RALEIGH-DURHAM AIRPORT AUTHORITY BOARD MEETING MINUTES  
JUNE 19, 2014

Chair Hunt presided. Present: Ali, Kane, Teer, Thompson, Wheeler and Yeargan. Staff present included: President and CEO Landguth, Senior Vice President & COO Sandifer, CIO McFall, CHRO Umphrey, Vice Presidents Damiano and Legan, General Counsel Locklear, Executive Administrative Assistant Rivera, and other staff members and guests.

I. APPROVAL OF AGENDA
   Motion by Ali to approve the agenda; Second by Thompson
   ADOPTED BY UNANIMOUS VOTE

II. APPROVAL OF MINUTES
   Motion by Ali to approve the minutes of the May 15, 2014 meeting of the Raleigh-Durham Airport Authority Board, including the committee minutes incorporated therein; Second by Teer
   ADOPTED BY UNANIMOUS VOTE

III. CHAIR COMMENTS
   1. Chair Hunt opened up nominations to fill the Vice-Chair position; Chair Hunt nominated Mr. Thompson to fill the Vice-Chair position
      Motion by Yeargan to approve the nomination; Second by Kane
      ADOPTED BY UNANIMOUS VOTE
   2. Chair Hunt opened up nominations to fill the Treasurer position; Chair Hunt nominated Mr. Kane to fill the Treasurer position
      Motion by Thompson to approve the nomination; Second by Teer
      ADOPTED BY UNANIMOUS VOTE
   3. Promotions recognized
   4. Congratulations offered to Secretary Ali on his appointment as 2nd Vice-Chair of the Airport Minority Advisory Council (AMAC) Board of Directors
   5. The City of Raleigh has appointed a new member to the Authority Board, Ms. Adrienne Cole. Ms. Cole is the Executive Director of Wake County Economic Development and will begin her term in July, 2014

IV. OLD BUSINESS
   1. Land and Development Committee Report – Teer reported the Land and Development Committee met on June 18, 2014 to review and discuss real estate issues. This meeting was for informational purposes only and required no Board action. The Land and Development Committee met on June 19, 2014 and discussed the following item(s):
a. Consideration of Purchase of Hangar Facility Leasehold Interest from Duke Energy
The Committee recommends approval of the purchase of Duke Energy’s remaining
leasehold interest, conditional upon the finalization of a purchase agreement to be executed
by both parties, and recommends the President and Chief Executive Officer be given
authorization to execute said agreement and any other documentation necessary to effectuate
the purchase.

Motion by Yeargan to adopt the Committee’s recommendation; Second by Kane

ADOPTED BY UNANIMOUS VOTE

2. Finance Committee Report – Thompson reported the Land and Development Committee met on
June 19, 2014 and discussed the following item(s):

a. Presentation and Consideration of Acceptance of Audited Financial Statements and
   Compliance Audits for the FY 2014 (April 1, 2013-March 31, 2014)
The Committee recommends the Board accept the Comprehensive Annual Financial Report
(CAFR) along with the Compliance Audit Reports for the FY 2014 (April 1, 2013- March
31, 2014).

Motion by Yeargan to adopt the Committee’s recommendation; Second by Kane

ADOPTED BY UNANIMOUS VOTE

b. Consideration of Adjustment to Capital Budget related to Purchase of Duke Energy Facility
   Leasehold Interest
The Committee recommends approval of an adjustment to the Capital Budget in the amount
of $600,625 (adjusted for actual closing date and estimated legal costs) for creation of

Motion by Teer to adopt the Committee’s recommendation; Second by Yeargan

ADOPTED BY UNANIMOUS VOTE

c. Consideration of the Revised Internal Audit Charter Policy
The Committee recommends approval of the revised Internal Audit Charter Policy to be
effective upon approval.

Motion by Ali to adopt the Committee’s recommendation; Second by Hunt

ADOPTED BY UNANIMOUS VOTE

d. Presentation of Workers Compensation and Property Insurance Coverages Update
This presentation was provided for informational purposes only; No board action required.

3. Operations Committee Report – Teer reported the Operations Committee met on June 19, 2014
and discussed the following item(s):

a. Consideration of Resolution Designating an Official to Make Recommendations to the
   North Carolina Alcoholic Beverage Control Commission
The Committee recommends that the President and CEO be designated as the Authority
official authorized to make recommendations to the North Carolina Alcoholic Beverage
Control Commission on ABC permit applications pertaining to food and beverage
establishments at the Raleigh-Durham International Airport and adoption of a resolution to
reflect this designation.
Motion by Hunt to adopt the Committee’s recommendation; Second by Yeargan  
ADOPTED BY UNANIMOUS VOTE

b. Consideration of Amendment #5 to the Facilities Lease and Operating Agreement with Piedmont Hawthorne Aviation, LLC (dba Landmark Aviation)  
The Committee recommends approval of Amendment #5 to the Facilities Lease and Operating Agreement with Piedmont Hawthorne Aviation, LLC (dba Landmark Aviation) with authorization for the President and Chief Executive Officer to execute the amendment.  
Motion by Hunt to adopt the Committee’s recommendation; Second by Yeargan  
ADOPTED BY UNANIMOUS VOTE

c. Consideration of the Procurement of one John Deere 6150 Tractor  
The Committee recommends approval to procure one (1) John Deere 6150R Tractor through State Contract 515B at $118,747.87.  
Motion by Hunt to adopt the Committee’s recommendation; Second by Yeargan  
ADOPTED BY UNANIMOUS VOTE

d. Consideration of the Procurement of one (1) Caterpillar 930K Wheel Loader  
The Committee recommends approval to procure one (1) Caterpillar 390K Rubber Tire Wheel Loader through State Contract 760H at $175,753.11.  
Motion by Hunt to adopt the Committee’s recommendation; Second by Yeargan  
ADOPTED BY UNANIMOUS VOTE

4. Law and Personnel Committee Report – Wheeler reported the Law and Personnel Committee met on June 19, 2014 and discussed the following item(s):

a. Consideration of Developmental Associates Contract  
The Committee recommends the approval of the contract with Developmental Associates for July 1, 2015 through September 30, 2015 with a cost not to exceed $47,000 and for authority for the President and CEO to execute the contract.  
Motion by Ali to adopt the Committee’s recommendation; Second by Thompson  
ADOPTED BY UNANIMOUS VOTE

V. NEW BUSINESS

1. Consideration of a Grant from the North Carolina Department of Transportation, Division of Aviation (NCDOT/DOA) for RDU Project 070509, Terminal 1 Ramp Reconstruction  
Staff recommends the Board adopt a resolution accepting the NCDOT/DOA grant offer for the project in the amount of $1,110,472.  
Motion by Thompson to adopt the Committee’s recommendation; Second by Teer  
ADOPTED BY UNANIMOUS VOTE

VI. GENERAL COUNSEL’S REPORT  
No items were reported.

VII. MEMBER COMMENTS  
1. The Board members all expressed their thanks to all who assisted in helping guests of the U.S. Open.
VIII. AIRPORT DIRECTOR’S REPORT

Earlier today, the President and CEO briefed the Board on some of the legislative issues facing U.S. airports, inclusive of an overview of the testimony given before the House of Representatives’ Committee on Homeland Security’s Subcommittee on Transportation.

Bill Sandifer joined RDU last month as the Authority’s Chief Operating Officer. In this position, Bill oversees facility development, maintenance, law enforcement, fire, operations and more. Bill brings close to 30 years of experience in airports, most recently as a consultant with Reynolds, Smith and Hills, holding positions as senior vice president and national aviation director. In his role, Bill traveled the world assisting airports with their operational activities.

The Authority is very excited to have him as part of the team.

For the third month in a row, the number of passengers traveling through RDU has increased over last year. The number of passengers departing RDU in May rose 4.4 percent over May of last year. The number of passengers arriving at RDU rose 4.8 percent compared to the same month last year.

Airlines have increased the number of seats offered from RDU, which has led to an increase in passenger traffic. Delta Air Lines is taking the lead with its continued introduction of new service into our market.

On May 27, The Authority celebrated American Airlines 20th anniversary of non-stop service between RDU and London. Congressman David Price honored the Authority by taking part in this celebration. Congressman Price played a significant role in helping RDU get the open slot to London in 1994. Today, nearly one million people travel between RDU and international destinations. For this reason, staff continues to talk to airline partners about adding additional international service here. Teresa and Dave Young have been out in the community talking to business leaders about what their travel futures hold. The answer is simple: more international travel, particularly to India, China and the Middle East. Public/private partnerships are going to be key to RDU gaining additional international service.

On June 6, Southwest Airlines celebrated 15 years of service at RDU. The airline’s arrival was a turning point for the airport and coincided with a period of tremendous construction and growth.

The Authority thanks Southwest for the service it provides to customers and its commitment to the region.

The Authority is nearing completion of the first quarter of the fiscal year, and the staff has been very busy achieving the goals and objectives outlined in our strategic business plan. Everyone has been working so hard that the Authority decided everyone needed to take a break. So last Friday, the first ever RDU Parking Lot party was held outside at the maintenance facility. There was great food, a DJ, games and prizes. The Authority will be continuing events like this to encourage employees to take a break and get to know each other better.

IX. ADJOURNMENT

Motion by Ali to adjourn; Second by Thompson

ADOPTED BY UNANIMOUS VOTE
RALEIGH-DURHAM AIRPORT AUTHORITY  
LAND AND DEVELOPMENT COMMITTEE MEETING MINUTES  
JUNE 19, 2014

Teer presided. Present: Ali, Hunt, Kane, Thompson, Wheeler and Yeargan. Staff present included: President and CEO Landguth, Senior Vice President & COO Sandifer, CIO McFall, CHRO Umphrey, Vice Presidents Damiano and Legan, General Counsel Locklear, Executive Administrative Assistant Rivera, and other staff members and guests.

The Committee discussed the following item(s):

1. Consideration of Purchase of Hangar Facility Leasehold Interest from Duke Energy: Upon a motion by Yeargan and second by Kane, the Committee recommends approval of the purchase of Duke Energy’s remaining leasehold interest, conditional upon the finalization of a purchase agreement to be executed by both parties, and recommends the President and Chief Executive Officer be given authorization to execute said agreement and any other documentation necessary to effectuate the purchase.

Presented by Karen Reynolds, Director of Properties – Progress Energy Service Company (now “Duke Energy”) entered into a ground lease with the Authority in January 2002 and constructed a hangar and office facility in the general aviation area of the Airport. The lease expires January of 2022. Duke Energy vacated their facilities in July 2013 due to the merger of Duke Energy and Progress Energy. The Authority expressed an interest in considering the purchase of the leasehold from Duke Energy, and obtained a Letter of Intent from Fixed Base Operator Landmark Aviation to add the facility to the Landmark leasehold if purchased by the Authority. The Authority advised Duke Energy it would pay no more than the undepreciated remainder of Duke Energy’s capital investment ($595,625 as of June 30, 2014). Duke Energy advised they wish to move forward with the sale of their leasehold interest to the Authority on those terms, and legal counsel for both parties are working toward finalizing a purchase agreement with the goal of closing on or before June 30, 2014. Conditional upon the Authority’s approval to purchase the hangar facility, and Finance Committee authorization of a capital budget adjustment for creation of capital project 011059 - Duke Energy Hangar Facility, details pertaining to an amendment to the Landmark Aviation lease and use agreement, adding the Duke Energy hangar facility to the FBO’s leasehold effective July 1, 2014, will be presented to the Authority’s Operations Committee.

Staff requests approval of the purchase of Duke Energy’s remaining leasehold interest, conditional upon the finalization of a purchase agreement to be executed by both parties, and requests the President and Chief Executive Officer be given authorization to execute said agreement and any other documentation necessary to effectuate the purchase. Pending Land & Development Committee approval, staff will request Finance Committee approval of creation of Capital Project 011059 and a Capital Budget adjustment in the amount of $605,625 to include the purchase price, as adjusted for the closing date, and any legal and closing costs.
Thompson presided. Present: Ali, Hunt, Kane, Teer, Wheeler and Yeargan. Staff present included: President and CEO Landguth, Senior Vice President & COO Sandifer, CIO McFall, CHRO Umphrey, Vice Presidents Damiano and Legan, General Counsel Locklear, Executive Administrative Assistant Rivera, and other staff members and guests.

The Committee discussed the following item(s):

1. **Presentation of and Consideration of Acceptance of Audited Financial Statements and Compliance Audits for the FY 2014 (April 1, 2013- March 31, 2014): Upon a motion by Thompson and second by Ali, the Committee recommends the Board accept the Comprehensive Annual Financial Report (CAFR) along with the Compliance Audit Reports for the FY 2014 (April 1, 2013- March 31, 2014).**

   Presented by Tom Barritt, Interim CFO - Cherry Bekaert, L.L.P. has performed audit services for the FY ended March 31, 2014 and will report on these completed audits and their findings. The draft Comprehensive Annual Financial Report (CAFR) along with the two draft Compliance Reports (related to Grants and to Passenger Facility charges) are incorporated herein by reference.

   Staff requests the Board accept the Comprehensive Annual Financial Report (CAFR) along with the Compliance Audit Reports for the FY 2014 (April 1, 2013- March 31, 2014).

2. **Consideration of Adjustment to Capital Budget related to Purchase of Duke Energy Facility Leasehold Interest: Upon a motion by Ali and second by Yeargan, the Committee recommends an adjustment to the Capital Budget in the amount of $600,625 (adjusted for actual closing date and estimated legal costs) for creation of Capital Project 011059 – Duke Energy Hangar Facility.**

   Presented by Karen Reynolds, Director of Properties – Conditional upon the Land & Development Committee’s approval for the Authority to purchase the remaining leasehold interest of the Duke Energy hangar facility, a capital budget adjustment is required in the amount of $600,625 for creation of Capital Project 011059 - Duke Energy Hangar Facility. The amount includes the purchase price, as adjusted for the closing date, plus estimated legal costs.

   Staff recommends an adjustment to the Capital Budget in the amount of $600,625 (adjusted for actual closing date and estimated legal costs) for creation of Capital Project 011059 – Duke Energy Hangar Facility.

3. **Consideration of the Revised Internal Audit Charter Policy: Upon a motion by Yeargan and second by Ali, the Committee recommends approval of the revised Internal Audit Charter Policy to be effective upon approval.
Presented by Lolita Wynn, Director of Internal Audit – Staff has drafted a proposed revision to the Internal Audit Charter Policy to reflect the new management titles made effective April 1, 2014. Internal Audit Department seeks approval of the revised Internal Audit Charter Policy.

Staff requests the Board approval of the revised Internal Audit Charter Policy to be effective upon approval.

4. Presentation of Workers Compensation and Property Insurance Coverages Update: This presentation was provided for informational purposes; no Board action required.

Presented by Karen Reynolds, Director of Properties and James Witherspoon, PHR, CSP, ARM, Safety Officer – The Authority’s Workers Compensation and Property Insurance coverages renew as of July 1, 2014. Staff and the Authority’s insurance agent performed an in-depth analysis and determined it is in the Authority’s best interest to change Workers Compensation providers for the policy year July 1, 2014 through June 30, 2015 to Brickstreet Mutual Insurance Company. A slight increase in the experience modification rate and an increase in payroll resulted in an annual premium increase by $4,215 to $289,352, compared to the most recent coverage year premium. In October 2013 the Authority joined the Public Entity Property Insurance Program (PEPIP) and we will renew our property insurance coverage with PEPIP as of July 1. An increase in property values resulted in a slight increase in the annual premium by $2,925 to $591,294, compared to the 2013 coverage year.

This presentation was provided for informational purposes only; no Board action required.
Teer presided. Present: Ali, Hunt, Kane, Thompson, Wheeler and Yeargan. Staff present included: President and CEO Landguth, Senior Vice President & COO Sandifer, CIO McFall, CHRO Umphrey, Vice Presidents Damiano and Legan, General Counsel Locklear, Executive Administrative Assistant Rivera, and other staff members and guests.

The Committee discussed the following item(s):

1. **Consideration of a Resolution Designating an Official to Make Recommendations to the North Carolina Alcoholic Beverage Control Commission:** Upon a motion by Ali and second by Thompson, the Committee recommends that the President and CEO be designated as the Authority official authorized to make recommendations to the North Carolina Alcoholic Beverage Control Commission on ABC permit applications pertaining to food and beverage establishments at the Raleigh-Durham International Airport and adoption of a resolution to reflect this designation.

   Presented by Erin Locklear, General Counsel (on behalf of Ingrid Hairston, Director of Business Development) - The North Carolina Alcoholic Beverage Control Commission (“NC ABC Commission”) in Article 9 of Chapter 18B of the Regulation of Alcoholic Beverages requires a city or county to complete a Local Government Opinion form when a food and beverage establishment in its jurisdiction applies for an ABC permit. The Local Government Opinion form is factored into the ABC Commission’s decision to approve or disapprove the permit application. The ABC Commission further requires the city or county to designate a person by resolution to make recommendations to the Commission, and to complete the Local Government Opinion form. The Authority does not have a resolution on file with the ABC Commission. While the ABC Commission previously accepted the signature of the President and CEO on the Local Government Opinion form, it now requires the Authority to formally designate an official by resolution.

   Staff requests that the President and CEO be designated as the Authority official authorized to make recommendations to the North Carolina Alcoholic Beverage Control Commission on ABC permit applications pertaining to food and beverage establishments at the Raleigh-Durham International Airport and adoption of a resolution to reflect this designation.

2. **Consideration of Amendment #5 to the Facilities Lease and Operating Agreement with Piedmont Hawthorne Aviation, LLC (dba Landmark Aviation):** Upon a motion by Thompson and second by Ali, the Committee recommends approval of Amendment #5 to the Facilities Lease and Operating Agreement with Piedmont Hawthorne Aviation, LLC (dba Landmark Aviation) with authorization for the President and Chief Executive Officer to execute the amendment.

   Presented by Karen Reynolds, Director of Properties – After vacating its hangar facilities in 2013, Duke Energy contacted the Authority to determine our interest in purchasing its remaining
leasehold interest. The Authority contacted our two Fixed Base Operators, each of which had previously communicated their interest in leasing additional space or facilities from the Authority, and requested a Letter of Intent related to their interest in leasing the Duke Energy hangar facilities, if purchased by the Authority. The Authority received a Letter of Intent from Piedmont Hawthorne Aviation, dba Landmark Aviation. Landmark indicated it would pay the requested minimum rental rates for three types of ground rent (paved aircraft apron, paved vehicle parking, and ground/landscaped area), and indicated it would pay higher than the required minimum rental rates for hangar space and for office space. Initial year ground rents collected from Landmark would total approximately $168,680 compared to the annual ground rents of $9,253 currently collected from Duke Energy. Landmark proposed rent escalations of 3% annually and that the lease term for the additional facilities would run concurrent with the term of its existing Facilities Lease and Operating Agreement which expires March 31, 2022. Landmark intends to sublet the space for general aviation use, including aircraft parking and storage, as well as flight department office tenants, and have tenants ready to move in as soon as the lease amendment is executed.

Staff recommends approval of Amendment #5 to the Facilities Lease and Operating Agreement with Piedmont Hawthorne Aviation, LLC (dba Landmark Aviation) with authorization for the President and Chief Executive Officer to execute the amendment.

3. Consideration of the Procurement of one John Deere 6150 Tractor: Upon a motion by Ali and second by Thompson, the Committee recommends approval to procure one (1) John Deere 6150R Tractor through State Contract 515B at $118,747.87.

Presented by Andy Thompson, Procurement Officer – Staff is seeking approval to procure one (1) John Deere 6150R Tractor with loader which was approved in the FY 2014 / 2015 budget, Capital Project 010839. This tractor will replace a New Holland Tractor that is reaching the end of its optimum service life. NC General Statutes allow the Authority to procure items that have been publically and competitively bid by the Division of Purchase and Contracts. This tractor is offered in State Contract 515B at $118,747.87. The budgeted amount is $118,600.00 this is $147.87 over budget amount. The current budget will support this purchase, so no budget adjustment is needed.

Staff recommends approval to procure one (1) John Deere 6150R Tractor through State Contract 515B at $118,747.87.

4. Consideration of the Procurement of one (1) Caterpillar 930K Wheel Loader: Upon a motion by Ali and second by Thompson, the Committee recommends approval to procure one (1) Caterpillar 390K Rubber Tire Wheel Loader through State Contract 760H at $175,753.11.

Presented by Andy Thompson, Procurement Officer – Staff is seeking approval to procure one (1) Caterpillar 930K Rubber Tire Wheel Loader as approved in the FY 2014/2015 budget, Capital Project 010839. NC General Statutes allow the Authority to procure items that have been publically and competitively bid by the Division of Purchase and Contracts. This Loader is offered in State Contract 760H at $175,753.11. The budgeted amount is $166,000.00 this is $9,753.00 over budget amount. The current budget will support this purchase, so no budget adjustment is needed.

Staff recommends approval to procure one (1) Caterpillar 390K Rubber Tire Wheel Loader through State Contract 760H at $175,753.11.
Wheeler presided. Present: Ali, Hunt, Kane, Teer, Thompson, and Yeargan. Staff present included: President and CEO Landguth, Senior Vice President & COO Sandifer, CIO McFall, CHRO Umphrey, Vice Presidents Damiano and Legan, General Counsel Locklear, Executive Administrative Assistant Rivera, and other staff members and guests.

The Committee discussed the following item(s):

1. **Consideration of Developmental Associates Contract**: Upon a motion by Ali and second by Thompson, the Committee recommends the approval of the contract with Developmental Associates for July 1, 2015 through September 30, 2015 with a cost not to exceed $47,000 and for authority for the President and CEO to execute the contract.

   Presented by Cleon Umphrey, Chief Human Resources Officer, and Kurt Bell, Talent Management Manager - The Authority is undertaking a significant change process to create alignment among the Board’s vision, the strategic plan and the airport business service delivery model. The changes are being undertaken to set short, medium and long-term goals that will enable the Authority to incorporate industry best practices. Employees must embrace the changes with the right values and skills for success, such as problem solving, evaluating outcomes, holding one another accountable, communicating expectations, and constructive conflict resolution. The proposed contract with Developmental Associates would include 1) Coaching for the new senior level team members as they transition into the organization and existing senior level team members 2) an overall training strategy which will deliver common knowledge and skills to all employees involved in managing the change process. These managers in turn would be held accountable for using the skills to communicate and manage the change process through the line staff level. Developmental Associates would provide a Leadership Essentials course, which teaches participants how to be proactive and results-based in this unique environment. The course helps participants recognize what they need to achieve both as leaders and as problem solvers to be able to hold critical conversations, lead effective meetings and strategically impact organizational change. The cost for this training will be $783 per participant with the total enrollment count not to exceed 60 individuals. The maximum cost would be $47,000. This training is to be delivered to 3 cohorts on a rolling schedule to begin in July of 2014 and conclude in September of 2015.

   Staff recommends the approval of the contract with Developmental Associates for July 1, 2015 through September 30, 2015 with a cost not to exceed $47,000 and for authority for the President and CEO to execute the contract.