

**MINUTES OF THE
CONNECTICUT AIRPORT AUTHORITY
BOARD MEETING
FRIDAY, MARCH 7, 2014, 9:00 A.M.
SHERATON HOTEL - BRADLEY INTERNATIONAL AIRPORT
WINDSOR LOCKS, CONNECTICUT**

Members Present: Mary Ellen S. Jones, Chair
Robert J. Aaronson
Brett C. Browchuk
Charles R. Gray
J. Scott Guilmartin
Karen M. Jarmoc
Matthew J. Kelly
Michael T. Long, Vice-Chair
Peter McAlpine (Treasurer's Designee)

Members Absent: Commissioner James Redeker
Commissioner Catherine Smith

Staff: Kevin A. Dillon, A.A.E.
Robert J. Bruno
Ron Frost
Paul Pernerewski
Jody Slayton
Sharon Traficante
Eric N. Waldron, A.A.E., ACE
John Wallace

Invited Guests: Stephen Van Beek, Executive Director of Policy & Strategy, Leigh Fisher

1. **Call to Order:** Chair Jones called the meeting of the Connecticut Airport Authority to order at 9:03 a.m., and noted a quorum.

2. **Approval of Minutes – February 19, 2014 Board Meeting:**

Mr. Kelly asked for the minutes to reflect that he recused himself from just the Personnel portion of the Executive Session. Mr. Pernerewski asked that there be a notation made under item six to reflect that the Board came out of Executive Session at 2:15 p.m.

Mr. Kelly made a motion (Seconded: Mr. Long) to approve the minutes from the February 19, 2014 Board meeting. **Voice vote – motion passed unanimously with Mr. Long and Mr. Guilmartin abstaining because they did not attend the February Board meeting.**

3. **Executive Director’s Report:**

PASSENGER NUMBERS

| <u>Airport</u> | <u>January 2014</u> | <u>January 2013</u> | <u>% Increase/Decrease</u> |
|-----------------------|----------------------------|----------------------------|-----------------------------------|
| Bradley | 421,095 | 385,256 | +9.3% |
| MHT | 142,416 | 156,689 | -9.1% |
| PVD | 239,812 | 251,791 | -4.8% |
| Logan | 2,016,163 | 2,018,163 | -0.1% |

PASSENGER NUMBERS – 2013/2012 YEAR-END

| Airport | 2014 | 2013 | % Increase/Decrease |
|----------------|-------------|-------------|----------------------------|
| Bradley | 421,095 | 385,256 | +9.3% |
| MHT | 142,416 | 156,689 | -1.2% |
| PVD | 239,812 | 251,791 | -4.8% |
| Logan | 2,016,205 | 2,018,163 | +0.1% |

Mr. Dillon reported on air service development. Mr. Dillon noted that he met with JetBlue on February 27, 2014 to discuss potential new routes and was pleased to announce that he was able to secure new service to DCA. Mr. Dillon reported that this is an accomplishment because Hartford is only one of three cities that will be adding this new service which is testament to the airport's market. Mr. Dillon stated that he will be meeting with an international carrier on March 12, 2014. Mr. Dillon also reported that United will be dehubbing in Cleveland, Ohio and as a result, their United service from Bradley to Cleveland will be eliminated. However, Bradley is fortunate that Delta is beginning new service to Cleveland. Although Bradley will be losing three United daily frequencies to Cleveland, the airport will be gaining one from Delta.

Mr. Dillon provided a legislative update noting that the CAA has been advancing its legislative agenda. Mr. Dillon had the opportunity to testify in front of the Transportation Committee earlier in the week which is the Committee that will be taking up all four of the CAA's agenda items. Mr. Dillon introduced Alex Peterson, Executive Assistant/Research Analyst who has been focusing on the CAA's legislative agenda. Mr. Dillon reported that concerns were raised in regards to two pieces of the legislation as it related to the unions. The Committee asked the CAA to try to work out an agreement with the Unions which the CAA is fully prepared to do.

Mr. Dillon noted that the legislation relating to the appropriation of funds directly to the CAA for the CAA airports was withdrawn.

Mr. Dillon reported that the retirement system exemption for certain employees is moving forward. The bill will likely be moved out of the Transportation Committee and forwarded on to other committees including the Appropriations and Labor Committees. The session is slated to end by early May.

Mr. Gray reported that he was disappointed that the Board was not notified that the CAA was appearing at a Committee hearing. Mr. Gray indicated that he was approached by several Committee Members, including one of the Chairs, asking if Board members would be there to support these proposed bills. He commented that it looked as though the Board was not aligned and he was caught off guard that he wasn't notified. Chair Jones agreed that we do need to ensure better communications.

Mr. Dillon reported that he met with Representative Rojas and Senator Osten (Planning and Development co-Chairs) regarding a potential proposal that's going to be put forward to increase the rental car surcharge. Today there is a State surcharge of 3% on rental cars. The proposal is looking to increase that surcharge to 9% for rental cars within airport development zones. The CAA charges a CFC which is \$3.50 per day. The CAA also charges an additional 11.1% of the rental car company's gross revenues. There is also a \$1.00 per day state tourism surcharge. Mr. Dillon reported that the CAA is very troubled by this proposal and the implications it will have to our customers as well as our ability to try to remain competitive in this business. Mr. Browchuk asked who had proposed the bill. Mr. Dillon replied that Representative Jeffrey Berger from

Waterbury and the intent is to generate revenue to offset grants to municipalities. Mr. Dillon will continue to monitor this issue.

Mr. Dillon reported that the CAA would like to schedule a FOG Committee Meeting on Tuesday, March 18, 2014. The purpose of this meeting will be to review the preliminary budget. The proposed budget will be presented at the Airline Affairs Committee Meeting on April 1, 2014 where the CAA will be seeking feedback on the rates and charges.

Mr. Dillon reported that an Advisory Meeting for the Windham Master Plan is scheduled for April 3, 2014 at 5 pm at Windham Town Hall.

Mr. Dillon reported that he will be meeting with First Selectman St. John from Middlebury to discuss development opportunities in the Waterbury-Oxford Development Zone. Mr. Dillon noted that the CAA has also received the first application for the Waterbury-Oxford Development Zone and anticipates that this item will be brought to the Board next month.

Mr. Dillon provided an update on the Keystone Agreement. The agreement is fully executed and the CAA is enjoying the benefits of the increased revenues. Keystone has not yet indicated a start date on some of their new developments. The CAA is also working to implement a customs presence at Waterbury-Oxford and Mr. Dillon will provide an update to the Board in the near future. Mr. Gray asked how many flights would qualify for a customs presence. Mr. Kelly replied that one year ago we estimated approximately 600 flights, and today we are at over 2,000 flights.

Mr. Dillon reported that an RFP was issued for retail carts at Bradley Airport. The CAA would like to bring in local businesses to operate these carts and have received three responses. One vendor has already been secured. This vendor is a high-end sunglass retailer and is scheduled to open in mid-April. Additional kiosk options are being discussed including glass bead jewelry and candy. A high-end pet accessory kiosk has also been proposed. Mr. Guilmartin asked if there were any limitations on the types of vendors, how the RFP was publicized, and if the RFP was closed. Mr. Dillon replied that the RFP was unlimited and it was advertised in local publications such as the Hartford Courant. The CAA did not advertise in the trade publications as the focus is on attracting local retailers. The RFP is now closed however; the CAA will entertain additional inquiries. Ms. Jarmoc suggested that the CAA contact the Hartford Courant or the Hartford Business Journal to see if they would be interested in running a story about the retail carts to generate more interest and to try to get more of a local flavor. **Action Item: Public relations initiative.**

Mr. Dillon reported that Faber's "InMotion" store opened on January 1, 2014 and Paradies' target date for completion of their electronics store, "eSavvy" is March 31, 2014.

Mr. Dillon reported that he has discussed with Paradies the possibility of allowing local businesses that don't have the ability to operate a cart or maintain a full time presence here at the airport, the opportunity to be at the airport for three hours every Friday afternoon to promote and sell their products. Mr. Browchuk asked where the carts would be located. Mr. Dillon replied that the carts would be located along the window wall from the security check point towards the Southwest concourse.

4. Action Items:

- (a) **Resolution 2014 – 09 - Consideration of and Action Upon Issuance of a Certificate of Eligibility for the Bradley Airport Development Zone – Multi-Mode Logistics, LLC.**

Mr. Dillon reported that this item is to issue a Certificate of Eligibility for the Bradley Airport Development Zone for Multi-Mode Logistics. The Board approved their preliminary application in December, 2013. Multi-Mode Logistics is an air and ocean truck freight forwarder that is located in Windsor Locks. They have purchased the property in Windsor Locks and the Town of Windsor Locks has signed off on the idleness certificate which now makes them eligible for the Airport Development Zone. They have already hired eight new employees as a result of expanding their operation and are hoping to hire six additional employees over the next year. Based on the fact that they qualify for the Zone and that they are tied to the business function of the airport, Mr. Dillon reported that he is recommending that the Board issue them a certificate of eligibility.

Ms. Jarmoc noted that this is a positive public relations initiative. Chair Jones reported that there are now two public relations initiatives for Mr. Wallace; the retail carts and this item. **Action Item: Press Release for Multi-Mode, LLC – Airport Development Zone.**

Ms. Jarmoc made a motion (Seconded: Mr. Aaronson) to accept and approve **Resolution 2014 – 09 - Voice vote – motion passed unanimously.**

5. Executive Session:

Mr. McAlpine made a motion (Seconded: Mr. Kelly) to go into Executive Session at 9:55 a.m. for the purpose of discussing Security Matters (Johnson Controls Contract/Capital Program Adjustment), Negotiating Strategy (Finance System), and to discuss the Strategy and Negotiation with respect to pending litigation related to the Department of Labor decision. **Voice vote – motion passed unanimously. Mr. Kelly recused himself.**

- (a) Discussion of Security Matters (Johnson Controls Contract/Capital Program Adjustment.)**
- (b) Discussion of Negotiating Strategy (Finance System).**
- (c) Discussion of the Strategy and Negotiation with Respect to Pending Litigation Related to the Department of Labor Decision.**

The Board of Directors came out of Executive Session at 10:39 a.m.

6. Action Item:

- (a) Resolution 2014 – 10 - Consideration of and Action Upon Authorization to allow the Executive Director to Enter Into a Purchase Order with Johnson Controls, Inc., for Security Enhancements at Bradley International Airport AND Consideration of and Action Upon Approval of an Adjustment to the FY2014 Capital Program Related to Security Enhancements.**

Mr. Browchuk made a motion (Seconded: Mr. McAlpine) to accept and approve **Resolution 2014 – 10 - Voice vote – motion passed unanimously.**

7. Executive Session:

Ms. Jarmoc made a motion (Seconded: Mr. Aaronson) to go into Executive Session at 10:42 a.m. to discuss Board Strategic Planning Session (to include Corporate Governance, Capital Planning, Parking Development, Financial Management, and Security Services.)

- (a) Board Strategic Planning Session (to include Corporate Governance, Capital Planning, Parking Development, Financial Management, and Security Services.)**

The Board of Directors came out of Executive Session at 3:58 p.m.

8. Adjournment:

Mr. Kelly made a motion (Seconded: Mr. Aaronson) to adjourn the Board meeting at 4:01 p.m.
Voice vote – motion passed unanimously.

Respectfully submitted,

Mary Ellen S. Jones
Chair