RALEIGH-DURHAM AIRPORT AUTHORITY BOARD MEETING MINUTES
MARCH 23, 2017

Chair Thompson presided. Present: Hannah, Hunt, Teer and Zucchino. Staff present included: President and CEO Landguth, Senior Vice President & COO Sandifer, Senior Vice President & CRO McFall, Senior Vice President & CFO Sylver, Director & CHRO Umphrey, Vice Presidents Connell, Hetzel, Jewett, Legan, and VanAuken, General Counsel Locklear, Executive Assistant Rivera, and other staff members and guests.

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

II. APPROVAL OF MINUTES
Motion by Zucchino to approve the minutes of the February 16, 2017 meeting of the Raleigh-Durham Airport Authority Board, including the committee minutes incorporated therein; Second by Hannah
ADOPTED BY UNANIMOUS VOTE

III. CHAIR COMMENTS
1. New hires recognized
2. The Triangle British-American Business Council hosted an event titled RDU: Powering the Triangle and Connecting You to London and Beyond to celebrate the return of the 777 on American’s service to London. The 150+ person event was very successful.
3. President Landguth was presented with the Airport Revenue News Director of the Year Award in the Medium Airports category in New Orleans at the ARN 2017 Revenue Conference and Exhibition. The President was selected because of his exceptional work at RDU including: recruiting new airline service, innovative revenue ideas and launching the Vision 2040 master plan.
4. Adrienne Cole was selected to be the next President and CEO of the Greater Raleigh Chamber of Commerce. Member Cole is the first female president of the Chamber and the Authority wishes her the best in this new position. Congratulations to Member Cole.
5. The Chairman thanked Donna Sylver, Ron Kapocius and the entire finance team who worked so hard putting the FY 17-18 budget together.

IV. OLD BUSINESS
1. Operations Committee Report – Hunt reported the Operations Committee met on March 23, 2017 and discussed the following item(s):
   a. Consideration of an Agreement with Sentry Control Systems for PARCS Replacement Implementation Services
Committee recommends approval of a two-year agreement with Sentry Control Systems for PARCS Replacement Implementation services, and for authorization for the President and CEO to execute the agreement.

Motion by Thompson to adopt Committee’s recommendation; Second by Zucchini

ADOPTED BY UNANIMOUS VOTE

b. Consideration of an Agreement with Lumin Advisors to Provide Technical Oversight on PARCS Replacement Project
Committee recommends approval of an 18-month agreement with Lumin Advisors for technical oversight on the PARCS replacement project, and for authorization for the President and CEO to execute the agreement.

Motion by Thompson to adopt Committee’s recommendation; Second by Hannah

ADOPTED BY UNANIMOUS VOTE

c. Consideration of the Terminal 2 Concourse Retail Leases
Committee recommends award of Terminal 2 Concourse Retail Concession Agreements to the following companies with authorization for the President and CEO to execute concession agreements and associated sublease and/or assignment agreements and approvals: Package 1 to Hudson Group (HG) Retail, LLC; Package 2 to The Paradies Shops, LLC with sublease to Paradies Lagardère @ RDU 2016, LLC; Package 3 to The Marshall Retail Group, LLC; and Package 4 to XpresSpa RDU Airport, LLC.

Motion by Thompson to adopt Committee’s recommendation; Second by Teer

ADOPTED BY UNANIMOUS VOTE

2. Air Service Development Committee Report – Hannah reported the Air Service Development Committee met on March 23, 2017 and discussed the following item(s):

a. Consideration of the Air Service Development Policy
Committee recommends approval of an Air Service Development Policy.

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

ADOPTED BY UNANIMOUS VOTE

3. Land and Development Committee Report – Teer reported the Land and Development Committee met on March 23, 2017 and discussed the following item(s):

a. Host International Concourse D Restaurant Conceptual Design Presentation
Presentation was for informational purposes only; no Board action required.

b. Consideration of a Change Order with ACH Constructors LLC and an Agreement with Strategic Connections related to Room 100 Improvements
Committee recommends approval of: 1 - A change order with ACH Constructors LLC in the amount of $683,146 and authorization for the President and CEO to execute the Change Order; 2- an agreement with Strategic Connections in an amount not to exceed $173,754 and authorization for the President and CEO to execute the Agreement.
**Motion by Hannah to adopt Committee’s recommendation; Second by Teer**

**ADOPTED BY UNANIMOUS VOTE**

V. NEW BUSINESS

1. **Consideration of Revised FY 2016-17 Budget Ordinance for Capital Project Budget Adjustment**
   
   Staff recommends approval of the Revised FY 2016-17 Budget Ordinance for Capital Project Budget Adjustment.

   **Motion by Teer to adopt the Staff’s recommendation; Second by Hannah**

   **ADOPTED BY UNANIMOUS VOTE**

2. **Budget Public Hearing:**
   
   Chair Thompson 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 Thompson closed the hearing.

3. **FY 2017-18 Budget Adoption:**
   
   **Motion by Hunt to adopt the proposed Fiscal Year 2017-18 Operating and Capital Budgets, Budget Ordinance, and associated Project Ordinances; Second by Teer**

   **ADOPTED BY UNANIMOUS VOTE**

4. **Consent Agenda:**
   
   a. **Consideration of Agreement with Safran/MorphoTrust USA for Fingerprint System Preventive Maintenance**
   
   b. **Consideration of Agreement with Bingham Arbitrage Rebate Services, Inc. for Rebate Services**
   
   c. **Consideration of Agreement with Carrier Commercial Service for Chiller Maintenance Services**
   
   d. **Consideration of Amendment with Krash Creative for Marketing Services**
   
   e. **Consideration of Amendment with ABM Parking for Staffing Services**
   
   f. **Consideration of an Agreement with Schindler Elevator Corporation for Elevator, Escalator and Moving Walkway Maintenance Services**
   
   g. **Consideration of Amendment with Walker Restoration Consultants to Provide Construction Phase Services for Parking Garage Improvements**

   **Motion by Zucchino to approve and adopt all Consent Agenda items listed (a, b, c, d, e, f, and g); Second by Hannah**

   **ADOPTED BY UNANIMOUS VOTE**

VI. GENERAL COUNSEL’S REPORT

No items were reported.
VII. MEMBER COMMENTS
All members congratulated the President on his recent ARN Award; all members congratulated Member Cole on her new position as President of the Greater Raleigh Chamber of Commerce.

VIII. PRESIDENT AND CEO’S REPORT
In February, there were positive gains in passenger numbers. During the month, the number of passengers departing RDU grew 4.6% compared to February 2016; making February our second busiest on record.

On Thursday, March 9th, Delta launched their inaugural flight to Austin and a new airline announced service from RDU. Virgin America, the 10th carrier to join RDU, will begin daily service to San Francisco in October. Virgin is a premium brand with a lower average fare. Virgin America will join United Airlines in offering daily nonstop flights to the Bay area from RDU. Additionally, Southwest will begin nonstop service to New Orleans twice a week on April 30. Delta Airlines will commence twice daily nonstop flights to Nashville and Seattle in June. Additionally, JetBlue will be adding a second daily trip to Ft. Lauderdale from RDU in June aboard their E190 aircraft.

The RDU finance team had many crucial conversations, and assembled an ambitious yet achievable budget that aligns perfectly with the strategic plan. The budget reflects the resources, in terms of people and funding, needed to achieve the goals and objectives laid out for the upcoming fiscal year. The main theme of this year’s budget is preparing for RDU’s future in three critical areas: Vision2040, Asset Management and Staffing. Additionally, the budget is structured to support Vision 2040 projects. The FY 2017/18 budget reflects the strategic direction for the organization and the necessary resources to achieve RDU’s vision.

Kristie VanAuken and the President traveled to Washington, DC to meet with Senators Thom Tillis and Richard Burr; Congressman David Price and George Holding to discuss the urgent need to modernize airport infrastructure funding. RDU has four goals in this area: Revoke the AIP give back for medium-hub airports, eliminate the AIP’s significant contribution requirement, uncap the federal limit on PFCs, and finally, to increase AIP funding.

IX. CLOSED SESSION

Motion by Thompson to enter into closed session to discuss a personnel matter; Second by Hunt
ADOPTED BY UNANIMOUS VOTE

Motion by Thompson to exit out of closed session; Second by Zucchino
ADOPTED BY UNANIMOUS VOTE

X. ADJOURNMENT

Motion by Zucchino to adjourn; Second by Hunt
ADOPTED BY UNANIMOUS VOTE
Hunt presided. Present: Hannah, Teer, Thompson and Zucchino. Staff present included: President and CEO Landguth, Senior Vice President & COO Sandifer, Senior Vice President & CRO McFall, Senior Vice President & CFO Sylver, Director & CHRO Umphrey, Vice Presidents Connell, Hetzel, Jewett, Legan, and VanAuken, General Counsel Locklear, Executive Assistant Rivera, and other staff members and guests.

The Committee discussed the following item(s):

1. Consideration of an Agreement with Sentry Control Systems for PARCS Replacement Implementation Services: Upon a motion by Teer and second by Zucchino, the Committee recommends approval of a two-year agreement with Sentry Control Systems for PARCS Replacement Implementation services, and for authorization for the President and CEO to execute the agreement.

Presented by Jeff Slayton, Director of Parking – The purpose of this item is to provide a staff recommendation for the approval of a contract with Sentry Control Systems for Parking Access and Revenue Control System (PARCS) Replacement Implementation Services. In 2014, the Authority entered into an agreement with Scheidt & Bachmann (S&B) to upgrade the PARCS software and smart-end devices. After the agreement was signed, multiple issues began to emerge. Despite intense efforts by staff, resolutions to these issues could not be achieved. In September 2016, the Authority engaged Lumin Advisors to conduct an independent evaluation of the S&B system and to develop recommendations on the way forward. These recommendations were presented to the Board on November 7, 2016, where consent was received to move forward with searching for a replacement for the existing system. Staff issued a Request for Proposals on January 19, 2017 for services required to decommission the existing S&B system and install a new PARCS. Proposals were received on February 28, 2017 from the following firms: 1. Amano McGann; 2. Sentry Control Systems; 3. ParkingSoft; and 4. TIBA. Staff evaluated the four proposals and determined that Sentry Control Systems represents the best value for the Authority. The MB goal for this contract is 7% and the WB goal is 4%. Sentry Control Systems is proposing subcontracting components of the project, specifically as it relates to communication network improvements and civil island/concrete work. Good faith efforts were conducted and Sentry Control Systems has committed to an MB amount of 3.1% and a WB amount of 2.7%. The proposed contract is for a term of two (2) years and the Authority has the sole option to extend the contract. The amount of the proposed contract is $4,848,128.

Staff recommends approval of a two-year agreement with Sentry Control Systems for PARCS Replacement Implementation services, and for authorization for the President and CEO to execute the agreement.
2. Consideration of an Agreement with Lumin Advisors to Provide Technical Oversight on PARCS Replacement Project: Upon a motion by Teer and second by Zucchino, the Committee recommends approval of an 18-month agreement with Lumin Advisors for technical oversight on the PARCS replacement project, and for authorization for the President and CEO to execute the agreement.

Presented by Jeff Slayton, Director Parking – The purpose of this item is to provide a staff recommendation for the approval of a contract with Lumin Advisors to provide technical oversight services on the Parking Access and Revenue Control System (PARCS) replacement project. Specifically, Lumin Advisors will be providing design compliance oversight and acceptance testing services throughout project implementation. Lumin Advisors and its strategic partner, 20/20 Parking Consultants, are technical experts and known leaders in the Parking industry. The Authority engaged Lumin Advisors in September 2016 to provide an independent analysis of the current PARCS, and Lumin Advisor’s accepted recommendation led to the decision to issue a Request for Proposals (RFP) for the replacement of the current PARCS. A second contract with Lumin Advisors was executed in November 2016 to provide technical design and procurement support for the PARCS replacement RFP. Please note that the Woman-Owned Small Business goal on this project is 32% and the Minority-Owned Small Business goal is 0%. The latter goal is such due to the highly specialized nature of the technical services required and the absence of minority owners of the two firms involved in the contract, which have only one employee per firm. This has been reviewed by the Small Business Program Officer. The proposed contract is for a term of 18 months, and the Authority has the sole option to extend the contract. The total amount of the contract is $150,795, with a not-to-exceed amount of $129,080 in labor expenses and $21,715 in reimbursable expenses. Compensation for labor will be provided at agreed upon hourly rates and eligible expenses will be reimbursed at-cost, not-to-exceed the amounts listed above.

Staff recommends approval of an 18-month agreement with Lumin Advisors for technical oversight on the PARCS replacement project, and for authorization for the President and CEO to execute the agreement.

3. Consideration of the Terminal 2 Concourse Retail Leases: Upon a motion by Teer and second by Zucchino, the Committee recommends award of Terminal 2 Concourse Retail Concession Agreements to the following companies with authorization for the President and CEO to execute concession agreements and associated sublease and/or assignment agreements and approvals: 1 - Package 1 to Hudson Group (HG) Retail, LLC; 2- Package 2 to The Paradies Shops, LLC with sublease to Paradies Lagardère @ RDU 2016, LLC; 3 - Package 3 to The Marshall Retail Group, LLC; and 4 - Package 4 to XpresSpa RDU Airport, LLC.

Presented by Ingrid Hairston, Director of Business Development – The Terminal 2 Concourse Retail Concessions Request for Proposals (RFP) was issued on August 8, 2016. This RFP included 15 in-line units all located on the Terminal 2 concourse. The retail spaces were offered in four concession packages: 2 multi-unit, prime packages and 2 single-unit direct lease
packages. A Pre-Proposal Conference and tour of the Terminal 2 was conducted on August 19, 2016. Seventeen perspective proposers attended the conference and/or tour.

On October 7, 2016, the Authority received two proposals for each package in the RFP. A review committee reviewed the proposals for Experience, Management Background, Merchandise, Concept and Design, Management and Operations Plan, Financial Projections, and ACDBE Participation. The ACDBE goal for this opportunity is 15%. After completing interviews, the proposals were ranked, and staff recommends the following:

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<tr>
<td>1</td>
<td>Hudson Group (HG) Retail, LLC</td>
<td>3</td>
<td>The Marshall Retail Group, LLC</td>
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<td>2</td>
<td>The Paradies Shops, LLC</td>
<td>4</td>
<td>XpresSpa RDU Airport, LLC</td>
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Staff worked diligently to develop a dynamic retail program for T2, to develop robust business terms, and to thoroughly review the proposals that were received. The program presented will bring diverse choices in merchandise to customers.

Staff recommends award of Terminal 2 Concourse Retail Concession Agreements to the following companies with authorization for the President and CEO to execute concession agreements and associated sublease and/or assignment agreements and approvals as follows: 1 - Package 1 to Hudson Group (HG) Retail, LLC; 2 - Package 2 to The Paradies Shops, LLC with sublease to Paradies Lagardère @ RDU 2016, LLC; 3 - Package 3 to The Marshall Retail Group, LLC; and 4 - Package 4 to XpresSpa RDU Airport, LLC.
RALEIGH-DURHAM AIRPORT AUTHORITY
AIR SERVICE DEVELOPMENT COMMITTEE MEETING MINUTES
MARCH 23, 2017

Hannah presided. Present: Hunt, Teer, Thompson and Zucchino. Staff present included: President and CEO Landguth, Senior Vice President & COO Sandifer, Senior Vice President & CRO McFall, Senior Vice President & CFO Sylver, Director & CHRO Umphrey, Vice Presidents Connell, Hetzel, Jewett, Legan, and VanAuken, General Counsel Locklear, Executive Assistant Rivera, and other staff members and guests.

The Committee discussed the following item(s):

4. Consideration of an Air Service Development Policy: Upon a motion by Teer and second by Hunt, the Committee recommends approval of an Air Service Development Policy.

Presented by Kristie VanAuken, Vice President, Communications and Community Affairs – The Authority has had two Air Service Development (ASD) policy approaches in the past. One which helped secure San Francisco service in 2012; and another that was instrumental in securing service to Seattle and Paris/CDG, contributing to the overall growth at RDU during the past 2 and a half years. The second approach combined with rapid economic growth in the region and low operating costs (or subsidies) to our airline partners was intentionally aggressive and successful. We secured several key routes and new airline service including Alaska Airlines, Frontier and to a smaller extent, Allegiant. Now, however, as we look forward to the next five years, we are shifting to our “sustaining success” model, working to maintain at least a five million enplaned passenger level and adding key routes and potentially a new airline to complete our portfolio of service. This approach is more conservative and right sized for market conditions today. Two types of incentives are considered industry standards: operating costs reductions (landing fees, rental fees, etc.) and marketing assistance. The proposed policy offers both types. This policy offers 100% landing fee waiver for the first 12 months of operation, when a new qualifying market is added. The marketing assistance is geared towards adding a new airline to RDU’s portfolio and targeting top markets without nonstop flights. The landing fee abatement will help reduce operating costs associated with adding a new route. Finally, this recommendation allows the Authority to support air service that is at risk or simply a new opportunity that represents a very small financial risk to the Authority but could gain new service valuable to the community. The reasons for the more conservative approach include:

a) The approach is right-sized for the robust and growing RDU/Triangle market. Airlines are generally excited about RDU and need fewer incentives to consider new service.
b) It is an industry standard to offer some type of new service risk mitigation or reward for new passengers added (every new customer generates significant revenue per passenger back to the Authority).

c) The lower incentive level will allow the Authority to commit revenue generated from the past two years of airline success and growth, into future infrastructure.

d) The marketing incentives have been right-sized for the Triangle media market.

Staff recommends approval of an Air Service Development Policy.
RALEIGH-DURHAM AIRPORT AUTHORITY
LAND AND DEVELOPMENT COMMITTEE MEETING MINUTES
MARCH 23, 2017

Teer presided. Present: Hannah, Hunt, Thompson and Zucchino. Staff present included: President and CEO Landguth, Senior Vice President & COO Sandifer, Senior Vice President & CRO McFall, Senior Vice President & CFO Sylver, Director & CHRO Umphrey, Vice Presidents Connell, Hetzel, Jewett, Legan, and VanAuken, General Counsel Locklear, Executive Assistant Rivera, and other staff members and guests.

The Committee discussed the following item(s):

1. **Host International Concourse D Restaurant Conceptual Design Presentation**: Presentation for informational purposes only; no Board action required.

   Presented by Ingrid Hairston, Director of Business Development – The Authority entered into a lease agreement with Host International, Inc. to operate three restaurants on Terminal 2 Concourse D: Popeyes, Starbucks and Whisky River. Working with its designer, Chute Gerdeman, Host seeks approval from the Authority of the conceptual drawings for the restaurants. Popeyes is highlighting their Cajun roots, with ornamental detailing at the storefront. In addition, the patio displays famous Cajun spices in the banquette. Wood veneer drapes the concourse wall, and the unique marquee creates excellent visibility, which lures travelers into a warm and inviting dining experience. The Starbucks design expresses the importance of the oak tree to the Raleigh-Durham region. The use of oak and coffee trees in the décor via prints on wall panels in the interior makes this Starbucks unique. The use of floor to ceiling wood detailing creates a clean and modern design for travelers. A community table adds a place for travelers to sip their favorite beverage and people watch. Whisky River, a Dale Earnhardt, Jr. concept, is designed to meld a casual southwestern bar motif, with distinctive modern industrial elements to mimic Dale Jr’s Wild West Town and Saloon. Marked by rustic barn wood, stacked stone and a vintage lighted marquee, the dining space is reminiscent of an old West distillery. The patio features Junebug, a replica bucking bronco bearing Dale, Jr.’s nickname.

   Presentation for informational purposes only; no Board action required.

2. **Consideration of a Change Order with ACH Constructors LLC and an Agreement with Strategic Connections related to Room 100 Improvements**: Upon a motion by Zucchino and second by Hunt, the Committee recommends approval of: 1 - A change order with ACH Constructors LLC in the amount of $683,146 and authorization for the President and CEO to execute the Change Order; 2- An agreement with Strategic Connections in an amount not to exceed $173,754 and authorization for the President and CEO to execute the Agreement.
Presented by Jason Pearson, Director of Buildings and Building Systems – The purpose of this item is to provide a staff recommendation on the award of a change order to the existing ACH Constructors LLC agreement, and a separate agreement with Strategic Connections, for the RDU Center Conference Room 100 Improvements Project (RDU #011259). ACH Constructors and Strategic Connections have recently completed the RDU Center work in other areas. The scope of work for this project includes renovation and upgrades to the RDU Center Room 100 Conference Room and Corridor 102 directly adjacent to Room 100. Specific work items include but are not limited to the following: new flooring, paint, ceilings, wood wall panels, casework, 3form light box, doors, light fixtures, diffusers, new seating and conference tables, and audio/video system replacement. The minority-owned small business (MSB) participation goal for ACH Constructors is 10% and the women-owned small business (WSB) participation goal is 5%. ACH Constructors LLC proposed participation of 11% MSB and 4% WSB, which has been reviewed and deemed acceptable by the Small Business Program Manager. RDU Center Room 100 A/B is a Capital Improvement Project with a budget of $1,350,000.

Staff recommends approval of: 1 - A change order with ACH Constructors LLC in the amount of $683,146 and authorization for the President and CEO to execute the Change Order; 2- An agreement with Strategic Connections in an amount not to exceed $173,754 and authorization for the President and CEO to execute the Agreement.
Chair Thompson presided. Present: Ali, Cole, Hannah, Hunt, Teer and Zucchino. Staff present included: President and CEO Landguth, Senior Vice President & COO Sandifer, Senior Vice President & CRO McFall, Senior Vice President & CFO Sylv, Director & CHRO Umphrey, Vice Presidents Connell, Hetzel, Jewett, Legan, and VanAuken, General Counsel Locklear, Administrative Assistant Gray, and other staff members and guests.

President & CEO Landguth opened the presentation of the proposed FY 2017-18 budgets. 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. They may be increased or decreased (so long as the funds actually spent or encumbered are less than or equal to the budget) at any time. A collaborative approach to budget development was utilized this fiscal year driven by senior staff collectively working with the President & CEO and the Finance Department, in parallel with development of the Authority's strategic goals and objectives for the year ahead.

The Authority's annual Operating and Capital Budgets and their respective ordinances, 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 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 2017-18, this cash reserve was maintained at the policy cap of $50 million.

CFO Sylv briefly reviewed the Operating Budget Ordinance and the Project Ordinances that accompany the Capital Budget (whose enactment is required by the Local Government Commission). She also summarized the Cash Flow schedule related to the Capital Budget, the calculations of Landing Fees and Terminal Rents, and the schedule of all rates, fees and charges that are proposed for implementation effective April 1, 2017.

The draft FY 2017-18 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 23, 2017.

There being nothing further to come before the meeting, Chairman Thompson adjourned the Budget Work Session.