The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting January 25, 2008 at 10:05 a.m. Vice Chair Hall, Commissioners Griffin, Kilbride, Lloyd, Veazey and Wells were present.

In Chairman Jacobson’s absence, Vice Chair Hall presided over the meeting and verified a quorum was present. April Cameron verified the requirements of the Sunshine Law had been met.

Minutes
On motion of Commissioner Freeman, seconded by Commissioner Kilbride, the minutes of the December 17, 2007 meeting were approved.

President’s Report
President Landguth welcomed the Vice Chairman and the Members of the Board.

2007 Enplanements
President Landguth reported that passenger boardings in 2007 reached 307,500 - a 21% increase over 2006. This is the highest annual increase on record at the Chattanooga Airport. Total passengers traveling through the airport reached 609,218.

He said this kind of growth would not be possible without the support of our airline partners and our community leaders and local travelers. Airlines like Continental, Allegiant and Skybus all took a chance on Chattanooga in the last several years, the community appreciated the product they supplied, and used the service. Continental saw a more than 17% increase in their traffic in 2007 over 2006 - a great number for a carrier in their second full year, and a clear indication that local travelers appreciate reliable, customer-focused airline service. As we discussed last month, both Allegiant and Skybus have new service in the market - to Ft. Lauderdale and Columbus - and the regional community is responding by using the service.

As CMAA looks forward to 2008, our goal is to support the new service in the market and foster its continued growth. We will also seek out those opportunities for careful and deliberate growth that can be supported by our regional travelers.

Written Consent
President Landguth reported that CMAA’s workers compensation insurance policy set to expire in January, and when we moved the board meeting date to accommodate the Martin Luther King, Jr. holiday, we needed to secure written consent. The request did receive a majority vote on that contract, and the information is included in your books.

Minimum Standards Update
At the Board’s request, staff solicited input from our insurance carrier on the appropriate limits for Specialty Service Operators and FBOs. The carrier recommended we raise the limits from $1 million to $2 million for Specialty Service Operators and from $2 million to $10 million for FBOs. We solicited public input on the proposal and received several comments.

- TAC Air indicated the additional insurance would not be a problem
- Several SSOs had either no comment or no objection
- One local SSO is waiting for a quote to determine the financial impact to their operation
- Two of these operators had objections to the proposal, indicating that the financial impact of increasing the insurance limits would be a burden to their operation. Neither operation was able to quantify the financial impact.

CMAA is working to gather a few more pieces of information, including:

- the actual cost to these operators to increase their coverage
- work with the insurance carrier to identify not only the total limit, but the appropriate per-seat coverage needed to protect the airport

We will continue our information gathering and keep you posted on our findings.

Vice chair Hall asked staff to investigate the requirements at Collegedale and Dallas Bay. Commissioner Kilbride said it was important to understand the costs to the operators. He asked if there was any unusual exposure if CMAA took another month to consider the matter. Commissioner Freeman mentioned that the helicopter training business raised CMAA’s exposure and asked if that was still an issue. President Landguth said that business had withdrawn its request for a permit, so it was no longer an issue for the board.

CMAA’s legal counsel Hugh Moore indicated that the Airport Authority should ensure all tenants have the coverage needed for any incident they may cause. He indicated CMAA would be sued if there was an incident as the airport is seen as having deep pockets.

Commissioner Griffin asked where the Specialty Service Operators fit into the Master Planning process. President Landguth replied that the Master Plan would not identify specific companies or leases, but simply identify general aviation opportunities for the airport.

Commissioner Kilbride recommended that CMAA gather feedback from neighboring airports and get Arch Trimble to brief the board before making a decision. Commissioner Wells also recommended researching the average claim per victim involved in an accident.
Commissioner Freeman noted that Allegiant’s market share appeared to be growing in Chattanooga and ASA’s share was shrinking. President Landguth said Allegiant was scheduled to add additional frequencies for the busy spring and summer holiday seasons.

President Landguth introduced John Naylor to begin the board action.

**CT-80 Installation and Design**

Mr. Naylor requested board approval to enter into a contract with Allen & Hoshall in the amount of $99,945 for the design of the facility modification associated with the installation of three Reveal Imaging Technologies, CT-80 Baggage Screening Systems in the ticketing concourse of the Airport. The increase in passenger traffic has necessitated the requirement to more efficiently process screened baggage. Therefore, the airport is developing three zones for the screening of baggage. The units will be housed behind the wall out of public view. The zones are divided by the size of aircraft and the number of flights.

- Zone 1 will serve American Eagle and Delta Airlines.
- Zone 2 will serve US Air and SkyBus Airlines.
- Zone 3 will serve Allegiant and Northwest/Continental Airlines.

This new equipment will provide state of the art technology to speed the screening process, provide increased security capabilities, provide a more thorough review of passenger baggage and improve customer service. Bag searches will be more private, reducing passenger discomfort at having their belongings sorted while other passengers look on.

The Transportation Security Administration is providing the equipment at an estimated cost of $375,000 per unit. CMAA is responsible for the design and construction to accommodate the new equipment. The $99,945 cost for design will be funded with a 90/10 split on state funds.

Vice Chair Hall asked if we knew how much the modifications would cost. Mr. Naylor indicated we wouldn’t know until the design was complete. Commissioner Freeman confirmed that the construction costs were a 90/10 split and Mr. Naylor said they were. Commissioner Veazey asked if CMAA would be able to make the modifications while keeping the airlines operational. Mr. Naylor said CMAA was working with the airlines to minimize the impact to their operations. Vice Chair Hall asked if any of the airlines had indicated an interest in kiosk check-in stations. President Landguth indicated that every airline except US Airways currently offered at least one kiosk.

Mr. Naylor requested Board approval for a contract with Allen & Hoshall in the amount of $99,545 for the facility modification design associated with the installation of three CT-80 Explosive Detection Systems.

**Commissioner Kilbride made a motion for approval.  Commissioner Griffin seconded. Motion approved.**
Elevator and Escalator Maintenance Agreement
Terry Hart briefed the board on the proposed elevator and escalator maintenance agreement. This agreement encompasses the maintenance and repair of two Montgomery elevators and two Montgomery escalators located in the airport 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 three years. The airport solicited four bids on this project and received two. After meeting all the bid requirements, CMAA staff reviewed the proposals and has recommended that the maintenance agreement be awarded to Chattanooga Elevator, Inc., our current provider, at a bid price of $11,520 per year, for the term of three years, beginning February 1, 2008.

Mr. Hart requested Board approval for a contract with Chattanooga Elevator, Inc. in the amount of $11,520 per year, for a term of three years, beginning February 1, 2008.

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

Demolition Contract for Property at 5955 Brainerd Road
Mr. Hart requested board approval for a contract for the demolition work to be performed at the Airport property located at 5955 Brainerd Road, also known as the Michaels building. This building is being demolished because the ongoing maintenance expense exceeds the revenue potential. Additionally, this structure is continually plagued with theft, vandalism, and vagrancy. The facility is a 10,000 square foot, single story commercial building more than 40 years old, which when demolished will leave only the concrete slab in place. An environmental assessment was recently completed on the facility, where 31 samples of materials suspected to contain asbestos were collected and analyzed. The analysis revealed that no materials sampled were reported above the 1% criterion to be considered asbestos containing materials.

Three bids were solicited and two were received, while the third was unresponsive. The lowest bid was submitted by T.L. Boyd Construction, Inc. and includes building demolition and site cleanup and is estimated not to exceed $25,000. Demolition of the building should be completed within 30 days.

Commissioner Kilbride asked if there was anything of value in the building. Mr. Hart replied that it had been vandalized. Commissioner Griffin asked what the ultimate use of the property. President Landguth said it would be laid out in the master planning process. Commissioner Veazey asked if T.L. Boyd Construction was bonded. Mr. Hart confirmed that they were.

Mr. Hart requested Board approval for a contract with T.L. Boyd Construction, Inc., for the demolition of the facility at 5955 Brainerd Road in an amount not to exceed $25,000.
Commissioner Kilbride made a motion for approval. Commissioner Griffin seconded. Motion approved.

Vice Chair Hall asked if any Board members had further business. Commissioner Wells asked if the airport had defibulators. President Landguth said there are two located in the terminal. Commissioner Wells also asked if the airport had a backup generator. Director of Maintenance Bobby Atkins detailed the areas of the airport run on the backup generator.

Vice Chair Hall then asked if any member of the public had business to bring before the Board.

The Chattanooga Metropolitan Airport Authority board meeting adjourned.
Chattanooga Metropolitan Airport Authority
Chattanooga, Tennessee
February 18, 2008

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting February 18, 2008 at 2:00 p.m. Chairman Jacobson, Vice Chair Hall, Commissioners Griffin, Kilbridge, Lloyd, Veazey and Wells were present.

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

Minutes
On motion of Commissioner Freeman, seconded by Commissioner Griffin, the minutes of the January 25, 2008 meeting were approved.

President’s Report
President Landguth welcomed the Chairman and the Members of the Board.

New Service
He reported that just a few hours ago, CMAA announced new nonstop service between Chattanooga and Detroit on Northwest Airlines. This is a route that has been on our radar screen for several years, and it’s great to see it become a reality for our city. President Landguth reported that the flight is scheduled to begin on June 5 and will be operated on 50-seat jets, with a great schedule, departing CHA at 7:10 am and returning to Chattanooga at 8:45 each evening, giving business travelers the ability to conduct their business and return to Chattanooga in one day.

Northwest believes that adding service between Chattanooga and Detroit is a great opportunity for them to strengthen their presence in Chattanooga and extend the Northwest Airlines network, and we welcome this new service to our airport and our city. We are grateful for Northwest’s expression of confidence Chattanooga. Their service continues to grow competition in our market, and competition is the driving force behind lower fares. Finally, President Landguth thanked local travelers for their support of the airport and our services. This announcement would not be possible without their commitment to their local airport.

Stats
President Landguth reported that the airport’s boardings were up 16% in January. This is the airport’s 17th consecutive month of growth in boardings. This increase adds to the 20% growth we saw in January of last year. January and February are traditionally slower travel months, but as we move into the Spring and Summer travel seasons, we anticipate more and more travelers will be using the 7 airlines and now 13 nonstop destinations available from Chattanooga.

Chairman Jacobson requested an update on the Minimum Standards revision. President Landguth said that in response to the requests made during the January 25 Board meeting regarding the Minimum Standards Insurance Requirements, CMAA staff gathered the following information:
Two tenants have responded to CMAA’s request to discover how much their premium would change because of increased insurance requirements:
- Chattanooga Aero’s (mechanic) premium will increase by an additional $3,000 annually
- Aviation Specialists’ (flight training) premium will increase by an additional $1,250 annually

CMAA also contacted two local general aviation airports to inquire regarding their insurance requirements
- Collegedale requires a $500,000 minimum aircraft liability.
- Dallas Bay does not specify a requirement but the airport owner, who also owns Aviation Specialists which operates at CHA, also maintains $1,000,000 in aircraft liability for Dallas Bay.

CMAA contacted our insurance provider ACE USA to inquire on the average claim per body per loss. Although the information is dated, they provided us the following information:
- Major airlines allocated $3 mil per soul, per occurrence

ACE USA currently insures several airports and they attempted to give us a few benchmarks for the limits set in some of their other airports:

For Air Taxi Operations
- A non hub client requires $1 mil Combined Single Limit (CSL) with $100,000 per person
- A medium hub client requires $2 mil CSL with $300,000 per person; any aircraft with seat capacity of eight or more is required to maintain $3 mil

For Flight Training Operations
- A medium hub client requires $2 mil CSL with $300,000 per person limit

So that is our information to date. At the Board’s request, we also invited Arch Trimble to attend today so he could answer any questions you may have. Mr. Trimble addressed the Board’s concerns.

A commissioner asked if they could subdivide the classes of aircraft between helicopter and fixed wing. President Landguth said he had not seen other airports do that. The Board asked Mr. Trimble to find out if tenants could gradually increase their coverage by a half million a year, so as to make the transition less costly.

President Landguth introduced Terry Hart to request Board action.

**Ground Handling Vehicle Purchase**
Mr. Hart said that during September 2006, we received approval to create a Ground Handling Department at the airport. To support that operation, numerous pieces of ground equipment were secured. Based on an assessment from our Maintenance staff, it is their recommendation to replace the baggage tractors.
We have chosen to replace the baggage tractors with two compact pickup trucks. Three bids were requested and received. The purchase price for both vehicles will not exceed $25,000. Training will be provided, as needed.

Commissioner Wells asked about pick-up trucks on the ramp. Mr. Hart indicated that many airports used trucks for baggage carts and it also helped as a cross-utilization tool.

Vice Chair Hall inquired about safety training. Mr. Hart indicated that the training would continue on the trucks.

Mr. Hart requested Board approval for the purchase of two compact pickup trucks for an amount not to exceed $25,000, to replace the existing baggage tractors utilized by our Ground Handling staff.

Commissioner Freeman made a motion for approval. Commissioner Griffin seconded. Commissioner Wells voted against. All others voted for. Motion approved.

Chairman Jacobson asked if any board member had further business. He then asked if any member of the public had business to bring before the board. Harry Phillips indicated that he had a presentation for the board. CMAA’s legal counsel representative, Rosemarie Bryan, addressed the board briefly, saying that the matter was in litigation.

Mr. Phillips and his wife addressed the Board. On completion, Chairman Jacobson asked Ms. Bryan for comment.

Ms. Bryan said that the matter was in litigation and that Mr. Moore was unavoidably absent. She advised that matters be handled through counsel.

In closing, Chairman Jacobson thanked each board member for their attendance and participation. He congratulated the staff, particularly President Mike Landguth, for the great news this morning about Detroit. He said, “When we chose you about three and a half years ago the Chattanooga airport offered 4 airlines and 5 nonstop destinations. So under your leadership, under your focus we have experienced extraordinary results and just want to say thank you. If you take just a moment to think about 7 airlines, 13 nonstop destinations, it didn’t happen by accident. So we are convinced that success can only come when you have the right people in the right places. We applaud you and your staff for that.” Further, the Chairman thanked the board for their leadership and what they do every day to make this city and county and community what it is.

Commissioner Wells made a motion for adjournment. Commissioner Hall seconded. The Chattanooga Metropolitan Airport Authority board meeting adjourned.
The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting Monday, March 17, 2008 at 2:05 p.m. Commissioners Jacobson, Griffin, Vice Chairman Hall, Wells, Lloyd, Freeman and Veazey were present.

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

Commissioner Freeman requested a clarification to the February minutes to indicate that Chattanooga Aero would see an increase of an additional $3,000.

Motion for approval of the minutes by Commissioner Freeman, seconded by Commissioner Wells. Motion approved.

President’s Report

President Mike Landguth reported an increase in passenger boardings of 15% in February.

President Landguth then recognized firefighters Alvin Rosamond, Michael Brooks and Charlie Williams who all recently passed firefighter examinations.

President Landguth then reported that the Chattanooga Airport recently completed its annual inspection by the Federal Aviation Administration. The inspector cited no discrepancies. President Landguth thanked Terry Hart and all CMAA’s staff, especially Jack McAfee and Kevin Scarborough.

Master Plan Update

President Landguth briefly reviewed the status of the master plan, saying the forecast has been sent to the FAA for approval, and once that is complete, RS&H will begin developing long-term plans for the airport. In the meantime, critical projects will continue, including the Access Control System, CT-80 installation and facility modification, and the development of the off-site parking lot.

These projects will be completed over the next 12-18 months, as funding is secured.

Vice Chair Hall requested an update from the master plan consultants once the FAA’s review was complete.

Commissioner Lloyd asked if there was any word from Skybus on the airline’s service in Chattanooga. President Landguth indicated the airline said CHA was “on plan” for their forecast.

President Landguth introduced John Naylor to begin Board action.
Access Control Design
Mr. Naylor requested approval for a contract with the Faith Group for additional design services associated with the Terminal Access Control System Upgrade. The amount of the contract is $106,490.00.

The Access Control System Design Concept Report conducted by the Faith Group recommended a complete replacement of the current system. The additional design is for the facility modification and construction of vacant terminal space for a new relocated Control Room, Emergency Operations Center, Operations Office, Airport Police Office, and associated facilities required to meet all current federal standards. The design will replace the current in ground Intrusion Detection System with video analytics a new CCTV system. All contracts for construction will be brought to the board for approval. The purchase of equipment and construction will be accomplished under a phased approach utilizing AIP and State funding as it becomes available.

The access control system currently in service was installed in 1992. Current TSA regulations require commercial service airports to install and maintain an access control system capable of controlling access of personnel and vehicles by date, time, and location.

<table>
<thead>
<tr>
<th>STATE</th>
<th>$95,841.00 (90%)</th>
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<tbody>
<tr>
<td>CMAA</td>
<td>$10,649.00 (10%)</td>
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<tr>
<td>TOTAL</td>
<td>$106,490.00 (100%)</td>
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Commissioner Wells asked if the system would be on a separate generators and Mr. Naylor said the Faith Group would be examining that issue. Vice Chair Hall requested that staff ensure the new area of development be wired to communicate with the firehall for emergency communications purposes. He also requested the agreement be noted as Change Order #1 to the original contract with Faith Group.

Board action
Mr. Naylor requested board approval for Change Order #1 with the Faith Group for additional design services associated with the Terminal Access Control System Upgrade. The amount of the contract is $106,490.00. The funding will be a 90/10 split with the state. The state portion will be $95,841 and CMAA will pay the remaining $10,649.

Motion for approval by Commissioner Wells. Seconded by Commissioner Lloyd. Motion approved.

Overflow Parking Lot Design
Mr. Naylor requested approval to enter into a contract with Allen & Hoshall for the design services associated with the expansion and completion of the overflow parking lot. The contract amount is $43,000. The need for a safe and secure parking lot is necessitated by the continuing increase in air service. The overflow lot will be increased by 66 spaces, lighted, paved, fenced, and will have two drainage structures added. The number of parking spaces available will be approximately 215. All contracts for
construction will be submitted for board approval once the design is complete and all costs are determined.

CMAA is requesting board approval to enter into a contract with Allen & Hoshall for the design services associated with the completion of the overflow parking lot. The contract amount is $43,000. The cost of the design will be a 90/10 split with the state. The state portion will be $38,700.00 with CMAA paying the remaining $4,300.00.

Commissioner Veazey asked for clarification on what the Commissioners approved in regards to this parking lot several months ago. Mr. Naylor indicated the approval was for the development of a stone lot, and this request would design the completion of that lot. Commissioner Lloyd noted that he felt $43,000 seemed high for the design of the lot. Mr. Naylor said it was within a reasonable range for parking lot development. Vice Chair Hall requested that staff address any security concerns in the offsite parking lot.

Board action:
Mr. Naylor requested board approval for a contract with Allen & Hoshall for the design services associated with the completion of the overflow parking lot. The contract amount is $43,000. The cost of the design will be a 90/10 split with the state. The state portion will be $38,700.00 with CMAA paying the remaining $4,300.00.

Motion for approval by Commissioner Veazey. Seconded by Vice Chair Hall. Motion approved.

Replacement of Airport Rescue and Firefighting Personnel Fire Suits
Mr. Terry Hart requested approval for new ARFF suits. He said during CHA’s last FAA inspection, several garments were identified as requiring replacement. CMAA staff solicited and received four bids to reoutfit each of the firefighters. CMAA recommends awarding the purchase to Tupelo Fire Equipment, Inc. at a bid price of $16,264.80 of which $13,500.00 will be state funded and the remaining $2,674.80 by CMAA. This is a budgeted item.

Commissioner Griffin asked how many suits would be purchased. Mr. Hart replied nine in total.

Board action:
Mr. Hart requested Board approval for the purchase of replacement Airport Rescue and Firefighting personnel fire suits from Tupelo Fire Equipment, Inc. in the amount of $16,264.80.

Motion for approval by Vice Chair Hall. Seconded by Commissioner Griffin. Motion approved.

Replacement of Airport Operations Vehicle
Mr. Hart reported that the 2002 Dodge Durango, operated by the Airport’s Vice President of Operations, requires replacement. Our maintenance staff recommends keeping the Dodge Durango, but reserving it for local business use only. Funding for a replacement
vehicle capable of operating on and off pavement will be 90% state and 10% local. Three quotes will be solicited and the purchase will not exceed $30,000.00, making

**Board action:**
Mr. Hart requested Board approval for the replacement of one CMAA operations vehicle for an amount not to exceed $30,000.00.

**Motion for approval by Commissioner Griffin. Seconded by Commissioner Freeman. Motion approved.**

**Replacement of CMAA Police Vehicle**
Mr. Hart said a recent assessment by CMAA’s maintenance staff of the police department’s yielded a recommendation for replacement of the vehicle. He said during certain events, CMAA’s police officers are required to operate off of paved surfaces. CMAA will solicit 3 quotes for an SUV-type vehicle and the purchase amount will not exceed $30,000.00. This will also include associated accessories such as decals for the vehicle. Funding for this replacement vehicle is 90% state and 10% local, with our portion totaling no more than $3,000.00. This is a budgeted item.

Commissioner Griffin asked what would happen to the old Jeep. Mr. Hart said it was acquired through the DEA funds and proper disposal would have to researched

**Board action:**
Mr. Hart requested Board approval for the replacement of one CMAA police vehicle for an amount not to exceed $30,000.00.

**Motion for approval by Commissioner Lloyd. Seconded by Commissioner Wells. Motion approved.**

**Ground Power Unit Purchase**
Mr. Hart said that discussions with Allegiant Airlines have revealed their interest in the use of a ground power unit due to the high fuel prices. They can reduce their overall operating costs by not running the Auxiliary Power Unit and utilizing remote ground power. The fee charged by CMAA for use of the unit will allow Allegiant to accomplish their cost reduction plan. The purchase of the ground power unit is not a budgeted item and will be self funded.

Three quotes were solicited and received. After reviewing each submission, CMAA staff recommends the purchase be awarded to Hobart Ground Power for an amount of $39,936.00.

Vice Chair Hall asked if Mr. Hart will handle the training for this unit, Mr. Hart replied that he would. Commissioner Lloyd asked if CMAA would be able to recoup the cost of the unit or even make money. Mr. Hart indicated that both would be possible.

**Board action:**
Mr. Hart requested Board approval for the purchase of one ground power unit from Hobart Ground Power for an amount of $39,936.00.
Motion for approval by Commissioner Veazey. Seconded by Commissioner Lloyd. Motion approved.

Minimum Insurance Requirements
President Landguth reported that, as recommended by CMAA’s insurance carrier, ACE USA, Inc., CMAA is recommending we raise the limits for Specialty Service Operators (SSO) General Liability coverage to at least $2 million Combined Single Limit (CSL), Aircraft Liability of at least $2 million and Products/Completed Operations Liability of at least $2 million CSL. This increase would go into effect on July 1, 2008. If a particular operator could increase their limit in $500,000 increments then the SSO would be allowed to raise their coverage to $1.5 million on July 1, 2008 and by July 1, 2009 would be required to have $2 million in coverage.

Additionally, as recommended by our insurance carrier, ACE USA, Inc., CMAA is recommending we raise the limits for Full Service Fixed Based Operators (FBO’s) General Liability coverage to at least $10 million Combined Single Limit (CSL), Aircraft Liability of at least $10 million and Products/Completed Operations Liability of at least $10 million CSL; and Hangarkeepers’ Liability of at least $10 million CSL. This increase would go into effect on July 1, 2008.

Each of CMAA’s registered SSO’s, as well as the FBO, were involved in this process. They were all informed on the insurance carrier’s recommendation and asked for comments. We also posted the proposal on the website in January and asked for any additional input. We also followed up with several of the providers to inquire on the financial impact to their business if the Board took the recommendation of the insurance carrier.

Commissioner Lloyd asked if any SSO’s were present and if they wanted to express an opinion on the request. No SSO’s responded. Commissioner Lloyd noted that he appreciated the stair-step implementation plan CMAA had proposed.

Board action:
President Landguth requested Board approval to amend the Minimum Standards requiring insurance coverages as outlined above.

Motion for approval by Commissioner Veazey. Seconded by Vice Chair Hall. Motion approved.

CMAA’s attorney, Hugh Moore, indicated that a written consent had been sent to the board since the last meeting requesting approval to file suit against a former employee in a workers compensation case. The board gave approval and the suit was filed in Hamilton County.

Vice Chair Hall made a motion for adjournment. Commissioner Wells seconded. The Chattanooga Metropolitan Airport Authority board meeting adjourned.
The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting April 21, 2008 at 10:00 a.m. Vice Chair Hall and Commissioners Griffin, Kilbride, Wells, Freeman, Lloyd, and Veazey were present.

Vice Chair Hall 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 Lloyd, the minutes of the March 17, 2008 meeting and an addendum to the January 2008 meeting minutes meeting were approved.

President Landguth welcomed the Vice Chairman and members of the board and thanked them for their attendance.

President's Report
President Landguth said the airport had another positive month in March. The passenger boardings grew by 7%.

President Landguth introduced David Eichenthal of the Community Research Council to report on the findings of the recent economic impact analysis for the airport. Mr. Eichenthal briefed the board on his findings, which included the airport’s $166.7 million per year economic impact to the region.

Vice President of Airport Operations, Terry Hart, gave the board a report on the recent full scale exercise performed by CMAA along with local partner agencies. Mr. Hart recognized the staff for their hard work in developing the exercise.

Board Action

Painting Airfield Markings
Mr. Hart said the Federal Aviation Administration has recommended that all airports certified under 14 Code of Federal Regulations Part 139 implement enhanced taxiway centerline markings and surface painted holding position signs at all runway entrances. This is to provide additional visual references to taxiing pilots helping them identify runway holding positions.

This project is for remarking and painting identified airfield markings and full implementation of enhanced taxiway markings. After evaluating the 2 submitted bids, CMAA staff recommends the contract be awarded to Hi-Lite Markings, Inc. for an amount of $39,631.00. Funding for this project is 90% state and 10% local. This is a budgeted item.
Mr. Hart requested Board approval for a contract with Hi-Lite Markings, Inc. in the amount of $39,631.00 for the painting of identified airfield markings and enhanced taxiway markings.

Motion for approval by Commissioner Veazey seconded by Commissioner Griffin. Motion carried.

North Terminal Ramp Pavement Repair
Mr. Hart then reported that as part of CMAA's ongoing Pavement Management program, approximately 15,000 linear feet of pavement has been identified as needing attention. The project will include saw cutting the large cracks to remove all loose material down to the underlying surface and routing and sealing the smaller cracks. The repair of the ramp area is to prolong the useful life of the pavement by an estimated 10-15 years.

A total of three bids were requested for this project and two were received. The third was non-responsive. After reviewing the submitted proposals, CMAA staff recommends acceptance of the bid from Applied Polymeric for an amount of $53,709.20. This project will be 90% state funded and 10% local. CMAA's portion will be $5,370.92. This was a budgeted project.

Mr. Hart requested Board approval for a contract with Applied Polymeric in the amount of $53,709.20 for the repair of the North Terminal Ramp pavement.

Motion for approval by Commissioner Lloyd seconded by Commissioner Wells. Motion carried.

Northwest Perimeter Fence Replacement
Mr. Hart said that in an effort to continue replacing airport perimeter fencing to enhance security, CMAA staff identified 4,079 feet of fence located on the Northwest corner of the airport, between Gate 10 and Hangar 8, as an area requiring replacement. The airport solicited three bids and two quotes were received. CMAA staff recommends the contract be awarded to Quality Fence at a bid price of $99,770.00. The funding for this project is 90% state and 10% local. CMAA's portion will be $9,977. This is a budgeted item.

Mr. Hart requested Board approval for the replacement of 4,079 feet of perimeter security fence which will be completed by Quality Fence for an amount of $99,770.00.

Motion for approval by Commissioner Kilbride seconded by Commissioner Freeman. Motion carried.

Pavement Survey
Mr. Hart reported to the Board that as a certificate holder, CMAA must maintain the pavement of each runway, taxiway, loading ramp and parking area that is available for
air carrier use. The pavement must be able to support the loads imposed on it and 
produce a firm but smooth surface all year long. It must possess sufficient stability to 
withstand, without damage, constant traffic, adverse weather conditions, and other 
deteriorating influences.

Airport pavement evaluations are necessary to verify existing conditions and prepare 
for the future. This project is for a survey and friction test to be completed which will 
establish a pavement baseline condition for infrastructure repair and prolonging the 
usable lifespan. The requested funds will cover project preparation, data collection and 
analysis, nondestructive testing and analysis, friction testing, and training required to 
extend the useful life of the pavement surface. Funding for this project is 90% state and 
10% local. This is a budgeted item.

A proposal from Dynatest Consulting Inc., a company who has completed similar work 
here in 2001, was received in the amount of $94,752.00. In accordance with CMAA 
Bylaws, section 200.02 Purchasing; professional services contracts are subject to 
approval by the Board of Directors. CMAA staff has reviewed the proposal and 
recommends its acceptance.

Vice Chair Hall asked when the work will be completed. Mr. Hart responded that they 
will begin mid-May and be finished by June.

Vice Chair Hall asked if this is required by the FAA. Mr. Hall responded that the FAA 
requires CMAA to maintain a pavement management program, and this is part of that 
program.

Mr. Hart requested Board approval to accept the proposal submitted by Dynatest 
Consulting Inc. in the amount of $94,752 to complete a pavement survey and friction 
test at the airport.

Motion for approval by Commissioner Freeman seconded by Commissioner 
Kilbride. motion carried.

Transportation Security Administration (TSA) Facility Lease
April Cameron then reported to the Board that the Chattanooga Metropolitan Airport 
Authority was requesting approval to execute Supplemental Lease Agreement #3 with 
the TSA for terminal space consisting of 3,172 square feet. The leasehold currently 
includes space located in both the secured and unsecured areas of the terminal building 
and is used for office, training, and break room facilities. This supplemental lease 
agreement is the third extension to the original lease dated November 1, 2002 and 
covers an additional two year period with the term ending on November 30, 2009. The 
annual lease rate of the space is $83,550.48 to be paid in monthly installments of 
$6,962.54.
Ms. Cameron requested Board approval for such two year lease extension with the Transportation Security Administration for terminal space ending on November 30, 2009.

Motion for approval by Commissioner Veazy seconded by Commissioner Freeman. Motion carried.

Hertz Rent a Car Service Facility Lease
Ms. Cameron reported to the Board that CMAA conducted a fair market appraisal of the property located at 1101 Airport Road currently occupied by The Hertz Corporation. Based on the results of that appraisal, CMAA requests approval to execute a Lease Agreement with The Hertz Corporation for a Service Facility consisting of a 2,079 square foot building and associated land measuring 255 x 167 square feet. 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 Hertz 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 two years to be paid in monthly installments of 1,239.58 due in advance on the first day of each and every month.

Commissioner Griffin asked how that compares to the current lease. Ms. Cameron responded that it was almost a 100% increase.

Ms. Cameron requested Board approval for such two year lease with The Hertz Corporation commencing on April 1, 2008.

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

Letter of Credit
Ms. Cameron stated that in accordance with the Second Supplemental Indenture between CMAA and Suntrust Bank relating to the issuance of bonds dated June 1, 2002, CMAA is required to maintain a Letter of Credit in an amount equal to the value of its outstanding bonds. After the May 1, 2008 scheduled $671,757.81 principal redemption of the Series 2002B Bonds, the Bank’s Secured Irrevocable Letter of Credit shall be reduced to $12,815,931.51 which includes the outstanding Series 2002A Bond principal amount of $12,625,000 plus the interest reserve of $190,931.51.

The original Secured Irrevocable Letter of Credit was issued on June 12, 2002 by First Tennessee Bank and has a current expiration date of June 15, 2008. CMAA has received approval from First Tennessee to renew the Bank’s Secured Irrevocable Letter of Credit under the same terms and conditions contained in the Reimbursement Agreement dated June 1, 2002.
The fee to renew the Letter of Credit will remain 1% of the value of the outstanding bonds with the term extending until June 15, 2011.

Commissioner Wells asked if CMAA had shopped that rate. Ms. Cameron responds no, that rate is standard.

Vice Chair Hall asked if CMAA were to refinance prior to 2011, would we be out of this obligation. Ms. Cameron stated that there are yearly fees, and as long as those fees are paid, we are covered by that letter of credit. If we do not pay those fees, we are no longer covered.

Vice Chair Hall then asked Ms. Cameron to check with counsel to be sure that we could refinance and not be locked in for three years. Ms. Cameron agreed and the motion was tabled.

CMAA legal counsel, Hugh Moore, updated the Commissioners on the Millennium Taxi lawsuit. He said the judge had ruled that the airport has the authority to regulate commercial traffic and the curb in terms of who parks where when and how. The judge also held that the structure of penalties was fine, even if it went so far to limit use. The case has now been appealed by Millennium.

The Chattanooga Metropolitan Airport Authority board meeting adjourned.
The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting May 19, 2008 at 2:00 p.m. Chairman Jacobson, Vice Chair Hall, Commissioners Griffin, Kilbride, 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 Griffin, seconded by Commissioner Freeman, the minutes of the April 21, 2007 were approved.*

**President’s Report**

President Landguth reported to the Board on how the price of fuel is impacting the aviation industry. Commissioner Freeman then requested an overview of the statistics. President Landguth said that CMAA’s enplanements are steady for the month, while most airports are seeing declines.

**Budget Fiscal Year 2009**

April Cameron requested approval of the Fiscal Year 2009 Budget, which was developed in coordination with the Finance and Marketing Committees.

Revenues for FY 2009 are budgeted at $7.3 million, which is 14% above the FY 2008 budget. This increase is due in a large part to additional traffic by our legacy carriers coupled with new service to Ft. Lauderdale by Allegiant Air. The additional service and passengers continue to drive increases in parking and concessions which have contributed to additional revenues. Another contributing factor is a new five year concession agreement negotiated with the rental car companies. The new agreements are expected to result in a 28% increase in rental car revenue. Due to the increased revenues from non-airline sources, CMAA will maintain landing fees and terminal rental rates at the same level as FY 2008. A 5% increase in the Airline Security Fee is budgeted due to additional security expenses.

Overall expenses for the year have increased 7% from last year. This increase is driven primarily by additional expenditures needed to maintain safety and security, rehabilitate airport infrastructure, and support passenger growth.

Capital investments for the fiscal year 2009 equal $12,314,176, of which CMAA will fund $1,101,957. This amount represents a number of projects required to develop and maintain infrastructure as well as maintain safety and security at the airport.
CMAA currently has outstanding bonds of $12.625 million. The bonds are variable rate (with no cap) that have averaged between 3.5-5.5% over the last year. The coupon rates are monitored monthly to ensure the rate does not exceed a reasonable level. For budget purposes, the coupon rate has been set at 5.3% for FY 2009. CMAA continually evaluates interest rates to determine if alternative financing options are needed.

Commissioner Kilbride said that it was remarkable that CMAA is once again maintaining landing fees in order to remain competitive for the low cost carriers.

Vice Chair Hall said that it was obvious that the management team was doing a great job, and thanked the customers for their support of the airport. He said the Chattanooga Airport has a real advantage with its location, and parking.

Commissioner Griffin said that the airport does a good job staying competitive with the larger airports that are with 100 miles.

**Board Action**

Ms. Cameron requested Board approval of the Fiscal Year 2009 Budget as developed and presented. **Motion for approval by Vice Chair Hall seconded by Commissioner Kilbride motion carries.**

**Avis Rent a Car Service Facility Lease**

Ms. Cameron then requested Board approval to renew a Lease Agreement with Avis Rent a Car, LLC for a Service Facility consisting of a 1,925 square foot 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 eight months which will reset the renewal date to the same date as their concession agreement. The rental amount of $3,600 is due in advance on the first day of each and every month.

**Board Action**

Ms. Cameron requested Board approval to extend the service facility lease with Avis Rent a Car, LLC for eight months in the amount of $28,800 commencing on June 1, 2008. **Motion for approval by Commissioner Veazey, seconded by Commissioner Kilbride, motion carries.**

**Taxiway “A” Relocation**

John Naylor then requested Board approval for the demolition and relocation of Taxiway “A” and three associated connectors to Runway 02/20. The relocation of Taxiway “A” will meet current FAA design standards.
CMAA received two bids on this project. After meeting all of the bid requirements, Allen and Hoshall has recommended awarding the construction contract to the low bidder, Highways Inc. CMAA has reviewed the Engineer’s recommendation and is in agreement. The bid price was $5,992,486.25.

The first item is for approval to award a construction contract to Highways Inc. for this work. This project will be a multi-phase, multi-year project. Accordingly, only phases one through four of the project will be awarded at a value not to exceed $4,414,657.89. Additional phases will be awarded as funding becomes available.

The second item is to approve Task Order 18 with Allen and Hoshall in the amount of $699,500 for engineering services associated with the Taxiway “A” Relocation project. The request is for the performance of all engineering services to include:

- Construction Administration/Management
- On-site Inspection Services
- Submittals/shop drawings/as built drawings
- Survey
- Quality Assurance Testing

The project will be a multi-phase, multi-year project. Accordingly, only phases one through four of the project will be awarded at a value not to exceed $585,342.11. Additional phases will be awarded as funding becomes available.

Funding for the engineering services and construction work is 95% federal funding, 2.5% state funding, with the remaining 2.5% balance to be paid by CMAA.

Commissioner Freeman asked how the construction will work with an active airport. Mr. Naylor said that most of the construction is beyond the landing area. During the 8 days when they are working on the phase there is only one carrier, Allegiant Air, that will be affected. CMAA has gone to the FAA and Allegiant to arrange for this to be done.

**Board Action**

Mr. Naylor requested Board approval of a contract with Highways Inc. in the amount of $5,992,486.25 for the demolition and relocation of Taxiway “A”. Only phases one through four of the project will be awarded at a value not to exceed $4,414,657.89. Additional phases will be awarded as funding becomes available. Funding for the project is 95% Federal funding, 2.5% State funding and 2.5% funding by CMAA. **Motion for approval by Commissioner Lloyd, seconded by Commissioner Kilbride, motion carries.**

Mr. Naylor requested Board approval for Task Order 18 with Allen and Hoshall in the amount of $699,500 for the engineering services associated with Taxiway “A” relocation project. Only phases one through four of the project will be awarded at a value not to exceed $585,342.11. Additional phases will be awarded as funding becomes available. **Motion for approval by Vice Chair Hall, seconded by Commissioner Freeman, motion carries.**
Tree Clearing Contract

Terry Hart reported that with the extension of Runway 15/33, there now is an area of trees which obstruct the view from the control tower to the approach end of Runway 33. The Federal Aviation Administration requires a clear line of sight from the tower to the final approaches of all runways and all runway structural pavements. This area of trees is adjacent to Pinehurst Avenue and Hancock Road, and the primary property is owned by CMAA.

This request is to remove the trees and foliage which exists on this property and trim select trees on the adjacent property. The property owner has given approval for the clearing. Bids were solicited from seven companies and two responded. After meeting all of the bid requirements, Allen and Hoshall has recommended awarding the contract to the low bidder, East Tennessee Grading, Inc. in the amount of $14,910. CMAA has reviewed the recommendation and is in agreement. Funding for this project will be provided through a change order to the Federal Aviation Administration's AIP Grant 42 for the reconstruction of runway 15/33.

Board Action
Mr. Hart requested Board approval for a contract with East Tennessee Grading, Inc. in the amount of $14,910 for tree removal. Motion for approval by Commissioner Griffin, seconded by Commissioner Freeman, motion carries.

City Land Lease

President Landguth requested Board approval for CMAA to enter into a Lease Agreement with the City of Chattanooga approximately 1.2 acres of land located at 5955 Brainard Road (formerly the Michael's building.) The property will be used solely for the purpose of operating a recycling center. The premises are leased in an “AS IS” condition and the City shall bear sole responsibility for all maintenance, routine upkeep, shrubbery, other plantings, fencing, and anything else whatsoever on the premises. The term of the agreement will commence on June 1, 2008 and continue on a month to month basis until terminated in writing. The rental amount of $100 is due in advance on the first day of each month.

Board Action
President Landguth requested Board approval for a lease agreement with the City of Chattanooga as outlined. Motion for approval by Commissioner Veazey, seconded by Commissioner Kilbride, motion carries.

President Landguth reported that the written consents regarding the PAPI installation and the Letter of Credit were approved by the Board. President Landguth congratulated Ms. Cameron for putting the budget together and thanked her for her hard work and ingenuity in developing revenue. President Landguth also recognized John Naylor for his achievements in securing $4 million in grants to continue airport development. Finally,
President Landguth thanked Terry Hart for his long hours and behind the scenes efforts to keep the airport operating at such a high level of performance.

Chairman Jacobson asked if any board member had other business to bring forward. He then asked if any member of the public had business for the board. Hearing none, the Chairman closed by thanking the staff for their work in keeping costs low for the airport tenants, particularly the airlines. While it is not a trend that can be sustained indefinitely, Chairman Jacobson said it was obviously paying off for the airport and our community.

The motion to adjourn by Commissioner Kilbride, seconded by Commissioner Freeman. The Chattanooga Metropolitan Airport Authority board meeting adjourned.
The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting June 16, 2008 at 2:00 p.m. Chairman Jacobson, Vice Chair Hall and Commissioners Freeman, Lloyd, Veazey and Wells 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 Wells, the minutes of the May 19, 2008 minutes meeting were approved.

President Landguth welcomed the Chairman and members of the board and thanked them for their attendance.

President’s Report
President Landguth reported that Continental’s wide scale cuts would affect the Chattanooga Metropolitan Airport. The estimated loss of income will be $53,000 of direct income and an additional $60,000 in indirect income. In order to balance the budget, CMAA will not fill two open positions in the operations department. Over the next month will examine the budget and report back to you if there are any changes. We are still showing a 6.5% growth compared to last May. Continental has expressed interest in reintroducing the service if the price of fuel comes down.

President Landguth said CMAA had sent out two written consent requests because the FAA accelerated the timeline for submittal for the end of the continue resolution for June 30. Both the PAPI and the access control were approved.

John Naylor introduced Sal Mazola with the Faith Group, who briefed the board on the new access control system for the airport. It is an access control replacement and CCTV upgrade for the terminal itself. The project was designed with the idea in mind that the airport had a desire to purchase a system that could grow to support perimeter buildings and projects. We took those requirements and made them into specifications, we had recommended to qualify contractors as part of the process. We received 12 proposals and short listed 5 companies. We feel confident that this will fulfill the needs of the airport.

2008 Audit Contract
April Cameron then stated CMAA is requesting Board approval for a contract with Joseph Decosimo and Company to perform an audit of financial statements for the year ending June 30, 2008. 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 of America and to report on the fairness of the supplementary information which includes expenditures of federal
awards; expenditures of state awards; and 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 $32,450.00 plus expenses (such as report reproduction, typing, postage, travel, copies, telephone, etc.) The contract fee represents a 10% increase which is the first increase in six years. The increased fee is due to additional work required as a result of eight new Statements on Auditing Standards (SAS) that have been implemented. The new standards will require auditors to perform more procedures to evaluate internal control, as well as perform more work in response to identified risks of material misstatement.

Commissioner Wells asked if the CMAA would have any recourse if problems are found after the Auditors have performed their audit, Ms. Cameron replied that she was sure the auditors had insurance to cover that possibility. She then stated that the Auditors would not look at each and every action taken, but move through a sample.

**Board Action:**
Ms. Cameron requested Board approval for a contract in the amount of $32,450 with Joseph Decosimo and Company.

**Motion for approval by Vice Chair Hall seconded by Commissioner Lloyd. Motion carries.**

**Waterhouse Public Relations**

Christina Siebold then reported to the Board that CMAA is reaching out to surrounding counties. This marketing plan is taking into consideration the dynamic state of the industry and can be changed if the need arises.

Ms. Siebold requested Board approval for a contract with Waterhouse Public Relations in the amount of $25,000. Waterhouse provides monthly public relations and advertising creative support in the following areas:

- Creative services, including but not limited to developing and coordinating CMAA advertising graphics
- Media relations, including but not limited to crisis communications
- Public relations planning, including but not limited to scheduling Airport Speakers’ Bureau
- Media tracking, including sending monthly copies of all print, online and broadcast coverage of the airport to Client
- Media audit, including monthly tracking of stories, tone and messaging, as well as a comprehensive report in April 2009 summarizing the year to date coverage
- Miscellaneous public relations support

**Board Action:**
Ms. Siebold requested Board approval for a contract with Waterhouse Public Relations in the amount of $25,000.

Motion for approval by Vice Chair Hall seconded by Commissioner Freeman. Motion carries.

**Spots Media Placement and Management**
Ms. Siebold requested Board approval for a contract with Spots Media Placement and Management in the amount of $49,000. Total contract media placement will be:

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<tbody>
<tr>
<td>Regional print</td>
<td>$23,000</td>
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<tr>
<td>Radio</td>
<td>$26,000</td>
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<tr>
<td>Total</td>
<td>$49,000</td>
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The standard commission for placing broadcast advertising is 15%. Ramona will be refunding 5% of that commission to the Airport Authority to be reinvested in our advertising, adding approximately $1,300 to the budget.

**Board Action:**
Ms. Siebold requested Board approval for a contract with Spots Media Placement and Management for FY 2009. Media amounts are not to exceed $49,000.

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

**Chattanooga Times Free Press**
Ms. Siebold requested Board Approval for an advertising contract with the Chattanooga Times Free Press in the amount of $21,700.

- Flighted ads in the Sunday Times Free Press.
- TFP is providing 2 ads runs at no charge to the airport (savings of almost $2,200)
- Creative reflecting the airport’s current route map and airline options

The schedule covers $17,360 with the remaining $4,340 being reserved for miscellaneous advertising efforts.

**Board Action:**
Ms. Siebold requested Board approval for an advertising agreement with the Chattanooga Times Free Press for a rotating schedule of Sunday ads at a total cost of $21,700.

Motion for approval by Commissioner Freeman seconded by Vice Chair Hall motion carries.

**Spots Media Placement and Management-Detroit Campaign**
Ms. Siebold requested Board approval for a contract with Spots Media Placement and Management in the amount of $17,000 for placement of the media for the Detroit campaign. Total contract for media placement will be:
Billboard $14,000  
Radio $ 3,000  
Total $17,000

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 our advertising.

**Board Action:**
Ms. Siebold requested Board approval for a contract with Spots Media Placement and Management for the Detroit campaign. Media amounts are not to exceed $17,000.

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

Terry Hart then gave the board a briefing on the new pick-up trucks that were purchased for the ground handling department. He reported that the new ground handling equipment is handling as expected. The crews have adjusted and are working in an appropriate manner and regular safety observations are conducted.

**Ground Vehicle Operations Program**
Mr. Hart said the purpose of the Ground Vehicle Operations Program is to maintain control of all vehicle movement on the airfield. Federal Aviation Regulation (FAR) Part 139 requires airports to limit and maintain effective control of ground vehicles operating on movement areas. All vehicles operating on the airfield are required to meet certain liability insurance requirements, register with the airport, and display vehicle identification acceptable to the Chattanooga Metropolitan Airport Authority (CMAA). All personnel having a need to operate on the airfield are required to undergo training conducted by CMAA before receiving authorization to drive on the airfield, and access may be limited due to security measures.

This plan has always been seen as an extension of the FAA-approved Airport Certification Manual, however in our annual review of the CMAA by laws, we felt that it could also be classified as a rule, which requires board approval.

**Board Action:**
Mr. Hart requested Board approval for the Ground Vehicle Operations Program as presented.

**Motion for approval by Commissioner Veazey seconded by Commissioner Freeman. Motion carries**

Chairman Jacobson said it was important to note that the airport has worked hard for many years to keep fees stable for the airlines, tenants and customers. During trying times we have found ways to absorb our own rising costs through innovation, creative thinking,
and just plain hard work. As we face this latest turmoil within the airline industry, I know we will do everything we can to once again work our way through it in a way that minimizes the impact to our tenants and customers. But if the national predictions come true, and financial circumstances require us to pass some part of our rising costs on to others, we have proven that this is truly our last resort, and not our first option.

Chairman Jacobson said everyone shared the keen disappointment at the Continental announcement, however, he was a silver lining. Clearly, this community has proven over the last three to four years that it can and will support expanded service at this airport. Just a few years ago, this airport offered 4 airlines and 5 nonstop destinations – pretty average for an airport this size. But now, even with the recent challenges, local travelers still enjoy more than twice the air service options they had in 2004. So I think that given the strong success of the added service, we are poised to capitalize on additional opportunities as the industry rights itself.

Motion for adjournment by Commissioner Freeman seconded by Commissioner Veazey. Motion carries. The Chattanooga Metropolitan Airport Authority board meeting adjourned.
Chattanooga Metropolitan Airport Authority  
Chattanooga, Tennessee  
August 18, 2008  

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting August 18, 2008 at 2:05 p.m. Commissioners Wells, Kilbride, Freeman, Griffin, Lloyd, Vice Chair Hall and Chairman Jacobson 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 Griffin, seconded by Commissioner Kilbride, the minutes of the June 16, 2008 minutes meeting were approved.

President Landguth welcomed the Chairman and members of the board and thanked them for their attendance.

President’s Report

President Landguth reported that CMAA has had several written consents that were approved this past month. First, at the beginning of July, President Bush signed the FAA’s continued resolution which freed up the remaining 25% of the airport entire funding for FY 2008. Once the funds were released on July the 3, CMAA had to commit the funds by August 1 in order to secure the monies. Committing funds includes both the bidding of a project and awarding the contract. As a result, CMAA requested the Board approval for an engineering services contract with Faith Group in the amount not to exceed $39,188, and entering into the construction and installation contract with Isys in an amount not to exceed $522,166 for the Perimeter Access Control project. Total request for funding is $561,354. This work is an expansion of the current access control project and critical use for the additional funding.

Second, CMAA requested Board approval for a $25,000 deductible payment on the aircraft damage claim from the Allegiant incident back in October 2007.

Third, CMAA requested board approval for a 2-year sponsorship contract with First Tennessee Bank for the airport’s business center in the amount of $5,750 annually. This is a continuation of the agreement we currently hold with First Tennessee with a 15% increase in their sponsorship fee.

Fourth, CMAA requests Board approval for an $80,000 airline incentive program for American Airlines to introduce a second daily flight to Dallas Fort Worth International Airport. The airline will receive $40,000 the initial year of service which is scheduled to begin in November of this year, and an additional $40,000 with the start of the second year of service. This additional flight supports westbound connectivity for local travelers who have been impacted by Continental suspension of service.

These four requests were approved in written consent by Chairman Jacobson, Vice Chair Hall and Commissioners Griffin, Kilbride, Lloyd, Veazey and Wells.
Fifth, CMAA requests Board approval on settlement on a lease for the former Target building. The resolution of case was approved by Chairman Jacobson, Vice Chair Hall and Commissioner Griffin, Kilbride, Lloyd, Veazey and Wells.

Finally, CMAA requests Board approval for a new lease agreement for President Landguth’s vehicle. In light of the Volkswagen news, we believe it is important to support local economic development. CMAA requested Board approval for a 36 month lease with Village Volkswagen of Chattanooga for a 2008 Touareg in a monthly amount not to exceed the budgeted amount $500 per month with $2500 down This request was approved in written consent by Chairman Jacobson, Vice Chair Hall and Commissioners Griffin, Kilbride, Lloyd, Veazey and Wells. All six of these written consent forms have been included in the Board Books and minutes.

We have also included the agreement the CMAA has with the Chattanooga Police regarding the use of criminal justice information.

President Landguth gave the Board an overview of the budget impact of service changes at the Chattanooga airport and what CMAA is doing to address that.

Commissioner Griffin asked if Continental had indicated they would come back if the price of fuel dropped moderated. President Landguth replied that he did not get a good feeling about their return. The general industry trend is contracting, and it appears to be shrinking about 15-20%.

Commissioner Kilbride commented that the CMAA staff presented these financial plans to the Finance committee as they were preparing them. He expressed appreciation for their efforts in cutting expenses with regard to the facility making sure there is no impact on any kind of service or security. He said it was a great plan, and we couldn’t have come up with anything better.

**Fire Alarm and Suppression Detection Agreement**
Terry Hart presented an agreement that encompasses the inspection and testing of the fire alarm and the suppression detection systems located in the airport terminal and airport fire station. The scope of the work consists of quarterly and annual tests of components the support our fire alarms, fire sprinklers, and suppression detection devices. Additionally, the fire detection systems in our terminal will be remotely monitored. The term of the agreement is for three years. It includes an enhancement over our current agreement, by adding the fire station and all airport owned fire extinguishers into the scope of work, while reducing the overall cost to the airport by $600 per year over their previous contract. Total savings over budget is $4,600 for the year.

The airport solicited three bids on this project and received one. After meeting all the bid requirements, CMAA staff reviewed the proposal and recommends the agreement be awarded to Simplex Grinnell, our current provider, at a bid price of $22,200, for a term of three years, beginning September 1, 2008.

**Board Action**
Mr. Hart requested Board approval for a contract with Simplex Grinnell in the amount of $22,200 for a term of three years, beginning September 1, 2008. **Motion for approval by Commissioner Kilbride seconded by Commissioner Wells. Motion approved**

**Chattanooga Aero Ramp Reconstruction**

Mr. John Naylor then stated this request is for the demolition and reconstruction of the Chattanooga Aero Ramp. The current ramp has outlived its useful life and cannot be repaired. Grass and weeds have grown through the pavement requiring cutting and weed eating. The project will include demolition and reconstruction of the apron (size 180 feet by 130 feet) to be capable of supporting Design Group II aircraft. The construction will include earthwork, excavation and fill required to provide proper sub grade. The pavement section will consist of 12 inches of stone and 6 inches of asphalt. Installation of ramp lighting is also included in this project.

The first request is for approval to award a construction contract to Talley Construction for this work. CMAA received three bids on this project. After meeting all of the bid requirements, Allen and Hoshall has recommended awarding the construction contract to the low bidder, Talley Construction. CMAA has reviewed the Engineer’s recommendation and is in agreement. The bid price was $348,103.58. Funding for the construction is 90% state funding, with the remaining 10% to be paid by CMAA.

The second request is to approve Task Order 19 with Allen and Hoshall in the amount of $49,500 for engineering services associated with the Chattanooga Aero Ramp project. The request is for the performance of all engineering services to include:

- Construction Administration/Management
- On-site Inspection Services
- Submittals/shop drawings/as built drawings
- Survey
- Quality Assurance Testing

Funding for the engineering services is 90% state funding, with the remaining 10% to be paid by CMAA.

Commissioner Lloyd asked if the new ramp would be the same size as the current ramp. Mr. Naylor said it would be slightly larger.

Commissioner Kilbride asked how long this project will take. Mr. Naylor replied that it would take approximately 35 days.

Vice Chair Hall asked if design group two aircraft is specified in the lease. Mr. Naylor replied that he did not know that, but the ramp and hangar doors are designed for group two aircraft and other types of aircraft won’t fit in the hangar.

**Board Action**

Mr. Naylor requested Board approval for a contract with Talley Construction in the amount of $348,103.58 for the demolition and reconstruction of the Chattanooga Aero Ramp. **Motion for approval by Commissioner Freeman, seconded by Commissioner Lloyd. Motion approved.**
CMAA requests Board approval for Task Order 19 with Allen and Hoshall in the amount of $49,500 for the engineering services associated with the Chattanooga Aero Ramp demolition and reconstruction. **Motion for approval by Vice Chairman Hall, seconded by Commissioner Kilbride. Motion approved.**

**Commercial Property**
Ms. April Cameron reported to the Board that BB&T Huffaker & Trimble solicited quotes from eight insurance providers including Chubb, CAN, Affiliated FM, 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 $50,966 from Travelers to provide coverage for all CMAA property, currently valued at $44,240,201. The renewal premium represents an 8% decrease from last year’s premium. This policy will become effective September 1, 2008 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 introduced Arch Trimble, III, who indicated to the Board that Traveler’s Insurance had done a great job for the airport.

**Board Action**
Ms. Cameron requested Board approval to accept the renewal of property insurance coverage valued at $44,240,201 with Travelers in the amount of $50,966 for a term of one year commencing on September 1, 2008. **Motion for approval by Commissioner Griffin, seconded by Commissioner Kilbride. Motion approved.**

**Flood Policy**
BB&T Huffaker & Trimble received a renewal quote from The Hartford in the amount of $10,764 for CMAA’s Flood Policy. This amount represents a 1% 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.

Commission Wells asked if there was a mold rider on the policy. Mr. Trimble replied that mold was excluded on most policies, but the idea of a rider could be explored. Commissioner Wells asked if the airport was in the 100 or the 500 year flood plain. Mr. Tremble replied that it was his understanding that part of the terminal was in the 100 year flood plain.

**Board Action**
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 $10,764 for a term of one year commencing on September 1, 2008. **Motion for approval by Vice Chair Hall, seconded by Commissioner Kilbride. Motion approved.**

**Commercial Automobile**
BB&T Huffaker & Trimble received a bid to renew our Commercial Automobile policy effective September 1, 2008 in the amount of $22,237, a decrease of 15% from the 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 other companies were solicited, including Safeco, Zurich, and Chubb, the incumbent, Travelers, was the only quote on the automobile policy since the other companies will not write a monoline business auto policy without also writing the property or general liability.

Vice Chair Hall asked if the small trucks used for ground handling were covered by this policy. Ms. Cameron replied that the trucks are covered.

**Board Action**

Ms. Cameron requested Board approval to accept the renewal of our Commercial Automobile policy with Travelers in the amount of $22,237 for a one-year term commencing on September 1, 2008. **Motion for approval by Commissioner Freeman, seconded by Commissioner Kilbride. Motion approved.**

**ABG Caulking Lease**

Ms. Cameron requested approval to execute a Lease Agreement with ABG Caulking for approximately 1,701 square feet of building space located at 5904 Pinehurst Avenue. ABG Caulking has occupied the premises since 2003 and the facility has been used solely for the purpose of operating a caulking contractor business. The Premises are leased in an “AS IS” condition whereas ABG Caulking bears sole responsibility for all maintenance, routine upkeep, and repair of the building. The term of the agreement is for one year with rent paid in advance on the first day of each month. Based on a fair market appraisal conducted of the facility, the rent has increased from $535.00 per month to $1,026.56 per month.

Vice Chair Hall asked if the tenant bears responsibility for the roof and HVAC. Ms. Cameron replied in the affirmative.

**Board Action**

Ms. Cameron requested Board approval for a one year lease with ABG Caulking effective July 1, 2008. **Motion for approval by Commissioner Wells, seconded by Commissioner Griffin. Motion approved.**

**Ultimate Cycle and Scooter**

Ms. Cameron then stated that CMAA requests board approval to enter into a lease agreement with Ultimate Cycle and Scooter for the building and associated land located at 103 Jubilee Drive. This property was originally leased to Kelly Cadillac and later assigned to Carolex Properties and operated as an auto dealership maintenance facility by Prebul Auto Group. Carolex Properties no longer has a need for the property; as such, Ultimate Cycle and Scooter, LLC wishes to enter into a lease with CMAA in order to operate a power sport retail and repair business. This business currently located downtown Chattanooga and employs 10 staff members. The organization is owned and operated by three partners:

- Charlie Wade - retired state police officer and secret service agent who holds a master’s degree in administration
• Cindy Wade - retired computer software consultant for a fortune 500 company who holds a master’s degree in information technology
• Langdon Christian - retired executive from Coca-Cola Bottling Company who holds a master’s degree in business.

Ultimate Cycle and Scooter maintains two revolving lines of credit and has access to over $1 million in approved “on-demand” funding. They have no public debt, and maintain no leverages with other companies.

CMAA has a new lease for the facility which incorporates the following changes to the original agreement.

• The lease term is for five years and will expire on August 31, 2013.
• New lease includes an annual escalation to the rental rate based on changes in the CPI.
• The new rental rate will be $3500 per month versus the $2970 CMAA currently receives.
• CMAA will no longer be responsible for maintenance of the roof and HVAC units located at the building.
• New lease includes a one year termination for cause provision.
• No rental payment will be due for the first 60 days of the agreement to allow for modifications to the facility.
• New lease includes a surety provision which requires the Lessee to obtain a surety in an amount equal to the value of one year of rental payments.
• New lease includes a provision allowing the Lessee to hold events on the Premises in an effort to promote the business.
• New lease includes a provision requiring Board approval for any changes made in the ownership of the LLC.

Ms. Cameron introduced the Wades, who spoke briefly to the Board regarding their business.

Commissioner Kilbride asked for more clarification on what type of events would be held on the property. Mr. Wade said the events would include food, beer sales and vendors, but that it would not be a party – just a local event similar to Nightfall.

Chairman Jacobson asked where customers would test drive the vehicles. Mr. Wade replied that mechanics did most of the test rides, and customers would not be test driving the vehicles on the property. He indicated when his employees did test drive vehicles on Jubilee Drive, they would adhere to the posted speed limit.

Commissioner Wells asked what level of liability insurance would be required. Ms. Cameron replied that it was $2,000,000.

Vice Chairman Hall asked if Ultimate Cycle carried insurance for the liquor liability. Mr. Wade replied that he brought in a third party vendor who is insured for liquor liability at $2 million, and he was not aware of a complaint over $1 million in the industry. Mr. Trimble recommended that CMAA be named as an additional insured by the third party vendors.
Vice Chair Hall thanked the Wades for their attendance at the meeting.

**Board Action**

Ms. Cameron requested Board approval to cancel the agreement with Kelly Cadillac and Carolex Properties and enter into a lease agreement with Ultimate Cycle and Scooter for the building and associated land located at 103 Jubilee Drive under the terms specified in the lease. **Motion for approval by Vice Chairman Hall, seconded by Commissioner Freeman. Motion approved.**

Vice Chair Hall noted that the enplanement numbers were holding up, despite the turmoil in the industry. He encouraged staff to continue talking with the airlines about expanding service to the airport. President Landguth indicated CMAA would continue dialogue with the airlines.

Mr. Naylor gave a brief report on the status of the master plan forecast, saying that all requested information had been submitted to the FAA, and CMAA anticipated a response within the next 30-45 days. Vice Chair Hall asked if staff was tracking the FAA study regarding the Atlanta Airport’s capacity situation. Mr. Naylor indicated CMAA would continue monitoring the study.

Chairman Jacobson thanked the Board members and then noted the hard work of the staff in maintaining fiscal discipline without raising rates on airport tenants. He encouraged staff to continue developing alternative sources of revenue to offset the turmoil in the industry

**The Chattanooga Metropolitan Airport Authority board meeting adjourned.**
The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting September 15, 2008 at 2:05 p.m. Commissioners Wells, Veazey, Freeman, Griffin, Vice Chairman Hall and Chairman Jacobson 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 Wells, seconded by Commissioner Veazey, the minutes of the August 18, 2008 minutes meeting were approved.

President Landguth welcomed the Chairman and members of the board and thanked them for their attendance.

President’s Report
President Landguth reported that the Master Plan forecast has been approved by the FAA. CMAA is now moving into the facilities recommendation phase and will also start up public involvement meetings in the next few months. So much of CMAA’s planning and development is tied to this master planning process but there are still safety and security related projects that are moving ahead and absorbing the capital infrastructure dollars. The two major projects this fiscal year are the continued realignment of Taxiway Alpha and the build out of the new access control program and dispatch office. Both projects are critical to the safety and security missions of the airport, and are absorbing the capital dollars this year. As the master plan is completed over the next year, CMAA will continue planning for future development of the airport to ensure we are prepared to meet the aviation needs of the community and support the exciting economic growth of the region

Control Room Build-out Contract
John Naylor requested approval to enter into a construction contract with Construction Consultants, Inc. for the construction of the Control Room and associated office space. This work is part of the Terminal Access Control Project. The cost for this project is $488,500. The funding will be 90% State and 10% CMAA.

Mr. Naylor presented the board with a description of the Control Room project and explained that the CMAA is going to build a new control room and equipment room for that control room, and that the main objective of this project is to increase safety and security. In addition, CMAA is going to have a police interview office and a badging office, where all airport employees will be badged. CMAA will also have operations specialists, a suite of offices for administrative personnel, marketing, finance, and accounting, there’ll be two conference rooms, and a conference room with a planning room in the new area. Mr. Naylor introduced Mr. Andy Roth; the architect who design the current CMAA building and the proposed project to give a brief overview.
Vice Chairman Hall asked who is going to be occupying the office space, and Mr. Naylor responded that the new spaces are for Finance and Marketing staff, and by moving them, CMAA has made room for TSA check point expansion. Every project is built for the future, so that CMAA can expand and improve.

Chairman Jacobson asked if a raised floor was going to be put in the control room, and Mr. Roth responded that it would be used for the wiring.

Mr. Naylor then informed the Board that CMAA received nine bids on this project. After meeting all of the bid requirements, Derthick, Henley & Wilkerson has recommended awarding the construction contract to the low bidder, Construction Consultants, Inc. CMAA has reviewed the Architect’s recommendation and is in agreement. The bids ranged from $488,500 to $554,657. Construction Consultants, Inc. was also one of the four firms that met the DBE requirement. The project is included in the fiscal year 2009 CMAA Capital Budget.

Board Action
Mr. Naylor requested Board approval to enter into a construction contract with Construction Consultants, Inc. in the amount of $488,500 for the construction of the Control Room and associated office space. Motion for approval by Commissioner Freeman seconded by Commissioner Griffin. Motion approved.

Replacement of Airport Rescue and Firefighting Air Packs
Terry Hart reported to the Board that during the performance of their duties, CMAA firefighters are required to wear certain personal protective equipment. This equipment includes a Self Contained Breathing Apparatus (SCBA) or Air Pack. ASCBA is a device worn by firefighters to provide breathable air in environments that are immediately dangerous to life and health.

The current units worn by CMAA fire fighters are approximately 15 years old. They have been inspected and recharged multiple times and have reached their maximum allowable cycles, necessitating their replacement. The new units are lighter in weight and much more efficient.

CMAA staff solicited and received three bids to retrofit each of our firefighters. After reviewing the bids, our recommendation is to award the purchase to G&C Supply Company, Inc. at a bid price of $54,930.00 of which $49,437.00 will be state funded and the remaining $5,493.00 by CMAA. This is a budgeted item.

Commissioner Griffin asked how many units would be purchased, to which Mr. Hart replied that nine would be bought.

Board Action
Mr. Hart requests Board approval for the purchase of replacement Airport Rescue and Firefighting Air Packs from G&C Supply Company, Inc. in the amount of $54,930.00. Motion for approval by Vice Chairman Hall seconded by Commissioner Freeman. Motion approved.
Chairman Jacobson inquired if there was any other business. Chairman Jacobson then thanked the Commissioners for their contribution today, thanked the staff for the update on CMAA’s key projects. The Board looks forward to seeing these projects develop over the next year.

Chairman Jacobson then asked for a motion for adjournment to which Commissioner Griffin moved to adjourn, and Commissioner Veazey seconded. Motion approved.

The Chattanooga Metropolitan Airport Authority board meeting adjourned.
Chattanooga Metropolitan Airport Authority  
Chattanooga, Tennessee  
October 20, 2008

The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in 
open meeting October 20, 2008 at 2:00 p.m. Commissioners Veazey, Freeman, Griffin,  
Vice Chairman Hall and Commissioner Lloyd via phone were present.

Vice Chairman Hall 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 Griffin, the 
minutes of the September 15, 2008 minutes meeting were approved.

President Landguth welcomed the Vice Chairman and members of the board and thanked  
them for their attendance.

President’s Report  

President Landguth gave the board a briefing on a recent Boyd Conference looking at the 
state of the industry, and on his trip with city and county leaders to Greeneville  
Spartanburg to examine the impact of the BMW plant on the region. President Landguth  
also reported that CMAA was contacted by US Airways last week regarding a new fare  
structure they are introducing in the market. US Airways sees a great opportunity to  
recapture local leakage by offering competitive fares that will keep travelers flying out of  
Chattanooga instead of driving to neighboring airports. As such, the airline is targeting  
some of Chattanooga’s top destinations, and adjusting fares to be more competitive. We  
are seeing reductions of 30-50% on some of our most popular routes targeting both  
business and leisure passengers. Nearly all of those fares are within $75-$80 of Atlanta’s  
fares. Even with the price of fuel falling, in recent weeks, most travelers would agree that  
2½ hours driving through traffic, plus the hassle of parking, long lines and an  
unpredictable wait through security just isn’t worth 80 bucks. CMAA is working with the  
airlines to promote the new low fares with a wide array of marketing and public relations  
efforts, and will keep you posted on those activities as they develop over the next several  
weeks. As is known from our surveys, fares are the number one criteria for local travelers  
choosing an airport, and CMAA wants them to know and understand what US Airways  
has just done to make their lives easier. As is the case so often, CMAA is anticipating a  
competitive response by some of the other airlines who will seek to match or at least  
compete with US Airways’ new low fare structure - and that can only be good for local  
travelers. CMAA does encourage our travelers to check all their airlines and spread their  
travel dollars to all those carriers who give us low fares. The more their efforts are  
supported, the greater the future opportunities will be for us.

Vice Chairman Hall commented that this is an excellent opportunity to recapture market  
lost to Atlanta and Nashville.
Ms. Cameron introduced Robert Belcher and Derek Daniel from Decosimo. Mr. Belcher presented their findings of the audit to the entire Board. Mr. Belcher thanked the Airport Authority for the opportunity to work with Ms. Cameron and her staff. There are two reports, one is the actual financial statements the other is a report to the Board of Commissioners. We have met with the finance committee and review both reports in detail the comments made today will be brief then I’ll be happy to answer any questions. The report to the Board of Commissioners is a report we are required to make to those in charge of the governance of the Airport Authority. In that report there’s a lot of information from our responsibility as auditors to managements’ responsibility as it relates to the financial statements. There are also comments about the financial statement disclosures and accounting policies and the estimates that were used in the accounting policies. For this year, the audit ending June 2008, everything was consistent, there were two new accounting policies that were adopted relating to pension accounting and post retirement benefits but neither one of those policies had a significant effect on the numbers or the way the financial statements were presented. Everything really went smooth, there were no difficulties, we really do appreciate April and her staff and how responsive they were. It’s a clean audit opinion.

Commissioner Freemen reiterated that the Airport was run in an independent manner, without assistance of local tax dollars. Several commissioners expressed their appreciation to staff for another clean audit.

**Directors and Officers Liability Insurance**

Ms. Cameron stated that CMAA’s current Directors and Officers Liability Insurance expires on October 30, 2008. In 2006, the policy was increased to $10 million for the Directors and Officers Policy as well as the Employment Practices liability with deductibles set at $30,000. $1 million in Fiduciary Liability coverage is also maintained with a deductible of $2,500. The 2007 premium for the coverage was $22,917.

BB&T Huffaker and Trimble has solicited quotes from St. Paul Travelers, Chubb, AIG, The Hartford, Philadelphia, Cincinnati Insurance Company and ACE USA on our behalf for renewal of these policies with the same limits and deductibles. Only two quotes were received with the lowest bid coming for the incumbent, Cincinnati Insurance Company in the amount of $23,346, a 1% increase from last year’s premium.

**Board Action**

Ms. Cameron requested Board approval for the renewal of our Directors and Officers insurance with Cincinnati Insurance Company for a one year term, commencing October 30, 2008 in the amount of $23,346.

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

**Advertising Sales Contractor**
Christina Siebold reported to the Board that CMAA’s contract with Interspace Airport Advertising to manage the airport’s in-terminal advertising program expires on December 5, 2008. We have been working for several months to secure the services of an Advertising Management Contractor to develop and sell airport advertising out of the local market, instead of contracting to an out-of-state firm. After advertising in the Times Free Press (print and website), chattanoogahasjobs.com, and on the Airport’s own website, we received over 140 resumes for the position. In evaluating the resumes, we were looking for three key criteria:

- Sales Experience
- Creativity/design experience
- Project management skills

After evaluating the resumes, phone interviews were conducted with five candidates and all five were brought in for a first round of in-person interviews with senior staff. Upon completion of these interviews, references were checked on the top three candidates and then they were asked to return for a final interview where each candidate was asked to prepare a sales pitch for a local company and explain why they should be advertising in the airport. This process helped reveal each candidate’s sales style and how well they would interact with our target market.

After discussions with the panel, one candidate emerged as the best choice. Amy Bingham brought forward an innovative advertising concept, and her personality and sales pitch were on target for the chosen business. We believe her previous sales experience, combined with her demonstrated creativity and history of project management make her the best option for the airport’s new advertising sales position.

Ms. Bingham’s responsibilities will include:

- Transferring current advertisers to the CMAA’s Advertising Display Contract.
- Developing an annual Marketing Plan, along with associated Annual Budget,
- Developing a schedule of advertising rates, subject to President’s approval.
- Developing marketing materials for existing and proposed ad sites.
- Making recommendations on the types and locations of advertising displays.
- Making recommendations on the types and locations of community displays or concepts, coordinating development and display schedules with community organizations
- Providing (at CMAA’s expense) any new advertising displays approved by the President.
- Implementing the Authority’s Advertising Display Policy and develop standards and regulations, for approval by the President, to regulate the attractiveness of exhibitor’s advertising copy or displays.
- Selling to advertisers the right to display advertising in the airport.
- Negotiating and preparing written agreements with advertisers, subject to the approval and execution by the President.
• Reporting monthly on marketing activities and executed advertising contracts
• Monitoring payments by advertisers by working with airport accounting department
• Pursue specified collection efforts for past-due accounts.
• Coordinating with Maintenance Department on changing creative in displays
• Doing all other things reasonable to the management of a first class advertising program with maximum revenue production for the Authority.

The agreement begins November 1, 2008 and ends June 30, 2010, and includes three 1-year extensions options at the Authority’s discretion. In return for performance of the duties outlined above, Ms. Bingham will receive $50,833.33 which will be paid in twenty monthly installments of $2,541.67, with 10% commission on gross sales over $100,000 and 15% commission on gross sales over $200,000.

Ms. Bingham introduced herself and shared her history, graduation for Union University with a communications degree. For the last five years, was the Director of Communications and Lispcomb and Pitts Insurance in Memphis. One of her responsibilities was directing the Lispcomb and Pitts Breakfast Club, which is a high level business development organization. Ms. Bingham sold memberships for a minimum of $13,500 to executives to join the business development club. Through that experience, she learned how to help people better market their products to a target audience in a given venue. Ms. Bingham said she is very excited about this project and looks forward to this opportunity.

Vice Chair Hall welcomed Ms. Bingham. He indicated that the Board had not been pleased with the previous contractor. He said he hoped this path would create better revenue and allow the airport to be more creative.

Albert Waterhouse addressed the board and said his firm had interviewed Ms. Bingham for a position with Waterhouse, and found her to be a great strategic thinker and a good worker, and he was confident she would do a good job with the airport.

**Board Action**
Ms. Siebold requested board approval for a contract with Amy Bingham in the amount of $50,833.33 plus commission for a term of 20 months to manage the airport’s advertising program.

**Motion for approval by Commissioner Freeman, motion seconded by Commissioner Lloyd. Motion approved.**

**LaQuinta Inn Advertising Contract**
Ms. Siebold requested approval for a contract with CDH Hospitality (LaQuinta Inn Downtown) to advertise in the airport. The ad is a small backlit ad located in baggage claim and will promote the newly remodeled downtown hotel to airport travelers. The advertiser is responsible for providing the creative graphics to be approved by CMAA
before production. Once produced, CMAA will install the creative into the space. The term of the agreement is for 12 months, beginning on December 1, 2008, at a monthly rate of $400, or $4,800 annually.

Vice Chair Hall asked what was in the space now. Ms. Siebold indicated it was a filler ad, so this is new revenue.

**Board Action**

Ms. Siebold requested Board approval for a contract with CDH Hospitality LLC in the amount of $4,800 annually for an airport display ad.

**Motion for approval by Commissioner Veazey, motion seconded by Commissioner Lloyd. Motion approved.**

Vice Chair Hall asked for any other staff updates. Mr. Naylor briefed the board regarding ongoing construction projects. Commissioner Freeman noted that his recent airfield tour with staff was very educational for him as a board member.

Vice Chair Hall asked if the firefighter’s air packs had been replaced. Mr. Hart indicated that the CMAA was waiting for the state contract before proceeding with procurement.

Vice Chair Hall asked commissioners for any other board business. He then asked for any public comment.

**Vice Chairman Hall declared the Board Meeting closed. The Chattanooga Metropolitan Airport Authority board meeting adjourned.**
The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting November 17, 2008 at 2:00 p.m. Commissioners Veazey, Freeman, Lloyd, Wells, Vice Chairman Hall, Chairman Jacobson and Commissioner Griffin via phone 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 Lloyd, the minutes of the October 20, 2008 minutes meeting were approved.

President’s Report

President Landguth reported to the Board that earlier this month, CMAA’s airline ground handling department was recognized with a baggage service award, noting that they have fewer lost and mishandled bags than any other station in the country. They were also nominated for awards for best customer service in the country, best on-time performance and highest safety record. As you know, the goal in starting CMAA’s own ground handling division was to provide a low-cost service to its airline partners, while providing the highest level of service to the flying customers. President Landguth thanked the entire staff, led by Terry Hart, saying that Chattanooga is now recognized as a leader in airport ground handling. This recognition is also due to the leadership and foresight of the Board, who supported the efforts to create new and better opportunities for the airport by strengthening its air service opportunities and creating a better customer service experience for the passengers. The Board’s willingness to allow the staff to think outside the box and take on this new enterprise has given us a successful operation and we look forward to building on it in the months ahead.

Master Plan Update

The Facilities Requirements chapter has been completed. Our master planning team with RS&H has taken a detailed look at CMAA’s projections for future growth, and evaluated the current facilities to determine what is needed for the future, and they are now developing several alternatives for the community to review. CMAA anticipates the next round of stakeholder meetings will be held in early 2009. These meetings will give us a chance to discuss the alternatives and get feedback from all those involved in the operation of the airport, as well as those impacted by it in our community. We will keep you posted on the progress.

Board Action
General Liability Insurance

April Cameron informed the Board that BB&T Huffaker & Trimble has solicited quotes on behalf of CMAA for renewal of CMAA’s general liability and excess liability policies set to expire on December 1, 2008. 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 is currently provided to Allegiant Airlines.

The following markets were approached for the renewal:

- Phoenix Aviation Managers – Declined based on the Airports exposure to moving of Aircraft.
- USAIG – Declined.
- International Aerospace – Only able to provide terms at $50MIL; not competitive.
- Allianz – Cannot provide terms on this account as they participate on the ACE placement in London.
- Global Aerospace – No response.
- AIG – $246,696 total annual premium.
- ACE - $212,669 total annual premium.

The lowest quote of $212,669 came from the incumbent carrier, ACE USA. The renewal has also been modified from our previous structure of $50 million general liability with $150 million excess liability to now offer $100 million general liability and $100 million excess liability and includes $100 million in TRIA and $100 million in war risk coverage.

Based on the quotes submitted, BB&T has recommended renewal of CMAA’s general liability and excess liability policies with ACE USA and Lloyd’s of London.

Ms. Cameron introduced Arch Trimble III who briefed the board on their efforts to secure quotes. He indicated that ACE had done a good job with their quote and they had been pleased with the coverage.

**Board Action:** Ms. Cameron requested board approval to accept the renewal of our General Liability insurance coverage of $100 million with ACE USA and Excess Liability insurance coverage of $100 million with Underwriters @ Lloyd’s of London for a total premium of $212,669 with a term of one year commencing on December 1, 2008.

**Motion for approval by Commissioner Wells, motion seconded by Commissioner Freeman. Motion approved.**

Crystal Air
Ms. Cameron then stated that CMAA is requesting board approval for an operating permit with TNT Leasing Company, Inc. dba Crystal Air. The permit would give Crystal Air the privilege and right to operate a charter and air taxi operation at the Chattanooga Metropolitan Airport. The term of this permit begins December 1, 2008 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.

Crystal Air will pay CMAA in accordance with Section 3 of the Minimum Standards for sales and service on the airport premises. In addition, Crystal Air has provided to CMAA proof of adequate insurance.

Crystal Air has requested a waiver regarding Section 11 (b) of the Airport Minimum Standards. Section 11(b) regarding aircraft charter and air taxi services requires that the operator must occupy a minimum of 200 square feet of properly lighted, heated and air conditioned space on the Airport for office and public use areas. Crystal Air is an affiliate of TNT Leasing which currently occupies only hangar space from TAC Air. 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.

By accepting the rights and privileges granted by this permit, Crystal Air 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.

Ms. Cameron introduced Taylor Newman of Crystal Air, who briefed the board on his company’s history and growth.

Vice Chair Hall asked what kind of certificate they carried. Mr. Newman indicated it was an air carrier 135 certificate. Vice Chair Hall then asked what they did on screening luggage. Mr. Newman said they are not currently required to screen luggage. Vice Chair Hall asked how Crystal Air conducted sales – through the internet or by phone. Mr. Newman indicated most of their sales are by word of mouth.

Commissioner Lloyd said he has known several people who have used Crystal Air and they were impressed with the service. He complimented the company’s effort to think outside the box.

Vice Chair Hall asked Mr. Trimble if he had looked at Crystal Air’s insurance. Mr. Trimble indicated that they had.

**Board Action:** Request Board approval for an operating permit with TNT Leasing Company, Inc. dba Crystal Air.

**Motion for approval by Commissioner Lloyd. Motion seconded by Commissioner Griffin. Motion is approved.**

Vice Chairman Hall asked for a construction update.
John Naylor responded that Chattanooga Aero ramp reconstruction is complete and they are pleased with the result. He said the control room buildout downstairs is going well, and the CT-80 project will be underway shortly.

Chairman Jacobson then thanked the Commissioners and staff, for their contribution today. He then took a minute to wish everyone a happy Thanksgiving and holiday season. He expressed hope they would be able to spend some quality time with friends and family, reflecting on the accomplishments of the last year and also remembering those less fortunate. This is a busy time of year for travelers coming through the Chattanooga Airport. CMAA is able to offer great convenience year-round, but it is especially important during the holiday travel season, when shorter lines and friendly faces are rare and appreciated. So CMAA looks forward to hosting many of our regional travelers over the next few months. I know our staff will work hard to make sure they have a great experience on their way to celebrating the holiday’s with their friends and families.

Motion for adjournment by Commissioner Freeman. Motion is seconded by Commissioner Veazey. Motion approved. Board meeting is adjourned.
The Board of Commissioners of the Chattanooga Metropolitan Airport Authority met in open meeting Monday, December 15, 2008 at 2:00 p.m. Chairman Jacobson, Vice Chair Hall and Commissioners Freeman, Griffin, Lloyd, and Kilbride 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 Lloyd, the minutes of the November 17, 2008 meeting were approved.

President’s Report
President Landguth reported to the Board that last month he had the opportunity to join dozens of community leaders on a two day trip to Greenville-Spartanburg, South Carolina. This trip was a fact finding mission to research the impact of BMW coming to their region, much like VW is preparing to enter the Chattanooga area. The group was divided into four study tracks, including:

- K-12 Education
- Higher Education and Workforce Development
- Industrial Development
- Relocation Marketing, Community Assimilation and Quality of Life

Each group was able to meet with their counterparts in South Carolina, to ask questions and learn more about their experiences over the last 15 years, and what might be expected here in Chattanooga. President Landguth met with the folks at the Greenville-Spartanburg airport (GSP) to discuss the impact the plant had on their operations, and what their planning process and timeline looked like. While GSP did not see explosive growth, they have seen steady, predictable growth over many years. One key takeaway form the trip, was the importance of regional cooperation as we prepare for the coming growth.

The Chattanooga airport is looking at three key areas of preparation:

Commercial air service
- As a rule, commercial air service grows with community expansion. So as the community grows, as more jobs come to the region, and income increases, more people fly for both business and leisure.
- That community growth should drive commercial service.
- CMAA’s master planning consultants have looked at the numbers and translate into an additional 6,000 enplanements a year. Similar to what we saw in South Carolina, they are not predicting explosive growth but this 1-2% annual increase could help reduce the volatility that so many small airports experience with the extreme highs and lows of the industry and as new businesses move into Chattanooga, we’ll be meeting with them to ensure we understand their air-
service needs then packaging that information and taking it to the airlines to make the case for additional air service growth.

Corporate aviation
- The growth of business and industry in a region usually precedes a growth in corporate air travel. With VW and some of their suppliers owning corporate aircraft, CMAA is anticipating increases in corporate aviation. It is already known that some of that travel will be international. CMAA has been working with US Customs to secure the program we need for those aircraft to clear customs right here in Chattanooga. This will allow corporate aircraft to fly directly from Germany or Mexico or other international destinations right to Chattanooga.
- CMAA has been in dialogue with customs and Congressman Wamp’s office since July on this issue. CMAA has also met with VW’s Senior Buyer and Travel, Meetings and Events Manager to better understand their travel demand. The Chattanooga Airport has now been approved to receive the customs program, but it has not yet been funded. CMAA will stay in touch with VW and will keep you posted on the progress.

Cargo Operations
- CMAA is working with VW to identify any potential air cargo needs and will work to ensure we can meet their demand. CMAA has already been in dialogue with VW’s Director of Procurement to learn more about their potential cargo needs. They are in the process of hiring a transportation/logistics specialist, who will coordinate with us on those efforts.

Meanwhile, CMAA continue with the master planning process, which has now integrated VW into the planning. This process includes forecasting future growth, evaluating our current facilities and resources, and determining what is needed to accommodate future demand. This is an ideal time for the airport to look at the community’s long-range aviation needs. On a regional level, CMAA is coordinating with Melissa Taylor at the Transportation Planning Agency as they develop an overall transportation strategy for the region. CMAA’s master plan will feed into that larger strategy, forming the basis for a strong transportation plan that should address the changing needs of our community. The trip to Greenville-Spartanburg showed the success that is possible when regional planning and cooperation is a cornerstone of economic development. CMAA will work with our transportation and community partners to make that vision a reality in our community.

Social Responsibility Program
President Landguth reported on CMAA’s community outreach with the Children’s Home/Chambliss Shelter, which cares for and educates high-risk children, and the Community Kitchen, which has developed a variety of programs to support the homeless and transition them, and their families, into productive members of the community. During the month of December, CMAA worked with our tenants on a Toys for Tots drive, collecting hundreds of toys for local kids. Last week, we took a group of our staff for our annual volunteer event at the Community Kitchen, working behind the scenes in their food pantry. Again this year for the Presidents Christmas present, staff adopted a family that is living in the Community Kitchen’s transitional housing shelter, where they provide housing for homeless families, as well as job training for the parents, and work to
secure permanent housing in the community. This year the staff adopted a single mother and her four daughters. When we worked at the Community Kitchen on Friday, we were able to deliver the gifts for the family, including bicycles for all the kids (along with helmets and pads), as well as school clothes and shoes, and a gift card for their hard-working mom. I want to say a word of thanks to all our tenant partners who contributed to the Toys for Tots drive, and all of our staff who volunteered at the Community Kitchen and contributed towards the purchase of Christmas gifts for the family. This is a busy time of year for everyone, and the struggling economy has created a strain on everyone’s wallet, so it’s encouraging to see so many of our employees and tenants using their own resources to reach out to those in need.

**Written Consents**

CMAA had four written consent requests for advertising agreements since last month’s meeting.

- CMAA requested approval for a contract with Unum to continue to advertise in the airport. The ad is a large backlit ad located in baggage claim and welcomes travelers to Chattanooga. The term of the agreement is for 12 months, beginning on December 5, 2008, at a monthly rate of $935, or $11,220 annually.
- CMAA requested approval for a contract with Komatsu America International to continue to advertise in the airport. The ad is a large backlit as located in the rotunda and displays Komatsu products. The term of the agreement is for 12 months, beginning on December 5, 2008, at a monthly rate of $600, or $7,200 annually.
- CMAA requested approval for a contract Husch, Blackwell, Sanders LLP to continue to advertise in the airport. The ad located in the concourse and welcomes travelers to Chattanooga. The term of the agreement is for 24 months, beginning on December 5, 2008, at a monthly rate of $500, or $12,000 for the life of the contract.
- CMAA requested approval for a contract Cornerstone Community Bank to continue to advertise in the airport. The ad is a small backlit as located in baggage claim and promotes Cornerstone Bank. The term of the agreement is for 12 months, beginning on December 5, 2008, at a monthly rate of $300, or $3,600 annually. Each of these requests was approved through the written consent by Chairman Jacobson, Vice Chair Hall, and Commissioner Lloyd, Griffin, Kilbride and Wells.

**TSA Memorandum of Understanding**

April Cameron began board action by requesting approval to enter into a Memorandum of Understanding with the Transportation Security Administration concerning the use of security screening checkpoints furnishings. This MOU is the approved program that was developed as a result of the “Bins Pilot Program” that CMAA participated in along with a dozen other airports.

The purpose of the MOU is to allow CMAA to contract with a third party provider, CMAA will issue a Request for proposals in the month of January.
Board Action
Ms. Cameron requested Board approval to enter into a Memorandum of Understanding with the Transportation Security Administration concerning the use of security screening checkpoint furnishings.

Motion for approval by Commissioner Griffin. Second by Commissioner Freeman. Motion approved.

Lowery Photographs Advertising Contract
Christina Siebold requested Board approval for a contract with Lowery Photographs to continue advertising in the airport. This ad is an art display kiosk located on the first floor of the rotunda promoting Mr. Lowery’s regional photography. The term of the agreement is for 12 months, beginning January 1, 2009. The monthly rate of the kiosk, with electricity, is $650. Mr. Lowery will be granting CMAA photography usage rights for one of his photos to be used in a sponsored wall wrap for up to 10 years. Total cost for the photo is $4,800, to be compensated through 12 monthly credits of $400 to the advertiser, making the monthly payment $250. Upon completion of the 12th monthly installment, Authority retains usage rights to the photo for use on the wall wrap for an additional 9 years.

Board Action
Ms. Siebold requested Board approval of a contract with Lowery Photographs to continue advertising in the airport under the terms outlined here.

Dan Reynolds Photography Advertising Contract
Ms. Siebold requested Board approval for a contract with Dan Reynolds Photography to continue advertising in the airport. The ad is an art display kiosk located on the first floor of the rotunda promoting Mr. Reynolds’s regional photography. The term of the agreement is for 12 months, beginning January 1, 2009. The monthly rate for the kiosk, without electricity, is $4625. Mr. Reynolds will be granting CMAA photography usage rights for one of his photos to be used in a sponsored wall wrap. Total cost for the photo is $4,800, to be compensated through 12 monthly credits of $400 to the advertiser, making the monthly payment $225. Upon completion of the 12th monthly installment, Authority retains usage rights to the photo.

Board Action
Ms. Siebold requested Board approval of a contract with Dan Reynolds Photography to continue advertising in the airport under the terms outlined here.

Motion for approval by Commissioner Lloyd. Second by Commissioner Freeman. Motion approved.

Informational Briefing: CT-80 Installation and Construction
Mr. Naylor briefed the Board on an upcoming written consent request for a construction contract for the facility modification associated with the installation of three Reveal
Imaging Technologies, CT-80 Baggage Screening Systems. The project will encompass the demolition, realignment, and renovation of the space located behind the Ticket Counters. Three rooms are being constructed to house the CT-80 Baggage Screening Systems in this project. Additionally, three HVAC units and the roof will be replaced as part of this project to properly heat and cool the Ticketing Concourse. Three new Baggage Handling Systems will be installed to take baggage from the CT-80's to the Baggage Make-up Rooms.

The new equipment will provide state of the art technology to speed the screening process, provide increased security capabilities, provide a more thorough review of passenger baggage and improve customer service.

CMAA is currently evaluating the bids on this project and will issue written consent requests as soon as all the information is received.

The second item that will be requested through written consent will be to approve Task Order 17 with Allen and Hoshall for engineering services associated with the CT-80 Baggage Handling System Renovation project. The request is for the performance of all engineering services to include:

- Construction Administration/Management
- On-site Inspection Services
- Resident Project Representative
- Submittals/shop drawings/as built drawings
- Securing Permits

Funding for the construction and engineering services is 90% state funding, with the remaining 10% balance to be paid by CMAA.

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

Hearing none, Chairman Jacobson then thanked the Commissioners and staff for their contribution to the meeting. He then took a minute to reflect on the accomplishments of the last year, including relatively stable air service despite the extreme volatility in the airline industry. He said CMAA’s five airlines and 10 nonstop destinations have received great support from regional travelers. He also recognized the airport’s coordination with the chamber and planning for the VW growth. The Chairman said this is a great time for the city, and the airport will continue to play a supporting role for all those businesses relocating in our area. In that vein, the Master Planning process continues, and is now incorporating the city’s newest businesses into the planning process. It’s exciting to participate in this visioning process and work toward an even better airport. As the audit report showed recently, the airport has maintained a sound financial position. Staff has done a remarkable job keeping costs down and finding additional sources of revenue to sustain us during these challenging economic times. This airport continues to find ways
to succeed and support the community, and so I thank all of the commissioners for their leadership and service, and I also want to extend our appreciation to President Landguth and his team. You have taken on large projects – like audits and master plans and air service – and you have excelled. But you and your staff do a hundred small things right every day – the things that keep the airport safe and secure and customer-friendly and keep both our airlines and our passengers coming back. So I thank you for your focus and hard work and creativity.

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