

**LOUISVILLE REGIONAL AIRPORT AUTHORITY
BOARD MEETING
MARCH 15, 2017**

The regular meeting of the Board of the Louisville Regional Airport Authority was held on March 15, 2017. Chairman Jim Welch convened the meeting 3:02 p.m. in the Boardroom of the Louisville Regional Airport Authority, Louisville, Kentucky.

Those in attendance were: Mr. Dale Boden, Mr. William Byrley, Ms. Mary Rose Evans, Ms. Nikki Jackson, Mr. Earl Jones, Mr. Jon Meyer, Ms. Cissy Musselman, Ms. Lesa Seibert and Mr. Jim Welch. Not in attendance: Mayor Greg Fischer and Steve Trager. Mr. Greg Ehrhard attended as counsel to the Board.

Staff Members in attendance were: Ms. Brenda Allen, Ms. Pat Apone, Mr. Dwight Clayton, Mr. Mike Ford, Mr. Sean Guihan, Ms. Noel Jolly, Ms. Heather McClure, Mr. Tom Middleton, Mr. Skip Miller, Mr. Steve Petty, Ms. Lois Pontrich, Mr. Brian Sinnwell, Ms. Stephanie Smith, Mr. Jim Sohan, and Mr. Tom Tyra.

Also in attendance: Ms. Kristin Booker, Mr. Bobby Campbell, Mr. Tim Haskell, Mr. Mike McKay, Mr. Clair Nichols, Mr. Tony Oberhausen, Ms. Karen Scott, and Ms. Julie Taylor.

CONSIDERATION OF MINUTES

The minutes of the regular board meeting held February 15, 2017 were reviewed and, upon motion duly made and seconded, unanimously approved.

MARKETING REPORT

Mr. Tom Tyra presented the Marketing Report. The Air Service Report for the month ending March 30, 2017 shows 70 daily flights, which is the same number of flights and a decrease of 7 daily seats from last month and an increase of five flights and 531 daily seats from the same period last year.

Mr. Tyra announced One Jet will add a second daily flight to Pittsburg, PA beginning April 3, 2017 using seven seat Hawker 400 aircraft; Delta Airlines will add a fourth daily flight to Minneapolis on June 12, 2017, operated by Compass Airlines using 76-seat E75 aircraft; and United Airlines will add a sixth daily flight to Chicago, IL on September 6, 2017, operated by Republic Airlines using 76-seat aircraft.

FINANCIAL REPORT

Ms. Pat Apone presented the financial report for the month ending February 28, 2017. Landed weights related to passenger and cargo activities for the month of January, the fiscal year-to-date and the calendar year-to-date are all exceeding last year's activity.

Operating revenues for the month of February and fiscal year-to-date are exceeding their budgeted levels. The operating revenues for the first eight months of FY 17 are \$46,450,612

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which is 9.1% above the budgeted amount. Revenues derived from landing fees, FBO rents, parking and car rental activities are exceeding the year-to-date budget expectations. Concession revenues are reported in two different accounts which are the landside and airside terminal areas, and they are also exceeding their budgeted levels.

Operating expenses for February 2017 and fiscal-year-to-date are below their budgeted levels. Year-to-date operating expenses are \$18,874,110 which is 9.8% below budget. Expenses related to payroll, contract and professional services, and consulting services are currently under their forecasted levels. Capital expenditures and the related grant revenues still remain low; however, spending should increase as we enter construction season.

CONSTRUCTION REPORT

Mr. Brian Sinnwell presented the construction report.

At Louisville International Airport, the Terminal Enhancement Project continues. Punch list items are being addressed, and elevator glass cladding work continues. Construction oversight of the concession spaces continues with work on The Bourbon Academy Tasting Room. The overall project is approximately 98% complete. For the Crittenden Drive – Woodlawn Overpass Project, the final phase of the Crittenden Drive relocation project to replace the existing Woodlawn Overpass Bridge in its current configuration and alignment, demolition on the second half of the project is 90% complete and foundation and pier work continue. Estimated project completion is 55%.

At Bowman Field, Hanson Professional Services, Inc. continues work on the acquisition of avigation easements for the purpose of obstruction removal as part of the Airport Area Safety Program. Work includes additional survey verification, title search, easement appraisals, development of avigation easement documents and exhibits, consultation with property owners regarding the avigation easement process and the trimming and removal of trees. Consultation with residential property owners, the Division of Community Forestry, Louisville Metro Government, Metro Parks, and Big Spring Country Club also continues. Bob Ray, Inc. is completing tree trimming and tree removals off the approach ends of all runways at Bowman Field. This work continues on residential, commercial and public properties that have avigation easements. This work is 20% complete. Bowling Nursery was issued a Notice to Proceed for tree planting, landscaping, and restoration work for the Phase 2 Restoration and Obstruction Mitigation Project. This work is 1% complete.

Mr. Sinnwell reported on the Relocation Program. Under the environmental sampling and asbestos clearing and demolition contracts, no properties were surveyed for asbestos containing materials during this period, no structures were assigned for abatement during this period, and bids were received for the demolition of three structures.

For the Sound Insulation Program, a project kick-off meeting for the Noise Mitigation Program at the University of Louisville Belknap Campus was held with the University on December 4, 2015 to begin discussions regarding noise mitigation of certain eligible buildings on the Belknap Campus. Follow-up coordination meetings were held, and the initial acoustical testing was

conducted on 13 buildings on campus March 12-20, 2016. Testing was completed on six additional buildings April 29-May 4, 2016. The final round of testing for five additional buildings was completed August 13, 2016. A total of 24 buildings have been tested, and acoustical testing results have been reviewed by the FAA-Memphis ADO. A summary of test results and a copy of the report were presented to the University of Louisville on November 2, 2016. A survey of existing conditions was conducted January 4-6, 2017. The project report including probable construction costs and preliminary construction durations was received February 28, 2017 and design work for noise mitigation measures, including environmental review has begun. The project is 95% complete.

For the Noise Exposure Map (NEM) Update Project, the draft maps and report were presented to the Community Noise Forum on October 26, 2016 for review. The draft report has been finalized and a 30 day public comment period began on November 4, 2016. A public workshop was held on November 29 between 5:00 pm and 7:00 pm at the Fourth Presbyterian Church. The 2016 and 2021 NEMs were submitted to the FAA on December 23, 2016. Maps are currently awaiting FAA acceptance. The project is 95% complete.

BOARD CONSENT ITEMS

1. Kalkreuth Roofing and Sheet Metal — Planter Replacement (Upper Terminal Road) Change Order No. 1 (Final) — Louisville International Airport — Approval

This project consisted of cleaning, preparation and repair of the concrete planter box along the upper level roadway. This planter box received a new liner constructed of a modified bitumen roof system and associated green roof components along with a new light-weight media system and installation of replacement plants and small shrubs. This work also included modifications to the existing curb line concrete drainage system and repairs to the internal pipe network. This change order addresses final unit quantity adjustments and liquidated damages assessment resulting in a net change order reduction in the amount of \$19,460.48.

Mr. Miller recommended that the Board approve Change Order Number 1 & Final reducing the contract for “Planter Replacement (Upper Terminal Road)” with Kalkreuth Roofing & Sheet Metal of Louisville, KY by \$19,460.48 for a revised total contract price of \$389,039.52; and, authorize the Executive Director to execute the necessary contract documents subject to review and approval by counsel as to legality of form and content. On motion duly made and seconded, the Board approved Mr. Miller’s recommendation.

2. Willis of Ohio and AON Risk Services Northeast, Inc. — Property and Casualty Insurance Broker Services Contracts Amendment No. 1 — Louisville International and Bowman Field — Approval

In April 2014, the Board approved two awards for the Property & Casualty Insurance Broker Services needs of the Authority to Willis of Ohio and AON Risk Services to provide core “broker-of-record” insurance services. Key lines of coverage brokered by Willis of Ohio are Aviation Liability, Property and Equipment. Key lines brokered by AON Risk Services are Workers’ Compensation and Public Officials. The terms of the agreement for both contracts are

three years with two one-year optional extensions. The initial three year term of both contracts expire May 1, 2017. Staff recommends the exercise of the first one-year extension for both contracts. Terms and conditions remain the same as the initial three-year period. Year-four pricing was submitted in their initial bid as follows:

- Willis of Ohio	\$ 48,800	(0% increase over year 3)
- AON Risk Services	\$ 18,302	(3% increase over year 3)

The 2017 fiscal budget contains funds for these services.

Mr. Miller recommended the Board approve Amendment Number One Property & Casualty Insurance Broker Services to Willis of Ohio, of Columbus, OH with a total four-year not-to-exceed amount of \$180,200.00 for the four years of the agreement; and approve Amendment Number One Property & Casualty Insurance Broker Services to AON Risk Services of Northeast, Inc. of Cincinnati, OH with a total four-year not-to-exceed amount of \$70,073.00 for the four years of the agreement; and authorize the Executive Director to execute the necessary contract documents, subject to review and approval by counsel as to legality of form and content. On motion duly made and seconded, the Board approved Mr. Miller's recommendation.

BOARD ACTION ITEMS

3. Air Cargo Building Facility Lease — Louisville International — Approval

Staff has been in negotiations for a new lease with Matheson Flight Extenders, Inc. ("Matheson"), currently the largest tenant in the Air Cargo Facility, to continue to occupy 14,112 sq. ft. of space. The current lease expires April 30, 2017. Matheson and staff have negotiated a new one-year lease with an expiration of April 30, 2018. Staff and Matheson have negotiated an annual base rent of \$131,382.72 (\$9.31 per sq. ft. per year), which equates to a two percent (2%) increase over the current base rent, for the duration of the new term and an annual common area maintenance fee of \$77,616.00. The total combined rent and maintenance fee for the term equals \$208,998.72.

Mr. Miller recommended the Board approve the lease with Matheson Flight Extenders, Inc. for 14,112 sq. ft. of space in the Air Cargo Facility at Louisville International Airport for a term of one year at an annual base rent of \$131,382.72 and an annual common area maintenance fee of \$77,616.00; and authorize the Executive Director to execute the necessary contract documents subject to review and approval by counsel as to legality of form and content. On motion duly made and seconded, the Board approved Mr. Miller's recommendation.

4. Wehr Constructors, Inc. — Terminal Enhancement and Remodeling Program Phase 1 Change Order No. 3 — Louisville International — Approval

This project encompasses the selective demolition, renovation and refurbishment of 185,000 SF within the existing Louisville International Airport Terminal Building. The project is the first phase of a multi-phased, multi-faceted effort that will create aesthetic improvements to the

passenger terminal that enhances the customer's experience and creates a strong sense of community presence.

This change order addresses additional costs related to the landside Pegasus terrazzo, landside and airside carpet and rubber base boards, furniture, TSA equipment relocation for new carpet, additional terrazzo at the checkpoint and airside rotunda, and other miscellaneous project finish items not anticipated in the original contract. This change order also addresses improvement costs related to the information booth elevator, the veneer at the airside rotunda stairs, the re-charging stations, and increased labor costs associated with unanticipated additional multi-phasing of terrazzo construction. These elements result in a net increase to the contract in the amount of \$225,509.10.

Additionally, as part of the terminal enhancement project, the Airport Authority formed a selection panel to commission an artist to create a new site-specific work of suspended art in the airside terminal building rotunda. An artist selection panel comprised of Louisville-area contemporary and public art curators: Alice Gray Stites (21C Museum), Martha Slaughter (Berhneim Arboretum), Sarah Lindgren (Metro Louisville Commission on Public Art), and Chris Reitz (University of Louisville) was formed to recommend artists to be invited to submit for the project, review artist qualifications, recommend selection of an artist for the site, and review and recommend the artist's concept design. As a result, over 40 artists were invited to submit their qualifications to be considered for this project and a total of 17 artists submitted a package for the consideration of the selection panel.

With the assistance of our sub-consultant Via Partnership, LLP, the selection committee is recommending Michael McKay of Lexington, Kentucky, for the creation of this work. The commissioning of this artist is budgeted for \$100,000 plus the negotiated general contract fees for Wehr Constructors, Inc. of \$15,000. The total cost of creating this iconic work in the airside terminal rotunda is estimated to be \$115,000. The total construction budget as established for the Terminal Enhancement and Remodeling Program including the commissioning of art in the rotunda is \$8,800,000.

Mr. Brian Sinnwell introduced Mr. Michael McKay to the Board, and Mr. McKay presented some slides showing samples of his work, provided a brief explanation of his creative process and a detailed a very preliminary timeline for the creation of the rotunda piece to the Board.

Following Mr. McKay's presentation, Mr. Miller recommended the Board approve Change Order No. 3 to the contract for "Terminal Enhancement and Remodeling Program, Phase 1" with Wehr Constructors, Inc. of Louisville, KY in the amount of \$225,509.10 for construction related items and \$115,000 for airside rotunda artwork for a total contract increase of \$340,509.10 resulting in a revised total contract price of \$8,681,049.64; and authorize the Executive Director to execute the necessary contract documents subject to review and approval by counsel as to legality of form and content. On motion duly made and seconded, the Board approved Mr. Miller's recommendation.

5. Hanson Professional Services, Inc. Task Order No. 11 — Obstruction Mitigation Restoration Project — Contract 2 Project Administration Services — Bowman Field — Approval

At its November 2016 meeting, the Board approved the award of a second contract for trimming and removal of trees that penetrate critical approach surfaces to Runways 6, 15, 24, and 33 at Bowman Field as part of the Airport Area Safety Program. The trees in that phase are currently being trimmed and removed; therefore, the next effort includes replacing the trees and completing the landscaping work on those properties. Under a contract awarded in February 2017, Bowling Nursery will begin the restoration, replanting and landscape work on those residential, public and commercial properties included in this phase. This Task Order No. 11 authorizes Hanson to provide project administration, construction observation and landscape design services in support of the Obstruction Mitigation Restoration Project – Contract 2. The allocation of hours for this task order has been reviewed by staff. In accordance with the previously approved unit rates negotiated with Hanson, the not to exceed value of the Task Order No. 11 is \$169,068.35.

Ms. Kristin Booker of BDC, a subcontractor for Hanson Professional Services, Inc., provided an explanation of the meeting and plant selection process she goes through with each homeowner during the restoration process to the Board.

Following Ms. Booker's presentation, Mr. Miller recommended the Board approve Task Order No. 11 to the contract with Hanson Professional Services, Inc. in the amount of \$169,068.35, bringing their total contract amount to \$3,478,734.22, and authorize the Executive Director to execute the necessary contract documents subject to review and approval by counsel as to legality of form and content. On motion duly made and seconded, the Board approved Mr. Miller's recommendation.

EXECUTIVE DIRECTOR'S REPORT

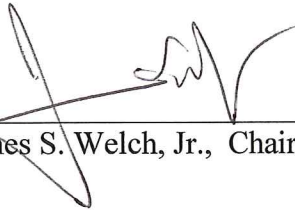
Mr. Miller announced the Authority celebrated the completion of airside improvements in the Terminal with a ribbon cutting held on March 9, 2017. Chairman Jim Welch emceed the event and Vice Chairman Mary Rose Evans also attended the event on behalf of the Board. WLKY, WDRB and WAVE 3 all provided media coverage of the event. Immediately following the airside event, HMS Host and Paradies Lagardere celebrated the opening of the first TODAY store in the country in the landside terminal. The opening was covered by WAVE 3 and was featured on The TODAY Show.

Mr. Miller informed the Board that Ms. Stephanie Smith and Ms. Heather McClure staffed the Authority's booth at the JCPS Summer Camp Kickoff event on Saturday, March 10, 2017 to promote the Aviation Camp which will take place July 20 and 21, 2017 at Bowman Field. Fifteen of 27 spots for the camp are now filled.

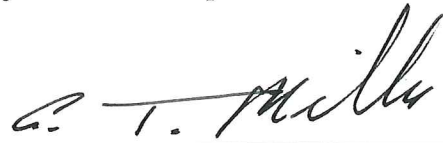
Mr. Miller then announced he would be retiring from the Authority in early 2018.

Following Mr. Miller's announcement, Mr. Earl Jones recommended that the Board authorize the extension of Mr. Miller's employment agreement through March 2018; approve the appointment of Karen Scott as interim Executive Director and the execution of an appropriate agreement effective May 1, 2017; and authorize an agreement with ADK Consulting and Executive Search to perform a national search for Mr. Miller's successor. On motion duly made and seconded, the Board approved Mr. Jones' recommendation.

There being no further business, the meeting adjourned at 3:54 p.m.



James S. Welch, Jr., Chairman



C. T. "Skip" Miller, Assistant Secretary