



Michael J. Landguth, A.A.E.  
President & CEO

# RALEIGH-DURHAM AIRPORT AUTHORITY

1000 Trade Drive • P O Box 80001 • RDU Airport, NC 27623

tel: (919) 840-7700 • fax: (919) 840-0175 • www.rdu.com

## RALEIGH-DURHAM AIRPORT AUTHORITY BOARD MEETING MINUTES APRIL 16, 2020

Chair Kane presided. Present: Hannah, Kushner, Morgan, Teer, Thompson and Wallace.<sup>1</sup> 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, General Counsel Locklear, Executive Assistant Rivera, and other staff members and guests.<sup>2</sup>

### I. APPROVAL OF AGENDA

*Motion by Teer to approve the agenda; Second by Wallace*

ADOPTED BY UNANIMOUS VOTE

### II. APPROVAL OF MINUTES

*Motion by Thompson to approve the minutes of the March 19, 2020 regular meeting of the Raleigh-Durham Airport Authority Board, including consent actions and the committee minutes incorporated therein and of the special meeting of the Board held on March 12, 2020; Second by Teer*

ADOPTED BY UNANIMOUS VOTE

### III. CHAIR COMMENTS

1. Chair Kane welcomed everyone.
2. Chair Kane thanked staff members working on site and performing essential tasks to keep the airport operational, as well as staff working remotely.
3. Chair Kane congratulated Jane Martin on her retirement, thanking her for her work and dedication. He noted the various positions Jane held, and her accomplishments and contributions during her almost 14 years with the Authority.
4. Chair Kane described the preservation work being performed for Runway 5L/23R, noting that after more than 3 decades of service it is nearing end of useful life due to pavement deterioration. Chair Kane recapped that 117 slabs were replaced in 2019, which required the runway to be closed at night while slabs were removed and concrete poured. With the current downtown in air travel, Runway 5L/23R is temporarily closed, allowing repair work to continue uninterrupted. The Authority continues working with the FAA on the environmental review process for the new runway project.

### IV. OLD BUSINESS

<sup>1</sup> Due to coronavirus precautionary measures and governmental directives limiting public gatherings, board members attended via WebEx with simultaneous communication and roll call votes were taken.

<sup>2</sup> The meeting was live streamed at <https://youtu.be/9lNx4GZgIbo>

#### Raleigh-Durham Airport Authority Board Members

John M. Kane, Chairman  
Wake County

Patrick Hannah, Esq., Vice-Chairman  
Durham County

Robert D. Teer, Jr., Treasurer  
City of Durham

Dickie Thompson  
City of Raleigh

David Morgan  
Durham County

Sepideh Saidi, PE, Secretary  
City of Raleigh

David Kushner  
Wake County

Napoleon Wallace  
City of Durham



Michael J. Landguth, A.A.E.  
President & CEO

# RALEIGH - DURHAM AIRPORT AUTHORITY

1000 Trade Drive • P O Box 80001 • RDU Airport, NC 27623

tel: (919) 840-7700 • fax: (919) 840-0175 • www.rdu.com

1. Operations Committee Report – Thompson reported Board members met during the Operations Committee work session on April 16, 2020 and discussed the following item:

- a. Consideration of Beverage Services and Sponsorship Agreement with Pepsi Bottling Ventures, LLC

*Motion by Teer for approval of the Beverage Services and Sponsorship Agreement with Pepsi Bottling Ventures, LLC with authorization for the President and CEO to execute the agreement and associated documents; Second by Morgan*

ADOPTED BY UNANIMOUS VOTE

## V. NEW BUSINESS

There were no New Business items.

## VI. GENERAL COUNSEL'S REPORT

No items were reported.

## VII. MEMBER COMMENTS

Board members thanked the leadership team for staying abreast of ever-changing circumstances and staff for continuing to keep the airport operational. Michael Landguth was especially thanked for leading the RDU team during this difficult time. The Information Services staff was thanked for their efforts in establishing the remote meeting capability and for assisting with connection issues. Board members expressed the desire for staff and their families to stay safe and healthy. Everyone was encouraged to thank military service members and to continue support of the USO.

## VIII. PRESIDENT AND CEO'S REPORT

### Welcome

Good afternoon Board members, Team RDU, business partners, and guests who have joined us today.

### Air Service Report

March passenger volumes were down nearly 52% when compared to March 2019. Only 535,487 passengers traveled through RDU last month. To date, passenger traffic has settled at approximately 96% below 2019 levels as airlines slashed operations and public health officials discouraged discretionary travel. That level is consistent with passenger counts at airports around the country and reflects the changing industry dynamics in response to the COVID-19 pandemic.

Airlines at RDU adjusted their schedules in March by cancelling flights, often on the day the flight was scheduled to depart. By the end of the month, airlines were cancelling more than 70% of their

## Raleigh - Durham Airport Authority Board Members

John M. Kane, Chairman  
Wake County

Patrick Hannah, Esq., Vice-Chairman  
Durham County

Robert D. Teer, Jr., Treasurer  
City of Durham

Dickie Thompson  
City of Raleigh

David Morgan  
Durham County

Sepideh Saidi, PE, Secretary  
City of Raleigh

David Kushner  
Wake County

Napoleon Wallace  
City of Durham



Michael J. Landguth, A.A.E.  
President & CEO

## RALEIGH - DURHAM AIRPORT AUTHORITY

1000 Trade Drive • P O Box 80001 • RDU Airport, NC 27623

tel: (919) 840-7700 • fax: (919) 840-0175 • [www.rdu.com](http://www.rdu.com)

totaled scheduled operations. Airlines began to downsize the number of daily scheduled flights at RDU in April. For example, RDU's flight schedule for April 8 showed 144 total flights – down 66% from a year ago. Airlines have also reduced scheduled flights through the month of June, but their summer schedules and beyond are consistent with, or slightly below, pre-COVID-19 levels. RDU expects the airlines to continue to make day-to-day schedule adjustments as the impact of coronavirus on travel demand becomes better known.

### Business Partners

Passenger travel and the associated revenue from airlines is not the only funding stream that suffers when the public is not flying. Nearly all of the airport's revenue sources take a hit when passenger traffic declines including parking, concessions and rental cars.

RDU is cutting costs by consolidating its parking operations, which account for about 40% of the airport's total revenue. Even with many lots closed, the remaining spaces sit nearly empty, with occupancy rates of 1 – 5%.

Our concessionaires' sales are down more than 90% year-over-year and many have reduced their hours or closed their stores. We expect that the few stores and restaurants that remain open will close soon.

### Budget

Amid the unprecedented decline in air travel, RDU is implementing cost-saving measures to ensure the airport is financially stable and able to adapt to dynamic business circumstances. The Airport Authority is consolidating operations, pausing construction projects, reducing external contracts and continuing to identify cost savings.

Authority staff have taken immediate steps to halt spending as a temporary measure until we formally seek a budget amendment from the Board in June or July. We have placed approximately half of our budget – \$160 million – on hold. This “survival” budget will allow us to keep the lights on and continue to prepare for recovery as we navigate the new landscape of the air travel industry.

### CARES Act Funding

The Coronavirus Aid, Relief, and Economic Security Act – or CARES Act – was recently signed into law to offer relief to airlines, airports and small businesses. The act provides \$61 billion for passenger and cargo carriers and \$10 billion in new funds for all airports that are considered part of the national airport system.

RDU will receive \$49.5 million in CARES Act funds, all of which will be used to help pay for debt service and salaries. Under the CARES program, airports must maintain 90 percent of their

### Raleigh - Durham Airport Authority Board Members

John M. Kane, Chairman  
Wake County

Patrick Hannah, Esq., Vice-Chairman  
Durham County

Robert D. Teer, Jr., Treasurer  
City of Durham

Dickie Thompson  
City of Raleigh

David Morgan  
Durham County

Sepideh Saidi, PE, Secretary  
City of Raleigh

David Kushner  
Wake County

Napoleon Wallace  
City of Durham



Michael J. Landguth, A.A.E.  
President & CEO

**R A L E I G H - D U R H A M   A I R P O R T   A U T H O R I T Y**

**1 0 0 0   T r a d e   D r i v e   •   P O   B o x   8 0 0 0 1   •   R D U   A i r p o r t ,   N C   2 7 6 2 3**

**t e l : ( 9 1 9 )   8 4 0 - 7 7 0 0   •   f a x : ( 9 1 9 )   8 4 0 - 0 1 7 5   •   w w w . r d u . c o m**

workforce – after making adjustments for retirements or voluntary separations – through the end of 2020.

The CARES Act also allocates \$349 billion to help small businesses keep their workforce employed amid the pandemic and economic downturn. Our Small Business Program is in regular communication with RDU's business partners to relay the federal resources available.

**IX.   A D J O U R N M E N T**

*Motion by Teer to adjourn; Second by Morgan*

**ADOPTED BY UNANIMOUS VOTE**

**R a l e i g h - D u r h a m   A i r p o r t   A u t h o r i t y   B o a r d   M e m b e r s**

John M. Kane, Chairman  
Wake County

Patrick Hannah, Esq., Vice-Chairman  
Durham County

Robert D. Teer, Jr., Treasurer  
City of Durham

Dickie Thompson  
City of Raleigh

David Morgan  
Durham County

Sepideh Saidi, PE, Secretary  
City of Raleigh

David Kushner  
Wake County

Napoleon Wallace  
City of Durham



Michael J. Landguth, A.A.E.  
President & CEO

RALEIGH-DURHAM AIRPORT AUTHORITY

1000 Trade Drive • P O Box 80001 • RDU Airport, NC 27623

tel: (919) 840-7700 • fax: (919) 840-0175 • www.rdu.com

## RALEIGH- DURHAM AIRPORT AUTHORITY OPERATIONS COMMITTEE WORK SESSION MINUTES APRIL 16, 2020

Thompson presided. Present: Kane, Hannah, Kushner, Morgan, Teer, and Wallace.<sup>1</sup> 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, General Counsel Locklear, Executive Assistant Rivera, and other staff members and guests.<sup>2</sup>

The Committee discussed the following item:

### 1. Consideration of Beverage Services and Sponsorship Agreement with Pepsi Bottling Ventures, LLC

Presented by Ingrid N. Hairston, Director of Business Initiatives and Martin Strobel, Aviation Practice Leader with Enliven Partnership, LLC – A solicitation for a Beverage Marketing Partner was issued on October 10, 2019, with goals to generate new non-aeronautical revenue, improve the traveler's journey, increase beverage sales, and enhance sustainability initiatives. Proposals were received from Pepsi Bottling Ventures (PBV) and Durham Coca-Cola Bottling Company and each presented proposals on February 12 and 13, 2020, respectively, with PBV receiving the highest ranking. PBV's proposal held a significant advantage in total funding to the Authority, which includes an upfront signing bonus and additional bonus payment based on growth. Additionally, Pepsi's proposal offered lower wholesale pricing over the term, higher vending commissions and an exciting customer engagement program.

PBV, based in Raleigh, NC, is the largest private bottler of PepsiCo (NASDAQ: PEP) beverages in the US and has a close alignment with PepsiCo, a minority stakeholder in PBV. PepsiCo products are enjoyed by consumers more than one billion times a day in more than 200 countries and territories around the world. PepsiCo generated more than \$67 billion in net revenue in 2019, driven by a complementary food and beverage portfolio that includes 23 brands that generate more than \$1 billion each in estimated annual retail sales.

The proposed Beverage Services and Sponsorship Agreement contains fixed and volume-based funding that is anticipated to generate between \$8.6 - \$14.3 million in revenue for the Authority during the term. In addition, PBV is committing approximately \$600,000 in mutually agreed to spending that will help to improve the traveler's journey, increase beverage sales and enhance sustainability efforts. The Airport Disadvantaged Business Enterprise Program (ACDBE) goal is 10% of dollars spent on goods and services related to

<sup>1</sup> Due to coronavirus precautionary measures and governmental directives limiting public gatherings, board members attended via WebEx with simultaneous communication.

<sup>2</sup> The meeting was live streamed at <https://youtu.be/9lNx4GZglbo>

#### Raleigh-Durham Airport Authority Board Members

John M. Kane, Chairman  
Wake County

Patrick Hannah, Esq., Vice-Chairman  
Durham County

Robert D. Teer, Jr., Treasurer  
City of Durham

Dickie Thompson  
City of Raleigh

David Morgan  
Durham County

Sepideh Saidi, PE, Secretary  
City of Raleigh

David Kushner  
Wake County

Napoleon Wallace  
City of Durham



Michael J. Landguth, A.A.E.  
President & CEO

## RALEIGH-DURHAM AIRPORT AUTHORITY

1000 Trade Drive • P O Box 80001 • RDU Airport, NC 27623

tel: (919) 840-7700 • fax: (919) 840-0175 • [www.rdu.com](http://www.rdu.com)

Annual Marketing Activation Support and Sustainability Support. The agreement will be for 10 years, ending June 30, 2030.

PBV will receive the semi-exclusive right to sell non-alcoholic and non-brewed beverages (i.e., bottled or canned waters, teas, coffees, sports drinks, juices and carbonated soft drinks) to all participating concessionaires and through vending machines at the airport. The amount of branding/marketing allowed at the airport is decided by the airport management team.

Staff requests approval of the Beverage Services and Sponsorship Agreement with Pepsi Bottling Ventures, LLC with authorization for the President and CEO to execute the agreement and associated documents.

### Raleigh-Durham Airport Authority Board Members

John M. Kane, Chairman  
Wake County

Patrick Hannah, Esq., Vice-Chairman  
Durham County

Robert D. Teer, Jr., Treasurer  
City of Durham

Dickie Thompson  
City of Raleigh

David Morgan  
Durham County

Sepideh Saidi, PE, Secretary  
City of Raleigh

David Kushner  
Wake County

Napoleon Wallace  
City of Durham



Michael J. Landguth, A.A.E.  
President & CEO

**RALEIGH-DURHAM AIRPORT AUTHORITY**  
1000 Trade Drive • P O Box 80001 • RDU Airport, NC 27623

tel: (919) 840-7700 • fax: (919) 840-0175 • www.rdu.com

## RALEIGH-DURHAM AIRPORT AUTHORITY BOARD SPECIAL MEETING MINUTES MAY 1, 2020

Chair Kane presided. Present: Hannah, Kushner, Morgan, Saidi, Teer, Thompson and Wallace.<sup>1</sup> 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, General Counsel Locklear, Executive Assistant Rivera, and other staff members and guests.<sup>2</sup>

The Authority's General Counsel, Erin Locklear, conducted a roll call of the attending members, noted that the meeting was being held remotely, and that the live stream was operating for public viewing.

Chair Kane welcomed everyone to the special meeting of the board and thanked staff for their efforts in arranging the virtual meeting. He noted that in-person board meetings would resume when governmental orders allow and public health experts advise it is safe to do so.

Chair Kane gave information regarding the Coronavirus Aid, Relief, and Economic Security (CARES) Act passed by Congress to offer financial relief to airports, including:

- RDU will receive \$49.5 million in CARES Act funds, which accounts for about 17% of the Authority's total annual budget, and approximately a third of the "survival budget."
- Under the CARES program, airports must maintain 90 percent of their workforce through the end of 2020, after making adjustments for retirements or voluntary separations.

Chair Kane expressed appreciation for the support of our congressional delegation making this needed funding available.

The Board considered the following matters:

### 1. Coronavirus Aid, Relief, and Economic Security (CARES) Act Grant

Presented by William C. Sandifer, A.A.E., Senior Vice President & Chief Operating Officer – Staff requests the acceptance of a CARES Act Grant from the Federal Aviation Administration (FAA) in the amount of \$49,591,593. On April 21, 2020 the Authority submitted a grant application to the FAA in the amount of \$49,591,593, with said funds to be used for any lawful purpose as described in the Act. The use of these grant funds does not require any local match.

Staff requests acceptance of the CARES Act grant in the amount of \$49,591,593 and authorization for the President and CEO and General Counsel to execute the grant documents.

<sup>1</sup> Due to coronavirus precautionary measures and governmental directives limiting public gatherings, board members attended via WebEx with simultaneous communication and roll call votes were taken.

<sup>2</sup> The meeting was live streamed at [https://youtu.be/muVG2y7Ez\\_w](https://youtu.be/muVG2y7Ez_w).

#### Raleigh-Durham Airport Authority Board Members

John M. Kane, Chairman  
Wake County

Patrick Hannah, Esq., Vice-Chairman  
Durham County

Robert D. Teer, Jr., Treasurer  
City of Durham

Dickie Thompson  
City of Raleigh

David Morgan  
Durham County

Sepideh Saidi, PE, Secretary  
City of Raleigh

David Kushner  
Wake County

Napoleon Wallace  
City of Durham



Michael J. Landguth, A.A.E.  
President & CEO

RALEIGH - DURHAM AIRPORT AUTHORITY  
1000 Trade Drive • P O Box 80001 • RDU Airport, NC 27623

tel: (919) 840-7700 • fax: (919) 840-0175 • www.rdu.com

*Motion by Thompson for the acceptance of the CARES Act grant in the amount of \$49,591,593 and authorization for the President and CEO and General Counsel to execute the grant documents; Second by Teer*

ADOPTED BY UNANIMOUS VOTE

2. Consideration of a Construction Contract with Fred Smith Company in the amount of \$598,895 for repairs to Runway 5R-23L

Presented by Ronald Jewett, Vice President of Facility Asset Management – Staff requests the approval of a construction contract with the Fred Smith Company, which offered the lowest price in a recent bid opening.

Runway 5R-23L, which consists of asphalt pavement, was fully rehabilitated most recently in 2008 with some repair work being performed in the summer of 2019. The 2019 repairs consisted of milling and paving the centerline for nearly the full length of the runway and also in a section west of centerline between of Taxiways A1 and A5. The work involved in-pavement light can adjustments, as well as grooving and the restoration of pavement markings as necessary. The current proposed repairs will continue the asphalt milling and paving where repairs ended in 2019 on the west side of centerline between Taxiways A5 and A7. The work will also involve touchdown zone light adjustments, pavement grooving, and pavement marking.

The project was advertised on March 9, 2020 and three bids were received on April 9, 2020:

Fred Smith Company	\$598,895
Rifenburg Construction	\$664,380
Kiewit Infrastructure South	\$998,130

The Engineer's cost estimate was \$807,000.

The bid MWSB goals were 5% Minority-owned Businesses and 5% Women-owned Businesses, which the low bidder commits to meet. This commitment is acceptable to the Authority's Small Business Programs Office.

Staff requests approval of a contract with Fred Smith Company in an amount of \$598,895, and authorization for the President and CEO to execute the contract.

*Motion by Teer for approval of a contract with Fred Smith Company in an amount of \$598,895, and authorization for the President and CEO to execute the contract; Second by Morgan*

ADOPTED BY UNANIMOUS VOTE<sup>3</sup>

<sup>3</sup> Board Member Kushner recused himself due to a potential conflict of interest.

Raleigh-Durham Airport Authority Board Members

John M. Kane, Vice Chairman  
Wake County

Patrick Hannah, Esq., Secretary  
Durham County

Robert D. Teer, Jr.  
City of Durham

Dickie Thompson  
City of Raleigh

David Morgan  
Durham County

Sepideh Saidi, PE  
City of Raleigh

David Kushner  
Wake County

Napoleon Wallace  
City of Durham



Michael J. Landguth, A.A.E.  
President & CEO

RALEIGH - DURHAM AIRPORT AUTHORITY

1000 Trade Drive • P O Box 80001 • RDU Airport, NC 27623

tel: (919) 840-7700 • fax: (919) 840-0175 • www.rdu.com

### 3. Consideration of Short-Term Authorization for Modification Signature by the President and CEO

Presented by Erin Locklear, General Counsel – The ongoing COVID-19 crisis has impacted the Raleigh-Durham Airport Authority and Raleigh Durham International Airport in an unprecedented manner. These impacts are felt to differing degrees by all entities operating at RDU, including restaurants, retail locations, rental car companies, etc. Many of these tenants have requested relief from some obligations under their existing agreements with the Authority. Authority staff are working through those requests considering the realities of the pandemic's impacts.

In analyzing each tenant's request, Authority staff are considering the business situation of the tenant, the changed circumstances created by the public health emergency, and the desirability of having solvent tenants that can resume normal operations when the emergency ends. Additionally, Authority staff are adhering to guidance from the FAA, which includes the following considerations:

- The underlying basis for the rents/fees in the original agreement has been materially altered;
- The modifications are reasonable under the circumstances and reflect the changes to passenger traffic volume; and
- The modifications consider other governmental or insurance relief that may be available to the tenant.

Given the nature of this crisis and the large number and varying types of tenant agreements that would need to be modified to incorporate any tenant relief, it is not feasible for staff to bring each modification to the Board for approval. In light of these unique, emergent circumstances, staff requests authorization for the President and CEO to execute modifications of the Authority's agreements with tenants operating at RDU. The requested authorization would end after a 6-month period. The President and CEO will regularly update the Board regarding relief measures.

Staff requests authorization for the next 6 months for the President and CEO to execute agreement modifications for tenants operating at RDU.

*Motion by Thompson for approval of authorization for the next 6 months for the President and CEO to execute agreement modifications for tenants operating at RDU; Second by Saidi*

ADOPTED BY UNANIMOUS VOTE

Chair Kane thanked management and staff for their continued efforts and Board members for making the time in their schedules to join this meeting.

*Motion by Hannah to adjourn; Second by Morgan*

ADOPTED BY UNANIMOUS VOTE

#### Raleigh-Durham Airport Authority Board Members

John M. Kane, Vice Chairman  
Wake County

Patrick Hannah, Esq., Secretary  
Durham County

Robert D. Teer, Jr.  
City of Durham

Dickie Thompson  
City of Raleigh

David Morgan  
Durham County

Sepideh Saidi, PE  
City of Raleigh

David Kushner  
Wake County

Napoleon Wallace  
City of Durham