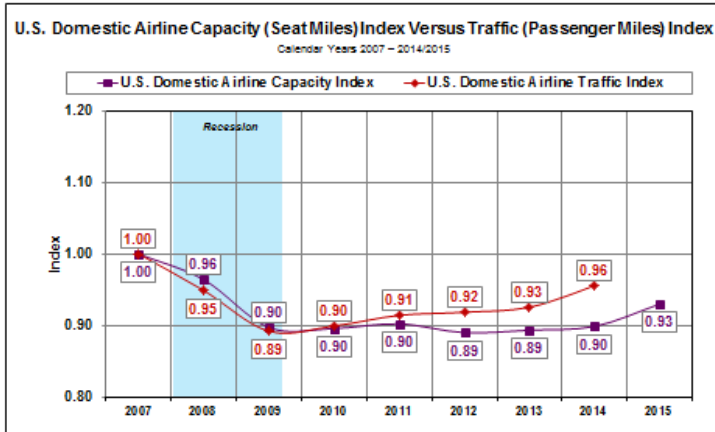
The Industry Reacted to Higher Fuel Costs and the Downturn in the Economy by Reducing Capacity – Particularly Domestic Capacity



CHA

Page 19

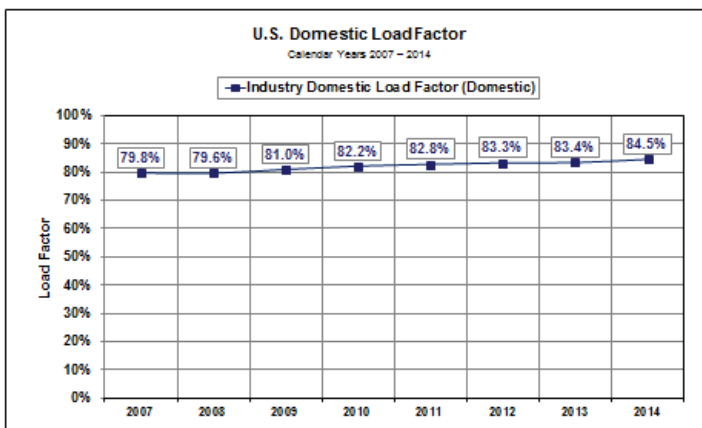
Less Capacity Has Resulted in Less Traffic; Although Traffic Is Not Down as Much as Capacity Has Declined, It has Not Returned to the 2007 Level



CHA

Page 20

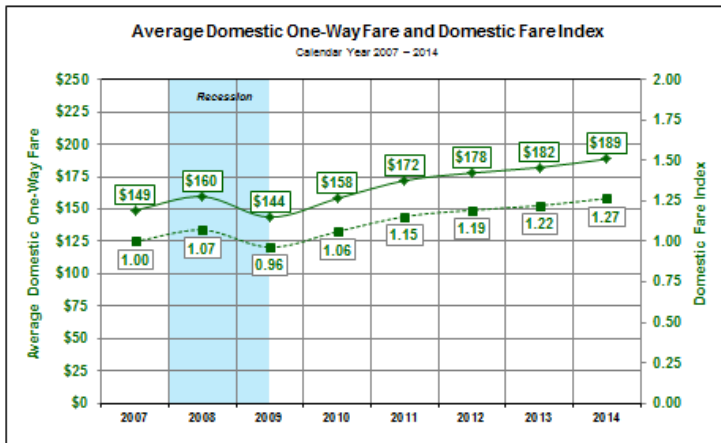
Because Traffic Has Not Declined at the Same Rate as Capacity Declined, the Industry Load Factor Increased from 79.8% in 2007 to 84.5% in 2014



CHA

Page 21

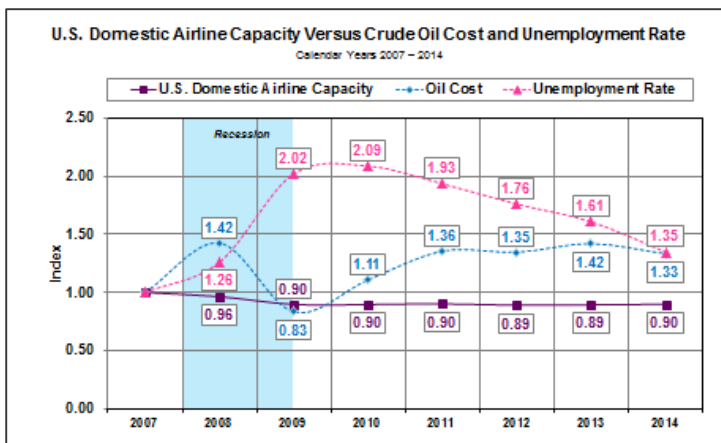
Less Capacity Has Resulted in Upward Pressure on Domestic Fares; the Average Fare Increased from \$149 to \$189, an Increase of 27% since 2007



CHA

Page 22

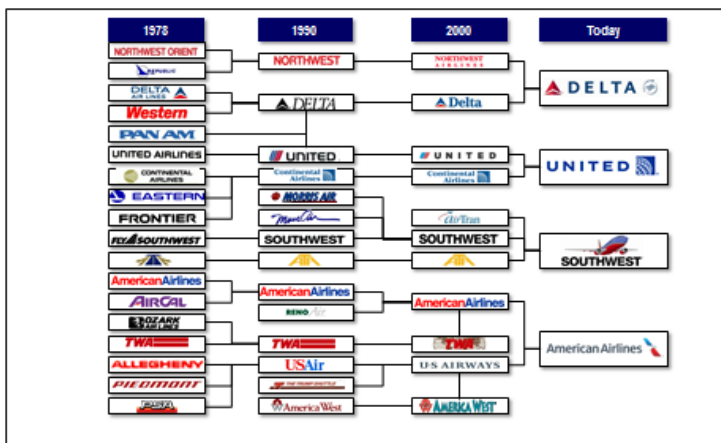
U.S. Domestic Airline Capacity Has Remained Below Its 2007 Level as the Cost of Oil and Unemployment Have Remained above 2007 Levels



CHA

Page 23

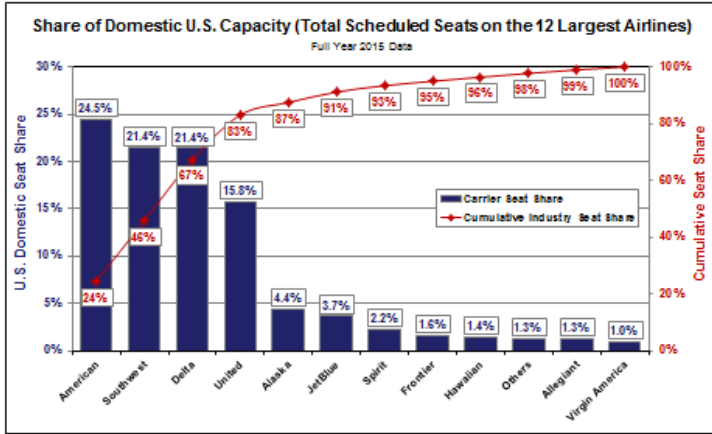
The Industry's Response to High Oil Costs, Economic Downturns and Duplicative Capacity since 2000 was Further Consolidation



CHA

Page 24

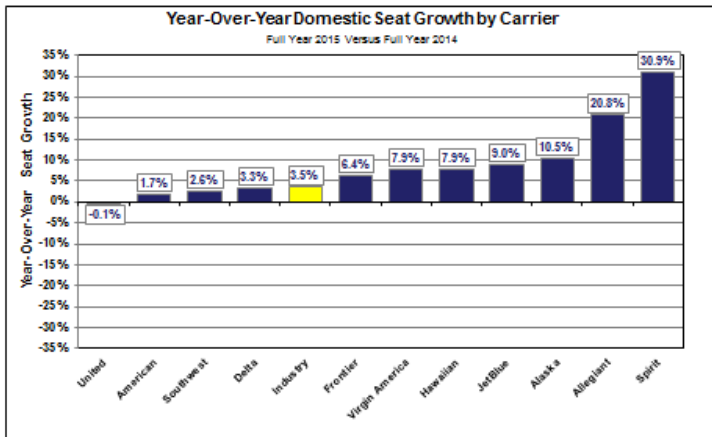
Consolidation Has Resulted in the Four Largest U.S. Airlines
Operating 83.1% of U.S. Domestic Capacity



CHA

Page 25

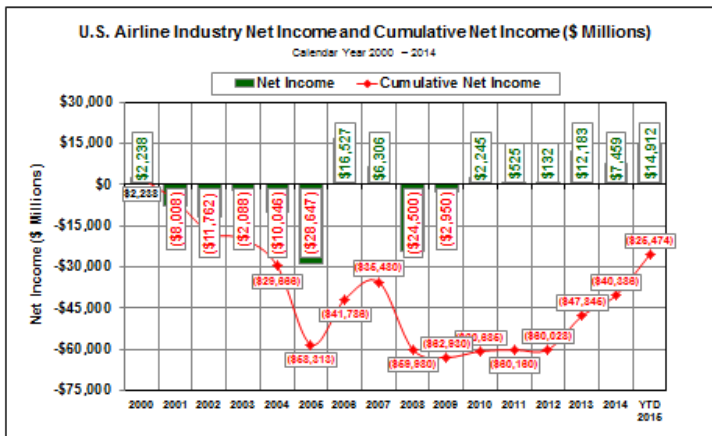
From 2014 to 2015, the Industry Will Grow Domestic Capacity Just 3.5%;
Larger Airlines Will Grow at a Lower Rate than Smaller Airlines



CHA

Page 26

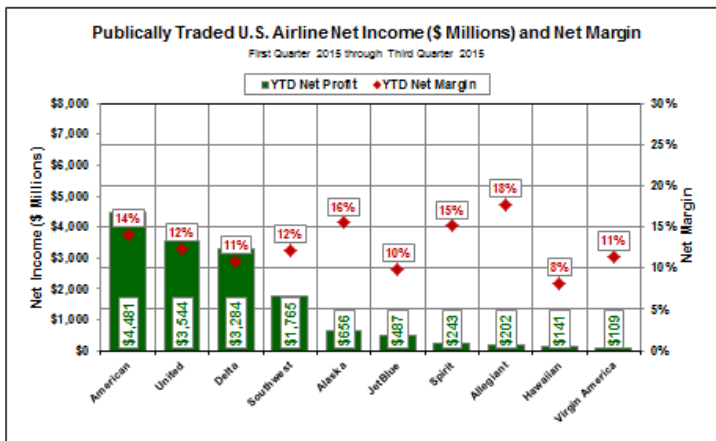
Although the Industry Has Been Profitable in Each of the Last Six Years,
the Cumulative Net Loss since 2000 Is Approximately \$25.4 Billion



CHA

Page 27

Through Third Quarter 2015, American Earned the Most Net Income among U.S. Airlines; Allegiant and Alaska Generated the Highest Margins



CHA

Page 28

The Declines in Small Regional Jet and Turboprop Capacity Are Partially Attributed to a Change in Pilot Experience, Duty Time and Rest Requirements

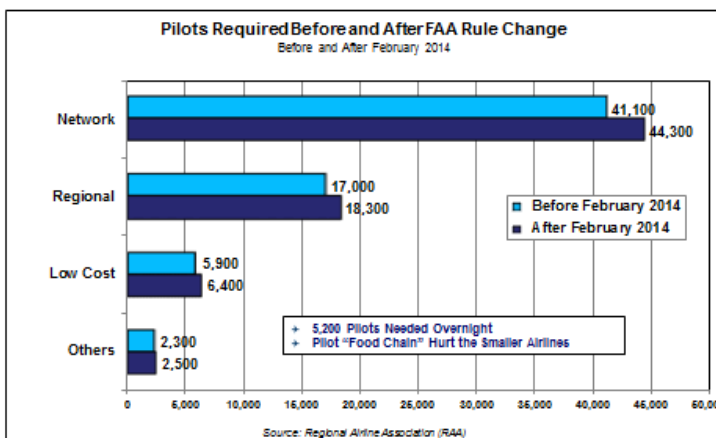
- Supply Affected By:
 - Qualification Guidelines
 - * 1,500 Minimum Hour Rule (vs. Previous 250 Hour Rule)
 - Mandatory Retirement
 - * Age 65
 - Training Cost vs. Initial Income
- Demand Affected By:
 - Staffing Rules
 - * Increased Required Rest
 - Retirements
 - Schedule Growth

Source: Regional Airline Association (RAA)

CHA

Page 29

On February 1, 2014, the New Regulations Required 5,200 More Pilots than the Number of Pilots Needed to Operate the January 31, 2014 Schedule

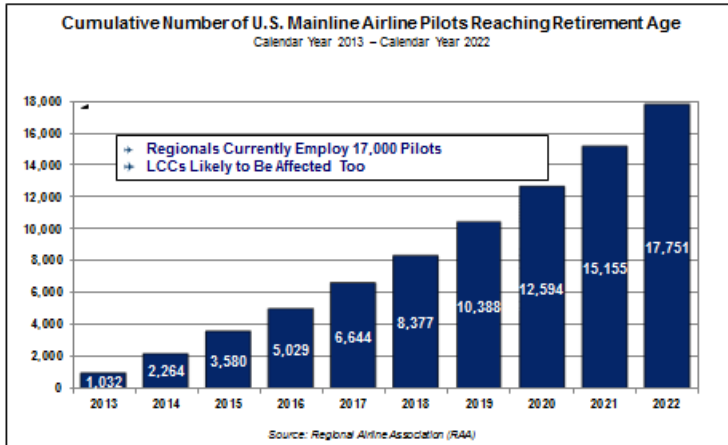


Source: Regional Airline Association (RAA)

CHA

Page 30

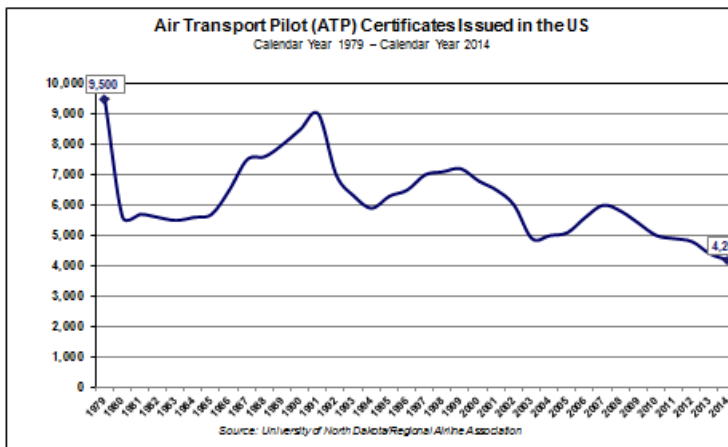
Nearly 18,000 Commercial Airline Pilots Will Reach the Mandatory Retirement Age of 65 by 2022



CHA

Page 31

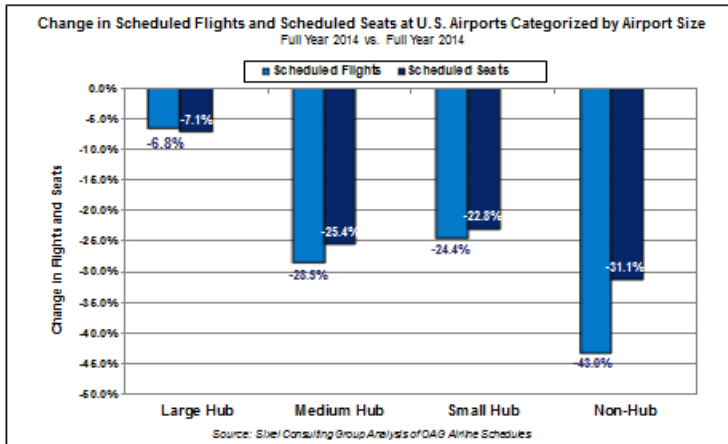
Over the Last 35 Years, the FAA Issued the Fewest Number of ATP Ratings in 2014 – a Decline of 56% since 1979



CHA

Page 32

Between 2007 and 2014, Airlines Removed More Flights and More Capacity from the U.S. Smallest Airports Relative to Larger Airports



CHA

Page 33

Year-Over-Year Domestic Seat Growth by Regional Equipment Type
Full Year 2015 Versus Full Year 2013

Region	Large RJ	Small RJ	Turboprop	All Equipment
American	50.4%	-18.9%	-12.2%	8.4%
Delta	18.8%	-41.4%	-81.9%	-12.1%
United	28.2%	-20.8%	-42.8%	-10.0%
Industry	31.2%	-26.1%	-33.8%	4.1%

Page 34

Chattanooga Metropolitan Airport

Airline Industry and Chattanooga Air Service Update

- CHA

December 2015

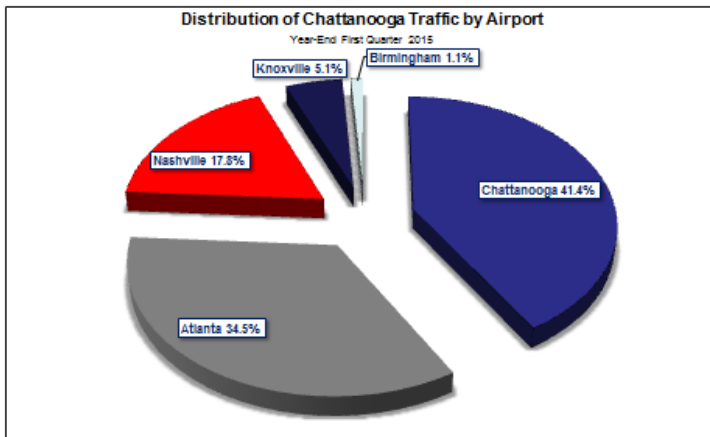
Traffic Retained at Chattanooga Metropolitan County Airport by County
Year-End First Quarter 2015

County	Percentage
Anderson	1.0%
Cannon	1.0%
Franklin	4.0%
Garrett	10.0%
Hamblen	10.0%
Jefferson	10.0%
Johnson	10.0%
Meigs	10.0%
Polk	10.0%
Sevier	10.0%
Union	10.0%
Van Buren	10.0%
Wabash	10.0%
Whitfield	10.0%
Adair	10.0%
Catoosa	10.0%
Chattooga	10.0%
Clay	10.0%
Craig	10.0%
Dade	10.0%
DeKalb	10.0%
Dickson	10.0%
Etowah	10.0%
Gibson	10.0%
Greene	10.0%
Hampton	10.0%
Hart	10.0%
Henry	10.0%
Madison	10.0%
Marshall	10.0%
Monroe	10.0%
Morgan	10.0%
Murray	10.0%
Newton	10.0%
North Carolina	10.0%
North Georgia	10.0%
Northwest Georgia	10.0%
South Georgia	10.0%
Southwest Georgia	10.0%
West Georgia	10.0%
West North Carolina	10.0%
West South Carolina	10.0%
West Virginia	10.0%
Yamhill	10.0%

CHA

Page 36

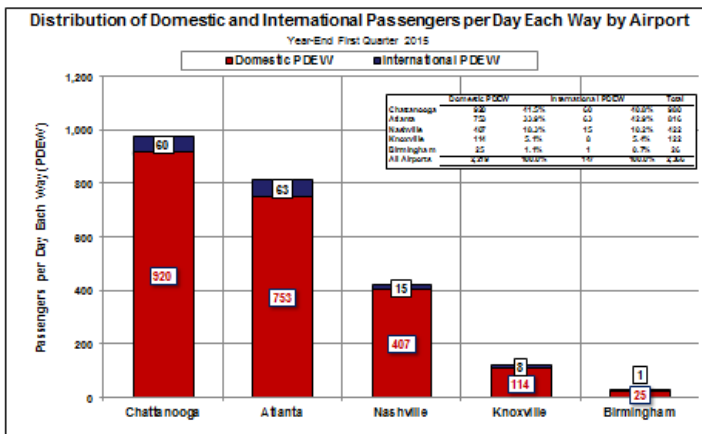
Chattanooga Metropolitan Airport Retains 41.4% of the Traffic Generated in Its Overall Catchment Area; Atlanta Captures 34.5% of the Traffic



CHA

Page 37

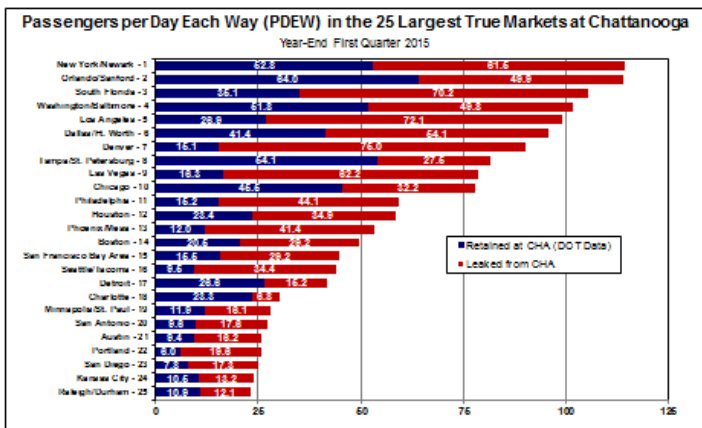
While Chattanooga Retains Nearly 1,000 Passengers per Day Each Way (PDEW), 816 PDEW Leak to Atlanta and 422 Leak to Nashville



CHA

Page 38

When Leaked Traffic Is Included, the 25 Largest Chattanooga Markets Generate Far More Traffic than Traffic Indicated in DOT Data

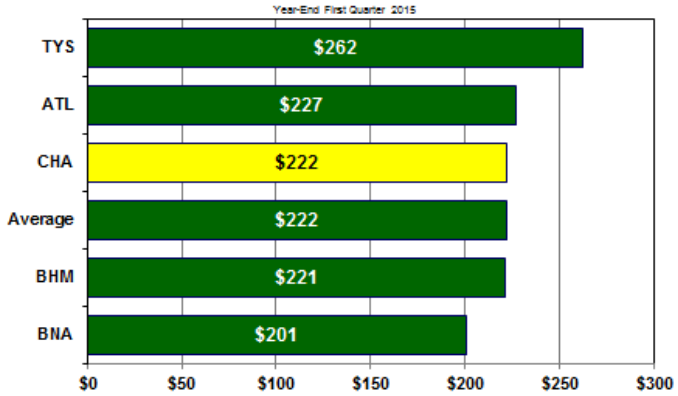


CHA

Page 39

The Average Fare Paid by Traffic in Chattanooga's Catchment Area Was \$222 Traveling from Chattanooga and \$227 When Traveling from Atlanta

Average One-Way Fare Paid for Traffic Generated in Chattanooga's Catchment Area



CHA

Page 40

CHA

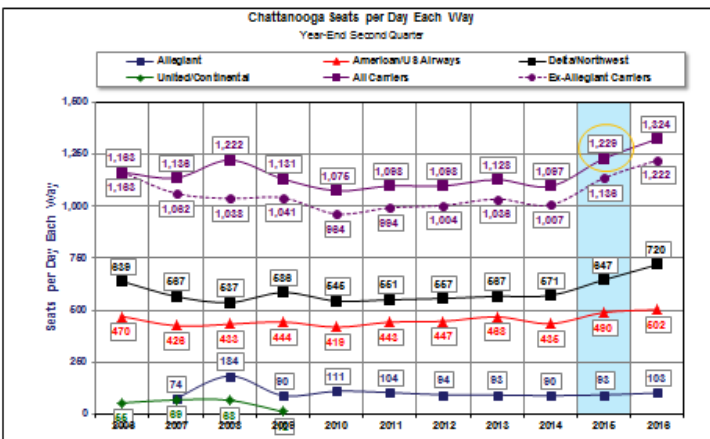
Chattanooga Metropolitan Airport
Airline Industry and Chattanooga Air Service Update

- Airline Industry Update and Trends
- Chattanooga Traffic Retention and Leakage
- **Chattanooga Capacity, Traffic and Fare Trends**
- Discussion and Questions

CHA

December 2015

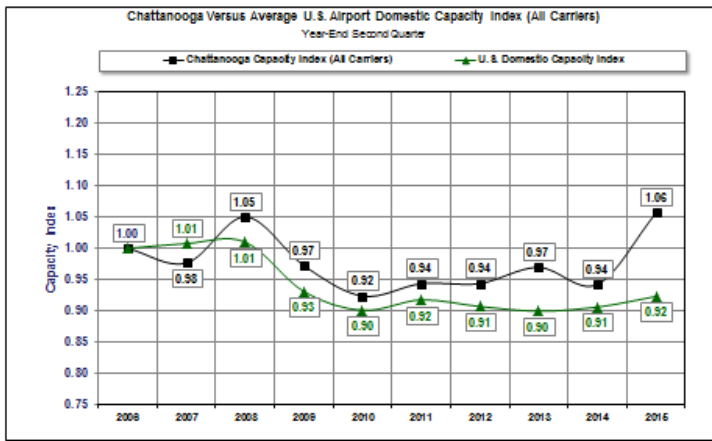
Chattanooga's Capacity Increased to a New High of 1,229 Seats per Day Each Way in the YE 2Q 2015; Capacity Will Increase Further in YE 2Q 2016



CHA

Page 42

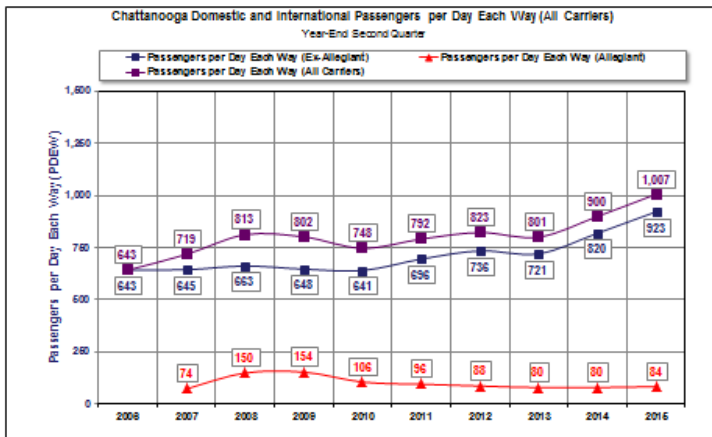
Through YE 2Q 2015, Chattanooga's Capacity Increased 6.0% since YE 2Q 2006; Capacity at the Average U.S. Airport Declined over the Same Period



CHA

Page 43

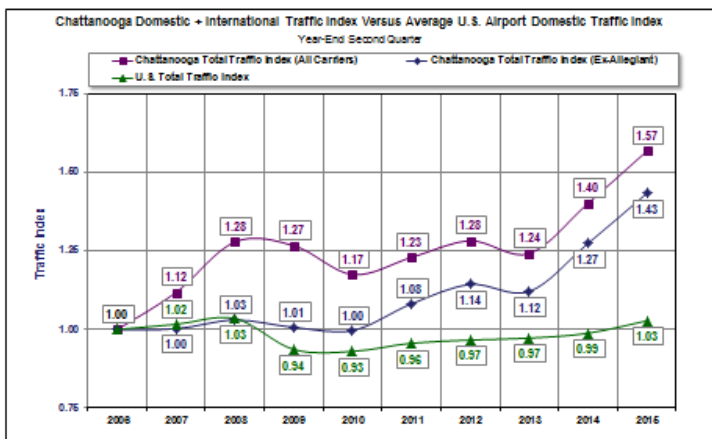
Although Chattanooga's Capacity Increased 6.0% since YE 2Q 2006, Total Domestic + International Traffic Has Increased 57% over the Same Period



CHA

Page 1

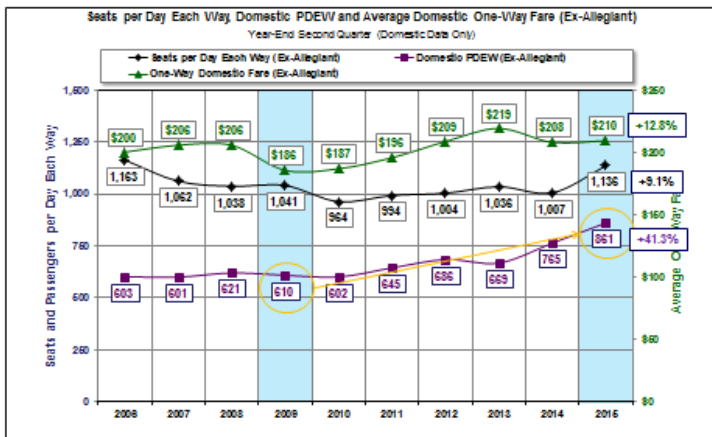
While Chattanooga's Traffic Grew 57% since YE 2Q 2006; Traffic Growth at the Average U.S. Airport Was Just 3% over the Same Period



CHA

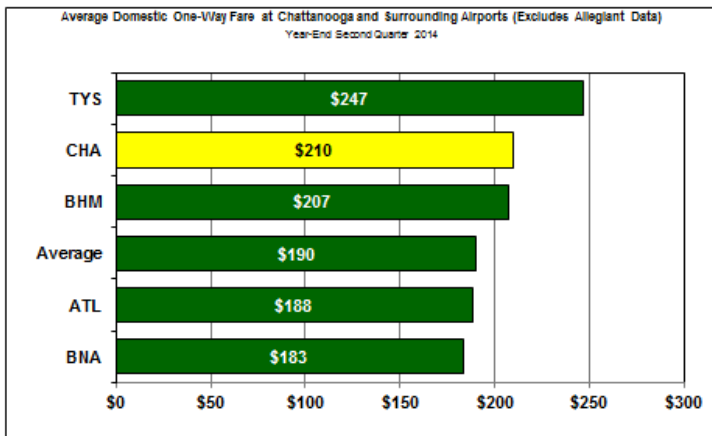
Page 45

Despite the Average Domestic Ex-Allegiant Fare Trending up since YE 2Q 2009, Traffic Has Trended up at a Faster Rate than Capacity Increased



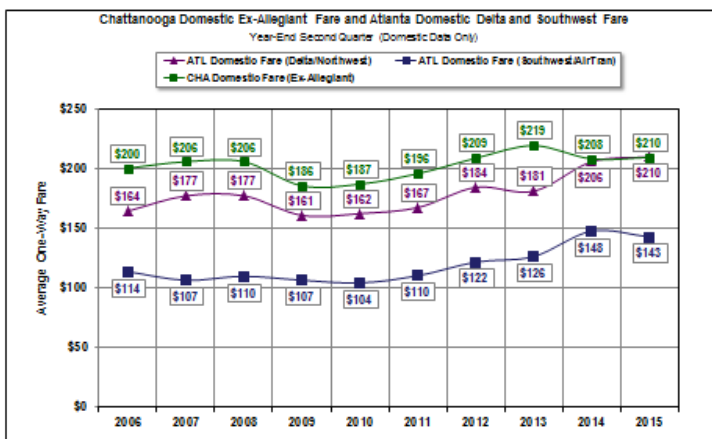
Page 46

Chattanooga's Average Domestic One-Way Fare in the Year-End Second Quarter 2015 Was \$37 Lower than the Average Knoxville Fare



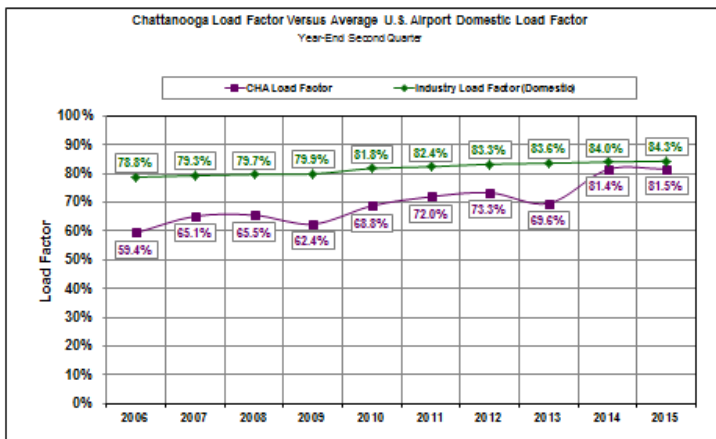
Page 47

In the YE 2Q 2015, Delta's Average Domestic Atlanta Fare Increased to a Point Equal to the Average Domestic Chattanooga Fare



Page 48

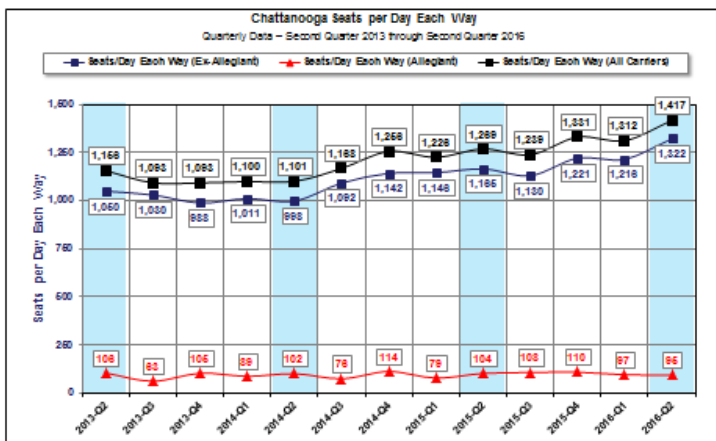
Although Chattanooga's Load Factor Increased from 59.4% to 81.5% over the Last Ten Years, It Still Lags the Load Factor of the Average U.S. Airport



CHA

Page 49

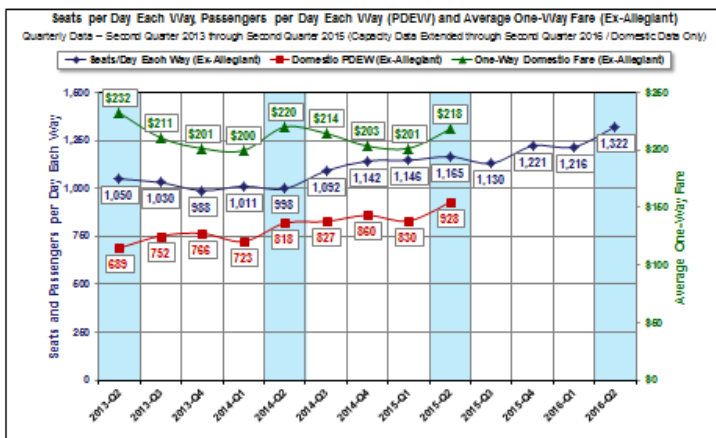
Quarterly Schedule Data Illustrates Quarterly Year-over-Year Total Chattanooga Capacity Has Trended up in Each of the Last Eight Quarters



CHA

Page 50

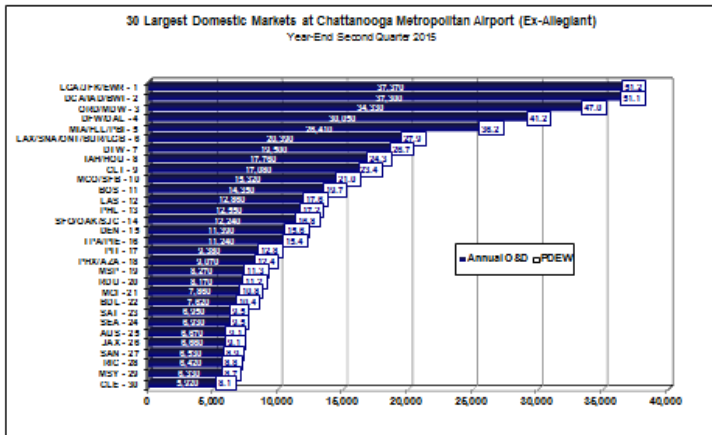
Chattanooga's Average Domestic Ex-Allegiant Fare Tends to Follow a Seasonal Pattern and Peak in Second Quarter When Demand Peaks



CHA

Page 51

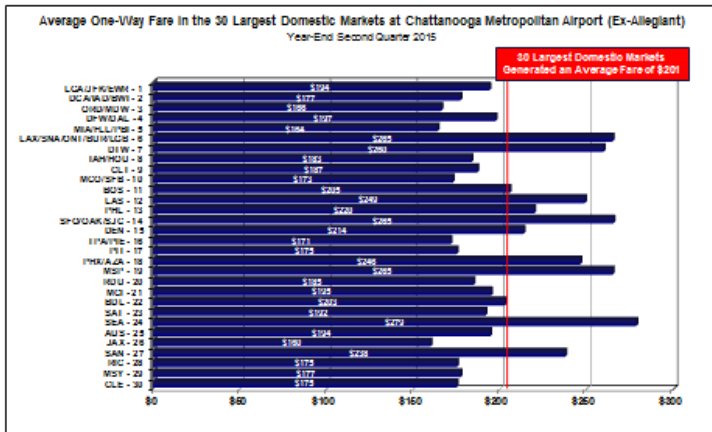
New York/Newark, Washington/Baltimore, Chicago, Dallas/Ft. Worth and South Florida Are Chattanooga's Five Largest Domestic Markets



CHA

Page 52

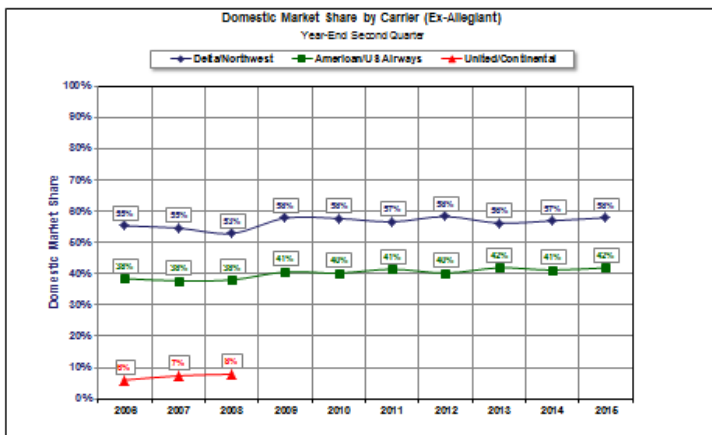
The Average One-Way Fare in Chattanooga's 30 Largest Domestic Markets Was \$201 in the Year-End Second Quarter 2014



CHA

Page 53

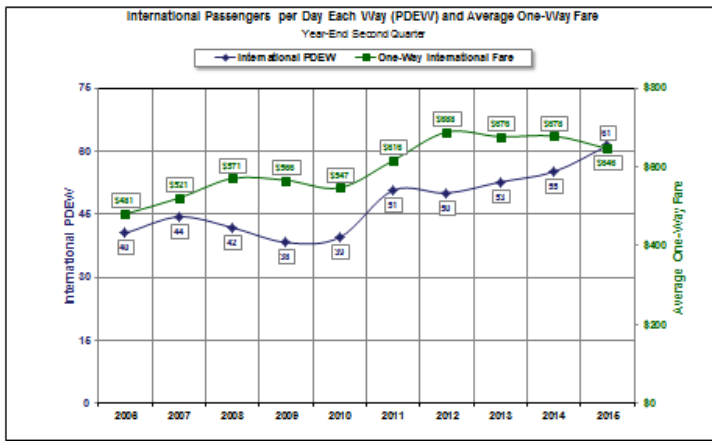
The Domestic Market Shares of American and Delta Have Been Relatively Unchanged since Continental Exited the Chattanooga Market in 2008



CHA

Page 54

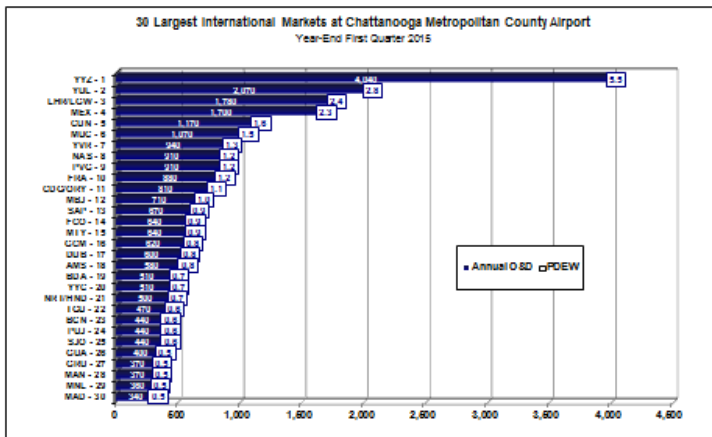
Chattanooga International Traffic Increased to an All-Time High of 61 PDEW in YE 2Q 2015; the Average Fare Declined to \$646



CHA

Page 55

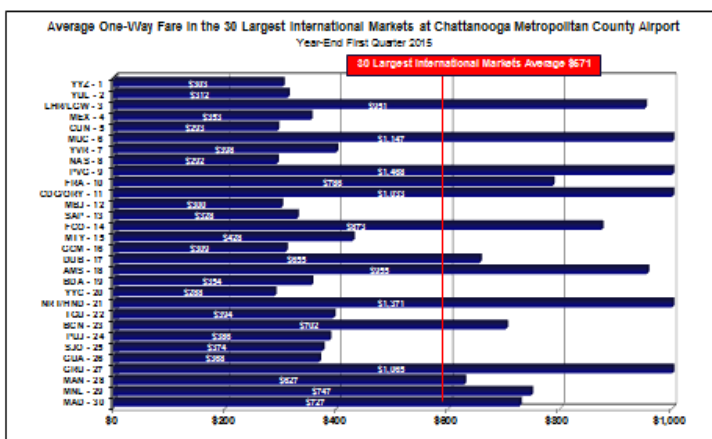
Toronto, Montreal, London, Mexico City and Cancun Are Chattanooga's Five Largest International Markets



CHA

Page 56

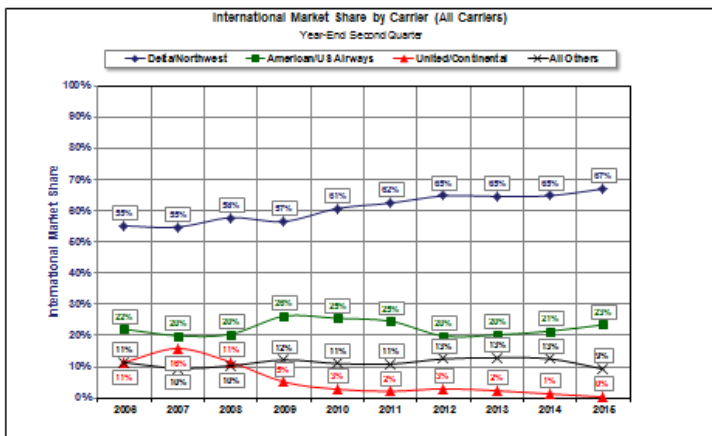
The Average Fare in Chattanooga's 30 Largest International Markets Was \$571 in the Year-End Second Quarter 2015



CHA

Page 57

Unlike the Relatively Flat Domestic Market Shares over the Last Seven Years, Delta's International Share Has Increased Ten Points since YE 2Q 2009



CHA

Page 58

CHA

Chattanooga Metropolitan Airport
Airline Industry and Chattanooga Air Service Update

- Airline Industry Update and Trends
- Chattanooga Traffic Retention and Leakage
- Chattanooga Capacity, Traffic and Fare Trends
- **Discussion and Questions**

CHA

December 2015

Commissioner Barnett asked what Mr. Lum thinks the likelihood of getting another airline in Chattanooga. Mr. Lum said the odds are good, specifically with United. Mr. Lum said there have been ongoing conversations with United, and they are aware that Chattanooga is one of the larger cities they do not serve.

Board Action

Transportation Security Administration (TSA) Facility Lease

April Cameron addressed the Board. CMAA requests Board approval to execute a new lease agreement with the TSA for terminal space consisting of 1,882 square feet. The leasehold currently includes space located on the lower level of the concourse and is used for office, training and break room facilities. This lease covers a period of 10 years with the term ending on December 31, 2026. The annual lease rate of the space is \$61,673.65. Payments will be paid in monthly installments of \$5,139.47.

Board Action: CMAA requests Board approval of a 10 year lease with the Transportation Security Administration in the annual amount of \$61,673.65 ending on December 31, 2026.

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

Access Control System Maintenance Contract

Maurice Songy addressed the Board. The Chattanooga Airport has a TSA approved access control system that consists of many components such as servers, cameras and door access systems. A one year contract with SDI Solutions was approved for the access control system maintenance last year and expired in June. We have been on a month to month basis due to the scheduled terminal camera replacement project that was approved in the October Board meeting. The new cameras will be installed and operational before January 1. A maintenance contract is required to have prompt maintenance in the event that a malfunction should occur and covers maintenance support for all security and camera hardware and software. To maintain the system, SDI Solutions has quoted CMAA a price of \$87,787 for year 1 and \$92,176 for year 2 for a total of \$179,963.

The scope of this project will include:

1. Planned maintenance of the system.
2. Remote support.
3. Extended warranty of components with 24 hour emergency service.
4. Software upgrades.

SDI Solutions installed the system in 2007 and has been maintaining it since the installation. This item was included in our approved operating budget.

Commissioner Mallen asked if there are any additional expenses that can occur. Mr. Songy said the contract states the quoted price includes all parts, material and labor.

Board Action: CMAA requests Board approval to enter into a contract with SDI Solutions to maintain the access control system for a contracted amount of \$87,787 for year one and \$92,176 for year two, for a total of \$179,963.

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

EPB Advertising Lease Amendment

President Hart addressed the Board. CMAA is requesting Board approval of an amendment to the EPB advertising lease agreement. This amendment is made to reclassify the concourse wall murals from 'filler' to paid advertising to ensure they are not replaced by a new advertiser. The advertising fee will be a total of \$1,500 per month for both murals, beginning January 1, 2016 through the duration of the original agreement, September 15, 2017.

Board Action: CMAA requests Board approval of an amendment to the EPB advertising lease for a total contract value of \$30,750.

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

Other Business

President Hart announced that Community Relations Coordinator Sarah Stephens would be leaving the Airport in December. He thanked for her years of service with CMAA, and wished her luck on her future endeavors.

Public Comment

None

Closing Comment

Chairman Jacobson began by thanking everyone in attendance. He thanked the customers for continuing to get on board and contributing to the record enrollment numbers. He thanked Mr. Belcher and Mr. Lum for their presentations. He thanked President Hart for his updates and his continued positive impact on the community. In closing, he shared a final thought on the holiday season. He wished everyone a happy holiday and expressed his excitement for the upcoming year.

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

Adjourn

Minutes approved by:

Minutes approved by:

Mike Mallen
CMAA Secretary

Daniel R. Jacobson
CMAA Chairman

Corporate Secretary:

Minutes Recorded by:

April Cameron

Erin Riley