RALEIGH-DURHAM AIRPORT AUTHORITY BOARD MEETING MINUTES
FEBRUARY 21, 2019

Chair Ali presided. Present: Hannah, Kane, Kushner, Morgan, Saidi, Teer, and Thompson. Staff present included: President and CEO Landguth, Senior Vice President and COO Sandifer, Senior Vice President and CFO Sylver, Senior Vice President and CISO McFall, Senior Vice President and CRO Freedman, Vice President and Chief HR Officer Umphrey, Vice Presidents Jewett, Legan and Feldman, General Counsel Locklear, Executive Assistant Rivera, and other staff members, U.S. Congressman David Price and other guests.

I. APPROVAL OF AGENDA
   Motion by Kane to approve the agenda; Second by Teer

   ADOPTED BY UNANIMOUS VOTE

II. APPROVAL OF MINUTES
    Motion by Hannah to approve the minutes of the January 17, 2019 meeting of the Raleigh-Durham Airport Authority Board, including consent actions and the committee minutes incorporated therein and the minutes of the January 29, 2019 special meeting of the Raleigh-Durham Airport Authority Board; Second by Thompson

   ADOPTED BY UNANIMOUS VOTE

III. CHAIR COMMENTS
    1. Chair Ali welcomed everyone and noted it was a privilege to have Congressman David Price in attendance and recognized Congressman Price for comments. Congressman Price expressed appreciation for the airport and the region being in Congressional District 4. He remarked on the challenges faced by the airport to find funding for necessary facilities and improvements. As Chair of the Transportation, and Housing and Urban Development, and Related Agencies Appropriations Subcommittee, he indicated that while efforts would be made to stimulate funding in the national program, funding is constrained and airports are having to look for alternative funding methods, including pushing for adjustment to the passenger facility charges (PFC). Congressman Price offered his support to the airport and the region as advocate for equitable and long-term airport infrastructure funding to help meet the needs of the growing region and the increasing passenger demands.
    2. New hires were welcomed and promotions recognized.
    3. Chair Ali shared a recent publication in the News and Observer, from a recent passenger thanking Authority and airline personnel for assisting her during a medical emergency and gave special recognition to the fire and rescue personnel in the meeting.

IV. OLD BUSINESS
    1. Operations Committee Report – Thompson reported the Operations Committee met on February 21, 2019 and discussed the following items:

   R a l e i g h - D u r h a m A i r p o r t A u t h o r i t y B o a r d M e m b e r s
   Farad Ali, Chairman
   Dickie Thompson
   John M. Kane, Vice Chairman
   David Morgan
   Patrick Hannah, Esq., Secretary
   Supinder Singh, PE
   Robert D. Teer, Jr.
   City of Durham
   Wake County
   Durham County
   City of Raleigh
   City of Durham
   City of Raleigh

   ADOPTED BY UNANIMOUS VOTE
a. Consideration of Service Agreement with Enliven, LLC
Committee approval of Service Agreement with Enliven, LLC and authorization for the
President and CEO to execute the Services Agreement with Enliven, LLC.
Motion by Thompson to adopt Committee’s recommendation; Second by Teer
ADOPTED BY UNANIMOUS VOTE

2. Land and Development Committee Report – Teer reported the Land and Development Committee
met on February 21, 2019 and discussed the following items:

a. Consideration of Corporate Hangar Campus Development Agreement with Western
LLC
Committee recommends approval of the Corporate Hangar Campus Development
Agreement with Western LLC, and of the Corporate Hangar Ground Lease Agreement
template, and authorization for the President and CEO to execute the Development
Agreement, each Lease Agreement, to approve each Sublease Agreement, and to
authorize any collateral or other assignments.
Motion by Teer to adopt Committee’s recommendation; Second by Saidi
ADOPTED BY UNANIMOUS VOTE

b. Consideration of Amendment 2 with RS&H for Construction Administration Services
Committee recommends approval of Amendment 2 to Task Order 9 with the RS&H
Architects-Engineers-Planners, Inc., and authorization for the President and CEO to
execute the amendment.
Motion by Teer to adopt Committee’s recommendation; Second by Saidi
ADOPTED BY UNANIMOUS VOTE

c. Consideration of Amendment 2 with CH2M for Construction Administration Services
Committee recommends approval of Amendment 2 with CH2M Hill, Inc., and
authorization for the President and CEO to execute the amendment.
Motion by Teer to adopt Committee’s recommendation; Second by Saidi
ADOPTED BY UNANIMOUS VOTE

d. Consideration of Amendment with Balfour Beatty Construction for Terminal 1 Airline
Operations Space Buildout
Committee recommends approval of a Construction Phase Amendment with Balfour
Beatty Construction, and authorization for the President and CEO to execute the
amendment.
Motion by Teer to adopt Committee’s recommendation; Second by Saidi
ADOPTED BY UNANIMOUS VOTE
3. Law and Personnel Committee Report – Thompson\(^1\) reported the Law and Personnel Committee met on February 21, 2019 and discussed the following item:
   a. **Consideration of Agreement for a Learning Management System with Cornerstone OnDemand**
   Staff recommends approval of a three year agreement with Cornerstone OnDemand, Inc. for a total amount of $87,535 and authorization for the President and CEO to execute the agreement.
   
   *Motion by Thompson to adopt staff’s recommendation; Second by Hannah*

   **ADOPTED BY UNANIMOUS VOTE**

4. Finance Committee Report – Morgan\(^2\) reported the Finance Committee met on February 21, 2019 and discussed the following item:
   a. **Presentation of Financial Performance for Third Quarter of Fiscal Year ending March 31, 2019**
   Committee heard a presentation showing the unaudited financial performance for the third quarter of the fiscal year ending March 31, 2019.
   
   *Presentation to Committee for informative purposes only; no Board action required.*

V. **NEW BUSINESS**

1. **Consent Agenda:**
   a. Consideration of Terminal Support Space Lease Agreement with SSP America, Inc.
   b. Consideration of Terminal Concession Lease with NewZoom, LLC
   c. Consideration of Terminal Support Space Lease Agreement with USO of North Carolina
   
   *Motion by Thompson to approve and adopt the Consent Agenda items a-c listed; Second by Kane*

   **ADOPTED BY UNANIMOUS VOTE**

   d. Consideration of Service Agreement with Systel Business Equipment Co., Inc.
   
   *Motion by Thompson to approve and adopt the Consent Agenda item d listed; Second by Saidi*

   **ADOPTED BY UNANIMOUS VOTE\(^3\)**

VI. **GENERAL COUNSEL’S REPORT**

   No items were reported.

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\(^1\) Thompson gave the report at the request of Committee Chair Hannah

\(^2\) Morgan gave the report at the request of Committee Chair Hannah

\(^3\) Kushner recused himself due to a conflict of interest and abstained from voting
VII. MEMBER COMMENTS
Chair Ali thanked Board member Teer for his continued service, noting Teer had been sworn in for his 22nd year on the Authority Board, which in combination with his late father’s service on the Board, totals over 50 years. Board members thanked Congressman Price for attending and being an advocate for the airport. Appreciation to Mr. Teer was expressed, as well as sympathy for the recent passing of his mother. New hires and promotions were congratulated. The Authority was thanked for its continued support of the USO as displayed in the recent lease renewal with the USO for a nominal annual fee.

VIII. PRESIDENT AND CEO’S REPORT
Welcome
Good afternoon Board Members, Team RDU, business partners, and guests who have join us today. Chairman Price, thank you for your remarks and support. There’s a lot of work to be done and we’re fortunate to have such a great advocate represent us in Congress.

Activity Report
The Research Triangle region, and RDU, are expected to continue growing in 2019. Last month, RDU enplaned more than 450,000 passengers, which is 12.3 percent increase when compared to the same time period last year. In 2018, we enplaned 12.8 million customers and our forecasted seat capacity in 2019 is nearly 10 percent higher than 2018. Today we are offering our customers more travel options than ever before – with 11 airline partners, 66 nonstop destinations, and more than 400 daily flights. And, we’re making the RDU experience more enjoyable with more shopping and food and beverage options, while also expanding the T2 checkpoint.

Looking Ahead to Next Year
The business of airports is complex and that’s why we went through the Vision 2040 planning process and create a strategic business plan each year. So, next month we will be presenting to the Board of Directors the FY 2019-2020 Business Plan and proposed budget for their consideration. As we finalize the coming year’s business plan, here is what we are planning for: since 2015, RDU has seen more than a 5% passenger growth each year and this trend is likely to continue. But keeping up with passenger demand means investing in RDU’s infrastructure – a priority in 2019. So, we are accelerating projects in Vision 2040, the airport’s master plan, to accommodate regional and airport growth. Some of the key projects for next year include:

- Runway 5L-23R Preservation Program
- Runway 5L-23R Replacement Program
- Taxiway Bravo and Foxtrot Reconstruction
- West Remain Overnight (RON) Apron Construction
- Terminal 2 – Security Checkpoint Expansion
- Terminal 1 – Four Gate Activation
- Terminal 1 – Four Gate Expansion
Consolidated Rental Car (CONRAC) Program and Ground Transportation Center (GTC)
Continued Improvements to Central Parking Facilities
General Aviation (GA) Corporate Campus Development

As you can see we will have yet another busy construction season ahead of us in the coming year.

Volunteer of the Year
Chair Ali, President and CEO Landguth, Vice President and CHRO Umphrey, and Guest Services Manager Creech congratulated Dave Johnson as the 2018 Volunteer of the Year, who supported the Guest Services Department with more than 1150 donated hours in 2018.

IX. ADJOURNMENT
Motion by Hannah to adjourn; Second by Ali
ADOPTED BY UNANIMOUS VOTE
The Board approved the following items on the Consent Agenda:

a) Consideration of Terminal Support Space Lease Agreement with SSP America, Inc.

   Memorandum by Ingrid N. Hairston, Director of Business Development – SSP America, Inc.
   
   (SSP) operates five food and beverage units in Terminal 2. To support these concession
   locations, SSP leases office space totaling 243.19 sf and storage space totaling 168.24 sf, for
   total leased support space of 411.43 sf.
   
   This proposed new agreement would replace the current month-to-month agreement with SSP
   for the Terminal 2 support spaces, and the term would be extended to run concurrently with
   the concession lease, as amended, which ends on June 30, 2024. SSP will pay to the Authority
   annual rent of $31,478.99. The rental amount may adjust each year based on the higher of a
   3% escalation or the adjusted rate established in accordance with the Authority’s operating
   budget.
   
   Staff requests approval of the Terminal Support Space Lease Agreement with the SSP America,
   Inc. and authorization for the President and CEO to execute the agreement.

b) Consideration of Terminal Concession Lease with NewZoom, LLC

   Memorandum by Ingrid N. Hairston, Director of Business Development – NewZoom, LLC
   
   (NewZoom) is an automated retail business that operates specialty retail robotic stores offering
   electronics, personal care and other products to RDU customers. This agreement is for the
   operation of automated retail concessions at Raleigh-Durham International Airport.
   
   This proposed new lease would replace the current agreement that commenced in November
   2008 and would provide for the addition of two new kiosks in Terminal 1: a CVS kiosk to be
   located pre-security and a Benefit kiosk to be located on the Concourse. Terminal 2 currently
   has a Benefit kiosk and a Best Buy kiosk. The percentage fees for Benefit and CVS kiosks are
   at a rate of 12% of gross receipts. The Best Buy kiosk percentage fee is at a rate of 10% of
   gross receipts. The proposed lease is for a five year term that commences on March 1, 2019
   and expires on February 29, 2024, with no renewal options.
   
   Staff requests approval of the Terminal Concession Lease with NewZoom, LLC and
   authorization for the President and CEO to execute the lease.

c) Consideration of Terminal Support Space Lease Agreement with USO of North Carolina

   Memorandum by Ingrid N. Hairston, Director of Business Development – The USO of North
   Carolina (USO) supports all active duty US military personnel traveling through the Raleigh-
   Durham International Airport, and leases office space totaling 2,700 sf in Terminal 2 to operate
   the USO Center.
This is a new agreement proposed for the USO Center support space. The term is proposed to expire on January 31, 2025 and the USO will pay to the Authority annual rent of $1. The rental amount may adjust each year based on the higher of a 3% escalation or the adjusted rate established in accordance with the Authority’s operating budget.

Staff requests approval of the Terminal Support Space Lease Agreement with the USO of North Carolina and authorization for the President and CEO to execute the agreement.

d) Consideration of Service Agreement with Systel Business Equipment Co., Inc.

Memorandum by Travis Pierce, Procurement Administrator – The Authority is currently operating under a three (3) year Managed Print Services (MPS) Program Agreement with Systel Business Equipment Co, Inc. (Systel). The Systel MPS program provides economical printing through device optimization and provides copying, faxing, printing and scanning requirements for a cost per page fee. With the exception of paper, Systel provides all supplies, maintenance and operational support for eighteen (18) Konica Minolta multi-function copier machines throughout the Authority campus. Staff is pleased with the level of professionalism and service that Systel provides to the Authority.

Staff requests approval to enter into a new Service Agreement with Systel by using the existing Sourcewell Cooperative Purchasing Program. Under the new agreement, the Authority would continue utilizing Systel’s MPS program for three (3) years with the option to extend for two (2) additional one-year periods. The cost will remain unchanged over the term of the Service Agreement at a per page cost of $0.07 for color prints, and $0.034 for black and white prints. The projected annual not-to-exceed cost for the MPS Program is $72,500.

Staff requests approval of a Service Agreement with Systel Business Equipment Co., Inc., for up to five years, in an annual amount not to exceed $72,500, and authorization for the President and CEO to execute the agreement.
RALEIGH-DURHAM AIRPORT AUTHORITY
OPERATIONS COMMITTEE MEETING MINUTES
FEBRUARY 21, 2019

Thompson presided. Present: Ali, Kane, Kushner, Morgan, Saidi, and Teer. Staff present included: President and CEO Landguth, Senior Vice President and COO Sandifer, Senior Vice President and CFO Sylver, Senior Vice President and CISO McFall, Senior Vice President and CRO Freedman, Vice President and CHRO Umphrey, Vice Presidents Jewett, Legan and Feldman, General Counsel Locklear, Executive Assistant Rivera and other staff members and guests.

The Committee discussed the following item:

1. Consideration of Service Agreement with Enliven, LLC: Upon a motion by Teer and second by Ali, the Committee recommends approval of Service Agreement with Enliven, LLC and authorization for the President and CEO to execute the Services Agreement with Enliven, LLC.

Presented by Ingrid N. Hairston, Director of Business Development – Staff requests approval of a Service Agreement with Enliven, LLC (Enliven) for strategic beverage pouring rights consulting services. Under the proposed agreement, Enliven would provide the following services:

- Evaluate the Authority’s business opportunities related to a beverage service agreement (BSA);
- Solicit and negotiate BSA proposals from beverage suppliers;
- Present the Authority with proposals and recommendations for maximizing the value of such relationships;
- Assist with negotiation and execution of a BSA;
- Provide project management for the implementation of a BSA; and
- Track and measure any and all significant business commitments, programs and projects defined in the BSA for the entire term of the BSA.

The proposed agreement term would commence with the execution of the BSA but, shall not extend beyond August 31, 2030. The contract commission is based on a percentage of the BSA revenue as follows: 20% for years 1-3, 16% for years 4-6, and 12% for years 7-10. The Minority-owned Small Business commitment for this contract is 0% and the Women-owned Small Business commitment is 0%, which was reviewed by the Authority's Small Business Program Officer.

Staff requests approval of Service Agreement with Enliven, LLC and authorization for the President and CEO to execute the Services Agreement with Enliven, LLC.
RALEIGH-DURHAM AIRPORT AUTHORITY
LAND AND DEVELOPMENT COMMITTEE MEETING MINUTES
FEBRUARY 21, 2019

Teer presided. Present: Ali, Kane, Kushner, Morgan, Saidi and Thompson. Staff present included: President and CEO Landguth, Senior Vice President and COO Sandifer, Senior Vice President and CFO Sylver, Senior Vice President and CISO McFall, Senior Vice President and CRO Freedman, Vice President and CHRO Umphrey, Vice Presidents Jewett, Legan and Feldman, General Counsel Locklear, Executive Assistant Rivera and other staff members and guests.

The Committee discussed the following items:

1. Consideration of Corporate Hangar Campus Development Agreement with Western LLC: Upon a motion by Kane and second by Teer, the Committee recommends approval of the Corporate Hangar Campus Development Agreement with Western LLC, and of the Corporate Hangar Ground Lease Agreement template, and authorization for the President and CEO to execute the Development Agreement, each Lease Agreement, to approve each Sublease Agreement, and to authorize any collateral or other assignments.

Presented by David Freedman, Senior Vice President and Chief Revenue Officer and Karen Reynolds, Director Property Development1 – Staff requests approval of the Corporate Hangar Campus Development Agreement (Development Agreement) proposed with Western LLC, providing Western with a preferential right to develop corporate aircraft storage hangars, aircraft management services facilities, as well as offices and administrative space. The proposed agreement term is ten years, with the potential for an extension. Western will be required to present a Marketing and Development Plan within sixty days after the Development Agreement is executed for President and CEO review and approval.

Under the Development Agreement, Western shall pay the Authority (i) ground rent, initially set based on the per acre fair market rental value determined by appraisal, which rental rate will increase 3% each year; (ii) a monthly maintenance and operations fee (to be determined); and (iii) percentage rent of 5% of self-reported gross income generated from its subtenants.

In addition to the Development Agreement, the Authority and Western propose to enter into separate lease agreements (Lease Agreement) related to each hangar facility, and that template is attached to the Development Agreement as Exhibit B. Western will be responsible for constructing hangar and office facilities, as well as related infrastructure (taxiways, aprons, driveways, parking areas, etc.). Western will be required to enter into the first Lease Agreement no later than nine months after the effective date of the Development Agreement. Under the Lease Agreements, Western will have the right to construct and sublease hangars and related facilities. The initial term of each Lease Agreement will not exceed 25 years, unless otherwise approved by the President and CEO. Western’s construction of hangar facilities shall begin no later than nine months after execution of each Lease Agreement, and beneficial occupancy shall occur no later

1 Brad Henderson, President of Western, LLC presented information and answered Board members’ questions.
than 24 months after construction commencement. In conjunction with each Lease Agreement, Western shall present a Sublease Agreement, and each Lease Agreement and Sublease Agreement will require President and CEO approval.

The Development Agreement and each Lease Agreement will contain a Minority-Owned Small Business goal of 7%, and a Women-Owned Small Business goal of 4% which goals were identified with the assistance of the Authority’s Small Business Program Officer.

Staff requests approval of the Corporate Hangar Campus Development Agreement with Western LLC, and of the Corporate Hangar Ground Lease Agreement template, and authorization for the President and CEO to execute the Development Agreement, each Lease Agreement, to approve each Sublease Agreement, and to authorize any collateral or other assignments.

2. Consideration of Amendment 2 with RS&H for Construction Administration Services: Upon a motion by Kane and second by Ali, the Committee recommends approval of Amendment 2 to Task Order 9 with the RS&H Architects-Engineers-Planners, Inc., and authorization for the President and CEO to execute the amendment.

Presented by Jim Novak, Director of Facilities Engineering – Staff requests approval of Amendment 2 to Task Order 9 under the Master Agreement with RS&H Architects-Engineers-Planners, Inc. (RS&H) to provide Construction Administration Services for the West Remain Overnight (West RON) Apron Rehabilitation project. The scope of work includes attending pre-construction and project progress meetings, reviewing shop drawings and submittals, reviewing and responding to information requests, reviewing contractor applications for payment, performing periodic site visits, issuing field reports, conducting inspections associated with substantial completion and final completion, issuing Certificate(s) of Substantial Completion, accumulating project closeout records and project closeout. Construction work is scheduled to be completed in 545 consecutive calendar days from the Notice-to-Proceed. Basic services compensation to RS&H shall be an hourly not-to-exceed amount of $450,517, with reimbursable expenses up to fixed ceiling amount of $8,857, for total maximum compensation under Amendment 2 of $459,374.

The Minority-owned and Women-owned Small Business (MWSB) goals for Amendment 2 are 10% Minority-owned Small Business (MB) and 5% Women-owned Small Business (WB). The MWSB commitment for this Amendment 2 is 20.2% MSB and 4.4% WSB% as RS&H proposes to use Walls Engineering (MB) to review electrical submittals and shop drawings, and perform field visits and electrical inspections, and Wetherill Engineering (WB) to review civil submittals and shop drawings. Overall, RS&H’s MWSB commitment for its Master Agreement (including this Amendment 2 to Task Order 9) is 15.8% MB and 4.9% WB, which has been reviewed by the Authority’s Small Business Program Officer.

Staff requests approval of Amendment 2 to Task Order 9 with the RS&H Architects-Engineers-Planners, Inc., and authorization for the President and CEO to execute the amendment.
3. Consideration of Amendment 2 with CH2M for Construction Administration Services:  
Upon a motion by Kane and second by Ali, the Committee recommends approval of Amendment 2 with CH2M Hill, Inc., and authorization for the President and CEO to execute the amendment.

Presented by Jim Novak, Director of Facilities Engineering – Staff requests approval of Amendment 2 to the Professional Services Agreement with CH2M Hill, Inc. (CH2M) to provide Construction Administration Services for the Runway 5L-23R Pavement Preservation project. The scope of work includes attending pre-construction and project progress meetings, reviewing shop drawings and submittals, reviewing and responding to information requests, reviewing contractor applications for payment, performing periodic site visits, issuing field reports and noting any defects or deficiencies, conducting inspections associated with substantial completion and final completion, issuing Certificate(s) of Substantial Completion, accumulating project closeout records, and assisting with project closeout. Construction work is scheduled to be completed in 545 consecutive calendar days from the Notice-to-Proceed Basic services compensation to CH2M shall be an hourly not-to-exceed amount of $185,097, with reimbursable expenses up to a fixed ceiling amount of $38,514, for total maximum compensation under Amendment 2 of $223,611.

The Minority-owned and Women-owned Small Business (MWSB) goals for this Amendment 2 are 10% Minority-owned Small Business (MB) and 5% Women-owned Small Business (WB). The MWSB commitment for this amendment is 11.2% MB and 0.0% WB, as CH2M proposes to utilize RDM International, Inc. (MB) to review and approve concrete mix designs, respond to pavement related questions, and to conduct periodic site inspections. CH2M’s MWSB commitment for its agreement, including this amendment, is 16% MB and 2.3% WB, which has been reviewed by the Authority’s Small Business Program Officer.

Staff requests approval of Amendment 2 with CH2M Hill, Inc., and authorization for the President and CEO to execute the amendment.

4. Consideration of Amendment with Balfour Beatty Construction for Terminal 1 Airline Operations Space Buildout:  
Upon a motion by Kane and second by Ali, the Committee recommends approval of a Construction Phase Amendment with Balfour Beatty Construction, and authorization for the President and CEO to execute the amendment.

Presented by Jaymes Carter, Director of Buildings & Building Systems – Renovation to the South end of Terminal 1 on the ground floor, the Concourse level, and on work on the ramp is required to support additional airline activity. Balfour Beatty Construction, the Authority’s building construction manager at-risk (CMR), for reasons of industry practice and in order to meet an aggressive schedule, will bid the renovation work in three separate packages. The Authority’s goal is to complete this work such that the airlines can begin service in these spaces by April 2020.
The CMR advertised Early Package #1 which includes: General Trades, Temporary Stair Tower, Demolition, Concrete, Masonry, Structural Steel, Sitework, Utilities, Mechanical, Electrical, and Plumbing Preparation, and Hydrant and FDC Requirements. Bids were received on January 10 and 18, 2019. The proposed Early Package #1 Amendment establishes the Contract Amount (Fixed Guaranteed Maximum Price) and authorizes construction phase services of the CMR.

<table>
<thead>
<tr>
<th>Component</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of the Work</td>
<td>$ 2,741,336</td>
</tr>
<tr>
<td>Contractor’s Contingency (5%)</td>
<td>$ 137,067</td>
</tr>
<tr>
<td>Contractor’s Construction Fee (3.5%)</td>
<td>$ 128,636</td>
</tr>
<tr>
<td>Reimbursable General Conditions</td>
<td>$ 874,940</td>
</tr>
<tr>
<td>Construction Phase Amendment (GMP)</td>
<td>$ 3,881,979</td>
</tr>
</tbody>
</table>

The Minority-owned and Women-owned Small Business goals were set and participation commitments were received as follows:

<table>
<thead>
<tr>
<th>Project Description</th>
<th>MB Goal %</th>
<th>WB Goal %</th>
<th>Commitment MB %</th>
<th>Commitment WB %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balfour Beatty Constr. Services</td>
<td>10.0</td>
<td>5.0</td>
<td>20.49</td>
<td>20.81</td>
</tr>
</tbody>
</table>

Staff requests approval of a Construction Phase Amendment with Balfour Beatty Construction, and authorization for the President and CEO to execute the amendment.
RALEIGH-DURHAM AIRPORT AUTHORITY
LAW AND PERSONNEL COMMITTEE MEETING MINUTES
FEBRUARY 21, 2019

Thompson\(^1\) presided. Present: Ali, Kane, Kushner, Morgan, Saidi, and Teer. Staff present included: President and CEO Landguth, Senior Vice President and COO Sandifer, Senior Vice President and CFO Sylver, Senior Vice President and CISO McFall, Senior Vice President and CRO Freedman, Vice President and CHRO Umphrey, Vice Presidents Jewett, Legan and Feldman, General Counsel Locklear, Executive Assistant Rivera and other staff members and guests.

The Committee discussed the following items:

1. **Consideration of Agreement for a Learning Management System with Cornerstone OnDemand:**
   The Committee did not have a quorum present and deferred action regarding this Agreement with Cornerstone OnDemand until the Board meeting.
   
   Presented by Cleon Umphrey, Vice President of Human Resources and Chief HR Officer and Amanda Gissel, Talent Management Manager – Staff requests approval for the purchase of a software-as-a-service learning management system (LMS) for the administration, housing, documentation, tracking and delivery of training and educational courses, and learning and development programs. An LMS would allow the Authority to deliver e-learning workforce training, with availability to over 1300 on-demand courses, and provide quick integration and deployment of new training curriculum, as well as easily trackable training progress and performance, with the ability to set automated reminders to trainees about assigned training.

   Due to the work schedules, physical work locations, and type of work of the Authority’s varied workforce, it has been challenging to regularly deploy, track, and verify completion of vital compliance training. An LMS would greatly increase the Authority’s ability to provide and document critical compliance and safety training and address the gap between current workforce capabilities and customer demands and the airport environment.

   Staff met with several vendors, reviewed system demonstrations and pricing information, and staff requests approval of Cornerstone OnDemand, Inc. as the LMS vendor to fill the Authority’s learning needs and technical requirements at the following cost for three years:

<table>
<thead>
<tr>
<th>Cornerstone LMS Contract Cost Table by Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract Year</td>
</tr>
<tr>
<td>----------------</td>
</tr>
<tr>
<td>Year 1 (2019-2020)</td>
</tr>
<tr>
<td>Year 2 (2020-2021)</td>
</tr>
<tr>
<td>Year 3 (2021-2022)</td>
</tr>
<tr>
<td><strong>3 Year Total:</strong></td>
</tr>
</tbody>
</table>

\(^1\) Thompson presided at Chair Ali’s request in the absence of Committee Chair Hannah
Staff requests approval of a three year agreement with Cornerstone OnDemand, Inc. for a total amount of $87,535 and authorization for the President and CEO to execute the agreement.
Hannah presided. Present: Ali, Kane, Kushner, Morgan, Saidi, Teer, and Thompson. Staff present included: President and CEO Landguth, Senior Vice President and COO Sandifer, Senior Vice President and CFO Sylver, Senior Vice President and CISO McFall, Senior Vice President and CRO Freedman, Vice President and CHRO Umphrey, Vice Presidents Jewett, Legan and Feldman, General Counsel Locklear, Executive Assistant Rivera and other staff members and guests.

The Committee discussed the following items:

1. **Presentation of Financial Performance for Third Quarter of Fiscal Year ending March 31, 2019:**
   Presentation to Committee for informative purposes only; no Committee action required.
   Presented by Donna Sylver, Vice President and Chief Finance Officer – Presentation showing the unaudited financial performance for the third quarter of the fiscal year ending March 31, 2019

   Presentation for informative purposes only; no committee action requested.
RALEIGH-DURHAM AIRPORT AUTHORITY
SPECIAL BOARD MEETING MINUTES
MARCH 1, 2019

Chair Ali presided. Present: Kane¹, Kushner, Morgan, Saidi, Teer², and Thompson. Staff present included: President and CEO Landguth, General Counsel Locklear, James Tatum, Esq., and other guests.

The Chair welcomed attendees, noting board members joining by phone. The Chair noted this was an important meeting as the Board considers moving forward to meet the needs of the growing region and ensuring the airport is safe and secure. Chair Ali stated that the staff was asked to bring forward a proposed lease with Wake Stone Corporation and he reminded attendees that this was a public meeting open to the public but not a public hearing and there would be no public comments. To enable all to hear the business at hand, the Chair requested that attendees refrain from loud or disruptive comments. He asked President and CEO Landguth and General Counsel Locklear to give details about the lease. Mr. Landguth recognized Jim Tatum, an attorney practicing with Hedrick, Murray, Bryson, Kennett & Mauch. Mr. Tatum shared details of the Option and Lease Agreement and Mineral Lease Agreement proposed with Wake Stone, before the Board for consideration:

I am here to share with you the details of the Option and Lease Agreement and Mineral Lease Agreement with Wake Stone that is before you for consideration today. The Authority’s approval of the lease is the first step in the process to determine whether a quarry is feasible. If all approvals and requirements are met and the Mineral Lease is triggered, it will provide needed funding for airport operations and development, which is a valid airport use of airport property.

The lease is for a 105 acre parcel often referred to as the Oddfellows parcel, because it was primarily purchased from the Independent Order of Oddfellows group in 1976 by the Authority. No federal funds, grant funds, or passenger facility charges were used for the purchase of the property. The Oddfellows parcel is located southeast of the airport and is adjacent to Umstead State Park to the northeast and an existing operating quarry to the southeast. If the requirements of the proposed Option and Lease Agreement are satisfied, then the result would be the expansion of that existing adjacent quarry, operated by the Wake Stone Corporation. The lease also provides a potential source of funding to address mountain biking activities that are currently being conducted on Airport lands without authorization and provides a path to facilitate the movement of those activities to areas where they would be authorized.

The lease begins with an examination period for Wake Stone to evaluate the property for the quarry use and obtain required permits and approvals. This period can last up to 2 ½ years, at the Lessee’s option, with annual payments of $40,000. Wake Stone must get all the necessary permits and approvals before the Mineral Lease can be triggered and quarrying operations can begin.

Lease Term:
- A 25 year mining operation lease term

¹ Vice Chair Kane joined via telephone
² Board member Teer joined via telephone
May be terminated early by Lessor if Lessee shuts mining down for two years or fails to pay royalties when due
May be terminated at any time by Lessee by written notice, subject to paying amounts due and restoring the site

Lease Payments:
The proposed lease payments are structured to provide increasing minimum payments over the life of the lease. Over the 25 year term of the lease, the minimum payments total $8.5 Million.
Percentage Royalty – 5.5% -- applies to all crushed materials mined and sold from the site; Estimated value = $24 Million

Additional Terms (Lessee responsibilities):
Indemnity/Insurance
Site security and Fencing
Environmental and regulatory compliance & Permitting
Overburden to Lessor (right of first refusal at no cost to Lessor, Lessor pays for transport)
Site reclamation/restoration estimated at $3,000,000

Potential Mountain Bike Lease
Wake Stone pays an additional $3,600,000 to the Authority, in 10 annual installments of $360,000, to be applied to a potential mountain bike lease with a governmental unit or nonprofit for a separate parcel (identified in the Authority’s previous RFP). WSC’s obligation to pay begins when the Mining Lease begins and terminates if the Mining Lease terminates for any reason.

I’d also like to share with you some additional information for your consideration:

a. This proposed lease is consistent with the Authority’s recognition of its legal obligation to use its governmental authority to prevent land uses near the Airport that would be incompatible with its operations, to maintain large buffer areas around the Airport, and to ensure that its property is preserved or developed in a way that does not compromise the Airport’s safety.
b. The parcel is currently vacant, with very limited access, and is used only for unauthorized recreational activities by third parties that constitutes a trespass on airport land. The parcel is not needed, suitable, or desirous for aeronautical purposes.
c. The proposed lease authorizes a non-aeronautical use of the property consistent with the conditionally-approved, current Airport Layout Plan’s designation of the property for “Industrial/Quarry” use, and no revision to the Airport Layout Plan is required or necessary;
d. The proposed lease authorizes the expansion of an existing quarry that has been in operation for almost 40 years and, throughout that time, has presented no risks to, nor affected or interfered with, the operations of aircraft or the safety of people and property on the ground related to aircraft operations.
e. Both the Authority and FAA, through its conditional approval of the Airport Layout Plan, have determined that the activities and uses authorized under the Lease will not affect or interfere with safe and efficient operation of aircraft or safety of people and property on the ground related to aircraft operations;
f. The Raleigh-Durham Airport Authority will receive fair market value for the lease of the Property, including royalties on any extracted minerals and the proposed lease would provide the highest and best commercial use of the property, yielding funds to support the airport, which is a valid airport use of this Property.

g. No grants or other federal funding was used in the acquisition of the Property;

h. The Authority is authorized by its enabling legislation to approve and enter into the Lease;

i. The proposed lease will have no impact on the safe, efficient use and preservation of navigable airspace.

As I’ve mentioned before, the execution of this lease will begin the process to determine the feasibility of the quarry expansion and is a necessary step to do so. The result of the process may mean that a quarry isn’t feasible, but the execution of the lease must happen to allow that process to begin. If the quarry isn’t feasible, the Mineral Lease will not be triggered and quarrying will not happen.

So, considering the information I’ve presented to you, the Master planning process, the information you’ve heard in previous meetings, and the public discourse, the proposed action is Board approval of the Mineral Lease Agreement with Wake Stone Corporation, and authorization for the President and CEO to execute the Lease.

Chair Ali verified that the two board members joining by telephone had heard Mr. Tatum’s presentation. He asked for a motion.

*Motion by John Kane to approve the Raleigh-Durham Airport Authority entering into the Option and Lease Agreement and Mineral Lease Agreement with Wake Stone Corporation and for authorization for the President and CEO to execute the Agreement; Second by Morgan.*

Chair Ali asked if there were any questions or discussion and hearing none, he called the vote.

ADOPTED BY UNANIMOUS VOTE

*Motion by Thompson to adjourn; Second by Morgan*

ADOPTED BY UNANIMOUS VOTE

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3 Board member Kushner recused himself due to a conflict of interest and abstained from voting.