

The City Council of the City of Charlotte, North Carolina convened for a Dinner Briefing on Monday, June 2, 2014 at 5:12 p.m. at the Charlotte Douglas International Airport with Mayor Daniel Clodfelter presiding. Councilmembers present were Al Austin, John Autry, Michael Barnes, Edmund Driggs, Claire Fallon, Patsy Kinsey, Vi Lyles, LaWana Mayfield, Greg Phipps and Kenny Smith.

ABSENT UNTIL NOTED: Councilmember David Howard.

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DINNER AND PRESENTATION BY AMERICAN AIRLINES

Interim Aviation Director Brent Cagle said welcome to the Airport. It's our pleasure to have Mr. Mayor and the City Council here tonight. We also have some friends from American Airlines, Tracy Montross, Mike Bryant and Terry Pope. Again, we're really excited that you're out here. I want to say grab some dinner. The dinner is provided by HMS Host; they're a master concessionaire here for the terminal. They do a good job and the selections that you are having tonight are all of the types of selections that our passengers and you can find in the terminal as you're traveling so hopefully you enjoy dinner and with that I'll turn it over to Tracy.

Tracy Montross, American Airlines said good evening Mayor, City Council and members of the City Manager's office and City of Charlotte Staff. My name is Tracy Montross and I am Director of Government Affairs for American Airlines. I am very happy to be with you on this side of the podium; my first time in this new role. I'm happy to introduce my colleagues; Terry Pope, Vice President of Charlotte Douglas Hub Operations, next to her Mike Bryant, Director of Tower Operations at CLT. We'll talk a little bit about their roles but I'm also going to defer to them for any questions that I cannot answer. This is month six for me having left the City in December.

On December 9th, Mayor Cannon and US Airways celebrated their merger with the celebration at the NASDAQ Stock Exchange. In the picture you can see our CEO, Doug Parker, US Airways CEO and American's CEO, Tom Horton. This was a \$17 billion dollar merger and we're proud to report that the stock is up at a little over \$40 a share. After we celebrated the merger at the stock exchange we celebrated the merger across the network so here are a couple of photos from parties that occurred at airports and offices across the world; employee morale has been a very great scene; everyone's been really excited. I'll say the new American Airlines, even though we are six months into this merger; we have about approximately 100,000 employees at American. Our corporate headquarters is located in Fort Worth, Texas, about two miles from DFW. Doug Parker, formerly US Airways CEO, is now American's CEO. The new company has about 6,745 daily departures to 340 destinations in 57 countries. They have hub locations in Dallas/Fort Worth, Charlotte, Los Angeles, Miami, Philadelphia, Chicago O'Hare, Washington D.C., New York's John F. Kennedy Airport and Phoenix. As you've all heard CLT is the second largest hub for the merged airline. You can see our complimentary domestic network; red for American, blue for US Airways and Charlotte's position right in the southeast and our world class global network with destinations in Asia, the Caribbean, Central America and South America. There are 130 cities served by American Airlines and not by US Airways and 62 cities that were served by US Airways but not by American to create a unique destinations group for each other's customers and a pretty expansive route network making us the largest airline in the world with destinations across the world.

The merger also created the industry's largest loyalty program. You may not know but American was the first loyalty program in the history of commercial aviation. After the merger we are now working towards one loyalty program which will be American Airlines Advantage. While Advantage Customers and Dividend Miles Programs which you may be familiar with will remain separate for now it will offer the ability to earn and redeem miles on both airlines. So we're working to provide you with that single account and we expect to do so early 2015 but rest assured your mileage balance and your elite status are safe. For our fleet we'll have one of the most modern and efficient fleets in the industry. We have about 500 new planes on order and will take delivery of its first Boeing 787 Dreamliner later this year. We have 83 new aircraft that will join the fleet. That's more than one aircraft per week for the rest of the year. As part of that

order we did make a large regional jet purchase for 90 new 76 seat regional aircrafts. Those are going to replace the smaller less efficient 50 seat regional aircrafts that are scheduled for retirement. This is our new livery. That tail design was chosen by employees and you'll start to see this aircraft used for both US Airways and American flights. Also the significant benefits for customers are continued investments in technology, products and services and our new aircraft will feature advanced in-seat, inflight entertainment systems, inflight Wi-Fi connectivity, main cabin extra seating and our new transcontinental and international wide-body aircraft will feature the lie-flat, all-aisle access premium class seats. You may not know that American Airlines also has a significant cargo operation. This year we'll be celebrating the 70th anniversary of that cargo operation. The major cargo hubs within the combined network are JFK, Miami, Chicago, LA and Philadelphia. 80% of the cargo is shipped internationally and the rest is domestic and that's really determined by the frequency and use of wide-body aircraft and international flights. In 2013 more than 800 million pounds of cargo and mail were moved and here in Charlotte you'll see that we move a significant amount of mail. We also move US currency from D.C. to the Federal Reserve here and we partner with trucking services to expand our network and offer customers more options specific for shipping their cargo. Our integration thus far in this last six months we've enabled Advantage and Dividend Miles members to earn and redeem miles when traveling across either airline's network. We've begun to align the travel options, the check baggage policies and inflight services for First Class and Business customers, we have reciprocal access to our lounges, we joined operations of 64 airports, including Phoenix and Miami, to use the co-location of our gates and our ticket counters is quite the process and we're looking forward to working through that here at CLT. We also closed the sale of the slot divestitures at DCA. That was required by the US Department of Justice earlier in 2013. We've launched the world's largest co-share so were now part of the oneworld alliance and that includes partners like Malaysia Airlines, Qantas, Qatar Airways, Royal Jordanian and British Airways and a number of others.

Mayor Clodfelter said Tracy, who bought the slots at national? Was it a number of buyers or was it one buyer?

Ms. Montross said no it's a number of buyers; Southwest received a few, JetBlue a few.

Councilmember Autry said Tracy, what is meant by oneworld alliance?

Ms. Montross said you may be familiar with Star Alliance.

Mr. Autry said and I don't know what that means either.

Ms. Montross said it's the brand that the airlines co-share in. Star Alliance, we had partners like United and at the time, oneworld, our partners are different but we have a reservation share network; Terry may be able to explain this a little better but it's basically the system in which we're able to share flights and customers and through reservations and operations. It's an alliance.

Mr. Autry said okay and the benefit to the flyer, the customer?

Ms. Montross said you have one seamless experience so let's say you book a flight from Charlotte to Berlin as an example; you may connect from Nashville to Charlotte, Charlotte to Berlin well oneworld is an Air Berlin partner and so then when you connect to Charlotte you'd be getting on an Air Berlin flight but you have that one single ticket which would show you the connecting.

Mr. Cagle said you can also share loyalty programs and can exchange your miles between all of those.

Mr. Autry said great. Thank you.

Ms. Montross said right now we're working towards a single operating certificate. It will take about 18 to 24 months since the merger closed to complete the FAA's process and that requires that we move to one computer system and a single website that we combine our operations

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control centers and we align employee procedures and manuals. We have to do all of those steps in order to get the FAA's approval and then we'll be able to operate as one single airline; so one carrier, one customer experience and that will take about another 18 months to complete. At that point we can then merge our workforces, mix and match the aircraft and the crews and offer that single passenger experience. American's presence in Charlotte; as you may know we have 9,550 employees. That includes both our main line operation and our regional express carrier. Most of those employees are fleet service, pilots, flight attendants and mechanics. Also in North Carolina we have about 850 employees at the reservations call center which is based in Winston Salem and about another 200 employees that are stationed at each of the airports in Wilmington, Asheville, Greensboro and Raleigh.

Councilmember Smith said where do the 9,500 employees rank you relative to some of the other regular employers? Do you know?

Ms. Montross said I don't. I'd be happy to get back to you on that. Let me check with the Chamber and find out where we rank. 9,550 employees we do have a significant presence here in Charlotte as well as across the state and then from our facilities we have a significant training center facility here which you'll actually see on your tour with the airport staff later; it's 200,000 square feet and 13 flight simulators. It was established in 1988; two additions to the building were completed in 1998 and 2009 and that building serves as the home to our flight, inflight and fleet service training; the 13 full flight simulator bays, two inflight cabin emergency trainers and 25 classrooms for pilots, flight attendants and customer service. We also have about 30 offices for HR and simulator engineering and I just want to point out Mayor Pro Tem Barnes what did you think of that training facility?

Councilmember Howard arrived at 5:26 p.m.

Councilmember Barnes said I feel qualified to fly an 8321. I do; I mean it's a joystick and you push a button and the computer does everything else.

Ms. Montross said it's typical for the opportunity to take you all through the training center.

Mr. Autry said I'm not particularly concerned about his ability to fly it. Can he land it?

Mr. Barnes said actually the computer will do that too and Fallon said she'd be the first one to get on.

Councilmember Fallon said no I won't.

Ms. Montross said we did have a lot of fun over at the training center. We took a quick tour of the training center and then a ride in the simulator and would love to offer that experience when available although the simulators are in demand. For our partner relationships at CLT with our government partners here in the room, our great friends at the CLT Aviation Department then we also work closely with the FAA, Customs and Border Protection and the Transportation Security Administration (TSA). I heard a great analogy today about a three legged stool; to run an airport you have the airport staff, the airline and you have these federal entities that not only provide regulations but their also responsible for operations at the airport and those three entities have to work very closely together to ensure that passengers have a safe and comfortable experience traveling and then we also have to rely closely on each other and that actually happens better here than many other airports so we're very fortunate to have great relationships at CLT and with our other governing partners. US Airways, in 2013 donated \$10 million dollars in time and philanthropic gifts to community organizations here in Charlotte. We're very proud of that and our employee giving as well as our foundation giving. Focus areas have been education, human services and arts and we've also participated in United Way and last year were very pleased to except the Spirit of North Carolina Award, we contributed over \$104,000 dollars in 2013 to the United Way Campaign.

Mayor Clodfelter said Tracy, where is your reservation center located in Winston Salem?

Ms. Montross said it's kind of near the mall on Hanes Mall Boulevard. You wouldn't be able to tell from the street. We are working to realize the community philanthropy profile and working closely with our non-profit partners to manage expectations about what that will look like as a result of the merger. What does this merger mean for CLT? It's the combined airlines second-largest hub, we're very proud of that and our route structure will be under review until at least late 2015. This is a question I get a lot. We did recently announce Charlotte direct service to Tulsa, Oklahoma City, Grand Rapids, Evansville and Fort Wayne. We also have a seasonal Trans-Atlantic service from Charlotte this summer to Lisbon, Barcelona, Brussels and Manchester. You'll realize too that based on the economic performance of those routes we have to manage the schedule so as those routes are announced we'll be sure to keep you updated on how they are performing and we expect great things from those announcements.

Why is CLT unique? Our hub population; we have the smallest hub population of our competing east coast hubs so Charlotte's population compared to other hubs is very low. Our hub passengers as you may have heard before; we have the largest number of connecting passengers so that 80% of our passengers are connecting through Charlotte while 20% are originating here. We have the smallest hub unit revenue of competing east coast hubs; that's basically the passenger revenue per available seat mile, its revenue compared to other hubs for your average fare. For hub wealth we have the smallest hub wealth of other competing east coast hubs but we have the third largest hub flight total in the world based on the number of daily flights, departures and arrivals per hour. I will say CLT is a robust international gateway but it does have the smallest share of local traffic of any other airline hub in the country so while we have significant summer service to Europe, we have to manage that service within a very tight gate space situation and Brent will talk a little bit about that later. We will continue to grow the operation of both international and domestic and although we already have established service in other hubs to compete against we'll make sure that Charlotte is in the best position to connect passengers and to grow the market here so that we have potential for greater air service. By growing the market and keeping the operation low cost we have the greatest chance to increase international service. I know ya'll are very interested in that potential. Looking forward we have confidence that Charlotte will continue to run an efficient and low cost operation at our second-largest hub. We realize the need to maintain and improve airport infrastructure, we look forward to resolution of the governance issues and we value our partnership with the CLT Aviation Department and with you all; City Manager, Charlotte City Council, Mayor and I'm grateful to stand here and share this information with you. I'd be happy to answer a few questions before turning it over to Brent.

Councilmember Phipps said these significant benefits for customers here would they be a compliment by increasing in the premium costs of tickets?

Ms. Montross said no. The algorithm that is used to not only determine where air service occurs and how the fare is priced for that air service is one that I cannot explain and I don't think anyone in this room could or at least understand. It is very much market driven and will not, it varies on a number of different factors including the price of fuel. To keep all of those elements in mind that's how fares are represented. The significant benefit to customers in terms of our fleet and other membership products is just a result of the market.

Ms. Fallon said Tracy, you said something about in the main cabins extra seating; that's the problem because those seats are made for midgets now. It's really ridiculous. It's uncomfortable and it doesn't serve the public.

Ms. Montross said we do like to think that providing the service does a great service to the public but I take in those comments to heart and we'll have some discussion on that.

Councilmember Austin said Tracy, thank you. I was just looking at your philanthropic investment into Charlotte; \$10 million. What is overall their investment to the country?

Ms. Montross said that's a good question. I just pulled the numbers on Charlotte but I will say as we align with communities philanthropic programs we will have a different; American and US Airways have a very different profile when it comes to community philanthropy so this will change over the next few years. I can tell you that US Airways had an educational foundation

and another way to give community grants so as we consolidate the two I'm sure that profile will expand but will also be more targeted to specific focus areas like education and military veterans is another one.

Mr. Austin said like university education by chance? You don't have to answer that; you know where I'm going.

Mayor Clodfelter said I know you had to give up slots at National but has there been any change in the number of flights from Charlotte to Nashville or from Charlotte to the New York area airports? Those are always just jammed full.

Ms. Montross said not from the Charlotte hub.

Mayor Clodfelter said so for flights from here to D.C. or to New York there haven't been changes to a number of flights?

Ms. Montross said no sir.

Mr. Barnes said question about the 9,500 employees in Charlotte. Could you talk about the range of salaries that those jobs pay and then also talk about especially the blue collar component; the maintenance facility out there, the number of jobs there and how and what will be impacted within your franchise as a result of the merger? In other words will there be more jets coming to Charlotte for overhaul and maintenance and what will that look like in terms of hiring more mechanics and their pay?

Ms. Montross said I'm going to let Terry answer this one if you don't mind.

Terry Pope, American Airlines said this is going to be relatively easy. It's all a part of the planning stage. As we're taking a look at all of our root structure right now Dallas is our largest hub, and that was something that was painful for me because I like being number one, the largest. I still say today that Dallas may be larger but we still are the best hub. As we start our planning stages which is what we're doing now. Most of our work has gone into merging the systems together, looking at policies, procedures, looking at wages both on the Legacy American side as well as the Legacy US side its taking a lot of effort to look at all of those things. We don't really care about being the largest airline in the world; our goal is to be the best and we're not there yet. We know we will be; we're following Delta Airlines which did a pretty good job with their recent merger. Our goal is to learn from those that didn't do very well and learn lessons from them and certainly capitalize on the fantastic work force that we have now. I would say that Charlotte is leading the way; we have a wonderful work ethic, we have a fantastic culture here at the Charlotte Airport that is evident by our workers that we hire. I can tell you personally I've worked at 13 different airports in my career and have never experienced the type of team building and team work that we've experienced here in Charlotte and that's made all the difference in the world as far as we're concerned as a corporation, Charlotte will absolutely remain and be a huge player in American Airlines future. What that looks like? We're still planning that. We have Miami that's a huge international port, Caribbean port for us, Dallas as well, Chicago a lot of international presence, Kennedy and of course we have Philadelphia and Charlotte so we're just trying to take a look at all of those cities and see where it all fits in. I can tell you again Charlotte will remain a big, big player and a lot of that has to do with the partnership that we experience here and the low cost of this airport which obviously drives what we do.

Mr. Barnes said thank you.

Mayor Clodfelter said Tracy, thank you so much and the whole team thanks you. So Brent, now you're going to tell us how you're going to keep Terry happy.

PRESENTATION BY AVIATION DEPARTMENT

Interim Aviation Director Brent Cagle said I also want to say thank you very much for Tracy, Mike and Terry for being here tonight. We really do view American Airlines as a partner and we work very closely with them and all of our signatory carriers to make sure that we're providing an excellent product and consistent service to them so that they can successfully fulfill their mission every day which is to help those 120,000 passengers make it to their final destination so we value that partnership and we also understand the commitment and the investment that they bring to this community and we're committed to executing to make that possible. I'll just point out as you came in this afternoon, you parked in the first level or the sub-grade level of our business valet deck; on the top level you might not have noticed but as your exiting please take a look at our new business valet and curbside valet contractor AmeriPark. They started Saturday at 12:01 a.m., and they've already made some changes in how they manage the vehicles in the first level and so for those of you have used the business valet product you'll see some pretty stark changes up there in how they are managing and we're already hearing some positive feedback from the customers regarding those changes. Now it's also important to note that they started 30 days earlier than anticipated so they'll be rolling out further customer service enhancements over the next 30 days and even beyond that.

The other thing to note is Moody's, the rating agency Moody's Investor Services, we carry a AA3 rating from Moody's as part of their annual surveillance, that's their annual review of the credit, they came out about a week and a half ago to do annual surveillance. Just recently on Friday I believe they informed us that they have affirmed our AA3 rating. A couple of the things that they noted is our value or our goal of demand driven capital, that's very important that helps us keep those costs low and Moody's acknowledges that and used that as a credit strength of the airport and of airport management. They also say that they acknowledge and site as a credit strength the growing and diverse service area that supports Charlotte Douglas International Airport and so both of those are cited from Moody's in their affirmation of our AA credit rating on our senior league and also on our A credit rating on our special facility bonds which go towards the construction of the consolidated rental car facility which we'll see on our tour. The other note is about we want to focus on the tour so I'll move through this quickly though we're really excited that you'll be able to join us for our tour. We have about an hour driving tour and we hopefully will be able to show you the major projects. Some of those projects are not conducive to looking at or are security sensitive and so I'll talk about some of those projects here. Hopefully we'll be able to hit most of the major items as we drive around the airport property.

Real quick our vision and growth strategy, I would be remised not to include this; obviously maintaining our costs competitiveness is of utmost importance while providing a good value to our business partners and to our passengers and then as I already stated growth strategy is based on demand. That is the key for us. Fast facts; again 43 million passengers in 2013, 5.4% increase, that is a massive increase, sixth largest nationwide in movements and eighth largest airport in passengers; air service; 147 non-stop destinations, 37 of which are international. Six major airlines are signatory; that would be American Airlines, US Airways, Delta, United, Jet Blue and Southwest Airlines and then we have three foreign flag carriers Lufthansa, Air Canada and Insel Air and as you'll note in the second to the last bullet Frontier, a domestic carrier also is providing service there. They are not a signatory carrier but they are providing regular scheduled service to Trenton Mercer Airport and they have recently announced new service to Dulles International Airport. Over the summer we've also had interest and we expect that Air Miami and AeroMexico will be adding seasonal service to Mexico and to the Caribbean.

A look at our enplanement levels, a CAGR is compound average growth rate so that is the compound average growth rate over the period. You can see the CAGR for our ninth periods is 6.3%. That is an incredibly high growth rate for any airport in the nation or in the world. Another interesting thing is if you look at the blue bars which are the local passengers O&D; the blue bars represent the local passengers and so our total passengers have grown over these nine periods; that's including the recession mind you. We continued growing throughout the recession. Now our O&D sloped down and dipped a little bit in 2009 but then immediately started recovering and was fully recovered and growing again by 2011. If you look at the period 2008-2013 on O&D the CAGR was 1.4% as it says here and compared to the Moody's Median for AA2-AA3

rated airports, which we are, that compares to their median for airports of the same rating of .3% growth CAGR during that period so not only have we been a fast growing airport for total passengers we have been an incredibly fast growing airport for local passengers too. Again, that all echoes the sentiment that Moody's saw when they affirmed our credit rating; the strength of the market and also the strength of the airport and management. This is just a slightly different way to look at our growth. This one is interesting, the yellow line which I apologize from this angle doesn't show up very well, the yellow line right here is the airports growth had we followed the US average and the blue line is our actual growth over that period. That really shows if an airport is doing good they keep rising. We have shot up at an astronomical pace and that is very good for us and that's even better for our airlines I'm sure but it presents some challenges. It presents quite honestly some growing pains and I think that's what we're seeing now as the airport emerges from this growth and positions itself for the next 30 years of successful operations.

Another important thing, I think this is interesting, this slide and the next slide, taking a look at our market share by airline. A lot of people know that we are a major hub to US Airways and now to the new American. Before the merger US Airways and their affiliates represented 89.6% of the market with the merger they represent 91.5% of the market; that's the new American. That is strong concentration from one carrier. In that, Moody's points out our credit weaknesses and obviously this is one of our credit weaknesses. This is the interesting thing; this is the slide you don't see very often, and I think it's important and we pointed this out to Moody's when they were here; we looked at the local share that the amount of traffic that is generated from this region it's a little bit of a different story. The blue is US Airways and American the combined entity; the blue and the red. Now you can see the market is not as concentrated as it looks when you look at all of the traffic. It's a combined 66% but you have Delta at 18% and you have United in here at 7%, you basically have more competition then you would otherwise assume when you just look at the total market share including all of the connections. The other thing that's interesting about this is, this is on enplaned passengers which is half of total so what that's really saying is that the local market generates 10 million passengers a year and in the local market 12 markets are served by American Airlines, by the new American but they also have direct competition from other carriers. When you look at that it really is a different story when you're looking at how our O & D market compares in comparison to the total. I think that this alone shows the strength of Charlotte and shows the strength of our competition at Charlotte and also the strength of the local market.

This is my gratuitous slide to show that you can get a lot of places from Charlotte. That's the spaghetti of our routes. If you want to go somewhere from Charlotte chances are you get to go there direct; on a direct flight and I think everyone would agree that flying direct is always better than connecting and so that's really what we get out of being a major hub for a major airline. Capital Program and the tour; you know we'll talk about some of these projects but I want to say we developed a five-year capital program to meet business and passenger needs, again, hitting on the demand driven nature of our capital investment. In 2014-2019 we have a capital program that reflects approximately \$1.5 billion of land-side and air-side improvements. It's important to note that a majority of these projects are back-loaded to the end of the five year program and that's primarily due to the expiration of the Airline Use Agreement in 2016. As we start to work with American and the other signatory carriers to discuss what improvements they would like to see and what improvements we need at the airport to meet those passenger demands and as we discussed timing on negotiation of a lease renewal or extension, some of those projects that are out past June 2016 may be brought forward to meet demand and also better fit with both the airport and the airline's needs. Major projects nearing completion, it's about \$250 million worth; the CONRAC consolidated rental car facility and our hourly parking deck, the Business Valet Deck II, the Terminal Westside Expansion, Consolidated Inline Baggage System, the New Airport Entrance Road and the Airfield and Terminal Capacity Enhancement Plan; that's basically a Master Plan.

Councilmember Howard said you had mentioned on a slide before Brent about the lease agreement; when does that start and if a lot of projects are waiting on that can we start that early? What is the process?

Mr. Cagle said we are working with the signatory carriers to understand better what their desires are on the lease. Obviously they have a contractual commitment from the airport through June 2016. It's our understanding after talking to the carriers that there may be interest to both move some projects forward and also discuss the lease starting earlier. We do need input from the carriers on that. What I would say is for a non-contentious lease negotiation, which we totally expect, a typical timeline is 18 months to negotiate and execute. We are looking at whether or not that timeline can be expedited and whether or not we can start those negotiations a little bit early.

Mr. Howard said they all come up at the same time? They're not staggered?

Mr. Cagle said no it is a single master lease so all of them will need to be updated at the same time. All signatory carriers have the same lease and the same terms and conditions under the lease.

Mr. Howard said so the one that is most important with the new American, we can't do by itself?

Mr. Cagle said we value our partnership with all of our signatory carriers but certainly all of them have a major interest in talking to us and scheduling out the lease. What I can tell you is we met with the signatory carriers last week on Wednesday and they have all expressed a desire for the airport to produce a timeline for lease negotiations that would bring those negotiations into a 12 month window and so then the real decision point is when do we start the 12 month window and is it realistic to complete the negotiations within 12 months? We think it is. I'll also say we haven't been just sitting around wondering what to do until we start that. We have been looking at the lease because we know with a lease that's 27 years old; it's got a little age to it. That's a fairly old contract so we've also been looking at the existing lease, taking comments from the signatory carriers and from our legal counsel to modernize the document while retaining and honoring the business terms that both the airport and the airlines value.

Mr. Howard said the only I'm getting at is I would hate for smaller airlines to hold up or the smaller ... that's the one that's most important to Charlotte.

Mr. Cagle said I can tell you that our partnership with American I have no indication that they would hold up a deal so to speak that would be detrimental to the other signatory carriers. If anything I think it's in everyone's interest to move forward, the airports included, in terminal renovation and rehabilitation and also laying the groundwork to add gates to the airport which actually we'll talk about here in a couple slides.

The airport entrance road realignment; I am working very hard for a long time we called this the new entrance road. That was mislabeling on the airports part. This is a realignment of Josh Birmingham Parkway. The question comes up what are you going to name that new road? The answer is Josh Birmingham Parkway because it realigned Josh Birmingham is what the new entrance road project really did and so I've provided you as an attachment to the presentation you should have in front of you on 8 ½ X 11, a map of that realignment. This is kind of difficult stuff, it's hard to look at this aerial and really get a feel for how the entrance road works but what you have is the ultimate build out and alignment of Josh Birmingham Parkway once it's finished being realigned. Tonight we will travel on the open section of the realignment and we'll also point out where it needs to be completed. Generally speaking, just to orient you here's the terminal, here's the parking garage and we are right now right over here. We'll come into the entrance road coming this way and we'll proceed onto Josh Birmingham Parkway and we'll come around here and we'll travel into the terminal. That is the portion of Josh Birmingham that is complete. The unfinished portion of the realignment is actually up here where under the old alignment exiting passengers would continue on out this way. They will now have the option to make the choice, continue on out this way to Billy Graham Parkway or continue up and through this new intersection across Wilkinson and straight up to I-85. That's the portion of the roadway that is not complete so I will say the new roadway has been very confusing. Passengers are used to driving the same way they always have for 30 years, the first time I drove it I was a little confused because it's different but that's to be expected.

There are a lot of ingress and egress points on the new roadway. There were actually a lot of ingress and egress points on the old roadway but we were used to it. It was something that we had grown accustomed too and so the point here is bear in mind that this change does come with a little bit of a learning curve, a steep learning curve and right now the roadway is operating at half its potential because it's only half-way open. We had to open the section that we have open so that we could complete the remaining section. That was just a requirement of the phasing of the project so as the roadway is completed it will provide the full efficiency that it's intended to and it will provide a more efficient roadway system for the airport long-term.

Mr. Howard said when do you think you will finish the whole part out to I-85 because there's a ramp that will eventually come off of the -

Mr. Cagle said later in the year it will be open. Jack do you want to comment?

Interim Deputy Aviation Director Jack Christine said by the end of the year we'll have the exit ramp open.

Mr. Cagle said we're going to get two weeks of torrential downpours now. We have been at the mercy of the weather so I'm not sure if this is good or not. It should be done by the end of this year, hopefully sooner, but weather permitting it is an outdoor project and weather can really hinder us.

Mayor Clodfelter said this intersection at Wilkinson is at grade? It's not grade separated right?

Mr. Cagle said that is correct and when we go through there I'll show it to you. The street poles are up. It is not a lit intersection yet but Councilman Howard to your question, when the road opens it is our intent to open the entire roadway including the connection to Scott Futrell and what that really does is kind of straighten out the dog leg, I'm going to call it the dog leg that Little Rock Road currently has in it.

Mr. Howard said do you close that? Does that cover something else, Old Little Rock or something?

Mr. Cagle said this section does not close; there are businesses on it. That section of Little Rock Road will remain open to those businesses. This section that's currently on the airports side ultimately will close and we'll start to do that as we move towards the permanent intersection there.

Mr. Christine said the one other thing about that particular intersection, the light that is at Old Dowd Road or at Little Rock right now, the light will go away and will move down to the new intersection. You will be able to do a left over onto that road but there won't actually be a traffic signal there.

Mr. Howard said so eventually you will need that all the way down.

Mr. Christine said NCDOT would like us to keep at least the left over if you're coming from I-485 towards town to be able to do a left turn there onto that road so that part will stay but the rest of it will close.

Mr. Cagle said that will provide passengers both entry and exiting the airport a much easier traffic movement to and from the airport from I-85. The CONRAC, or the consolidated rental park facility and the hourly parking deck, seven levels, 7,000 parking spots. It's on schedule to open November 2014 ahead of Thanksgiving. The up-fit for the rental car facility, so the public section, is on schedule to open ahead of Thanksgiving. The up-fit for the rental car facilities will start after we turn over the facility to them which is in November of this year and it will take them likely another five or six months to do their up-fit and start to operate out of the facility which also means that they abandon their existing service sites which are along Rental Car Road. That will take a little bit longer, we turn over shelf space to them and they have them fitted to their liking. Terminal curb-front expansion and our tunnels, our passenger walkways or tunnels; you can see together this is the front of the terminal and these are the eight traffic lanes that will be in front of the terminal that ultimately will move up to the parking garage. There will be

passenger vehicle lanes and there will be commercial vehicle lanes and I actually I apologize I said that backwards this is the front of the terminal and this is the parking garage but the point here is there are eight lanes upper and lower level. That project has actually started with design. The first phase of that is installing those tunnels. There will be tunnels going below the roadway from the parking garage over to the terminal so that passenger traffic does not have to walk across eight lanes of traffic. That's good for the passengers and for traffic flow.

Ultimately, there will also be sky bridges above so that passengers can either go up and over or down and under the roadway but passengers are not faced with the daunting challenge of trying to get across eight lanes of traffic. It's also important to note that this terminal curb-front expansion is the first step in expanding the terminal lobby. Once that's done and it's coming to completion we start to expand out the terminal lobby by about 90 to 100 feet. That will open the way for better passenger movement in the front of the terminal and also we will look at reconfiguring security checkpoints at that point to and make them more efficient or more up to the TSA standards as they stand today.

Councilmember Autry said down there in the lower right whenever it's all finished, how many lanes will you have exiting the terminal area? Right now that bottle neck of just one lane?

Mr. Christine said we'll have two lanes for the passenger vehicles and a single lane for commercial vehicles but that's the way it ought to work because commercial vehicles need a lot less than passenger vehicles. As you exit the terminal with the roadway reconfiguration you'll have four lanes that will be going out of the terminal, two lanes that go to Josh Birmingham and two lanes that will stay on Josh Birmingham to Billy Graham and two lanes will go to Wilkinson.

Mr. Autry said okay so that single lane bottle neck?

Mr. Christine said that will widen out a little bit once when we get to this piece of it.

Mr. Cagle said Terminal Westside Expansion; I call this the AB Connector but it's the Terminal Westside Expansion because it's on the Westside of the terminal. It's \$10.5 million dollar expansion; it basically allows or connects the A Checkpoint to the B Concourse. If you've ever come into the A Checkpoint and then you have to walk down to the Central Lobby and around to B you can cut the corner off now when this is done. It should be open in August of 2014.

Mayor Clodfelter said I love this project.

Mr. Cagle said we like it too because we're going to put concessions in that space and so hopefully as you're cutting through you'll buy some food or other items.

Councilmember Fallon said why are doing both tunnels and sky?

Mr. Cagle said right now it's a seven story garage and so there are some passengers who may want to go downstairs, there are some passengers who wanted to stay upstairs but we think that given our growth and the volume of traffic we need more than just two connectors and so what this will actually do is give four connectors up and down. It's just more efficient than having four tunnels or four sky bridges. It gives passengers a choice.

Mr. Howard said the concessions in the terminal; when you extend the terminal out is it going to look a lot like what you've got now? Is that what the treatment will look like all the way through?

Mr. Cagle said correct. This is actually a conceptual rendering of it and it does start to look more, I'm going to call it a modern look of the facility. Yes it looks similar.

Mr. Howard said and with the concession space that you're adding, how does that work? Does that automatically go to Paradise or to Host do you open that back up again? How does that work?

Mr. Cagle said this is coming up in August. We are looking now at how we will fill those spaces and looking at whether or not we'll extend the contract with HMS Host for food and then for specialty retail and other items with Paradies but we're evaluating that.

Mr. Howard said when we went through the whole process with Paradies there were a number of people that had contacted all of us; they were trying to get in so I hope this is an opportunity for Paradies and Host to look at new people as opposed to just having it handed to the folks that are already there.

Mr. Cagle said I agree. Consolidated Baggage System; it's interesting this project facilitated this project. You can see here this is the exterior, the shell, on this level here at the ramp level, that's where on the ceiling we're hanging these bag belts and conveyors. This is the bags that go from the ticket counter to the airplane and this makes it a much more efficient system, it also incorporates the inline explosive detection system into the baggage system. It is scheduled for completion August 2015. Terminal Rehab, we are looking at things like furniture, flooring, wall panels and ceiling which include the lighting, the ceiling tiles, and the other types of items in the passenger facing areas and then behind the scenes there's a significant amount of money in terminal systems. That's kind of the stuff that nobody sees the HVAC systems, the central plant, and fire and life safety systems, all of those kinds of things. We're looking at Concourse, A, B, C, the Atrium and then the terminals systems to support the entire facility. All in it's about \$30 million dollars give or take.

D/E Food Court or the East Terminal Expansion; its right down here at the D/E connector and that has two purposes. One, it will provide for a food court in that end of the building so new concessions. It also will provide better vertical circulation to get down into the E Concourse. It will provide more escalators and elevators as part of that project which is definitely needed with the growth in our traffic and the connections that the passengers on the E Concourse are making. The project is estimated to take three years to complete and we're looking to start that project very soon. Concourse A North; this project is what everybody's talking about I think. These are new gates. This is greenfield construction. This is the A Concourse. This is rental car row or the rental car service site. Back when I said that the rental car companies need to get out sometime in the spring that paves the way for us to start this project. On the nearest section of this there is some ramp work that we intend to start doing early ahead of the rental car companies vacating their service sites so that we can be prepared to move into it. This will be built in phases; four to twelve gates is phase one, ultimately possibly up to 25 gates, that's if their all domestic, less if their international.

We will engage our stakeholders to assess the need for future international gates on this Concourse. What I'm getting at here is we have today demand for domestic gates from many of our carriers so our priority is to facilitate those requests and that demand as quickly as possible. The decision we need to make and that we engage our stakeholders on is someday will this facility operate as an international facility. That will dictate some of the construction decisions we make because there's kind of three options for this facility. Build it as a turn-key international facility from day one, build it as a turn-key domestic facility from day one or split the difference and build it for domestic today with the possibility of converting to international as demand increases and the airline partners want to move that way. What we're looking at now is the best course but we know today we have demand for domestic gates.

Mr. Howard said what does that mean Brent? If I notice when I go down to the end of D it seems like the space between the gates is bigger to accommodate bigger clients what else is there, height? What do you have to do so that you can retrofit it?

Mr. Cagle said you nailed the biggest single thing is for international gates you need more room. You can't get 25. If we were building it strictly international it might be 18 gates from day one so you need more room between the aircraft. The other thing you need is more room for the aircraft to taxi because their bigger aircraft. All of those things dictate decisions about construction both on the ramp and in the facility. The other thing that you have to consider is an FIS for Federal Inspection Service facility in the building and that is very expensive. Building this as a turn-key international facility is exponentially more extensive than building it as a

domestic facility and it is because you lose capacity and you need more facilities for things like Customs and Border Protection.

Mr. Howard said I would hope that we still think about the future and the connections to other places while we're talking about all this so that we don't come back later to a lot of retrofit. I trust you to do what's right in that aspect but I would hope we're not too short sighted on the whole possibility of international partners.

Mr. Cagle said we are looking at that and that is exactly the questions that our Master Plan Consultant, Lander McBrown is looking at now and working with our stakeholders to develop what we think is an appropriate plan.

Councilmember Barnes said you've described a number of capital improvements to the airport; capacity, building type improvements and we currently have 700 daily take offs and landings. What do you see as being the full capacity of this airport in 25 years in terms of takes off and landings?

Mr. Cagle said we believe that the airport could ultimately have five parallel runways and the Concourses commensurate to support those runways. We believe that we could be on par with Atlanta someday, the world's largest airport.

Mr. Barnes said and what's that number?

Mr. Cagle said it may not be the world's largest airport. We need to make wise decisions about how we place infrastructure today so we don't get in our way, we don't trip up over the decisions we make today. We do have the ability to expand our airfield and our terminal facilities to be on par with the largest airports in the world.

Mr. Barnes said how many flights take off and land per day in Atlanta?

Mr. Cagle said Atlanta, I don't know how many take off and landings they have but I think their passengers is somewhere in the 65 to 70 million annual. We're at about 43 million; another 30%.

Mr. Barnes said is that 1200 flights?

Mr. Cagle said remember it's hard to say on flights because you start to change the mix. You get bigger airplanes so it's hard to say. What I would say is we don't have anything today that would constrain us from growing into one of the largest airports in the world but it's important that we make wise decisions today so that we don't hinder the future generations who are going to be managing the airport and we don't tie their hands up with bad decisions from the past.

Mr. Barnes said we agree.

Mr. Cagle said we're working very hard to do that. Business Valet Deck II, we'll see this on the tour; this is the new business valet facility. It nears the existing facility and is being built down at the end of the road. Again, our priorities, I would focus on all of these at some point as we went through them and as I said I really want the opportunity to focus on the tour so with that I'll turn it over to questions.

Mayor Clodfelter said you have no project for the baggage and return area?

Mr. Cagle said we have made improvements to baggage return so we will look at that. We will always work on all of our passenger facilities.

Mayor Clodfelter said but there is no identified project to do anything major with the baggage return area.

Mr. Cagle said at this point we do not. We will look at that as we do our Master Plan planning and we will take that into advisement as an area where we do need to look at the resources again.

Councilmember Smith said I'm in real estate and I get calls from people to find out who to call to inquire about ...that is one of the random questions I get because of my profession.

Mr. Cagle said the easiest answer is Haley Gentry. She is the Airport Business Manager and she interfaces directly or her staff interfaces directly with our concessionaires, HMS Host, as the Master of Food and Beverage concessionaire and Paradies as our Specialty Retail concessionaire but Haley Gentry and Councilman I can get you her number.

Councilmember Phipps said are there any plans for expanded non-stop service to Asia?

Mr. Cagle said I would say that that's an airline question. What I would say on my end of it we are looking at adding that fourth parallel runway and it will be a 12,000 foot runway so if any airline would like to fly non-stop to Asia we will be ready for the call. We need a longer runway as the first step and then we need an airline who would want to do that. Our next runway will be a 12,000 foot runway so that we can facilitate that.

Councilmember Kinsey said what's the largest machine we can land right now?

Mr. Cagle said that's a tricky question.

Ms. Kinsey said can we do a Triple Seven?

Mr. Cagle said we can land the Antonov which is the largest aircraft in the world.

Ms. Kinsey said can we stop it before it goes off the runway though?

Mr. Cagle said it can land and take off but for scheduled service we lack some of the size to handle scheduled service of the largest aircraft out there.

Mr. Christine said the A380, which is Airbus's two-story aircraft and the 747-8 are the only two airplanes that if they were to have scheduled service we would have to do modifications to the airfield and terminal facilities to handle an airplane like that on a regular basis. Could the A380 land here today? Yes. On non-scheduled service yes we could handle it but as far as the rest of the fleet that American has we can handle everything from the Triple Seven on down without a problem. It's just those two airplanes, what they call Group Six Aircraft, and they require for scheduled service to have wider runways, wider taxiways and we would want the terminal building to be taller so as to handle those two airplanes in particular because they sit so high off the ground.

Mr. Cagle said for Group Six our next runway and taxiways associated with it will be Group Six capable but obviously before there were Group Six Aircraft scheduled service we would also need to work on making some terminal facility improvements to which we don't have plans for that right now.

Councilmember Austin said all of this expansion and everything is going wonderful at the airport I just question how are we helping some of the neighbors who are being impacted by sound and all the wonderful things that we're doing?

Mr. Cagle said we do have an existing Part 150 Program and we have been buying and sound mitigating properties that are eligible under Part 150 requirements. As the airport gets busier we understand the need to mitigate and more community outreach and I will say, this is not intended as a plug but it may sound that way, included in our next year's budget is an additional staff person to help us with just what you're describing; better and more community outreach to keep the citizens and neighborhoods informed because quite frankly we know that there's an impact to more areas than those that are inside of the Part 150 defined program and so that's really a community outreach and information effort and we are taking steps to up our game if you will in that area by bringing on new staff dedicated to that, to work with the neighbors and provide them information.

Mr. Austin said so are we also adding dollars to help with sound insulation, those types of things, are we increasing that amount as well?

Mr. Cagle said the sound mitigation and the purchase of properties those come through federal dollars and they're limited to those properties that meet the federal guidelines. Other properties outside of that we do not have the legal means to provide sound mitigation or purchase their properties.

Mr. Austin said are the guidelines expanding that area that gets impacted at all?

Mr. Cagle said as part of the Master Plan we are conducting a new Part 150 study and that will look at the existing noise contour is what they call it and that noise contour kind of looks like an amoeba around the airport and it gets bigger at the end of the runways and then contracts between them but that noise contour is being reexamined. I would tell you over the year's aircraft are getting quieter but that's balanced against Charlotte getting busier. I don't know exactly what the results will be but that is part of the Master Plan study that is being conducted right now.

Mr. Phipps said on a related note to Councilmember Austin's question I've been receiving some constituent complaints even in the northeast area of Charlotte of increasing airplane noise that I thought was farther away from the airport so I'm wondering if it's

Mr. Cagle said and I understand we get noise complaints from very far out. Clearly, there are folks who live 20 miles from the airport who see and hear aircraft from their house. When it comes to the Part 150 program there are very specific federal guidelines and we have to follow those guidelines for the program and that's the point of the study and that's what we're looking at now. Even for residents and citizens who are outside of that program we need to do a better job of communicating the federal program and what we can and can't do under those federal guidelines and that's our intent.

We will go right out front and board the bus and Jack will be our tour guide for our wonderful tour.

DRIVING TOUR OF CHARLOTTE-DOUGLAS INTERNATIONAL AIRPORT

Council departed for a driving tour of the Charlotte Douglas International Airport at 6:28 p.m.

RETURN TO CHARLOTTE-DOUGLAS INTERNATIONAL AIRPORT

The meeting was adjourned at 7:30 p.m.



Stephanie C. Kelly, MMC, NCCMC, City Clerk

Length of Meeting: 2 Hour and 18 minutes
Minutes Completed: July 16, 2014