

**CHARLOTTE DOUGLAS INTERNATIONAL AIRPORT
AIRPORT ADVISORY COMMITTEE**

**Minutes from May 2, 2013
Charlotte Douglas International Airport
Bellanca Conference Room
8:00 a.m.**

Present

Drew Riolo, Vice Chair
Peter Acker
Pamela Bennett
Scott Culpepper
Todd Fuller
Stephen Gedney
Morgan Edwards
Crystal Jackson

Staff Present

T. J. Orr, Aviation Director
Kari Lazaroski, Executive Assistant
Brent Cagle, Asst. Aviation Director-Finance & Admin
Jack Christine, Asst. Aviation Director-Development
Haley Gentry, Asst. to the Aviation Director
Herbert Judon, Asst. Aviation Director-Operations
Mark Wiebke, Asst. Aviation Director-Facilities
Leila Lahbabi, Airport Attorney

Absent

Russ McMillan

1. CALL TO ORDER

AAC Vice Chair Drew Riolo called the meeting to order at 8:00 a.m.

2. PLEDGE OF ALLEGIANCE

3. ADDITION OF POINTS TO MEETING AGENDA

Riolo: With your approval, I'd like to first make a motion to add some points to the agenda of the meeting. So, if you look under Action Items, after approval of the April 4th minutes, we're going to add the following, if you would consider it. A current committee roster will be distributed. I'll ask all members to provide a primary phone contact and a primary email contact and you can also put your work or home address. Also, you will see that you have the Policies and Procedures manual. Please take notice of the attendance policy on page 7. I'm going to ask thirdly that we can add that the precedent of a one hour meeting length be waived to one plus thirty but certainly no longer than two hours. Additionally, we'll have some comments on that under the Miscellaneous Discussion from the members. Fourth, I would like to add that the members who would like to speak on the recent events involving the committee and those that would like speak on the Mayor and the Council's actions on the 29th and 30th of April, be allowed to do that. So those are the four agenda items I'd like to put forth that we do after the approval of the April 4th minutes. I'd like to make a motion for consideration; can I get a second to those, please?

Motion: Riolo
Second: Culpepper
Abstain: Edwards
Vote: 7-0

4. APPROVAL OF APRIL 4, 2013 MINUTES

Minutes were approved as written.

5. AAC ROSTER UPDATE

6. POLICIES AND PROCEDURES MANUAL DISTRIBUTED

7. LENGTH OF MEETING

8. DISCUSSION OF RECENT EVENTS

No discussion.

9. BUSINESS AGENDA

Riolo: I want to make a comment about the Business Agenda. We go through these particular items because this is what the Director presents to the City Council. I want to also note that these Business Agenda items are distributed prior to the meeting for the members to study and you're encouraged to ask and challenge the Director before the vote.

1. Airport Terrazzo Contract

Action: Approve a contract with Sunshine Cleaning Services Inc. for cleaning and maintenance of the Airport's terrazzo flooring for a three-year term.

Explanation:

- The Airport contracts for cleaning and polishing of terrazzo floors on a weekly basis to maintain the terrazzo's durability and aesthetically pleasing high-gloss shine.
- This cleaning requires specially trained personnel and equipment to care for the approximately 190,898 square feet of terrazzo flooring.
- This contract allows for the addition and deletion of square footage with a written notice by the City at a unit price.
- The City may terminate this contract at any time without cause by giving thirty (30) days written notice to the company.
- The estimated annual expenditure is \$486,997, for an estimated total contract value of \$1,460,991.

Small Business Opportunity

No SBE goal was set for this contract because subcontracting opportunities were not identified (Part C: Section 2.4 of the SBO policy).

Funding

7402/576.94

Summary of Bids

Sunshine Cleaning Systems Inc.	\$1,460,991.00
Stone Restoration of America	\$1,622,055.00
Doyle Dickerson	\$1,958,800.00

Council Date: 5.13.13

Edwards: Is the low bidder a local firm?

Orr: Yes sir, the low bidder is actually the company that provides the janitorial employees in the terminal.

Motion: Edwards

Second: Fuller

Vote: 8-0

2. Airport Access Control System Upgrade

Action:

- A. Approve the upgrade of the Airport's access control system, as authorized by the sole source purchasing exception of G.S. 143-129 (e) (6)
- B. Award a contract in the amount of \$322,607 to Johnson Controls, Inc. for an upgrade of the access control system.

Explanation:

Sole Source Exception

G.S. 143-129 (e) (6) provides that formal bidding requirements do not apply when:

- Performance or price competition are not available
- A needed product is available from only one source of supply
- Standardization or compatibility is the overriding consideration
- Sole sourcing is necessary for standardization and compatibility of the equipment.

Explanation

- In 1999, the Airport purchased CCure software to operate the access control system throughout the Airport complex.
- In 2001, the Airport acquired the AEGIS graphic interface to incorporate the Federal Inspection Service (FIS) area into the overall access control system.
- The Airport's current versions of CCure and AEGIS operate only on the Windows XP operating system, which Microsoft will no longer support as of April 8, 2014. In order to maintain network security, the current software must be upgraded.
- The system of doors and controllers separating international passengers needs to be replaced to maintain compliance with Customs and Border Protection's standards.
- These upgrades will maintain the standardization and compatibility of the Airport's entire access control system, and will include upgraded CCure hardware and software, an upgraded AEGIS graphic interface, and replacement of the door controllers for the FIS area.
- Johnson Controls has a maintenance contract for the access control system through December 31, 2015, with a possibility of an extension.

Small Business Opportunity

Sole source contracts are exempt (Appendix Section 23.2 of the SBO Policy).

Funding

7402/57708

Summary of Bids

Johnson Controls - \$322,607

Council Date: 5.13.13

Culpepper: Jerry, we don't bid this out; this is done by Johnson Controls?

Orr: Yes, we have the system already so this is a proprietary system that we're upgrading parts of the software and equipment.

Culpepper: And have we used them in the past and that's who services it?

Orr: That's who put the system in and that's who services the system. We have a service contract with them to maintain the system.

Motion: Acker

Second: Jackson

Vote: 8-0

3. Rental Car Facility Site Grading

Action:

- A. Award the low bid contract of \$658,225.50 with E.S.Wagner Co., LLC. for grading of the future rental car storage facility.
- B. Approve a contract of \$23,250 with ESP Associates, PA for construction testing services for the

project.

- C. Adopt a budget ordinance appropriating \$681,475.50 from the Contract Facility Charge (CFC) fund to the Aviation Capital Investment Plan.

Explanation:

- In November 2011, City Council appropriated \$60 million in Special Facility Revenue Bonds for the construction of rental car facilities at the Airport. The project includes the construction of a new parking deck and a remote storage and maintenance facility.
- The bonds are backed by CFC revenues collected by the rental car companies and remitted to the Airport. The current CFC is \$4.00 per rental day.
- The CFC revenue is deposited with the Bond Trustee as collateral for the bonds, but not all the revenues are committed to pay the debt service on the bonds. This leaves CFC revenues available to fund a portion of the project, which was anticipated as part of the funding plan for the project.
- As a part of the Rental Car Lease Agreements, the Airport will provide the companies a facility to maintain and store vehicles when the new parking deck is complete.
- This project will grade approximately twenty acres of land on Wilkinson Boulevard for that purpose.

Small Business Opportunity

Established SBE Goal: 11%

Committed SBE Goal: 13.94%

E.S. Wagner Co., LLC exceeded the established SBE goal, and committed 13.94% (\$91,746.85) of the base bid amount to the following SBE firm: Martin Landscaping Co. Inc. (Seeding/Erosion Control)

Funding

2093/556.02

Summary of Bids

E.S. Wagner Co., LLC.	\$658,255.50
Blythe Development Co.	\$839,985.00
Triangle Grading and Paving	\$1,143,564.50
Morgan Corporation	\$1,117,235.00
Morlando Construction	\$1,282,965.00
Blythe Construction, Inc.	\$1,332,285.00
Showalter Construction Co. Inc.	\$1,533,550.00
Richardson Construction Co.	\$1,611,800.00

Council Date: 5.13.13

Edwards: What's the estimated time on the retirement of the bonds?

Orr: They are thirty year bonds.

Edwards: Will the new parking deck eliminate the need for buses to transport people from the Airport to the rental car area?

Orr: Yes.

Edwards: So that'll cut down on traffic?

Orr: It'll take away all the buses which is really an expensive operation for the rental car companies and horrendous from an air quality perspective and traffic perspective.

Culpepper: Any idea why we have such a wide range on the bids?

Orr: Yes sir. The company that's the low bid is the same company that graded the runway. They are a very large grading company. They have a division based in Piedmont, SC which is down near Greenville. This is what I would call a pan job, one of those big dirt lizards that are self-contained. I'm sure they have some pans sitting around. The second piece of that is one of the deadly sins, greed. Several of these companies, as in Triangle Grading and Blythe, have existing dirt moving contracts on the Airport.

One would think that since they already have their overhead covered and they're getting paid to dump dirt here, they could get paid to pick up dirt over here and that would be like a windfall for them. But sometimes they get too anxious and bid too high.

Culpepper: Glad we have Wagner around.

Fuller: It's rare that you see the high bidder almost 300% higher than the low bidder.

Orr: I don't know who that is, but when you have that many bidders, you'll frequently see that kind of range of bids. We're completely comfortable with Wagner.

Culpepper: And you don't think we'll get people coming back and saying we misbid this?

Orr: No. And of course they'll be bonded. You may remember on the runway grading, their bid was \$61 million and the second bidder was \$121 and the third bidder was \$150.

Fuller: Jerry, what was the company that did the center runway repaving that ended up cracking?

Orr: That is a paving company, Hi-Way Paving.

Motion: Culpepper

Second: Fuller

Vote: 8-0

4. Airport Perimeter Fencing

Action: Award the low bid contract of \$152,380 to Hartsell Brothers Fence Co. for installation of perimeter fencing.

Explanation

- In January 2010, the Airport opened the new runway on the west side of the airfield. Prior to opening the runway, a new perimeter fence was installed around the west side of the airfield.
- Portions of that perimeter fence were installed in temporary locations so that construction activities could continue after the runway opened.
- This contract will install 10,500 linear feet of perimeter fence in its permanent location on the west side of the airfield.
- This was an informal bid process and the Airport only received two responsive bidders. Bullington Construction is a certified DBE, however, they did not respond to the bid invitation.

Disadvantaged Business Opportunity

Contracts subject to (federal DBE/State MWBE) contract requirements are exempt (Appendix Section 23.5/23.6 of the SBO Policy).

Funding

2091/554.12

Summary of Bids

Hartsell Brothers Fence Co.	\$152,380
Country Boy Landscaping	\$154,000
Bullington Construction	No response

Council Date: 5.13.13

Fuller: Is this in response to Tisdale?

Orr: No sir.

Edwards: What's the height of the fence?

Orr: It's six feet from here to the top rail and then there are three strands of barbed wire and then this razor wire.

Motion: Fuller

Second: Jackson

Vote: 8-0

5. Property Transaction

Project: Airport Master Plan Land Acquisition

Owner(s): Roger and Jeanette Danner

Property Address: 9309 Dixie River Road

Property to be acquired: 1.33 acres

Improvements: Single Family Residence

Purchase Price: \$115,000.00

Remarks: The purchase price was determined by one independent appraisal and was reviewed by a second appraiser. Each appraisal takes into consideration the specific quality and quantity of the land. The tax value is determined on a more generic basis and will be higher or lower for land/house with certain attributes. Property is acquired per Federal Guidelines 49 CFR Part 24 of the Uniform Acquisition and Relocation Act of 1970. Acquisition costs are eligible for Federal Aviation Administration reimbursement.

Zoned: R-3 Use: Single Family Residence

Tax Value: \$116,900

Tax Code: 113-152-10

Funding: 2090: 54010

Council Date: 5.13.13

Motion: Bennett

Second: Jackson

Vote: 8-0

6. Property Transaction

B. Project: Airport Master Plan Land Acquisition

Owner(s): William B Huskins

Property Address: 6525 Shoreline Drive

Property to be acquired: .590 acres

Improvements: Vacant Lot

Purchase Price: \$60,000.00

Remarks: The purchase price was determined by one independent appraisal and was reviewed by a second appraiser. Each appraisal takes into consideration the specific quality and quantity of the land. The tax value is determined on a more generic basis and will be higher or lower for land/house with certain attributes. Property is acquired per Federal Guidelines 49 CFR Part 24 of the Uniform Acquisition and Relocation Act of 1970. Acquisition costs are eligible for Federal Aviation Administration reimbursement.

Zoned: R-3 Use: Vacant Lot

Tax Value: \$23,000

Tax Code: 055-364-03

Funding: 2090: 54010

Council Date: 5.13.13

Motion: Acker

Second: Bennett

Vote: 8-0

5. STATUS REPORTS/DISCUSSION

Riolo: The members have requested that these topics would include and emphasize a discussion from the staff on planning, operations, staffing, legal and financing and we're certainly going to comply with

that request. So we've reviewed what would be presented on the agenda today and we did that with staff and also with the Director and according to the AAC Policies and Procedures. Today, the items we're going to discuss are financing and monetary policies and we're going to have some hot topics on this. The first would be Airport bond ratings and the second one would be sequestration.

Airport Bond Ratings

Orr: We issue general airport revenue bonds which are a debt of the general revenues of the Airport, not a debt of the taxpayer. They are issued in the City of Charlotte's name because the City owns the Airport and that makes them tax exempt. Those bonds are rated by all three of the major bond rating companies in New York: Moody's, Standard & Poor and Fitch. Our rating with Moody's is double A minus. Our rating with Fitch is A plus, that's one level below Moody. Standard & Poors is A1, which is one level below Moody. Annually, each of those three bond rating companies calls us and asks a million questions and we provide them a ton of data. They can independently judge how we're doing specifically with respect to a feasibility study that a third party did prior to issuing the bonds. In other words, we said we were going to do this, how are we doing? Fitch and Standard & Poors have recently completed our annual review. Both of them maintained our credit ratings and gave us a stable outlook. You have in your handouts their public release that you can read at your leisure. It'll give you an idea of why they think we deserve such a high rating.

Jackson: Is the actual issuer of the bonds the City of Charlotte or the Airport?

Orr: The actual issuer of the bonds is the Local Government Commission of North Carolina. The City of Charlotte's name is on the bond. The credit behind the bond is the Airport's. What that means in simple terms is, if the Airport defaulted which is pretty unlikely, and the City wanted to, of course they could use tax payer money or any other source of revenue to pay off the bonds. But they're under no obligation whatsoever to do that.

Fuller: In the unlikely event that the Airport defaults, the City could come in and use taxpayer dollars to back stop the bonds?

Orr: They could if they wanted to. But keep in mind, if the Airport defaults, it's because air travel is no longer viable and then we're stuck with 6,000 acres six miles from downtown Charlotte with frontage on two interstates and a railyard that's all paid for.

Fuller: I've talked to a couple of authority directors and they claim that under an authority, if that same scenario were to happen and the Airport were to default, the bonds would not fall back on the City of Charlotte, hence the taxpayers and the City. Is that correct to say, or is it too soon to tell?

Orr: No, that's right. If an authority issues the bonds, then it's the authority that's ultimately responsible. But keep in mind that the City of Charlotte is not responsible for the bonds currently. The only way they would pay for them is if they voluntarily wanted to because they didn't want a bond in their name to default. The only claim the bondholders have on the bonds is the revenues of the Airport. Through the bond order, there's a flow of funds and if any revenues come in, the first call on those revenues is to pay the debt service.

Edwards: As a simplification, the Airport general revenue bonds are based on Airport fees and the City's bonds are based on City taxes?

Orr: The back stop for City bonds are property taxes, essentially, other than some special facilities bonds they may sell. The Airport bonds are based on the general revenues of the Airport.

Edwards: Which are fees?

Orr: Yes. And then our lease with the airlines says that if we are unable to pay our debt service that they will voluntarily raise their rates and charges that they pay so that we can cover that debt service. So that means, before the bonds default, the Airport has to run out of revenues and savings and airlines have to run out of town, actually run out of business. It doesn't matter if they don't have service here, if they are a legal entity, they're obligated to the lease. All of the major airlines and soon Southwest as well, are signatory to that lease.

Riolo: Is it unique to the Charlotte Airport that one of the back stops to the bonds is the airline lease holders?

Orr: No sir, we have some pretty strong language in our lease, because it is a long term lease, but it's certainly not unique. A number of airports are operated on a single cash register. What that means is that the airport tells the airlines what their budget is at the beginning of the year, the airlines approve

that budget and then the airport charges those agreed upon rates and any concession revenue they can generate and then at the end of the year they either have money left over or they're short. If they're short, the airlines make up the difference. If they're over, they give that money to the airlines.

Edwards: Is there a reserve fund also for bonds?

Orr: We have reserve funds for our reserve funds. There's a reserve fund for the operating fund which is one third of the budgeted operating expenses for the year. There are reserve funds which are the maximum year's debt service for each of these individual bond issues. In the case of the special facility bonds for the rental car facility, there is a reserve fund for the maximum year's debt service and backing that up is a reserve fund and then backing that up is a guarantee from the rental car companies that they will pay more into the fund if all else fails. I got that out of order. In between that is our independent ability to raise the fee that the rental cars charge their customers.

Edwards: In other words, the City would be the last place for the liability?

Orr: Yes, the City is the last resort and, in both cases, it's voluntary on the part of the City.

Culpepper: If I'm a bond holder and I bought these bonds with the understanding that the City was there as a back stop, I'd have a pretty good case if you changed the deal on me and changed the governance structure and went to an authority, right? That could result in legal action from the bond holders.

Orr: Absolutely.

Culpepper: And that's the risk.

Orr: No, there is no risk. If you look at the official statement, it says right on the front page that the taxing authority of the City is not pledged to the bond holder. And it says very clearly that these bonds are rated purely on the Airport, not the City. On the front page, right up there at the top. And these are not mom and pop bond buyers; these are institution bond buyers that know what they're doing.

Culpepper: And the State Treasurer, I assume she knows what she's doing when she says there is a risk of legal action from the bond holders if we make this change.

Orr: She said there was a risk. Let's say you're one of the bond holders and you're holding a bond that's paying you 5%. If you would buy a bond of equivalent rating, that is a double A rating, today it would pay considerably less than that. We called your bond, took your bond away from you, paid a penalty, but you couldn't replace that bond. You'd have to buy a bond that pays a lower interest rate. Is that something you would sue over?

Culpepper: As we take on that risk, what's the payoff for us? The risk of legal action over our bond funding.

Orr: As the authority takes on that risk, or as the City takes on that risk?

Culpepper: As the Airport takes on that risk of being sued by bond holders, what is the payoff of that risk?

Orr: The payoff is the authority running the Airport and cutting out lots of layers of management. Higher efficiency, lower cost of doing business, most of which you attribute to quickness and the ability to deal quickly, effectively and nimbly and, in business, that's typically a guiding principle.

Jackson: Would the independent authority be a tax-exempt entity?

Orr: Yes. Keep in mind when you say tax-exempt that the Airport today is tax-exempt meaning the buildings and property that we own are tax-exempt. But if someone like a corporate entity comes along and funds and builds their own building on a leased piece of land, that's taxable. And airplanes are taxable.

Edwards: Correct me if I'm wrong, but an authority is a State form of a designated municipality.

Orr: Essentially that's correct. They're created by the State just like a City is. I don't think there are any authorities that have taxing authority.

Riolo: This is exactly what we should do at these meetings and I encourage all of the members to do what we just did. To have a discussion, to challenge the Director on this, to get this information back, this is how we want to proceed. I think this is important, that we explore this.

Sequestration

Orr: How it has affected us is first and foremost with Air Traffic Controllers. Sequestration required the FAA to cut 3.7% out of their \$15 billion plus budget. The FAA determined that the only way to do that was to cut 10% of the controllers. We have 21 controllers on a shift, so they cut four controllers. I don't

understand the math. That affects us because the Control Tower sets an arrival rate, typically 85 arrivals an hour, and if there are more airplanes that present themselves to arrive at that time, they slap you with a ground stop at the airport you're coming from. Once they do that, things start to spiral out of control. With the cutbacks in manpower, the FAA lowered the acceptance rate at the Airport. We're geared to operate at the maximum acceptance rate, so we start having ground stops which quickly gets in to the schedule and we take delays and the schedule doesn't work anymore. That's been fixed by taking money out of the FAA trust fund for aviation, which is fed by your ticket tax, fuel tax and cargo waybill tax, and transferring it to the FAA to put the controllers back to work. Unfortunately for airports, they transferred it out of the money that had been appropriated for our federal grants to construct infrastructure. So that's a good news/bad news story for us. The other issue is the TSA. They have stopped hiring and that starts to whittle away at their workforce. We've not seen any significant results from that yet other than one day the E checkpoint was closed in the morning and two of the lanes at A checkpoint were closed. It's my understanding that it was because an excessive amount of people called in sick. Should this go on long, I'm sure we'll see it reflected in lines at the checkpoint.

Edwards: Those four people, is that four persons or is that the equivalent of four man-hour personnel?

Orr: The way they did it was to have everyone take off a day without pay once a month.

Edwards: Is that a person day or a man-hour equivalent?

Orr: Yes. The end result of that is you have less than your 21 per shift every day.

Fuller: Was it two months ago that Herbert mentioned you had a meeting with the Department of Transportation regarding sequestration effects? Did you tell us that the sequestration wouldn't result in reduced radar service and reduced waits and things like that? Did I misinterpret that?

Judon: We did not say that. I think we talked about how they'd reduce staffing per pay period. We didn't go into operations like the radar.

Fuller: And I think Jerry said there was already furlough time built into the schedule before the issue of sequestration.

Orr: Our early information was they didn't anticipate reduction of service. As the rubber hits the road, there has been a reduction in service.

Fuller: Is it true that sequestration amounts to 4% of the FAA's overall budget?

Orr: 3.7%. The sequestration is \$800 million and out of a \$15 billion plus, that's 3.7%.

Edwards: Is TSA paid by Homeland Security or by FAA?

Orr: Not FAA. They're paid by the Department of Homeland Security. The TSA and FAA are two different entities.

*

Disadvantaged Business Enterprise (DBE) Program

Orr: We've participated before this City Program. In the 70's, when we were building the new terminal, we used MWBEs...minority and women business enterprises.

- Update given by Attorney Leila Lahbabi.
- US Department of Transportation Regulations 49 CFR Part 26
- City Council Approved original DBE Plan in August 1999
- USDOT's new Final Rule necessitates updates to DBE Program
- Key Program Revisions:
 - Includes CDOT and E&PM
 - Formalizes use of NC's Uniform Certification Program (UCP)
 - Increases personal net worth cap to \$1.32 Million
 - Implements new Small Business Participation Plan
 - Updates City personnel
 - Approved by City Council, the FAA and FTA
 - Introduction of Laura Dahlberg, Business Diversity Programs Coordinator

Acker: Is there a mandated dollar amount that you have to achieve?

Lahbabi: No, the goals are aspirational. We calculate the terms based on businesses that are willing and able to perform at that point and set a goal of what they should achieve in the absence of discrimination.

Edwards: Can we get a goal versus actual participation report for the DBE program? I remember at the NCDOT, the goals often differed from the amount of actual participation.

Orr: Yes, we submit an actual report to the FAA. Our projects are almost never under the goal and a lot

of times they are over.

NCAA Annual Meeting

- Held Wednesday, April 17 – Friday, April 19 in Raleigh

Riolo: Russ McMillan attended this meeting and, since he was unable to attend this morning, I'd like to ask that he give us a report at the next meeting.

Neighborhood Task Force

- Crystal Jackson and Russ McMillan met to discuss three open positions on the 16 member task force
- Committee received nine applications from well qualified candidates
- Nominated Mrs. Edith Herron, Mr. Lester Covington and Mr. Jack S. Zeock

Motion: Edwards

Second: Bennett

Vote: 8-0

6. DIRECTOR'S REPORT

Recycling Center

Orr: This information was requested by Scott Culpepper at the last meeting.

Costs:

- Equipment/Capitol Costs: \$1.2 million
- Monthly expenses /Operating costs over 10 month period \$481,000

Over (6) month period:

- 80% of Airport trash is going to the Airport Recycling Center.
- Of that 80%, 50% has been recycled.
- Gross profits from selling the recyclables over (6) month period is \$185,000.
- \$185,000 has been split (50-50) between the Airport and Go Green, with each receiving a little over \$90,000 each.

Edwards: How long do you anticipate it taking to reach the break-even point?

Orr: Five years, and we anticipate we'll actually begin to make a profit.

Southwest Airlines

- Began Charlotte service on Sunday, April 14
- From CLT, provides service to Chicago (MDW), Baltimore/Washington (BWI), Houston (HOU) and Orlando (MCO)
- Southwest, together with AirTran, serves 103 destinations in 41 states, the District of Columbia, Puerto Rico and six near international countries
- Press event was held Monday, April 15 at 10 a.m. at Gate A8
- Agenda included Southwest Airlines Vice President of Business Development Dave Ridley and Mayor Pro-Tem Patrick Cannon

Brookwood Farms BBQ Recognized as one of Nation's Best Airport Eateries

- Haley Gentry gave update.
- cnn.com ranked the best places to eat in the country's 20 busiest airports
- Brookwood Farms BBQ ranked sixth

7. MISCELLANEOUS DISCUSSION

Riolo: As I referred to at the start of our meeting we have items for discussion in the Miscellaneous Discussion. First, are there any items to bring forth by the members?

Fuller: About 90% of the flights at CLT are US Airways'. After the merger, will that number go up to 94%?

Orr: Yes, if you add together the current flights of both US Airways and American. There's not much duplication in the flights out of Charlotte.

Fuller: In a year or so, a little while after the merger between American Airlines and US Airways is complete, when a citizen of Charlotte buys an airline ticket, will they see an increased airfare due to the new American Airlines (merger) in your mind's eye?

Orr: Well, airfares will go up, but that's not necessarily because of the merger. Fuel rates will go up. You can fly direct on US Airways for a little more, or you can pay a little less and take a connecting flight through Atlanta. You always intend to buy the suit on sale, but once you get to the store and feel the material on the \$800 suit, you may reconsider paying a little bit more.

Edwards: Does American still have a hub in Raleigh?

Orr: No, I think Delta has a majority of the flights. In the 90's, Raleigh was ranked #36 as far as originating passenger traffic. CLT was ranked #40. Now, we're ranked #30 and Raleigh is still ranked #36.

Culpepper: And Raleigh is an authority, correct?

Orr: Correct.

Culpepper: We see how well that's worked out for them. So Raleigh should pay attention to their own airport.

Edwards: Have not Raleigh-Durham and Greensboro-Winston-Salem been authorities for a long time?

Riolo: We also discussed the length of the meetings, if any member would like a more in depth discussion of any issues we will schedule a workshop.

Edwards: What is the difference between a special meeting and a workshop?

Orr: A workshop is where you get together to delve into a specific issue and a meeting is more to deal with official business. There is no official voting or business at a workshop.

Riolo: Third, the Oliver Wyman's final report was released last night. I haven't reviewed the entire document yet, but I attended the Oversight Committee's meeting with Bob Hazel on the draft report and I am reporting back to the committee. The discussion from the oversight committee centered on the draft report, page 49. Mr. Hazel defined our airport as superlative, I challenged him on that and said our airport was not just superlative but the best in the world, and we have the trophy from the world's business leaders to prove it. Mr. Hazel states that our airport is superlative but then he uses the signal word "nevertheless" to recommend a change in the form of governance. The use of the word "nevertheless" implies in spite of everything I just said. Mr. Hazel goes on to state in the third paragraph that the change in governance "simply represents findings based on many interviews with airport directors and senior managers who have worked under multiple airport governance structures." The oversight committee thought this was weak and asked for statistical information to be included in the final report. Fourth is the question of the vacancy of officers. I am proposing for consideration and approval a timeline for nominating and selecting leadership. The reasons for this timeline are 1.) This is the precedent timeline. 2.) The timeline for consideration is coincident with our regularly scheduled timeline. 3.) The proposed legislation for the Regional Authority is uncertain but the results of that legislation are imminent. 4.) Expiring member terms. Members will serve until a reappointment qualifies and is in place.

Committee: All agreed.

Fuller: Can you give us an update on the latest with a new control tower?

Orr: The previous Transportation Secretary said something along the lines of "Jerry, you're gonna get your tower" and I hope that sentiment will be echoed by the new Secretary. I hope that recent events will accelerate CLT's new tower. The FAA has contracted with a design firm but they haven't issued the Notice to Proceed yet. I spoke with them not long ago and they anticipate the Notice to Proceed will be issued by mid-summer. So I'm expecting it in September.

Fuller: We currently have ASR-9?

Orr: Yes.

Fuller: Has there been any discussion that the ASR-9 might be moved or upgraded to ASR-11 in conjunction with the new tower?

Orr: Those are two independent things and their updates are on two different schedules. There is currently no plan to move or update the ASR...airport surveillance radar. The antenna stays where it is until the FAA decides to move it.

Edwards: Are there dead spots on runways where the tower can't see the runway activity?

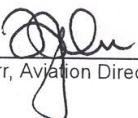
Orr: The new runway is pretty far away from the tower and the tower is pretty short, so the angle can

make it difficult to see. We don't use the new runway for departures unless we have to because another runway is closed for construction. When using the runway and certain taxiway crossings at the same time and at full capacity, visibility can be hindered. There are operational procedures the tower can use to avoid that.

Riolo: This is our first meeting since our Mayor was nominated for the Secretary of Transportation. Congratulations to our Mayor. We are proud of our Mayor.

Meeting adjourned at 9:30 a.m.

Motion: Riolo
Second: Culpepper
Vote: 8-0



T. J. Orr, Aviation Director

Distribution:

Mayor & City Council
Ron Carlee, City Manager
Stephanie Kelly, City Clerk
Khadya Hale, City Boards and Commissions Clerk
Ronnie Bryant, President/CEO, Charlotte Regional Partnership
Bob Morgan, Charlotte Chamber

*Due to recording device difficulties, minutes from this point forward may not be verbatim.