

**Chattanooga Metropolitan Airport Authority
Board of Commissioners Meeting Minutes
April 16, 2018**

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in an open meeting Monday, April 16, 2018, at 2 P.M. Chairman Jacobson, Vice Chairman Hall, Commissioners Tom Snow, Donna Roddy, Farzana Khaleel, Michael Mallen, Travis Lytle, and Warren 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 Barnett, seconded by Commissioner Mallen, the minutes of the March 19, 2018, meeting were approved.

President's Report:

President Hart welcomed everyone and thanked them for being here on this beautiful spring day.

Mr. Hart started with the stats for March. Our streak of 18 months in a row of month-over-month improvement came to a stop in March. Our enplanements were down by 2% and year-to-date we are at 0.5 % below the first three months of 2017. Looking at the numbers in the first quarter, our scheduled seats were down about 2% year over year. We had a few more weather events contributing to cancellations which caused our enplanements to be off a little bit but we anticipate seats will rebound the next few months. We will start seeing increases in seats in May and June, July, and August will average a 2% increase compared to the same months last year. Operations, driven by a lot of military and general aviation flying, was up by 10.5 % compared to last year.

Also, just a couple of updates on projects that the Board has approved. First, is our east ramp project. It was a three-year project in which the east ramp was rehabilitated and all the asphalt replaced. There was also an amendment approved to repair some haul routes. That project has started and it's going to replace South Perimeter Road from Jubilee Drive up to the south cargo ramp. The silt fencing is up and weather-permitting we should get started soon. In addition, there is a small piece of asphalt between Hanger 21 and 22 that is targeted to be replaced. When the road is completed, we will switch over to the new project. We will coordinate with both tenants to make sure they are aware of changes there.

Another change that has been made is replacement of a pump motor on the west side of the retention pond. We have four pumps that can run at the same time to disperse storm water from the north side of the airport. We haven't had to use those yet. When we get lots of rain and the pond fills, it will start discharging water. Everything is functioning like it should and the project has been completed.

Next, our second fire vehicle came in a couple of weeks ago. The total cost was \$1.5 million dollars for both vehicles. Both fire vehicles are identical in terms of the operations of the equipment. The first vehicle was paid for by PFC dollars. Our plan is to go forward with our next PFC application to include the second vehicle for reimbursement by PFC dollars.

Moving on, there are a couple of different FBO publications that have been rating companies around the country and around the world. One of those is Aviation International News. I'm very pleased to say our operation here at the Chattanooga Airport, Wilson Air, finished in the top 20 percent this year. I would like to send accolades to Glenn for all his hard work.

Another thing we completed this last Saturday was in giving back to the community. This was our second year to host the Erlanger Believe Bash, which was a huge hit. The event took place Saturday evening. There was around 1,200 people in the hangar. The doors opened around 5:00 and they finished around 11:30. We were pleased to support their endeavor with the new Children's Hospital. Mr. Hart thanked Glenn for all his hard work.

Lastly, is the redevelopment of our website. We have been working with Albert Waterhouse and Brian May with Maycreate on the website. Our previous website was not user-friendly with mobile apps. Brian and his team have been involved in many different website redevelopments. This new website is user-friendly for our customers. We have been working on this for nine months, and we will go live on Friday, although tweaks will be made as we go along. With the feedback we have received from our customers, we have added information on the airport's parking as well as information on places to stay and things to do in Chattanooga. We have provided a place on the website for customer feedback. We also have software to track the comments 24/7 so way we will know if there is something going on in the middle of the night that needs addressed.

Board Action:

Airfield Re-Marking

According to Federal Aviation Regulation Part 139 "Certification of Airports," an air carrier airport must clean or replace any airfield marking to make it clearly visible and provide an accurate reference to the airport user. There are numerous airfield markings that have faded over time and are in need of replacement to keep the airfield to FAR Part 139 standards.

In March, CMAA issued a Request for Proposals for a project to have the airfield markings re-marked. Five proposals were received, with Hi-Lite Airfield Services, LLC being the most qualified responsive bidder at a total cost of \$436,717.70.

The scope of this project will include pressure washing to prep the markings, and the materials and labor to re-mark all the markings on the airfield. The project is expected to start in mid-May and take 8-10 days. This is not a budgeted item, but we plan to use reallocated funds to complete this project and will submit an application to the FAA to get Passenger Facility Charge (PFC) funds to reimburse us for the cost of the project.

Board Action: CMAA requests Board approval to enter into a contract with Hi-Lite Airfield Services, LLC to re-mark the airfield at a cost of \$436,717.70.

Motion to approve made by Commissioner Hall seconded by Commissioner Snow.

Motion approved.

Terminal Floor Cleaning Services

The carpet and tile in the airport terminal require nightly cleaning to keep the floors looking as clean as possible for the traveling public. In March, a Request for Proposals was issued for services for the cleaning of the carpet and tile in the airport terminal.

Four proposals were received and reviewed with Superior Cleaning Services, LLC being the lowest qualified bidder with a bid of \$80,854.00 per year. The term of the contract will be for three (3) years with two (2) twelve-month renewal options commencing May 1, 2018 and ending April 30, 2021.

The scope of this contract will include:

1. Cleaning of at least one of the carpeted zones in the terminal nightly for 5 nights per week.
2. Cleaning of at least one of the tiled zones in the terminal nightly for 5 nights per week.
3. Quarterly degreasing and scrubbing of the tile in the terminal.

Board Action: CMAA requests Board approval to enter into a contract with Superior Cleaning Services, LLC to provide carpet cleaning services for a yearly contracted amount of \$80,854.80.

Motion to approve made by Commissioner Mallen seconded by Commissioner Lytle.

Motion approved.

Budget Fiscal Year 2019

CMAA requests approval of the Fiscal Year 2019 Budget for the Chattanooga Metropolitan Airport Authority (CMAA) which has been developed in coordination with the Finance Committee.

Operating revenues for FY 2019 are budgeted at \$22.8 million, which is 3% above the FY 2018 forecast. This overall increase in revenues for the upcoming year is primarily due to growth in passenger traffic that continues at CHA. Landing fees and terminal rental rates will remain the same. The only fee adjustment to our tenants is a small increase in the airline security fee with the inclusion of the CT80 Room into the functional rent calculation. The current parking rate structure will also remain the same with a short term rate of \$16.00 and a long term rate of \$9.00 per day. Rental car and restaurant revenues continue to rise with increasing passenger enplanements. FBO revenues from fuel sales, ground rent, ground handling operations, and other

services such as catering and line services are budgeted to be \$10.4 million which is up 2% from the FY 2018 forecast.

General operating expenses for the year are budgeted at \$15.8 million, an increase of 3% over current year forecast. The increase is primarily the result of additional costs necessary to support increased passenger traffic. The budget includes a 2% increase in employee salaries, a forecasted increase in employee benefits as well as an additional employee in the Planning & Development Department to support our succession planning goals. FBO expenses are budgeted to be \$8.9 million of the total \$15.8 million budgeted for FY 2019 and relates primarily to the cost of fuel.

Capital investments are expected to be \$16.5 million for FY 2019. Projects include completion of our Master Plan, continued expansion of West Star's operations, constructing a new hangar, constructing the 3rd phase of our solar farm project and installation of digital advertising in the airport terminal. Funding for these projects will come from FAA, State and PFC funds. CMAA will be responsible for 17% or approximately \$2.8 million of the total cost.

From a debt service perspective, as of July 1, 2018, CMAA will have a current bond balance of \$9.2 million. During FY 2019, CMAA will make the final payment of the 2009 Taxable Bond. The debt requirement for FY 2019 is valued at \$3.6 million and will be completely funded through current year operating revenues.

CMAA expects to have net operating revenues of nearly \$7 million for FY 2019. After deducting our capital expenditures, debt service, and reserve requirements, we will have a balanced budget for FY 2019.

Board Action: CMAA requests Board approval of the Fiscal Year 2019 Budget with updated organizational structure, pay plan, and Rates and Charges and Insurance Policy.

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

Motion approved.

2018 Audit Contract

CMAA is requesting Board approval for a contract with Elliott Davis to perform an annual audit of financial statements for the year ending June 30, 2018. 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. In addition, this audit includes an evaluation of internal controls in place.

Although we have utilized Elliott Davis for several years, we have opted to renew our agreement because we believe they provide the best option for the airport. Their firm provides a consistent leadership structure with a deep understanding of the business and all of the unique requirements of an airport and our various funding sources. This leadership structure is complemented by a rotating on-site audit team that provides us with a fresh perspective every year.

The firm has provided us with a flat fee of \$37,000 plus expenses (such as report reproduction, typing, postage, travel, copies, telephone, etc.) per year for a three year term.

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

Motion to approve made by Commissioner Lytle seconded by Commissioner Roddy.

Motion approved.

Solar Farm Site Work Construction Contract

CMAA is requesting Board approval to enter into a contract with Dillard Construction for the site work associated with the installation of Phase III of the Solar Farm located on the southwest corner of the airfield. The project will decrease the elevation of the site approximately 9 feet.

CMAA received 3 bids on this project. After meeting all of the bid requirements, Allen & Hoshall recommends and staff concurs that the construction contract should be awarded to the lowest and most responsive bidder, Dillard Construction. Dillard Construction's fee for the site work is \$634,355.56.

The construction contract will be awarded pending receipt of the AIP Grant. The project will be funded through an AIP Discretionary Grant at the 90% federal level with CMAA responsible for the remaining 10%. This project is included in our approved 2017-2018 Capital Budget.

Board Action: CMAA requests Board approval to enter into a contract with Dillard Construction for the site work associated with Phase III of the Solar Farm in the amount of \$634,355.56 pending receipt of the AIP Discretionary Grant.

Motion to approve made by Commissioner Snow seconded by Commissioner Lytle.

Motion approved.

Other Business:

None.

Public Comment:

None.

Closing comments:

Chairman Jacobson, recognized the Finance Committee and each of the Board members for being present and for all the hard work that was put into the Budget. The Budget was completed a month early, which is great to see. The Chairman said he felt good about the numbers and the projects in place. Additionally, on April 1, 2019, he noted the airport will pay off its debt

associated with the original construction of the terminal. He also noted a great job on the website preview. It more accurately reflects the Chattanooga brand and commitment to our customers. Lastly, he congratulated Wilson Air Center on gaining national accolades. He added that we are glad to have Wilson as a partner.

Chairman Jacobson asked for a motion to adjourn.

Commissioner Snow 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