RALEIGH-DURHAM AIRPORT AUTHORITY BOARD MEETING MINUTES
JULY 18, 2019

Chair Kane presided. Present: Hannah, Kushner, Morgan, Saidi, Teer, Thompson, and Wallace. 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 Connell, Feldman, Jewett, and Legan, General Counsel Locklear, Human Resources Coordinator Gray, and other staff members and other guests.

I. CHAIR COMMENTS
   1. Chair Kane welcomed everyone.
   2. Chair Kane recognized former Board member Larry Zucchino, who represented Wake County, and served from January 2015 to December 2018. Chair Kane discussed the airport’s accomplishments during that time and Mr. Zucchino was presented with a plaque for his leadership, guidance and service on the Board.
   3. Employees’ service milestones were recognized, new hires were introduced and welcomed, and promotions were announced and congratulated.
   4. Chair Kane remarked on the remains of two Korean War veterans, which had been missing in action since 1950, that were returned in June to North Carolina through RDU.
   5. Chair Kane noted the recent passing of Phil Freelon, the nationally known architect from Durham who designed the general aviation building, Terminal 2, and RDU’s award-winning parking deck.
   6. Chair Kane gave an update from a recent meeting with the state system leadership team focusing on the relationship between the airport and William B. Umstead State Park while Vision 2040 progresses.

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

III. APPROVAL OF MINUTES
    Motion by Saidi to approve the minutes of the June 20, 2019 regular meeting of the Raleigh-Durham Airport Authority Board, including consent actions and the committee minutes incorporated therein; Second by Morgan
    ADOPTED BY UNANIMOUS VOTE

IV. OLD BUSINESS
   1. Operations Committee Report – Thompson reported the Operations Committee met on July 18, 2019 and discussed the following items:
      a. Consideration of Amendment 2 to Task Order 14 with O’Brien/Atkins Associates, P.A.
Confidential sensitive security information presentation in closed session pursuant to NCGS §143-318(a)(1) and 49 CFR parts 15 and 1520.]
Committee recommends approval of Amendment 2 to Task Order 14 with O’Brien/Atkins Associates, P.A. in an amount not to exceed $203,332, and authorization for the President and CEO to execute the amendment.

*Motion by Thompson to adopt Committee’s recommendation; Second by Saidi*

**ADOPTED BY UNANIMOUS VOTE**

b. **Consideration of Cyber Incident Response Policy**
Committee recommends approval of the Cyber Incident Response Policy.

*Motion by Thompson to adopt Committee’s recommendation; Second by Morgan*

**ADOPTED BY UNANIMOUS VOTE**

For informative purposes only. No Board action required.

2. **Land and Development Committee Report** – Teer reported the Land and Development Committee met on July 18, 2019 and discussed the following items:

a. **Consideration of FAA Grant for Taxiway B Reconstruction**
Committee recommends acceptance of the grant in the amount of $10,000,000, when presented by the Federal Aviation Administration, and authorization for the President and CEO to execute the grant documents.

*Motion by Teer to adopt Committee’s recommendation; Second by Morgan*

**ADOPTED BY UNANIMOUS VOTE**

b. **Briefing on Terminal 2 Checkpoint Expansion**
For informative purposes only. No Board action required.

V. **NEW BUSINESS**

1. **Consent Agenda:**
   a. Consideration of Amendment Two to Fire Sprinkler Service Agreement with BFPE International
   b. Consideration of Proposed FY19-20 Internal Audit Plan
   c. Consideration of Amendment 2 to Terminal Concession Lease with Compass Group USA, Inc.
   d. Consideration of Multi-Year Contract for Cisco Umbrella Cloud Security Platform
   e. Consideration of Multi-Year Contract for Cisco Anti-Malware Protection

*Motion by Thompson to approve and adopt the Consent Agenda items a-e; Second by Morgan*

**ADOPTED BY UNANIMOUS VOTE**
VI. GENERAL COUNSEL’S REPORT
No items were reported.

VII. MEMBER COMMENTS
Service award recipients, new hires and promotions were congratulated. Board members expressed appreciation for Larry Zucchino’s service on the board. Staff was thanked for their continued efforts on behalf of the airport. Continued support for the USO was encouraged. Board member Morgan noted he has spent a lot of time educating elected officials on the Board’s decisions and rationale and, due to the complexities involved, it hasn’t been easy to communicate lately. There has been a lot of misinformation and misconception spread by critics of misperceived recent Board positions such as a public transit, environmental impact and, of course, the quarry. The Board was set up to clearly focus on complexities around airport needs and this has worked well since the airport was formed. Board members represent the owners and their constituents’ wishes and have regular conversations with these elected officials. Mr. Morgan noted that the Board has a forum on the RDU website to submit comments directly to Board members and that he welcomed such comments through the forum or to him directly and he will answer them. He expressed his hope that better lines of communication could be established to eliminate some of the misinformation.

VIII. PRESIDENT AND CEO’S REPORT
Welcome
Good afternoon Board Members, Team RDU, business partners, and guests who have joined us today.

Activity Report
RDU continues to observe record-setting passenger traffic. In fact, last month we hit an all-time enplanement record. In June, RDU enplaned more than 679,000 passengers, a 10.6% percent increase over June 2018.

Delta Flight
Delta announced the addition of daily nonstop service to Jacksonville, Florida beginning in September. Delta also added service from RDU to Chicago O’Hare, New Orleans and Pittsburgh this year. Delta has more than doubled its service from RDU since 2010 with 20 additional destinations. We value their strong commitment to RDU and look forward to continuing our partnership.

Gate Utilization
Our rapid growth has led to more flights and larger aircraft arriving at RDU daily, which means more people navigating through the terminals. I’ve talked in depth about the facility, curb and wayfinding changes we’re making to improve customer experience – such as the opening of two new checkpoint lanes in Terminal 2 and the decision to start planning two more. We are also assessing airside modifications that could help relieve congestion.
Airline scheduling and gate utilization puts significant strain on our capacity, particularly during peak flying hours. We’re exploring ways to make gates more readily available. We began meeting with carriers this week to discuss ways to improve our gate utilization. Some gates are preferentially leased to specific carriers. This sometimes means a gate appears to be open, but restrictions exist for usage by other airlines.

Given our capacity constraints and the construction occurring throughout campus to relieve these growing pains, we urge our customers to arrive on campus at least two hours prior to their departure. An early arrival allows time to park, check your bags, process through security and walk to your gate in time for an on-time departure.

Budget
You may be aware the state budget process is at an impasse due to policy disagreements between the legislature and the governor. The budget passed by the General Assembly and vetoed by the governor includes $75 million in recurring funding for North Carolina’s 10 commercial airports through the newly-established Airport Improvement Program. RDU is positioned to receive nearly $18 million a year through the AIP. That new revenue stream would help fund critical infrastructure improvements and help us achieve Vision 2040.

Airports are the economic engines of the communities they serve. We are hopeful the legislature and governor will reach a resolution that keeps the recurring funding for the Airport Improvement Program intact.

We are also closely monitoring House Bill 206, legislation that could potentially impact the environmental review process for development on airport property. The bill is currently being negotiated in conference committee after the House declined last week to concur with the Senate’s changes. RDU proposed and supports a provision that incorporates the definition of “Airport Facilities” into the Neuse River Buffer Rules and creates the Neuse River Basin Airport Rules. We have asked the state for years to include a definition of airport facilities in the Rules to excuse RDU from the variance process, which adds time and cost to development activities.

Under the proposed change, the Authority would still be required by law to mitigate any and all anticipated environmental impacts, just as we are today. It’s important to note the Authority did not offer the language included in HB 206 related to “airport impacted property.”

We will continue to monitor the conference committee process and support passage of a committee report that includes the Neuse River Basin Airport Rules and AIP provisions. It is our understanding the bill has a good chance of passing if the committee can agree upon a final version.

IX. ADJOURNMENT

Motion by Thompson to adjourn; Second by Saidi

ADOPTED BY UNANIMOUS VOTE
RALEIGH-DURHAM AIRPORT AUTHORITY
ACTIONS BY CONSENT
JULY 18, 2019

The Board approved the following items on the Consent Agenda:

a) **Consideration Amendment Two to Fire Sprinkler Service Agreement with BFPE International**
   Memorandum by Tommy Herndon, Director of Facility Maintenance – Staff requests approval of Amendment Two to the Agreement with BFPE International for maintenance and inspection services of the fire sprinkler systems across the airport campus. The original five-year Agreement was executed in January 2016; however, in 2018 it was discovered that several systems in Terminal 2 were not properly listed in the scope of services; however, these systems have been maintained and inspected. This proposed amendment will include the required inspections and maintenance of these systems going forward from 2018 through 2020. It will also increase the contract funding for “unpredictable repairs” for the remaining contract period. This line-item, which covers unforeseen billable services, has been depleted since the onset of the contract. The cost of this amendment includes $35,631 for the inspections and maintenance of the additional systems and $10,000.00 for “unpredictable repairs” for a total of $45,631. Staff requests approval of Amendment Two to the Agreement with BFPE International in the amount of $45,631 and authorization for the President and CEO to execute the amendment.

b) **Consideration of Proposed FY19-20 Internal Audit Plan**
   Memorandum by Frank W. White, Director of Internal Audit – The Internal Audit Department requests approval of the FY19-20 Internal Audit Plan (Plan). The Plan is in draft form and may be revised for any additions and/or deletions with Board directive. The Authority’s Internal Audit Department, established in 2007, currently consists of four auditors. Unlike external auditors, whose objective is to attest to the financial condition of an organization by auditing the balances in the financial statements as of a period of time, the Internal Audit Department helps the Authority accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. This is accomplished through a combination of assurance and consulting engagements designed to add value.

   Staff requests approval of the FY19-20 Internal Audit Plan and authorization for the Internal Audit Department to proceed according to the plan.

c) **Consideration of Amendment 2 to Terminal Concession Lease with Compass Group USA, Inc.**
   Memorandum by Diane M. Harris, Business Manager – Compass Group USA, Inc., through Canteen Division (Canteen), operates a vending concession utilizing snack and drink vending machines in specified locations in RDU’s terminal buildings and in the Authority’s office breakroom spaces. This proposed amendment extends the term of the lease to December 31,
2019 to facilitate the Authority’s implementation of a pouring rights program. The proposed amendment also updates the Airport Concessions Disadvantaged Business Enterprise participation and compliance language in the lease.

Canteen will pay the Authority escalating commissions on snack and beverage gross receipts. For drink sales, Canteen commissions will range from 15% - 30% of gross receipts based on sales volume. For snack sales, Canteen commissions will range from 10% - 14% of gross receipts based on sales volume. In the Authority’s office breakroom locations, commissions are not paid, but are used to maintain low merchandise pricing. The effective rate for drink and sales in Authority employee spaces is 21.8%

Staff requests approval of Amendment 2 to the Terminal Concession Lease for Compass Group USA, Inc. through its Canteen Division and authorization for the President and CEO to execute the amendment.

d) Consideration of Multi-Year Contract for Cisco Umbrella Cloud Security Platform

Memorandum by Chuck McFall, Senior Vice President and Chief Information and Strategy Officer – In conjunction with the anti-malware product refresh performed in 2018, staff evaluated and procured Cisco Umbrella, which is a cloud solution to prevent access to known bad sites on the Internet, strengthening the Authority’s posture in day-to-day computing. Having completed this first year of use, as well as a second implementation taking place to secure Authority sponsored complimentary public Wi-Fi, there is a need to renew the product licensing, and consolidate the two administrative portals for Cisco Umbrella.

Staff requests approval of a multi-year, single-source contract with Total Communications, Inc., in order to continue use of the solution, and consolidate the internal Authority dashboard with the public Wi-Fi dashboard. The proposed three-year contract provides a cost savings, and is payable annually.

<table>
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<tr>
<th>Purchase Options</th>
<th>Cost</th>
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<tbody>
<tr>
<td>Renewed annually – Umbrella Insights and Gold Support – Year 1</td>
<td>$11,161.74</td>
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<tr>
<td>Renewed annually – Umbrella Insights and Gold Support – Year 2</td>
<td>$11,161.74</td>
</tr>
<tr>
<td>Renewed annually – Umbrella Insights and Gold Support – Year 3</td>
<td>$11,161.74</td>
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<tr>
<td><strong>TOTAL if renewed annually</strong></td>
<td><strong>$33,485.22</strong></td>
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<tr>
<td>Three-Year Option – Umbrella Insights and Gold Support – Billed annually</td>
<td>$8,844.74</td>
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<tr>
<td><strong>TOTAL three-year cost</strong></td>
<td><strong>$26,534.22</strong></td>
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<tr>
<td><strong>Savings with three-year option</strong></td>
<td><strong>$6,951.00</strong></td>
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Staff requests approval of the three year contract with Total Communications, Inc. at a total cost of $26,534.22, and authorization for the President and CEO to execute the contract and any related documents.

e) Consideration of Multi-Year Contract for Cisco Anti-Malware Protection

Memorandum by Chuck McFall, Senior Vice President and Chief Information and Strategy Officer – In 2018, after a careful and deliberate selection process, staff selected Cisco Anti-Malware Protection (AMP) for Endpoints as the anti-malware solution that best integrated with the Authority’s existing and planned future technologies. In the past year, the software has been a valuable asset to the Authority, detecting and preventing various types of threats and compromises, as well as reducing the amount of false-positive detections that were experienced with previous anti-virus offerings.

In order to continue use of this Cisco AMP solution, staff requests approval of a multi-year contract with Internetwork Services Incorporated, d/b/a Internetwork Engineering, leveraging cooperative purchasing under the North Carolina Statewide IT Contract for IT Infrastructure Solutions. The proposed three-year contract provides significant cost savings, and is payable annually.

<table>
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<tr>
<th>Purchase Options</th>
<th>Cost</th>
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<tbody>
<tr>
<td>Renewed annually – 1000 licenses – Year 1</td>
<td>$20,580.00</td>
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<tr>
<td>Renewed annually – 1000 licenses – Year 2</td>
<td>$20,580.00</td>
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<td>Renewed annually – 1000 licenses – Year 3</td>
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<td><strong>TOTAL if renewed annually</strong></td>
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<td>Three-Year Option – 1000 licenses – Billed annually</td>
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<td><strong>TOTAL three-year cost</strong></td>
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<td><strong>Savings with three-year option</strong></td>
<td><strong>$18,400.00</strong></td>
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Staff requests approval of the three year contract with Internetwork Services Incorporated, d/b/a Internetwork Engineering, at a total cost of $43,340, and authorization for the President and CEO to execute the contract and any related documents.
RALEIGH-DURHAM AIRPORT AUTHORITY
OPERATIONS COMMITTEE MEETING MINUTES
JULY 18, 2019

Thompson presided. Present: Hannah, Kane, Kushner, Morgan, Saidi, Teer, and Wallace. 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 Connell, Feldman, Jewett, and Legan, General Counsel Locklear, Human Resources Coordinator Gray and other staff members and guests.

Motion by Thompson to enter into a closed session to protect sensitive security information from disclosure pursuant to NCGS §143-318.11(a)(1) and 49 CFR parts 15 and 1520; Second by Teer

ADOPTED BY UNANIMOUS VOTE

CLOSED SESSION

The Operations Committee, Board members, 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 Connell, Feldman, Jewett, and Legan, General Counsel Locklear and other senior staff members met in Room 100 of the RDU Center for a closed session from 11:03 am until 11:30 am.

Motion by Morgan to exit the closed session; Second by Teer

ADOPTED BY UNANIMOUS VOTE

The Committee discussed the following items:

1. Consideration of Amendment 2 to Task Order 14 with O’Brien/Atkins Associates, P.A.: Upon a motion by Thompson and a second by Teer, the Committee recommends approval of Amendment 2 to Task Order 14 with O’Brien/Atkins Associates, P.A. in an amount not to exceed $203,332, and authorization for the President and CEO to execute the amendment.

Presented by Ronald Jewett, Vice President of Facility Asset Management – Staff requests approval of Amendment 2 to Task Order 14 with O’Brien/Atkins Associates, P.A. for Construction Administration services for the TSA Advanced Surveillance Program (ASP) Upgrade. The scope of work for Construction Administration services includes attending a pre-construction conference, reviewing shop drawings and submittals for compliance with the contract documents, reviewing and responding to requests for information, reviewing contractor submitted applications for payment, performing periodic site visits to inspect the work for compliance with the contract documents, attending project progress meetings with the Authority and General Contractor, issuing field reports to document the progress of the work 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 project closeout.
Compensation to O’Brien/Atkins Associates, P.A. for services rendered for this amendment will be a not-to-exceed amount of $179,540, with allowable reimbursable expenses not to exceed $23,792, for total compensation under this Amendment not-to-exceed $203,332.

The overall Minority and Women-owned Small Owned Business (MWSB) goals for the existing Master Consulting Services Agreement are 10% for Minority-owned Small Businesses (MB) and 5% for Women-owned Small Businesses (WB). Total participation for this Amendment 2 to Task Order 14 is 2.77% for MB and 9.9% for WB.

Staff requests approval of Amendment 2 to Task Order 14 with O’Brien/Atkins Associates, P.A. in an amount not to exceed $203,332, and authorization for the President and CEO to execute the amendment.

2. **Consideration of Cyber Incident Response Policy:** Upon a motion by Thompson and a second by Morgan, the Committee recommends approval of the Cyber Incident Response Policy.

   Presented by Chuck McFall, Senior Vice President and Chief Information and Strategy Officer – Cyber incidents impacting public bodies are becoming more common and, recently, two U.S. airports experienced Ransomware attacks. In order to provide a basis of appropriate response to cyber incidents that threaten the security, integrity, or availability of the Authority’s digital assets, computer systems, or associated information technology infrastructure, staff drafted a Cyber Incident Response Policy (Policy) for Board consideration. This Policy establishes responsibility and accountability for all steps in the process of addressing cyber security incidents.

   Staff requests approval of the Cyber Incident Response Policy.

3. **Report of Insurance Premium Renewals:** For informative purposes only. No Board action required.


   Year over year changes in policies are:
   1. Property coverage premium decreased by $53,246 with an increase in property values
   2. Cyber Liability coverage was customized and increased by $40,099
   3. Workers Compensation coverage premium decreased by $81,947 due to a carrier change and experience modification rate change from .71 to .69
   4. Liability coverage premium increased by $14,500
   5. Crime coverage premium decreased $743
   6. Automotive coverage premium increased by $73,475 due to required combination of automotive and physical damage
   7. Directors and Officers/Employment Practices coverage premium increased by $388
8. No change in Pollution Liability coverage premium

The net premium impact is a decrease of $7,474 (from $1,346,784 to 1,339,360).

For informative purposes only. No Board action required.
RALEIGH-DURHAM AIRPORT AUTHORITY
LAND AND DEVELOPMENT COMMITTEE MEETING MINUTES
JULY 18, 2019

Teer presided. Present: Hannah, Kane, Kushner, Morgan, Saidi, Thompson, and Wallace. 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 Connell, Feldman, Jewett, and Legan, General Counsel Locklear, Human Resources Coordinator Gray and other staff members and guests.

The Committee reordered the agenda items and discussed the following items:

1. **Consideration of FAA Grant for Taxiway B Reconstruction:** Upon a motion by Morgan and second by Teer, the Committee recommends acceptance of the grant in the amount of $10,000,000, when presented by the Federal Aviation Administration, and authorization for the President and CEO to execute the grant documents.

   Presented by Ronald Jewett, Vice President of Facility Asset Management – Staff requests acceptance of an anticipated grant offer from the Federal Aviation Administration (FAA) in the amount of $10,000,000. On July 19, 2018, the Authority accepted a grant from the FAA in the amount of $12,528,714 for the reconstruction of Taxiway B, which represented a portion of the amount eligible for federal funding. Subsequent to the issuance of the grant, Congress appropriated supplemental funding for the airport improvement program, and staff submitted an additional application seeking the remaining funds.

   With this current grant, the FAA’s total commitment on this project is $22,528,714, or 73.5% of total projected project costs.

   Staff requests acceptance of the grant in the amount of $10,000,000, when presented by the Federal Aviation Administration, and authorization for the President and CEO to execute the grant documents.

2. **Briefing on Terminal 2 Checkpoint Expansion:** For informative purposes only. No Board action required.

   Presented by William C. Sandifer, A.A.E., Senior Vice President and Chief Operations Officer – Mr. Sandifer compared Terminal 2 passenger peaking characteristics of June 2018 to June 2019 and discussed the long wait times passengers are experiencing. He discussed the recent expansion, the scope of proposed Phase 2 expansion, and future expansion potential.

   For informative purposes only. No Board action required.