

**Chattanooga Metropolitan Airport Authority**  
**Chattanooga, Tennessee**  
**January 23, 2012**

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting Monday, January 23, 2012 at 2:00 p.m. Chairman Jacobson, Commissioners Freeman, Mitchell, Veazey 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 Freeman, seconded by Commissioner Snow, the minutes of the December 12, 2011 meeting were approved.**

**President's Report**

Interim President Hart greeted the Board and thanked them for attending the meeting. Interim President Hart said the airport's 2011 passenger numbers are in, and traffic increased at the Chattanooga Airport by more than 4% last year. The airport's total boardings were 304,016 and a total of almost 609,000 people flew through the airport in 2011. Given the continued turmoil in the global economy, CMAA is pleased with the strong passenger numbers, and the great support the airport continues to see from the community. CMAA is excited about the many businesses in Chattanooga, both large and small, that are working smart and thriving despite the challenging times. The airport's growth is a reflection of their success, as well as continued competitive fares in the Chattanooga market. While the airlines are predicting capacity reductions in 2012, CMAA will continue to work toward another strong year of air service for the community.

**Rebranding Ads**

Christina Siebold then addressed the Board. She reminded the Board that CMAA has undertaken a rebranding effort this fiscal year. The continued growth of the community and the influx of new residents across the region made this an ideal time to freshen up the airport's brand and reach out to new travelers. Big Communications has worked with CMAA throughout the process, holding numerous focus group sessions to determine the right messaging, then shooting all of the ads right here in Chattanooga. The Marketing Committee has already seen the ads, but CMAA wanted to take a moment to show everyone the new creative.

Ms. Siebold said CMAA has three print ads which will be running in various publications around the region, including ones currently in the Trend Magazine and Chattanooga Magazine and several more will roll out in the next few months.

The first print ad highlights the service Chattanooga travelers have come to associate with CMAA's brand and it reads: "Change can be surprisingly pleasant, and if you haven't flown out of the Chattanooga Airport in a while, then you're in for an experience that's altogether different from other airports. We're small, focused and deliberate in the way we serve our travelers. We believe you're more than just a passenger or a ticketholder – you're part of our community.

Because the better your experience with us, the more likely you are to encourage every one else to get on board.”

The second print ad highlights the importance of using local air service because of the economic benefits to the region. It reads: “The driving force behind Chattanooga’s economy will always be its people – the individuals whose will, strength and determination move us all forward. But one great way to get our economy in high gear starts with all of us turning around. The more we decide to fly from our airport instead of driving to others, the more we can improve routes, fares and carriers, and invest in our local economy. Lifting Chattanooga’s economy even higher starts when you get on board.”

The final print ad builds on that same theme, reinforcing the importance of air service to economic development. It reads: “It’s funny how where you’re going today can have a huge impact on where we all go tomorrow. How one, simple act can help grow our economy, attract new industry and open up a world of possibilities for our city. This is more than civic responsibility or being community minded: it’s the power of change. And it starts when all of us make that one, simple decision to get on board.”

Ms. Siebold then played the television commercial for the Board. She said it will begin running in the next two weeks across the regional market.

Through this process a few other items have been completed or are in the process including:

- The website has been updated with this same design scheme so the look and feel is consistent with the ads
- Online ads have also been designed and are being placed on various sites in Chattanooga

CMAA is also working on replacing signage with the new logo. Some of that will be completed this fiscal year, which ends on June 30, with the remainder being changed over in early FY 2013. CMAA is excited about the new, fresh look and are receiving positive feedback.

Commissioner Mitchell commented that the gray color of the words Chattanooga Airport on the new podium sign does not stand out from a distance. Ms. Siebold said CMAA would go back and look at the copy.

Commissioner Freeman asked if there is a way to measure the effectiveness of the ads. Ms. Siebold replied that when the process was started, BIG came in to conduct the focus groups which is one way the effectiveness could be measured. She said it could also be measured by inviting those same people in to see what’s going on with their companies, and CMAA can look at the traffic levels from particular companies as well as just across the board, and what the airport’s enplanements look like year after year. Those are the key ways, and then another way is ongoing passenger surveys in the terminal.

Commissioner Mitchell asked what CMAA is doing in the meantime to enhance the new branding, particularly through the renovation plan and if that process will start soon. Interim President Hart said CMAA is continuing in that direction with the renovations that were

outlined. Leo A. Daly is working on a color palette and CMAA will put that out to the community to those who use the airport, for their input. Then CMAA will move forward on some of the initiatives like replacing the carpet and the restroom renovations.

## **Board Action**

### **Minimum Standards Modifications**

Interim President Hart stated CMAA staff and legal counsel in Washington, DC have reviewed the section of the Minimum Standards concerning Specialized Aviation Service Operators (SASOs) at the airport. These operations include:

- Aircraft Lease and Rental
- Aircraft Charter or Air Taxi
- Flight Training
- Aircraft Sales
- Aircraft Maintenance and Repair Services

After much consideration, CMAA has determined that several of the requirements previously established through the Minimum Standards could be so stringent that they become cost prohibitive for small operators to successfully operate from the airport. CMAA consulted with CMAA's legal counsel in Washington, DC, who is well versed in the aviation industry, regarding his thoughts of the Minimum Standards. Based on his recommendations, the requirements that CMAA is requesting to modify include:

- Removal of the requirement to maintain specific operating hours.
- Removal of the requirement to maintain specific staffing levels.
- Reduction of the requirement to maintain two aircraft. Only one aircraft would be required.
- Removal of the requirement to maintain specific office space at the airport.
- Removal of the requirement to maintain more than one employee or pilot in order to conduct Specialized Aviation Service Operator work at the airport, thus only one pilot would be required.
- Allow Part 61 certificated flight instructors to operate at the airport.

In addition, CMAA has reviewed the 2% concession fee that is required by all Specialized Aviation Service Operators at the airport and determined that 135 charter operators already contribute revenue to the airport through fuel purchases. Based on that contribution, CMAA is requesting that 135 operators be exempt from the 2% concession fee. (Similar to the exemption already offered in the Minimum Standards for operators such as original equipment maintenance providers, engine inspections, customer service field representatives and contract pilots, to name a few).

The changes requested should allow for CMAA to maintain appropriate standards for all airport operators, while ensuring the requirements are not a deterrent to qualified aviation businesses.

Based on meetings with current airfield tenants, potential airfield tenants, CMAA attorneys and the CMAA team, CMAA recommends moving forward with these changes.

Commissioner Freeman asked if removing the concession fee will have an impact on any line item in the income or budget. Interim President Hart said the change would be minor in nature because the 135 operators already contribute revenue through fuel purchases.

**Board Action:** Interim President Hart requested Board approval to modify the Minimum Standards as outlined.

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

### **Blue Ridge Limousine Lease**

Ms. Cameron then addressed the Board. CMAA currently leases counter space located in the south end of baggage claim to Blue Ridge Limousine to conduct operations at the airport. Meetings with Blue Ridge have indicated the company's desire to retain the leasehold space and enter into a new one year agreement. The Standards of Operation for Ground Transportation Providers that were developed for the current agreement will remain in place for the upcoming term and include the following provisions:

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

Throughout the agreement, Blue Ridge will be required to pay \$170.00 per month to CMAA, which is an increase from the previous agreement, and maintain general liability insurance in the amount of \$1 million.

Commissioner Mitchell asked if there is a cancellation clause. Ms. Cameron said there is a termination clause based on cause by either party.

**Board Action:** Ms. Cameron requested Board approval of a contract with Blue Ridge Limousine for a term of one year commencing on February 1, 2012 in the amount of \$170.00 per month.

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

### **Mercury Cab Lease**

Ms. Cameron continued to say CMAA currently leases counter space located in the south end of baggage claim to Mercury Cab Company to conduct taxi operations at the airport. Meetings with Mercury have indicated the company's desire to retain the leasehold space and enter into a new one year agreement for the 90 square feet of space. The Standards of Operation for Ground Transportation Providers that were developed for the current agreement will remain in place for the upcoming term and include the following provisions:

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

Throughout the agreement, Mercury will be required to pay \$170.00 per month to CMAA, which is a 5% increase from last year, and maintain general liability insurance in the amount of \$1 million.

**Board Action:** Ms. Cameron requested Board approval of a contract with Mercury Cab Company for a term of one year commencing on February 1, 2012 in the amount of \$170.00 per month.

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

### **Millennium Taxi Lease**

Ms. Cameron stated CMAA currently leases counter space located in the south end of baggage claim to Millennium Taxi to conduct taxi and shuttle operations at the airport. Meetings with Millennium have indicated the company's desire to retain the leasehold space and enter into a new one year agreement for the 90 square feet of space. The Standards of Operation for Ground Transportation Providers that were developed for the current agreement will remain in place for the upcoming term and include the following provisions:

- Company will only be allowed to maintain one company representative at the leased premises at any one time.

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

Throughout the agreement, Millennium will be required to pay \$170.00 per month to CMAA, which is a 5% increase from last year, and maintain general liability insurance in the amount of \$1 million.

To date Millennium has not provided their certificate of insurance for the new term, beginning February 1. So CMAA is asking for approval contingent on the fact that they supply their certificate of insurance prior to the February 1 renewal date.

Commissioner Mitchell asked why they have not provided the certificate. Ms. Cameron said she thinks it is a timing issue.

Commissioner Freeman asked what happens if they don't provide it on time, will they have to cease operations. Ms. Cameron said the request would be contingent on them providing that to CMAA prior to February 1 or they would have to cease operations. Interim President Hart said just to clarify, they would only cease operations inside the building, but they would still be allowed to operate outside.

**Board Action:** Ms. Cameron requested Board approval of a contract with Millennium Taxi for a term of one year commencing on February 1, 2012 in the amount of \$170.00 per month, contingent on receiving their certificate of insurance prior to February 1.

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

### **Leigh/Fisher Contract**

Mr. Naylor then addressed the Board. CMAA requests Board approval to enter into a contract with Leigh/Fisher Management Consultants for the consulting services associated with the execution of two Voluntary Airport Low Emissions (VALE) Grant Applications. The grant applications will include a 1.1 megawatt solar farm and pre-conditioned air and ground power units for the terminal gates. The solar farm application will be for Phase II of the current installation, bringing the total power production to 2.1 megawatts. The terminal gate power and air application will enable air carriers to shut down while at the gate. Currently, the airlines' auxiliary engines remain running while on the gate which burns fuel and negatively impacts air quality. VALE is an air quality program, making this project ideal. The scope of services includes the following tasks:

**Terminal Gate Power and Air Project**

Task 1a Coordination with stakeholders	\$ 26,650
Task 2a Data collection	\$ 16,190
Task 3a Emissions modeling	\$ 33,710
Task 4a Preparation of a VALE application	\$ 48,870
<b>Subtotal</b>	<b>\$125,420</b>

**Solar Farm Phase II**

Task 1b Additional coordination with stakeholders	\$ 5,490
Task 2b Additional data collection	\$ 2,800
Task 3b Calculation of Solar emission factors	\$ 4,720
Task 4b Preparation of additional materials for VALE application	\$ 14,440
<b>Subtotal Solar Farm Phase II</b>	<b>\$ 27,450</b>

**Total Fee** **\$152,870**

The term of this contract will extend for 30 days to complete the solar portion, and 90 days for the terminal gate power and air project. This is not a budgeted item in FY 2012. CMAA was able to reallocate unused funds within this year's capital budget to cover these initial costs. If the VALE grant is secured, 95% of these costs will be reimbursed to the Airport, so CMAA's total cost would be \$7,643.50.

Commissioner Mitchell asked about the likelihood of receiving the grant. Mr. Naylor said he and Interim President Hart recently met with the program manager of the VALE grant in Washington, DC and they were very well received. He said the stipulation is the FAA reauthorization bill; if they are given the authorization to reallocate funds then the percentage is very high that CMAA will get the grant.

Commissioner Veazey asked if the Chattanooga Airport is one of the few terminals who don't have that power at the gate. Mr. Naylor replied it is characteristic that airports of this size do not have it, but it benefits the airport, the passengers and the airlines. He said it will reduce costs for airlines which increases their ability to fly into the airport and the passengers will have a better experience because they will have preconditioned air and the power on the aircraft. Plus, it is a sustainability issue which is why VALE will fund it.

Chairman Jacobson asked if CMAA was happy with Leigh/Fisher in their previous work. Mr. Naylor replied that CMAA was very happy with Leigh/Fisher. The modeling system that has to be used for a VALE grant is quite extensive and they look at every emissions factor out there. They quantify it, they justify it, they take that information to the State, they present it to the State who quantifies it, and justifies it, and the State sends a letter that it meets all of their requirements and it becomes part of the State's implementation plan to reduce emissions.

Commissioner Freeman asked if CMAA is producing any income from the solar farm. Mr. Naylor replied yes, the system is meeting all projections, is reducing the emissions by the correct factors, and is producing the amount of energy that was anticipated.

**Board Action:** Mr. Naylor requested Board approval to enter into a contract with Leigh/Fisher for the services associated with obtaining two VALE Grants for Phase II of the solar farm and terminal gate power and air project. The fee for these services is \$152,870.

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

**Chairman Jacobson recused himself from the next agenda item and turned the meeting over to Commissioner Veazey.**

#### **BlueCross BlueShield Advertising Contract**

Ms. Siebold addressed the board. CMAA is requesting Board approval to renew a contract with BlueCross BlueShield of Tennessee to continue their advertising in the airport rotunda on the escalator / stair display sponsorship. The advertiser is responsible for providing the creative graphics to be approved by CMAA before production. Once produced, BCBS will be responsible to install the creative into the space. The term of the agreement is for 12 months, beginning on January 27, 2012 at a monthly rate of \$2,000 except for two months which will be charged at \$1,500 to allow for the covering of portions of the stair ads with holiday decorations. The total annual contract amount will be \$23,000.

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

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

Interim President Hart said the workers compensation insurance policy is coming up for renewal at the end of the month. The expiration date is January 31. CMAA is in the midst of working through the last of the issues with that policy and are trying to gather more information and would like to send out a written consent request for approval when it is ready.

Commissioner Veazey asked about CMAA's claim history for the past year. Mr. Hart said CMAA had zero recordable claims.

#### **Other Business**

Commissioner Freeman asked if the HessJet contract had been settled. President Hart said CMAA is still working on that contract. Obviously the changes requested to the minimum standards today will somewhat eliminate the request for waivers, and CMAA will be coming back to the Finance Committee regarding some items to work through with the insurance requirements.

#### **Public Comment**

None



**Closing Comment**

Chairman Jacobson thanked the commissioners and staff for their participation in the meeting. He also thanked the community, particularly the elected officials, civic leaders, and local travelers, for their support of the airport. He said it would not have been possible to see such passenger growth without their diligent efforts to expand the local economy and it would certainly not be possible without the region's travelers choosing to fly Chattanooga. It is refreshing to see so many people who recognize that their civic duty extends to their hometown airport. Each time they choose to fly Chattanooga, they are keeping local dollars circulating in the local economy.

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

**Adjourn**

**Chattanooga Metropolitan Airport Authority  
Board of Commissioners Meeting Minutes  
February 20, 2012**

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting Monday, February 20, 2012 at 2:00 p.m. Chairman Jacobson, Vice Chairman Hall, Commissioners Freeman, Mitchell and Veazey were present, and Commissioner Mallen attended by phone.

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

**Minutes**

**On motion of Commissioner Freeman, seconded by Commissioner Mitchell, the minutes of the January 23, 2012 meeting were approved.**

**President's Report**

Interim President and CEO Terry Hart welcomed the Board and reported that CMAA's January enplanement report showed an 8 percent increase in passenger boardings over the same time in 2011. He said January is traditionally one of the slowest months of the year and CMAA is pleased to see continued growth in the Chattanooga market, not only in the popular summer travel season, but through the winter as well. As a comparison based on a survey of 15 representative airports across the country, those airports averaged a decrease of nearly 1 percent in that same period of boardings. So Chattanooga is trending well above the national average.

Interim President Hart then told the Board that last week President Obama signed the FAA reauthorization bill giving the FAA its first multi-funding bill in five years. Over the last five years there have been 23 Continuing Resolutions and one FAA shut down, all of which created a great deal of uncertainty in funding important infrastructure projects at the airport. This bill changes the funding ratio of federal projects from 95 percent federal funding and 5 percent airport funding to a 90 / 10 split. The bill is lengthy and contains many provisions that CMAA is still reviewing, so there could be additional impacts, but CMAA is very pleased to see this multi-year FAA reauthorization bill passed.

Interim President Hart then gave the Board an update on CMAA's continuing property acquisition efforts. CMAA has been working to acquire several vacant properties along Brainerd road. Several months ago CMAA closed on the Volvo Infinity dealership. The next property is the BMW property, which was identified with several outstanding environmental issues. Last week the owners received a no further action letter from the state indicating that the property is clean. So with the assistance of legal counsel, CMAA is reviewing the proposed agreement, and if all goes according to plan, CMAA should be closing on the property in mid to late March. Once that property is closed, CMAA will begin the design work associated with the demolition and the site work.

Finally, CMAA had one written consent for the month, and it was regarding the workers compensation insurance. BB&T received a quote from QVE in the amount of \$48,654 for

CMAA's workers compensation policy for 2012. This represented a 15 percent decrease from last year's premium. This request was approved in writing by Chairman Jacobson, Vice Chairman Hall, Commissioners Freeman, Mallen, Mitchell, and Snow.

## **Board Action**

### **Passenger Facility Charge Application and Amendment 2012**

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

### **PFC TASK ELEMENTS:**

- Task 1. Information Gathering, Fact Finding and PFC/CIP Review**
- Task 2. Amendment and Closeout of PFC Application No. 1**
- Task 3. Amendment of PFC Application No. 4**
- Task 4. PFC Program Development – New PFC Application**
- Task 4a. Air Carrier Consultation and Public Notification Process**
- Task 4b. PFC Application Development and Submittal**

### **Fees**

Newton and Associates, Inc., has submitted an estimated budget of \$56,500 to complete the project although the cost of the work described above will be performed on an hourly basis following the fee schedule presented:

Principal Consultant/Legal.....	\$175
Vice President/Project Manager .....	\$160
Senior Consultant.....	\$150
Consultant .....	\$125
Support Staff .....	\$65

All fees associated with the project are 100% reimbursable through the PFC program. This is a budgeted project.

### **Qualifications**

Newton and Associates, Inc., has been CMAA's financial consultant since 1990. They advised CMAA during the 1990 bond financing for the Terminal Expansion Project as well as the 2002 and 2009 bond refundings. They are responsible for development of CMAA's application to use passenger facility charges and the associated Application 1 in 1993. In 1996, they developed

Application 2 on behalf of CMAA. In 2000, they developed Amendments to Application 1 and 2 as well as Application 3. In 2007, they developed Amendments to Application 1 and 3 and developed Application 4. They were responsible for developing the airline rates and charges and facilitating the airline meetings on behalf of CMAA from 1990 through 2002. In 2005, they conducted a study of the impact of a second FBO at CMAA along with the 2005 Airport Business Plan. Most recently, Newton has completed a cost allocation analysis in 2010 and 2011 that was used to support the development of CMAA's annual rates and charges. Their historical involvement and knowledge of the airport stands to benefit CMAA through this project.

Commissioner Mitchell asked if this is the only company who does this work and if it was bid out first. Ms. Cameron replied that it was not bid out because it is a professional services agreement. CMAA opted to go with Newton and Associates because it was the most cost effective. Newton has put together all four of CMAA's previous applications starting with the first one in 1993, and because CMAA is going to be amending old projects, it's more cost effective because Newton has all of the data because they did all of the original work.

Commissioner Mitchell asked if CMAA looked at another company to compare the quality of their work. Ms. Cameron said no, not this time, but CMAA did go through that process in 2007 or 2008 during the fourth application. At that time CMAA found that Newton is very familiar with the process and the Chattanooga Airport and CMAA's PFC application was one of the first approved PFC programs which made CMAA feel very comfortable with Newton's abilities.

Commissioner Freeman asked what percent of increase CMAA received during the last application. Ms. Cameron replied that the last application that CMAA had approved was approved for \$2.4 million that CMAA is continuing to draw down as the projects are completed.

Commissioner Mitchell asked if this was federally funded. Ms. Cameron replied that this is almost like a ticket tax. When a person buys a plane ticket there is a fee that is charged and collected by the airline who then submits it to the airport. All of the projects have to be approved by the FAA.

Chairman Jacobson asked how long the project will take. Ms. Cameron replied the minimum time requirement is five months, because there are certain regulatory requirements such as notices that have to be out 30 to 45 days. CMAA is projecting a seven month timeframe for the whole project.

**Board Action:** Ms. Cameron requested Board approval of a contract with Newton and Associates in the amount of \$56,500 to perform the work as outlined.

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

### **Republic Parking Contract**

Ms. Cameron continued to say in October of last year, CMAA requested and received approval to extend the Parking Management Services agreement at the airport with Republic Parking for a five year term. During that request, CMAA inadvertently omitted an option at the end of the

primary term – an option that has been included in the past. As a result, CMAA is requesting to amend the current agreement with Republic Parking to incorporate an additional two year option to the agreement to be exercised at the sole discretion of CMAA.

**Board Action:** Ms. Cameron requested Board approval to amend the current agreement with Republic Parking to incorporate an additional two year option to the agreement to be exercised at the sole discretion of CMAA.

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

### **Security Checkpoint Bin Advertising**

Ms. Cameron said CMAA's current agreement for security checkpoint advertising is set to expire at the end of February. In response to this expiration, CMAA contacted the TSA regarding the airport's intent to continue the program and issued a Request for Proposals for third party vendors approved by TSA to provide bins, bin carts, and divestiture tables at the security checkpoint in return for the right to advertise inside the bins.

CMAA received only one bid. Security Point Media, the current provider, proposed to provide the checkpoint furnishings as specified by the TSA as well as provide CMAA with 15 percent of gross media fees collected from the sales of advertising in or about the airport. All fees will be paid monthly accompanied by an accounting report for a term of three years.

In addition to an agreement with Security Point Media, CMAA is also required to approve a Memorandum of Understanding with the Transportation Security Administration concerning the use of security screening checkpoint furnishings.

Commissioner Mitchell asked what revenues are expected. Ms. Cameron replied based on what they've communicated to CMAA, their current advertising agreements expire in March. What they are proposing for a mid-market airport is revenue around \$6300 a year.

Commissioner Mitchell asked what CMAA received this year. Ms. Cameron replied last year CMAA received \$12,000, and the reason is, this airport was one of the original pilot program, and was one of the first airports they began operation in, and when they began there were two companies who offered this service. Because there was competition, Security Pointe offered airports a minimum annual guarantee. However, there is now only one provider so they are not competing like they did previously, so this is their new structure. CMAA called Knoxville to confirm that they were receiving commissions similar to what has been proposed to the Chattanooga Airport and it was accurate. It's not what CMAA prefers, but Security Pointe has done a very good job of keeping the bins and carts up-to-date and in good condition, which is part of the agreement.

Commissioner Freeman asked to clarify the Memorandum of Understanding, would CMAA have to provide the bins and furnishings if this is not provided by a third party? Ms. Cameron said correct. Essentially what the Memorandum of Understanding says is that if the agreement with

Security Point Media is terminated that Security Point will keep their bins in place for 30 to 60 days in which time CMAA would coordinate with TSA to replace the bins at no cost to CMAA.

Chairman Jacobson asked if Security Point Media provides the bins as well. Ms. Cameron said yes, and also the carts that TSA uses to shuttle the bins from one side to the other, and the divestiture tables.

**Board Action:** Ms. Cameron requested Board approval to enter into a Memorandum of Understanding with the Transportation Security Administration concerning the use of security screening checkpoint furnishings, and to enter into an agreement with Security Point Media to provide checkpoint furnishings and 15 percent of gross media fees collected from the sales of advertising in or about the airport, paid monthly for the term of three years.

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

### **Other Business**

Vice Chairman Hall said he missed the opening, but he thought the growth in cargo was impressive and asked Interim President Hart to talk about that growth. Interim President Hart said that obviously with FedEx upgrading their equipment, CMAA was seeing a huge increase over previous years. FedEx is currently operating one 727 during the week at one departure per day. That second aircraft is a spare that they asked if they could park here at Chattanooga.

Commissioner Freeman asked if CMAA has anything pending in terms of projects regarding the FAA funding situation. Interim President Hart said the property acquisitions are currently underway.

### **Public Comment**

None

### **Closing Comment**

Chairman Jacobson expressed his thanks to the Commissioners and staff for their participation in the meeting. He said he is very encouraged to hear about the increase in boardings as they continue to grow in a positive direction which is a great sign of Chattanooga's strengthening economy and the airport's position for additional growth. He said he is also excited to hear about the reauthorization that was granted by the FAA that will move some of the Chattanooga Airport's projects in the right direction again. Certainly transportation infrastructure will play a key part in the continued economic recovery of the nation and airports provide a critical link in that transportation chain. The Chattanooga Airport will continue to do all it can to ensure the appropriate infrastructure to support the continued growth of this community and region.

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

### **Adjourn**

**Chattanooga Metropolitan Airport Authority  
Board of Commissioners Meeting Minutes  
March 19, 2012**

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting Monday, March 19, 2012 at 2:00 p.m. Chairman Jacobson, Vice Chairman Hall Commissioners Freeman, Snow, Veazey and Mallen were present.

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

**Minutes**

**On motion of Vice Chairman Hall, seconded by Commissioner Freeman, the minutes of the February 20, 2012 meeting were approved.**

**President's Report**

Interim President Hart said CMAA's February enplanements report showed a 13 percent increase in passenger boardings over the same month in 2011. Combined with January's 8 percent increase, CMAA is up over 10 percent for the year. Based on a survey of representative airports across the country, these airports averaged an increase of 8 percent in boardings for February, and with that the Chattanooga Airport is trending well above the national average. February also showed another strong month of cargo growth. CMAA's February 2012 cargo totals showed over 1.2 million pounds of cargo came through the airport, compared to just over 350,000 pounds during the same month last year. This is a year over year increase of 250 percent and CMAA anticipates that these monthly increases will continue throughout the remainder of the year, as they are a direct reflection of the growth and demand and cargo capacity within this market. Late last year FedEx upgraded their aircraft from an ATR turboprop to a Boeing 727, six days a week. That growth in capacity fueled by increased demand from regional businesses is what is driving these cargo numbers. Once again, the airport is the beneficiary of the remarkable economic growth within the Chattanooga community.

Mr. Hart said CMAA has a couple of exciting air service updates to discuss. Beginning April 10 and running through at least June 6, Delta will replace the CRJ-700 on their 5:35 pm flight with CRJ-900 which seats 76. What is important to note about the change is that both aircraft have a first class configuration, which is a bonus for business travelers and frequent flyers who purchase first or business class tickets to their final destination, but have not had an option on that trip from Chattanooga to Atlanta. Secondly, beginning April 4, American will be adding an additional Chicago departure, bringing the Chattanooga Airport to two daily Chicago flights and two daily Dallas flights. The Chicago flights depart at 7:50 a.m. and 12:05 p.m., and the Dallas flights depart at 12:55 p.m. and 6:20 p.m. daily. Traditionally, American ran two flights a day into Chicago in the summer and one flight a day into Dallas, and then in the winter months ran two flights a day into Dallas and one into Chicago. CMAA is thrilled to see American investing in Chattanooga and giving local travelers more options. Both in the cargo business and the commercial airline business, the Chattanooga Airport has companies who are recognizing the economic opportunities presented by this community, and they are responding to growing

demand. This is a good reflection of the partnerships that have been developed over the years. CMAA applauds FedEx, American and Delta for their commitment to this community.

Mr. Hart said finally, CMAA has been working to acquire several vacant properties on Brainerd Road. Several months ago CMAA closed on the Volvo Infinity dealership and just last week, closed on the former BMW property next door. It is good for the airport to move more of the property sitting in the runway protection zone back within the airport site just as the FAA recommends all airports do.

## **Board Action**

### **ExpressJet Airlines Maintenance Lease**

Ms. Cameron then addressed the Board, saying that CMAA requests Board approval to renew a lease agreement with ExpressJet Airlines – formerly Atlantic Southeast Airlines (ASA) – for approximately 2,021 square feet of space located in the lower level of the terminal building. ExpressJet will continue to use the premises as administration offices for an aircraft maintenance team located in Chattanooga. The premises are leased in an “AS IS” condition whereas ExpressJet bears sole responsibility for all janitorial, maintenance and routine upkeep of the premises. The term of the agreement is for one year with monthly rent of \$4,939.75 paid in advance on the first day of each month.

**Board Action:** Ms. Cameron requested Board approval for a new one year lease agreement with ExpressJet Airlines in the amount of \$59,277 commencing April 1, 2012.

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

### **Allen and Hoshall Task Order 12**

Mr. Naylor addressed the Board and said CMAA requests Board approval to enter into Task Order 12, Runway Protection Zone Property Demolition, with Allen & Hoshall, Inc., in the amount of \$155,890. The project is for the demolition of the automobile dealerships that were purchased in the Runway Protection Zone and returning the area to a green grass site. The duration of the contract is anticipated to be 12 weeks from the Notice to Proceed date. The project to be developed under this Task Order shall consist of:

- Survey
- Demolition plans for the buildings and asphalt parking lots
- Design and contouring of the site to assist with storm water control, proper drainage and flooding issues
- Bid and Award
- Construction Administration
- Submittals / Shop Drawings
- Resident Project Representative
- As-Built Drawings
- Permitting



This is a budgeted item and is being funded at 95 percent through a federal grant with 5 percent from CMAA funds.

Vice Chairman Hall asked what CMAA will do with the materials. Mr. Naylor said the airport hopes to recycle most of the materials onsite, and what materials can be turned into rubble will be used for making retention areas to hold the water.

Commissioner Mallen said to be sure the Air Pollution Control Bureau will be front and center. Mr. Naylor replied that it is required of all demolition projects now.

**Board Action:** Mr. Naylor requested Board approval to enter into Task Order 12 with Allen & Hoshall, Inc., in the amount of \$155,890.

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

### **Snow Plow Purchase**

Mr. Hart addressed the Board to say CMAA maintenance staff is responsible for the snow removal activities of identified areas on the field, both airside and landside, which includes runways, taxiways and certain ramps, roadways and parking areas. To accomplish this task, CMAA utilizes four pieces of equipment with snow plow capabilities - two dump trucks, one 20 ton utility truck, and one pick-up truck. To supplement this current equipment, CMAA staff recommends purchasing one nine foot snow blade and required attachments, to place on one of the tractors which is used in the summer to cut grass. This improves the utilization of that piece of equipment and adds another vehicle to the snow plowing efforts.

Three bids were solicited and received for this project. CMAA staff recommends acceptance of a contract with R&S Truck and Tractor Company in the amount of \$12,600 for the purchase of one nine foot snow blade with hydraulic vertical and angle lift. This is a budgeted item and will be funded by CMAA.

Vice Chairman Hall asked what areas CMAA plows. Mr. Hart said the first goal is to keep the route open from the ARFF station to movement areas. Next, CMAA focuses on the primary runway and the primary taxiway. Then, around the terminal ramp and into other taxiways depending on what type of snow is coming down. Tenants on the airfield, if it is their leased space, are responsible to maintain their leased space.

**Board Action:** Mr. Hart requested Board approval for the purchase of one nine foot snow blade with hydraulic lift system from R&S Truck and Tractor Company in the amount of \$12,600.

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

### **Baggage Claim Roof Replacement**

Mr. Hart continued to say CMAA is requesting Board approval for the acceptance of a contract for the roof replacement on the baggage claim terminal building. Work will include the

replacement of the existing rubber membrane roof system which is beginning to fail in numerous locations. This building's roof was originally installed in 1992 and minor repairs have occurred since that time. Due to age and weather conditions, seams have begun to separate and the membrane has worn through. Moisture enters the building at these points and causes internal damage.

A white reflective Thermoplastic Polyolefin single-ply membrane (TPO) material was selected as the replacement roof system. This is the same product that was installed on the ticketing building two years ago. It will include a 20 year warranty and is designed to be environmentally friendly. The roof material meets Energy Star criteria and qualifies for LEED points.

A mandatory pre-bid meeting was held and three firms attended with only one submitting a proposal. Upon evaluation of the submitted bid, which did meet all required criteria, CMAA staff recommends the bid be awarded to Jolly Roofing & Contracting Company, a Tennessee firm, in the amount of \$162,900. This item will be funded by CMAA and was not a budgeted expense, however, reallocation of planned capital projects will allow for this project to be funded. In attendance today is Glen Conway, who is the director of sales in their Nashville Office.

Vice Chairman Hall asked if this is the best roof for the airport. Mr. Conway said he does believe so, and Mr. Hart said CMAA has been very pleased with the roof in the ticketing concourse.

Commissioner Freeman asked if there was a warranty on the new roof. Mr. Hart said there is a 20 year warranty.

Commissioner Veazey asked if the old roof will be removed. Mr. Hart said the new roof can go over the old and the structure underneath is in very good shape. He said the rubber membrane is the issue, but there will be increased insulation. The reflectivity on the new roof system will help reduce energy costs. Mr. Conway said his company will leave the field membrane in place and take all the flashings off the wall, off the curbs and off the pipes, and put in an 80 mil TPO, which is about one and a half times the standard thickness. This will create another layer of waterproofing with that old membrane there, with all new flashing.

**Board Action:** Mr. Hart requested Board approval of a contract with Jolly Roofing & Contracting Company in the amount of \$162,900 for the roof replacement on the baggage claim terminal building.

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

#### **Other Business**

None

#### **Public Comment**

None

**Closing Comment**

Chairman Jacobson expressed his thanks to the Commissioners and staff for their contributions in the meeting. He said he is pleased with another strong month of growth at the airport, with both passenger and cargo numbers dramatically higher. He expressed his thanks to Delta, American and FedEx for their activities on the airfield. He said he is also encouraged by CMAA's progress on acquiring the properties along Brainerd Road which are in the Runway Protection Zone. While the FAA recommends that CMAA control these tracts of land, securing these properties also serves the community's larger goals of improving the corridor through midtown Brainerd. CMAA has been encouraged by the strong support of Councilwoman Berz, Councilman Gilbert, and County Commissioner Tim Boyd.

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

**Adjourn**

**Chattanooga Metropolitan Airport Authority  
Board of Commissioners Meeting Minutes  
June 27, 2012**

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting Wednesday June 27, 2012 at 10 a.m. Chairman Jacobson, Commissioners Freeman, Snow, Veazey, Mitchell and Mallen were present.

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

**Minutes**

**On motion of Commissioner Veazey, seconded by Commissioner Mallen, the minutes of the March 19, 2012 meeting were approved.**

**President's Report**

Interim President Hart said CMAA's May enplanements showed a 2 percent increase in passenger boardings over the same month in 2011 and the first five months of the year show a 6 percent increase in passenger traffic. CMAA appreciates the support of local travelers as well as the continued partnership of the airlines who continue to work with the Airport Authority to provide the air service travelers need.

Interim President Hart said the airport had an exciting general aviation event occur in Chattanooga earlier this month. The Mooney Aircraft Pilots Association hosted a training weekend in Chattanooga, bringing in more than 25 planes and pilots into the city. TAC Air did a wonderful job caring for their operational needs while they were here. Many thanks to all those involved in making this a success.

Also, the Airport Authority was recognized for several awards over the last month. First, Allegiant Airlines announced at their annual meeting that Chattanooga received the Airlines Prestigious Outstanding Partner Airport Award. In recognizing the Authority with this award, the airline said "the Outstanding Partner Award is given to the airport in the Allegiant network that goes above and beyond to support service and bring down operating costs. Chattanooga Metropolitan Airport fought a difficult economic and political battle to increase competition for central ground services. The increased competition, a direct result of the hard work of the airport, helps to lower costs and keep our service affordable for our community." Interim President Hart presented the award to Chairman Jacobson. Secondly, the Southeast chapter of the American Association of Airport Executives held their annual meeting several weeks ago. This is the largest chapter in the organization and it includes prominent airports like Atlanta, Washington Dulles, and Memphis to name a few. The organization recognized Chattanooga with their General Aviation Project of the Year Award for the West Side General Aviation Development. In presenting the award the chapter noted that the facility design was truly groundbreaking as it is the first Platinum LEED certified aviation terminal in the world. Interim President Hart thanked Allen & Hoshall for all their hard work in making this happen. He presented the award to Chairman Jacobson and also thanked Wilson Air Center for their world class management of this FBO.

Since the last meeting, CMAA has had two written consent requests approved, including approval for a letter of intent regarding CMAA's debt service, essentially reducing the fixed rate from 5.41 percent to 3.54 percent. This request was approved in writing by Chairman Jacobson and Commissioners Mallen, Mitchell, Snow and Veazey. The second written consent request was for Resolution 65, which provides an update to CMAA's banking resolution to allow Terry Hart, Daniel Jacobson and Hugh Moore collectively, the ability to execute notes on behalf of the airport. This request was approved in writing by Chairman Jacobson, Commissioners Freeman, Mallen, Mitchell, Snow and Veazey.

Finally, Interim President Hart recognized CMAA employee Curtis Robinson for his 35 years of service to the airport. Chairman Jacobson thanked Mr. Robinson for 35 years of dedication and service and presented him with a certificate of recognition. Mr. Robinson thanked the Board and Interim President Hart.

## **Board Action**

### **Resolution 66**

Mr. Moore addressed the Board and said Resolution 66 is the Resolution that will allow the Board to enter into a transaction with First Tennessee that reduces the interest rate and saves a substantial amount of money. Mr. Moore then read the resolution to the Board and it is as follows:

resolution authorizing and approving AN INTEREST RATE REDUCTION AND CERTAIN OTHER MODIFICATIONS TO the chattanooga metropolitan airport authority TAXABLE REVENUE REFUNDING BOND, SERIES 2009, IN THE ORIGINAL PRINCIPAL AMOUNT OF \$6,600,000 (THE "BOND") AND AUTHORIZING AND APPROVING ALL DOCUMENTS, INSTRUMENTS, ACTIONS AND MATTERS NECESSARY OR APPROPRIATE FOR, OR PERTAINING TO, THE BOND

**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 Bond on May 21, 2009 to First Tennessee Bank National Association, which remains the registered owner of the Bond (the "Bank"); and

**WHEREAS**, the Authority has requested that the Bank agree to a reduction in the interest rate borne by the Bond from 5.41% to 3.54% effective June 1, 2012, which will result in a reduction in the monthly installment payment due on the Bond from \$53,740.74 to \$ 48,049.34, effective June 1, 2012; and

**WHEREAS**, the Bank has is willing to agree to such interest rate reduction and monthly installment 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 satisfy the conditions and requirements set forth in the Modification Agreement;

**WHEREAS**, the Authority desires to authorize and approve, 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:**

. Authorization of the Interest Rate Reduction and Other Modifications Set Forth in the Modification Agreement. Under and pursuant to the provisions of the Act, the Authority hereby authorizes the reduction in the interest rate borne by the Bond from 5.41% to 3.54% effective June 1, 2012, which will result in a reduction in the monthly installment payment due on the Bond from \$53,740.74 to \$ 48,049.34, effective June 1, 2012, and the other modifications set forth in the form of the Modification Agreement presented to this meeting of the Board of Commissioners.

. 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 Commissioner, 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.

. 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.

. Ratification of Commitment Letter. The Authority hereby ratifies and confirms that certain Commitment Letter from the Bank dated April 30, 2012.

. 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 16. Limited Obligation and Liability. The Bond, 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 Loan and Bond Purchase Agreement, dated May 21, 2009, in each case 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 Bond, or for the performance of any pledge, mortgage, obligation, agreement or certification, of any kind whatsoever of the Authority, and neither the Bond 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.

. 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.

. 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.


. 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.

**Board Action:** Mr. Moore requested Board approval for Resolution 66 and the modification agreement.

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

### **Budget**

Ms. Cameron then addressed the Board. CMAA worked on the development of the fiscal year 2013 budget for the past five months with both the finance and the marketing committees. Ms. Cameron thanked the members of each of those committees for the time and effort that they put into the process. Ms. Cameron then reviewed the budget and that presentation is as follows:

<i>FY 2013 Budget</i>		
Revenues	\$10,351,602.91	
Expenses	\$(8,305,285.63)	
<b>Net Operating Income</b>	<b>\$ 2,046,317.28</b>	
Non-Operating Revenues	\$ 1,185,462.68	
Transfer to PFC Defeasance Fund (PFC restricted)	\$(1,185,462.68)	
<b>Net Income</b>	<b>\$ 2,046,317.28</b>	
Debt Service - 09 Bonds	\$ (576,592.08)	
Debt Service – Fuel Farm	\$ (51,999.60)	
Transfer to M&O Reserve	\$ (93,199.19)	
Transfer to R&R Reserve	\$ (25,473.53)	
<b>Net Income</b>	<b>\$ 1,299,052.88</b>	
<b>Capital Investments</b>	<b>\$(1,750,162.48)</b>	
<b>Transfer from Reserves</b>	<b>\$ 451,109.60</b>	
<b>Net Income</b>	<b>\$ 0.00</b>	

Operating Revenues for FY 2013 are budgeted at \$10.3 million which are up 10% over FY 2012 forecasts. This increase is the result of additional revenues in several areas including landing fee revenues, parking revenues, and revenues from the new solar farm. Expenses for FY 2013 are at 8.3 million, up 9% from 2012 forecasts. Although we realized cost reductions and savings in several areas, the costs associated with managing growth and various other opportunities has risen. As you can see, we expect to generate net operating income of \$2 million for the upcoming fiscal year. CMAA's rates and charges and insurance policy has been updated to reflect the FY 2013 rates.

Next you will see that we are projecting non-operating revenues of \$1.185 million which are subsequently transferred directly to the PFC fund where they are restricted for use on PFC approved projects.

Debt Service for the year is budgeted at \$628,591.68 and takes into account the interest rate reduction that was just approved. That debt modification is projected to save CMAA \$68,296 on an annual basis or \$478,072.00 over the remaining life of the bonds.

Taking into account transfers of \$118K to our Maintenance and Operating and Renewal & Replacement funds, CMAA is projected to have net income of almost \$1.3 million.

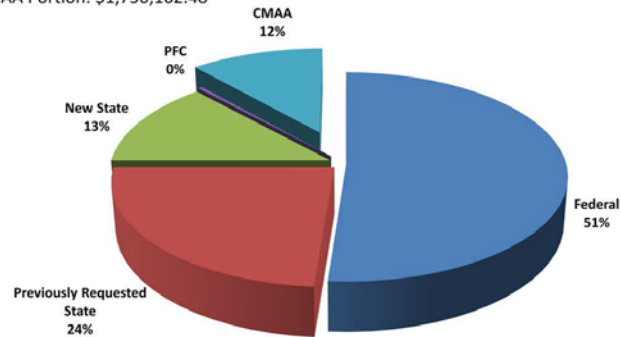


## *FY 2013 Budget*



### **Capital Investment Funding Profile \$ 15,345,838.48**

CMAA Portion: \$1,750,162.48




Capital investments for the year are scheduled to include several projects like the expansion of the solar farm and expansion of the east public ramp, continued general aviation infrastructure development, and initiation of a terminal rehabilitation project to include new carpet and renovation of the concourse restrooms. Of the total \$15 million capital program, CMAA will only contribute 12% or \$1.7 million of the total funding plan. The remaining funds will come through federal and state grants as well as PFC funds.

*FY 2013 Budget*

Unrestricted Reserve Balance	\$7,292,415.82
Transfer to Reserve FY 2013	\$ 118,672.72
<u>Transfer from Reserve FY 2013</u>	<u>\$ (451,109.60)</u>
Net change in Reserves	\$ (332,436.88)
<b>Unrestricted Reserve Balance</b>	<b>\$6,959,978.94</b>

As outlined, our reserve balances, begin with a \$7.2 million balance and we plan to increase the reserve accounts by \$118K, based on our operating surpluses, but reduce by \$451k in order to support our capital investments for FY 2013. Resulting in a net reduction of \$332k, leaving a balance of \$6.9 million.

<i>FY 2013 Budget</i>		
Revenues	\$10,351,602.91	
Expenses	<u>\$(8,305,285.63)</u>	
<b>Net Operating Income</b>	<b>\$ 2,046,317.28</b>	
Non-Operating Revenues	\$ 1,185,462.68	
Transfer to PFC Defeasance Fund (PFC restricted)	<u>\$(1,185,462.68)</u>	
<b>Net Income</b>	<b>\$ 2,046,317.28</b>	
Debt Service - 09 Bonds	\$ (576,592.08)	
Debt Service – Fuel Farm	\$ (51,999.60)	
Transfer to M&O Reserve	\$ (93,199.19)	
Transfer to R&R Reserve	<u>\$ (25,473.53)</u>	
<b>Net Income</b>	<b>\$ 1,299,052.88</b>	
<b>Capital Investments</b>	<b>\$(1,750,162.48)</b>	
<b>Transfer from Reserves</b>	<b>\$ 451,109.60</b>	
<b>Net Income</b>	<b>\$ 0.00</b>	

After deducting our capital program and transferring from reserves, CMAA has a balanced budget, once again.

**Summary**

- Capitalize on Growth Opportunities
  - Commercial
  - Cargo
  - General / Corporate Aviation



As you know, over the past few years, we have made a lot of progress. By capitalizing on growth opportunities and available funding sources, we have been able to secure new cargo service, develop additional revenue from a solar farm that also promotes our green initiatives, and finally we have been able to add competition to the airfield which has benefited local Chattanooga businesses. We also have a lot of projects moving forward to support additional opportunities for growth. During FY 2013, we plan to continue capitalizing on those opportunities in order to promote growth for every aspect of our business.

**Board action:**

CMAA requests approval of the Fiscal Year 2013 Budget with associated rates and charges, organizational structure and pay plan.

**Board Action:** Ms. Cameron requested Board approval of the fiscal year 2013 budget with associated rates and charges, organizational structure, and pay plan.

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

Mr. Hart then addressed the Board. At the request of the Finance Committee CMAA was asked to seek out a third party firm that could assist in determining continued general aviation infrastructure development and the demand for additional facilities. CMAA was successful in finding Airport Business Solutions to meet this request. They are a company that specializes in providing advisory and consulting services to airports and airport businesses around the United States. Michael Hodges is the president of the company and was planning to be here today, but his wife was rushed to the hospital late last night and he was unable to fly into Chattanooga this morning. Therefore, Mr. Hodges has agreed to give his presentation by conference call. His presentation is as follows:

# Chattanooga Airport

## FBO Hangar Market Assessment



Michael A. Hodges, MAI  
(813) 855-3600  
mhodges@airportbusiness.net

### General Observations

- CHA is the preeminent Airport in the region
  - Close-in location
  - Best infrastructure
  - Services & surrounding amenities
- Authority and community recognize the importance of corporate aviation
- Pent-up demand for hangar space due to improving economic conditions



## General Observations

- Current effective hangar occupancy is nearly 90% (based + transient activity and limited usefulness of older hangars)
- Existing 12,000 square foot hangar at Wilson Air Center is 100% occupied
- Limited availability of hangar for transient aircraft at Wilson Air Center site
- No office space available for existing hangar



## General Observations

- Perception of sole source marketplace is slow to change – but improving
- Market rents in \$6.00 to \$8.00 per square foot range
  - Rates are considered below market due to current economic conditions
  - Expected to improve with the economy
- Timing is right for development
- Funding availability



## General Observations

- Hangar 7 to be vacated in the near future
  - Different market niche
  - Need for new hangar co-located with the Wilson Air Center FBO
- New Airport in Cleveland, TN
  - Some limited market impact
  - Demand at CHA to remain high due to requirements of high-end users (Fractionals)



## SWOT Analysis

Strengths	Weaknesses
Opportunities	Threats





## SWOT Analysis

### Strengths:

- Management Entity – Wilson Air Center offers regional and national recognition
- Demand for all new, state of the art facilities
- Airport infrastructure – long runways, precision approaches, ARFF
- Community and area amenities – local lodging and restaurants



## SWOT Analysis

### Weaknesses:

- Current market rents are low
- Incumbency of competition
- “Opposite side of the field” development
  - Can be a limiting issue for itinerant users
  - Takes time to develop identity
  - Much smaller west side facility “dwarfed” by expansiveness of existing east side facilities



## SWOT Analysis

### Opportunities:

- Business travelers have high expectations for modern facilities and high quality services
- Ability to move quickly to preempt new, competing facilities locally and regionally
- Market recognition of the “second” FBO over time



## SWOT Analysis

### Threats:

- Competition from the new Cleveland airport
- Predatory pricing of services and hangar space
- Continued economic downturn and volatility of the cost of fuel



## Market Conclusions

- Long-term growth potential outweighs the short-term competitive risks
- There is a need for modern hangar and office space to grow GA business at CHA
- Long-term hangar tenants become the core business that supports the overall operation
- Additional hangar space is recommended to provide necessary flexibility for transients needing hangar space



## Questions?

### **Airport Business Solutions**

*Michael A. Hodges, MAI*  
*(813) 855-3600*  
*mhodges@airportbusiness.net*

*Or*

*Randy D. Bisgard*  
*(303) 744-0261*  
*rbisgard@airportbusiness.net*

<http://www.airportbusiness.net>



Commissioner Freeman asked Mr. Hodges to discuss the threat from the Cleveland airport development. Mr. Hodges said he thinks the transients and those flying in for business further east may look at the new airport as an alternative. It is a benefit to Chattanooga that people are slow to change their habits but anything new will attract some attention. The real lifeblood is the corporate traffic and the real threat is that the small aircraft will potentially look at that airport as an alternative.

### **West Side Corporate Aviation Development - Phase II Design**

Interim President Hart continued by saying CMAA requests approval for Task Order 18 with Allen & Hoshall for the West Side Corporate Aviation Development, Phase II design. The Task Order includes preparation of plans and specifications for a hangar with office facilities. Allen & Hoshall will provide all associated documentation for a LEED Gold rating. The Task Order also includes the design coordination associated with radar reflectivity, access control, survey, and geotechnical investigation. Allen & Hoshall will bid and award the project and assist in obtaining all permits. The fee for Task Order 18 is \$424,400. The project is funded at the 90 percent state and 10 percent CMAA level. This is a budgeted item.

Commissioner Mitchell noted that the independent study was important for the Board to validate what CMAA is proposing, and the report demonstrated that Chattanooga needs to be prepared for the future and it is very important for the Board to support this item.

**Board Action:** Mr. Hart requested Board approval for Task Order 18 with Allen & Hoshall in the amount of \$424,400 for the West Side Corporate Aviation Development, Phase II Design.

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

### **East Public Ramp Phase I & II Design**

Mr. Naylor addressed the Board, saying that CMAA requests Board approval for Task Order 15 with Allen & Hoshall for the East Public Ramp Expansion, Phase I and II Design. The task order includes geotechnical investigation, preparation of electrical and civil plans and specifications, bid and award of the project, and assistance in obtaining all permits. The fee for Task Order 15 is \$331,218. The project is funded at 90 percent Federal and 10 percent CMAA. All contracts for construction will be submitted for Board approval once the design is complete and all costs are determined.

Chairman Jacobson asked if the ramp would double or triple in size with the expansion. Mr. Naylor said phase one will expand the current ramp out and make it deeper so that the aircraft will have more room and be further out from the airport. In phase two, it will be expanded further to the south and further to the north as conditions warrant.

**Board Action:** Mr. Naylor requested Board approval for Task Order 15 with Allen & Hoshall for the East Public Ramp Expansion Phase I and II Design in the amount of \$331,218.

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

### **2012 Audit Contract**

Ms. Cameron then addressed the Board. CMAA is requesting Board approval for a contract with Joseph Decosimo and Company to perform an annual audit of financial statements for the year ending June 30, 2012. The objective of the audit is to express an opinion as to whether CMAA's financial statements are presented fairly, in all material aspects, in conformity with accounting principles generally accepted in the United States of America and to report on the fairness of the

supplementary information which includes: 1) Expenditures of federal awards; 2) Expenditures of state awards; and 3) Passenger facility charges, interests and related expenditures. This audit does not include an audit of internal control but simply evaluates controls in place to provide a reasonable, not absolute, opinion of the financial statements.

The contract fee for these services will be \$33,500 plus expenses (such as report reproduction, typing, postage, travel, copies, telephone, etc.) The contract fee represents a 3 percent increase in fees over last year. Ms. Cameron introduced Robert Belcher, of Joseph Decosimo and Company, to the Board.

**Board Action:** Ms. Cameron requested Board approval for a contract in the amount of \$33,500 plus expenses with Joseph Decosimo and Company.

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

### **Big Communications – Phase II Continuation**

Ms. Siebold addressed the Board and said last year, CMAA began a rebranding process. After an extensive, nationwide bid process to select a new marketing firm to assist the airport in developing a new brand image, CMAA approved a contract with Big Communications. The firm performed the Big Picture Strategy sessions in Chattanooga. During this process, members of the Consultant's team visited the area to get acquainted with the airport and Chattanooga communities – meeting with key players in the city, learning about airport goals and hearing from airport leadership. Then the Consultant provided a comprehensive marketing plan including:

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

After presenting their recommendations to CMAA staff and on the recommendation of CMAA's marketing committee, CMAA moved forward with Phase II of the project – executing on the concepts they had developed. During Phase II, the team:

- Completed development of the new CMAA logo
- Developed one (1) television commercial, three (3) print ads and three (3) online ads.
- Provided media placement and management services
- Developed internal signage designs

For FY 2013, CMAA will be continuing the implementation of this strategy. Big Communications will be performing the following scope of services:

- Provide general media placement and management services, including, but not limited to, purchasing media, auditing and itemizing invoices.
- Develop new ads with specific target messages (meeting planners, environmental / sustainability, etc.,) for both internal and external audiences
- Develop promotional materials and plans as needed by CMAA.

The entire project will cost \$150,000 (\$110,000 for media buy and \$40,000 for creative services and account management) and will be completed by June 30, 2013. This is a budgeted item. Ms. Siebold introduced to the Board Satina Richardson, who is CMAA's account executive, and Sally and Cammie who are part of the media team and help with developing the media strategy for how CMAA places media here in Chattanooga.

Commissioner Mallen commented that Big's initial presentation was very impressive on paper, but the finished product is magnificent and has been a really positive rebranding effort for the airport.

**Board Action:** Ms. Siebold requested Board approval for continuation of Phase II of the branding contract with Big Communications to execute the concepts that have been developed. Total contract value is \$150,000.

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

#### **Waterhouse Public Relations**

Ms. Siebold continued by saying 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
- Special event management
- In-terminal advertising support, as needed
- Special projects and miscellaneous public relations support, as needed

The term of the contract begins on July 1, 2012 and extends through June 30, 2013. Ms. Siebold then introduced Albert Waterhouse and Nathalie Strickland to the Board.

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

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

#### **Access Control Service Agreement**

Interim President Hart said CMAA is requesting Board approval to accept a proposal submitted by I-Sys Corporation to continue to provide the necessary options to maintain the airport's security system.

CMAA's access control system was initially installed in three phases. The first phase included the terminal building, the second phase included the first section of the perimeter fence line and the third phase was the rest of the perimeter fence line. The current agreement with I-Sys Corporation expires on June 30, 2012 and covers all security and camera hardware and software associated with the first two phases. The third phase was covered under a warranty which has now expired.

CMAA requested a proposal from I-Sys to extend the service agreement through the end of the fiscal year, June 30, 2013, continuing to provide the necessary options to maintain the airport's security system through that period and to include the areas previously not covered by the agreement. This includes emergency maintenance on all network equipment, work stations, recording devices and field controllers. The agreement will also include priority telephone assistance, remote access support, and the latest software upgrades.

Staff recommends acceptance of the I-Sys Corporation's proposal in the amount of \$99,375, to provide the necessary services to maintain the security access control system through June 30, 2013. There was no rate increase over the current agreement, however, the addition of the areas no longer covered under warranty, did result in an increase in the total cost. This is a budgeted item. Interim President Hart introduced Joe King, the Tennessee Operations Manager, and Gene Pack to the Board.

**Board Action:** Interim President Hart requested Board approval to accept the proposal submitted by I-Sys Corporation in the amount of \$99,375 to provide the required access control system maintenance support.

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

#### **Parking Equipment Maintenance Agreement**

Interim President Hart said CMAA's current parking equipment service agreement with Republic Parking System, Inc., expires on June 30, 2012. The agreement requires Republic to provide the necessary resources to maintain the parking control equipment located in each of the terminal parking lots, including both preventative and emergency repair services.

CMAA requested a proposal from Republic to extend the service agreement through the end of the fiscal year, June 30, 2013, continuing the necessary steps in maintaining the parking equipment system. In addition, at CMAA's sole discretion, the Authority and Republic have the option to extend this agreement for three additional twelve-month terms plus one final extension of six months to allow this Agreement to end concurrently with the current Republic Parking Management Agreement on December 31, 2016.

After reviewing Republic's proposal in the amount of \$31,800 and in conjunction with prior performance and the company's thorough knowledge of parking control systems, especially Federal APD, CMAA recommends acceptance of this agreement. This represents a 4 percent increase over the current agreement, which remained constant for two years, and this item was included in CMAA's operational budget.

Commissioner Mallen asked if the price is fixed for the next three years. Interim President Hart said the price is set for one year.

**Board Action:** Interim President Hart requested Board approval to accept the proposal submitted by Republic Parking System, Inc., in the amount of \$31,800 to maintain the parking control equipment for a term of one year, beginning July 1, 2012, with the option to extend this agreement for three additional twelve-month terms plus one 1 final extension of six months.

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

### **Other Business**

Commissioner Mallen said there are good days and great days at the Chattanooga Airport, and this is a great day. He said he was honored to be asked by the Board to Chair the CEO Search Committee, along with his two colleagues, Commissioners Freeman and Veazey. He said when he first met Terry Hart at his board orientation two years ago, his first impression of Mr. Hart was, if he can work in Chicago for American Airlines for 25 years, he can do anything. Terry has served for the last four and a half years as Chief Operating Officer for CHA. He's done an excellent job fulfilling his duties as COO, and he's fully prepared to take over as CEO. A Board's most important obligation is to prepare for succession, and to have a plan in place. Commissioner Mallen complimented CMAA's Board on having the foresight to have someone of Mr. Hart's caliber waiting in the wings, no pun intended, to take over when the time comes. Mr. Hart stepped into the Interim CEO position and made it look effortless. The transition was seamless, operations are running smoothly, morale is excellent, the staff is working as a team, and CHA is in a very good place. A few of the things that impressed the Personnel Committee about Mr. Hart are his extensive knowledge and experience within multiple facets of the aviation industry, his deep understanding of the role an airport plays within a community and the many stakeholders it impacts, his commitment to customer service and providing a superior travel experience, his fiscal responsibility, and his appreciation for the importance of building strong internal relationships with employees, tenants, vendors and the general public. Promoting from within is a great luxury for any Board to have and Mr. Hart has known proven abilities and skills. The Personnel Committee has voted unanimously to recommend adoption of Mr. Hart's contract of employment and has worked with CMAA's legal counsel, Hugh Moore, to develop a contract, which has been circulated for the Board's review. Commissioner Mallen asked Mr. Moore to give the Board a brief overview of the contract terms.

Mr. Moore said, at the Personnel Committee's request and for the Board's consideration is a new employment contract with Mr. Hart. It is a five year agreement. The term would run through June 26, 2017, and it could be renewed for two additional years through June 2019 by mutual agreement of this Board and Mr. Hart. His pay is \$140,000 per year and any raises are at the



discretion of the Board. There is a provision in here for bonuses, also at the complete discretion of the Board.

Commissioner Mallen then read a resolution prepared by CMAA's legal counsel. The resolution is as follows:

## RESOLUTION 67

The Personnel Committee of the Chattanooga Metropolitan Airport Authority met in a duly noticed session on Friday, June 22, 2012.

The Personnel Committee, without dissent, resolves and recommends to the Board of Commissioners of the Chattanooga Metropolitan Airport Authority that Terry L. Hart be appointed as President and Chief Executive Officer of the Chattanooga Metropolitan Airport Authority, for a five-year term, effective June 27, 2012, and pursuant to the terms and conditions of a proposed Employment Agreement which will be presented to the Board of Commissioners concurrently with this Resolution.

June 22, 2012  
Date

W.C. W.  
Chair, CMAA Personnel Committee

John Keagy  
Member, CMAA Personnel Committee

Mary Freeman  
Member, CMAA Personnel Committee

Commissioner Mallen said he would like to move that the Board approve the employment agreement based upon the recommendation of the Personnel Committee in its unanimous Resolution, appointing Terry Hart as President and CEO of the Chattanooga Metropolitan Airport Authority under the terms and conditions outlined here.

Commissioner Freeman said he would second the motion. He said the Personnel Committee took the job very seriously, looked at every possibility, and in the final analysis, did the best possible job. He said Mr. Hart was the right person at the right time for the right job. He is going to carry this airport forward to a different level. The staff is behind him and the team is together, morale is high as was already indicated. The Board looks forward to working with him.

Commissioner Mitchell said she had heard only positive feedback from people in the aviation industry so carry on and congratulations.

Commissioner Veazey told Mr. Hart that he has the full support of the Board.

Commissioner Snow said he really believes in continuity and promoting from within, so congratulations.

Chairman Jacobson thanked Commissioners Mallen, Freeman and Veazey, for their work on this committee. He said they met several times before this decision was put forth. He also recognized Mr. Hart for all the work he has done since the beginning. Chairman Jacobson said he had the pleasure of speaking to CMAA staff around 9 a.m. to let them know what he thought was going to happen, pending Board action of course. The excitement on the faces, the applause, and the reception that this tentative announcement was given, speaks volumes as to the kind of leader Mr. Hart will be. He is not only a strong leader in the industry, not only a strong leader in knowing the job, but also a very caring and personable leader. Chairman Jacobson said he applauds that in Mr. Hart and looks forward to many great things in Mr. Hart's leadership. Chairman Jacobson said the Board is pleased to take this action and look forward to Mr. Hart's leadership.

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

Chairman Jacobson congratulated President Hart.

President Hart thanked the Board. He said he appreciated their confidence and consideration. He told them he appreciates their service and the amount of time they spend as part of the Board on a volunteer basis. President Hart said he thinks it is a wonderful opportunity for everyone. He said he will continue to focus on the same goals that have been in place since the four years since he arrived in Chattanooga. Those goals are to ensure that the airport remains a safe and secure environment, to deliver on the customer service that has become a large part of this airport and why people continue to come here, and to ensure long term financial stability.

President Hart continued to say that he wanted to talk about the team as well. He said he was very pleased four and a half years ago when he arrived in Chattanooga and was welcomed by a

lot of wonderful employees. He said it is a great team and he truly appreciates what everyone has done for him and the airport.

**Public Comment**

None

**Closing Comment**

Chairman Jacobson expressed his thanks to the commissioners and staff for their contributions and to Ms. Cameron and the Finance Committee for their tireless work on the budget. He welcomed President Hart once again to his new position and reiterated President Hart's goals for the airport. He said, as the front gate to the community, the Chattanooga Airport will continue to build partnerships that contribute to the economic development of the community, including commercial airline service, cargo growth and general aviation services. There are so many exciting projects this fiscal year and Chairman Jacobson said he looks forward to working with each of the Commissioners, as well as President Hart and the team, on those priorities.

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

Adjourn

**Chattanooga Metropolitan Airport Authority  
Board of Commissioners Meeting Minutes  
August 20, 2012**

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting Monday, August 20, 2012 at 2:00 p.m. Chairman Jacobson, Commissioners Freeman, Snow, Mitchell and Mallen were present.

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

**Minutes**

**On motion of Commissioner Mallen, seconded by Commissioner Freeman, the minutes of the July 27, 2012 meeting were approved with one correction.**

**President's Report**

President Hart addressed the Board. CMAA's June enplanement report shows a 2 percent increase in passenger boardings over the same month in 2011. For the first six months of 2012, passenger traffic is up almost 5 percent. CMAA also had another strong month in air cargo operations. Year-to-date cargo numbers are up over 240 percent. In total, aircraft operations on the airfield, which include commercial flights, general aviation, cargo and military, are up almost 16 percent at the Chattanooga Airport today. That is great news for the airport and a continuing sign of economic strength within the community.

Since the last meeting, CMAA had five written consent requests approved, including approval for a new lease agreement with First Tennessee Bank National Association for a space in the terminal building for the placement of an ATM. The term of the agreement is for six months beginning on August 1, 2012 and ending on January 31, 2013 without renewal options. The rental amount is \$175 per month. This request was approved in writing by Chairman Jacobson, Vice Chairman Hall, and Commissioners Freeman, Mallen, Mitchell, Snow and Veazey.

The second written consent request was to enter into a lease with Enterprise Holdings for five years in the amount of \$3,037.56 per year for years one through three, \$22,800 per year for year four, and \$23,028 per year for year five commencing on August 1, 2012. This request was approved in writing by Chairman Jacobson, Vice Chairman Hall, and Commissioners Freeman, Mallen, Mitchell, Snow and Veazey.

The third written consent request was to enter into a contract with Leigh/Fisher in the amount of \$25,000 for the completion of a geometric glare analysis for Phase II of the Solar Farm Installation Project. This request was approved in writing by Chairman Jacobson and Commissioners Freeman, Mallen, Mitchell and Snow.

The fourth written consent request was for approval to enter into an agreement with Wells Fargo Insurance Services for a three year term in the annual amount of \$30,000 for insurance broker services. This request was approved in writing by Chairman Jacobson and Commissioners Freeman, Mallen, Mitchell, Snow and Veazey.

The final written consent request was for approval to execute the first one year extension to the Architectural and Engineering Services contract with Allen & Hoshall, Inc. This extension will expire on August 16, 2013. This request was approved in writing by Chairman Jacobson, Vice Chairman Hall, and Commissioners Freeman, Mallen, Mitchell, Snow and Veazey.

Each year Airports Council International – North America (ACI-NA) recognizes up to four airports for their environmental achievements within their own communities. Each winning airport must demonstrate the environmental benefit of their project, innovative approach, effective implementation, applicability and cost effectiveness. This year ACI-NA received a record number of entrants – a sign of the industry’s continuing focus on sustainability. In addition to the four winning projects, judges were so impressed with the field of candidates this year that they also awarded an honorable mention in each category. CMAA is proud to report that the Chattanooga Airport was recognized with the honorable mention in the category of Environmental Management for CMAA’s Green Initiative. President Hart gave an overview of the airport’s sustainability efforts and thanked all those involved..

President Hart continued to say last week CMAA had the annual inspection by the Federal Aviation Administration. This inspection ensures that the airport operates in compliance with FAA Part 139 regulation, which governs commercial service airports. The inspection checks for compliance on a number of items, including but not limited to training records, lighting, fueling, construction, wildlife hazards, and many more. President Hart thanked staff, including the operational safety and fire group, the maintenance department, and police and security for their great work in keeping the airport operating at the high level all year, not just when the inspectors are here.

## **Board Action**

### **Flood Policy**

Ms. Cameron said CMAA is requesting Board approval to accept a renewal quote for CMAA’s Flood Policy. CMAA’s new insurance broker, Wells Fargo Insurance Services, received a renewal quote from The Hartford for CMAA’s Flood Policy on the terminal building. The flood policy is part of the National Flood Insurance Program administered by FEMA and currently underwritten by The Hartford. This policy serves as primary in the event of a flood and provides CMAA with additional protection and a lower deductible than CMAA’s property policy can provide. This policy covers only the terminal building in the event of a flood with building and contents coverage of \$500,000 each and deductibles set at \$5,000. The renewal has been quoted at \$11,071 which represents a 2 percent decrease from last year and is a budgeted expense.

Commissioner Mitchell asked about the limits of the flood coverage in the property policy. Ms. Cameron replied that this policy would pay primary and then it would pay up to the policy limit. The deductible on that policy is \$10,000 where this policy is only \$5,000. The new insurance broker is currently looking at this policy to determine if there is another option for CMAA. The airport is now in the 500 year flood level instead of the 100 year flood level, so CMAA is trying to get placed in the preferred risk category which would lower the premium.

**Board Action:** Ms. Cameron requested Board approval to accept the renewal quote from The Hartford for CMAA's Flood Policy in the amount of \$11,071.

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

### **City of Chattanooga Agreement**

Mr. Naylor addressed the Board and said CMAA is requesting Board approval to enter into an agreement with the City of Chattanooga to develop a project that will improve water quality and provide new green stormwater infrastructure. The project will reduce flooding and stormwater runoff from impervious surfaces associated with the airport's recently purchased Brainerd Road properties. Both CMAA and city officials believe that the city's water quality and the public good will be served by entering into this agreement.

CMAA will provide a survey report of the properties at 5915 and 5949 Brainerd Road, engineering design, demolition of buildings and asphalt, site grading for drainage, erosion control during construction and seeding of the site. All of the work CMAA will complete is part of the approved scope from the AIP grant already in place for \$615,000 inclusive of CMAA's 5 percent funding of the project, for the purchase of these properties and the demolition and regrading of the sites. CMAA will also seek available stormwater credits and abatements. CMAA will coordinate with the city on design of the project. The term of this agreement will commence on the effective date and terminate on April 1, 2014.

Commissioner Freeman asked who is responsible for any additional costs associated with the project because of the design. Mr. Naylor replied that CMAA is only responsible for the cost up to the amount of funding CMAA has received which is \$615,000.

Chairman Jacobson asked if legal counsel reviewed the contract. Mr. Moore replied that he had reviewed the contract and made some changes to the draft. He said he would recommend it, and it is satisfactory.

**Board Action:** CMAA requests Board approval to enter into an agreement with the City of Chattanooga as outlined.

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

### **East Public Cargo Ramp**

Mr. Naylor continued to say CMAA is requesting Board approval for two items associated with the expansion and reconstruction of the East Public Cargo Ramp. The project is for the development of public infrastructure, specifically to expand and construct a public ramp to support the growing air cargo demand within the community. Chattanooga has already experienced a 240 percent increase in air cargo in 2012. The project consists of the expansion and reconstruction of the existing ramp located at the south end of the airport. The project encompasses all site-work, erosion control, drainage, manholes, concrete paving, asphalt milling and placement, lighting and signage, pavement marking, turf installation and other related work.

CMAA received three bids on this project. After meeting all of the bid requirements, Allen & 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 bid price was \$1,989,239, while the engineer's estimate for this project was \$2,158,836.

Mr. Naylor introduced Jamie Thomas, co-owner of Thompson Brothers Construction. Mr. Thomas greeted the Board. He shared a brief history of the company and went over many of the projects his company had completed including highway construction for TDOT and \$40 million worth of work at Volkswagen.

Commissioner Mitchell asked if this is a not-to-exceed contract. Mr. Naylor replied that this is a construction contract with known quantities but it is a contract amount based on the bid that the company submitted. Typically in construction projects there could be over-runs or under-runs that will be adjusted at that time. With the FAA, CMAA does have the ability to adjust those numbers as the project progresses. Mr. Naylor continued to say that Allen & Hoshall manages the construction to keep it on budget.

Commissioner Mitchell asked if there was a contingency built in the contract for over-runs. Glen Heath replied that federally funded projects are not allowed to include a contingency. He said that if anything runs over the grant amount then it will be brought to the Board for approval.

Mr. Naylor continued to say the second item is to approve Task Order 19 with Allen & Hoshall in the amount of \$339,000 for engineering services associated with the East Public Cargo Ramp project. The fee includes the engineering services for Construction Administration, Submittals / Shop Drawings, Resident Project Representative, Final Survey, As-built Drawings, and Quality Assurance Testing. Funding for the engineering services and construction work is 90 percent Federal with the remaining 10 percent to be paid by CMAA.

These requests are contingent on receiving a Federal AIP Grant.

Chairman Jacobson asked when to expect the grant. Mr. Naylor replied that the money must be disbursed before October 1, so he expects it in September.

**Board Action:** CMAA has two separate requests.

First, Mr. Naylor requested Board approval to enter into a contract with Thomas Brothers Construction in the amount of \$1,989,239 for the expansion and reconstruction of the East Public Cargo Ramp, contingent on receiving a Federal AIP Grant.

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



Next, Mr. Naylor requested Board approval for Task Order 19 with Allen & Hoshall in the amount of \$339,000 for engineering services associated with the East Public Cargo Ramp project, contingent on receiving a Federal AIP Grant.

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

**Other Business**

None

**Public Comment**

None

**Closing Comment**

Chairman Jacobson thanked the commissioners and staff for their contributions in the meeting and for the thousands of travelers who are choosing to “get on board” in Chattanooga. He also congratulated the team for their recognition from ACI regarding the airport’s sustainability philosophy and for making the airport a leader in the sustainability movement within the aviation industry.

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

**Adjourn**

**Chattanooga Metropolitan Airport Authority  
Board of Commissioners Meeting Minutes  
October 15, 2012**

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting Monday, October 15, 2012 at 2:00 p.m. Chairman Jacobson, Commissioners Freeman, Snow and Veazey were present, and Commissioner Mallen attended by phone.

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

**Minutes**

**On motion of Commissioner Veazey, seconded by Commissioner Snow, the minutes of the August 20, 2012 meeting were approved.**

**President's Report**

President Hart addressed the Board and thanked them for attending the meeting. The August enplanement report shows a 9 percent increase in passenger boardings over the same month in 2011. For the first eight months of 2012, passenger traffic is up over 4 percent. It was also another strong month for air cargo operations. Year-to-date the airport's cargo numbers are up over 250 percent, and total aircraft operations (including commercial flights, general aviation, cargo and military) are up over 16 percent year to date. The airport continues to see strong growth across every sector of the business.

Since the last meeting, CMAA had one written consent request approved. CMAA requested Board approval to enter into a lease agreement with Farrow Service Center for the building and associated land located at 103 Jubilee Drive. The terms of the new lease include a rental rate of \$2,000 per month for the first six months which will increase to \$2,430 per month afterwards, with an annual escalation to the rental rate. The lease gives an initial five year term with two five year options to renew, along with a six month termination for convenience provision. The premises will be used as an auto repair and parts sales business. CMAA will not be responsible for any maintenance or repairs including the roof and HVAC units located at the building. This request was approved in writing by Chairman Jacobson, Vice Chair Hall and Commissioners Freeman, Mallen, Mitchell and Snow. Once again, CMAA requests Board approval of an agreement with Farrow Service Center for the property located at 103 Jubilee Drive.

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

President Hart continued to say last month he had the opportunity to attend the Boyd Conference, which is an annual gathering of the decision-makers within the commercial aviation industry. It was a great opportunity to learn more about where they see the industry going over the next few years and how CMAA can best position the airport and community for the future. The general takeaway of the extensive discussions and presentations was that the industry is undergoing changes that will shift entire planning paradigms, and the shifts will be generally positive. President Hart said he met with Michael Boyd's team to discuss the Chattanooga market – both

current access and future opportunities for growth. The loud and clear message was that Chattanooga continues to provide remarkable access for a community of its size. With eight nonstop destinations – six of which provide global connectivity, Chattanooga is often held up as an example of the potential of a small community, and CMAA will continue to look for markets that can support growth – whether through additional nonstop flights, or in growing the frequency and improving the schedule of current destinations.

On September 27, CMAA was privileged to host the homecoming of Army Specialist Andrew Smith, who was injured in March of this year while on patrol in Afghanistan. Andrew and his wife, Tori, have been at Walter Reed Medical Center ever since the injury, but on the morning of September 27, the Smiths came home for 10 days, arriving at the Wilson Air hangar to be greeted by several hundred friends and supporters. It was a great event and CMAA's entire team was honored to participate in the planning and execution of the homecoming. On that note, the local non-profit organization, Steps 2 Hope is raising funds to build a home for the Smith family when they permanently return to Chattanooga. In support of that effort, Wilson Air and Crystal Air will be hosting a fly-in pancake breakfast on October 20, benefitting Steps 2 Hope. Fly-in breakfasts are a best practice in the FBO industry and a great way to bring the private aviation community together. Crystal Air will be offering half price flights in their Caravan for people wanting to get a good view of the fall colors. All proceeds from the event will benefit Steps 2 Hope and help get Andrew and Tori in their new house.

Finally, President Hart took a moment to recognize one of CMAA's long time employees, the Director of Maintenance, Bobby Atkins, for 25 years of service to the airport. President Hart presented Mr. Atkins with a token of appreciation on behalf of the Board and the entire CMAA team and Chairman Jacobson added his thanks and congratulations to Mr. Atkins on behalf of the Board.

Mr. Atkins thanked President Hart and the Board for their leadership and he expressed gratitude to God for allowing him to be at the airport and for being so good to his family.

Robert Belcher of Decosimo then gave his report to the Board on the annual audit. His financial highlights are included below.

Operating revenues were \$9,640,967 for FY 2012, up 23 percent over the previous year actuals. Both landing fees and terminal rents increased due to additional flights from FedEx and implementation of a terminal common space charge. Significant increases resulted from the parking and rental car operations due to overall growth in the market. On the airfield, CMAA experienced a reduction in overall activity fees primarily driven by the elimination of the airfield parking fee. New sources of revenue for FY 2012 include revenues from the fixed based operation and the new one megawatt solar farm.

Operating expenses were \$7,394,279 for FY 2012. During the year, CMAA implemented a rebranding campaign to focus marketing efforts on existing customer base, as well as the many new travelers who have entered the market in the last several years. In addition, CMAA opened a fixed based operation on the field in response to customer demand for competition.

Total assets of the Authority increased by \$7,665,399 during the year ended June 30, 2012. The majority of the increase came from additional property and equipment which grew by \$6,329,123 and was primarily realized through the assistance of the Federal Airport Improvement Program and assistance from the State of Tennessee.

CMAA's long term debt for FY 2012 was reduced to \$5,248,993 after satisfying the current year's fixed rate debt requirement of \$381,582.

Chairman Jacobson added that the Finance Committee did review the audit report thoroughly and had a very good feeling about the procedural accuracy with which the audit had been conducted. He thanked April Cameron and her staff for their hard work on the audit.

Ms. Cameron addressed the Board and gave them a brief history of how CMAA began working with Wells Fargo Insurance Services earlier this year. She shared that the insurance company had already worked to save the airport more than \$17,000 for just the flood policy by having the property reclassified to a preferred risk category, including retroactive reclassification which resulted in an \$8,800 refund to CMAA. Ms. Cameron introduced Dean Anderson and Dawn Kirkland of Wells Fargo Insurance Services to the Board.

Mr. Anderson is the aviation practice group leader for Wells Fargo and said from an airport standpoint his department handles Charlotte, Dulles, Reagan, Salt Lake City, and all of the airports in Alaska.

Ms. Kirkland, senior account executive, said while Dean specializes in aviation in the liability piece, she handles the property on the building as well as the directors and the officers coverage. She also shared information about current trends in the insurance industry over the last few years and how the economic downturn and catastrophic events have affected the industry.

Ms. Cameron thanked Mr. Anderson and Ms. Kirkland for the time they spent working with her to improve the coverages that CMAA already has.

## **Board Action**

### **Commercial Property**

Ms. Cameron said Wells Fargo solicited quotes from 30 insurance providers for renewal of CMAA's commercial property coverage valued at more than \$49 million. Four companies responded to the solicitation and provided pricing for the coverage. The most competitive proposals came from CNA and Liberty Mutual. CNA (rated A XV), the incumbent, provided a quote of \$49,651 that includes the Boiler and Machinery coverage with a deductible of \$10,000. Liberty Mutual (rated A XV), quoted a price of \$60,042 with a deductible of \$25,000. A thorough review of the policy's sub-limits and exclusions by Wells Fargo and CMAA show that the incumbent, CNA has provided the most competitive proposal. Wells Fargo agrees that CMAA should remain with CNA for the upcoming term effective October 31, 2012.

Commissioner Freeman asked how the new premium compares to the previous year's premium. Ms. Cameron said this is an increase from last year of \$10,000, which was expected based on Ms. Kirkland's information about changes in the insurance industry.

**Board Action:** Ms. Cameron requested Board approval for the renewal of CMAA's commercial property coverage with CNA in the amount of \$49,651.00.

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

### **Commercial Automobile**

Ms. Cameron continued to say Wells Fargo solicited bids to renew CMAA's Commercial Automobile policy effective October 31, 2012. Three carriers submitted proposals including Travelers (A+XV), Harleysville (A X), and CNA (A XV). A review of the proposals including premiums, deductibles and exclusions show that Harleysville provided the most competitive quote at \$14, 944. The automobile policy covers the actual cash value of 16 CMAA vehicles that are driven both on and off airport property. The coverage includes general liability, medical payments, uninsured motorists, and comprehensive and collision damage with deductibles set at \$250 and \$500.

**Board Action:** Ms. Cameron requested Board approval for the acceptance of an automobile policy with Harleysville in the amount of \$14,944.

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

### **Executive Liability**

CMAA's current Executive Liability coverage expires on October 30, 2012. This coverage includes Directors and Officers, Employment Practices and Fiduciary Liability coverage for the Airport Authority. Wells Fargo solicited proposals for renewal of this policy. Four companies were approached for the renewal, ACE (incumbent), Travelers, Chubb and Chartis. Chubb and Chartis both declined to submit stating that they could not compete with current pricing. Travelers offered a quote for fiduciary only since the ACE policy does not cover fiduciary for a multi-employer plan such as the plan CMAA participates in with the City of Chattanooga. Additionally, Wells Fargo secured a quote for a \$5 million excess policy with RSUI along with a secondary excess policy with Hiscox also valued at \$5 million. Based on the review, Wells Fargo has recommended that CMAA accept the proposal from ACE for the primary coverage in the amount of \$13,158, Travelers for the fiduciary coverage in the amount of \$972 and excess policies with RSUI and Hiscox in the amounts of \$12,335 and \$9,684. The total cost of the \$15 million executive liability coverage is \$36,149 (\$30,547.35 net of commission). Each of these coverages includes a commission ranging from 15 to 20 percent that will be deducted from the flat fee paid to Wells Fargo for placing the coverage.

Coverage	2011-2012 Premium (net commission)	2012-2013 Premium (net commission)	Variance (\$)	Variance (percent)
Property	\$38,811.85	\$49,651.00	\$10,839.15	28percent
Auto	\$17,136.85	\$14,944.00	\$ -2,192.85	-13percent
Executive Liability	\$22,319.00	\$30,547.35*	\$ 8,228.35	36percent

\*Please note that this value is net of commission for comparison purposes. Because the executive liability carriers would not deduct the commission, Wells Fargo has agreed to reduce their flat fee by the amount of commissions paid. The 2012-2013 premiums include an additional \$5 million in coverage for D&O and EPL.

**Board Action:** Ms. Cameron requested Board approval to accept ACE for primary coverage in the amount of \$13,158, Travelers for fiduciary coverage in the amount of \$972, and excess policies with RSUI and Hiscox in the amounts of \$12,335 and \$9,684.

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

President Hart then shared a brief history of the solar development with the Board including the direction the airport is taking in phase II.

### **Solar Farm Phase II Design / Build Contract**

Mr. Naylor then addressed the Board. CMAA is requesting Board approval to enter into a Design / Build contract with Inman Solar / Young Electric for the construction of a 1.1 Megawatt Solar (PV) Farm on the Southwest corner of the airfield. CMAA received six bids on this project. After meeting all of the bid requirements, staff recommends that the Design / Build contract be awarded to the lowest most responsive bidder, Inman Solar / Young Electric. The Inman Solar / Young Electric team consists of the following firms: Inman Solar (joint venture – general contractor), Young Electric (joint venture – general contractor), Kimberley-Horn and Associates (airspace engineering), Aviation Alliance Electrical Engineers (electrical engineers), Earthworx Surveying Company (airfield survey), and David Barrueta Associates (project manager). This is the same team that installed Phase I and they bring a great deal of experience to this project. The project will be funded through the FAA, Section 512, Energy Efficiency Grant Program. The contract amount is \$2,820,111.

Combined Phase I and II will produce the equivalent of 85 percent of the airport's electric requirements. Phase II will benefit the community and state through improved air quality. As you are aware, Hamilton County is in a non-attainment area for Particulate Matter 2.5. Solar power produces no emissions and is carbon neutral, so this location is the ideal application for solar technology and is in keeping with the airport's commitment to improving the air quality of the region.

The state has provided a Letter of Assurance that guarantees that all Airport Emission Reduction Credits generated by this project will be solely owned by the airport. The AERC credits will become important as the airport expands in the future, as it is anticipated that the Environmental Protection Agency will begin requiring airports to prove that development projects have no negative environmental impact, or the airport will have to buy or create AERC credits to offset the impact. All of the credits associated with the solar farm (Phases I and II) as well as the GPU / PCA project will be banked for the airport's future use in development.

The project will be 90 percent Federal with 10 percent CMAA funding. This is a budgeted item.

Mr. Naylor introduced Daniel Fossitt, of Inman Solar, and Robin Young, Michael Young and Ross Foxx of Young Electric. Mr. Fossitt thanked the staff for their confidence in Inman Solar and said they are very excited to start on the project. Ms. Young said her team is very excited and honored to be a part of the project.

**Board Action:** Mr. Naylor requested Board approval to enter into a Design / Build contract with Inman Solar / Young Electric in the amount of \$2,820,111 for the construction of a 1.1 megawatt Solar Farm.

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

#### **Allen & Hoshall Task Order 16**

John continued to say CMAA is requesting Board approval for Task Order 16 with Allen & Hoshall. The task order is for the engineering services associated with site preparation for Phase II of the Solar Farm. The engineering services will include design, bid, award, and construction administration. The site needs to be leveled and the southwest corner needs to be raised. The contract amount is \$68,600 and will be covered by AIP Grant 58. The project will be funded at 90 percent Federal and 10 percent CMAA. This is a budgeted item.

**Board Action:** Mr. Naylor requested Board approval for Task Order 16 with Allen & Hoshall in the amount of \$68,600.

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

#### **TVA Renewable Standard Offer**

Mr. Naylor said CMAA is requesting Board approval to enter into a Renewable Standard Offer Contract with TVA. The contract will cover the sale / purchase of Renewable (Solar) Power to the TVA power GRID. The contract term will cover a 20 year period. Renewable Standard Offer pricing is on a sliding scale based on month and time of day with a built in annual 3 percent escalator. It is estimated that the CMAA will receive approximately \$110,000 annually for power production from Phase II of the solar development. For Phases I and II the airport should receive approximately \$210,000. Additionally, TVA will pay the airport a \$.04 kWh premium for the first 10 years of this agreement. The premium applies to the first one megawatt produced annually. The annual premium equates to \$40,000 or \$400,000 over the life of the

contract. This agreement contains substantially the same terms as the TVA Renewable Standard Offer agreement for Phase I of the project.

**Board Action:** Mr. Naylor requested Board approval to enter into a Renewable Standard Offer Contract with TVA for a 20 year term.

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

#### **GPU / PCA, Allen & Hoshall Task Order 17**

Mr. Naylor said as a continuation of the airport's green initiative, CMAA began exploring opportunities to further reduce emissions and bank Airport Emission Reduction Credits (AERC) for future expansion. Under the FAA's Voluntary Airport Low Emissions (VALE) program, CMAA learned the airport could pursue the installation of Ground Power Units (GPUs) and Pre-Conditioned Air (PCA) on the jet bridges and remote locations serving the terminal. Operationally, this project means that the airlines will be able to shut down their auxiliary engines while at the gate, with the GPU / PCA equipment continuing to provide power and air to the aircraft. Currently, all air carrier engines must remain running which burns fuel and contributes negatively to air quality. The airport has received a Letter of Commitment from Delta, American, US Airways and Allegiant for the use of this equipment. This project will also reduce the cost to the airlines to operate in Chattanooga.

CMAA is requesting Board approval for Task Order 17 with Allen & Hoshall. The task order is for the engineering services associated with the Ground Power Unit (GPU) and Pre-Conditioned Air (PCA) Project. The engineering services will include design, bid, award, and construction administration. The contract amount is \$79,860 and will be funded as part of the GPU / PCA VALE Grant. The project will be funded at 90 percent Federal and 10 percent CMAA. This is a budgeted item.

**Board Action:** Mr. Naylor requested Board approval for Task Order 17 with Allen & Hoshall in the amount of \$79,860.

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

#### **Other Business**

Mr. Moore addressed the Board to recommend two changes to the Authority's bylaws. In section 100.06 there was a new opinion by the Tennessee Attorney General that led to the revision of the procedure on how written consents are handled. In addition to presenting written consent items during the monthly meetings, the President or his designee shall present each matter to the Board for new and substantial reconsideration of the issues involved. Each such matter must be presented to the Board in properly noticed open meeting, so that the public shall have ample opportunity to know the facts and be heard in reference to the matters and issues.

The second change is section 200.02 which is about purchasing. The bylaws require that the minimum of three bids be solicited for any and all purchases in excess of \$5,000. Bids must



comply with certain standards, to the means of soliciting bids and the bylaws provide that bids be solicited by one or a combination of these methods. The new method that has been added is paragraph four, which is posting notice of the solicitation at such locations where members of the community could become aware of the notice, including by electronic or other means. So now in addition to soliciting bids in person, by phone, mailing proposals to people, and advertising in the newspaper, the fourth option is to post the notice where people can become aware of it.

Commissioner Mallen asked in section 100.06, if there is a gap period between the written consent approval and the reconsideration at the live meeting, is there a condition in the lease that says it is subject to final approval. Mr. Moore replied there is some language in the lease that waits on the live meeting for final approval. It also emphasizes that it must be exigent circumstances that cause the item to be handled outside of the meeting.

**Board Action:** Mr. Moore requested Board approval of the requested changes to paragraphs 100.06 and 200.02 of the bylaws as explained.

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

#### **Public Comment**

Richard Genter, a corporate pilot, expressed his concern about some of the airport's navigation lights. Chairman Jacobson said he appreciated the input. President Hart said there is a system that is out of service, and it is in compliance as required. He said the ATC group controls the lights but he would follow up with them about the issue.

#### **Closing Comment**

Chairman Jacobson thanked the commissioners, staff and members of the public for their attendance at the meeting. He commended President Hart, Ms. Cameron and the finance department for another clean audit report. He also expressed his satisfaction on seeing phase II of the solar farm getting underway.

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

**Adjourn**

**Chattanooga Metropolitan Airport Authority  
Board of Commissioners Meeting Minutes  
November 9, 2012**

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open session on Friday, November 9, 2012 at 4:00 p.m. Chairman Jacobson, Vice Chairman Hall, Commissioners Mitchell, Snow, Veazey, and Mallen were present.

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

**Minutes**

**On motion of Commissioner Snow, seconded by Commissioner Mallen, the minutes of the October 15, 2012 meeting were approved.**

**President's Report**

President Hart addressed the Board and welcomed them to the meeting. He gave a brief air service update. Several weeks ago the Brookings Institute released a report examining shifts in air service demand across the US – specifically from domestic markets into international gateways. In this report, it indicated that Chattanooga saw a 34 percent increase in international travel demand from 2003-2011. In the last nine years, this region has seen an influx of international investment, and Chattanooga's air service reflects that reality with big increases in travel demand to Europe – notably Germany, where Volkswagen and Wacker are headquartered – and to Mexico, where there is a significant cluster of auto part suppliers. At the same time, Chattanooga has smaller companies like Woodbridge Foam Partner who fly out of this airport every week and sell their products around the globe. As an airport, CMAA works with the airlines and regional economic development partners to keep up with the shifting demands of companies large and small to ensure that they have the global access they need. And access really is the name of the game for a regional airport. Airline business models do not allow for point-to-point access from communities like Chattanooga to cities around the globe. But they do provide access through their hub systems to their global networks. CMAA's chief goal is to ensure that businesses in Chattanooga can access the world, and that the world can access this market.

President Hart continued with an update on a special event held on October 20. In September CMAA and Wilson Air hosted a homecoming for Army Specialist Andrew Smith and his wife Tori. Andrew was injured in March of this year while on patrol in Afghanistan. The local non-profit organization, Steps 2 Hope is raising funds to build a home for the Smith family when they permanently return to Chattanooga. In support of that effort, the Airport Authority joined Wilson Air and Crystal Air to host a community pancake breakfast benefitting Steps 2 Hope. Crystal Air offered half price flights in their Caravan for anyone wanting to get a good view of the fall colors and almost 50 people took advantage of that offer. The event raised almost \$3,000 with all proceeds from the event benefitting Steps 2 Hope.

President Hart said one of the airport's tenants celebrated a milestone recently. TAC Air marked their 10 year anniversary in Chattanooga. Taking care of general and corporate aviation users is

an important part of an airport's responsibility to their community, and CMAA appreciates all of the tenants and employees who take that role to heart. Congratulations to TAC Air on this milestone.

Finally, President Hart said, since the last meeting, CMAA had one written consent request approved. CMAA requested Board approval to enter into a contract with ERM II for the installation of Ground Power Units and Pre-Conditioned Air for the three jet bridges and six remote locations serving the terminal. CMAA received three bids on this project. After meeting all of the bid requirements, Allen & Hoshall recommended and staff concurred that the contract should be awarded to ERM II. The project was funded through the FAA VALE Grant Program at the amount of \$1,957,868.17 with 90 percent Federal and 10 percent CMAA funding. This was a budgeted item.

This request was approved in writing by Chairman Jacobson, Vice Chair Hall and Commissioners Freeman, Mallen and Snow. Once again, CMAA requests Board approval to enter into a contract with ERM II in the amount of \$1,957,868.17 for the installation of GPU and PCA equipment for three jet bridges and six remote locations serving the terminal.

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

## **Board Action**

### **Replacement of Police and Fire Handheld Radio Equipment**

President Hart said during the performance of their duties, the police officers and airport safety specialists are required to communicate with the airport's dispatch center, their City of Chattanooga counterparts and each other. Maintaining effective communication is essential to each of these job functions. The current handheld radios used by both departments are approximately 15 years old. The City of Chattanooga radio shop maintains the airport's radios and has recommended replacement.

CMAA staff solicited a quote through the State of Tennessee contract with Motorola Solutions to purchase 20 new replacement radios along with the associated hardware and software. These units are identical to the units used by the City. After reviewing the quote, CMAA's recommendation is to award the purchase to Motorola Solutions at a price of \$50,000 which was budgeted and will be funded through the PFC program.

**Board Action:** President Hart requested Board approval for the purchase of replacement handheld radios for the police and operational safety departments from Motorola Solutions in the amount of \$50,000.

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

### **Replacement of Airport President Vehicle**

President Hart continued to say the leased vehicle operated by the previous Airport President was returned to the dealership on November 18, 2011 at the end of the lease term. In order to ensure immediate response to any terminal, airfield, or aircraft emergency, CMAA provides the holder of this position with a take home vehicle. With the upcoming arrival of the new Vice President of Operations, this vehicle must be replaced.

Three quotes were solicited and received. CMAA staff recommends acceptance of the lowest quote submitted by Marshal Mize Ford for the purchase of one 2013 Ford Explorer in the amount of \$31,401.24. This item was not included in the approved capital budget, however \$6,000 was included in the operating budget for a lease and the remainder will come from reallocated capital funds.

Commissioner Mitchell asked why CMAA chose to purchase the vehicle instead of leasing it. President Hart said CMAA should be able to operate that vehicle for 15 years or more, and CMAA's maintenance team would be able to maintain the equipment along with the airport's existing fleet.

**Board Action:** President Hart requested Board approval for the purchase of one 2013 Ford Explorer from Marshal Mize Ford in the amount of \$31,401.24.

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

Commissioner Veazey asked President Hart for an update on the new Vice President of Operations. Mr. Hart replied Maurice Songy will be CMAA's new Vice President of Operations, and will be joining the staff Monday morning. He is joining CMAA from the Baton Rouge Airport, where he was the Manager of Operations. CMAA is very pleased with his background. Prior to joining the staff in Baton Rouge, he was with the Louisiana Department of Transportation, on the aeronautics division. He is well versed in the FAA requirements of Part 139. But most importantly CMAA was pleased with his demeanor and his working relationship with others.

### **Landscaping Services Agreement**

President Hart said CMAA is requesting Board approval for a contract with Mountain City Landscape, Inc., to continue to provide the necessary landscaping services for the exterior public areas of the airport.

CMAA received two bids in response to the Request for Proposals issued. The review and evaluation process found that the recommended firm is properly licensed, experienced in the type of work required by this project, and was the lowest bidder. Mountain City Landscape, Inc., is the current provider of these services, and CMAA has been pleased with the quality of their work. As such, staff recommends acceptance of the Mountain City Landscape proposal in the amount of \$35,172 for year one and \$34,644 for year two. This represents an overall rate decrease of \$1,056 (or 1.5 percent) over the current agreement. This is a budgeted item.

Commissioner Mitchell asked if the decrease is an annual amount or for the two years combined. President Hart replied the decrease is over two years.

**Board Action:** CMAA requests Board approval for a contract with Mountain City Landscape, Inc., to provide landscaping services at the airport, as outlined.

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

President Hart gave a brief history of the West Side Development project, including the construction of the fire hall, the forest service tanker base, the new FBO and solar farm. He also discussed the findings from Michael Hodges of Airport Business Solutions, who advised CMAA to move forward with additional development in order to meet both existing and future demand. President Hart said from the inaccessible 25 acre plot on the far west side of the airfield, CMAA has created the hub of economic activity for the airport, complete with a two mile road, a tanker base for the US Forest Service, a state of the art airport fire station, a LEED certified FBO complex, and a soon to be two megawatt solar farm. Make no mistake about it - that is remarkable progress and a true reflection of the key objectives of this airport.

#### **West Corporate Development – Phase II**

Mr. Naylor addressed the Board, saying that CMAA is requesting approval to construct a 20,000 square foot hangar, and associated 13,200 square foot office complex and a vehicle parking lot. CMAA received five bids on this project. After meeting all of the bid requirements, Allen and Hoshall has recommended awarding the construction contract to the apparent lowest responsive bidder, Morgan / Paris Construction, a joint venture. The recommended firm has submitted all required paperwork, possesses the required contractor's license, met the 10 percent DBE goal, has a LEED AP on staff and has included 33 regional firms on the proposed subcontractors list.

The review and evaluation found that the recommended firm is properly licensed by the State of Tennessee, experienced in the type of work required by this project, and in possession of sufficient financial resources to perform and complete the work. Morgan / Paris is the same joint venture that constructed Phase I of the FBO development and CMAA is pleased with the quality of their workmanship.

Allen & Hoshall recommended that CMAA award the contract for the base bid plus alternates. Alternate 1 is for the additional infrastructure to support a fall protection system. Alternate 2 covers an additional parking lot west of Jubilee Drive, including a sidewalk and crosswalk. CMAA staff has reviewed the engineer's recommendation and is in agreement. The total bid price was \$4,731,168.25.

Mr. Naylor introduced Jeff Morgan and Darian Paris to the Board. Mr. Morgan thanked the Board for the opportunity and explained how their company works as a joint venture.

The second item in this request is to approve Task Order 20 with Allen and Hoshall in the amount of \$339,000 for engineering services associated with the West Corporate Development – Phase II project. The fee includes the following services:

- Construction administration and management
- On-site inspection services
- Submittals, shop drawings and as-built drawings
- Survey
- Quality assurance testing
- Commissioning
- LEED certification

Mr. Naylor introduced Glen Heath of Allen & Hoshall to the Board. Mr. Heath thanked the Board for the opportunity to continue to work with CMAA.

This project is funded through the state allocation at 90 percent, with the remaining 10 percent from CMAA.

**Board Action:** Mr. Naylor requested Board approval of a construction contract with Morgan / Paris Construction in the amount of \$4,731,168.25 for the construction of a 20,000 square foot hangar, and associated 13,200 square foot office complex and a vehicle parking lot.

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

Commissioner Mallen added that the Board's unanimous efforts over the last decade to develop the west side of the airport campus have not been driven by immediate financial gratification. There's more to it than that. The Board's decisions have been calculated to anticipate growth in aviation activity, and create a best-in-class array of assets, including a solar farm, fuel complex, and FBO, all of which define Chattanooga's aviation future.

Commissioner Snow said as someone who operates a couple of aircraft for his business, that they always received excellent service from TAC Air, but the fuel prices were such that his company was making every effort to buy fuel at some other airport. His company is now buying more fuel at Chattanooga than before, so he said he concurs with Commissioner Mallen's remarks.

**Board Action:** Mr. Naylor requested Board approval of Task Order 20 with Allen and Hoshall in the amount of \$339,000 for the engineering services associated with the West Corporate Development – Phase II project.

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

Commissioner Mitchell asked when construction will start and when it should be complete. Mr. Morgan said the contract documents called for work to commence no later than the 19<sup>th</sup> of the month and his company is ready to go if not before, by then, and overall construction time is 240 days.

**Other Business**

None

**Public Comment**

None

**Closing Comment**

Chairman Jacobson thanked everyone for their participation in the meeting. He said the Board is very excited about breaking ground on the second phase of the FBO development. He said he has heard from many of the airport's customers who have expressed gratitude for the leadership and foresight the Board provided in bringing competitive aviation pricing to the airport and supporting local economic development. The road has not and will not be easy. He also said a special thanks to all the veterans for their service to the country.

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

**Adjourn**

**Chattanooga Metropolitan Airport Authority  
Board of Commissioners Meeting Minutes  
December 17, 2012**

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting Friday, December 17, 2012 at 2:00 p.m. Chairman Jacobson, Vice Chairman Hall, Commissioners Mitchell, Snow and Freeman were present and Commissioner Mallen attended by phone.

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

**Minutes**

**On motion of Commissioner Snow, seconded by Commissioner Mitchell, the minutes of the November 9, 2012 meeting were approved.**

**President's Report**

President Hart addressed the Board and gave a brief update about all of the community outreach events CMAA had completed for the holidays, including a new program that allowed CMAA employees and tenants to sponsor children from the Shepherd Community Center to purchase gifts for them for the holidays. CMAA also sponsored twin boys from the community center on behalf of the Board and purchased gifts from their wish lists as well as many necessities.

President Hart then introduced Maurice Songy, CMAA's new Vice President of Airport Operations and told the Board about his background. Mr. Songy greeted the Board and thanked President Hart and airport staff for welcoming him.

**Board Action**

**Car Rental Agreements**

Ms. Cameron said that in September, CMAA issued an Invitation for Bids for rental car concessions at the airport. The process included a mandatory pre-bid meeting, issuance of addendums 1 and 2, and concluded with bid submission on December 5, 2012. CMAA received six bid submissions from Avis Rent-a-Car, Budget Rent-A-Car, The Hertz Corporation, National / Alamo Rental Car, Enterprise Rent-A-Car, and GSP Transportation DBA Dollar / Thrifty Car Rental. The bid specified that five rental car companies would be awarded the privilege of providing full service on-airport rental car services at the airport. The bid required a cover letter, signed affidavit, business information questionnaire, minimum annual guaranteed privilege fee, Disadvantaged Business Enterprise (DBE) program participation form, and a bid guarantee of \$10,000. Business and financial references and an experience and qualifications statement were also required of new bidders.

After reviewing the bids, all met the requirements outlined above with the exception of the DBE goal for the current year. CMAA will be working with each company to ensure that they make a good faith effort to achieve the set goal. The proposed term of the new agreement is five years



and will commence on February 1, 2013. CMAA's strategy to increase revenues during this Invitation for Bids was similar to the previous model used during the preceding agreement:

- 1) Each bidder was required to specify a Minimum Annual Guarantee (MAG) for each of the five years of the agreement
- 2) Priority for choice of counter space is based on the total of the MAG for the five years of the Agreement
- 3) The cost of each rental car ready space increased from \$200 per year to \$220 per year; and
- 4) The definition of Gross Revenue excludes only: Sales Taxes, Damages for Theft, Contract Facility Charges, and Other Direct Taxes, Fees, or Surcharges.

Throughout the term of the agreement each company will pay CMAA for a lease of their terminal space and ready spaces as well as a concession equal to the greater of their MAG or 10 percent of gross receipts.

	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>TOTAL</b>
Hertz	\$ 349,700.00	\$373,100.00	\$386,900.00	\$401,000.00	\$427,800.00	<b>\$1,938,500.00</b>
Avis	\$ 269,300.00	\$277,400.00	\$285,700.00	\$294,300.00	\$303,100.00	<b>\$1,429,800.00</b>
Alamo/National	\$ 264,984.00	\$264,984.00	\$264,984.00	\$264,984.00	\$264,984.00	<b>\$1,324,920.00</b>
Budget	\$ 165,500.00	\$169,100.00	\$174,100.00	\$179,400.00	\$184,700.00	<b>\$872,800.00</b>
Enterprise	\$ 169,160.00	\$169,160.00	\$169,160.00	\$169,160.00	\$169,160.00	<b>\$845,800.00</b>
GSP	\$ 97,200.00	\$ 97,200.00	\$ 97,200.00	\$97,200.00	\$97,200.00	<b>\$486,000.00</b>

Based on the top five bids, the minimum concession to be paid to CMAA for the five year term of the agreement is equal to \$6,411,820. The minimum annual guaranteed revenue for the previous five years equaled only \$5,595,732. The new agreements represent a 13 percent increase in the minimum annual guaranteed revenue.

Vice Chairman Hall asked about the difficulty in meeting the DBE goal. Ms. Cameron said in the past there has never been a problem meeting the goal, because they were able to use participation from any certified DBE, and in the past the rental car companies were buying from DBE participants in California and Michigan. Since the last contract was put in place five years ago, Tennessee has developed its own Uniform Certification Program and through that program, all DBE participation has to come from companies certified by the state of Tennessee. All of the rental car companies have requested their dealerships become certified in Tennessee and CMAA will help them through that process if they are willing to do so. CMAA is using that as a good

faith effort and the DBE consultant said that should be adequate if in fact they do not meet the goal.

Commissioner Mitchell asked if the five year contract can be cancelled if necessary. Ms. Cameron said it is a firm five year contract. In recent years Avis and Budget consolidated and left an empty counter space, so during this process, CMAA specified that if the companies want to consolidate, CMAA has the right to rebid the counter space.

Vice Chairman Hall requested that Ms. Cameron give the Board an update on the DBE progress in 60 days.

**Board Action:** Ms. Cameron requested Board approval to enter into a lease and concession agreement with the following car rental companies for a five year term commencing February 1, 2013.

- Budget Rent-A-Car System, Inc.
- Avis Rent-A-Car System, LLC
- Enterprise Leasing Company of Tennessee, LLC d/b/a National and Alamo
- Enterprise Rent-A-Car Company of Tennessee d/b/a Enterprise Rent-A-Car
- The Hertz Corporation

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

### **Air Service Master Plan**

President Hart addressed the Board saying that CMAA was requesting Board approval to enter into a professional services agreement with the Boyd Group International to develop an Air Service Master Plan. The Boyd Group has worked with CMAA for many years, including on projects such as the Small Community Air Service Development Grant and on airline relations and JumpStart presentations. Michael Boyd is a nationally recognized expert on the aviation industry, and has been a valuable advisor to the airport.

The scope of services for the air service master plan includes:

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

The plan will be completed by March 1, 2013 at a cost of \$16,750 plus fees for printing and shipping which will be billed at cost and not to exceed \$50. There has been no increase over last year's cost.

Commissioner Mitchell asked if Boyd Group made any recommendations that CMAA was able to capitalize on over the past year. President Hart explained that Boyd Group looked at capacity and aircraft size and CMAA was successful in obtaining larger jets including the reintroduction of Delta's mainline DC9 service as well as some of the other larger regional jets. Also, Mr. Boyd is very knowledgeable about the changing industry and will be able to help CMAA identify

markets with the potential for growth and help CMAA to capitalize on those opportunities. President Hart continued to say he will make a point once the study is done to share Mr. Boyd's recommendations with the Board as well as periodic updates on the progress CMAA makes with his recommendations.

**Board Action:** President Hart requested Board approval to enter into a professional services agreement with the Boyd Group International to develop an Air Service Master Plan by March 1, 2013 at a cost of \$16,750.

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

#### **Other Business**

None

#### **Public Comment**

Pam McAllister, general manager for TAC Air, addressed the Board and expressed her concerns about the second FBO, including a brief history of the project as well as some of her personal concerns with her employees' morale and airport operations and maintenance.

#### **Closing Comment**

Chairman Jacobson closed by reflecting on the growth in each sector of the airport's operations over the last year. He thanked the regional users who support their hometown airport. He also thanked the CMAA staff and commissioners for their contributions and commitment to the organization during 2012.

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

Adjourn