

Chattanooga Metropolitan Airport Authority
Board Meeting Minutes
June 16, 2008

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:

Regional print	\$23,000
Radio	\$26,000
Total	\$49,000

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.