

## RALEIGH-DURHAM AIRPORT AUTHORITY

June 21, 2012

Chairman Yeargan presided. Present: members Elting; Hunt; Sanders; Teer and Thompson. Absent: members Ali and Weeks. Also present: Airport Director Landguth; Deputy Airport Director, Operations McElvaney; Deputy Airport Director, Facility Development Powell; Deputy Airport Director, Finance Business & Administration Styres; Acting Deputy Airport Director, Information Services Legan, Deputy Airport Director Marketing Damiano; Executive Assistant Mitchell, Staff Attorney Locklear; Attorney Tatum; other staff members and guests. Special guests included John Brantley, Steve Toler; Clymer Cease and Irv Brinkley.

**APPROVAL OF AGENDA** – There were no changes to the agenda, and it was approved as submitted.

**APPROVAL OF MINUTES** – There were no changes to the minutes of the May 17, 2012 minutes and they were approved as submitted.

**CHAIRMAN'S COMMENTS** – Chairman Yeargan commented that when John Brantley announced that he would be retiring after more than 30 years at RDU, the Authority knew it wanted to do something special to commemorate all that Mr. Brantley has done to make this airport what it is today. Nothing seemed more appropriate than to name the main roadway around the airport after John. You travel on this roadway, formerly Terminal Boulevard, and you can see John's hard work, from the beautiful landscaping that greets you as you enter the airport, to Terminal 2 and the 10,000-ft runway. In honor of John's tenure and achievements at RDU, the Authority officially dedicated John Brantley Boulevard and presented him with a replica of the street sign. Everyone was invited to a reception after today's meeting to honor this dedication.

Chairman Yeargan continued by saying that June must be the month for retirements at RDU. This month there are four long-time employees who will be leaving RDU: Jerry Dyer and Mike Valley from Maintenance; Willie Rose from Law Enforcement and Cal Edmondson from Facilities Development. Congratulations to all on their retirements.

William Jones was recognized for his recent promotion to Facilities Maintenance Superintendent.

Chairman Yeargan also thanked members of Law Enforcement who participated in the Special Olympics Torch Run, which brought The Special Olympics' Flame of Hope to RDU for the first time. The Torch Run is a 20-day torch relay that covers 2,000 miles throughout the state. Our team of six officers, along with some TSA staff, carried the torch from Sheetz to the Airport Operations Center. The Torch Run is part of the lead up to the Special Olympics North Carolina Summer Games.

Chairman Yeargan commented that former Authority member Toni Lipscomb lost her battle with cancer on May 25, 2012. Toni's dedicated service, concern for the public, knowledge of good business practices, region wide perspective and strong support for air transportation and the Airport Authority earned the respect and admiration of her colleagues on the Authority and among Authority staff and community members. She will be greatly missed.

**FINANCE COMMITTEE REPORT** – Chairman Elting reported the Finance Committee met on June 20, 2012 and discussed the following item:

1. Presentation by representatives of Cherry Bekaert & Holland, PLLC of the draft report of their audit of the Authority's financial records for the fiscal year ended March 31, 2012. Director of Finance Barritt advised that the purpose of the audit is to provide independent verification that the Authority

has recorded and accounted for its financial transactions in compliance with Generally Accepted Accounting Principles. The auditors reviewed the highlights of their report and advised they had issued a clean opinion on the financial records, the highest level of assurance possible. No material adjustments were required or requested. The auditors also advised that additional compliance audits related to Passenger Facility Charges, and Federal and State grants, had no findings. The auditors also reviewed pronouncements under the Governmental Accounting Standards Board or GASB that may impact future audited financial statements. The statements that have been produced for FY 11/12 bear evidence of strong financial performance by the Authority during the fiscal year that ended March 31, 2012.

Member Elting made a motion, seconded by members Sanders, to accept the audit report by Cherry Bekaert & Holland, PLLC of the Authority's financial records for the fiscal year ended March 31, 2012.

Adopted.

**LAND & DEVELOPMENT COMMITTEE REPORT** – Member Teer reported the Land & Development Committee met on June 21, 2012 and discussed the following item:

1. Consideration of proposed Amendment No. 3 to the Agreement with D.H. Griffin – Balfour Beatty – RDU; a joint venture, for construction manager at risk services for Terminal 1 Renovation, RDU 070499. Deputy Airport Director, Facility Development Powell reported that Amendment No. 3 to the Agreement dated March 24, 2011 with D.H. Griffin-Balfour Beatty – RDU; a joint venture, revises the reference to the construction documents specified in Amendment No. 2, to updated and revised documents and, accordingly, revises the Contract Amount to reflect the additional cost of addenda issued during the bid period. The Contractor received bids between April 23 - May 2, 2012 for the subcontract packages that collectively comprise the work in the Contractor's contract. The bids were received, opened and read in the Authority's administration building. Subsequent to receipt of the bids the Contractor reviewed the bids. During the bid period, the Architect, Pearce Brinkley Cease + Lee, issued addenda that modified the work in the construction documents specified in Amendment No. 2 to the Agreement and that were the basis for establishing the Contract Amount specified in that Amendment. The addenda addressed bidder questions raised and clarifications issued during the bid period, as well as addressed changes in the work requested by the staff or made for other reasons. The estimated additional cost of the work in the addenda is \$326,659, which amount is not reflected in the contract amount included in Amendment No. 2. The sum of the lowest responsible, responsive bids was greater than the cost of the work in the pre-bid contract amount specified in Amendment No. 2. The terms of the agreements with both the Contractor and the Architect require the Contractor, Architect, and the owner to assess whether actions may be taken so as to reduce the cost to an acceptable amount if the cost is not within an acceptable amount. The parties completed that assessment and through a number of actions, including, but not limited to, changes in material specifications to enhance competition or reduce costs, elimination of duplicate scope among packages, and negotiations with bidders were able to achieve reduction to the contract amount specified in Amendment No. 2 but with allowance for the additional work added by addenda during the bid period. Amendment No. 3 revises the reference to the construction documents previously specified in Amendment No. 2 to include the addenda issued during the bid period and other revisions made to the construction documents as a result of the post-bid review and increased the contract amount by \$298,551, from \$44,466,479 to \$44,765,030. The recommended increase in the Contract Amount is the net of (1) an increase of \$395,059 in the cost of the work from the subcontractors' bid packages and (2) a decrease of \$96,508 in the amount or reimbursable general conditions to the Contractor. The recommended increase in the contract amount is slightly less than the estimated cost of the work added by addenda and not included in the contract amount specified in Amendment No. 2. With respect to HUB participation, the contract goal is 15 percent (15%), which

consists of a nine percent (9%) goal for non-female-owned firms and a six percent (6%) goal for female-owned firms. Based on the recommended contract amount for Amendment No. 3, the HUB participation on this contract is 29 percent (29%), with nine percent (9%) participation by non-female-owned firms and 20 percent (20%) participation by female-owned firms. The Authority approved a \$68 million budget for the Terminal 1 renovation project on October 20, 2011. No change in the budget is necessary because of the action recommended by the staff on the Agreement with the Contract. Staff recommended approval of Amendment No. 3 to the Agreement with D.H. Griffin-Balfour Beatty – RDU; joint venture. The Committee recommended the Authority approve Amendment No. 3 to the Agreement with D.H. Griffin – Balfour Beatty – RDU; a joint venture, for construction manager at risk services for Terminal 1 Renovation, RDU 070499.

Member Teer made a motion, seconded by member Elting, to approve Amendment No. 3 to the Agreement with D.H. Griffin – Balfour Beatty – RDU; a joint venture, for construction manager at risk services for Terminal 1 Renovation, RDU 070499. Adopted.

**MEMBER COMMENTS** – Member Thompson commented that he recently attended the Airport Minority Advisory Council (“AMAC”) conference in St. Louis, MO. He said it was a great opportunity to meet fellow airport constituents. He also thanked John Brantley, the Authority and staff for a great job, as he heard very positive things about RDU while at the conference. Member Teer commented that RDU’s USO facility was being visited by the national USO facility in Virginia for its annual “Standards of Excellence” inspection.

**GENERAL COUNSEL’S REPORT** – Attorney Tatum commented that he will miss Toni Lipscomb very much. When she first joined the Authority, she reached out to Attorney Tatum with ideas and suggestions and things she wanted to see accomplished at the Authority.

**AIRPORT DIRECTOR’S REPORT** –

- Enplaned passengers for May 2012 totaled 411,004 versus 415,626 for May 2011 for a 1.1% decrease. Year-to-date 2012 passenger enplanements totaled 1,818,269 versus 1,786,481 for year-to-date 2011 for a 1.8% increase.
- Deplaned passengers for May 2012 totaled 402,411 versus 406,325 for May 2011 for a 1.0% decrease. Year-to-date 2012 passenger deplanements totaled 1,817,980 versus 1,797,681 for year-to-date 2011 for a 1.1% increase.
- Enplaned air cargo for May 2012 totaled 5,675,711 lbs. versus 6,310,041 lbs. for May 2011 for a 10.1% decrease. Year-to-date 2012 enplaned air cargo totaled 27,299,098 versus 32,931,987 for year-to-date 2011 for a 17.1% decrease.
- Deplaned air cargo for May 2012 totaled 8,276,259 lbs. versus 8,261,330 lbs. for May 2011 for a 0.2% increase. Year-to-date 2012 deplaned air cargo totaled 37,083,766 versus 42,084,785 for year-to-date 2011 for an 11.9% decrease.
- Aircraft operations for May 2012 totaled 16,470 versus 16,949 for May 2011 for a 2.8% decrease. Year-to-date 2012 aircraft operations totaled 80,142 versus 78,917 for year-to-date 2011 for a 1.6% increase.
- The number of vehicles exiting the terminal area public parking lots during May 2012 totaled 150,716 versus 157,414 for May 2011 for a 4.3% decrease. Year-to-date 2012 number of vehicles

exiting the terminal area public parking lots totaled 673,658 versus 694,697 for year-to-date 2011 for a 3.0% decrease.

- The number of taxicab trips taken during May 2012 totaled 30,161 versus 25,656 for May 2011 for a 17.6% increase. Year-to-date 2012 taxicab trips totaled 135,146 versus 118,806 for year-to-date 2011 for a 13.8% increase.
- The number of passengers transported from RDU by SuperShuttle during May 2012 totaled 0 versus 3,010 for May 2011 for a 100% decrease. Year-to-date 2012 passengers transported totaled 5,552 versus 16,434 for year-to-date 2011 for a 66.2% decrease.
- Airport Director Landguth reported that in the last month several airlines have announced enhancements to their service, responding to the region's strong demand for air service.
- Southwest Airlines began new non-stop service to Houston on April 15, 2012 with one daily flight. The airline also announced some changes to its spring service. The airline will upgrade the aircraft used on its daily flight from RDU to Las Vegas, to a 737-800. It is also adding a second non-stop flight between RDU and Denver. This flight will be seasonal as well, and will last through the summer.
- Delta Air Lines is also making some additions to its schedule. On July 12, 2012, it will add two frequencies to New York LaGuardia, going from six daily flights to eight. In August, the airline will increase the daily number of flights between RDU and Boston from five to seven.
- Airport Director Landguth shared how honored staff was to have Duke Head Football Coach David Cutcliffe join the Leadership Meeting to talk to managers and their direct reports about the meaning of leadership and teamwork. Coach Cutcliffe discussed what it takes to be a member of a winning team. He also discussed the importance of saying what you mean and meaning what you say. Coach Cutcliffe also stressed that in each of our roles, we should always strive for excellence. Following his talk, those in attendance and Airport Director Landguth discussed how RDU staff could apply what Coach Cutcliffe discussed to the work we are doing here at RDU. It was a great discussion that illustrated we have staff on our team who are looking toward the future and to how we can make this airport even better.
- Delta Air Lines recently announced that it will cut approximately 200 of its 50-seat aircraft. As a result, the airline will be adding 70 76-seat CRJs and Embraers to its fleet. As RDU is already seeing with the increased frequencies to New York and Boston, this change can, and is, benefitting RDU. The 76-seat aircraft will be used on these new flights.
- Airport Director Landguth closed today's meeting with these remarks. As staff prepared today to dedicate John Brantley Boulevard, something Coach Cutcliffe said during this visit came to mind. Coach Cutcliffe said that we should always leave people and places better than when we arrived. Every day I drive into the airport and see John Brantley Boulevard, I am reminded that John followed Coach Cutcliffe's advice. He left the airport with great people, great infrastructure and a great reputation. Thank you John.

Member Elting made a motion, seconded by member Hunt, to adjourn the meeting. Adopted.

Respectfully submitted,

Tommy Hunt, Secretary

CORRECT ATTEST:

Craigie D. Sanders, Vice Chairman