RALEIGH-DURHAM AIRPORT AUTHORITY BOARD MEETING MINUTES
MARCH 19, 2015

Chair Hunt presided. Present: Ali, Cole, Hannah, Kane, Teer, Thompson, and Zucchino. Staff present included: President and CEO Landguth, Senior Vice President & COO Sandifer, Senior Vice President & CRO McFall, CHRO Umphrey, Senior Vice President & CFO Sylver, Vice Presidents Damiano, DelNero, Legan and Quesenberry, General Counsel Locklear, Executive Administrative Assistant Rivera, and other staff members and guests.

I. APPROVAL OF AGENDA

Motion by Hunt to add the following two items to the agenda; 1) Selection of Officers presented by the Nominating Committee for 2015-16; and 2) addition of a closed session prior to adjournment to discuss a personnel matter. Motion by Ali to approve the agenda with additional items; Second by Thompson

ADOPTED BY UNANIMOUS VOTE

II. APPROVAL OF MINUTES

Motion by Cole to approve the minutes of the February 19, 2015 meeting, and March 12, 2015 Board Budget Work Session of the Raleigh-Durham Airport Authority Board, including the committee minutes incorporated therein; Second by Thompson

ADOPTED BY UNANIMOUS VOTE

III. CHAIR COMMENTS

1. New Hires welcomed
2. The Chair paid tribute to Terry Yeargan and Clay Wheeler for their service to the Board.

IV. OLD BUSINESS

1. Land and Development Committee Report – Teer reported the Land and Development Committee met on March 19, 2015 and discussed the following item(s):
   a. Consideration of Agreement with Balfour Beatty Construction to Provide Construction Manager Services for Terminal 1 Demolition
      Committee recommends approval of the agreement with Balfour Beatty Construction in the maximum amount of $199,635 and authorizes the President and CEO to execute the contract.
      Motion by Ali to adopt Committee’s recommendation; Second by Cole

      ADOPTED BY UNANIMOUS VOTE

   b. Consideration of an Amendment to Maintenance Agreement with Schindler Elevator Corporation
Committee recommends approval of an amendment to the agreement with Schindler Elevator Corporation to extend the term one year through March 31, 2016 in the amount of $432,679, and authorizes the President and CEO to execute the amendment.

*Motion by Ali to adopt Committee’s recommendation; Second by Cole*

ADOPTED BY UNANIMOUS VOTE

c. Consideration of a Parking and Revenue Control System Upgrade and Annual Support Contract with Scheidt and Bachmann

Committee recommends approval of an agreement with Scheidt and Bachmann, with a one year term (April 1, 2015 through March 31, 2016) at a total cost of $125,000, and authorizes the President and CEO to execute the agreement.

*Motion by Ali to adopt Committee’s recommendation; Second by Cole*

ADOPTED BY UNANIMOUS VOTE

2. Operations Committee Report – Teer reported the Operations Committee met on March 19, 2015 and discussed the following item(s):

a. Consideration of Security Information and Event Management (SIEM) Agreement with OnWire

Committee recommends approval of an agreement with OnWire, for a term of one year at $147,565.36 with optional year 2 and year 3 service/support renewals, at costs of $38,329.61 and $42,162.57, respectively, and authorizes the President and CEO to execute the Agreement.

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

ADOPTED BY UNANIMOUS VOTE


Committee recommends approval of the AOIS Annual Maintenance, Service and Support Agreement with Ultra Electronics Airport Systems, Inc. for 3 years with 2 option periods of 1 year each, and authorizes the President and CEO to execute the agreement.

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

ADOPTED BY UNANIMOUS VOTE

3. Nominating Committee Report – Teer reported the Nominating Committee discussed recommendations for the 2015-16 Board Officers; the Committee recommends the nomination of officers for 2015-16 as follows:

Committee recommends election of Dickie Thompson as Chair, Farad Ali as Vice-Chair, John Kane as Secretary, and Robert Teer, Jr. as Treasurer to take effect in April of 2015:

*Motion by Zucchino to adopt Committee’s recommendation; Second by Hannah*

ADOPTED BY UNANIMOUS VOTE

4. Budget Public Hearing:
Chair Hunt opened and presided over a public hearing related to the budget as required in §159-12 of North Carolina’s General Statutes. No speakers were present; therefore Chair Hunt closed the hearing.

5. **FY 2014-15 Budget Adoption:**

   Motion by Thompson to adopt the proposed Fiscal Year 2015-16 Operating and Capital Budgets, Budget Ordinance, 2015-2016 Operating Budget Ordinance; Terminal 1 North and South Concourse Demolition Project Ordinance Amendment; FY13/14 Infrastructure Improvements Project Ordinance Amendment; Bulk Fuel Storage Facility and Systems Improvements Project Ordinance Amendment; Maintenance Fueling Station Replacement Project Ordinance; Terminal 1 Apron Rehabilitation Project Ordinance Amendment; 2014-2015 Project Ordinance Amendment; and 2015-2016 Project Ordinance; Second by Ali

   ADOPTED BY UNANIMOUS VOTE

V. **NEW BUSINESS**

VI. **GENERAL COUNSEL’S REPORT**

No items were reported.

VII. **MEMBER COMMENTS**

All members commended staff on budget preparation and for the work over the past year; Vice-Chair Thompson thanked the Board for his appointment to Chair in 2015-16; Member Hannah congratulated new Officer Appointees.

VIII. **PRESIDENT AND CEO’S REPORT**

The year-over-year growth that started last month continued in February. Despite the weather events that impacted flights in February, the number of passengers departing RDU still grew 3.3 percent over February 2014. The number of passengers arriving at RDU grew by 3.9 percent compared to January 2014.

This Saturday, RDU will hold the tri-annual SkyDrill. The event allows the teams to test their response to a major aircraft accident. The exercise will not impact flight operations at RDU, but travelers may see emergency response vehicles at the airport. The exercise is a coordinated response among RDU and emergency responders from Durham and Wake counties. The Federal Aviation Administration requires that all certified airports conduct a full-scale emergency exercise at least once every three years. The airport also hosts annual tabletop exercises with local agencies.

The President expressed thanks to those who attended the Regional Transportation Alliance’s “The Economics of Expanding Air Service,” which was held last week. This event cemented what RDU has been communicating: that the region is a prime candidate for additional international air service. The President spoke at the event, alongside two respected economists: Dr. Peter Belobaba of MIT and John Heimlich from Airlines for America. Both agreed that the Triangle region could support additional international service. But, as both speakers pointed out, airlines are looking for community support to ensure the flight will be successful. RTA launched the ASAP program, which will support RDU’s international development efforts.
During the operations committee meeting, Teresa Damiano provided an update on a recent trip to D.C. with the President earlier this month. It was a great opportunity to work closely with other N.C. airports, but it also allowed RDU to bring to the forefront the importance of the FAA Reauthorization Bill. This bill is crucial to airports’ ability to invest in infrastructure projects that enable them to meet the air service demands of their region. In addition, it ensures that airports, like RDU, continue to make major economic contributions to their communities. RDU’s annual economic impact on the region is $8B a year. Airport operations also support 20,000 local jobs.

To continue to have this impact, reinvestment must be made in infrastructure. Two ways to accomplish this are through the Airport Improvement Program and the Passenger Facility Charge. The PFC has not been increased since 2000. When an adjustment is made for inflation, the $4.50 PFC is now only valued at approximately $2.50. All of the PFC collection RDU will make is slated to cover debt related to Terminal 2. So what next? The PFC needs to be modernized and increased because RDU’s infrastructure development needs, for one, go beyond Terminal 2. As RDU expressed to our representatives on Capitol Hill, RDU’s $1.5B in airport infrastructure requires constant maintenance and improvement. On average, it will take $30M a year to maintain the facilities in the world-class standards customers have become accustomed to. In addition, the reconstruction of RDU’s long runway, adjacent to Terminal 2, is on the horizon. The cost of that project will be in the $100M range. The current funding mechanisms in place will not provide the funds needed to finance the projects. Airports must have the ability to pay for these projects, and since RDU is unable to levy taxes, improving the PFC is the primary way to be able to pay for major infrastructure investments. The feedback RDU received did not indicate that the modernization of the PFC and Airport Improvement Program is a slam dunk, so it is important to continue to educate RDU’s representatives and community on this urgent need.

IX. CLOSED SESSION
Motion by Ali to enter into a closed session for the purposes of discussing a personnel matter; Second by Hannah
ADOPTED BY UNANIMOUS VOTE

The Board met in a closed session to discuss a personnel matter.
Motion by Hunt to exit the closed session; Second by Hannah
ADOPTED BY UNANIMOUS VOTE

Motion by Thompson to increase the President and CEO’s base salary by 10%, plus an additional one-time bonus payment of $21,675; Second by Teer
ADOPTED BY UNANIMOUS VOTE

X. ADJOURNMENT
Motion by Zucchino to adjourn; Second by Hannah
ADOPTED BY UNANIMOUS VOTE
RALEIGH-DURHAM AIRPORT AUTHORITY
LAND AND DEVELOPMENT COMMITTEE MEETING MINUTES
MARCH 19, 2015

Teer presided. Present: Ali, Cole, Hannah, Hunt, Kane, Thompson and Zucchino. Staff present included: President and CEO Landguth, Senior Vice President & COO Sandifer, Senior Vice President & CRO McFall, CHRO Umphrey, Senior Vice President & CFO Sylver, Vice Presidents Damiano, DelNero, Legan and Quesenberry, General Counsel Locklear, Executive Administrative Assistant Rivera, and other staff members and guests.

The Committee discussed the following item(s):

1. Consideration of Agreement with Balfour Beatty Construction to Provide Construction Manager Services for Terminal 1 Demolition: Upon a motion by Thompson and second by Zucchino, the Committee recommends approval of the agreement Balfour Beatty Construction in the maximum amount of $199,635 and authorization for the President and CEO to execute the contract.

   Presented by Tom Quesenberry, Vice President, Facility Asset Management – The purpose of this item is to provide a staff recommendation on the award of a contract to provide construction manager services firm for the preconstruction phase to the Authority in connection with the Terminal 1 North and South Concourse Demolition Project, RDU 070519. The scope of services involves the provision of constructability reviews, plan and specification reviews, cost estimating, schedule and phasing development, prequalification of subcontractors, conduct MWSB outreach efforts, bidding and advertising phase services, and other required professional services for the demolition of the Terminal 1 North and South Concourses related to the Terminal 1 Renovation Project. The compensation to the Construction Manager for basic construction manager services for the preconstruction phase is the lump sum contract amount of $139,635. The compensation to the Construction Manager for reimbursable expenses shall be direct costs up to a fixed, not-to-exceed ceiling amount of $60,000, which amount includes separate allowances of $25,000 for field investigation services, $10,000 for printing and advertisement, and $25,000 for securing a Wake County Building permit. The total maximum compensation under the agreement is $199,635.

   Staff recommends approval of the agreement Balfour Beatty Construction in the maximum amount of $199,635 and authorization for the President and CEO to execute the contract.

2. Consideration of an Amendment to Maintenance Agreement with Schindler Elevator Corporation: Upon a motion by Thompson and second by Kane, the Committee recommends approval of an amendment to the agreement with Schindler Elevator Corporation to extend the term one year through March 31, 2016 in the amount of $432,679. Staff also requests authorization for the President and CEO to execute the amendment.
Presented by Barry Stoker, CMMS Superintendent – Schindler is currently under a three-year contract to the Authority through March 31, 2015 to provide preventative maintenance services and on-call maintenance services for all elevators, escalators and power walks on the Airport. This proposed amendment to the agreement with Schindler Elevator Corporation extends the term of the existing agreement for the first one-year extension period as allowed in the agreement. This amendment will extend the agreement through March 31, 2016. The proposed amendment also authorizes the following:

1. A 5% increase in the monthly service amount and a 4.67% increase in the billable labor rates, as allowed in the agreement.
2. The addition of six elevators and two escalators at Terminal 1 to the service agreement that will be out of the free warranty service period effective March 31, 2014.
3. Various equipment and maintenance services for a number of elevators, escalators and power walkways located in the terminals and parking garages. The scope of these equipment and maintenance services includes replacing two escalator/power walk handrails, performing “clean downs” on eight escalators/power walks and replacing a leaking reservoir on a hydraulic elevator.
4. Upgrading the skirt brushes on all Terminal 2 escalators.

The total cost of the services provided through the amendment is $432,679. Funds for this work are included in the FY 2015-2016 operating budget, so no budget adjustment will be necessary.

Staff requests approval of an amendment to the agreement with Schindler Elevator Corporation to extend the term one year through March 31, 2016 in the amount of $432,679. Staff also requests authorization for the President and CEO to execute the amendment.

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3. Consideration of a Parking and Revenue Control System Upgrade and Annual Support Contract with Scheidt and Bachmann: Upon a motion by Thompson and second by Kane, the Committee recommends approval of an agreement with Scheidt and Bachmann, with a one year term (April 1, 2015 through March 31, 2016) and a total cost of $125,000. The Committee also recommends approval for President and CEO to execute the agreement.

Presented by Joan Dowdy, Information Services – The original Parking and Revenue Control System (PARCS) in use at the Authority has been in operation since 2002. In 2010, the system’s software application was upgraded in order to comply with Payment Card Industry (PCI) standards. In April of 2013, the Authority engaged Scheidt and Bachmann to upgrade our existing (PARCS), which also included physical hardware. The PARCS upgrade included the upgrade of the system software application and the replacement of existing all entry/exit gates, pay-on-foot machines, ticket spitters and intercoms (phones). The new system (software and hardware) provides a platform that can accommodate new features and functionality not available prior to the upgrade. Some of these features and functionality include: 1) custom reporting and analytics; 2) promotional and interactive functionality for customers, including pay by cell phone, reserved parking, promotions and valet parking; and 3) enhanced colored displays and integrated intercoms that provide two way communications. This multi-year project is
expected to be fully completed by March 31, 2015. To maximize the upgrade investment, staff recommends a support agreement with Scheidt and Bachmann to manage and maintain the complete PARCS system. The support agreement would have a one year term (April 1, 2015 through March 31, 2016) with a total cost of $125,000. The support highlights include: 1) software application updates, patching, system maintenance, troubleshooting and resolution; 2) new feature and functionality support; 3) Hardware replacement (unless due to damage), cyclical preventative maintenance, troubleshooting and resolution; and 4) training for existing Authority staff. The support agreement would include dedicated Scheidt and Bachmann staff that will provide 24/7/365 support, including onsite staff 2-3 days/week, and unlimited remote support.

Staff requests approval of an agreement with Scheidt and Bachmann, with a one year term (April 1, 2015 through March 31, 2016) and a total cost of $125,000. Staff also requests approval for President and CEO to execute the agreement.
RALEIGH-DURHAM AIRPORT AUTHORITY
OPERATIONS COMMITTEE MEETING MINUTES
MARCH 19, 2015

Teer presided. Present: Ali, Cole, Hannah, Hunt, Kane, Thompson, and Zucchino. Staff present included: President and CEO Landguth, Senior Vice President & COO Sandifer, Senior Vice President & CRO McFall, CHRO Umphrey, Senior Vice President & CFO Sylver, Vice Presidents Damiano, DelNero, Legan and Quesenberry, General Counsel Locklear, Executive Administrative Assistant Rivera, and other staff members and guests.

The Committee discussed the following item(s):

1. Consideration of Security Information and Event Management (SIEM) Agreement with OnWire: Upon a motion by Thompson and second by Cole, the Committee recommends approval of an agreement with OnWire, for a term of one year at $147,565.36 with optional year 2 and year 3 service/support renewals, at costs of $38,329.61 and $42,162.57, respectively. The Committee also recommends approval for President and CEO to execute the agreement.

2. Presented by Glenn Morgan, CISSP/CISA/CEH, Information Services – The Authority has utilized a Security Information and Event Management (SIEM) solution for the past 7 years. The SIEM is a physical appliance with software, similar to a server, used to monitor security and compliance across the organization. The SIEM captures information and transaction logs from various component activities across the IT infrastructure, including: servers, business systems and their databases, network hardware (switches and routers). The SIEM is a vital tool that allows the Authority to monitor alerts (vulnerabilities) and potential threats (from hackers) on multiple platforms, including our technology infrastructure, business systems and Payment Card Industry (PCI) compliance. The existing SIEM has reached end of life and end of support by the manufacturer, RSA. If there are any issues/problems with the current SIEM solution, the manufacturer will not provide support. A competitive procurement process with an advertised Request for Proposals resulted in four proposals from CDWG, ReliaQuest, Varrow, and OnWire. The selected SIEM solution includes business intelligence and security analytics that will streamline the management process, reducing the amount of management and overhead typically required with this level of monitoring. The selected provider, OnWire, is a MWSB vendor, and is part of the applicable NC State Contract. The proposed contract with OnWire includes project management services from procurement to end user training, the SIEM software/hardware solution, QRadar, 5 days onsite implementation, 2 days online administrative/end user training, and a year support and maintenance. The contract term would be one year, at a total cost of $147,565.36, with optional year 2 and year 3 service/support renewals, at costs of $38,329.61 and $42,162.57, respectively.

Staff requests approval of an agreement with OnWire, for a term of one year at $147,565.36 with optional year 2 and year 3 service/support renewals, at costs of $38,329.61 and $42,162.57, respectively. Staff also requests approval for the President and CEO to execute the Agreement.
3. Consideration of Airport Operations and Information Systems Support Contract with Ultra Electronics Airport Systems, Inc: Upon a motion by Ali and second by Cole, the Committee recommends approval of the AOIS Annual Maintenance, Service and Support Agreement with Ultra Electronics Airport Systems, Inc. for 3 years with 2 option periods of 1 year each. The Committee also recommends approval for President and CEO to execute the agreement.

4. Presented by Paul Hetzel, Director, Information Services– The maintenance and support of the RDU Airport Operations and Information Systems (“AOIS”), has been contracted to Ultra Electronics Airport Systems, Inc. since 2009. AOIS refers to all components needed to fully operate the common use technology at RDU, including the common use system (CUSE), flight information displays, ramp control, airline interfaces and feeds, visual paging, and advertising. The chart below shows the average yearly costs over the past 5 years, the past 2 years, and the proposed cost for the next 5 years.

<table>
<thead>
<tr>
<th>Timeframe</th>
<th>Average Yearly Cost*</th>
<th>Terminal 1 Support?</th>
<th>Terminal 2 Support</th>
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<tr>
<td>Past 5 years (FY 2010-2015)</td>
<td>$761,346</td>
<td>No</td>
<td>Yes</td>
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<tr>
<td>Past 2 years (FY 2013-2015)</td>
<td>$652,665</td>
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<td>Yes</td>
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<tr>
<td>Proposed next 5 years (FY 2015-2020)</td>
<td>$600,300</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

*In FY 2013/2014 contract scope was decreased

The proposed annual costs for the next 5 years are: $595,500 (FY 2015-2016), $588,000 (FY 2016-2017), $588,000 (FY 2017-2018), $606,000 (FY 2018-2019), $624,000 (FY 2019-2020).

The proposed contract with Ultra would also position the Authority to better implement future initiatives such as self-check-in and self-bag-tagging. Staff recommends that the Authority enter into a 3 year contract with 2 option periods of 1 year each (potential 5 years total) with Ultra.

Staff requests approval of the AOIS Annual Maintenance, Service and Support Agreement with Ultra Electronics Airport Systems, Inc. for 3 years with 2 option periods of 1 year each. Staff also requests that the President and CEO be given approval to execute the agreement.

5. Update on FAA Reauthorization Bill: Report presented for information purposes only; no Board action required.

Presented by Teresa Damiano, Vice President of Communications and Community Affairs – Update offered on recent meetings with Congressional Members/Delegation, NC Commercial Airports, AAAE and ACI-NA in Washington D.C. regarding the FAA Reauthorization Bill.
6. Ground Transportation Update: Report presented for information purposes only; no Board action required.

Presented by Bill Sandifer, Senior Vice President and Chief Operating Officer – Presentation reviewed in detail.

Report presented for information purposes only; no Board action required.
Chair Hunt presided. Present: Ali, Cole, Hannah, Kane, Thompson, and Zucchino. Staff present included: President and CEO Landguth, Senior Vice President & COO Sandifer, Senior Vice President & CRO McFall, CHRO Umphrey, and Senior Vice President & CFO Sylver.

Chair Hunt opened the meeting to review and discuss the drafts of the proposed FY 2015-16 Operating and Capital Budgets.

The Authority's annual Operating and Capital Budgets and their respective ordinances (listed in the attached addendum), are reviewed with the Board in a Budget Work Session and subsequently approved at the regular meeting annually in March for the upcoming fiscal year that begins on April 1.

- The Operating Budget is an annual budget under which the authorization for expenses expires at the end of the fiscal year and does not carry over into the succeeding year.
- Project budgets in the Capital Budget are cumulative budgets that do not expire but carry over from year to year as long as the project is authorized.
- In parallel with development of the Authority's 2015 Strategic Business Plan, a collaborative approach to budget development was driven by the President and CEO, the CFO, Senior Staff, and the Director of Finance collectively worked with the leadership team.

President and CEO Landguth opened the presentation of the proposed FY 2015-16 budgets outlining some of the initiatives in the current year. He also addressed the upcoming strategic focus detailed in the 2015 Strategic Business Plan which is supported by the FY 2015-16 budgets.

CFO Sylver gave an overview of budgeted revenue, expenses, capital project spending, bond coverage, and cost per enplanement (CPE). She advised these budgets continue RDU's commitment to maintain a fiscally sound airport with a low benchmarked airline cost structure. The Authority continues to cost its services to air carriers at about ¾ the medium hub average per the most recent Airport Council International's survey data. Overall, airline CPE will increase 6.4% to $7.40 for FY 2015-16.

CFO Sylver also advised the Authority will continue to maintain its cash reserve policy to set aside and reserve an operating cash reserve of one times the current fiscal year's annual Operating Budgeted Expenses (excluding depreciation). For FY 2015-16, this cash reserve will be maintained at the policy cap of $50 million.

Director of Finance Barritt reported the FY 2015-16 budgeted details for operating revenues of the Authority; projected to increase by 7.6% ($7.8 million) over those budgeted for FY 2014-15. The majority of this overall increase in revenues relates to higher than forecast passenger growth in FY 2014-15. Additionally, increases in
parking ($2.2 million), the landing fee rate increase of 10.8% ($1.4 million), and terminal space rentals ($1.6 million) collectively, added revenue of approximately $5.2 million. For those revenue sources that fluctuate with passenger volume (concessions, rental car, and parking), we have conservatively based our revenue forecasts for FY 2015-16 on expected (enplaned) passenger volume (EPAX). We have estimated EPAX to grow approximately 1%, from 4.8 million for the FYE March 31, 2015, to 4.85 million for the March 31, 2016.

Director of Finance Barritt also reported the FY 2015-16 budgeted operating expenses of the Authority excluding depreciation have increased by $8.3 million (15.3%) over operating expenses budgeted for FY 2014-15. Of this $8.3 million increase, $5.5 million (2/3 of the total increase), was driven by emerging asset management costs supporting our $1.5 billion of infrastructure assets.

Director of Finance Barritt projected for FY 2015-16, the Authority will add $8.4 million to its fund balance after funding all of its cash requirements. He reviewed the expected cash flows resulting from revenues, as well as the spending from operating and capital budgets. He also summarized the calculations of Landing Fees, Terminal Rents, and the schedule of rates, fees and charges that were proposed for implementation effective April 1, 2015.

The draft FY 2015-16 Operating and Capital Budgets, Budget Ordinance and Project Ordinances will be presented to the Authority for consideration of adoption at the upcoming meeting on March 19, 2015.

There being nothing further to come before the meeting, Chair Hunt adjourned the Budget Work Session.
RALEIGH-DURHAM AIRPORT AUTHORITY
AUTHORITY BOARD MEETING ADDENDUM
ASSOCIATED OPERATING, CAPITAL AND PROJECT ORDINANCES
MARCH 19, 2015

1. 2015-2016 Operating Budget Ordinance
2. Terminal 1 North and South Concourse Demolition Project Ordinance Amendment
3. FY13/14 Infrastructure Improvements Project Ordinance Amendment
4. Bulk Fuel Storage Facility and Systems Improvements Project Ordinance Amendment
5. Maintenance Fueling Station Replacement Project Ordinance
6. Terminal 1 Apron Rehabilitation Project Ordinance Amendment
7. 2014-2015 Project Ordinance Amendment
8. 2015-2016 Project Ordinance