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

The regular meeting of the Board of the Louisville Regional Airport Authority was held on November 15, 2017. Chairman Jim Welch convened the meeting at 3:01 p.m. in the Boardroom of the Louisville Regional Airport Authority, Louisville, Kentucky.

Those in attendance were: Mr. Dale Boden, Mr. Bill Byrley, Ms. Mary Rose Evans, Ms. Nikki Jackson, Mr. Pat MacDonald, Mr. Jon Meyer, Mr. John Moore, Ms. Lesa Seibert and Mr. Jim Welch. Not in attendance: Mayor Greg Fischer and Mr. Earl Jones. 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. Noel Jolly, Ms. Heather McClure, Mr. Skip Miller, Mr. Steve Petty, Ms. Antissa Riley, Ms. Karen Scott, Mr. Brian Sinnwell, Mr. Les Smith, Mr. Adam Thomas, Mr. Tom Tyra, and Mr. Darrell Watson.

Also in attendance: Mr. Bobby Campbell, Secretary Terry Gill, Mr. Tim Haskell, Mr. Todd Knuckey, Ms. Barbara Michael, Mr. Clair Nichols, Ms. Betsy Ruke, Mr. Luke Schmidt, Mr. Brandon Tanner, Ms. Julie Taylor, Ms. Mary Ellen Wiederwohl.

CONSIDERATION OF MINUTES

The minutes of the board meeting held October 25, 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 November 30, 2017 shows 75 daily flights, which is two flights and 406 daily seats less than last month and an increase of two flights and 315 daily seats from the same period last year.

Mr. Tyra announced that Allegiant Air will 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. The week of February 12, 2018, Allegiant will add new capacity to a number of existing markets due to positive response to its initial flight schedule. The airline will add frequencies to Fort Lauderdale (from two to three flights weekly), Fort Myers/Punta Gorda (from two to three flights weekly), Tampa/St. Pete (from two to four flights weekly), Orlando/Sanford (from two to four flights weekly) and seasonal service to Savannah, GA will return with two weekly flights. These improvements represent a 63% increase in scheduled seats over the November schedule.

Mr. Tyra explained Frontier Airlines plans to begin nonstop service to Denver, CO on May 7, 2018. The flight will operate four times weekly (Monday, Wednesday, Friday and Saturday) using Airbus 319 aircraft.

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FINANCIAL REPORT

Ms. Pat Apone presented the financial report for the month ending October 31, 2017. Operating revenues for the month of October 2017 and the fiscal year-to-date exceeded their budgeted levels. The operating revenues for the month were \$5,889,440 which is 3.4% above budget, and year-to-date operating revenues for FY 18 were \$23,286,227 which is 5.3% above the budgeted amount. Revenues derived from landing fees, terminal rents and ground transportation exceeded year-to-date budget expectations.

Operating expenses for October 2017 were \$2,102,268 which was 11.2% below budget and fiscal year-to-date operating expenses were \$9,950,908 which was 10% below budget. Expenses related to consulting and professional fees, salary allocations to capital projects and contract services all fell below their budgeted levels.

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 Fall 2017 Pavement Rehabilitation Project to remove and replace concrete slabs on Runway 17R-35L and Taxiways "B" and "C", work is complete on Taxiways "B" and "C", and nine slabs remain to be removed and replaced on the runway. Overall, the project is approximately 90% 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 substantially complete with a few punch list items remaining.

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 40% 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 substantially complete with punch list items remaining.

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 is underway. The draft EA was completed and sent to FAA for review.

BOARD CONSENT ITEMS

1. Bansal Construction, Inc. — 2016 Airfield Electrical Upgrades — Phase 9 Change Order No. 1 (Final) — Louisville International — Contract Award

This project involved replacement of airfield cabling and isolation transformers for airfield in-pavement and edge lights at Louisville International Airport. This change order addresses quantity reconciliation resulting in a contract reduction in the amount of \$124,803.38.

Ms. Scott recommended the Board approve Change Order No. 1 & Final to the contract for the Airfield Electrical Upgrades – Phase 9 with Bansal Construction, Inc. of Fairfield, Ohio resulting in a contract reduction in the amount of \$124,803.38 for a revised total contract price of \$1,657,487.32; 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. — Airfield Geometric Improvements Change Order No. 1 (Final) — Louisville International — Approval

This project improved airfield efficiencies by addressing pavement and markings for movement of larger Group VI aircraft at the Louisville International Airport. The project consisted of removal and replacement of asphalt shoulder pavement with aircraft rated asphalt pavement to account for Group VI aircraft turning movements on specific locations along Taxiway D. Additional FAA requirements for Group VI aircraft required construction of asphalt shoulder pavement and milling and overlaying activities. Miscellaneous electrical improvements and pavement markings were also completed to accommodate the Group VI aircraft movements. This change order addresses quantity reconciliation resulting in a contract reduction in the amount of \$50,760.68.

Ms. Scott recommended the Board approve Change Order No. 1 & Final to the contract for the Airfield Geometric Improvements with E&B Paving, Inc. of Clarksville, IN resulting in a contract reduction in the amount of \$50,760.68 for a revised total contract price of \$293,351.49; 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. Services Related to Customer Satisfaction Measurement and Reporting — Louisville International — Approval

As a part of the Authority's ongoing efforts to ensure a positive customer experience, the Authority has for many years engaged the services of companies to survey customers utilizing

Louisville International Airport and to perform silent shopper activities with regard to our permitted ground transportation services. The existing three year contract is set to expire in December 2017. A Request for Proposals was advertised in *The Courier-Journal*, the *Louisville Defender* and was posted to the Authority's and Tri-State Minority Supplier Development Council web-sites. Invitations were sent directly to nineteen companies. One bid was received from the company that currently holds the contract, IQS Research. Budgeted funds are available for this service.

Ms. Scott recommended that the Board approve the award of a three-year contract to IQS Research with a not-to-exceed amount of \$143,960 for the three-year contract; 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. Runway/Taxiway Paint — Louisville International and Bowman Field — Contract Award

The Authority's maintenance staff performs regular inspections of all runway and taxiway pavement markings and schedules re-painting when such markings start to deteriorate. The Invitation to Bid was advertised in *The Courier-Journal*, the *Louisville Defender* and was posted to the Authority's and Tri-State Minority Supplier Development Council websites. Invitations were sent directly to twenty-seven companies and 5 bids were received. Ozark Materials of Greenville, AL has been determined to be lowest bidder. The Fiscal Year 2018 approved budget contains \$150,000 for the purchase of these paints.

Ms. Scott recommended that the Board approve the award of a two year contract to Ozark Materials of Greenville, AL in accordance with the per gallon cost for the specified colors as outlined in the bid documents submitted for runway/taxiway paint with a not-to-exceed amount of \$300,000 for the two-year contract; 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. Tree Removal and Tree Trimming Contract No. 3 — Bowman Field — Contract Award

This project consists of tree trimming and removal of trees that penetrate critical approach surfaces to Runways 06, 15, and 33 at Bowman Field Airport. The work includes the trimming or removal of trees of varying diameter and disposal of all trees and debris off site. Restoration of the sites is also included as well as maintenance of traffic and incidental work. The project was advertised in *The Courier-Journal* and the *Louisville Defender* and was posted with the Tri-State Minority Supplier Development Council and on the Airport Authority's website. One bid was received from Bob Ray, Co., Inc. of Louisville, KY at total price of \$141,104.01. Authority staff and airport consultant, Hanson, have reviewed the bid documents submitted by Bob Ray Co., Inc. and have verified the bid to be responsive and are recommending the award. No

disadvantaged business enterprise (DBE) participation was identified by the contractor for this project.

Ms. Scott recommended the Board award the contract for Tree Removal and Tree Trimming, Contract No. 3 to Bob Ray, Co., Inc. from Louisville, KY for the total price of \$141,104.01; 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. Consent to Assign Yum Restaurant Services Group, LLC Lease to BF Air, LLC — Louisville International Airport — Approval

Yum Restaurant Services Group, LLC ("Yum") is the current lessee under a Lease dated March 25, 1996, as amended October 23, 2008 and April 25, 2016 (the "Lease"), for land which includes improvements, including an aircraft hangar, at Louisville International Airport. Yum and BF Air, LLC have formally notified staff that they have reached an agreement to assign the Lease to BF Air, LLC. BF Air, LLC is an entity affiliated with Ulysses "Junior" Bridgeman. Therefore, pursuant to the Lease, Yum has requested that the Authority consent to the assignment of the Lease. The current term of the Lease expires on April 30, 2021; provided, Yum may extend the term for three five-year periods. BF Air, LLC has agreed to exercise two additional five-year extension periods as part of the assignment thereby extending the expiration date of the Lease to April 30, 2031.

Ms. Scott recommended the Board approve the Assignment and Assumption of Lease, which assigns the Lease from Yum Restaurant Services Group, LLC to BF Air, LLC as described above; and, authorize the Interim Executive Director to execute the necessary contract or other 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.

7. Macquarie Aviation North America 2, Inc. d/b/a/ Atlantic Aviation Fixed Base Operator Lease Agreement Capital Improvements Credit — Louisville International — Approval

At its July 20, 2016 meeting, the Board of Directors awarded the Fixed Base Operator Lease Agreement ("Lease") at Louisville International Airport to Macquarie Aviation North America 2, Inc. d/b/a Atlantic Aviation ("Atlantic") for an initial term of 10 years with two five-year options, which options are at the sole discretion of the Authority. Among other financial considerations in the Lease, Atlantic will make capital improvements to the facilities in the total amount of \$10,685,000.00, which includes \$9,185,000.00 for terminal building, hangars and fuel farm improvements and \$1,500,000.00 to construct a general aviation processing facility for U.S. Customs and Border Protection. Most recently, staff from the Authority have been in negotiations with representatives of Atlantic regarding their engineering plans for the new fuel farm Atlantic will construct. This particular project, included in the overall improvements, consists of installing six 30,000 gallon Jet A fuel tanks, one 12,000 gallon AvGas tank, a diesel

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fuel tank, canopy, drainage features, and asphalt/concrete work. LRAA staff has requested Atlantic to construct and/or accommodate additional features into the fuel farm project that are beyond Atlantic's originally planned scope of work. Some of these features include additional drainage, high-density asphalt, and additional concrete that would extend the life of the facility. The total amount of additional construction is \$267,833.00.

In consideration of the base rent Atlantic currently pays the Authority in the amount of \$339,816.88 per month, which does not include the percentage of gross receipts the Authority also receives, staff has negotiated the following terms with representatives of Atlantic for the Board's consideration. First, the Authority agrees to provide Atlantic a rental credit in an amount not to exceed \$267,833.00 (the "Credit"). Second, the Credit will be amortized on a straight-line basis over the remaining initial term of the 10-year Lease. Third, the Credit will only be issued if the total amount of the initial improvements exceed \$9,185,000.00 by the full amount of the Credit.

Ms. Scott recommended the Board authorize the Interim Executive Director to issue a rental credit to Macquarie Aviation North America 2, Inc. d/b/a Atlantic Aviation in an amount not to exceed \$267,833.00 (the "Credit") to cover the costs of additional improvements to Atlantic's new fuel farm which the Authority is requesting; provided, the Credit will be amortized on a straight-line basis over the remaining initial term of the 10-year Lease, and the Credit will only be issued if the total amount of the initial improvements exceed \$9,185,000.00 by the full amount of the Credit; and, authorize the Interim Executive Director to execute, if necessary, any 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.

8. Public Address System Assessment and Upgrade, Louisville International — Contract Award

The Public Address System (PA) at Louisville International Airport is in need of a complete assessment and upgrade to create a cohesive, integrated digital system for making general and emergency announcements through a variety of means including, microphone dispatch, analog phones from boarding bridges, and pre-loaded paging system software dispatched through computer terminals. The Authority sought proposals from companies qualified to provide technical and functional personnel and resources to assess and recommend upgrade options. The Authority also sought the development of detailed plans of the existing system and project management plans for the proposed upgrade, along with the capacity to provide the equipment and software to carry out the technical aspects of the upgrade. A Request for Proposals to acquire these services from a qualified company was advertised in *The Courier-Journal* and *The Louisville Defender*, was posted to the Authority's website and was sent to the Tri-State Minority Supplier Development Council. The Authority received two proposals. Innovative Electronic Designs of Louisville, KY has been determined to be the most responsive proposer. Budgeted funds are available for the project.

Ms. Scott recommended that the Board approve the contract award for "Public Address System Assessment and Upgrade On-Call Consulting Services" to Innovative Electronic Designs of Louisville, KY for one year with the option for two, three month extensions with a not to exceed

amount of \$228,476 at the unit prices for equipment, software and consulting contained within the proposal submitted; 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. Atkins — Task Order No. 2 — Louisville International — Approval

On July 19, 2017, the Board approved the award of a master contract with Atkins as the Airport 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. 2 authorizes Atkins to provide engineering design services associated with a 2018 airfield pavement rehabilitation project at Louisville International Airport. The Authority programs a portion of its AIP entitlement funds towards concrete panel replacement and pavement rehabilitation each year to extend the useful life of the airfield. Upon completion of a design, a bid for the construction work will be returned to the Board for approval. The not-to-exceed amount of Task Order No. 2 is \$150,000 in accordance with the hourly rates negotiated with Atkins. This project is eligible for an FAA grant that will fund 90% of the costs associated with this effort.

Ms. Scott recommended the Board approve Task Order No. 2 to the contract with Atkins in the amount of \$150,000; 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.

10. Terminal Enhancement Project and Capital Budget Amendment — Louisville International — Approval

The capital budget includes a line item of \$10.2 million for the Terminal Enhancement Project. This capital project included components that provided the transformation we see today in the terminal building. This project and budget amendment proposes additional funding in the amount of \$950,000 to address additional items in the terminal and accommodate final allocation of costs. The funding requested will support the following elements:

- additional funding to support the rotunda art sculpture: \$50,000
- design and installation of a screening element to shield the electric cart parking area: \$100,000
- procurement and installation of additional charging stations in both concourse A and B: \$100,000
- design and construction of a lactation room: \$125,000
- design and construction of a children's play area: \$75,000
- procurement and placement of modern garbage/recycling cans throughout the terminal: \$100,000
- final allocation of costs of approved change orders that exceeded the original project budget: \$400,000

Individual allocations for each above referenced project element represent planning estimates and may vary slightly. The cost of the amendment will be covered through unrestricted cash and will not impact rates and charges.

Ms. Scott recommended the Board approve the proposed project amendment in the amount of \$950,000 to the Terminal Enhancement Project, resulting in a total amount of \$11,150,000, and amend the FY 18 budget to increase the capital budget by the same \$950,000, bringing the overall capital budget to \$80,861,500 and the FY18 anticipated cash outflows to \$33,955,000. On motion duly made and seconded, the Board approved Ms. Scott's recommendation.

EXECUTIVE DIRECTOR'S REPORT

Mr. Scott introduced Board member Nikki Jackson who provided an overview of the West Louisville Economic and Community Development Forum held on November 2, 2017 and sponsored by the Federal Reserve, University of Louisville and several other entities. The goal of the forum is to bring together practitioners, thought leaders and policy makers who impact growth and development opportunities in West Louisville, and bring their data and expertise to people who are interested in completing projects for West Louisville's betterment. The forum included a workshop entitled "Access to Opportunities: Creating a Path for Economic Opportunities for Minority Owned Firms" which focused on community reinvestment and how to better assist, develop, build capacity and identify business opportunities for minority owned businesses. Mr. Darrell Watson represented the Authority at the workshop. Ms. Jackson informed the Board the workshop was really well received and received good feedback, and she thanked Mr. Watson and Ms. Scott for the Authority's participation in the forum.

Mr. Miller reported the Authority's marketing and public relations departments recently received awards. The Authority received First Place for radio advertising from more than 350 entries from U.S. and Canadian airports at the ACI-NA Excellence in Airport Marketing, Communications and Customer Service event. In addition, the Authority's FY 2016 Annual Report, *Enhancing a Global Presence*, received an Honorable Mention at the International Association of Business Communicators/Public Relations Society of America Landmarks of Excellence Awards.

Mr. Miller announced in lieu of the December board meeting, the Authority will hold its annual open house at Bowman Field on Wednesday, December 13, 2017 from 5:00 p.m. to 7:00 p.m.

Mr. Miller advised the Board that 2018 board meeting schedules had been distributed with the board materials.

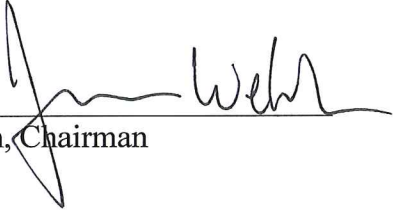
OTHER BUSINESS

Chairman Welch introduced Secretary Terry R. Gill, Kentucky Cabinet for Economic Development, who presented "Growing Air Service: A Regional Imperative for Success". Secretary Gill briefed the Board on the role of his Cabinet, the State's economic development strategy, the role of air service in economic development, the State's support for Louisville

Regional Airlift Development, Inc., and the State's desire to partner with LRAD and the Authority to grow air service.

Following Secretary Gill's presentation, the Board discussed what types of support the Authority is allowed to provide and remain FAA compliant, the Board requested counsel research further whether the Authority or the LRZC have any resources that can legally be used to support LRAD's efforts, and committed to support the Cabinet's and LRAD's air service development as a priority.

There being no further business, the meeting adjourned at 4:25 p.m.



Jim Welch, Chairman



C. T. "Skip" Miller, Assistant Secretary