

**Chattanooga Metropolitan Airport Authority
Board of Commissioners Meeting Minutes
January 28, 2013**

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting Monday, January 28, 2013 at 2:00 p.m. Commissioners Veazey, Mitchell, Snow, Freeman and Mallen were present.

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

Minutes

On motion of Commissioner Mallen, seconded by Commissioner Snow, the minutes of the December 17, 2012 meeting were approved.

President's Report

President Hart addressed the Board and thanked them for their attendance. He gave a brief report about the 2012 operations summary. Passenger boardings grew by a little more than 1 percent to 307,162 with total arriving and departing passengers totaling 617,000. These numbers represent one of the airport's highest passenger counts on record, which is especially good news given the decline in the US airline industry as airlines continue to reduce their domestic capacity while growing international markets. Chattanooga's continued growth is a testament to the many loyal travelers who choose to Get on Board with their hometown airport.

President Hart told the Board that total operations of commercial carriers, military and general aviation aircraft were up almost 9 percent for the year which is a great indication of increasing activity on the airfield, and a good overall barometer of airport growth. Finally, he said in 2012 the airport's total air cargo shipments increased by 125 percent over the previous year. This increase is a direct reflection of the growth in demand and cargo capacity within this market. FedEx upgauged their aircraft from an ATR Turboprop to a 727 flying six days a week in late 2011, and they are now flying 757s. That growth in capacity – fueled by increased demand from regional businesses – is driving these cargo numbers. Once again, 2012 was a strong year of growth for the Chattanooga Airport. Clearly, the airport is the beneficiary of the remarkable economic growth within this community.

Board Action

Leigh / Fisher Contract

Mr. Naylor addressed the Board, saying that CMAA requests Board approval to enter into a contract with Leigh / Fisher Management Consultants for updates to the glare analysis work performed for the 2012 solar array. Additionally, Leigh / Fisher will oversee development of a compliance plan for both the solar farm Phase II installation and the Ground Power Unit and Pre-Conditioned Air installation projects. CMAA is required to meet all VALE compliance conditions, including usage and tracking of the equipment. Leigh / Fisher will assist CMAA by developing a compliance plan and providing guidance on the Airport Emissions Reduction Credit process for the Authority. The plan will include:

- A methodology for estimating actual emission reductions
- A checklist of all required letters and reports to TDEC, FAA, and EPA
- A summary and checklist of all VALE-specific AIP project implementation requirements that are made conditional by acceptance and use of grant funding
- VALE logo stickers that must be affixed to all VALE-sponsored equipment
- Instructions and letter templates for securing an AERC credit letter from TDEC when the AERCs are required for use by CMAA

Leigh / Fisher proposes to perform this scope of services for a fee of \$45,000. The budget includes professional fees as well as all reimbursable and direct expenses. The fees associated with this contract are funded through AIP grants that have already been received. This contract will be funded at the 90 percent rate through the Airport Improvement Program, with the remaining 10 percent funded by CMAA. The compliance plan and glare analysis were both included in the original budget for these projects.

Board Action: Mr. Naylor requested Board approval to enter into a consulting contract with Leigh / Fisher for the services that include updates to the glare analysis and the development of a compliance plan which will assist CMAA in meeting all VALE compliance requirements.

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

Solar Farm Site Work Construction Contract

Mr. Naylor continued by saying that CMAA is requesting Board approval to enter into a contract with Dillard Construction for the site work associated with the installation of Phase II of the Solar Farm located on the southwest corner of the airfield. The project will increase the elevation of the site approximately 10 feet and place fabric and stone under the Phase I and II solar arrays.

CMAA received five bids on this project. After meeting all of the bid requirements, Allen & Hoshall recommends and staff concurs that the construction contract should be awarded to the lowest and most responsive bidder, Dillard Construction.

Mr. Naylor introduced Ryan Dillard and Ted Kemp of Dillard Construction to the Board. Mr. Dillard said their company is a licensed general contractor out of Dayton, Tennessee, that has done some airport work previously for the Dayton Airport.

Commissioner Mitchell asked why CMAA is installing fabric and stone for Phase I if Phase I is already complete. Mr. Naylor said when Phase I was installed CMAA decided to leave it as a green grass site, though it was funded for fabric and stone. The maintenance became challenging because it is difficult to cut grass under the panels, so the fabric will mitigate maintenance challenges.

This project is funded through AIP Grants 53 and 58. The site work including fabric and stone under the array for Phase II of the Solar Farm is \$333,413.15. This work is funded through AIP

58 and is 90 percent Federal, with the remaining 10 percent balance to be paid by CMAA. The placement of fabric and stone under the array for Phase I of the Solar Farm is \$111,330 and is funded through AIP Grant 53 at the rate of 95 percent Federal with the remaining 5 percent to be paid by CMAA. The total contract amount is \$444,743.15.

Commissioner Mitchell asked why one phase was funded at 90 percent and the other was funded at 95 percent. Mr. Naylor replied that the FAA previously funded projects at 95 percent but under the FAA Reauthorization Act they now fund at 90 percent.

Board Action: Mr. Naylor requested Board approval to enter into a contract with Dillard Construction for the site work associated with Phase I and II of the Solar Farm in the amount of \$444,743.15.

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

EMJ Design Task Order

President Hart addressed the Board, saying that in October of 2011, CMAA entered into a contract with EMJ to serve as construction manager for the planned terminal renovation project. Since then, CMAA has been working with EMJ to identify all of the projects needed to enhance the passenger experience in the terminal. Today, CMAA is requesting Board approval of Task Order #3 under that contract to provide presentation renderings, interior design consultation and construction documents (permit drawings and project specifications) for the Chattanooga Airport Terminal Renovation project in accordance with the scope defined as follows:

1. Renderings – Architectural renderings for the following locations: ticketing, baggage claim, concourse, public restrooms, dome and exterior.
2. Interior Design Assistance – Consultation, finish material selections and finish schedule provided by licensed interior designer.
3. Construction documents – All documents (architectural and engineering) required to obtain construction permits for the project scope defined as follows:
 - a. Interior finish renovation / upgrades in airport terminal to include: flooring (carpet and tile), wall tile, archways, painting, signage and wall protection.
 - b. Renovation of finishes and fixtures of all public restrooms.
 - c. Replacement of pedestrian escalators.
 - d. Replacement of exterior architectural storefront and automatic / manual entries.
 - e. Exterior concrete wall joint replacement.
 - f. New fabric covers and padding for existing green public seating.
 - g. Renovation of the concourse lounge / concessions area.
 - h. Architectural casework for car rentals, taxi and limousine, information desk and gate counters.
 - i. Replacement of all terminal glass and trim.

EMJ Construction proposes to perform this Scope of Services for a fee of \$200,570 to be completed by March 22, 2013. The budget includes professional fees as well as all reimbursable and direct expenses. The fees associated with this contract are funded through reallocated capital dollars.

President Hart introduced EMJ's Executive Vice President, Doug Martin, and John Gouge, project estimator, to the Board.

Commissioner Freeman asked what was included under Task Orders 1 and 2. Mr. Hart said Task Order 1 was the renovation of the security checkpoint when it was enlarged to include the second lane. Task Order 2 was the design of an earlier project.

Board Action: President Hart requested Board approval to execute Task Order #3 with EMJ Construction to provide presentation renderings, interior design consultation and construction documents for the Chattanooga Airport terminal renovation project at a cost of \$200,570.

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

First Tennessee ATM Lease

Ms. Cameron addressed the Board saying that during the fall of 2012, CMAA issued a Request for Proposals for ATM services at the airport. CMAA received one bid at the conclusion of this process that was well below the current negotiated lease rate. CMAA rejected this bid and asked First Tennessee Bank if they wished to renew or extend the current lease agreement.

CMAA has been notified by First Tennessee Bank of its desire to enter into a new ATM Lease. This lease with First Tennessee Bank will be for a term of one year, expiring on January 31, 2014, and will include a monthly fee of \$200, a 14 percent increase over the previous rate. The lease includes two 12-month renewal options with a 2 percent escalation of the rent per renewal term.

Board Action: Ms. Cameron requested Board approval to enter into a lease with First Tennessee Bank to provide ATM services at the airport for a term of 12 months with two 12-month renewal options in the monthly amount of \$200.

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

Green Effects Landscaping Lease

Ms. Cameron continued to say CMAA requests Board approval to enter into a lease agreement with Green Effects Landscaping for a portion of the building located at 5905 Pinehurst Avenue. The section of the building to be leased includes:

- The middle bay area which is 912 square feet at \$4 per square foot (or \$3,648).
- The middle improved office area which is 756 square feet at \$5.50 per square foot (or \$4,158).

- For a total of 1,668 square feet at \$7,806 per year or \$650.50 per month.

The terms of the new lease include:

- An initial lease term of five years with one five-year option to renew.
- An annual escalation to the rental rate of 1 percent.
- Rental rate of \$650.50 per month plus any scheduled escalations during the remaining term.
- The premises will be used as a landscaping company's operational office.
- CMAA will not be responsible for any maintenance or repairs including the roof and HVAC units located at the building.
- The lease includes a six month termination for convenience provision.

Commissioner Mitchell asked if the company carries their own insurance. Ms. Cameron said CMAA carries the property insurance. There are three sections of the building that are leased, so CMAA maintains the building then invoices them for their leased space. They have their own general liability insurance.

Board Action: Ms. Cameron requested Board approval to enter into a lease with Green Effects Landscaping for the property located at 5905 Pinehurst Avenue for a term of five years with one five year option to renew in the monthly amount of \$650.50.

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

Worker's Compensation Renewal

Ms. Cameron continued by saying that based on the work of Wells Fargo, CMAA has been provided a renewal quote from the incumbent carrier, QBE, of \$47,392 for the January 31, 2013 to January 31, 2014 term paid by a 20 percent deposit plus nine installments. This premium represents a 3 percent reduction in premium while maintaining all of the statutory limits required by the State of Tennessee. QBE has also agreed to cancel and rewrite the policy on October 31, 2013 in order to move the policy to the consolidated date CMAA selected.

Ms. Cameron introduced Dawn Kirkland from Wells Fargo to the Board.

Commissioner Mallen asked if there are any short rate penalties if CMAA cancels the policy before the selected date. Ms. Kirkland replied that short rate would apply if CMAA cancelled mid-term but if QBE handles the policy as they have agreed to then there will not be any penalties.

Board Action: Ms. Cameron requested Board approval to accept the renewal quote from QBE in the amount of \$47,392 for CMAA's Worker's Compensation Policy for a term of one year commencing on January 31, 2013.

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

Ground Transportation Leases

Ms. Cameron said the next item contains three requests. CMAA currently leases counter space located in the south end of baggage claim to Blue Ridge Limousine, Mercury Cab Company and Millennium Taxi to conduct operations at the airport. Each company has indicated their desire to retain the leasehold space and enter into a new one year agreement. The Standards of Operation that were developed previously for these operations have been included in the new agreements and include the following provisions:

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

Throughout the agreement, each company will be required to pay \$187 per month to CMAA, which is a 10 percent increase from the previous agreements, and maintain general liability insurance in the amount of \$1 million.

Commissioner Mallen asked if all three companies currently have their licenses. President Hart said yes, all three of these taxi companies currently have their licenses.

Board Action: This item has three requests.

Ms. Cameron requested Board approval of a contract with Blue Ridge Limousine for a term of one year commencing on February 1, 2013 in the amount of \$187 per month.

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

Ms. Cameron requested Board approval of a contract with Mercury Cab Company for a term of one year commencing on February 1, 2013 in the amount of \$187 per month.

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

Ms. Cameron requested Board approval of a contract with Millennium Taxi for a term of one year commencing on February 1, 2013 in the amount of \$187 per month.

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

Other Business

None

Public Comment

None

Closing Comment

Commissioner Veazey thanked everyone for their attendance.

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
March 28, 2013**

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting Thursday, March 28, 2013 at 2:00 p.m. Chairman Jacobson, Vice Chairman Hall, Commissioners Veazey, Mitchell, Snow and Freeman 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 Freeman, the minutes of the January 28, 2013 meeting were approved.

President's Report

President Hart addressed the Board and thanked them for attending the meeting. The January enplanement numbers showed a mixed report across the different sectors of the business. After an annual increase of 1 percent in 2012, passenger boardings declined by 5 percent in January. Total arriving and departing passengers came to 41,500.

In 2012 CMAA's total air cargo shipments increased by 125 percent over the previous year. In January, the airport saw year-over-year growth of 26 percent. This is on top of last year's surging numbers. This increase is a direct reflection of the growth in demand from regional businesses and the growth in cargo capacity within this market.

Sequestration and the across-the-board federal spending cuts included in it became effective on March 1, 2013. While the sequestration debate has become highly politicized, it is important to understand that airports across the country, including here in Chattanooga, continue to be focused on the safety and security of passengers. That remains CMAA's highest priority and the Airport Authority will work with federal agencies as well as passenger and cargo airlines to respond to any furloughs of FAA, TSA and Customs staff in April. The goal is to minimize the disruption for passengers and shippers in this community. It is important to note that the sequester could potentially impact the nation's air transportation system through cuts to critical programs, resulting in reduced air service or delays in security screening and processing of international arriving passengers at airports across the country.

President Hart then reported that since the last meeting, CMAA had two written consent requests approved. CMAA requested Board approval for ThyssenKrupp to perform emergency repair work on the ascending escalator in the terminal rotunda at a cost of \$23,990. This request was approved in writing by Chairman Jacobson and Commissioners Freeman, Mallen, Mitchell and Snow.

Board Action: President Hart requested Board approval for ThyssenKrupp to perform emergency repair work on the ascending escalator in the terminal rotunda at a cost of \$23,990.

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

Second, CMAA requested Board approval to enter into a contract with ADB Airfield Solutions to upgrade the airfield lighting control system for a contracted amount of \$26,608.75. This request was approved in writing by Chairman Jacobson and Commissioners Freeman, Mallen, Mitchell and Snow.

Board Action: President Hart requested Board approval to enter into a contract with ADB Airfield Solutions to upgrade the airfield lighting control system for a contracted amount of \$26,608.75.

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

Board Action

Runway Protection Zone (RPZ) Property Demolition

John Naylor addressed the Board, saying that CMAA requests Board approval to enter into a contract with Steve Williams Construction for the demolition of the recently purchased automobile dealerships and Woman's Way properties located along the Brainerd / Midtown Corridor and within the Runway Protection Zone.

CMAA received two responsive bids on this project. Allen & Hoshall recommends and staff concurs that the project should be awarded to the lowest and most responsive bidder, Steve Williams Construction. The scope of services includes:

- Demolition of the Volvo, Infinity, and BMW Dealership structures and all associated pavement. (Base Bid)
- Demolition of the former Woman's Way building and all associated pavement. (Alternate 1)
- Grading the site to the city's design providing for green infrastructure for the control of storm water, to include seeding the site.

Steve Williams Construction proposes to complete this project for \$673,394.90 and within a timeframe of 90 days. The base bid is funded through AIP 54 with 95 percent FAA funding and 5 percent PFC funds. The demolition of the former Woman's Way property will be funded by an insurance claim reimbursement received in 2011, as a result of property damage incurred during a wind storm. This project is included in CMAA's approved capital budget.

Mr. Naylor introduced Thomas Williams, of Steve Williams Construction, to the Board.

Commissioner Mitchell asked if there are any environmental issues with the buildings. Mr. Naylor said there were environmental concerns with the building initially but the previous owners resolved those issues and CMAA received a letter of no further action from TDEC.

Vice Chairman Hall requested a map of airport-owned property for future Board meetings. Mr. Naylor said he would provide a map at the next board meeting.

Board Action: Mr. Naylor requested Board approval to enter into a demolition contract with Steve Williams Construction for the demolition of the recently purchased automobile dealerships and former Woman's Way properties located within the Runway Protection Zone. The contract amount is \$673,394.90.

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

ExpressJet Airlines Maintenance Lease

April Cameron 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 a maintenance team located in Chattanooga to perform aircraft maintenance. 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.

Vice Chairman Hall asked if they are current with their lease payments. Ms. Cameron said they pay on time and CMAA has a surety in place for one month's rent in case there are any difficulties collecting.

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, 2013.

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

Tenant Phone System Purchase

Maurice Songy addressed the Board, saying that in March of 2011, a new Zultys IP Phone System was installed by Signal Voice & Data in the terminal to support the west side development and interface back to the airport's Nortel Phone System. In addition, the system provided a new voice mail system for both the main passenger terminal as well as the general aviation terminal, replacing the airport's Meridian Mail system. A portion of the Nortel phone system was left in place and is being utilized by the airport tenants, supplying them with connection service to the airport's new phone system. The Nortel Phone System is no longer supported by the manufacturer for parts or software upgrades, making it incompatible with CMAA's current phone system. Signal Voice & Data has submitted a proposal to replace the last remaining piece of the Nortel Phone System. The scope of this project will include:

- The installation of three-24 port SIP gateway switches.
- 41 user licenses.
- Six IP telephones.

- Extended warranty to cover the new items.

The software and phone equipment supplied by Signal Voice & Data is an exact interface with the newly installed phone system making this a sole source agreement. The total cost of the project will be \$13,837.56. This project is being funded through the reallocation of capital funds.

Chairman Jacobson asked how long the extended warranty lasts. President Hart replied it is a one year warranty.

Board Action: Mr. Songy requested Board approval to enter into a contract with Signal Voice & Data to upgrade the phone system for an amount of \$13,837.56.

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

Airfield Striping

Mr. Songy continued, saying that after a thorough review of all airfield markings, certain areas were identified as requiring attention. Specifically, several runway and taxiway edge markings are in the early stages of fading and losing their reflectivity. The Federal Aviation Administration requires each certificate holder to clean or replace any airfield marking to make it clearly visible and provide an accurate reference to the airport users.

Peek Pavement Marking, LLC will be onsite in the early summer to complete the required airfield markings associated with the East Public Ramp project. CMAA received a quote from Peek in the amount of \$21,815.68 to paint the identified markings on the airfield. Their unit pricing for this project is comparable with previous marking projects completed on the airfield. CMAA staff recommends acceptance of a contract with Peek Pavement Markings, LLC to paint the identified markings at a cost of \$21,815.68. This project is being funded through the reallocation of capital funds.

Board Action: Mr. Songy requested Board approval to enter into a contract with Peek Pavement Markings, LLC to re-mark the specified airport markings for a contracted amount of \$21,815.68.

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

Airport Terminal Roofing

Mr. Songy continued, saying that since 2010, the roofs in both the baggage and ticketing wings have been replaced. It is now time to replace the roof on the Dome Area and Concourse of the terminal, as they have exceeded their useful life. The scope of this project will include:

1. Removal of existing roof and replacement with a new Thermoplastic Polyolefin (TPO) roof in the Dome area.
2. Install new TPO roof over existing roof in Concourse area.

3. Proper disposal of all discarded material.
4. Applicable warranties on each roof (20-year warranty on the Concourse roof and 30 year warranty on the Dome area roof)

CMAA received four bids on this project. CMAA staff reviewed the bids and recommends the project be awarded to the lowest and most responsive bidder, Jolly Roofing and Contracting Company, Inc. The project will begin on March 31, 2013 and be completed by June 30, 2013. This is a budgeted item and is fully funded through the PFC program.

Mr. Songy introduced Glenn Conway with Jolly Roofing to the Board.

Vice Chairman Hall asked how long the work is guaranteed. Mr. Conway said in the rotunda the warranty is 30 years with no dollar limit and concourse C has a 20 year warranty with no dollar limit.

Commissioner Mitchell asked why one warranty was for 20 and one for 30 years. Mr. Songy said the rotunda has a different sub-structure and has had leaks, thus requiring the replacement of insulation and warranty which includes the 30 year warranty. Concourse C needs roofing only.

Commissioner Mitchell asked how pricing compares to the previous roofing on the airport. Mr. Conway said the cost increased 10 percent over last area because material costs increased.

Board Action: Mr. Songy requested Board approval to enter into a contract with Jolly Roofing and Contracting Co., Inc., to replace the roofing on areas of the Airport Terminal for a contracted amount of \$404,000.

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

Terminal Renovation Contract

President Hart gave a brief overview of the airport's terminal renovation history. Then he said CMAA is requesting Board approval for a design / build contract with EMJ Construction for the Terminal Renovation Project. The Scope of Services includes:

- Interior finish renovation to include; flooring (carpet and tile), wall tile, archways, painting, signage and wall protection.
- Renovation of finishes and fixtures of all public restrooms.
- Replacement of the escalators.
- Replacement of exterior architectural storefront and automatic / manual entry doors.
- Exterior joint replacement.
- New fabric covers and padding for existing (green) public seating.
- Renovation of the pre- and post-security concession areas.
- Architectural casework for car rentals, taxi and limousine, information desk, gate counters and gate entries.

Derthick, Henley & Wilkerson, who assisted with the architecture of the current terminal, have been working with the airport and EMJ to complete the design based on the color palette developed by Leo A Daly.

President Hart introduced Doug Martin and John Gouge of EMJ to the Board. Mr. Martin said they began working on this project in 2011 and they are excited to continue. He said they plan to start construction in early May and should be complete after the first of the year.

Vice Chairman Hall asked how many people would be employed throughout the renovation. Mr. Gouge said 100 to 150.

President Hart introduced Andy Roth and Sandy Hausler of Derthick, Henley & Wilkerson to the Board. Mr. Roth expressed pride in the facility and his thoughts on maintaining the current design. Ms. Hausler gave an overview of the color scheme, finishes and overall design.

President Hart continued saying, EMJ Construction proposes to perform this Scope of Services for a Guaranteed Maximum Price of \$7,199,997 million to be complete by February 1, 2014. The budget includes all professional fees and construction costs. This project is funded through several different funding sources, including

- Passenger Facility Charges (64%)
- Customer Facility Charge (2%)
- State Funding (32%)
- CMAA funds (2%)

Vice Chairman Hall asked if the colors will hold up for 30 years. Ms. Hausler said the wood and stainless steel are classic and the red accents can easily be changed / updated.

Commissioner Freeman asked about the entry doors. President Hart said they will be new architectural storefront on all doors.

Vice Chairman Hall asked how the tenants would be affected by construction. President Hart said CMAA is going to ensure customers and tenants are safe and informed by using a detailed schedule and giving them information in advance. Barriers will be utilized around construction and a lot of it will be done at night.

President Hart thanked the Finance Committee and Commissioners for all their hard work. He said CMAA is extremely excited to see this come to fruition.

Board Action: President Hart requested Board approval to enter into a design / build contract with EMJ Construction for the Airport Terminal Renovation Project with a Guaranteed Maximum Price of \$7,199,997.

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

Stuart Frank Settlement

Hugh Moore addressed the Board to request approval for the settlement of a long pending lawsuit. It was a “trip and fall” case that relates to a February 2005 accident in the parking lot that resulted in injuries to a local physician. The lawsuit was filed against the Authority and against Republic Parking for \$750,000. The liability and all the fees have been covered by ACE USA after the \$25,000 deductible. There have been a lot of legal proceedings back and forth. Bill Hannah of Chambliss, Bahner & Stophel prepared the case for mediation. Rick Marcus, local attorney, served as mediator. Chambliss, Bahner & Stophel successfully mediated the case. John Walsh, Lead Adjustor for ACE, came from Chicago to take part in mediation, and legal counsel has been able to settle the case on behalf of the Airport Authority. Republic Parking did not settle the case. The case remains pending against Republic Parking. The Airport Authority has reached an agreement to settle the case for a payment of \$50,000 plus a share of the mediation expenses, which is about \$1,000. This entire amount will be paid by ACE USA as the responsible carrier. Mr. Moore said that this was an excellent settlement to this lawsuit.

Commissioner Mitchell asked if CMAA will get a complete release from the plaintiff. Mr. Moore said yes, a permanent and complete release.

Board Action: Mr. Moore requested Board approval to accept the settlement of the pending “trip and fall” lawsuit for a one-time payment of \$50,000 and mediation expenses of \$1,000.

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

Other Business

None

Public Comment

None

Closing Comment

Chairman Jacobson thanked everyone for their participation and input during the development and planning of these exciting projects. He thanked CMAA staff and the team they have assembled from EMJ and Derthick, Henley & Wilkerson for the great work on the terminal renovation design. The Board looks forward to seeing this project take off in the next few weeks.

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

Adjourn

**Chattanooga Metropolitan Airport Authority
Board of Commissioners Meeting Minutes
June 17, 2013**

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting Monday, June 17, 2013 at 2:00 p.m. Chairman Jacobson, Vice Chairman Hall, Commissioners Freeman, Mitchell, Mallen, and Snow were present.

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

Minutes

On motion of Commissioner Freeman, seconded by Commissioner Snow, the minutes of the March 28, 2013 meeting were approved.

President's Report

President Hart addressed the Board and thanked them for their attendance. May stats show passenger boarding's were off by about 6 percent for the month and around 7 percent for the year. He attributed this to significant impacts to the hub systems from weather and ATC issues earlier in the year. He said the airport continues to encourage regional travelers to check fares from Chattanooga before booking their next trip.

President Hart continued to say CMAA has been recognized with the Governor's Environmental Stewardship Award for "Excellence in Sustainable Performance." The Governor's Environmental Stewardship Awards program recognizes exceptional voluntary actions that improve or protect the environment and natural resources with projects or initiatives not required by law or regulation. The governor noted that CMAA's focus on sustainability – from the solar farm to LEED certified buildings to our water quality project with the City of Chattanooga – positioned this organization as a state-wide leader in environmental stewardship.

President Hart gave a quick project update on some of CMAA's major capital developments across the airfield. On the west side of the airfield, Phase II of the solar farm will be online and producing clean power within the next 15 days and the two farms are expected to produce the equivalent of 85 percent of the airport's current energy usage. Phase II of the FBO is currently under construction and the steel infrastructure is in place and they are starting to frame out the office areas. CMAA anticipates a late August opening.

Moving around to the east side of the airfield, the cargo apron expansion project is also progressing nicely. The ramp is being expanded to accommodate current demand, but CMAA is also in the process of designing future phases to meet continued growth in the market. Feedback from FedEx has been very positive. If all goes as planned, this phase of the project is scheduled for completion by early July.

Moving over to the terminal, the Ground Power Unit and Preconditioned Air installation project has been completed. Installing GPU and PCA units on jet bridges allows the airlines to shut

down at the gates, saving fuel and emissions while continuing to produce air conditioning on the aircraft.

Finally, the terminal renovation project is progressing well. The roofing component began in May and includes both the secured concourse and the dome area. The concourse has been completed and they are hard at work on the dome area. CMAA anticipates completion by the first of July. Inside the terminal, work has begun in the ticketing concourse. The restrooms in ticketing have been closed off and under renovation for the last three weeks. We anticipate they will be completed and fully operational within the next 30 days, and the focus will move to the baggage side restrooms. He thanked EMJ for their commitment to excellence during the project.

CMAA's off-site demolition project of the former car dealerships on Brainerd Road is also on schedule. The contractor, Steve Williams Construction out of Cleveland, has done great work in demolishing the buildings, rubbilizing the remains and re-grading the site to help flow storm water away from the street and businesses along the Brainerd / Midtown Corridor. They will be seeding the site in the next few weeks and laying the gravel for walking paths. CMAA anticipates completion of initial work by August, with additional vegetation and plantings to come in the fall.

CMAA is continuing to focus on all the stakeholder groups – from commercial passengers to terminal tenants to airfield users and business aviators and even neighborhood groups – the airport serves a broad range of customers and CMAA is working to ensure their priority needs are met and to support the continued growth of the community.

President Hart continued by sharing news on several exciting recognitions for the FBOs. First, Wilson Air Center has again been voted the Number One Best Small Chain in Professional Pilot Magazine's 2013 survey. Wilson has been voted Number One six times in the last seven years. In that same survey, TAC Air was voted Number Two in the Large FBO Chain category. Secondly, in the 2013 Pilot's Choice Awards, Wilson Air was once again voted the Number One Small FBO Chain in the country. Even more exciting, their location in Chattanooga was named number 42 of the top 50 FBOs in the entire country (out of almost 3,200 FBOs in the US). This is the first survey that recognized not only the Wilson Air chain, but the Chattanooga location as a top performer. In that same survey, TAC Air was voted number five in the Large FBO Chain category. Congratulations to both general aviation service providers for putting Chattanooga on the map in the business aviation world.

Board Action

Budget Fiscal Year 2014

Ms. Cameron addressed the Board and said CMAA requests approval of the Fiscal Year 2014 Budget for the Chattanooga Metropolitan Airport Authority which has been developed in coordination with the Finance and Marketing Committees. Her presentation is as follows:

Airport Update



Revenues	\$ 9,778,425.62
Expenses	<u>\$(6,978,482.16)</u>
Net Operating Income	\$ 2,799,943.46
Non-Operating Revenues	\$ 1,228,779.36
Transfer to PFC Defeasance Fund (PFC restricted)	<u>\$(1,228,779.36)</u>
Net Non-Operating Income	\$ 0.00
Debt Service	\$ (628,591.68)
Total Debt Service	\$ (628,591.68)
Net Income	\$ 2,171,351.78

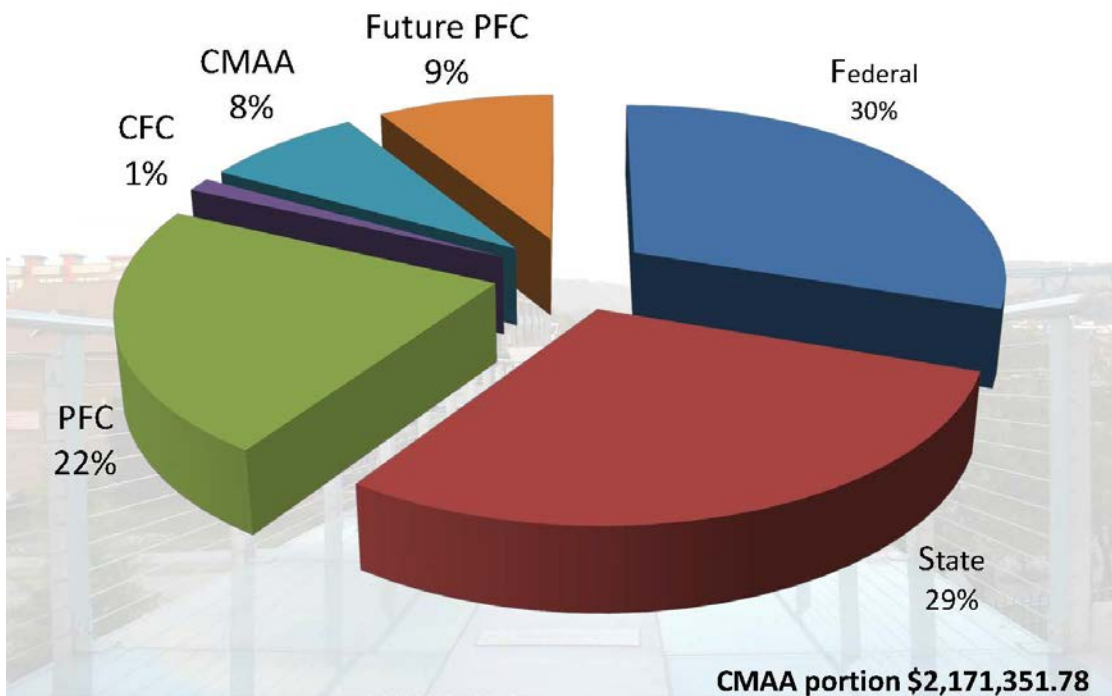
FY 2014 Capital Investments



Capital Investment Funding Profile



Total \$12,869,739.12



Airport Update



Revenues	\$ 9,778,425.62
Expenses	\$(6,978,482.16)
Net Operating Income	\$ 2,799,943.46
Non-Operating Revenues	\$ 1,228,779.36
Transfer to PFC Defeasance Fund (PFC restricted)	\$(1,228,779.36)
Net Non-Operating Income	\$ 0.00
Debt Service - 09 Bonds	\$ (576,592.08)
Debt Service – Fuel Farm	\$ (51,999.60)
Total Debt Service	\$ (628,591.68)
Net Income	\$ 2,171,351.78
Capital Investments	\$(2,171,351.78)
Net Income	\$0.00

Capitalize on Growth Opportunities

- Commercial
- Cargo
- General / Corporate Aviation



Ms. Cameron thanked the Finance Committee for all of their hard work and efforts in developing the budget.

Commissioner Mitchell asked if CMAA checked on the interest rate to see if it could be refinanced and lowered. Ms. Cameron said that had not been done due to the committee concentrating on getting the budget completed but CMAA would look at that in the very near future.

Board Action: Ms. Cameron requested Board approval of the Fiscal Year 2014 Budget with updated organizational structure, pay plan, and Rates and Charges and Insurance Policy.

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

2013 Audit Contract

Ms. Cameron continued, stating 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, 2013. The objective of the audit is to express an opinion as to whether the 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 \$34,200 plus expenses (such as report reproduction, typing, postage, travel, copies, telephone, etc.) The contract fee represents a 2 percent (or \$700) increase in fees from last year.

Commissioner Mitchell asked if this is an unqualified opinion. Mr. Robert Belcher of Decosimo said that it was anticipated to be unqualified due to the fact that it has always been in the past. Commissioner Mitchell stated that the unqualified opinion needs to be stated in the contract.

Board Action: Ms. Cameron requested Board approval for a contract in the amount of \$34,200 plus expenses with Joseph Decosimo and Company.

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

Marketing Contract FY 2014

In 2011, CMAA began a rebranding process. After extensive research and discussions in the community and within the airport stakeholder groups, the airport worked with a creative team to develop the new logo and “Get on Board” messaging, which included a television commercial, print ads, online ads and in-terminal messaging. The new brand has been well-received by the community and CMAA is looking to continue that strategy in the next fiscal year. Big Communications out of Birmingham has served as the airport’s creative agency for the last two years, helping to bring the strategic direction of the airport to life through ads. As their contract came to a close, CMAA once again bid out creative services to see what new organizations in the region might be interested in the contract. CMAA received five bids. After a thorough review of the bids, CMAA recommends approval of a contract with TwoxFour, a creative firm with a local office right here in Chattanooga.

The team at TwoxFour brings years of experience to the table working with other transportation clients, as well as extensive experience with EPB and other organizations right here in Chattanooga. Again, the strategy is not changing, but TwoxFour will help fine tune the messages that are currently in the market, and further expand the airport’s reach into digital media.

Their scope of services includes:

- Provide general media placement and management services, including, but not limited to, purchasing media, auditing and itemizing invoices.
- Refresh the airport’s ads (as needed) throughout the fiscal year.
- Begin refresh on the airport’s website.
- Develop promotional materials and plans as needed by CMAA.

The entire project will cost \$125,000 (\$80,000 for media buy and \$45,000 for creative services and account management) and will be completed by June 30, 2014. This is a budgeted item.

Ms. Siebold introduced Don Durbin, President of the Chattanooga office, Angie Jordan, Creative Director, and Brittany Dedman, Account Executive. Mr. Durbin thanked the Airport Authority for the opportunity to work with the airport and gave a brief history of his company.

Vice Chairman Hall said he would like the marketing team to consider increasing the budget around the reopening of the terminal to reach customers and stop leakage.

Board Action: Ms. Siebold requested Board approval for a marketing and media placement contract with TwoxFour in the amount of \$125,000.

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

Waterhouse Public Relations

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, 2013 and extends through June 30, 2014.

Ms. Siebold introduced Albert Waterhouse, who addressed the Board and thanked them for their confidence in his company.

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 Mitchell, seconded by Commissioner Freeman. Motion approved.

Other Business

None

Public Comment

Pam McAllister of TAC Air addressed the Board to ask if local residents are helping to pay for the FBO. President Hart said it is user fees that support the airport and it is the users of the airfield that pay for the operating expenses of the airport.

Closing Comment

Chairman Jacobson thanked the commissioners and staff for their attendance at the meeting, and thanked the Finance Committee and the Marketing Committee for their work. He expressed his personal admiration for each of the commissioners for volunteering their time and working so hard to better the organization.

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
August 19, 2013**

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting Monday, August 19, 2013 at 2:00 p.m. Chairman Jacobson, Vice Chairman Hall, Commissioners Veazey, Lytle, Mitchell, Mallen and Snow were present.

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

Minutes

On motion of Commissioner Mallen, seconded by Commissioner Snow, the minutes of the June 17, 2013 meeting were approved.

President's Report

President Hart addressed the Board and thanked them for attending the meeting. President Hart made welcome CMAA's newest Board member Mr. Travis Lytle, Vice President of Relationship Management for Cornerstone Community Bank.

President Hart reported that since the last meeting, CMAA had two written consent requests approved.

CMAA requested Board approval for the termination agreement with the airport's concessionaire. In an effort to respond to the concerns of customers, the Chattanooga Airport Authority reached an agreement with airport concessionaire, AirHost, to terminate their exclusive concessionaire agreement with the airport. The terms of the termination agreement were as follows:

- Termination agreement is effective at 12:01 a.m. on October 1, 2013
- CMAA will pay Airhost \$498,500 in two equal payments:
 - First payment upon execution of termination agreement
 - Second payment on termination date of October 1, 2013
- AirHost will remove all of its removable improvements. Improvements or furnishings provided by CMAA will revert to the Authority.

This was not a budgeted item; however, CMAA is funding the buy-out from the new concessionaire during the first year of operation at CHA.

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

Board Action: President Hart requested Board approval for a termination agreement with AirHost Chattanooga, Inc., in the amount of \$498,500 effective October 1, 2013.

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

Commissioner Lytle abstained from the vote.

Second, CMAA requested Board approval for the expansion and reconstruction of the East Public Cargo Ramp. The project covers the reconstruction of public infrastructure, specifically, a portion of the roadway adjacent to the new cargo ramp rendered unusable due to heavy equipment traffic and usage during construction of the cargo ramp.

The project encompasses all sub-grade work, erosion control, drainage, asphalt milling and placement, and other related work. The additional work is funded through AIP Grant 56. All work will be completed using the line item contract pricing submitted by Thomas Brothers in the original bid. The approved contract amount will be increased by \$95,898.52 to \$2,084,830.71. Funding for the construction is 90 percent federal with the remaining 10 percent reimbursable by PFC funds.

This request was approved in writing by Chairman Jacobson, Commissioners Veazey, Mitchell, Mallen and Snow.

Board Action: President Hart requested Board approval to amend the construction contract with Thomas Brothers Construction from the current contract amount of \$1,988,932.19 to \$2,084,830.71 for the reconstruction of the roadway adjacent to the new East Public Cargo Ramp.

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

Commissioner Lytle abstained from the vote.

President Hart gave an update on the current projects underway at CHA beginning with the Solar Farm Phase 2. The new farm started supplying power on June 21 and CMAA estimates both farms will produce a total of approximately 85 percent of the power that is consumed by the airport. Next, construction on West Side Phase 2 is continuing and expected to be complete within the next 30 days. On the air cargo side, the East Public Cargo Ramp is complete with the exception of markings on the ramps. Additionally, the Green Space being created along Brainerd Road is moving forward. Buildings are gone as well as infrastructure, the site has been graded again and plantings will take place in the fall. Lastly, the terminal renovation is ahead of schedule and on plan with budget. All of the renovations are being done with little or no impact to customers.

President Hart then shared that CMAA received the Governor's Environmental Stewardship Award for excellence in sustainable performance at a ceremony in Nashville in late June. He continued, saying another proud moment for the airport happened on July 30, when the President of the United States visited the city. He stated this was an honor for the airport as well as the community.

Finally, President Hart recognized former Commissioner, Moses Freeman, for eight years of service to the Board of Commissioners. He thanked him for his compassion and support to the airport. Chairman Jacobson also expressed his gratitude to Commissioner Freeman for years of dedication to the Board.

Board Action

North Terminal Ramp Rehabilitation Phase I Design

CMAA is requesting Board approval for Task Order 21 with Allen & Hoshall for the North Terminal Ramp Rehabilitation, Phase I Design. The project is for the design work associated with the reconstruction of existing pavement used for commercial aircraft parking around the north side of the concourse. Existing pavement types vary and include concrete, asphalt, and concrete overlaid with asphalt. The current ramp has exceeded its design life.

The task order includes geotechnical investigation, topographic survey, preparation of plans and specifications, bid and award of the project, and assistance in obtaining all permits. The design will address existing electrical, sanitary sewer, and drainage sewer structures in the area. The contract amount is \$180,100. The project is funded at 90 percent federal and 10 percent CMAA. This is a budgeted item.

Board Action: Mr. Naylor requested Board approval for Task Order 21 with Allen & Hoshall for the North Terminal Ramp Rehabilitation, Phase I Design in the amount of \$180,100.

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

Commissioner Lytle abstained from the vote.

Airport Concessions Agreement

In any commercial service airport, it is important that a quality concessions environment exists. One that consistently meets the needs of customers and the airport. That was not the case here, as evidenced by the persistent feedback from airport customers and employees, as well as stagnant revenue numbers. Quite simply the concessions were not meeting two of CMAA's shared primary goals, providing customer service and improving long term financial performance, so in early July a request for proposals for a new concessions operator was issued.

The goal in the development of the RFP, in conjunction with the ongoing terminal renovation project, was to find a proactive company who exceeded the expectations of all constituents and one that had flourished in small to medium airports. Through the process, CMAA identified that entity in Tailwind Concessions, an innovative airport concessions provider since 2001, specializing in developing working relationships with regional airports to create unique concession environments which travelers and airports enjoy. This is evidenced in the nine cities they currently serve across the country.

- Tri Cities, TN
- Gainesville, FL

- Bloomington, IL
- Kalamazoo, MI
- Wilmington, NC
- Shreveport, LA
- Alexandria, LA
- Amarillo, TX
- Corpus Christi, TX

As part of the RFP and the review process CMAA asked other airports their thoughts about Tailwind.

Jim Morton, Finance Director for the Wilmington Airport Authority said, “Since beginning operations at ILM, Tailwind has more than doubled the per passenger revenue produced by the terminal restaurant and gift shop due to creative marketing strategies and product enhancements.”

Carl Olson, Executive Director for the Central Illinois Regional Airport said, “Tailwind is the type of business partner which ‘says what they are going to do and then follows through on their commitment’.”

Bill Cooksey, Interim Director of Airports for the Shreveport Airport Authority said, “They have demonstrated a high level of professionalism and customer service much needed in airports concession programs. Since opening, the customers of the Airport have shared their satisfaction at the customer service, menu choices and outstanding quality of the food served. I attribute the success of the restaurant to the care that Tailwind takes in screening, employing and training employees.”

CMAA will begin with a transition agreement with Tailwind Concessions which will run from October 1, 2013 through February 1, 2014, at which time the initial term of the agreement will begin. The initial term of the agreement with Tailwind Concessions will be for a duration of five years, with two five year options to extend at the airport’s sole discretion. It provides for reimbursement to the airport CMAA’s \$498,500 expenditure to AirHost, to be repaid in the first year, in addition to a concession fee equal to 10 percent of gross receipts paid monthly to the Airport Authority.

President Hart introduced Mr. Jess Backhaus, VP of Operations for Tailwind to the Board. Mr. Backhaus expressed gratitude to the Board for the opportunity to provide concessions at the Chattanooga Airport.

Commissioner Lytle asked about lease hold improvements. President Hart said that as a part of the current renovation project beginning October 1, the concession area will be closed pre- and post-security. All of that work will fall under the current renovation project.

Commissioner Mitchell asked if the payment of \$498,500 would be in addition to the 10 percent of gross revenues CMAA will receive in the first year. President Hart said yes, it would be in

addition to the percentage. Commissioner Mitchell asked what the anticipated revenues will be the first fiscal year. President Hart said CMAA anticipates gross receipts of \$1.2 million dollars.

Commissioner Mitchell asked if there was a cancellation clause in the first 5 years. Ms. Cameron, said yes, in the first five years there is a cancellation clause for “cause” because Tailwind wants to be able recoup their investment. If there is a “cause” CMAA has 30 days to make Tailwind aware of the concern.

Vice Chairman Hall asked Mr. Backhaus for an update on hiring and temporary facilities. Mr. Backhaus confirmed this is Tailwind’s tenth airport and said they will have a menu in place that will work in temporary facilities. A team will be onsite after Labor Day for staffing purposes and Tailwind will give current employees the opportunity to apply.

Board Action: President Hart requested Board approval of a concession agreement with Tailwind Concessions. The agreement includes a transition period that will begin on October 1, 2013 and run through February 1, 2014 at which time the agreement will begin. The term of the agreement is for five years and includes two five year options to extend the agreement at the airport’s sole discretion.

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

Commissioner Lytle abstained from the vote.

Other Business

None

Public Comment

None

Closing Comments

Chairman Jacobson thanked the Board and staff for continuing to do great work in moving the airport forward. He stated that he attended both the arrival and departure of the President, and it was a day in which the airport and the city should be proud. He also stated he was pleased that the renovations are on schedule and within budget and there has been little or no interruption for passengers and their travel requirements.

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

Adjourn

**Chattanooga Metropolitan Airport Authority
Board of Commissioners Meeting Minutes
October 30, 2013**

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting Wednesday, October 30, 2013 at 2:00 p.m. Chairman Jacobson, Commissioners Griffin, Mallen, Mitchell, Snow, and Veazey were present.

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

Minutes

On motion of Commissioner Mallen, seconded by Commissioner Snow, the minutes of the August 19, 2013 meeting were approved.

President's Report

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

CMAA requested Board approval to amend the contract with Steve Williams Construction, LLC by awarding alternate three and five for the project located along the Brainerd Midtown corridor. The scope of the project was to establish gravel walkways, and to provide amendments to the soil that will enable plant growth and assist with the handling of storm water. The amendment was for alternate three bio retention planting soil mix in the amount of \$67,716, and alternate five, the aggregate pavement in the amount of \$7,319.50 for a total amendment amount of \$75,035.50. All work was completed using the original bid pricing submitted by Steve Williams Construction, LLC. The approved contract amount will be increased from \$673,394.90 to \$748,430.40. The additional construction is funded through a grant of \$75,000 from the Lyndhurst Foundation. The remaining \$35.50 will be covered with operating funds.

This request was approved in writing by Chairman Jacobson, Commissioners Snow, Veazey, Mallen and Mitchell.

Board Action: President Hart requested Board approval to amend the contract with Steve Williams Construction, LLC from the current contract amount of \$673,394.90 to \$748,430.40 to award alternate three and five.

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

President Hart gave an update on the airport's operations. In September enplanements were up 5.5 percent over the same time last year. To date, CHA is still off 3 percent from last year. He attributed this to disruptions in the systems at the beginning of the year due to weather patterns that caused cancellations in markets, thereby impacting CHA's enplanement numbers. Operations for the month of September show a 1 percent increase over last September. Total cargo in September showed a 10.5 percent increase over last September, and to date CHA is

nearly 20 percent above last year's numbers. President Hart said these numbers were very encouraging, and he expressed his gratitude to the community for supporting the airport.

Next, President Hart gave an update on a few of the current projects underway at CHA. He stated the West Side Phase 2 project was completed in September; the first full day of operation was October 1. President Hart thanked Allen & Hoshall and Morgan Construction for their work on the project. He stated the project came in under budget, although it went over on time due to weather.

President Hart stated the green space project is progressing well, and CMAA anticipates it to be completed by the end of 2013.

The terminal renovation project is moving ahead quickly. Most of the work has been completed in the ticketing areas and baggage claim. Renovation has moved to the dome and concourse with contractors beginning a number of projects including:

- Replacing the escalators
- Beginning the new restaurant renovation
- Installing new signage throughout
- Continuing restroom renovations on the concourse

Contractors still anticipate completing the project by February 1, 2014. President Hart commented on the compliments he has received from customers on the terminal renovation, and expressed his gratitude to EMJ Construction for their work.

In early September, CHA had its annual FAA audit. The airport received a no findings inspection. President Hart read directly from the Airport Certifications Safety Inspector's letter, "The inspection revealed that the airport is being operated in compliance with 14CFR part 139, the Airport Certification Manual, and the Airport Operating Certificate. We commend you for the procedures you are using in the day to day operation of the airport. The appearance of the airport indicates they are effective." President Hart expressed his thanks to Maurice Songy, Michael Jackson, and Robert Atkins for their work to keep the airport and airfield up to date.

CMAA also received information from the FAA regarding the Office of Airport Compliance issuing their determination on the Part 16 that was filed by TAC Air against CMAA. As it read, "The Chattanooga Metropolitan Airport Authority is not currently in violation of its federal obligations set forth in its airport grant assurances and existing federal statutes with respect to this complaint. Accordingly, the above reference matter is dismissed."

Finally, CMAA's annual financial audit was completed in September. President Hart introduced Fred Decosimo of Joseph Decosimo and Co., and invited him to present his findings to the Board.

Mr. Decosimo addressed the Board and said there were no difficulties encountered in the audit, errors, or fraud noted. There were no new significant accounting pronouncements implemented during the year. From a financial health standpoint, CMAA continues to be in great shape. Total

assets increased by approximately \$12,000,000. Equity increased by approximately \$8.3 million and now exceeds \$100,000,000. The balance sheet of CMAA is very strong. CMAA's long term debt decreased by approximately \$300,000. Cash flows from operations were positive; cash, both restricted and unrestricted, increased by approximately \$2.5 million. Approximately \$11,000,000 in capital improvements were made during the year. Joseph Decosimo and Co., had no suggestions to improve internal controls as they determined they were sufficient to rely upon.

Chairman Jacobson thanked Mr. Decosimo for his work and asked that the minutes reflect that the Board received this report.

President Hart thanked Mr. Decosimo for his report, and also thanked April Cameron and Tena Keith for their work in assisting Joseph Decosimo and Co., with the audit.

Board Action

Insurance Renewal

April Cameron addressed the Board and said since the summer of 2012, CMAA has been working with Wells Fargo Insurance Services to ensure that the airport has the best coverage at the most competitive pricing. With an insurance environment that continues to try to recover from low investment returns and historical catastrophic losses, carriers in most insurance lines continue to increase premiums as a way to recover from previous losses and mitigate the risk of future losses.

Although the airport has not realized any significant losses during the last year, the airport has experienced growth which equates to higher exposure limits and resulting increased premiums. CMAA's property exposure limits increased 30 percent, automobile exposures increased 6 percent, and overall assets grew by 8 percent during the last year.

Wells Fargo has attempted to balance the insurer's desire to increase rates and CMAA's increased exposures against CMAA's goal to keep costs as low as possible while providing the best protection.

Ms. Cameron introduced Dawn Kirkland and Kathryn Crowell of Wells Fargo Insurance Services to the Board.

Commercial Property

Since approval of the coverage in October 2012, CMAA has increased property values from \$56.6 million to \$73.5 million as a result of the terminal renovation, new solar farm, and the second hangar on the west side. In addition to the additional cost due to increased exposures, the best property coverage quote came from CNA and included a 15 percent rate increase. Wells Fargo worked diligently and was able to negotiate the rate increase down to 5.8 percent which resulted in an overall premium of \$66,669 for coverage of \$73.5 million with a \$10,000 deductible. A thorough review of the policy's sublimits and exclusions by Wells Fargo and CMAA show that CNA has provided the most competitive proposal. Wells Fargo agrees that CMAA should remain with CNA for the upcoming term effective October 31, 2013.

Board Action: Ms. Cameron requested Board approval for the renewal of CMAA's commercial property coverage with CNA in the amount of \$66,669.

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

Commercial Automobile

Ms. Cameron continued, Wells Fargo also negotiated rates for the commercial automobile policy effective October 31, 2013. Proposals were received from the incumbent, Harleysville, and New Hampshire Insurance Company. A review of the proposals including premiums, deductibles and exclusions show that Harleysville provided the most competitive quote at \$14,449 which is a 9 percent decrease from last year's premium. The automobile policy covers the actual cash value of 17 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 of a contract with Harleysville for CMAA's commercial automobile coverage in the amount of \$14,449.

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

Executive Liability

Ms. Cameron continued, CMAA's Executive Liability includes Directors and Officers, Employment Practices and Fiduciary Liability coverage for the Airport Authority. Premiums are based on the total assets of the organization which increased 8 percent over the last year. CMAA currently maintains a primary management liability policy in the amount of \$5 million and a fiduciary policy in the amount of \$1 million. Additionally, CMAA maintains a \$5 million excess policy and a \$5 million secondary excess policy. After remarketing, Wells Fargo has recommended that CMAA accept the proposal from ACE for the primary coverage in the amount of \$15,264 which represents a 5 percent increase over last year due to additional assets of CMAA. The fiduciary coverage will remain with Travelers in the amount of \$839 and excess policies will remain with RSUI and Hiscox in the amounts of \$11,172 and \$9,968 and are based on the current value of assets. The total cost of the \$15 million executive liability coverage is \$37,243.

Board Action: Ms. Cameron requested Board approval to accept the proposal from ACE for the primary coverage in the amount of \$15,264, Travelers for fiduciary coverage in the amount of \$839, and excess policies with RSUI and Hiscox in the amounts of \$11,172 and \$9,968.

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

Worker's Compensation Renewal

Ms. Cameron continued, Wells Fargo advised that because the account was moved to QBE last year and QBE's rates are the most competitive in the Aviation Workers' Compensation

marketplace at this time, they chose not to market the account this year. Dean Anderson, Director of Aviation, is in the marketplace constantly and is keenly aware of the markets and the competition so he felt strongly that CMAA's Workers' Compensation coverage was where it should be for this renewal.

In addition, Workers' Compensation coverage is standard coverage and does not have different coverage when it comes to different carriers. As a result, there were no coverage form changes for this renewal.

Based on the work of Wells Fargo, CMAA has been provided a renewal quote of \$49,165 for the upcoming term paid by a 20 percent deposit plus 9 installments. This premium represents a 4 percent increase in premium while maintaining all of the statutory limits required by the State of Tennessee.

Board Action: Ms. Cameron requested Board approval for the renewal of CMAA's Workers' Compensation coverage with QBE in the amount of \$49,165.

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

Aviation Liability Insurance

Ms. Cameron continued, Wells Fargo also worked with ACE USA, the incumbent aviation liability carrier, to negotiate a reduction in our aviation liability premium. ACE has held CMAA's aviation liability for many years and has always been responsive to claims and other requests. In addition, ACE has granted premium reductions over the past few years all while increasing CMAA's coverages. Given that ACE has performed so well in the past and they have once again agreed to a reduction in the annual premium, Wells Fargo is recommending acceptance of the quote from ACE in the amount of \$61,758 for limits of \$100 million and excess coverage of \$200 million by Lloyd's of London in the amount of \$33,666. These quotes represent a 5 percent decrease or \$5,023 in the annual premium for last year.

Commissioner Mitchell asked if CMAA had increased the coverage last year. Ms. Cameron said yes. Commissioner Mitchell reminded the Board that from 2012 to 2013 CMAA changed the coverage in property as well as aviation, and CMAA had a premium decrease in 2012 and over all has had a premium decrease in 2013.

Board Action: Ms. Cameron requested Board approval to accept ACE for aviation liability coverage in the amount of \$61,758, and excess coverage with Lloyd's of London in the amount of \$33,666.

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

Resolution 68 - Debt Modification Agreement 2013

In 2009, CMAA refunded a portion of its outstanding debt obligation and modified the remaining \$6,600,000 debt to a 5.41 percent fixed rate bond structure. In June 2012, with interest rates at record lows, First Tennessee agreed to lower the fixed rate to 3.54 percent for the remaining term. Once again, First Tennessee has agreed to lower the interest rate on the remaining \$5.2 million to 2.95 percent. The new annual debt requirement will be \$560,247.48 paid in monthly installments of \$46,687.29. This change will provide debt service savings in the amount of \$16,344.60 annually.

Ms. Cameron introduced Hugh Moore of Chambliss, Bahner & Stophel, who read Resolution 68 to the Board. Resolution 68 is as follows:

RESOLUTION NO. 68

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, SUCH MODIFICATION.

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 3.54% to 2.95%, effective November 1, 2013, which will result in a reduction in the monthly installment payment due on the Bond from \$48,049.34 to \$46,687.29, effective December 1, 2013; and

WHEREAS, the Bank is willing to agree to such interest rate reduction and monthly installment payment reduction, provided that the Authority will enter into a Second 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:

Section 1. 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 3.54% to 2.95% effective November 1, 2013, which will result in a reduction in the monthly installment payment due on the Bond from \$48,049.34 to \$46,687.29, effective December 1, 2013, and the other modifications set forth in the form of the Modification Agreement presented to this meeting of the Board of Commissioners.

Section 2. Approval of the Modification Agreement. The form, content and provisions of the Modification Agreement are in all particulars approved, and the Chairman and the Vice Chairman, or either of them, and the President of the Authority are hereby authorized,

empowered, and directed to execute, acknowledge, and deliver the Modification Agreement in the name, and on behalf, of the Authority.

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

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

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

Section 4. 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 5. 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.

Section 6. Captions. The captions or headings in this Resolution are for convenience only and shall in no way define, limit, or describe the scope or intent of any provision hereof.

Section 7. Partial Invalidity. If any one or more of the provisions of this Resolution shall be held invalid, illegal, or unenforceable in any respect, by final decree of any court of lawful jurisdiction, such invalidity, illegality, or unenforceability shall not affect any other

provision hereof, but this Resolution shall be construed the same as if such invalid, illegal, or unenforceable provision had never been contained herein, or therein, as the case may be.

Section 8. Conflicting Resolutions Repealed. All resolutions or parts thereof in conflict herewith, are, to the extent of such conflict, hereby repealed, and this Resolution shall take effect from and after its adoption.

(signature page follows)

APPROVED AND ADOPTED this _____ day of _____, 2013.

By: _____
Chairman

ATTEST:

By: _____
Secretary

EXHIBIT A

Form of Modification Agreement

[Attached]

SECOND MODIFICATION AGREEMENT

This SECOND MODIFICATION AGREEMENT (the "Agreement") made and entered into effective as of November 1, 2013 (the "Effective Date") by and between **FIRST TENNESSEE BANK NATIONAL ASSOCIATION** (the "Bank"), a national banking association with an office in Chattanooga, Tennessee, and **CHATTANOOGA METROPOLITAN AIRPORT AUTHORITY** (the "Borrower"), a Tennessee metropolitan airport authority created pursuant to the provisions of the Metropolitan Airport Authority Act, Tennessee Code Annotated Sections 42-4-101, et seq., as amended;

WITNESSETH:

THAT WHEREAS, the Bank purchased the Borrower's Taxable Revenue Refunding Bond, Series 2009, in the original principal amount of \$6,600,000 (the "Bond"), pursuant to a Loan and Bond Purchase Agreement between the Borrower and the Bank dated as of May 21, 2009 (as amended by the below-described Modification Agreement, hereinafter called the "Bond Purchase Agreement"); and

WHEREAS, the Bank remains the registered owner and holder of the Bond; and

WHEREAS, the Bank and the Borrower entered into an Assignment and Security Agreement dated as of May 21, 2009 (the "Security Agreement"), a Pledge and Security Agreement dated as of May 21, 2009 (the "Pledge Agreement"), and other documents in connection with the Bond (the Bond, the Bond Purchase Agreement, together with the Security Agreement, the Pledge Agreement, and such other documents collectively called the "Bond Documents"); and

WHEREAS, the Bank and the Borrower entered into a Modification Agreement dated as of June 1, 2012 (the "Modification Agreement"), pursuant to which the interest rate on the Bond was reduced from 5.41% to 3.54% and certain other modifications were made; and

WHEREAS, the Borrower has requested that the Bank reduce the interest rate borne by the Bond from 3.54% per annum to 2.95% per annum (as further described in this Agreement, the "Interest Rate Reduction"); and

WHEREAS, the Bank is willing to allow the Interest Rate Reduction, provided that the Borrower enter into this Agreement and satisfy the conditions and requirements set forth in the Agreement;

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

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

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

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

"Interest Rate" means the fixed rate of 5.41% per annum; provided, however, that on June 1, 2012, such fixed rate shall be reduced to 3.54% per annum; and provided further, however, that such fixed interest rate shall be reduced to 2.95% on November 1, 2013.

b. Section 2.2(a)(ii) is amended as shall be necessary to reflect that beginning December 1, 2013, the amount of each of the monthly installments due on the Bond shall be \$46,687.29, with the last installment being in an amount equal to the remaining unpaid principal balance of the Bond and all accrued but unpaid interest thereon.

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

Section 6.2 Optional Redemption Generally. The Borrower shall be permitted to redeem the Bond in whole or in part upon thirty (30) day prior written notice to Bank without penalty or premium; provided, however, if the funds for such redemption are obtained from a lender or purchaser other than Bank, then the Borrower shall pay a redemption premium equal to: (i) three percent (3%) of the then outstanding principal balance being redeemed if redeemed during the period beginning November 1, 2013 and ending at midnight on October 31, 2014; (ii) two percent (2%) of the then outstanding principal balance being redeemed if redeemed during the period beginning November 1, 2014 and ending at midnight on October 31, 2015; and (iii) one percent (1%) of the then outstanding principal balance being redeemed if redeemed during the period beginning November 1, 2015 and ending at midnight on October 31, 2016.

3. The Bond is hereby amended as shall be necessary to reflect the following:

a. Beginning November 1, 2013, the Bond shall bear interest at the fixed rate of 2.95% per annum until the Bond is paid in full; provided, however, that upon the occurrence and during the continuance of any Event of Default (as that term is defined in the Bond Purchase Agreement), the Bond shall bear interest at the Default Rate (as that term is defined in the Bond Purchase Agreement).

b. Beginning December 1, 2013, the amount of each of the monthly installments due on the Bond shall be \$46,687.29, with the last installment being in an amount equal to the remaining unpaid principal balance of the Bond and all accrued but unpaid interest thereon.

c. The Borrower shall be permitted to redeem the Bond in whole or in part upon thirty (30) day prior written notice to Bank without penalty or premium; provided, however, if the funds for such redemption are obtained from a lender or purchaser other than Bank, then the Borrower shall pay a redemption premium equal to: (i) three percent (3%) of the then outstanding principal balance being redeemed if redeemed during the period beginning November 1, 2013 and ending at midnight on October 31, 2014; (ii) two percent (2%) of the then outstanding principal balance being redeemed if redeemed during the period beginning November 1, 2014 and ending at midnight on October 31, 2015; and (iii) one percent (1%) of the then outstanding principal balance being redeemed if redeemed during the period beginning November 1, 2015 and ending at midnight on October 31, 2016.

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

4. The Borrower hereby authorizes and directs the Bank to take any action necessary to conform the Bond Documents to the terms and provisions of this Agreement and hereby accepts and confirms its liability under the Bond and the other Bond Documents, as modified by this Agreement.

5. On or before the Effective Date, the Borrower shall furnish the following to the Bank, each in form and substance satisfactory to the Bank and its counsel:

- a. an executed counterpart of this Agreement;
- b. certified resolutions of the Borrower authorizing the Interest Rate Reduction and the execution, delivery and performance of this Agreement;
- c. a Closing Certificate of the Borrower in such form as the Bank shall reasonably request;
- d. an opinion of counsel to the Borrower that (i) this Agreement has been duly authorized, executed and delivered by the Borrower, (ii) this Agreement is the legal, valid and binding obligation of the Borrower enforceable against the Borrower in accordance with its terms, and (iii) as to such other matters as the Bank shall reasonably request;
- e. an executed counterpart of the Consent and Confirmation of the City of Chattanooga, Tennessee to this Agreement in the form attached to this Agreement; and
- f. such other items as shall be reasonably required by the Bank.

6. The Borrower hereby authorizes and directs the Bank to take any action necessary to conform the Bond Purchase Agreement, the Bond and the other Bond Documents to the terms of this Agreement and hereby accepts and confirms its liability under the Bond Purchase Agreement, the Bond and the other Bond Documents with the terms as modified by this Agreement.

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

8. The Borrower represents and warrants to the Bank that the balance sheet of the Borrower dated as of June 30, 2012 and the related statements of income and retained earnings of the Borrower for the fiscal year then ended and the accompanying footnotes, together with the opinion thereon, dated October 26, 2012 of Decosimo & Company, independent certified public accountants, and the interim balance sheet of the Borrower as of March 31, 2013, and the related statements of income and retained earnings for the nine-month period then ended, copies of which have been furnished to the Bank, are complete and correct and fairly present the financial condition of the Borrower as of such dates and the results of operations of the Borrower for the periods covered by such statements, all in accordance with GAAP consistently applied, and since March 31, 2013, there has been no material change in the condition financial or otherwise, business or operations of the Borrower.

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

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

11. The Borrower agrees that neither the Interest Rate Reduction, nor anything in this Agreement nor any other document executed prior to the date of this Agreement shall constitute a waiver of any Event of Default or breach under the Bond Purchase Agreement or any of the other Bond Documents or a waiver of any of the rights and remedies of the Bank under the Bond Purchase Agreement, such other Bond Documents or applicable law. Unless and until a final written agreement otherwise is signed by the Borrower and the Bank, no conversations or unwritten agreements or understandings shall be binding on the Bank or waive or modify any of the matters set forth in this Agreement or any of the rights and remedies of the Bank under the Bond Purchase Agreement, such other Bond Documents or applicable law.

12. In consideration of the Interest Rate Reduction, the Borrower acknowledges and agrees that there are no existing offsets, defenses or counterclaims to the obligations of the Borrower, as set forth in the Bond, the Bond Purchase Agreement or in any of the other Bond Documents and that the Borrower has no existing claim for damages against the Bank arising out of or related to the Bond or the transactions contemplated by the Bond Purchase Agreement; and, if and to the extent (if any) that the Borrower has or may have any such existing claim (whether known or unknown), the Borrower does hereby forever release and discharge, in all respects, the Bank with respect to such claim.

13. The Borrower further agrees that all terms and conditions of the Bond Purchase Agreement, the Bond, the Security Agreement, the Pledge Agreement and the other Bond Documents shall remain in full force and effect except as modified in this Agreement.

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

[Signatures appear on the following page.]

**SIGNATURE PAGE
TO
MODIFICATION AGREEMENT**

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

BORROWER:

ATTEST:

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

By: _____
Secretary

By: _____
Chairman
By: _____
President

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

Chambliss, Bahner & Stophel, P.C.

By: _____
Hugh J. Moore, Jr.

BANK:

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

By: _____
Robert T. Lusk,
Senior Vice President

CONSENT AND CONFIRMATION OF THE CITY OF CHATTANOOGA, TENNESSEE
TO
MODIFICATION AGREEMENT

The City of Chattanooga, Tennessee (the "City") has entered into that certain Airport Operation Service Contract (the "Service Contract") dated as of March 31, 2009 with the Chattanooga Metropolitan Airport Authority (the "Borrower"), pursuant to which the City has agreed to make payments equal to any shortfall between the revenues the Borrower has available for the payment of principal and interest due to First Tennessee Bank National Association (the "Bank") on the Bond (as that term is defined in the foregoing Modification Agreement between the Bank and the Borrower (the "Modification Agreement")), which Service Contract has been assigned by the Borrower to the Bank as collateral for the obligations of the Borrower under the Bond and the Bond Purchase Agreement (as that term is defined in the foregoing Modification Agreement). As a condition precedent to the Bank's entering into the Modification Agreement, the City hereby consents to the foregoing Modification Agreement and the amendments to the Bond and the Bond Purchase Agreement described in the Modification Agreement. As a further condition precedent to the Bank's entering into the Modification Agreement, the City further acknowledges and confirms to the Bank that (i) the Service Contract remains in full force and effect, including without limitation the obligations of the City thereunder, (ii) the Service Contract has not been amended, and (iii) no event of default has occurred under the Service Agreement, nor has any event occurred which, upon notice, lapse of time or both, would constitute an event of default thereunder.

IN WITNESS WHEREOF, the City of Chattanooga has executed this Consent and Confirmation as of November 1, 2013.

CITY OF CHATTANOOGA

By: _____
Andy Berke
Mayor

Attest:

Finance Officer

Approved by:

City Attorney

Chairman Jacobson asked for clarification regarding the fixed bond rate of 5.41 percent mentioned in the opening remarks and the fixed bond rate of 3.54 mentioned in the resolution. Ms. Cameron said in 2009 the bonds were refunded at 5.41 percent, and in 2012 the rate was reduced to 3.54 percent.

Board Action: Ms. Cameron requested Board approval of Resolution 68.

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

Video Monitoring System for the CT-80 Baggage Screening Rooms

Maurice Songy addressed the Board. CMAA is requesting Board approval to purchase a video monitoring system for the baggage screening rooms. The Transportation Security Administration (TSA) uses CT-80 machines in each of the three baggage screening rooms. These CT-80 devices use x-ray imaging and explosives detection technology to screen checked bags for items and substances not allowed to travel on airlines. Currently, there is no video monitoring system in the rooms that house the devices. The TSA has requested that CMAA install this system to interface with the airport's current video monitoring system to monitor the CT-80 rooms.

The scope of this project will include:

0. One Dell R520 Server
1. Three Pelco .5MP Color Cameras
2. One Roll of CAT-6 Cabling (1,000 feet)
3. Wiring, installation and mounting of the equipment

CMAA obtained a quote from I-Sys Corporation to purchase and install the equipment for \$12,881.16. CMAA will be reimbursed by the TSA for the full cost of this addition to the system. Work will be completed within 30 days of Notice to Proceed.

Board Action: Mr. Songy requested Board approval to enter into a contract with I-Sys to purchase and install the equipment as outlined for a contracted amount of \$12,881.16.

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

Waste Disposal Services

CMAA is requesting Board approval of a contract for waste disposal services. In July, CMAA issued a Request for Proposals for a provider to haul off and dispose of trash collected at various locations at the airport.

The scope of this contract will include:

- Hauling of a 30-yard trash compactor at the terminal every other week
- Hauling of a 6-yard container at the CMAA Airport Maintenance Shop every week
- Hauling of a 6-yard container at the CMAA ARFF Station every other week
- Monthly lease of the 30-yard trash compactor
- Disposal fee for the collected trash

Two proposals were received and reviewed. CMAA staff recommends awarding the contract to the lowest bidder, Santek Waste Services of Tennessee, LLC. The contract will start on November 1, 2013 for a term of two years with three 12-month renewal options for a monthly amount of \$845.66. This represents a savings of almost 50 percent of the previous agreement.

Robert Stone of Allied Waste asked to address the Board. The Board consented. Mr. Stone introduced himself as the account executive for the airport's account and shared the company's history with the Board. He then asked the Board to consider his company's bid before approving the new contract.

Chairman Jacobson asked for the record if all bids that were submitted were considered. Mr. Songy confirmed all bids that were submitted were considered based on the same criteria.

Commissioner Veazey asked what the bid amounts were from Santek Waste Services of Tennessee, LLC and Allied Waste. Mr. Songy stated Allied Waste's bid was for \$896, and Santek's bid was for \$845.66.

Commissioner Mallen addressed Mr. Stone and asked several questions. He said his understanding was the new agreement saves CMAA almost 50 percent from the previous agreement. He noted that Allied Waste cut their own price by almost 50 percent and asked if that meant the company was overcharging CMAA previously. Mr. Stone replied that it means they cut the price because of the market and the competitive environment. Commissioner Mallen asked how long the price had been at the higher rate. Mr. Stone said the company had been servicing the airport for 20 years and it had grown to that rate over that period of time. Commissioner Mallen asked if the rate would have continued at that level if CMAA had not issued a request for proposals. Mr. Stone replied the rate would have remained at that level until they could enter into a new agreement with CMAA. Mr. Mallen commended the staff for putting the contract out to bid and affecting a 50 percent savings

Board Action: Mr. Songy requested Board approval to enter into a contract with Santek Waste Services of Tennessee, LLC to provide waste removal services as outlined for a monthly contracted amount of \$845.66.

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

Other Business

Commissioner Mallen addressed the Board and thanked President Hart and CMAA for successfully putting together and hosting a tour of the airport solar farm and Wilson Air Center terminal for the Society of Environmental Journalists on short notice.

Public Comment

None

Closing Comment

Chairman Jacobson welcomed Commissioner Griffin back to the Board. Chairman Jacobson then thanked Fred Decosimo and Joseph Decosimo and Co., for their work on the financial audit. He recognized Ms. Cameron and her team for their work and diligence all year. He congratulated Mr. Songy, operations, and maintenance for receiving a no findings inspection from the FAA. Finally, he stated he is happy to see the progress of the terminal renovation and thanked airport comers for their patience.

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

Adjourn