

Chattanooga Metropolitan Airport Authority
Board of Commissioners Meeting Minutes
April 15, 2019

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting Monday, April 15, 2019 at 2 P.M. Chairman Jacobson, Vice Chairman Jim Hall, Commissioners Tom Snow, Donna Roddy, Farzana Khaleel and Travis Lytle were in attendance.

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 Lytle, seconded by Commissioner Snow, the minutes of the March 18, 2019 meeting were approved.

President's Report:

President Hart thanked everyone for their attendance.

President Hart started with the operational stats for the month of March. He stated that March was a record month for the airport. Enplanements were at 47,310 for the month almost a 19% increase over March of 2018. Delta's enplanements were up nearly 11%, American's enplanements were up almost 31%, United was up 27%, and Allegiant increased over 5%. March was a strong month.

Landing weights were up almost 20% for the month of March. Operations were down primarily from general aviation.

Next, President Hart provided updates on current projects. First, Phase III of the Solar Farm is complete. The only thing remaining is to put down fabric and stone beneath the solar panels. Prior to the Board Meeting, John Naylor went to the Solar Farm and TVA, EPB, and Inman Solar were all present as he flipped the switch. We are now generating power on Phase III of our Solar Farm. Hats off to Inman Solar for all their work. We are pleased with our relationship with TVA, EPB, and the FAA who funded the project.

Another project is our East Ramp expansion project, known as the former Air National Guard Site. The airport received two grants from the State of Tennessee for that project. The demo has started on the buildings and redevelopment of that site is underway to extend the East Ramp and create paths for additional hangars. Talley Construction, the contractor, has completed the sanitary sewer work and they are working to get the storm water infrastructure in place. Work is anticipated to be complete around November or December of 2019.

Next, President Hart reviewed the construction of the new parking lot located off Airport Road. Thomas Brothers was the contractor for that project. That project is complete, almost a month ahead of schedule and with almost \$150,000 in savings over the original bid. This lot provides

525 additional parking spaces bringing our grand total to roughly 2,900 parking spaces. President Hart stated he is looking forward to moving people into that new lot.

President Hart then noted an article that recently came out in Aviation International News. Each year they conduct a survey of 4,500 FBO's around the world. Pilots evaluate line service, ramp operations, passenger amenities, pilot amenities, facilities and customer service representatives. Wilson Air Center at the Chattanooga airport tied for 8th with a rating of 4.70 out of 5. Hats off to Glenn and his team and the work they do to deliver to our customers, both tenants on the airfield and our transits customers that come through the airport. Their hard work is reflected in this publication.

President Hart then commented about an event held at Wilson Air Center. Challenge Air, who works with special needs children, was at Wilson Air Center for the event. Wilson did a great job and there were lots of people there to support the event. Our tenants gave back in time and aircraft support picking up special needs children which was great to see. They have always been there and given back to the community. Thanks to Glenn and his staff for their work at this event.

President Hart then shared that on March 31, the airport made a payment of \$2,736,844.14 to First Tennessee Bank to pay off the original bonds issued back in 1990. The revenue bonds were originally issued for \$13,980,000 for construction of the terminal building. Then in 2002, the airport refinanced that original debt which, at that point, was about \$12.6 million. The airport also issued new debt for a few projects such as to reimburse the airport for regional boarding ramps that were acquired, parking lot improvements, and taxiway construction. Then in 2009, the bonds were refinanced again to get a fixed rate instead of a variable rate. In 2012, the bonds were modified to get a lower interest rate and again in 2013, to get an even lower rate. President Hart noted how pleased he was to say that debt is paid.

Next, President Hart provided an update on air service. Total overall seats go up and down depending on the time of year it is. Chattanooga usually hits a high point in October then declines for the winter months. It will slowly start going back up and should remain flat until October. The past year represents about a 200-250 seat per day increase over the last couple of years. April was the first time American surpassed Delta for available seats out of the market. Those seats will start coming back down in May and fall back in line. In July, Delta will introduce a third round trip flight into the Detroit market. The September schedule shows Delta going back to four MD 80s a day to Atlanta. United is going to change the time of their Dulles flights to make the connections easier. Chattanooga will have an overnight flight here that will leave early morning to Washington to make connection to the northeast and then a midafternoon departure to Dulles that will connect to European departures out of Washington. Also, there will be a few reductions to Chicago service because of issues in the industry. American introduced their service to their Philadelphia hub that will begin on May 6th. There will be one daily departure going to that hub. In May they are removing their Chicago service.

Board Action Items:

Budget Fiscal Year 2020

CMAA requests approval of the Fiscal Year 2020 Budget for the Chattanooga Metropolitan Airport Authority (CMAA) which has been developed in coordination with the Finance Committee.

Operating revenues for FY 2020 are budgeted at \$25.1 million, which is 5% above the FY 2019 forecast. This overall increase in revenues for the upcoming year is primarily due to growth in passenger traffic that continues at CHA. Landing fees will remain the same and terminal rental rates will increase to \$32.92 per square foot. Tenants will also realize a small increase in the airline security fee and the fee to utilize the passenger boarding bridges. The current parking rate structure was updated in January 2019 and will remain the same for FY 2020 with a short term rate of \$20.00, long term rate of \$12.00 per day, and an economy rate of \$9.00 per day. Airfield revenues are budgeted to increase due to West Star's expansion; and growth in passengers will support additional terminal revenues. FBO income from fuel sales, ground rent, ground handling operations, and other services such as catering and line services are budgeted to be \$10.8 million which is up 3% from the FY 2019 forecast.

General operating expenses for the year are budgeted at \$17.1 million, an increase of 6% over current year forecast. The increase is primarily the result of additional costs necessary to support increased passenger traffic. The budget includes a 5% increase in employee salaries, a forecasted increase in employee benefit costs as well as an additional maintenance employee to support our growth. FBO expenses are budgeted to be \$9.4 million of the total \$17.1 million budgeted for FY 2020 and relates primarily to the cost of fuel.

Capital investments are expected to be \$18.7 million for FY 2020. Projects include continued expansion of the east ramp, constructing a new hangar, acquiring three replacement passenger boarding bridges and design and construction of a new parking garage. Funding for these projects will come from FAA, State and PFC funds. CMAA will be responsible for 30% or approximately \$5.7 million of the total cost.

From a debt service perspective, as of July 1, 2020, CMAA will have a current bond balance of \$5.8 million. During FY 2019, CMAA made the final payment of the 2009 Taxable Bond leaving only the 2014 debt outstanding. The debt requirement for FY 2020 is valued at an estimated \$1.7 million and includes principle and interest payments of \$507,305 for the 2014 debt plus an estimated \$1.2 million for the financed portion of the parking garage.

CMAA expects to have net operating revenues of nearly \$8 million for FY 2020. After deducting our capital expenditures, debt service, and reserve requirements, we will have a balanced budget for FY 2020.



CHATTANOOGA
AIRPORT

2020 Budget



2019

Fiscal Year Accomplishments

American Airlines
Philadelphia



West Star
Expansion



2nd TDOT Economic
Development Grant



Solar Farm
Phase 3



East Ramp
Expansion



Parking
Expansion



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 Service to Our Customers**
- **Improve Financial Performance**



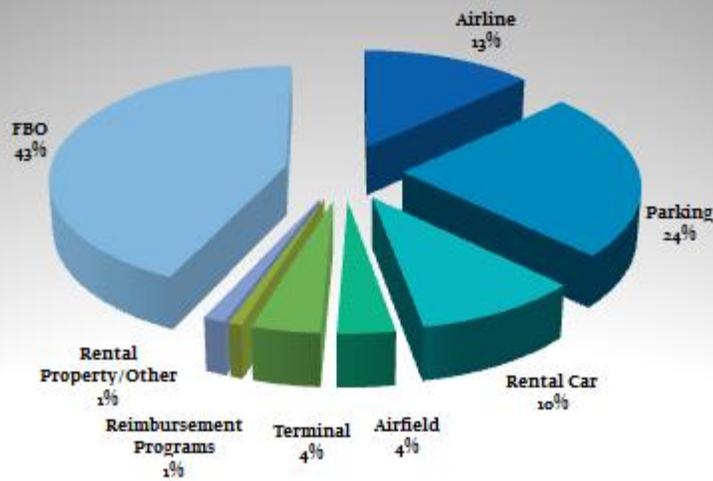
Operating Revenues FY 2020 Budget

Revenues	FY 2019 Forecast	FY 2020 Budget	Variance
Airline	\$3,080,158	\$3,314,002	8%
Parking	\$5,500,000	\$6,010,702	9%
Rental Car	\$2,517,157	\$2,517,188	0%
Airfield	\$794,091	\$875,976	10%
Terminal	\$1,019,398	\$1,036,711	2%
Reimbursement Programs	\$200,456	\$200,175	0%
Rental Property/Other	\$311,060	\$335,993	8%
FBO	\$10,500,000	\$10,809,771	3%
Total	\$23,922,321	\$25,100,518	5%



Operating Revenues FY 2020 Budget

Total Revenues
\$25.1 million



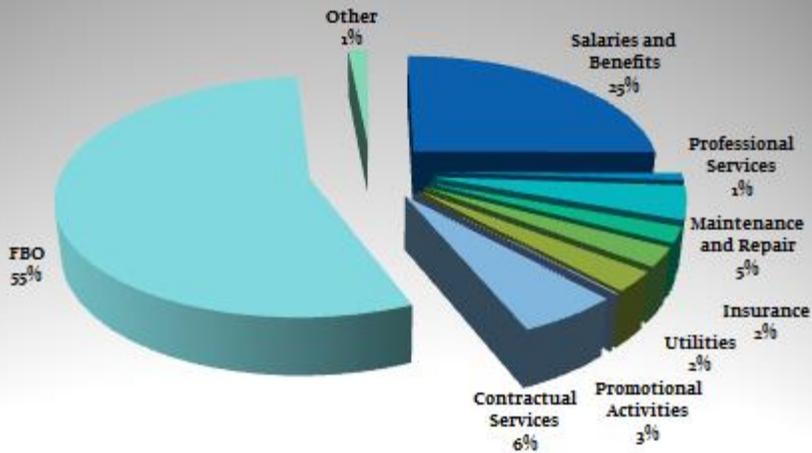
Operating Expenses FY 2020 Budget

Expenses	FY 2019 Forecast	FY 2020 Budget	Variance
Salaries and Benefits	\$3,873,600	\$4,310,682	11%
Professional Services	\$127,500	\$166,000	30%
Maintenance & Repair	\$725,042	\$780,113	8%
Insurance	\$353,108	\$362,546	3%
Utilities	\$436,656	\$436,656	0%
Air Service Development	\$459,865	\$459,865	0%
Supplies	\$27,377	\$27,377	0%
Contractual Services	\$713,963	\$953,517	34%
Miscellaneous	\$282,638	\$261,187	(8%)
FBO	\$9,232,476	\$9,398,811	2%
Total	\$16,232,226	\$17,156,755	6%



Operating Expenses FY 2020 Budget

Total Expenses
\$17.1 million



Net Operating Balance

FY 2020 Budget

	FY 2019 Forecast	FY 2020 Budget	Variance
Revenues	\$23,922,321	\$25,100,518	5%
Expenses	(\$16,232,226)	(\$17,156,755)	6%
Net Operating Revenues Before Capital and Debt Service	\$7,690,095	\$7,943,763	3%



Capital Investments

FY 2020 Budget

- **Maintain a Safe and Secure Operation**
 - Security System Upgrades
 - Security Fence Replacement
- **Improve Service to Customers**
 - Parking Garage
 - Acquire new Passenger Boarding Bridges
- **Improve Financial Performance**
 - East Ramp Expansion
 - New Hangar



Capital Investments

FY 2020 Budget

Project	Total Cost	Federal	State	PFC	CMAA
Safety and Security	\$984,500	\$0	\$0	\$779,500	\$205,000
Customer Service	\$6,290,578	\$0	\$0	\$2,361,170	\$3,929,408
Financial Performance	\$11,450,925	\$2,353,632	\$7,500,000	\$0	\$1,597,293
Total	\$18,726,003	\$2,353,632	\$7,500,000	\$3,140,670	\$5,731,701

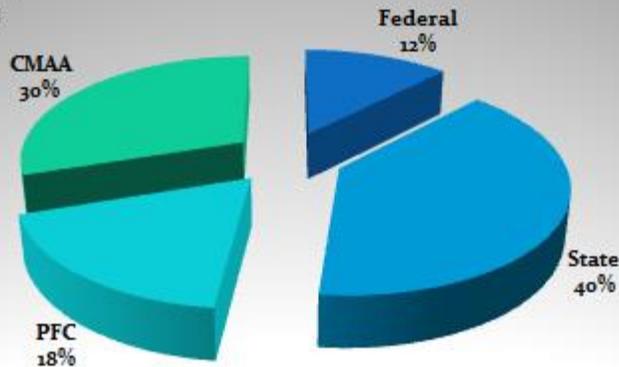
CHA

CHATTANOOGA
AIRPORT

Capital Investment Funding Profile

FY 2020 Budget

Total Projects
\$18,726,003



CHA

CHATTANOOGA
AIRPORT

Airport Portion \$5,731,701

Debt Service

FY 2020 Budget

Bonds	Beginning Balance July 1, 2019	FY 2020 Principal and Interest	Ending Balance June 30, 2020
2014 Taxable Bond (4.03%)	\$3,293,843	\$297,936	\$3,127,408
2014 Tax-Exempt Bond (2.67%)	\$2,535,660	\$209,369	\$2,393,178
Parking Garage (Estimated) Total Estimated Cost (\$26 million)		\$1,204,757	\$19,000,000 (estimated)
Total Debt	\$5,829,503	\$1,712,062	\$24,520,586 (estimated)



CHATTANOOGA
AIRPORT

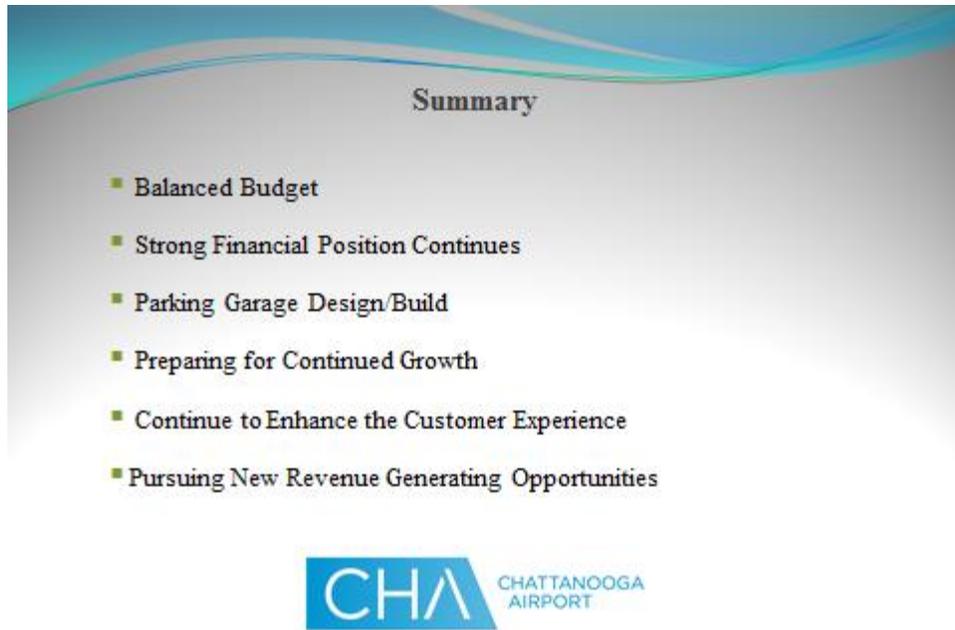
(Total Principal Reduction \$308,917)

FY 2020 Budget

	FY 2019 Forecast	FY 2020 Budget
Revenues	\$23,922,321	\$25,100,518
Expenses	<u>\$(16,232,226)</u>	<u>\$(17,156,755)</u>
Net Operating Revenues	\$7,690,095	\$7,943,763
Debt Service	<u>\$(3,665,082)</u>	<u>\$(1,712,063)</u>
Cash Flow before Capital	\$4,025,013	\$6,231,700
Capital Investments	\$(1,734,804)	\$(5,731,700)
Transfer to Reserves	\$(2,290,209)	\$(500,000)
Net Revenues	\$0	\$0



CHATTANOOGA
AIRPORT



Board Action: CMAA requested Board approval of the Fiscal Year 2020 Budget with updated organizational structure, pay plan, and Rates and Charges and Insurance Policy.

Motion to approve made by Commissioner Barnett, seconded by Commissioner Khaleel.

Motion Approved.

Other Business:

None

Public Comment:

None

Closing comments

Chairman Jacobson stated he was very excited about the new economy lots that provide almost 800 spaces. Again, thanks to Thomas Brothers and our internal management staff along with Allen & Hoshall for outstanding management. When a project comes in early and under budget, that is phenomenal performance.

Also, Chairman Jacobson stated he was very pleased with the enplanements for the month of March. The airport set a record in March 2019 over March 2018.

For the year, enplanements are up 11.06% over the same three month period of last year. Chairman Jacobson also gave a shout out to April and her team for great budget preparation. It's a good feeling to have the budget completed and approved at least a month early.

Great news for Wilson Air Center in ranking 8th in the FBO's survey across America. Kudos to Glenn and his team. He noted that he has heard a lot of good things from business owners and pilots and those that are the recipients of Wilson's outstanding service throughout the airport. Thanks once again.

Chairman Jacobson asked for a motion to adjourn.

Commissioner Roddy motioned to adjourn.

Motion seconded by Commissioner Lytle.

Motion approved, meeting adjourned.

Minutes approved by:

Mike Mallen
CMAA Secretary

Corporate Secretary:

April Cameron

Minutes approved by:

Daniel R. Jacobson
CMAA Chairman

Minutes Recorded by:

Sybil Cline