

**- LOUISVILLE REGIONAL AIRPORT AUTHORITY
BOARD MEETING
OCTOBER 25, 2017**

The regular meeting of the Board of the Louisville Regional Airport Authority was held on October 25, 2017. Chairman Jim Welch convened the meeting at 3:00 p.m. in the Boardroom of the Louisville Regional Airport Authority, Louisville, Kentucky.

Those in attendance were: Mr. Bill Byrley, Ms. Mary Rose Evans, Mayor Greg Fischer, Mr. Earl Jones, Mr. Pat MacDonald, Mr. John Moore, Ms. Lesa Seibert and Mr. Jim Welch. Not in attendance: Mr. Dale Boden, Ms. Nikki Jackson and Mr. Jon Meyer. Mr. Tom Halbleib attended as counsel to the Board.

Staff Members in attendance were: Ms. Brenda Allen, Ms. Pat Apone, Mr. Josh Ball, Ms. Dodie Caulk, Ms. Natalie Chaudoin, Mr. Dwight Clayton, Ms. Melissa French, Mr. Vince Glasnovic, Ms. Noel Jolly, Ms. Heather McClure, Mr. Skip Miller, Mr. Jeff Nall, Mr. Steve Petty, Ms. Antissa Riley, Ms. Karen Scott, Mr. Brian Sinnwell, Mr. Adam Thomas, Mr. Tom Tyra, and Mr. Darrell Watson.

Also in attendance: Mr. Brian Aldridge, Mr. Bobby Campbell, Mr. Luke Ervin, Mr. Brad Fox, Mr. Todd Knuckey, Mr. Justin Kobly, Mr. Clair Nichols, Mr. Scott Nickerson, Mr. Allen Sheppard, Ms. Allison Sheppard, and Ms. Julie Taylor.

CONSIDERATION OF MINUTES

The minutes of the board meeting held September 13, 2017 were reviewed and, upon motion duly made and seconded, unanimously approved. Mr. Earl Jones was not present for the approval of the regular board meeting minutes.

MARKETING REPORT

Mr. Tom Tyra presented the Marketing Report. The Air Service Report for the month ending October 31, 2017 shows 77 daily flights, which is the same number of flights and 26 daily seats more than last month and an increase of one flight and 190 daily seats from the same period last year.

Mr. Tyra announced that Allegiant Air launched new service to Phoenix/Mesa on October 4 using 156-seat Airbus A319 aircraft. The flight will operate Wednesdays and Saturdays on a year-round basis. Allegiant Air will also add new service to Las Vegas, NV beginning November 16, 2017. The service will operate on Thursdays and Sundays on a year-round basis using 156-seat A319 aircraft. Las Vegas will be the eighth nonstop destination served by Allegiant from Louisville. Mr. Tyra announced Frontier Airlines plans to begin nonstop service to Denver, CO on May 7, 2018. The flight will operate four times weekly (Monday, Wednesday, Friday, Saturday) using Airbus A319 aircraft.

FINANCIAL REPORT

Ms. Pat Apone presented the financial report for the month ending September 30, 2017. Operating revenues for the month of September 2017 and the fiscal year-to-date exceeded their budgeted levels. The operating revenues for the month were \$5,947,171 which is 7.4% above budget, and year-to-date operating revenues for FY 18 were \$17,396,785 which is 6.0% above the budgeted amount. Revenues derived from landing fees, terminal rents and ground transportation exceeded year-to-date budget expectations.

Operating expenses for September 2017 were \$3,025,681 which was 10.1% below budget and fiscal year-to-date operating expenses were \$7,848,643 which was 9.7% below budget. Expenses related to consulting and professional fees, salary allocations to capital projects and contract services all fell below their budgeted levels.

Ms. Apone introduced Ms. Dodie Caulk to lead the audit report. Ms. Caulk advised the Board that the Authority received an unqualified opinion. Ms. Caulk acknowledged staff, and specifically managers Ms. Melissa French and Mr. Jeff Nall for all of their hard work on the audit. Ms. Caulk advised the Board the Audit Committee had reviewed the audit in great detail at their meeting on October 23, 2017. Ms. Caulk introduced Mr. Scott Nickerson, Audit Partner with Crowe Horwath, to further review the audit with the Board.

Mr. Nickerson noted that the annual report covers both the Authority and the Louisville Renaissance Zone Corporation. Mr. Nickerson advised the Board that the financial information reflected in the audit report is the same information presented to the Board monthly, with the exception of the year-end pension adjustment and the airline true-up. Mr. Nickerson stated that Crowe Horwath has issued a clean, unmodified, unqualified opinion on the Authority's financial statements. Mr. Nickerson advised the Board the Authority's overall net pension liability is about \$16,000,000, and that in FY 2018 the Authority will be required to record the Other Post Employment Benefits Fund liability as well, which Crowe Horwath estimated to be in the \$2,000,000 to \$4,000,000 range. Changes to the CERS and KERS pension assumptions may change the Authority's reported pension liability in the near term. Mr. Nickerson indicated his firm did not identify any significant deficiencies or material weaknesses in internal controls or compliance with the various regulations the Authority is required to follow, including those relating to federal grant programs. There were also no audit adjustments made throughout the audit process.

Ms. Lesa Seibert thanked Mr. Nickerson for his work on the audit, and also thanked Ms. Pat Apone and Ms. Dodie Caulk for their work throughout the year and on the audit.

On motion duly made and seconded, the Board accepted the report regarding the financial statements of the audit on the Louisville Regional Airport Authority and the Louisville Renaissance Zone Corporation.

CONSTRUCTION REPORT

Mr. Brian Sinnwell presented the construction report.

At Louisville International Airport, for the Terminal Enhancement Project, coordination continues regarding the design and fabrication of the terminal airside rotunda art piece. For the Crittenden Drive Woodlawn Overpass Project, the final phase of the Crittenden Drive Relocation Project is complete, and review of final construction quantities and contractor payments are underway. The Terminal Apron Reconstruction and Expansion Project, to expand the apron area near the landside air cargo building, replace concrete slabs near the Customs Building and Administration building, and replace asphalt ground service equipment driveways with concrete near the Terminal Building is 100% complete. The Airfield Electrical Upgrade Project to replace airfield cabling and isolation transformers for airfield in-pavement and edge lights at Louisville International Airport, is 100% complete and final quantities and contractor payments are being reviewed. The Perimeter Road Rehabilitation and Perimeter Security Fence Project, to reconstruct a section of airport perimeter road with asphalt and concrete, including drainage improvements, is 100% complete and final quantities are being reviewed. The Maintenance Building Drainage Improvements Project to install a 267 linear foot concrete trench drain adjacent to the overhead doors at the maintenance facility is 100% complete. For the Fall 2017 Pavement Rehabilitation Project to remove and replace concrete slabs on Runway 17R-35L and Taxiways "B" and "C", work is complete on Taxiway "B", and in progress on Taxiway "C". Overall, the project is approximately 35% complete. For the Airport Geometric Improvements Group VI Project to complete asphalt shoulder improvements and restriping for the new Group VI aircraft and rehabilitation of a portion of Taxiway "N", work is substantially complete. The Northwest Quadrant Duct Bank Relocation Project to relocate electric and communication duct banks from the interior of the Northwest Quadrant Area west of Taxiway "A" north, is approximately 50% complete. The Transportation Security Administration (TSA) Offices Project to replace carpeting and repaint the walls and door frames of the TSA office space in the Terminal building is 75% complete.

At Bowman Field, work is under way as our consultant prepares a design and bid package for trimming or removal of trees not accomplished in the last contract. Work includes acquisition of avigation easements, survey verification of tree heights, and consultation with property owners regarding the mitigation and replacement of trees and landscaping. Bowling Nursery continues to install trees and landscaping along with necessary property restoration work as part of the Phase 2 restoration and obstruction mitigation project. The Bowman Field Administration Building Improvements Project to replace drainage, inlets and piping around the building, altering grades, replacement of basement stairwells, ramps and walks around the building is approximately 30% complete. The Bowman Field Asphalt Apron Reconstruction Project consisting of asphalt apron milling and overlay, construction of a fueling apron and replacement of airport fencing near the Louisville Executive Aviation Hangar is approximately 50% complete.

Mr. Sinnwell reported on the Relocation Program. Under the environmental survey, asbestos sampling and demolition contracts no new structures were addressed.

For the Sound Insulation Program, acoustical testing was conducted on 24 University of Louisville Belknap Campus buildings. Two buildings have an overall interior noise level above 45dB and are eligible for treatment of the entire structure. There are six additional buildings that have rooms which exceed the 45 dB criteria on an individual basis but do not qualify for full

treatment of the entire structure. Phase II of the project which includes the Environmental Assessment (EA) and design work for noise mitigation measures is underway. The draft EA was completed and sent to FAA for review.

BOARD CONSENT ITEMS

1. Triumph Landscape Construction — Maintenance Building Drainage Improvements Change Order No. 1 (Final) — Louisville International — Contract Award

This project includes the construction of a 267 linear foot concrete trench drain along the rear of the Maintenance Building to improve facility storm water drainage. The new drainage system will capture building downspout outflow thereby preventing storm water from crossing the maintenance facility vehicle and equipment staging areas. Most importantly, the drainage improvements will reduce icing concerns during critical winter operations.

This change order addresses the direct underground connection of nine (9) building downspouts to the trench drain as requested by the maintenance department. The total cost of the change order requested is an increase of \$ 9,857.29.

Ms. Scott recommended the Board approve Change Order No. 1 & Final to the contract for the Maintenance Building Drainage Improvements with Triumph Landscape Construction of Shepherdsville, KY in the amount of \$9,857.29 resulting in a revised total contract price of \$101,965.83; and, authorize the Interim 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 Ms. Scott's recommendation.

2. E&B Paving, Inc. — East Perimeter Road Reconstruction Change Order No. 1 (Final) — Louisville International — Approval

The east perimeter road reconstruction project consisted of construction of approximately 860 linear feet of Portland Cement Concrete (PCC) roadway pavement to replace critical areas of existing asphalt roadway. The project also included 6,700 linear feet of asphalt roadway resurfacing and replacement of 1,300 linear feet of Air Operations Area (AOA) security fence. The fence replacement included removal of the existing non-standard wood fence east of the cell phone lot and replacement with standard AOA chain link security fencing. This change order addresses quantity reconciliation resulting in a project cost decrease in the amount of \$58,758.

Ms. Scott recommended the Board approve Change Order No. 1 & Final to the contract for East Perimeter Road Reconstruction at Louisville International Airport with E&B Paving, Inc. of Clarksville, IN with a credit in the amount of \$58,758 resulting in a revised total contract price of \$703,642 and authorize the Interim 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 Ms. Scott's recommendation.

3. The Harper Company, Inc. — 2016 Airfield Apron Reconstruction Change Order No. 2 (Final) — Louisville International — Approval

This project consisted of ongoing efforts to maintain integrity of airfield pavements while improving safety and capacity. The scope of this project involved the removal and replacement of terminal apron concrete pavement slabs, removal of asphalt pavement to be replaced with concrete pavement slabs, and the expansion of the terminal apron with new concrete pavement along with the associated electrical, drainage and utility improvements.

This change order addresses additional undercut of unsuitable soil subgrade and placement of shot rock, additional concrete pavement work adjacent to a manhole, additional airfield markings, placement of asphalt and additional work on an existing drainage inlet. The total additional costs for this change order including reconciliation of all construction quantities is \$219,115.49.

Ms. Scott recommended the Board approve Change Order No. 2 & Final to the contract for the 2016 Airfield Apron Reconstruction with The Harper Company, Inc. of Hebron, KY in the amount of \$219,115.49 resulting in a revised total contract price of \$7,481,329.54; and, authorize the Interim 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 Ms. Scott's recommendation.

4. Diesel Fuel — Louisville International and Bowman Field — Contract Award

The Authority routinely has a need for the delivery of diesel fuel for the Authority's vehicle fleet and snow removal. Our existing contract for diesel fuel delivery expires October 31, 2017. The Invitation to Bid was advertised in *The Courier-Journal* and the *Louisville Defender*, and was posted to the Authority's and Tri-State Minority Supplier Development Council's websites. Invitations were sent directly to 52 companies and four bids were received. The Fiscal Year 2018 approved budget contains \$67,800 for the purchase and delivery of diesel fuel. Key Oil Company of Louisville has submitted the lowest bid for the markup per gallon for delivery of diesel.

Ms. Scott recommended that the Board approve the award of a three year contract to Key Oil Company of Louisville, KY for diesel fuel at the bid margin of \$0.0488 per gallon with a not-to-exceed amount of \$250,000; and, authorize the Interim 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 Ms. Scott's recommendation.

5. Gasoline — Louisville International and Bowman Field — Contract Award

The Authority routinely has a need for the delivery of 89 Octane Unleaded Gasoline for the Authority's vehicle fleet and snow removal. Our existing delivery contract for gasoline expires October 31, 2017. The Invitation to Bid was advertised in *The Courier-Journal* and the *Louisville Defender*, and was posted to the Authority's and Tri-State Minority Supplier Development Council's websites. Invitations were sent directly to 51 companies and five bids were received. The Fiscal Year 2018 approved budget contains \$81,000 for the purchase and

delivery of gasoline. Lykins Energy Solutions of Florence, KY has submitted the lowest bid for the markup per gallon for delivery.

Ms. Scott recommended the Board approve the award of three year contract to Lykins Energy Solutions of Louisville, KY for gasoline at the bid margin markup of \$0.0497 for less than a full truck and \$0.0097 for a full truck with a not-to-exceed amount of \$270,000; and authorize the Interim 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 Ms. Scott's recommendation.

BOARD ACTION ITEMS

6. Second Amendment to the Audit Committee Charter — Approval

Previously, the Board approved the Audit Committee's Charter and a first amendment modifying the required number of meetings per year. The Charter provides that the Committee shall consist of three members. The Authority's interests could be better served by increasing the number of its members from three to four and increasing the number required for a quorum from two to three. There exists additional technical expertise among the Board members, and adding a fourth member would allow the Committee and the Authority to better utilize this expertise.

Ms. Scott recommended the Board 1) amend and modify the first sentence of the portion of the Charter under the heading "**Membership**" so that, as amended and modified, it shall read in its entirety as follows: "The Audit Committee shall consist of no fewer than three and no more than four members."; and, 2) amend and modify the third sentence of the portion of the Charter under the heading "**Meetings**" so that, as amended and modified, it shall read in its entirety as follows: "A majority of the members of the Audit Committee shall constitute a quorum of the Committee, and the affirmative vote of a majority of those present shall be required for any action." On motion duly made and seconded, the Board approved Ms. Scott's recommendation.

Following approval of the recommendation, Chairman Jim Welch advised the Board he would be inviting Mr. Dale Boden to join the Audit Committee.

7. Atkins — Task Order No. 1 — Louisville International and Bowman Field — Contract Award

On July 19, 2017, the Board approved the award of a master contract with Atkins as the Authority's Airport Improvement Program (AIP) consultant for a three year period with an option for an additional two year term. The contract requires Board approval for each Task Order. Task Order No. 1 authorizes Atkins to provide general planning and environmental services including miscellaneous planning studies, airport layout plan (ALP) and capital planning support, airfield planning and landside planning. This task will allow the consultant to provide a timely and efficient method of addressing planning issues. The not-to-exceed amount of Task Order No. 1 is \$300,000 in accordance with the hourly rates negotiated with Atkins.

Ms. Scott recommended the Board approve Task Order No. 1 to the contract with Atkins in the amount of \$300,000; and, authorize the Interim Executive Director to execute the necessary contract documents subject to approval by counsel as to legality of form and content. On motion duly made and seconded, the Board approved Ms. Scott's recommendation.

8. Snow Removal Assistance — 4-Wheel Drive Wheel Loaders — Louisville International — Approval

The Authority routinely has a need for the rental of heavy equipment to assist in snow removal. In preparation for snow season, the Authority solicits bids from companies who can rent to the Authority up to four 36,000 lb. wheel loaders, as may be needed on a monthly basis. The Invitation to Bid was advertised in *The Courier-Journal* and the *Louisville Defender*, and was posted to the Authority's and Tri-State Minority Supplier Development Council's websites. Invitations were sent directly to 35 companies and one bid was received from Whayne Supply Company. The Fiscal Year 2018 approved budget contains funds for snow removal.

Ms. Scott recommended that the Board approve the award of three year contract to Whayne Supply Company of Louisville, KY for rental of up to four 4-wheel drive wheel loaders at the monthly rate of \$5185 plus a delivery and pick-up charge of \$200 each per vehicle with a not-to-exceed amount of \$300,000; and, authorize the Interim 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 Ms. Scott's recommendation.

9. Snow Removal Assistance — Dump Trucks — Louisville International — Approval

The Authority routinely has a need for contractors who can provide dump trucks and trained, qualified and commercially licensed drivers to assist staff in snow removal. In preparation for snow season, the Authority solicits bids from companies who can provide snow hauling services on demand, as needed during periods of inclement weather. The Invitation to Bid was advertised in *The Courier-Journal* and the *Louisville Defender*, and was posted to the Authority's and Tri-State Minority Supplier Development Council's websites. Invitations were sent directly to 34 companies and three bids were received. Riverton Acquisition Company, LLC of Jeffersonville, IN submitted the most responsive bid. The Fiscal Year 2018 approved budget contains funds for snow removal.

Ms. Scott recommended that the Board approve the award of a two year contract and authorize the Executive Director to authorize up to three additional one year options to Riverton Acquisition Company, LLC at the hourly rates of \$89.00 per vehicle for the first year and \$90.00 per vehicle for the second year, with a not-to-exceed amount of \$200,000; and, authorize the Interim 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 Ms. Scott's recommendation.

EXECUTIVE DIRECTOR'S REPORT

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Mr. Scott introduced Board member Pat MacDonald who discussed the Bowman Field Aviation and Military Heritage Festival held at Bowman Field on October 14 and 15, 2017. Over 10,000 people attended the festival which benefits the Independent Pilots Association and two 501 (c) 3 organizations at Bowman Field. During the festival, honor flights were offered to 21 veterans. Mr. MacDonald hopes the festival will continue to grow and be successful, and noted the 100th Anniversary of Bowman Field is approaching. Mr. MacDonald also thanked Mr. Steve Petty, Mr. Brian Sinnwell and their staff for the hard work put in to clean up and prepare Bowman Field for the festival and presented each Board member with a book about the history of Bowman Field.

Mr. Miller reported the Airport Ambassador Program celebrated its 13th anniversary on Saturday, October 21, 2017 with a breakfast at the Crowne Plaza. There are currently 75 volunteers in the program, which staffs the Information Booth 365-days-a-year, including holidays. Since the inception of the program, 133 ambassadors have served more than 1.1 million customers and volunteered more than 106,000 hours.

Mr. Miller announced that Airport Ambassador Allen Sheppard had won the overall “Spirit of Hospitality Award” at the Louisville Convention and Visitor’s Bureau annual R.O.S.E (Recognition of Service Excellence) Awards. Mr. Sheppard was selected by a committee as the finalist who best “embodied the spirit of hospitality” from a group of 40 finalists and over 75 nominees. Mr. Sheppard received a special glass award and a \$1000 check from the Greater Louisville Lodging & Hotel Association. Since joining the Ambassador Program in May 2009, Mr. Sheppard has volunteered more than 3,400 hours. Mr. Miller then introduced Mr. Sheppard and his wife Allison, who is also an Airport Ambassador, to the Board.

Mayor Fischer congratulated Mr. Sheppard on the honor and noted to the Board the Mr. Sheppard plans to donate the \$1000 to a worthy organization.

Mr. Miller informed the Board that UPS’s first of 14 ordered 747-8F aircraft arrived on September 29, 2017, and the second 747-8F arrived on October 20, 2017. The 747-8F replaces the 747-400 as the largest aircraft in the UPS fleet. It has a wingspan of almost 225-feet, which is 13 feet wider than the 747- 400. Its cruising speed is 564 mph and max payload is 307, 600 lbs, which is 16% more than the 747-400. The 747-8F is 20-feet longer and 35% quieter than the 747-400.

Mr. Scott advised the Board that at their Annual Conference the Kentucky Aviation Association presented Mr. Miller with its Silver Wings Award for outstanding support and advancement of aviation in the Commonwealth.

OTHER BUSINESS

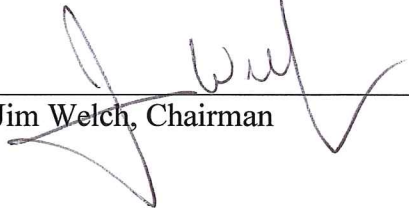
Chairman Welch advised the Board the Executive Director Search Committee is continuing to conduct interviews and work through the selection process. Previously, the Board approved a Temporary Employment Agreement between the Authority and Karen Scott. The Agreement provided for a term ending not later than November 1, 2017. Chairman Welch informed the Board he has discussed with Ms. Scott and extension of the term to April 1, 2018, subject to the

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Authority's right to terminate the Agreement at any time on thirty days' notice. To induce Ms. Scott to defer her other plans and agree to extend the term, Chairman Welch has discussed three changes to her existing agreement with the Authority: 1) the extension of the term; 2) the granting of an additional two weeks of paid vacation over the five-month extension period; and 3) the payment of a bonus upon the expiration or earlier termination of the Agreement by the Authority. The bonus would be in an amount equal to the sum of two weeks' pay, plus pay for each day of paid leave Ms. Scott does not use. Ms. Scott has indicated she is willing to continue to serve the Authority under these terms.

Chairman Welch recommended that Board approve amending the Authority's Temporary Employment Agreement with Ms. Scott; and authorize the Chairman to execute and deliver, for and on behalf of the Authority, an appropriate document memorializing these amendments, subject to approval of counsel as to legality of form and content. On motion duly made and seconded, the Board approved Chairman Welch's recommendation.

There being no further business, the meeting adjourned at 4:05 p.m.



Jim Welch, Chairman

C. T. "Skip" Miller, Assistant Secretary

Louisville Regional Airport Authority

Audit Committee Charter

Authority

The Audit Committee is authorized to oversee the annual audit of the Authority's financial statements and to investigate any matter or activity involving the Authority's financial accounting or financial reporting, as well as the Authority's internal controls.

The Audit Committee may, at its discretion, work with Authority staff to contract with attorneys, accountants, consultants, and other experts from time to time to assist in its oversight role.

Membership

The Audit Committee shall consist of no fewer than three and no more than four members. Members (other than the Board's Treasurer, who shall serve *ex officio* and shall preside as Chair of the Audit Committee) shall be appointed by the Board's Chair. Once appointed, a member shall serve a term coterminous with the member's then-current term on the Board, unless the member requests to step down from the Committee at an earlier point or is elected to the position of Board Chair or Vice Chair. The Board's Chair shall endeavor to appoint Audit Committee members so that no more than one member's term expires during a single fiscal year. The Authority's Deputy Executive Director for Finance and Administration shall serve as staff to the Committee.

Members should have working knowledge of basic financial statements, and if practicable, at least one member should have an understanding of generally accepted accounting principles and financial statements and experience with internal controls and procedures for financial reporting. Each member must be independent of management of the Authority and free of any relationship that would tend to impair independence.

Members of the Audit Committee shall receive no compensation for their work.

Meetings

The Audit Committee shall meet no fewer than two times per year. The dates, places and times of the meetings shall be determined by the Chair. A majority of the members of the Audit Committee shall constitute a quorum of the Committee, and the affirmative vote of a majority of those present shall be required for any action. All meetings shall be conducted in accordance with the applicable provisions of the Kentucky Open Meetings Act. The Audit Committee shall maintain minutes of its proceedings.

Responsibilities

General:

1. Review and re-assess the adequacy of this charter annually and propose changes to the Board for approval.
2. Review with senior management and external auditors significant accounting and reporting principles, practices and procedures applied by the Authority in preparing its financial statements.
3. Receive periodic reports from the external auditors on new accounting standards and practices, if any, that will affect the Authority's financial reporting.

Financial Statements:

1. Receive and review the Authority's annual financial reports and forward with recommendations to the Board. The reports shall include without limitation:
 - a. The annual external auditor's report on the financial statements and the adequacy of internal control;
 - b. The schedule of federal financial assistance prepared in accordance with the requirements of the Office of Management and Budget's applicable circular; and
 - c. A report on compliance with requirements applicable to the Passenger Facility Charge program.
2. Receive an annual report from senior management reviewing the prior year's management letter and updating the Committee on responsive actions taken.

Internal Control:

1. Review the Authority's accounting and financial-reporting controls with senior management.
2. Confirm that the external auditors keep the Audit Committee informed about deficiencies in internal control, any attempts or instances of fraud or similar misconduct, and other audit-related matters.
3. Ensure that internal control recommendations made by the external auditors are duly considered by the Board and, if appropriate, implemented.
4. Approve which aspects of internal control procedures should be tested annually by the external auditors.
5. Understand the nature of significant deficiencies or material weaknesses reported to the Audit Committee, and ensure that recommendations for addressing the same are duly considered by the Board and, if appropriate, implemented.

External Audit:

1. Solicit qualifications statements for, develop, and present to the Board recommendations for, the procurement of audit services. Consider whether there should be a rotation of the audit firm or lead audit partner at least as frequently as is provided in Section 303 of the Board Policy Manual.

2. Review the scope and general extent of the external auditor's annual audit. The Committee's review should include the auditors' explanation of the factors they considered in determining the scope of the audit, including the major risk factors identified. The Committee shall confirm that no limitations have been placed upon the scope or nature of the planned audit procedures.

3. Conduct the annual exit conference with the external auditor.

4. To the extent addressed within the scope of the external audit, review the auditor's comments regarding the effectiveness of the Authority's system for monitoring compliance with laws, regulations and grant agreements.

5. Inquire as to the independence and qualifications of the external auditors and obtain at least annually a formal written statement describing:

a. any relationships between the external auditors and the Authority, including any other services being performed by the outside auditors for the Authority; and

b. the external auditors internal quality control procedures, any material issues raised by the most recent peer review or other comparable review of the external auditors, and any steps taken to address such issues.

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LOUISVILLE REGIONAL AIRPORT AUTHORITY

Audit Committee Appointment

October 25, 2017

By virtue of the authority vested in me by the Audit Committee Charter adopted by the Louisville Regional Airport Authority's (the "Authority") Board of Directors, I, James Welch, Chairman of the Authority, do hereby appoint Dale Boden as a member of the Authority's Audit Committee, to serve a term coterminous with his current term as a member of the Authority's Board.

IN WITNESS WHEREOF, I have duly signed this Appointment.

A handwritten signature in dark ink, appearing to read "J. Welch", is written over a horizontal line.

James Welch, Chairman

LOUISVILLE REGIONAL AIRPORT AUTHORITY