



City of Chattanooga

INTERNAL AUDIT

City Hall

Chattanooga, Tennessee 37402

Stan Sewell
Director

Ron Littlefield
Mayor

August 18, 2009

Mayor and City Council
City of Chattanooga
Chattanooga, TN 37402

RE: TAC Air Lease Agreement, Audit 09-10

Dear Mayor and Council Members:

As part of our calendar year 2009 audit agenda, we had initially planned to conduct an audit of the TAC Air lease agreement to ensure that TAC Air was in compliance with their obligations that were set forth in the lease agreement related to the services that are provided as the Chattanooga Metropolitan Airport Authority's fixed base operator. Upon our review of the lease agreement and communication with the CMAA's lawyer (Hugh J. Moore, Jr.), we learned that TAC Air's fixed base operator lease agreement is actually with the CMAA and not the City of Chattanooga. Based upon our initial review of Section 8-65 through Section 8-68 of the City Code, it had appeared that the fixed base operator was supposed to enter into a lease agreement with the City of Chattanooga. Since the fixed based operator agreement is between TAC Air and the CMAA, we have decided to remove this audit from our agenda.

Sincerely,

Stan Sewell, CPA, CGFM
Director of Internal Audit

cc: Dan Johnson, Chief of Staff
Daisy Madison, City Finance Officer
Michael Landguth, CMAA President
Audit Committee Members