

Chattanooga Metropolitan Airport Authority
January 16, 2007

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open session on Tuesday, January 16, 2007. Commissioners Jacobson, Hall, Griffin, Freeman, Veazey, and Wells (via phone) were present.

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

Minutes

On motion of approval Commissioner Hall, seconded by Commissioner Veazey, the Commissioners approved the minutes of the November 20, 2006 meeting.

President's Report:

President Landguth reported that the 2006 enplanements were down just over 1% after projecting a 9% decline due to the state of the airline industry. November and December saw double-digit increases largely due to the continued growth in air service with Allegiant Air's flights to Orlando / Sanford and St. Petersburg / Clearwater. These flights have received great community support – in December, Allegiant's load factors topped 80%. In 2007, given the addition of Allegiant Air to the market and the continued operation of the five other airlines and eight other destinations, enplanements are projected to show steady growth. As always, CMAA is at the mercy of the volatility of the airline industry.

2007 air service projections – the most likely scenario for 2007 forecasts no additional nonstop destinations, but a growth in the Atlanta, Charlotte and Dallas markets. Continued contraction within the industry makes any additional growth unlikely.

2007 focus – continue to build traffic and strengthen the current air service markets. Look for strategic opportunities for growth as airlines recover over the next 24 months. As always, we appreciate the community's continued support over the last year and we look forward to growing that support in 2007.

President Landguth asked former CMAA police officer Jeff Bowen to join him. Jeff has been an officer with CMAA since 1984. In recent years, he also served as training officer for the department. In addition, Jeff's focus on customer service has been a great addition to our team. President Landguth reported that in his 8 years with the Airport Authority, no single employee has received so many letters from customers, thanking him for his service on their trip through the Chattanooga Airport. Officer Bowen has now retired. He will be missed at the Airport. In recognition of his years of service, President Landguth presented Officer Bowen with an aerial photo of the Airport.

Employee of the Quarter – Gloria Wilson from TAC Air

On December 26, an aircraft crashed in Marion County killing two people and leaving two in critical condition. On December 27, family members of one of the injured passengers flew into TAC Air. They requested transportation to Erlanger hospital either by taxi or shuttle. The lady with the family explained to Gloria Wilson, CSR at TAC Air, that her son was the pilot of the aircraft that had crashed in Marion County. Gloria insisted that the luggage be loaded into one of the company's vans and then drove them to Erlanger. After dropping the family at Erlanger, Gloria then made a call to Morty Lloyd asking him if he could go to Erlanger to offer comfort to both families of the injured people. Gloria felt that the family, being from out-of-town and not knowing anyone here, could use someone to console or offer comfort from the community. Gloria's willingness to go above and beyond exemplifies the type of people who make our airport community successful. For her commitment to customer service, CMAA recognized Gloria Wilson as the Employee of the Quarter.

Board Action:

April Cameron requested board approval to accept Workers Compensation Insurance with Key Risk in the amount of \$70,776 for a term of one year commencing on January 17, 2007. BB&T Huffaker & Trimble solicited bids on behalf of CMAA for renewal of our Workers Compensation insurance policy. CMAA's policy covers:

Bodily Injury by Accident:	\$1,000,000	Each Accident
Bodily Injury by Disease:	\$1,000,000	Policy Limit
Bodily Injury by Accident:	\$1,000,000	Each Employee

Tennessee State law requires minimum limits of:

Bodily Injury by Accident:	\$100,000	Each Accident
Bodily Injury by Disease:	\$500,000	Policy Limit
Bodily Injury by Accident:	\$100,000	Each Employee

CMAA received three quotes for the coverage. The incumbent, Liberty Mutual, submitted a renewal quote of \$73,550. AIG submitted a quote of \$130,000. The lowest quote came from Key Risk in the amount of \$70,776 to be paid by a deposit of \$14,155 plus nine monthly installments of \$6,599.44 with a \$5 installment fee. This premium represents an increase of 10% from last years' premium due to a rate increase as well as an increased payroll estimate to cover the new ground handling operation.

Board Action: CMAA requests board approval to accept Workers Compensation Insurance with Key Risk in the amount of \$70,776 for a term of one year commencing on January 17, 2007.

Commissioner Hall asked what CMAA's experience with worker's compensation insurance had been like.

Arch Trimble replied it had been an up and down history. He said it was a tough risk because of the different exposures in the airport industry.

Commissioner Freeman made a motion for approval, Commissioner Veazey seconded. Motion carried.

Board Action:

Scott Broyles requested Board approval for a contract with Chattanooga Elevator, Inc. in the amount of \$11,520 for the maintenance and repair of two elevator and two escalators located in the main terminal.

This agreement encompasses the maintenance and repair of two elevators and two escalators located at the airport's main terminal. The scope of the work consists of general cleaning and maintenance of the equipment as well as repair and replacement of items such as motors, pumps guides and handrails as warranted. The term of the agreement is one year. The airport received three bids on this project. After meeting all the bid requirements, CMAA staff has recommended that the maintenance agreement be awarded to Chattanooga Elevator, Inc. at a bid price of \$11,520.

Board Action: CMAA requests Board approval for a contract with Chattanooga Elevator, Inc. in the amount of \$11,520 for the maintenance and repair of two elevators and two escalators located at the main terminal.

Commissioner Hall asked when Chattanooga Elevator would service the elevator. Mr. Broyles responded that are readily available anytime including emergency situation.

Commissioner Hall asked if the contract included parts and labor. Mr. Broyles responded that it did include both parts and labors.

Commissioner Veazey made a motion for approval, Commissioner Griffin seconded. Motion carried.

Commissioner Veazey asked for update on the lawsuit regarding the former Target facility. CMAA legal counsel Hugh Moore stated that the latest hearing had been won by CMAA but the case would not be tried until late March or early April.

Commissioner Veazey asked how much ProStorage owed CMAA. Mr. Moore responded that they owe roughly \$150,000.

Chairman Jacobson asked if any board member had additional business to discuss. Hearing none, Chairman Jacobson asked if any member of the public had any matter to bring before the board.

Hearing none, Commissioner Griffin made a motion for adjournment, seconded by Commissioner Hall. Motion carried and meeting adjourned

**Chattanooga Metropolitan Airport Authority
Chattanooga,
February 19, 2007**

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting on Monday, February 19, 2007. Commissioners Jacobson, Hall, Freeman, Veazey and Wells were present and Commissioner Kilbride joined by phone.

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

Minutes:

On motion of approval Commissioner Hall, seconded by Commissioner Veazey, the Commissioners approved the minutes of the January 16, 2007 meeting.

Presidents Report:

Last week CMAA had our annual inspection by the Federal Aviation Administration. This inspection ensures that our airport operated in compliance with the Federal Aviation Administration's Part 139 regulation, which governs commercial service airports. The inspector checked for compliance on numerous issues, including training records, lighting, fueling operations, construction and wildlife hazards. Our inspector, Mr. Jim Price, cited no discrepancies. I want to thank Scott Broyles and all our staff, including fire fighters, police officers, maintenance, operations and security for their great work in keeping the airport operating at such a high level

President Landugth also reported that enplanements are up nearly 20% in January. On review, most of the increase is from the new Allegiant service to Orlando / Sanford and Tampa / St. Pete. CMAA is very pleased with the community's reaction to this new air service and we ask for everyone's continued support.

We need to set two committee meetings for April

- Finance
- Marketing

We'll be sending out some suggested meeting dates this week

Board Action:

Economic Impact Analysis

President Landguth requested Board Approval for a contract with the Community Research Council to conduct an Economic Impact Analysis in the amount of \$24,900. This study will identify the benefits of the airport for the region, including an assessment of both the potential "cost" to the region's economy of a reduction in air service, as well as the potential benefits that would result from increased utilization of the airport.

The research will assess CMAA's economic impacts through an analysis based on established literature on airport economic development, including FAA guidelines, and assessing local and regional economic factors evident in Chattanooga and a number of comparison cities.

Project Scope

The scope of the economic impact analysis will consist of four parts:

- 1) Literature Review – A review and assessment of relevant literature on the relationship between airport activity and economic development will be conducted. This review will be utilized to form the basis for the impact analysis.
- 2) Employment and Income Impact Analysis – CRC will conduct an industry standard income and employment multiplier analysis by conducting an inventory of direct airport-related employment and income and applying the appropriate RIMS II regional multiplier to derive indirect and induced effects created in the Chattanooga region as a result of airport operation.
- 3) Locational Factor Analysis – CRC will conduct an assessment of CMAA service as a locational factor by surveying employers that have relocated to the Chattanooga region or significantly expanded their operations within the last three years. The survey will be utilized as a data collection instrument to determine the relative importance of CMAA service to the firm's decision to locate in the Chattanooga region.
- 4) Comparative Analysis – CRC will conduct a multiple regression analysis of the relationship between air service and economic growth in mid-size cities to determine how increases (or decreases) in air services are related to changes in income and employment in the selected comparison regions. Comparison regions will be selected during the literature review phase of this research.

Project Budget and Deliverables

The total project budget is \$24,900. CRC develops its project cost on the basis of a blended billable rate of \$150 per hour. CRC then projects the amount of time that different components of the project will take to determine its fixed price estimate. The proposed project budget is broken down by the following components:

Activity	Hours	Cost
Literature Review	10	\$1,500
Employment and Income Impact Analysis	28	\$4,200
Locational Factor Analysis	39	\$5,850

Comparative Analysis	39	\$5,850
Report Writing and Editing	50	\$7,500
Total	166	\$24,900

Upon notice to proceed, CRC anticipates that the proposed research will be complete within eight months. Upon completion, CRC will provide a detailed written report on the research.

Part of this project will be funded through an economic development planning grant with the Enterprise Center. We appreciate the Enterprise Center's partnership in helping us complete this important study.

Qualifications

The Community Research Council conducts independent data analysis and policy research to improve the quality of life in the Chattanooga region. Last year, CRC published the first-ever *State of Chattanooga Region Report*, a 360 page analysis of crime, health, education and the economy in Hamilton County. The Report is based on data collected from federal, state and local government agencies, as well as the results of a survey of one thousand residents of Hamilton County.

Over the last two years, CRC's funders and clients have included Hamilton County, the City of Chattanooga, the Alfred P. Sloan Foundation, the Robert Wood Johnson Foundation, the IBM Center for the Business of Government, the Brookings Institution, the Lyndhurst Foundation, the Benwood Foundation, the Community Foundation of Greater Chattanooga, the Chattanooga Area Chamber of Commerce and the River City Company.

David Eichenthal – President and CEO of CRC and Dr. Bill Tharp, who will be heading up our research, gave a brief overview to the board.

Board Action: Request Board Approval for a contract with the Community Research Council to conduct an Economic Impact Analysis in the amount of \$24,900.

Commissioner Wells made a motion for approval, Commissioner Hall seconded. Motion carried.

Contract for Passenger Facility Charge Application and Amendment

Ms. Cameron requested Board approval for a contract with Newton and Associates, Inc. in the amount of \$90,609 to assist CMAA with Passenger Facility Charge (PFC) strategic planning and in developing multiple amendments to CMAA's existing PFC Program and development of a new PFC application for submission to the administrator of the Federal Aviation Administration in accordance with 14 CFR Part 158.

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

Project Scope

- Task 1 Information Gathering, Fact Finding and Passenger Facility Charge / Capital Improvement Program (CIP) Review:** Collect, review and analyze the Airport's existing PFC Program and current CIP funding plan for AIP/PFC project eligibility. Provide recommendations on applicability of funding source(s) by project as well as scheduling.
- Task 2 PFC Program Development - PFC Amendments (Applications Number 1 and Number 3):** NAI will develop the amended PFC funding plan based on the Airport's historical capital program as submitted and approved in previous PFC Applications. NAI will also assist CMAA in describing, justifying and identifying the objectives for each project work element.
- Task 3 PFC Program Development - PFC Application Number 4:** NAI will develop a new PFC funding plan based on the overall Airport CIP funding plan. NAI will also assist CMAA in describing, justifying and identifying the objectives for each project work element. Utilizing historical financial and operational information and existing Airport planning documents supplied by CMAA, NAI will project future enplaned passengers and PFC gross and net revenues utilizing time series analysis. NAI will estimate PFC Charge Expiration Date as required by the FAA.
- Task 4 Air Carrier Consultation and Public Notification Process:** NAI will facilitate all aspects of the air carrier PFC consultation and public notification process, including:
- Identifying the air carriers and foreign air carriers to which PFC notification letters must be sent and recommending, where appropriate, any class of air carriers for exclusion from the requirement to collect a PFC;
 - Drafting and transmittal of the notification letter on CMAA's behalf to identified air carriers and foreign air carriers serving the Airport;
 - Providing the notified air carriers with project work element descriptions, justifications and PFC funding plans;
 - Draft and coordinate notice and opportunity for public comment;
 - Conducting the air carrier consultation meeting or assisting CMAA

- in conducting the meeting and taking, drafting and editing meeting minutes;
- Compiling all air carrier certifications of agreement/disagreement and summarizing substantive air carrier comments contained therein; and
- Drafting CMAA reasons for proceeding with project work elements in the face of any disagreements, if applicable.

Task 5 PFC Amendments (Applications Number 1 and Number 3) - Development and Submittal: NAI will prepare amendments for the Authority's existing PFC Applications Number 1 and Number 3. NAI will submit the PFC Amendments to the FAA in a manner and form prescribed by the FAA including all information and attachments thereto. NAI will coordinate the submission of the PFC Amendments with the FAA on behalf of the Authority. NAI will coordinate with other governmental officials at the Authority's direction and as may be agreed upon between NAI and Authority. NAI will prepare CMAA's sponsor certifications required under Part 158, including any required resolution for adoption by the Authority's governing body.

Task 6 PFC Application Number 4 Development and Submittal: Utilizing the Airport's current CIP and PFC financial and project information supplied to NAI by CMAA and its engineer(s) and/or designers, or derived by NAI during the course of this assignment, NAI will prepare PFC Application Number 4 for submittal by CMAA to the FAA in a manner and form prescribed by the FAA including all information and attachments thereto. NAI will coordinate with other governmental officials at CMAA's direction and as may be agreed upon between NAI and Authority. NAI will prepare CMAA's sponsor certifications required under Part 158, including any required resolution for adoption by the Authority's governing body. NAI will notify the air carriers to collect PFCs following FAA approval of the PFC application.

Fees

Newton and Associates, Inc. has submitted an estimated budget of \$90,609 to complete the project although the cost of the work described above will be performed on an hourly basis following the fee schedule presented:

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

Support Staff\$65

All fees associated with the project are 100% reimbursable through the PFC program.

Qualifications

Newton and Associates, Inc. has been CMAA's financial consultant since 1990. They advised CMAA during the 1990 bond financing for the Terminal Expansion Project as well as the 2002 bond refinancing. They are responsible for development of CMAA's application to use passenger facility charges and the associated Application 1 in 1993. In 1996, they developed Application 2 on behalf of CMAA. In 2000, they developed Amendments to Application 1 and 2 as well as Application 3. They were responsible for developing the airline rates and charges and facilitating the airline meetings on behalf of CMAA from 1990 through 2002. In 2005, they conducted a study of the impact of a second FBO at CMAA along with the 2005 Airport Business Plan. Their historical involvement and knowledge of the Airport stands to benefit CMAA through this project.

Board Action: Requesting Board approval for a contract with Newton and Associates, Inc. in the amount of \$90,609 to assist CMAA with Passenger Facility Charge (PFC) strategic planning and in developing multiple amendments to CMAA's existing PFC Program and development of a new PFC application for submission to the administrator of the Federal Aviation Administration in accordance with 14 CFR Part 158.

Commissioner Hall asked for an estimated time length of the process. Mr. Newton responded that the process is approximately 90 days.

Commissioner Veazey made a motion for approval, Commissioner Freeman seconded. Motion carried.

Tractor Purchase

Mr. Broyles requested Board approval for the purchase of two Hustler model Z54-XR7 riding mowers from R&S Truck & Tractor Company Inc. in the amount of \$12,902.

This request encompasses the purchase of two (2) riding mowers for use on airport grounds. Each unit is made by Hustler Turf Equipment and comes with the following options: 23 horsepower motor, 54 inch cutting deck, 14 gallon tank, and a full two year bumper to bumper warranty that includes parts and labor. As part of the acquisition, CMAA offered for trade the following pieces of used equipment: two riding mowers originally purchased in 2000, one bush hog purchased in 2001 and a back hoe purchased in 1971. The airport received three bids for this equipment. After meeting all the bid requirements, CMAA staff has recommended that the purchase be awarded to R&S Truck & Tractor Company Inc. at a bid price of \$12,902. This price includes the trade in of all four pieces of used equipment at a total trade value of \$3,800.

Board Action: CMAA requests Board approval for the purchase of two Hustler model Z54-XR7 riding mowers from R&S Truck & Tractor Company Inc. in the amount of \$12,902.

Commissioner Freeman made a motion for approval, Commissioner Veazey seconded. Motion carried.

Chairman Jacobson asked if any board member had additional business to discuss. Hearing none, Chairman Jacobson asked if any member of the public had any matter to bring before the board.

Hearing none, Commissioner Kilbride made a motion for adjournment, seconded by Commissioner Wells. Motion carried and meeting adjourned.

Chattanooga Metropolitan Airport Authority
Chattanooga, Tennessee
March 19, 2007

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting on Monday, March 19, 2007. Commissioners Jacobson, Hall, Freeman, Griffin, 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 Veazey, seconded by Commissioner Hall, the March 2007 Board minutes were approved.

President Report:

President Landguth began his report by commending CMAA staff on their hard work in making President Bush's visit a success. As you know, President Bush visited Chattanooga back on February 21. A presidential visit requires many hours of coordination between a variety of agencies, both local and federal. He commended Scott Broyles and his staff for their great work before and during the President's visit. He also noted that Air Force One – which is a 747 – landed comfortably on our runway. I hope this will help dispel the myth that we have regional jets in Chattanooga because the runways are too short for big jets. In fact, our runways can accommodate very large aircraft. The size of the aircraft in Chattanooga meets the current level of demand. As demand increases, we will see larger jets

President Landguth reported that enplanements were up over 21% in February. This follows a 20% increase in January. Allegiant had a very strong month in February with load factors over 80%. American, Continental and US Airways also saw strong gains over February 2006. CMAA is excited about the continued growth and thanks the community for their support.

President Landguth reported that CMAA recently submitted the Airport Capital Improvement Plan to the Federal Aviation Administration. This is a 5-year plan that looks at capital improvements to our facilities. He gave a brief report on the plan (drawing attached and timeline attached).

Energy Conservation Update

Scott Broyles briefed the Board on energy conservation plan CMAA has in place. In 2005, CMAA Maintenance Department began an effort to develop more energy efficient lighting in the Terminal. These early efforts included research on installing lighting contactors to control energy usage during periods of low traffic or periods of high natural lighting. The Maintenance Department also began exploring more energy efficient lighting options for the two thousand lighting fixtures located in the terminal.

In early 2006, CMAA teamed up with the Electric Power Board to conduct an energy management survey report in order to determine the most effective ways to realize additional energy savings. In October 2006, EPB submitted their final report. Their recommendations supported many of CMAA's ongoing efforts, including:

- Adjusting thermostat settings
- Maintaining HVAC equipment and replacing as needed with more energy efficient units
- Switching to energy efficient lighting on the interior and exterior of the terminal
- Weather-proofing building

Since early this year, the Maintenance Department has:

- Installed seven lighting contactors, controlling light usage in baggage, ticketing, dome area and concourse.
- Installed six individual lighting circuit timers at the airline gates down the concourse, once again, controlling light usage during slow traffic periods of the day.
- Replaced 80 65 watt incandescent bulbs with 13 watt compact fluorescent lights in the restaurant

Continuing efforts include:

- Replacing 260 100 watt high intensity discharge bulbs with 27 watt compact fluorescent lighting
- Replacing 400 watt high intensity discharge bulbs with 67 watt compact fluorescent lighting
- Explore switching out exterior lighting from high-wattage HID bulbs to low-wattage energy efficient lighting

CMAA is taking an inside-out approach to these efforts, focusing (as budget allows) on the inside lights, then moving to the exterior lighting. The great news is that these low-watt bulbs will provide the same level of lighting while decreasing the energy needed to light the facility. CMAA's energy conservation program is an ongoing effort. While we have made great strides so far, we will continue to seek out opportunities to realize additional energy savings. We will keep you posted on the growth of the program.

Board Action

Chattanooga Aero Ramp Design

Mr. Broyles requested conditional Board approval for the design of a 150x150 concrete apron located at the south end of the airfield referred to as Chatt Aero. Funding for the design is 90% or \$45,900 state funding with the remaining balance of \$5,100 to be paid

by CMAA. The total fee is \$51,000. The project will not begin until state funding is in place.

Board Action: CMAA requests conditional Board approval, for the design of a 150x150 concrete apron located at the south end of the airfield referred to as Chatt Aero with \$45,900 to be provided by the state funding and the remaining balance of \$5,100 to be paid by CMAA. The total fee is \$51,000.

Commissioner Hall made a motion for approval. Commissioner Griffin seconded. Motion approved.

Cargo Ramp Repair

Mr. Broyles requested conditional Board approval for the rehabilitation of a 100x20 section of asphalt located on the cargo ramp. Funding for the project is 90% or \$18,720 state funding with the remaining balance of \$2,080 to be paid by CMAA. The total purchase amount is \$20,800. The project will not take begin until state funding is in place.

This request encompasses the rehabilitation of a 100x20 section of asphalt located on the cargo ramp. This includes the removal of the current surface followed by the application of new asphalt. The existing area which has failed was constructed over forty years ago and has well exceeded its useful life.

Board Action: CMAA requests conditional Board approval for the rehabilitation of a 100x20 section of asphalt located on the cargo ramp with \$18,720 to be provided by state funding and the remaining balance of \$2,080 to be paid by CMAA. The total purchase amount is \$20,800.

Commissioner Freeman made a motion for approval. Commissioner Veazey seconded. Motion approved.

Three HVAC Units

Mr. Broyles requested conditional Board for the purchase and installation of three, 30-ton Lennox HVAC units. Funding for the equipment is 90% or \$81,000 state funding with the remaining balance of \$9,000 to be paid by CMAA. The total purchase amount is \$90,000. The actual purchase will not take place until state funding is in place.

This request encompasses the purchase and installation of three, thirty-ton Lennox HVAC units to be placed on the roof of the main terminal over the ticketing area. These units come with a one year warranty on parts and a five year warranty on the compressor. The existing units have outlived their useful life and are beginning to fail.

Board Action: CMAA requests conditional Board for the purchase of the purchase and installation of three, thirty-ton Lennox HVAC units with \$81,000 to be provided by the state and the remaining balance of \$9,000 to be paid by CMAA. The total purchase amount is \$90,000.

Commissioner Griffin made a motion for approval. Commissioner Hall seconded. Motion approved.

Ground Service Equipment

Mr. Broyles requested conditional Board approval, for the purchase of three refurbished baggage carts and two refurbished mechanical baggage loaders. Funding for the equipment is 90% or \$27,900 state funding with the remaining balance of \$3,100 to be paid by CMAA. The total purchase amount is \$31,000. The actual purchase will not take place until state funding is in place.

This request encompasses the purchase of three refurbished baggage carts and two refurbished mechanical baggage loaders for the movement of equipment and baggage to and from commercial aircraft.

Board Action: CMAA requests conditional Board approval for the purchase of three refurbished baggage carts and two refurbished mechanical baggage loaders. Funding for the equipment is \$27,900 state funding with the remaining balance of \$3,100 to be paid by CMAA. The total purchase amount is \$31,000.

Commissioner Veazey asked if the conveyor belts were refurbished as well. Mr. Broyles responded that all of the equipment was refurbished.

Commissioner Griffin asked if CMAA would receive a good warranty. Mr. Broyles responded yes, there was a good warranty.

Commissioner Freeman asked how much the equipment would cost if bought brand new. Mr. Broyles responded that one piece of the equipment would cost \$36,000.

Commissioner Freeman made a motion for approval. Commissioner Hall seconded. Motion approved.

Chairman Jacobson asked if any board member had additional business to discuss. Hearing none, Chairman Jacobson asked if any member of the public had any matter to bring before the board.

Hearing none, Commissioner Veazey made a motion for adjournment. Commissioner Freeman seconded. The Chattanooga Metropolitan Airport Authority board meeting adjourned.

Chattanooga Metropolitan Airport Authority
Chattanooga, Tennessee
April 20, 2007

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting on Friday, April 20, 2007. Commissioners Jacobson, Hall, Freeman, Griffin, Kilbride 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 Freeman, seconded by Commissioner Hall, the March 2007 Board minutes were approved.

President Report:

President Landguth reported that CHA's 2007 first quarter boardings were up 19% over 2006. This growth is largely due to the Allegiant service. In March, Allegiant's load factors soared to over 86%. CHA also saw growth for both American Eagle and Continental. In addition, there was strong reliability from these airlines as well. For instance, in March, Continental completed 100% of their flights, and they were on time 100%. CMAA is excited about the continued growth and thanks the community for their support.

President Landguth also reported that on March 21, CMAA held its annual tabletop emergency exercise. The FAA requires that a tabletop be held every year, and a full-scale emergency exercise be held every three years. As usual, this year's exercise had great local participation from more than a dozen agencies such as:

- Chattanooga Police Department
- Chattanooga Fire Department
- Hamilton County Emergency Management
- Hamilton County Sheriff's Department
- TSA, and
- Red Cross, to name a few

Every airport's #1 priority is the safety and security of the passengers and facility. Exercises like this help prepare the airport, as well as our community partners, to respond to an emergency. We are grateful for their continued support and focus on keeping our passengers and facility safe.

Board Action:

Operating Permit for Jet Star Aviation

President Landguth requested board approval for an operating permit for Jet Star Aviation Leasing, LLC. The permit would give Jet Star Aviation the privilege and right to operate a ground service equipment repair shop at the Chattanooga Metropolitan

Airport. Further, the company will lease, on a non-exclusive basis, approximately 500 square feet of covered space located under the drive through of the terminal. The cost of this non-exclusive leasehold is \$250 per month with access determined on a first come, first serve basis. The term of this permit begins May 1, 2007 for one year. It may be renewed for an additional year only if approved by CMAA. Either party may terminate on 14 days written notice.

In addition to the monthly payments for the non-exclusive leasehold space, Jet Star Aviation will pay CMAA in accordance with Section 3 of the Minimum Standards for sales and service on the airport premises. Failure to submit activity fees by the 15th day of the following month shall be cause for and shall result in immediate termination of the Operating Permit.

Jet Star has provided to CMAA proof of adequate insurance and is in accordance with the Minimum Standards. In addition, by accepting the rights and privileges granted by this permit, Jet Star agrees to pay the rates specified, as well as follow the generally applicable rules and regulations that are set forth in CMAA's Minimum Standards.

Board Action: Request Board approval for an operating permit with Jet Star Aviation Leasing, LLC.

Commissioner Hall asked if Jet Star had any representatives present. President Landguth responded that they did not.

Commissioner Kilbride asked who could use the lease space on a first come first serve basis. President Landguth responded that any other approved mechanics could also use that space on a first come first serve basis.

Commissioner Hall asked if CMAA had received appropriate certification from the FAA. President Landguth responded that this company only serviced ground service equipment, and no aircraft, so no FAA approval was required.

Commissioner Griffin made a motion for approval. Commissioner Kilbride seconded. Motion approved.

CW Matthews Contract Assignment

President Landguth requested Board approval for the assignment of the C.W. Matthews contract on the Runway 15-33 Contract 2 project to Southeastern Material / Talley Construction. C. W. Matthew's Contracting Company, Incorporated had its Tennessee Operations purchased by Southeastern Material. Southeastern Material does not have construction capabilities. But they operate as a subsidiary of Talley Construction and Talley is currently performing all of the construction projects for Southeastern Material. Talley Construction has worked on projects at CMAA as a subcontractor and is currently the prime contractor for the West Apron project. Talley's qualification and financials have been reviewed by Allen and Hoshall and we are in agreement with assigning the

Runway 15-33 Contract 2 project to Southeastern Material to be performed by Talley Construction.

Board Action: Request Board approval for the assignment of the C.W. Matthews contract on the Runway 15-33 Contract 2 project to Southeastern Material / Talley Construction.

Commissioner Hall asked if CMAA's legal counsel had reviewed the contract. President Landguth responded that they had reviewed and signed off for approval.

Commissioner Freeman made a motion for approval. Commissioner Veazey seconded. Motion approved.

Closing Remarks:

Chairman Jacobson thanked President Landguth, commissioners and staff, for an informative meeting. He stated that he was excited to hear about CHA's continued passenger growth. The airport has been very successful over the last 3 years, adding two new airlines and five new nonstop destinations. But that new service wouldn't be possible without the community's support. The Chairman thanked the community for using the airport's services and we asked that they continue their support, which has brought our airport success.

Commissioner Kilbride made a motion for adjournment. Commissioner Veazey seconded. The Chattanooga Metropolitan Airport Authority board meeting adjourned.

Chattanooga Metropolitan Airport Authority
Chattanooga, Tennessee
May 29, 2007

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting on Tuesday, May 29, 2007. Commissioners Jacobson, Hall, Kilbride, Freeman, Griffin, Corey, Wells 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 Kilbride seconded by Commissioner Veazey, the April 2007 Board minutes was approved.

President's Report:

President Mike Landguth began his report by welcoming the Board and the public.

Stats

President Landguth reported that April's boardings were up nearly 20% over the same month last year. Allegiant is driving a lot of this growth, but CMAA has seen another strong month from Continental – up 15% over April 2006. Both Continental and Allegiant completed 100% of their scheduled flights, and they were on time 100% as well. CMAA is excited about the continued growth and would like to thank all of the community partners – Chamber, CVB, City and County for their continued support.

Written Consent

Before moving on to Board action, President Landguth noted that CMAA sent out written consent forms to all board members on the TSA Bins Project this past month. This was a project that had a deadline fall between board meetings. The written consents were sent out and the contract was approved.

President Landguth asked Christina Siebold to give a briefing on next year's marketing and communications plan.

FY 2008 Marketing Plan Presentation

Ms. Siebold presented the Fiscal Year 2008 Marketing Plan to CMAA's Board of Commissioners. Presentation attached.

Vice Chair Hall complemented the marketing committee on their efforts in developing the marketing plan. He asked Ms. Siebold if the funds allotted for the upcoming fiscal year Marketing Campaign are adequate or if CMAA could drive more growth with additional advertising dollars. Ms. Siebold responded that CMAA has seen a better return on their investment from public relations than paid advertising, so they will continue to

work in that area. She said the funds budgeted for FY 2008 are adequate to continue the airport's marketing and public relations campaign.

Vice Chair Hall commented that he would like for CMAA to coordinate more the Chamber of Commerce and Chattanooga Visitor's Bureau. Ms. Siebold responded that CMAA is currently partnering with both agencies and will explore opportunities to expand its partnerships.

Vice Chair Hall said the plan was very thorough and demonstrated the growth of the airport. He asked that CMAA continue the growth.

Commissioner Freeman said on behalf of the Marketing Committee that they had been briefed on the plan earlier in the year and approved of it. He said they considered it a forward looking and results-oriented program and said staff had done a good job putting it together.

Commissioner Wells asked if CMAA was advertising anywhere besides the Chattanooga Times Free Press, such as smaller newspapers. Ms. Siebold responded that CMAA's print advertising would be in the Chattanooga Times Free Press, but Allegiant is advertising in other smaller market papers, as well. Commissioner Wells said he finds half or more people he talks to still don't know about all of the direct flights from the airport. Ms. Siebold said CMAA would continue working to spread the word.

FY 2008 Budget

Before introducing Ms. Cameron to present the proposed FY 2008 Budget presentation and contract requests, President Landguth stated that this is a strong budget for the airport.

- CMAA will have a balanced budget, once again
- Strong growth in revenues (driven by 20% spike in passenger traffic)
- The increase in passengers also drives growth in operating expenses to fund safety, security and infrastructure projects to accommodate the passenger traffic
- The growth is driving capital investments, like increased parking infrastructure
- Of the 9% increase in expenses, CMAA is only passing along a 1% increase in fees to the tenants
- First increase to airlines in 5 years

CMAA is encouraged by the growth in ridership that is driving the strong revenues. Clearly, the airport's aggressive community outreach efforts have shown more and more travelers the value of flying Chattanooga. CMAA appreciates their continued support.

Ms. Cameron requested Board approval of the Fiscal Year 2008 Budget as developed in coordination with the Finance, Marketing, Personnel, Insurance and Legal Committees and presented to the Board.

Revenues for FY 2008 are budgeted at \$6.4 million, which is 12% above the FY 2007 budget. This increase is due in large part to additional traffic by our traditional carriers

coupled with new service provided by Allegiant Air and CMAA's new Ground Handling division. This additional service and passengers drive increases in parking, rental cars and concessions which have all contributed to additional revenues. Even with an increase in revenue, the airport still had a shortfall of \$52,207 due to increased expenses. In order to offset the difference between expenses and revenues, CMAA is proposing a modest increase in fees to better reflect the cost to the airport of maintaining the operation. The increases include a \$0.01 increase in landing and fuel fees plus a 1% increase in terminal rents. A 1% increase to Security and Baggage Fees will also be implemented, resulting in a cumulative increase in fees of \$52,507 for the year. Again, this is the first time in five years that any fees have increased for the airlines and CMAA is only proposing these in order to balance the budget.

Overall expenses for the year have increased 9.5% from prior year. A large portion of the increase is contributed to an increase in group insurance expense that is paid by CMAA. The increase in expenses is necessary to cover additional operating and capital expenditures needed to maintain safety and security at the airport given the increase in passenger traffic.

Capital Investments for fiscal year 2008 equal \$9,569,927 of which CMAA will fund \$683,527. This amount represents a number of projects required to develop and maintain infrastructure as well as maintain safety and security at the airport.

Board Action: Request Board approval of the Fiscal Year 2008 Budget as developed and presented to the Board.

Commissioner Kilbride stated that the proposed budget is a growth budget. That business and flights are growing and that is reflected in the budget. He commented that it was particularly effective for the Finance Committee to meet on developing the budget once the Marketing and Personnel, Legal and Insurance Committees had met and developed the Marketing and Staffing plans for the year, as it allowed the Finance Committee to see how each plan fit into the overall budget. Commissioner Kilbride also commented on the small fee increase, saying the airport's fees remained very competitive for airlines, and the airport would continue to strive to create a great opportunity for the airlines.

Vice Chair Hall stated that the Board had a number of outstanding business people serving who understand the importance of running a sound business operation. He said the Finance Committee's first obligation was to determine whether management, under President Landguth's direction, had practiced good stewardship with the public monies they receive. Vice Chair Hall said the FY 2008 budget reflects good stewardship by the management. Further, he stated that safety and security is a priority, and in order to achieve that, personnel must be trained and continue to provide professional development opportunities. Vice Chair Hall urged staff to look for ways to "green" the airport in order to reduce utility costs and to plan ahead for a facelift on the terminal in order to stay competitive with other airports. He reiterated that the FY 2008 budget is a growth budget that reflects good stewardship of the public dollars entrusted to CMAA.

Commissioner Wells asked if CMAA has considered using geothermal technology to save on energy costs. Ms. Cameron stated that it was something CMAA would research further.

Commissioner Griffin asked if the increase in the Passenger Facility Charge was included in the FY 2008 Budget. Ms. Cameron responded that it was not included, because this is not a decision made by airports, but by the government.

Commissioner Veazey said that on behalf of the Personnel, Legal and Insurance Committee, CMAA would be creating a new position – Vice President of Planning and Development – with a salary range of \$45,000-\$60,000. Further, Commissioner Veazey said the Committee recommended Ms. Siebold be promoted to Director of Marketing at a salary of \$57,000.

Commissioner Freeman asked if those recommendations were included in the FY 2008 budget as presented. Commissioner Veazey said they were included.

Chairman Jacobson stated that the Capital Investment budget will be approved with tentative schedule, but each outstanding item would be brought to the Board for approval at the appropriate time, retaining flexibility should priorities change. He also stated that the Finance Committee had done a detailed job in developing and reviewing the budget, and that he felt very good about the budget.

Commissioner Freeman asked if the Capital Investment budget was cumulative cost of what would be spent in FY 2008 or if some of the money had been spent in last fiscal year. Ms. Cameron responded that the list included the expenses CMAA expected in FY 2008.

Vice Chair Hall made a motion for approval. Commissioner Kilbride seconded. Motion approved.

Avis Rent a Car Service Facility Lease

Ms. Cameron requested approval for a one year lease with Avis Rent a Car, LLC in the amount of \$43,200 commencing on June 1, 2007 for a Service Facility consisting of a 1,925 square feet building and approximately one acre of land located at 1904 Polymer Road. The service facility will be used solely for the purpose of maintaining, servicing and storing vehicles to accommodate passengers arriving and departing from the Chattanooga Metropolitan Airport. The Premises are leased in an “AS IS” condition whereas Avis bears sole responsibility for all maintenance, routine upkeep, and repair of the building (including but not limited to the roof and HVAC), parking area, shrubbery, other plantings, fencing, and anything else whatsoever on the Premises. The term of the agreement is for one year to be paid in monthly installments of \$3,600 due in advance on the first day of each and every month.

Board Action: CMAA requests approval for a one year lease with Avis Rent a Car, LLC in the amount of \$43,200 commencing on June 1, 2007.

Commissioner Kilbride asked if it was the existing facility of Avis Rental Car. Ms. Cameron responded that it is the current facility.

Commissioner Kilbride made a motion for approval. Commissioner Corey seconded. Motion approved.

Operating Permit for Gray Enterprises

Ms. Cameron requested Board approval for an operating permit with Gray Enterprises. The permit would give Gray Enterprises the privilege and right to perform aircraft maintenance and repairs at the Chattanooga Metropolitan Airport. The term of this permit begins June 1, 2007 for one year. It may be renewed for an additional year only if approved by CMAA. Either party may terminate on 14 days written notice.

Gray Enterprises will pay CMAA in accordance with Section 3 of the Minimum Standards for sales and service on the airport premises. In addition, Gray Enterprises has provided to CMAA proof of adequate insurance. By accepting the rights and privileges granted by this permit, Gray Enterprises agrees to pay the rates specified, as well as follow the generally applicable rules and regulations that are set forth in CMAA's Minimum Standards.

Board Action: Request Board approval for an operating permit with Gray Enterprises.

Commissioner Griffin asked if Gray Enterprise had ever done business at the airport. President Landguth responded that they have been doing business on airport property for several years and CMAA is just getting them in compliance with Minimum Standards.

Commissioner Freeman asked if there were more tenants not in compliance with Minimum Standards. President Landguth responded yes, and CMAA is in the process of getting all tenants in compliance.

Commissioner Freeman made a motion for approval. Commissioner Corey seconded. Motion approved.

Operating Permit for Aviation Specialists

Ms. Cameron requested Board approval for an operating permit for Aviation Specialists, Inc. The permit would give Aviation Specialists the privilege and right to operate a flight instruction operation at the Chattanooga Metropolitan Airport. The term of this permit begins June 1, 2007 for one year. It may be renewed for an additional year only if approved by CMAA. Either party may terminate on 14 days written notice.

Aviation Specialists will pay CMAA in accordance with Section 3 of the Minimum Standards for sales and service on the airport premises. In addition, Aviation Specialists will provide to CMAA proof of adequate insurance.

Aviation Specialists has requested a waiver regarding Section 11 (a) and (c) of the Airport Minimum Standards. Section 11(a) regarding aircraft rental requires that an Operator engaged in the rental of aircraft must make available two types of aircraft. Aviation Specialists offers only one four seat fixed gear aircraft. Likewise, in Section 11 (c) relating to flight training, Aviation Specialists occupies less than the required 400 square feet minimum as specified and once again only the one aircraft. Their goal is to add additional aircraft as their business grows. Section 16 allows the waiver of any of the Minimum Standards where it deems to be in the best interest of the Airport's operation and the public good. CMAA recommends approval of the waiver as it is important that such services are offered at the Chattanooga Airport.

By accepting the rights and privileges granted by this permit, Aviation Specialists agrees to pay the rates specified, as well as follow the generally applicable rules and regulations that are set forth in CMAA's Minimum Standards.

Board Action: Request Board approval for an operating permit with Aviation Specialists.

Commissioner Veazey asked who else provided flight instruction at the airport. Ms. Cameron responded that, to her knowledge, they were the only company that offered such services.

Vice Chair Hall asked where the company would be operating from. Ms Cameron responded that they lease space from TAC Air. He asked if they had provided insurance papers. Ms. Cameron said they had not yet submitted their papers, but they had to do so before the agreement could be executed.

Mr. Veazey asked if they were currently in operation. Ms. Cameron said yes. He asked how long they had been operating at the airport. Ms. Cameron replied since the late 1990's.

Vice Chair Hall asked if the company knew this request was coming before the Board today. Ms. Cameron said yes, they did.

Chairman Jacobson said the Board had often approved such agreements, contingent on receipt of the proper documents. Vice Chair Hall requested that Aviation Specialists have the proper insurance papers in by the next board meeting or the Board would need to be notified. He said CMAA is a public authority with clear standards and that it welcomes companies to operate on the airfield, but if they cannot meet the standards set, they should operate elsewhere at their own risk.

Commissioner Griffin clarified that the company had been operating at the airport since the late 1990's and CMAA was now bringing them into compliance in order to ensure they met all requirements. Ms. Cameron confirmed that statement.

Commissioner Kilbride made a modified motion for approval that Aviation Specialists be granted the operating permit contingent on receiving the insurance documents and that the company should cease operations until the proper documentation is received. Commissioner Griffin seconded. Motion approved.

Waterhouse Public Relations

Ms. Siebold requested Board approval for a contract with Waterhouse Public Relations in the amount of \$20,000. Waterhouse provides support in several areas, including:

- Media relations, including crisis communications
- Public relations planning, including scheduling Airport Speakers' Bureau
- Media tracking, including sending monthly copies of all print, online and broadcast coverage of the airport to Client and annual media audit
- Miscellaneous public relations support

Board Action: Request Board approval for a contract with Waterhouse Public Relations in the amount of \$20,000.

Commissioner Kilbride commented that CMAA could not do what this company does for us at the price charged.

Commissioner Wells agreed, saying that he also works for his company and does a great job.

Vice Chair Hall asked the advertising agency representative to share their thoughts on CMAA's marketing efforts and whether the airport should modify its message to focus more on educating the public on direct flights. Teiya Eubanks, with KMT Creative Group, said they are very pleased with the direction of the campaign and that using the same creative messaging for 24 months (as proposed) would do a good job of emphasizing and educating the public on the airport.

Commissioner Kilbride made a motion for approval. Vice Chair Hall seconded. Motion approved.

KMT Creative Group

Ms. Siebold requested Board approval for a contract with KMT Creative Group for the creative production of CMAA's FY 2008 testimonial advertising campaign in the amount of \$15,000. KMT has been working with both the Airport and Waterhouse over the last 18 months on developing and implementing this strategy. KMT's role is

- managing the photo shoot
- completing the creative for the print and billboards ads
- misc. funds for creative projects through the year
- Total budget - \$15,000

Board Action: Requesting Board approval for a contract with KMT Creative Group for the creative production of CMAA's FY 2008 testimonial advertising campaign in the amount of \$15,000.

Teiya Eubanks once again stated that KMT was excited to continue the campaign for CMAA and that the message appeared to be reaching the airport's customers.

Commissioner Griffin said the ads looked great.

Chairman Jacobson said the message was very strong.

Commissioner Veazey made a motion for approval. Commissioner Griffin seconded. Motion approved.

Spots Media Placement and Management

Ms. Siebold requested Board approval for a contract with Spots Media Placement and Management for FY 2007 in the amount of \$31,500. Ramona Nicholson of Spots Media has more than 25 years experience working with local and national agencies and has been a great asset in fielding the dozens of monthly phone calls related to advertising and sifting through proposals. Total contract for media placement will be:

Billboard	\$21,000
Radio	\$8,000
<u>Spanish Radio</u>	<u>\$2,500</u>
Total	\$31,500

The standard commission for placing billboard and broadcast advertising is 15%. Ramona will be refunding 5% of that commission to the Airport Authority to be reinvested in advertising, adding another \$1,600 to the budget.

Board Action: Requesting Board approval for a contract with Spots Media Placement and Management for FY 2007. Media amounts are not to exceed:

Billboard	\$21,000
Radio	\$8,000
<u>Spanish Radio</u>	<u>\$2,500</u>
Total	\$31,500

Chairman Jacobson thanked Ms. Nicholson for her partnership with the airport.

Commissioner Griffin made a motion for approval. Commissioner Freeman seconded. Motion approved.

Chattanooga Times Free Press

Ms. Siebold requested Board approval for an advertising contract with the Chattanooga Times Free Press in the amount of \$29,295.

- 3 x 8 Sunday ads in the Times Free Press.
- Flighted, with heavier rotations during higher traffic periods.
- Total cost of that contract is \$29,295
- TFP is extending partial match – the 5 Sunday ads in the June schedule free of charge (savings of \$5,425)

Board Action: Requesting Board approval for an advertising agreement with the Chattanooga Times Free Press for a rotating schedule of Sunday ads at a total cost of \$29,295.

Commissioner Kilbride made a motion for approval. Commissioner Wells seconded. Motion approved.

The Board took a brief break before proceeding with the action items.

Engineering Siting Study

President Landguth requested approval for a contract with Allen & Hoshall for a conceptual design of a T-hangar development on the northwest side of the airport in the amount of \$19,000. This project will determine the feasibility of locating the development on this proposed site. The scope of the project will consist of a topographic survey, some geotechnical exploration, and conceptual design of hangars, apron and access to taxiways to maximize the development of the designated area.

The total cost of the study is \$19,000. CMAA will submit an application to the state of Tennessee for funding and anticipates that this project will be funded 90% from the state and 10% from CMAA.

Board action: Request approval for a contract with Allen & Hoshall for a conceptual design of a T-hangar development in the amount of \$19,000.

Chairman Jacobson asked if the land is found to be unsuitable, will any of the contents of the study be salvageable. President Landguth responded that some of the study will still be beneficial to CMAA because it will develop some concepts on size of T-hangars, but there would be limited application to another site. Chairman Jacobson asked how the study would last before completion. President Landguth responded that it would be approximately 90 days.

Commissioner Freeman asked if there was a plan B for the sight. President Landguth responded that CMAA has other general aviation property with potential, but the airport didn't want to commit other property before determining the usefulness of this particular site.

Commissioner Wells asked if the study would have an impact on future Fixed Base Operator. President Landguth responded that it would not have an affect on any future plans for a Fixed Based Operator.

Chairman Jacobson asked if the site had good access to the street system. President Landguth replied that it did.

Commissioner Wells asked if the control tower would still have sight of the area. President Landguth responded yes.

Commissioner Kilbride made a motion for approval. Commissioner Wells seconded. Motion approved.

Master Plan Update

President Landguth requested approval for the update for the airport's master plan. The goal of an airport master plan is to provide guidelines for future airport development that will satisfy aviation demand in a financially feasible manner. It is essentially a guide for developing the physical facilities of an airport, while taking into consideration the environmental effects of the plans, as well as economic feasibility and developing a realistic timeline.

President Landguth explained the two initial steps of the process.

- First, the airport conducts an initial needs determination, outlining the challenges that need to be addressed in the master plan. Four major areas of study were identified, including:
 - Parking
 - General aviation
 - Cargo
 - Environment and hydrology issues
- Second, the airport selects a consultant to perform the master plan study.
 - Process begins with a request for qualifications - received 11 responses
 - A team of staff members was developed to evaluate the firms

After reviewing the initial proposals, interviewing 5 firms and checking references on two finalists, RS & H was chosen to perform the master plan update. As with all major projects, the master plan was handled within CMAA's committee structure before bringing it to the full board for approval. The Chairman and Finance Committee requested that the consultants brief the board. President Landguth introduced Brian Reed and Mary Soderstrom with RS & H Consulting firm to provide a briefing on the Master Plan Update process. (See attached presentation.)

Vice Chair Hall asked Ms. Soderstrom if she had worked on any other projects in close proximity to the Atlanta airport, such as Chattanooga. Mr. Reed responded that 10 or 12 years ago they worked on a feasibility study in Alabama.

Vice Chair Hall said the Board recognized that the Atlanta Airport was going through a study to determine the need for a second airport, and Chattanooga would like to be that second airport. He asked how that might be included in the study.

Ms. Soderstrom indicated that Atlanta had not decided if they needed a second airport, they had just been given \$1 million to do a planning study to look at capacity issues through 2020 and 2025 and how to address them. They anticipate that the Atlanta study will take two years to complete and hopefully, CMAA's master plan will be completed by then. Ms. Soderstrom said RS & H would be developing multiple scenarios projecting passenger traffic in the next 20 years, and one of those scenarios would include attracting

additional traffic from Atlanta. Ultimately, CMAA would have to choose the preferred scenario and it would have to be accepted by the FAA.

Mr. Reed noted the importance of using the master plan to address problems CMAA is facing today, including parking, and developing an airport that will serve this community.

Vice Chair Hall asked to what extent current contractors, such as TAC Air and Republic Parking, would be used in the study. Ms. Soderstrum replied that several committees would be set up to garner input from the community and airport users.

Vice Chair Hall asked how the consultants would keep the Board involved and informed on the process. Ms. Soderstrum said they would provide briefings on a periodic basis and give interim reports, including after the facilities assessment and once the forecasts are developed.

Vice Chair Hall asked if the firm was engaged in work by any of CHA's surrounding airports. Ms. Soderstrom responded that they were not currently engaged by any neighboring airports.

Commissioner Kilbride said this was the right time to pursue the master plan. Citing the development in the city and increased traffic, he said it would be great to have a road map for growth.

Commissioner Wells asked when the last master plan was completed. President Landguth said in 2000.

Commissioner Freeman asked if the plan would address our competitors at all. Ms. Soderstrum said not specifically.

Commissioner Griffin commented that CHA is in a completely unique situation as they are the closest airport to Atlanta with the number of enplanements that are sustained.

Commissioner Wells said he had read that the Atlanta Airport would reach capacity in the next six years and he wanted Chattanooga to be considered for a reliever, but that the airport would need to think outside the box to capitalize on the opportunities.

President Landguth said a key component of the master plan process was the acceptance of the proposed forecast by the FAA. CMAA can project explosive growth, but if that projection does not match what the FAA has in its forecast for the airport, it will not be accepted. He said CMAA will be looking at all options as it works through the master plan process to ensure opportunities are not missed. But the work has to stay within the framework the FAA has provided. President Landguth said RS & H would continue to monitor the situation and keep CMAA informed on the opportunities as they develop.

Vice Chair Hall said the airport had changed a great deal since the last master plan was developed in 2000. The biggest difference is that CMAA is now a growing airport. He

said CMAA has strong management. The FAA has specific requirements for this master planning process, and that he felt comfortable that the airport authority had selected a good group to perform the update. He encouraged the consultants to keep this strong and active Board involved in the process, as this was their responsibility to the community.

Commissioner Freeman asked if there was a document that outlined the boundaries applicable to the master plan in Chattanooga so that the Board could stay within those boundaries as they vision the future. Ms. Soderstrum said that would be developed through the process.

Commissioner Griffin commented that she would hate to see Atlanta build a second airport, as this would create another scenario like in Chicago, where passengers misconnect due to confusion.

Commissioner Freeman asked if this was a two-year process. Ms. Soderstrum said 18-24 months.

President Landguth asked Ms. Siebold to provide a briefing on the public's involvement in the Master Plan Update.

Ms. Siebold stated that the public involvement in the master planning process is a key component of the plan's success. The Federal Aviation Administration advises airports to develop committees of airport stakeholders, hold public information hearings and small group briefings, as well as utilize your website to communicate master plan progress. Ms. Siebold said that two-way communication will be critical throughout the process – giving the airport and its planners an opportunity to talk about the alternatives, while giving airport stakeholders a voice in the process.

The FAA stops short of mandating a specific process or schedule for public involvement, so CMAA relied on the expertise of the master planning consultants, as well as input from its local public relations firm, in developing an aggressive community outreach program to accompany the master plan update process. Waterhouse Public Relations will be leading the implementation of the 18-month community outreach plan, in coordination with the Airport Authority and RS & H.

First, a Technical Advisory Committee (TAC) will be formed. The TAC will be responsible for providing insight on the technical issues to be addressed in the Master Plan Update. The TAC will be composed of key representatives of the following entities:

- The Memphis FAA ADO
- Tennessee Department of Transportation,
- The Air Traffic Control Tower,
- City and County Planning Departments

A User's Group will also be formed to bring community partners into the Master Planning process and seek their input. The User's Group will consist of:

- The Tennessee National Guard

- Airline representatives
- Convention and Visitor's Bureau
- Chamber of Commerce
- Economic Development Group
- Travel agents group representative
- GA pilots representative
- Representative from the mayors' offices

Participants for each of these groups will be identified and appointed by the Airport staff with assistance from the Consultants. Four TAC meetings and three User Group meetings will be held. Two public information workshop meetings will also be held during the master planning process. The purpose of these meetings is:

- obtain public input
- coordinate planning objectives with the needs of the community
- CMAA also wants to do this in a timely fashion, so as to enhance public acceptance of the study's recommendations.

Two small group briefings have also been included in the scope of work to allow opportunities to update key stakeholders such as local elected officials.

In each of the Committee, Small Group, and Public Meetings, RS & H will prepare the necessary materials, provide technical support and document the meeting results, and Waterhouse Public Relations will provide local community relations and logistical support to the Airport Authority. The suggestions received during these meetings, through letter comments and through website feedback, will be analyzed for possible incorporation into the final recommendation. The entire public involvement process will be documented in the Final Technical Report.

The overall goal of the public involvement is to facilitate two-way communication – giving the airport and its planners an opportunity to talk about the development alternatives, while giving airport stakeholders a voice in the process.

The technical aspects of this scope will be handled by RS & H; the local community efforts will be led by Waterhouse Public Relations over the 18-month campaign at a cost not to exceed \$30,000.

In summary, President Landguth said the master plan process begins with the FAA's Advisory Circular (developed for the FAA by RS & H) which gives airports direction on how to proceed. From there, the airport developed a scope of services, which outlines how the FAA's guidance document has been adapted for CMAA's needs. Once the scope is developed, the corresponding budget is submitted. In order to validate the budget, an independent fee analysis is performed. That analysis came back with an estimate within 10% of RS & H's budget. CMAA then consulted with the FAA's Airport District Office (ACO) to confirm the scope and budget. Their feedback indicated that Knoxville's recent master plan update cost \$1.5 million, and the ADO indicated that the scope and budget were reasonable. President Landguth said he is excited about this firm and the work they

will conduct at the airport. CMAA has an opportunity to transform what the airport looks like, benefiting general aviation, commercial travelers and the general public.

Commissioner Wells inquired on the contract language. President Landguth said that once the Board approves the scope and budget for RS & H, the specific terms and conditions of the contract will be developed, with input and review from CMAA's legal counsel.

There were two separate contract requests on the master plan, one for RS & H, and one for Waterhouse Public Relations.

Board action: Request approval for a contract with RS & H to perform a master plan update for CMAA in the amount of \$687,000. Funding for this project will be 95% federal funding, 2 ½% state and 2 ½% airport.

Commissioner Kilbride made a motion for approval. Commissioner Corey seconded. Motion approved.

Board action: Request approval for a contract with Waterhouse Public Relations to manage the public involvement campaign for CMAA's master plan update in the amount of \$30,000. Funding for this project will be 95% federal funding, 2 ½% state and 2 ½% airport.

Commissioner Veazey made a motion for approval. Commissioner Kilbride seconded. Motion approved.

Chairman Jacobson asked if any Board members had further business. Vice Chair Hall asked if Delta would be using any of their new 70-seat jets to replace ASA's turbo-prop planes in Chattanooga. President Landguth said that would be one issue addressed with the airline at the annual Jumpstart meeting in June.

Commissioner Griffin noted that any airline that flies to Atlanta will have challenges.

Commissioner Wells asked what CMAA had done recently to build relationships with Delta management in Atlanta. President Landguth replied that the airline had recently undergone a reorganization and that CMAA would be setting up a meeting with the new management.

In closing, Chairman Jacobson thanked the commissioners, staff, and consultants for the good meeting. He said the entire board is excited about the growth that is fueling the strong budget for FY 2008. Chairman Jacobson said these are still rough times for the airline industry, but that it was great to see the progress the airport has made – both financially and in passenger growth. He encouraged staff to continue thinking ahead to ensure we have the facilities and infrastructure in place to meet future demand, and said the master planning process will help us do just that.

Commissioner Kilbride made a motion for adjournment. Commissioner Freeman seconded. The Chattanooga Metropolitan Airport Authority board meeting adjourned.

Chattanooga Metropolitan Airport Authority
Chattanooga, Tennessee
June 18, 2007

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting on Tuesday, June 18, 2007. Commissioners Veazey, Freeman, Griffin, and Corey were present with Vice Chair Hall joining by phone.

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 Griffin seconded by Commissioner Freeman, the May 2007 Board minutes was approved.

President's Report

President Mike Landguth began his report by recognizing TAC Air for receiving the Premier Spirit 2006 Gold Award from Exxon Mobile. Winners of this award represent the top 15% of FBO's in the world. This is the 10th consecutive year that TAC Air (and their predecessor, Krystal) has received this recognition.

Stats

President Landguth reported that May's boardings were up over 22% over the same month last year, and traffic is up nearly 20% for the year. He said this growth better enables CMAA to support local economic development efforts, and thanked all of the airport's community partners for their continued support.

Aviation Education

President Landguth continued his report with a briefing on CMAA's recent aviation education program. Several weeks ago, CMAA staff teamed up with the Hamilton County Department of Education to host an aviation education class for over 100 underprivileged students in summer school. The staff read the kids stories about Amelia Earhart and Charles Lindberg, toured them through the fire truck, police vehicle and around the airfield. TSA also came in to talk to them about the security procedures at an airport and how they are kept safe. Many of these children had never been to an airport. Both the staff and the kids had a great time, and the teachers were very grateful for the airport's efforts in helping expand the horizons of their young students. President Landguth thanked the airport staff, especially Ruthie Dudley, for developing the aviation education curriculum.

Master Plan Update

President Landguth reported that the master plan update contract with RS & H is being executed and CMAA will immediately begin submitting our request for the state and federal grants. Once those approvals are received, the work will begin.

Commissioner Veazey asked if Allegiant was still in dialogue about offering Las Vegas service from Chattanooga. President Landguth responded that the dialogue continued and

that Allegiant's service was very well received in the local market, but it was currently a timing issue with the airline to ensure they had the aircraft availability to serve Chattanooga.

Commissioner Freeman commented that Atlanta's airport continues to experience congestion and Chattanooga should be the beneficiary of that. President Landguth agreed, saying that many local travelers recognize the value of the local airport.

Commissioner Griffin asked if Allegiant was pleased with the inbound load factors on their flights. President Landguth said the inbound load factors are very close to the outbound load factors. He said the Chattanooga CVB partnered with the Orlando airport and several other southeastern airports on an advertising campaign in the Orlando area to help drive inbound traffic.

Air Service Consulting Contract

CMAA is requesting Board approval for a contract with Raker Airline and Airport Consulting, Inc. The consultant will provide the following services:

1. Develop Airline presentations for Jumpstart 2008
Consultant will provide market analysis to include relevant trends, current state analysis, and new market forecasts which support air service development in the Chattanooga market. Consultant will assemble these analyses into five PowerPoint presentations customized for each designated airline. (120 Hours)
2. Attend Jumpstart in support of CMAA (30 Hours)
3. Air Service Master Plan Update
Consultant will update the CMAA air service master plan. This will include a current state analysis of the Chattanooga air service market, an assessment of each incumbent carriers network opportunities for Chattanooga for 2008-2012, and 5 year forecasts for air service in the market, enplanements, market share, parking demand & revenue, landing fees, and passenger facility charges. (80-120 Hours)

In addition to the stated deliverables, consultant will provide subject matter expertise to the client for ad hoc assignment and projects for the duration of the contact term. This allows CMAA to remain flexible and respond to opportunities that arise in the dynamic state of the industry. Consultant will provide the client with estimated work hour requirements as requested.

Estimated hours for deliverables are 270 work hours at \$45 per hour for a total of \$12,150. Total for both deliverables and ad hoc assignments is not to exceed \$30,000.

Board action: Request Board approval for a contract with Raker Airline and Airport Consulting, Inc. in the amount of \$30,000 to provide air service support for FY 2008.

Commissioner Griffin asked about the funding sources for the contract. President Landguth replied that it was all CMAA funded.

Commissioner Veazey asked if some of this work was included in CMAA's 5-year plan. President Landguth replied that it was.

Commissioner Corey asked if this contract was in the FY 2008 that had already been approved. President Landguth replied that it was.

Commissioner Corey made a motion for approval. Commissioner Freeman seconded. Motion passed.

President Landguth asked Ms. Cameron to continue with Board action.

Audit Contract

Ms. Cameron requested Board approval for a contract with Joseph Decosimo and Company to perform an annual audit of financial statements for the year ending June 30, 2007. The objective of the audit is to express an opinion as to whether our financial statements are presented fairly, in all material aspects, in conformity with accounting principles generally accepted in the United States 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 \$29,500 plus expenses (such as report reproduction, typing, postage, travel, copies, telephone, etc.) The fee has not increased from last year.

Commissioner Griffin asked if this was a full audit of accounting or only procedures. Ms. Cameron replied that it was a full audit.

Board action: Request Board approval for a contract with Joseph Decosimo and Company to perform the annual audit in the amount of \$29,500.

Commissioner Corey made a motion for approval. Commissioner Griffin seconded. Motion passed.

CMAA Ethics Policy

CMAA Legal Counsel Hugh Moore presented the proposed Ethics Policy to the Board (see attached policy).

Commissioner Veazey responded that the policy was very reasonable.

Commissioner Freeman made a motion for approval. Vice Chair Hall seconded. Motion passed.

The Chattanooga Metropolitan Airport Authority board meeting adjourned.

Chattanooga Metropolitan Airport Authority
Chattanooga, Tennessee
July 16, 2007

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting on Monday, July 16, 2007. Commissioners Jacobson, Griffin, Freeman, Veazey, and Hall were present.

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

Chairman Jacobson shared a letter from a Chattanooga passenger who flies out of the airport and complimented the airport's operation.

Minutes

On motion of approval Commissioner Veazey, seconded by Commissioner Freeman, the Commissioners approved the minutes of the June 18, 2007 meeting.

President Report:

President Mike Landguth reported the airport's boardings were up over 18% in June and up almost 20% through the first half of 2007. Over the last three years, the airport has added two new airlines and five new non-stop destinations and more choices for travelers means the airlines have to compete for their travel dollar. Fares are coming down and more local travelers are using the airport

President Landguth reported that Mr. John Naylor has filled the new position of Vice President of Planning and Development. Planning and construction are critical components of an airport's development and as the airport looks to the future, there are many opportunities with the upcoming Master Plan and a great deal of infrastructure development. However, it will take both foresight and flexibility to capitalize on these opportunities within the dynamic aviation environment. As the staff and President work with the Board of Commissioners to develop this airport's strategy, John Naylor will be the person to implement those strategies. President Landguth asked Mr. Naylor to say a few words.

Mr. Naylor thanked Mike and the Board for the opportunity. He said he has been at the FAA Tower in Chattanooga for 23 years and watched a lot of growth occur, especially since Mike Landguth's arrival eight years ago. He said that President Landguth has a vision for what the airport can be, and he shares that vision and wants to work to make it a reality.

President Landguth also welcomed another new employee, Tena Keith, the new comptroller. Tena was recommended by Decosimo. Tena is a CPA and brings a lot of talent to the organization and to the finance department. She has been a great help to April and the airport is pleased to have her on the team.

Commissioner Freeman inquired about Allegiant's market share. President Landguth said the airline is doing very well in the Chattanooga community. Commissioner Veazey asked if they can be making money with fares so low. President Landguth said they also make money booking hotels, cars and attraction packages on their website. Commissioner Griffin commented that Allegiant's flights are so full some people are being turned away.

Board Action Items

West Area Infrastructure Development

Mr. Naylor said his first item contained two requests. The first request is for a supplemental agreement to amend the Talley Construction Company contract for infrastructure development on the west side of the airport. The agreement will continue infrastructure development of additional west area apron. The request contains the demolition of a concrete storage building, earthwork and possible relocation of utilities. Funding for the additional construction is 95% federal funding, 2.5% state funding, with the remaining 2.5% balance to be paid by CMAA. The total amount is \$1,278,876.

The second item is for an amendment to Task Order 10 for Allen and Hoshall. The amendment in the amount of \$60,000 is for all engineering and design services associated with the additional work in this project. Funding for the engineering and design services is 95% federal funding, 2.5% state funding, with the remaining 2.5% balance to be paid by CMAA. The total amount is \$60,000.

Board Action: CMAA has two separate requests for the additional engineering and design services and additional earth work.

Mr. Naylor requested Board approval for a supplemental agreement with Talley Construction in the amount of \$1,278,876 for continued earthwork and infrastructure development on the west side of the airfield.

Vice Chair Hall made a motion for approval. Commissioner Griffin seconded. Motion passed.

Mr. Naylor requested Board approval for an amendment to Task Order 10 for Allen and Hoshall in the amount of \$60,000 for additional engineering and design services for infrastructure development on the west side of the airfield.

Commissioner Freeman made a motion for approval. Commissioner Veazey seconded. Motion passed.

Taxiway "A" Design

This request is to award Task Order 13 to Allen and Hoshall for design services to relocate Taxiway "A" east of its current location by 50 feet. In accordance with FAA design standards, the separation requirement has increased from 350 feet to 400 feet.

Taxiway "A" will be relocated from Taxiway "G" to Taxiway "C". Taxiway "A" will be abandoned from Taxiway "C" to Taxiway "E" and realigned via Taxiway "B and C". Allen and Hoshall will be performing the design services. Funding for the project is 95% federal funding or \$272,745, 2.5% state funding or \$7,177 and the remaining 2.5% balance of \$7,178 to be paid by CMAA. The total contract amount is \$287,100.

Board Action: Mr. Naylor requested Board approval of Task Order 13 with Allen and Hoshall for the design to relocate Taxiway "A" in the amount of \$287,100.

Commissioner Veazey made a motion for approval. Commissioner Griffin seconded. Motion passed.

Access Control System and Control Center Design

CMAA requests approval for a contract with Faith Group in the amount of \$113,730 for the design of an Airport Access Control System and Communications Center for the Chattanooga Metropolitan Airport. This project will develop a plan to replace the current access control system and communications center that supports the entire airport.

The scope of this project is extensive, and the initial needs determination identified two areas the study will address.

1. Evaluate the current and anticipated access control system and control room work area needs of the CMAA.
2. Develop a bid document including plans and specifications for the procurement

CMAA received nine proposals for this work. A group of five employees from CMAA were assembled as the evaluation team. After evaluating all proposals, the team interviewed the top two ranked firms. After interviews and reference checks, the team identified Faith Group LLC as the most qualified bidder. After receiving a scope and fee estimate from Faith Group, CMAA asked access control system design consultant Transystems, to conduct an independent analysis of the fees provided by Faith Group. A comparison of base bid fees indicates that the fees requested by Faith Group are reasonable. In addition, CMAA representatives spoke with three other airports that used Faith Group for access control system design services, Ashville Regional Airport Minneapolis St. Paul Airport and Sarasota International Airport. The most similar design in size is the Ashville Airport system. In June of 2007, Faith Group completed the design of an access control system and communications center for Ashville. That Airport's Development Manager, Kevin Howell, stated that Faith Group performed very well and that they were pleased with the outcome.

For our design, Faith Group will begin by compiling and reviewing information and data to establish the needs of the airport. From that data collection, they will begin identifying facility requirements. This task is designed to analyze the ability of the current system and facilities at the Airport to accommodate the current and future security needs and to preliminarily identify where and when facility improvements will be needed. Much of

this task will be based upon evaluations of Transportation Security Administration (TSA) requirements and predicted changes. Appropriate TSA guidelines and industry standards must be used in these determinations. Finally, the Consultant will develop a bid document that includes plans and specifications for the system and control room. CMAA will have significant involvement the plan's development.

Project documentation and deliverables will be provided to CMAA, in the form of a complete design and bid document.

The total fee for Faith Group to perform the design and bid documents for an Access Control System and Communications Center is \$113,730.

This project will be funded 95% Federal 2.5% State and 2.5% CMAA contribution

Vice Chair Hall asked how many access points were included in the design and if they included the General Aviation area. Mr. Broyles said there were in excess of 70 access points and it only included the terminal area, although the entire facility would be evaluated. He also asked how old the current system was. President Landguth said it is the original system installed around 1992.

Board action: Mr. Broyles requested Board approval for a contract with the Faith Group to develop the design and bid documents for an Access Control System and Communications Center at a cost of \$113,730.

Commissioner Freeman made a motion for approval. Vice Chair Hall seconded. Motion passed.

Chairman Jacobson thanked the Commissioners and staff for the informative meeting, and thanked the community for their continued support of the airport and services that had been added in recent years.

Commissioner Kilbride made a motion for adjournment. Commissioner Freeman seconded. The Chattanooga Metropolitan Airport Authority board meeting adjourned.

Chattanooga Metropolitan Airport Authority
August 20, 2007

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting on Monday, August 20, 2007. Commissioners Jacobson, Corey, Griffin, Kilbride, Veazey, Freeman and Wells were present.

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

Minutes

On motion of approval Commissioner Griffin, seconded by Commissioner Veazey, the Commissioners approved the minutes of the July 16, 2007 meeting.

Chairman Jacobson introduced President and CEO Mike Landguth to give his president's report.

Presidents Report:

President Landguth reported that the airport was thrilled to announce last week that low cost carrier Allegiant Air would begin offering nonstop service from Chattanooga to Ft. Lauderdale, Florida. The service will run Tuesdays, Thursdays and Sundays on 150 seat jets and introductory fares are booking at \$59 each way. CMAA made the announcement, along with Mayor Littlefield, at the American Cancer Society's Relay for Life. Allegiant donated tickets for a silent auction, and we raised about \$1,500 for that great organization. Ft. Lauderdale is Allegiant's third nonstop destination offered in Chattanooga. Orlando and Tampa / St. Pete began late last year. This is the 11th nonstop destination from Chattanooga.

This also offers easy access to all of Southern Florida, which is a top destination for many local leisure travelers. Community support is a huge part of securing new flights. CMAA heard from the community that they wanted Ft. Lauderdale service and Allegiant has responded by adding these great flights.

Stats

President Mike Landguth reported the airport's boardings were up over 30% in July, which is the highest one-month increase in boardings on record (since January 1993). A couple of highlights on the statistics:

- Continental completed 100% of their flights and were on time for every flight. They also enjoyed an 89% load factor.
- Allegiant Air had a staggering 97% load factor for the month of July
- While we do anticipate that loads will normalize over the next several months as kids go back to school, this has been a very strong summer for travel from Chattanooga

President Landguth reported that this great growth has created the need for a relief valve on parking capacity. He said Mr. Naylor would be talking more about the airport's plan

to construct an overflow lot, and Chris Howley from Republic Parking System was also in attendance to discuss his company's experience in managing overflow lots for airports across the country.

US Airways Magazine

President Landguth told the Commissioners that they had received a copy of the August edition of US Airways Magazine which features a 37-page profile on the Chattanooga community. CMAA was happy to work with US Airways on this feature, along with the City, County, Chamber and CVB. The airport was covered in several articles, including the economic development piece, and a closing article about the strong growth we have seen over the last several years. CMAA has received very positive feedback from US Airways' passengers on the coverage of our city, and we're very pleased with the outcome.

Master Plan Update

President Landguth reported that the contract with RS & H to update CMAA's master plan was finalized in June. Our requests for the state and federal funding have been submitted, and they have been approved. RS & H is now executing agreements with all of their sub-contractors, including the environmental consultants and parking company. They have also started the data collection phase on demographic and statistical information for the area. CMAA is also working with RS & H on the public involvement portion of the master plan, specifically, the make-up of the Technical Advisory Committee. RS & H will be in Chattanooga early next month for another site visit and data review and we will keep you posted on their progress.

Discretionary Funding

In May of last year, the Board approved the rehabilitation and extension of our secondary runway. At that time, CMAA only had funding for Phases 1 and II, so completion of the project was contingent on receiving additional funding. CMAA has now received \$2.5 discretionary funding, which will allow us to complete that project. Based on the Board's May 2006 approval for the entire \$4.4 million dollar project, CMAA will be proceeding with Phases 3 and 4, which also includes the funding for our previously approved construction and administration fees with Allen & Hoshall. In addition to the original scope which was a 500 foot extension, we will be extending the runway an additional 75 feet for a total of a 575 foot extension, which will be requested in just a moment. President Landguth thanked our elected officials, including Congressman Wamp, Senators Alexander and Corker, the Governor and the Hamilton County delegation for their support in receiving this funding. He also thanked the airport's partners in the FAA's Airports District Office in Memphis, who helped secure the funding.

Board Action

President Landguth asked John Naylor to begin the Board action requests.

Runway 15/33 Rehabilitation and Extension

This request encompasses two items for additional work in the completion of the Runway 15/33 Project, Contract 2. The project has been expanded to include the design and

construction of an additional 75 foot extension for a total of a 575 linear foot extension. The additional 75 foot extension enables the majority of aircraft that utilize Chattanooga Metropolitan Airport to depart on this runway.

The first item is for a supplemental agreement to amend the Talley Construction Company contract for an increase of \$38,000 for this additional construction.

The second item is an amendment to Task Order 2 for Allen & Hoshall for an increase of \$12,000 for the additional design.

Funding for the design and construction work is as follows 95% federal funding or \$47,500, 2.5% state funding or \$1,250, with the remaining 2.5% balance of \$1,250 to be paid by CMAA. The total fee is \$50,000.

Mr. Naylor had two separate requests for this additional design and construction work.

The first request is for Board approval of a Change Order to Talley Construction Company Contract in the amount of \$38,000.

Commissioner Kilbride made a motion for approval. Commissioner Corey seconded. Motion passed.

The second request is for Board approval of an Amendment to the Task Order 2 for Allen & Hoshall in the amount of \$12,000.

Commissioner Corey made a motion for approval. Commissioner Kilbride seconded. Motion passed.

Allen and Hoshall Contract

CMAA requests approval to exercise the option on the Allen & Hoshall contract to extend the engineering services agreement between the Chattanooga Metropolitan Airport Authority and Allen & Hoshall, Inc. The original contract term dated July 20, 2004 was for 3 years with an option, at the Authority's discretion, to extend the agreement for an additional 2 years. By exercising the option, the contract will terminate on July 19, 2009 and then be put out for solicitation. The bid process is lengthy and will start around November 2008.

The service provided by Allen and Hoshall, Inc. has been exceptional throughout the contract period. Allen and Hoshall's rates have remained constant for the past 3 years and will not increase this year. Mr. Glen Heath makes himself available 24 hours a day, seven days a week. He can be contacted at any time, day or night, to discuss concerns or ideas. This direct access to the primary engineer is extremely rare. A local fulltime Resident Inspector is provided for each project. Allen and Hoshall's local office employs 3 full time employees, and subcontracts with several local firms. All special services are

subcontracted to local firms which amount to approximately 30% of the total funds paid to Allen and Hoshall. The local office conducts 100% of our civil design and the design work for an additional 4 airports. Out of every dollar this airport spends with Allen and Hoshall, 74% remains in the local community. Allen & Hoshall and Mr. Glen Heath have been extremely loyal to this airport and have consistently protected our best interest. CMAA has seen approximately \$1,000,000 in savings during this contract period due to the direct efforts of Mr. Glen Heath of Allen & Hoshall.

Dave Nicholson, President of Allen & Hoshall addressed the Board and thanked them for the opportunity to work for CMAA. He said their company focused on remaining flexible to the airport's needs and providing the best value for the airport's dollar.

Several board members commented on the good work the firm had provided CMAA. Chairman Jacobson inquired on the DBE participation. President Landguth responded that Allen & Hoshall met and sometimes exceeded the DBE goals.

Mr. Naylor requested Board approval to exercise the option to extend the duration of the contract for engineering services between the Chattanooga Metropolitan Airport Authority and Allen & Hoshall, Inc. until July 19, 2009.

Commissioner Kilbride made a motion for approval. Commissioner Corey seconded. Motion passed.

Overflow Parking Lot

CMAA is requesting board approval for the engineering services, and construction of an overflow parking lot. This project is in response to the growth in air service at the Chattanooga Metropolitan Airport, which has created the need to build additional parking. This overflow lot will be located on vacant airport property across from the Greyhound Bus Station on Airport Road. Our airport's enplanements have increased more than 20% this year. As Mike mentioned, Allegiant Air has announced that it is adding an additional destination which will bring three more arrivals and departures weekly beginning December 13, 2007.

CMAA is now requesting approval to develop an overflow parking lot to meet the need for additional parking. The area will be 550' X 130', hold approximately 151 spaces, and be lighted. CMAA obtained two quotes for this work. Talley Construction was the low bidder on this project, which is not expected to exceed \$200,000

It is anticipated that the necessary permitting will be received within 30 days. Once the proper permits are received, construction is estimated to be complete within 30 days.

Additionally, we have submitted a request for state funding to put up security fence and a swing gate to enclose this gravel overflow parking lot. The funding will be 90% State funding or \$59,400 and the remaining 10% or \$6,600 will be funded by CMAA. The cost of the fencing will not exceed \$66,000 and will not begin until state funding is in place.

The total project is not expected to exceed \$266,000.

Chris Howley of Republic Parking addressed the Board of Commissioners regarding his company's work with 65 airports around the country, including their work in operating overflow lots and airport shuttles.

Several commissioners inquired on the use of gravel instead of paving. Mr. Naylor said CMAA was looking for the most cost effective solution.

Mr. Naylor requested board approval for an amount not to exceed \$200,000 for engineering services and construction of a gravel overflow parking lot.

Commissioner Corey made a motion for approval. Commissioner Freeman seconded. Motion passed.

Mr. Naylor requested board approval for an amount not to exceed \$66,000 for fencing for fence and a swing gate for the gravel overflow parking lot. Work will not commence until state funding is received.

Commercial Property

BB&T Huffaker & Trimble has solicited quotes from twelve insurance carriers including Chubb, CNA, Fireman's Fund, Zurich and the incumbent, Travelers for renewal of CMAA's commercial property policy. They have recommended acceptance of a renewal quote in the amount of \$56,339 from Travelers to provide coverage for all CMAA property valued at \$44,256,585. The renewal premium represents a 12.5% decrease from last year's premium. This policy will become effective September 1, 2007 and includes coverage for property damage of airport owned buildings as well as business personal property, business income, and rental income with a deductible of \$10,000.

Ms. Cameron requested board approval to accept the renewal of property insurance coverage valued at \$44,256,585 with Travelers in the amount of \$56,339 for a term of one year commencing on September 1, 2007.

Commissioner Wells made a motion for approval. Commissioner Griffin seconded. Motion passed.

Commercial Automobile

BB&T Huffaker & Trimble received a bid to renew our Commercial Automobile policy effective September 1, 2007 in the amount of \$23,076, a decrease of 10% from prior year. The automobile policy covers the actual cash value of 19 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.

Comprehensive deductible is set at \$250 with collision at \$500. Although others were solicited, Travelers was the only quote on the automobile policy since other companies

will not write a monoline business auto policy without also writing the property or general liability.

Arch Trimble III of BB&T Huffaker and Trimble addressed the Board regarding the insurance quotes and the market available for airports such as CHA. He reiterated the difficulty many airport have in securing insurance, and said the quotes received for each insurance type were good.

Ms. Cameron requested board approval to accept the renewal of our Commercial Automobile policy with Travelers in the amount of \$23,076 for a one year term commencing on September 1, 2007.

Commissioner Kilbride made a motion for approval. Commissioner Freeman seconded. Motion passed.

Flood Policy

BB&T Huffaker & Trimble has received a renewal quote from The Hartford in the amount of \$10,568 for CMAA's Flood Policy. This amount represents a 6% increase from last year's premium. The policy covers only the terminal building in the event of a flood with building and contents coverage of \$500,000 each with deductibles set at \$5,000.

Ms. Cameron requested board approval to accept the renewal of flood coverage valued at \$500,000 building and contents with The Hartford in the amount of \$10,568 for a term of one year commencing on September 1, 2007

Commissioner Veazey made a motion for approval. Commissioner Kilbride seconded. Motion passed.

Vehicle Lease

CMAA solicited and received three quotes for a lease to replace the expiring lease agreement held by Newton Chevrolet for a 2004 Trail Blazer for the airport's Director of Maintenance. In order to ensure immediate response to terminal, airfield, snow events and aircraft emergencies, CMAA provides the holder of this position with a take-home vehicle.

<u>Bidder</u>	<u>Vehicle Leasing</u>	<u>Monthly payment</u>
Prebul Jeep Inc.	2007 Sorento EX	\$390.00 / 39months 15K
Marshall Mize Ford	2007 Ford Explorer	\$485.55 / 36months 15K
Newton Chevrolet	2007 Trail Blazer	\$555.00 / 36months 15K

Based on a review of the three responses, staff concluded that the proposal from Prebul Jeep Inc. on the 2007 Kia Sorento EX as submitted was in the best interest of CMAA. Funding for this lease is budgeted.

President Landguth requested board approval for the lease of a 2007 Kia Sorento EX in the amount of \$390.00 per month for 39 months.

Commissioner Kilbride made a motion for approval. Commissioner Griffin seconded. Motion passed.

Chairman Jacobson asked if any Board members had further business. He then asked if any member of the public had business to bring before the Board.

Commissioner Kilbride made a motion for adjournment. Commissioner Wells seconded. The Chattanooga Metropolitan Airport Authority board meeting adjourned.

**Chattanooga Metropolitan Airport Authority
Chattanooga,
September 20, 2007**

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting on Thursday, September 20, 2007 at 9:00 a.m.. Commissioners Freeman, Griffin, Jacobson, Kilbride (via telephone), Veazey, and Wells were present.

Chairman Jacobson verified a quorum was present and Christina Siebold verified that the Sunshine Law had been met.

Minutes

On motion of approval Commissioner Moses Freeman, seconded by Commissioner Gene Veazey, the Commissioners approved the minutes of the August 20, 2007 meeting.

Chairman Jacobson introduces President and CEO, Mike Landguth, to give his president's report.

Presidents Report

President Landguth welcomed the Commissioners to the meeting. Then he gave an update on the recent aircraft incident. Around 8:15 Wednesday evening, a Beechcraft King Air 90 Series aircraft crashed into the parking lot of the Brainerd Village Shopping Center while on approach to runway 2 at CHA. Four people were on board the aircraft, and all were transported to local hospitals. Several cars in the vicinity were also hit, though no one was seriously injured. Airport fire and police responded to the scene, along with city fire, police and emergency service. Because the incident occurred off airport property, the airport remained open throughout the evening and no commercial flights were impacted. The FAA and NTSB will be investigating the incident.

Stats

President Landguth reported that the airport's boardings were up 32% in August compared to the same month one year ago. This is the airport's 12th consecutive month of growth in boardings, and the highest one month increase on record. It was also another strong month on load factors – Allegiant flew an average of 87% full on all its flights, Continental filled 84% of its seats in August. All of Chattanooga's airlines continue to benefit from strong community support.

Master Plan Update

President Landguth reported that on September 7, CMAA and the Master Plan Consultants, RS&H, held the first Technical Advisory Committee Meeting for the Master Plan Update. RS&H conducted the meeting, and gave the Technical Advisory Committee an overview of the master plan process, and the important role these advisors will play in our efforts. The group had productive discussions on a range of airport issues and their impact on the entire region. The comments will be integrated into the master plan process

and will also be included in the final report. The next Technical Advisory Committee meeting should be held at the end of the year.

October Board Meeting

Due to a schedule conflict, President Landguth requested that the October board meeting be moved to Friday, October 12 at 2 pm.

Board Action

Ground Handling Agreement with Skybus Airlines

President Landguth reported that Skybus Airlines has approached CMAA about serving the airport. After negotiations with the airline, they have indicated that they would like to begin service from Chattanooga to their Columbus, Ohio hub on December 5, 2007, using 155 passenger A319 jets. They believe their model fits very well with the Chattanooga market. CMAA believe that Skybus helps us diversify our air service capabilities.

Traditionally, there have been 3 different airline models

- Legacy – hub and spoke
- LCC (Southwest style) – point-to-point from large markets
- Niche (Allegiant style) – small markets to major destinations
- New type - Skybus model – major market (Columbus) to satellite airports around major metropolitan areas (like Atlanta, Boston, Seattle, etc.)

Like any good business – diversification is critical to the success of the Chattanooga Airport. And in our business, air service diversification is the goal. Chattanooga will now have 3 different categories of airlines:

- Legacy carriers, which serve business clientele
 - added Continental, American
- Niche carrier, which serves leisure market (leakage)
 - Added Allegiant to Orlando, Tampa, Ft. Lauderdale
- Satellite airport concept, which uses CHA as a conduit to serve regional travelers
 - Adding Skybus Air

That diversity will continue to strengthen the air service options for regional travelers.

CMAA hereby requests approval for a contract with Skybus Airlines to perform their ground handling operation in Chattanooga.

Staffing – CMAA's current approved staffing structure for the ground handling operation includes a full time manager, full time supervisor and a complement of part time staff. In order to effectively manage the Skybus flights, CMAA will be hiring one additional full time agent.

Training – The employees will be trained by the airline’s staff to administer their system. The cost of training is included in the contract.

GSE – The airport will provide the following ground support equipment to the airline: one baggage tug, five baggage carts, one belt loader, one set of air stairs, one boarding ramp which is ADA compliant.

Insurance – Coverage for the Skybus operation is included in our general liability insurance at \$50 million. There is an additional excess policy of \$150 million.

Fees – All airport fees, including ground handling, landing fees, security fees, baggage fees, loading bridge, terminal rent and ground service equipment rental is included in a \$1,075 per turn charge to the airline. Because of their model, which targets mostly inbound traffic from Columbus, Skybus will do very little marketing in Chattanooga. They are using their airport incentive money to lower their costs to enter the market, not for marketing, as most airlines have done. As a result, the per turn charge to the airline will be discounted to \$1,027 for their first 24 months of service, reflecting the airport incentive credit.

Termination – Either party can terminate the agreement with 60 days notice.

This is the same type of contract used for the Allegiant ground handling agreement. It is a standard agreement from the International Air Transport Association and has been reviewed by CMAA’s legal counsel and risk management firms and all parties are in agreement with the terms and conditions.

Board Action

President Landguth requested Board approval for a contract with Skybus Airlines, Inc. to provide ground handling services to the airline’s Chattanooga station, as well as the organizational staffing to support the new service.

Several commissioners inquired on the frequency of the flights and the number of seats on the plane. President Landguth replied once every day and the aircraft has 155 seats. Chairman Jacobson congratulated President Landguth on the new service.

Commissioner Wells made a motion for approval. Commissioner Griffin seconded. Motion passed.

President Landguth said CMAA sent out a written consent this month to procure boarding ramps for the new Skybus service, scheduled to begin on December 5. Board approval was granted for those ramps and they have been ordered. We anticipate they will be on scene by the service start date.

Commissioners inquired on the boarding ramps and President Landguth said it was the device that fit in Skybus’ model of enplaning and deplaning from two points

simultaneously. Commissioner Freeman inquired on the reasons Skybus found Chattanooga attractive. President Landguth said that Chattanooga's proximity to the greater Atlanta area was the main draw for the airline, and that Skybus anticipates they will flow approximately 90% of their passengers from the Columbus area into the greater Atlanta area. Commissioner Freeman asked if additional service by airlines would increase the per-turn charge. President Landguth said most low cost carriers require lower charges as they grow in particular markets. Commissioner Griffin praised the airline's website as being very informative for travelers.

Chairman Jacobson asked if any Board members had further business. He then asked if any member of the public had business to bring before the Board. Before closing, the Chairman invited the Board and public to join the Airport Authority for the Skybus announcement.

Commissioner Veazey made a motion for adjournment. Commissioner Griffin seconded. The Chattanooga Metropolitan Airport Authority board meeting adjourned.

Chattanooga Metropolitan Airport Authority
Chattanooga, Tennessee
October 12, 2007

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting on Friday, October 12, 2007. Commissioners Jacobson, Hall, Kilbride, Freeman, Griffin, Corey, Wells 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 Kilbride seconded by Commissioner Veazey, the September 20, 2007 Board minutes were approved.

President's Report

President Mike Landguth began his report by welcoming the Board and the public. He reported that September's boardings were up nearly 21% over last month. Boardings are up 22% for the year, and this is CMAA's 13th consecutive month of growth. National average for growth is 2.7%.

Master Plan Update

President Landguth reported that the RS&H consultant team has been at work on the master plan update. All sub-consultants agreements have been executed.

- Earthworx, LLC
- G-Squared, LLC
- Newton & Associates, Inc.
- Qore Property Sciences, Inc
- Walker Parking Consultants
- Webber Air Cargo

The RS&H Team Project Manager, Mary Soderstrum, and John Naylor of our staff, visited with the Federal Aviation Administration (FAA) Airports District Office (ADO) in Memphis to discuss the methodology for performing the aviation forecasts as part of the Master Plan. This is extremely important as the FAA has the responsibility of reviewing and approving the aviation forecasts. It is likely that the Master Plan aviation forecasts will be considerably higher than the FAA's Terminal Area Forecast (TAF) that they produce yearly for each of the airports under their guidance. It was important to discuss that the forecasts done for the Master Plan are realistic, supported by the information in the Master Plan, and provide adequate justification for the planning and development that will be part of the Master Plan. Mary and John were well received by the FAA and were able to explain why the passenger enplanements will likely be increasing significantly and how this will be addressed in the Master Plan. The forecasts will be part of the first submittal for the Master Plan, which will contain the first two chapters of the Master Plan and is scheduled to be submitted to CMAA in mid-

November. The CMAA will then submit these chapters to the FAA for review and approval.

President Landguth reported that work continues on the “Issues and Existing Conditions” chapter of the Master Plan utilizing data and information collected last month. Work also continues on the “Forecasts” chapter of the Master Plan.

A meeting was held with members of the RS&H Team and CMAA to discuss the areas of the Airport where drainage issues are a concern to ensure that these areas receive particular attention in the completion of the drainage assessment.

Work to be accomplished next month:

1. Continue collecting Airport data and information
2. Completion of the first two chapters of the Master Plan
 1. Chapter One: Issues and Existing Conditions
 2. Chapter Two: Forecasts
3. “Ground points” will be placed at specific sites on the Airport and aerial photographs will be taken of the Airport. The “ground points” are used to scale the photographs.

President Landguth asked if he could answer any questions on the President’s Report. Hearing none, he introduced April Cameron to present the Auditors Report.

Report on CMAA Audit Results

April Cameron reported that Joseph Decosimo and company had completed and CMAA had received the 2007 audited financial statement for the Airport Authority. The audit was performed from August 14-24 and included a review of all financial and associated documents.

Ms. Cameron then introduced Fred Decosimo and Derek Daniels as representatives of Decosimo and Company. Mr. Daniels was lead Auditor and presented the audit report.

Mr. Daniels then reported the audit was completed Decosimo and Co had a clean opinion. The staff at the airport was cooperative, responsive, knowledgeable and professional. There were several suggestions on internal control. (Refer to management report.) Mr. Daniels reported that there were no difficulties encountered during the audit and they also noted no errors or fraud. Mr. Daniels noted that the airport had a healthy balance sheet that had become stronger this year.

- Total assets have increased by \$5.6 million while equity increased by \$6.2 million. Long term debt has decreased \$669,000
- Cash flow from operations increased approximately one million dollars from \$207,000 in fiscal year 2006 to \$1.3 million in fiscal year 2007
- There were approximately 6.7 million in capitol expenditures made throughout the year

Mr. Daniels offered to address any questions about the audit report.

Commissioner Freeman said he understood it was a clean audit, but asked if they rendered an opinion on internal controls.

Mr. Daniels replies that Decosimo and Co was not rendering an opinion on internal controls however they assessed the internal controls to ensure CMAA had proper controls in place, but they did not render an opinion on the controls. If there were inadequate controls in place, they would have to put proper controls in place before they could render an opinion.

Commissioner Veazey commented that Decosimo does a fabulous job for CMAA.

Board action

Directors and Officers Insurance

CMAA's current Directors and Officers Liability Insurance expires on October 30, 2007. In 2006, the policy limits were increased to \$10 million for the Directors and Officers Policy as well as Employment Practices Liability with deductibles set at \$30,000. \$1 million in Fiduciary Liability coverage was also maintained with a deductible of \$2,500. The 2006 premium for the coverage was \$22,917.

BB&T Huffaker and Trimble solicited quotes from Travelers, Chubb, Landmark, Arch, and Cincinnati Insurance Company on our behalf for renewal of these policies with the same limits and deductibles. They have recommended renewal of the policies with our current carrier, Cincinnati Insurance Company, who has offered the same limits and deductibles as expiring with no increase in premium.

April Cameron then introduces Arch Tremble and Bill Wilder with BB&T, Heffaker and Tremble. She states that they are here to answer questions with regards to the Directors and Officers liability insurance and asks for questions.

The BB&T Representative then states that April had reported the highlight of the insurance policy. He also states that CMAA did pursue a rate decrease. He was informed that with an increase in assets it is usual for the policy rates to increase the risk increases. By keeping the policy rates from increasing, CMAA was in fact receiving a discounted rate. The other markets were not competitive on pricing, could not give the \$10 million limit, or would not honor the \$30,000 deductible. Cincinnati is a solid carrier, A++ rated, this is a claims made policy, indicative of D & O the retro date goes back to 1998. The BB&T Representative then asks if there are there any other questions.

Board action: Ms. Cameron requested Board approval for the renewal of CMAA's Directors and Officers insurance with Cincinnati Insurance Company for a one year term commencing October 30, 2007 in the amount of \$22,917.

Commissioner Hall made a motion for approval. Commissioner Wells seconded. Motion approved.

Air Host Contract Amendment

President Mike Landguth then reported Air Host Chattanooga, the company responsible for food concessions at the Airport, has worked closely with the airport over the last several years to improve the service offered to local travelers. Several years ago, they added vending machines past the checkpoint to ensure travelers have refreshments, even after the deli closes. When CMAA approached Air Host about opening their stand down the concourse again (it had remained closed most of the time after 9-11) they were receptive and began operating it a few days a week, with very little profit. As traffic has grown, so has their schedule, and now passengers will find the deli open down the concourse Sunday – Friday from 5 am-6:30 pm and on Saturdays from 5 am – around 1 pm. We are grateful for the continuing partnership with Air Host, and hope to see it continue.

As part of their contract, this company is required to perform \$50,000 of facility improvements by the end of their 10-year contract term if they want to renew the agreement. While the contract is now only in its sixth year, Air Host has agreed that their facilities in the airport are in need of refurbishment, and they have proposed to go above and beyond the requirements of the contract by spending approximately \$110,000 improving their leasehold space.

President Landguth introduced David Shelton with Air Host to talk about their plans for the Chattanooga facility. Mr. Shelton then explained with the use of a handout, the physical descriptions of the updated facilities.

Vice Chair Hall asked President Landguth to give some background on the previous concessionaire. President Landguth said the last vendor in the airport lost money. He said Air Host has been very committed to the airport and worked hard to accommodate passengers who have been diverted to Chattanooga.

President Landguth said that in return for their investment in the Chattanooga facility, CMAA proposes to amend the Air Host contract as follows: Air Host currently pays 5% of their gross receipts to CMAA. When the number of enplaned passengers over a contract year (May-April) exceeds 300,000 (which should happen in April 2008) their percentage fee increases to 8%. CMAA proposes to give Air Host a 3% credit on the percentage fee payable to the Authority for a period of up to 24 months, beginning on the anniversary date of the Contract Year following construction completion. For example, if construction is completed on February 1, 2008, this credit would be effective May 1, 2008. The total value of this credit will equal the total construction cost minus the \$50,000 required expenditure, with CMAA's total credit not to exceed \$50,000.

Vice Chair Hall complemented Mr. Shelton on the courteous Air Host staff members working in the airport. He also inquired if the improvements will be impacted if TSA needs to expand the security lanes. President Landguth responded that the improvements are within the restaurant area, and should not be impacted by potential future expansion by TSA.

Board action: President Landguth requested board approval for the amendment to the Air Host contract as outlined.

Commissioner Veazey made a motion for approval. Commissioner Freeman seconded. Motion approved.

Chairman Jacobson asked if any Board members had further business. He then asked if any member of the public had business to bring before the Board.

Chairman Jacobson closed by thanking the Board and staff for the informative meeting. He said it was amazing to hear month after month of the airport's growth. As one of the longest serving members on the board, Chairman Jacobson said he spoke from experience when he said it had not always been this way. The Chattanooga Airport struggled for many years to grow air service and convince local travelers to use that service. While there is much work left to be done, the Chairman said the recent air service and passenger growth is the result of many years of effort. He thanked the commissioners for their time and leadership and he thanked President Landguth and his staff for their long hours and diligent efforts in growing the airport.

Commissioner Wells made a motion for adjournment. Commissioner Freeman seconded. The Chattanooga Metropolitan Airport Authority board meeting adjourned.

Minutes approved by:

Gene Veazey
CMAA Secretary

Corporate Secretary:

April Cameron

Minutes approved by:

Daniel R. Jacobson
CMAA Chairman

Minutes Recorded by:

Christina Siebold

Chattanooga Metropolitan Airport Authority
Chattanooga, Tennessee
November 19, 2007

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting Monday, November 19, 2007 at 2:05 p.m. Chairman Jacobson, Vice Chairman Hall and Commissioners Freeman, Lloyd, 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 Freeman, seconded by Vice Chairman Hall, the minutes of the October 12, 2007 meeting were approved.

President's Report

President Landguth welcomed the Board and then gave an airline industry update. He said that there are some fundamental changes in air service development realities that have begun to evolve over the past month. Industry expert Michael Boyd indicated last week that his research of emerging air service economics, and his contacts within the airline industry, indicate that going forward, carriers are going to begin to re-think their expansion strategies - particularly where 50-seat (and smaller) regional jets are concerned. They are also going to re-visit their existing routes to determine market-by-market efficiency within new economic metrics. The following factors are driving the reevaluation of their systems:

1. **Fuel: Up To Unexpected Levels.** The price of oil is nearing \$100 per barrel, and the price of jet fuel will generally be tracking at least along the same upward curve. In round numbers, oil is up in the neighborhood of 75% since mid-2006. This not only raises the bar in regard to market profitability, but in some cases may transform both planned and current service into a poor economic choice. Some market expansion opportunities that were being considered six months ago are being delayed for the time being.

Most experts predict that there is very low potential for oil prices to drop substantially in the months ahead. A combination of hedge-fund speculation, a plunging dollar, and the logistics of transporting jet fuel all point to continued high fuel prices - at levels that were not contemplated six months ago. That means planning metrics will also be changing.

2. **Pilot Shortage Looming.** Adding to this situation is an emerging shortfall in new pilot hires at regional airlines. Expansion is going to be tough when there aren't enough pilots.

Moving forward, Michael Boyd sees the following dynamics impacting air service development:

1. **Slam-dunk Expansion Only.** Unless there is clear, compelling data to indicate that a new route will be successful, any new planned markets will come off the table. This may well include some already-announced expansion programs.
2. **Revenue Quality, Not Volume.** While numbers of passengers are an important metric in determining whether to add or keep service, even more important will be the "quality" of that revenue. Low-yield connecting traffic to Florida has a much lower priority than a spread of passengers to business destinations beyond a carrier's hubsite.
3. **Current Market Scrutiny.** Existing markets will be put under a microscope, and it is entirely possible that air-service pink slips will be in the mail to some communities. Since the revenue bar is going up, air carriers' revenue hurdles will be going up as well. Some markets may not be able to meet the new revenue requirements.
4. **Block Time Efficiency.** Michael Boyd reports that the industry does not have "airline delays" so much as it has "FAA delays." The air traffic control system is antiquated, and despite what the FAA is saying, there is no real fix on the horizon. This means that the excess block times that airlines must now build into their schedules will be increasingly scrutinized in light of skyrocketing fuel costs. Routes that have relatively low block speeds are expensive in fuel, crew time, and aircraft time. Airlines will be comparing these to revenue generation.

President Landguth reiterated that aviation is a cyclical industry. While the industry continues to experience highs and lows associated with fuel, labor and a variety of other factors, the Chattanooga Airport has seen strong growth, adding 3 new airlines and 7 new destinations. CMAA's goal in the months ahead is to protect this new service and continue to encourage local travelers to support the flights. CMAA is uniquely positioned geographically for future opportunities, but with the airlines' new profitability metrics, those opportunities will only be available with the community's continued support. Just as in the last three years, the Chattanooga Airport will continue taking a deliberate approach to planning and development for future growth, while keeping a finger on the pulse of regional demand.

Stats

President Landguth reported that the airport's boardings were up 25% in October. This is the airport's 14th consecutive month of growth in boardings. 28,394 passengers boarded planes in Chattanooga in the month of October – this is the highest one-month passenger count on record. President Landguth said CMAA looks forward to a busy holiday travel season, and thanked local citizens for their continued support.

Vice Chairman Hall remarked that each of the Chattanooga Airport's airlines saw significant growth in passenger loads in the last month. President Landguth said CMAA is working to educate the community on all of the options available from Chattanooga so that support will continue to grow.

Commissioner Veazey asked if the growth has impacted parking. President Landguth said the offsite employee lot has been used several times in the last few months, and CMAA will continue to evaluate the long-term need for additional parking.

DBE Update

President Landguth continued his report with an update on CMAA's Disadvantaged Business Enterprise program. In FY 2007, CMAA awarded \$4,967,999 prime contracts. Of the \$4,967,999, CMAA expended 16% or \$794,879.84 with 10 certified DBE firms, exceeding its annual goal established at 10%.

For FY 2008, CMAA received \$4,940,224.00 in federal funds on Department of Transportation assisted projects. Of the \$4,940,224 of Federal assistance, CMAA will expend 10% or \$494,022.40 with certified DBE contractors.

CMAA Golf Tournament

On October 3, CMAA held its annual golf tournament. Over 100 golfers and a dozen sponsors supported the event, with proceeds benefiting two great local organizations – the Chattanooga Community Kitchen and Children's Home / Chambliss Shelter. In 2005, the first year this tournament supported local charities, our proceeds were a little over \$3,000. Last year, we were able to donate \$6,500. This year, thanks to the generosity of our sponsors and participants, our proceeds reached \$15,000. President Landguth thanked the key sponsor – Allen & Hoshall, as well as the support the airport received from its tenants and contractors. He also expressed gratitude for the sponsorship received from TAC Air, representing the General Aviation community.

President Landguth asked Charlie Hughes from the Chattanooga Community Kitchen to join him. He said CMAA appreciated all Mr. Hughes' great work in the community and for his efforts in reaching out to the less fortunate.

Mr. Hughes thanked airport board and staff for supporting their organization and said he thought this was the largest single donation from an organization this year.

President Landguth presented Gloria Miller and Katie Harbison from the Children's Home / Chambliss Shelter with their proceeds check.

Mrs. Miller thanked the airport board and staff and said they planned to use the funds to start a library for the children in their home.

Board Action

Commercial Ground Transportation Rules and Regulations

President Landguth reported that in an effort to ensure CMAA's ground transportation program keeps pace with the rapid growth in air service, CMAA has updated the Commercial Ground Transportation Rules and Regulations. Airport Staff conducted extensive research to develop their proposed updated regulations. Once the draft was completed, CMAA opened the process for public comment from all of our ground transportation providers. Once the comments were received back, staff evaluated the comments to determine if any changes needed to be made to the proposal. Legal counsel, Hugh Moore, was asked to review both the proposal and the comments we received, which he has done.

The main change in the new rules is the creation of another class of ground transportation providers, the Shared Ride. Traditionally, hotel around Chattanooga have sent Courtesy Vans to the airport to pick up incoming passengers with reservations at their hotel. The service was provided free of charge to passengers, and while the hotel vehicles were charged a flat fee for operating on the airport, their service was not necessarily a commercial operation. Groome transportation would occasionally pick up or drop off at the airport, and because they were similar type of vehicle, they were also classified as a courtesy vehicle. Within the last year or so, Mercury, Millennium and a brand new transportation provider have all introduced shuttle type service at the airport.

These shuttle vehicle are operating as a commercial operation, and as such, CMAA needed to classify them within the rules and regulations to ensure they were required to meet the same standards regarding age and condition of vehicle, as well as insurance requirements, that our taxis, limos and courtesy vehicles are required to meet. We also have very limited curb space along the airport frontage that must be divided amongst all the providers. Because we did not have a classification for the Shared Ride providers, the 15-passanger vans were parked along the curb in spaces that were not designated for ground transportation providers.

In short, The Shared Ride designation will give our passengers a better product by ensuring that all providers meet the same standards, and it will provide more orderly management of the limited space along the front of the airport.

President Landguth requested Board approval for the updated Commercial Ground Transportation Rules and Regulations

Commissioner Freeman made a motion for approval. Commissioner Veazey seconded. Motion approved.

Chattanooga Helicopter

President Landguth reports that CMAA is requesting board approval for an operating permit for Chattanooga Helicopters, LLC. The permit would give Chattanooga Helicopters the privilege and right to operate a helicopter services company to include flight instruction, flight rides, aerial photography, and surveying at the Chattanooga Metropolitan Airport. The term of this permit begins December 1, 2007 for one year. It

may be renewed for an additional year only if approved by CMAA. Either party may terminate on 14 days written notice.

Chattanooga Helicopters will pay CMAA in accordance with Section 3 of the Minimum Standards for sales and service on airport premises. In addition, Chattanooga Helicopters will provide to CMAA proof of adequate insurance.

Chattanooga Helicopters has requested a waiver regarding Section 11 © of the airport Minimum Standards which relates to flight training. This waiver will allow Chattanooga Helicopters to conduct operations from hangar 8, Choo Choo Aero's Hangar, as no other lease space is available at the airport. This waiver also allows the operation to be conducted with only one aircraft which can be used for day and night visual flight rules training and allows them to operate under FAR 61. Section 16 allows the waiver of any of the Minimum Standards where it deems to be in the best interest of the Airport's operation and the public good. CMAA recommends approval of the waiver as it is important that such services are offered at the Chattanooga Airport.

By accepting the rights and privileges granted by this permit, Chattanooga Helicopters agrees to pay the rates specified, as well as follow the generally applicable rules and regulations that are set forth in CMAA's Minimum Standards.

President Landguth requested Board approval for an operating permit with Chattanooga Helicopters.

Commissioner Veazey asked if this is a new venture. President Landguth replied that it was. Vice Chairman Hall asked to see the company's insurance. Vice Chairman Hall moved to table the proposal until CMAA could get more details on the operation and Chattanooga Helicopter could present to the Board.

Women's Way Lease

April Cameron requested approval to execute a Lease Agreement with Woman's Way Journal for a building consisting of a 1,854 square feet building and associated land located at 5959 Brainerd Road. The facility will be used solely for the purpose of publishing a newspaper. The Premises are leased in an "AS IS" condition whereas Woman's Way bears sole responsibility for all maintenance, routine upkeep, and repair of the building (including but not limited to the roof and HVAC), parking area, shrubbery, other plantings, fencing, and anything else whatsoever on the Premises. The term of the agreement is five years with rent to be paid annually in the amount of \$7,560 due in advance on the first day of each year.

Woman's Way Journal has occupied the premises for the past five years during which time they have installed \$6,000 in new carpet, added a new awning over the back doorway, installed new siding, new paint, remodeled bathrooms, and repaired the A/C units.

Ms Cameron requested approval for a five year lease with Woman's Way Journal January 1, 2008.

Commissioner Veazey asked if Women's Way had been a good tenant. Ms. Cameron replied in the affirmative.

Commissioner Freeman made a motion for approval. Commissioner Hall seconded. Motion approved.

General Liability Insurance

CMAA's insurance agent BB&T Huffaker & Trimble solicited quotes on behalf of CMAA for general liability and excess liability policies which expire on December 1, 2007. General Liability Insurance includes bodily injury and property damage, personal and advertising injury liability, medical payments, hangarkeepers liability, and non-owned aircraft liability. In addition to the standard policy, CMAA's policy contains general liability coverage for Ground Handling Operations which are currently provided for Allegiant Airlines and will be provided to Skybus when service begins on December 5.

BB&T Huffaker & Trimble recommended renewal of our policy with ACE USA. who has quoted a renewal in the amount of \$132,075 for general liability of \$50 Million which covers ground operations for Allegiant and Skybus and includes War and Terror Risk Insurance Act (TRIA) coverages, and \$61,500 for excess liability of \$150 million through Underwriters @ Lloyd's of London and Allianz Marine and Aviation. Total coverage of general liability with excess totals \$200 million. Ms. Cameron introduced Arch Trimble III from BB&T Huffaker & Trimble to comment about the process.

Mr. Trimble said that there are not many airport liability markets. Some of them will not cover ground handling. He said there is a new potential market with Travelers in the Spring and he said they will check on. Mr. Trimble said the only real change was caused by changes by the airport ground handling department.

Ms. Cameron requested board approval to accept the renewal of our General Liability insurance coverage of \$50 million with ACE USA in the amount of \$132,075 for a term of one year commencing on December 1, 2007.

Commissioner Veazey made a motion for approval. Commissioner Lloyd seconded. Motion approved.

Ms. Cameron requested board approval to accept the renewal of our Excess Liability insurance coverage of \$150 million with Underwriters @ Lloyd's of London in the amount of \$61,500 for a term of one year commencing on December 1, 2007.

Commissioner Veazey made a motion for approval. Commissioner Lloyd seconded. Motion approved.

CT-80s

John Naylor reported that the CT-80 project will be completed in two steps. The first step is to request board approval to enter into an Agreement with the Transportation Security Administration relating to airport checked baggage screening improvements. This agreement will allow the Chattanooga Metropolitan Airport to obtain Reveal Imaging Technologies CT-80 Explosive Detection System (EDS) units. CMAA has worked with TSA and our elected officials over the last several years to secure this equipment as it will have a significant impact on the passenger service offered in the airport.

As traffic at the airport continues to grow, CMAA is preparing the facility to accommodate passenger growth. Baggage screening is a key component of the airport infrastructure needs, and we have been working with the Transportation Security Administration (TSA) to secure several Reveal Imaging Technologies CT-80 Explosive Detection System (EDS) units, along with the associated entrance and exit conveyors, to be installed at the airport. These units provide increased security capabilities, as well as a higher level of customer service. Bag searches will be more private, reducing passenger discomfort at having their belongings sorted while other passengers look on.

CMAA is working with TSA to determine the final number of CT-80's our airport will receive. The number of units will determine their placement and configuration in the ticketing area, which will also determine the construction costs to modify the ticket counters in order to accommodate them. Per the MOA, TSA is responsible for providing the machines at an estimated cost of \$375,000 per unit, and CMAA is responsible to prepare the facility to accommodate them.

The second step once the number of machines and location has been determined will be to determine the cost for installation. The final cost for the required infrastructure modification is estimated to be approximately \$200,000. All contracts for design and construction once costs have been determined would be submitted to the board at this time for approval.

Mr. Naylor requested board approval to enter into an Agreement with the Transportation Security Administration relating to airport checked baggage screening improvements. The first step is signing the contract agreeing to accept the CT-80's. All contracts for design and construction would be submitted once final placement and costs have been determined for board approval.

Commissioner Veazey asked if the money had ever been budgeted. President Landguth replied that the money had been taken out of FY 2008's budget because TSA indicated CMAA would not receive machines this year. Commissioner Freeman asked if this primarily impacted checked bags. Mr. Naylor replied in the affirmative. Commissioner Lloyd asked how many other airports this size have this equipment. Mr. Naylor replied that he was not sure, but he knew that Knoxville had them. Vice Chairman Hall said he would appreciate if the board was notified on who would be doing the design for CMAA.

Commissioner Freeman made a motion for approval. Commissioner Veazey seconded. Motion approved.

Chairman Jacobson asked if any Board members had further business. Commissioner Veazey said the terminal looked great decorated for the holidays. He also inquired on the newspaper story regarding the maintenance facility interested in locating at the Chattanooga Airport. President Landguth reported that CMAA is still waiting for information. Chairman Jacobson then asked if any member of the public had business to bring before the Board. In closing, the Chairman again thanked the staff for the beautiful holiday decorations in the terminal. He also expressed his appreciation for the board's work over the last year and encouraged staff to continue planning for long term opportunities in the midst of the dynamic state of the airline industry. He said he believes the Chattanooga Airport is geographically positioned for long term growth. The Chairman closed by wishing everyone present a happy Thanksgiving with their families.

Commissioner Lloyd made a motion for adjournment. Commissioner Hall seconded. The Chattanooga Metropolitan Airport Authority board meeting adjourned.

Minutes approved by:

Gene Veazey
CMAA Secretary

Corporate Secretary:

April Cameron

Minutes approved by:

Daniel R. Jacobson
CMAA Chairman

Minutes Recorded by:

Christina Siebold

Chattanooga Metropolitan Airport Authority
Chattanooga, Tennessee
December 17, 2007

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting Monday, November 19, 2007 at 2:05 p.m. Commissioners Jacobson, Griffin, Hall, Wells, Lloyd, 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 Freeman, seconded by Vice Chairman Hall, the minutes of the November 19, 2007 meeting were approved.

President's Report

President Landguth welcomed the Chairman, and the Members of the Board.

New Service

President Landguth then reported within the last several weeks, CMAA has started a new airline and two new destinations. On December 5, Skybus started in Chattanooga. Mike Hodge, CFO for the airline, participated in the opening event. He indicated that the airline is excited about the opportunity they see in the region, and they look forward to seeing the service grow

Just last week, Allegiant began their nonstop service to Ft. Lauderdale. This is Allegiant's 3rd nonstop destination available from Chattanooga. All indications are that they are very pleased with the community's response to their low-fare service

CMAA appreciates both of these airlines and their commitment to Chattanooga. Their service continues to grow competition in our market. And competition is the driving force behind lower fares. As local travelers see the competitive fares, they have responded by supporting the service

Stats

President Landguth reported the airport's boardings were up 14% in November. This is the airport's 15th consecutive month of growth in boardings. CMAA is in the middle of another busy holiday travel season, and thank regional travelers for their continued support of all our airlines

Terry Hart

President Landguth introduced the newest member of CMAA's staff, Vice President of Airport Operations, Mr. Terry Hart. Terry joins us from American Eagle in Chicago, where he served as Vice President of the Chicago Operation. Terry brings a wealth of

experience to this position and to our organization, and we're thrilled to have him on board.

Mr. Hart thanked President Landguth and described his past experience and introduced himself. He was then welcomed by the Board and President Landguth.

Community Service

President Landguth then stated over the last several weeks, CMAA and our tenants have participated in several community service activities. First, the annual Toys for Tots drive brought in several huge boxes of toys for local children in need. Then on Friday, CMAA staff spent the morning volunteering at the Community Kitchen, helping with an annual inventory audit. Finally, the staff gave the President a great gift for Christmas. They sponsored three boys who are living in the Community Kitchens' family shelter. Funds were collected among the staff and they were able to get the boys everything on their wish lists. Thanks to all of our staff and tenants who participated in these events. We are all very blessed and this is a great time of year to remember those blessings and help those less fortunate

President Landguth proposed two alternate dates for the next board meeting. The 25th and the 22nd of January. The 25th at 10 am was the agreed on time.

Board Action

Rental Car Contracts

April Cameron stated that in August, CMAA issued an Invitation for Bids for rental car concessions as the Chattanooga Airport. The process included a mandatory pre-bid meeting, issuance of addendums 1 and 2, and concluded with bid submission on November 21, 2007. Concession bidders included Avis Rent a Car, Budget Rents a car, The Hertz Corporation, National/Alamo, and Enterprise Rent a Car. The bid required a cover letter, signed affidavit, business information questionnaire, minimum annual guaranteed privilege fee, Disadvantaged Business Enterprise (DBE) program participation form, and a bid guarantee of \$10,000. Financial references and an experience and qualifications statement were also required of new bidders.

After review of all the bids, all met the requirements outlines above with the exception of the DBE Program requirements. This is the first year of a new federal program that requires airports across the country to develop a separate DBE goal for rental car concessions. CMAA will be working with each company to ensure that they have made a good faith effort to obtain DBE participation.

The proposed term of the new agreement is five years and will commence on February 1., 2008. In an attempt to increase revenues for CMAA, four significant changes were made from the previous agreement:

1. Each bidder was required to specify a MAG for each of the five years of the agreement.

2. Priority for the choice of counter space is based on the total of the Minimum Annual Guarantee (MAG) for the five years of the Agreement
3. The cost of each rental car ready space increased from \$60 per year to \$200 per year and
4. The definition of Gross Revenue was altered to exclude only: Sales Taxes, Damages for Theft, Contract Facility charges, and Other Direct Taxes, Fees or Surcharges.

Throughout the term of the agreement each company will pay CMAA for a lease of their terminal space and ready spaces as a concession equal to the greater of their MAG or 10% of the gross receipts. The minimum concession to be paid to CMAA for the five year term of the agreement is equal to \$5,596,732. Rental car revenue for the previous five fiscal years equaled only \$3,562,345. The new agreements represent a 57% increase in revenue.

Commissioner Veazey asked if anyone requested a justification for the increase. Ms. Cameron indicated that the airport was not increasing rates, the bids increased the rates because they believe operating out of the airport is valuable.

Board Action

CMAA requests board approval to enter into a lease and concession agreement with Budget Rent a Car System, Inc. for a five year term commencing February 1, 2008.

Motion for approval by Commissioner Hall seconded by Commissioner Veazey motion carries.

CMAA requests board approval to enter into a lease and concession agreement with Avis Rent a Car System, LLC. for a five year term commencing February 1, 2008.

Motion for approval by Commissioner Freeman second by Commissioner Lloyd, motion carries.

CMAA requests board approval to enter into a lease and concession agreement with Vanguard Car Rent USA Inc. d/b/a National/Alamo for a five year term commencing February 1, 2008.

Motion for approval by Commission Griffin seconded by Commissioner Veazey, motion carries.

CMAA requests board approval to enter into a lease and concession agreement with Enterprise Rent-a-Car Company of Tennessee d/b/a Enterprise Rent-A-Car for a five year term commencing February 1, 2008.

Motion for approval by Commissioner Lloyd seconded by Commissioner Lloyd motion carries.

CMAA requests board approval to enter into a lease and concession agreement with The Hertz Corporation for a five year term commencing February 1, 2008.

Motion for approval by Commissioner Hall seconded by Commissioner Wells, motion carries.

Board Action

Republic Parking Contract

April Cameron requested approval to extend the contract with Republic Parking for two additional one year terms as specified in the current contract. Along with the proposed extension, CMAA is requesting approval of an amendment to the agreement which includes increasing the annual management fee from \$28,500 to \$31,000, modifying the incentive fee provision to be 10% of the set annual management fee to be paid 45 days after the end of the contract year at the sole discretion of CMAA President, and adding an additional two year option to the agreement to be exercised at the sole discretion of CMAA. We have Jim Berry and Chris Howley from Republic Parking here today to answer any questions.

Jim Berry thanked the Board.

Board Action

CMAA requests approval to extend the agreement with Republic Parking for two additional one year terms, increasing the management fee, modifying the incentive fee and adding a two year option.

Motion for approval by Commissioner Wells seconded by Commissioner Lloyd motion carries.

Board Action

April Cameron requested approval to execute a Lease Agreement with Mr. Ed Bradley for a 2,593 square feet residential property located at 501 Pine Grove Trail. The premises is leased in an "AS IS" condition whereas the tenant bears sole responsibility for all maintenance, routine upkeep, and repair of the premises, parking area, shrubbery, other plantings, fencing, and anything else whatsoever on the Premises excluding the roof and HVAC. The term of the agreement is two years with rent to be paid monthly in the amount of \$650 due in advance on the first day of each month.

Board Action

CMAA is requesting board approval for a two year lease with Ed Bradley, Commencing on December 17, 2007.

Motion for approval by Commissioner Freeman Second by Commissioner Veazey motion carries.

Board Action

Limited Reimbursable Agreement

John Naylor requested approval to enter into a Limited Reimbursable Agreement with the Federal Aviation Administration. This agreement provides funds for the FAA to perform design reviews, construction monitoring, electronic equipment tune-up/testing and acceptance inspections. The FAA will perform the following services:

- Provide PAPI equipment at no cost.
- Review design drawings and specifications.
- Perform applicable environmental studies.
- Provide a “part time” resident engineer.
- Provide tune-up and testing of equipment.
- Perform commissioning flight check.

The FAA will assume all responsibility for maintenance and testing of this equipment after project completion and a Joint Acceptance Inspection has been completed. The estimated cost for this project is \$49,335.00 and is funded through an Airport Improvement Program Grant.

Board Action

CMAA requests Board approval to enter into a Limited Reimbursable Agreement with the Federal Aviation Administration.

Motion for approval by Commissioner Veazey seconded by Commissioner Hall motion carries.

Other Business

President Landguth informed the Board that Skybus is considering a new hub.

President Landguth reported that April had spoken to the liability carrier about limits for specialty operators. April Cameron then related that the insurance carrier recommended increasing the liability insurance to \$2 million total liability \$2 million each passenger. President Landguth recommended that since the helicopter company wasn't there, they gather information and discuss it in the future.

Commissioner Wells made a motion for adjournment. Commissioner Freeman seconded. The Chattanooga Metropolitan Airport Authority board meeting adjourned.

Minutes approved by:

Minutes approved by:

Gene Veazey
CMAA Secretary

Daniel R. Jacobson
CMAA Chairman

Corporate Secretary:

Minutes Recorded by:

April Cameron

Christina Siebold