

**LOUISVILLE REGIONAL AIRPORT AUTHORITY
SPECIAL BOARD MEETING
MARCH 27, 2020**

A special meeting of the Board of the Louisville Regional Airport Authority was held on March 27, 2020. Chairman Jim Welch convened the meeting at 1:01 p.m. via Zoom video conferencing software.

Board members present on the videoconference were: Mr. Dale Boden, Mr. Bill Byrley, Ms. Toni Clem, Ms. Mary Rose Evans, Ms. Nikki Lanier, Mr. Pat MacDonald, Mr. John A. 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 present on the video conference were: Ms. Brenda Allen, Ms. Pat Apone, Mr. Josh Ball, Ms. Sara Brown, Ms. Natalie Chaudoin, Ms. Noel Jolly, Mr. Dan Mann, Mr. Brian Sinnwell, Mr. Adam Thomas, and Mr. Darrell Watson.

Also present on the video conference were: an unidentified person calling from phone number 502-418-0714, an unidentified person calling from an iPad, Mr. Marty Finley, Mr. Alfred Miller, and Ms. Julie Taylor.

STAFF REPORTS

Mr. Mann thanked Authority staff, tenants and contractors for their continued great work during this difficult time.

Mr. Mann discussed air service. As of yesterday, TSA screenings are down 88% system wide. SDF had approximately 500 passengers come through the terminal Thursday, March 26, 2020, and is down approximately 80% for the week. There have been a lot of flight cancellations, and Mr. Mann anticipates the airlines will begin to implement schedule changes next week that will run through mid-June. He anticipates this downturn will be significant for at least the next 90 days, with a slow rebuild after the 90 days. To illustrate the impact, Mr. Mann advised the Board over April, May and June SDF would typically have over 600,000 enplanements. For 2020, he anticipates well under 100,000 enplanements for that same time period.

Mr. Mann advised the Board the lack of passenger traffic is having a significant impact on revenue. On the expense side, he has deferred major maintenance, frozen the purchase of capital equipment, eliminated travel and implemented a modified hiring freeze to reduce expenses over the next 90 days.

Mr. Mann discussed the emergency relief bill just passed in the Senate. The package contains \$10 billion for airports that can be used for infrastructure, debt service relief, COVID-19 related expenses or any lawful expense. Mr. Mann anticipates that the Authority will receive over \$10 million from the package, and the Authority will use about \$4 million for debt relief and the rest will go to infrastructure improvements and COVID-19 expenses. The funds will help offset, but will not completely offset, the Authority's loss in revenue. With cargo activity remaining strong

and the revenue stream from UPS the Authority should be in good shape for the next 90 days. For the time being the Authority will continue to move forward with the Terminal project and airfield improvements. If the downturn continues into the Fall then work on the Terminal project may be slowed.

ACTION ITEMS

1. Resolution for Airline Deferment —Louisville Muhammad Ali International Airport — Approval

The COVID-19 pandemic in addition to governmental and business travel restrictions have caused a rapid and significant decline in passenger air travel. In an effort to ease the burden of the Signatory Airlines operating at Louisville Muhammad Ali International Airport, staff recommends deferring rentals, rates and charges for the Signatory Airlines for a period of three months. For any Signatory Airline who chooses to defer rentals, rates and charges afforded by this Resolution, the Signatory Airline would pay the accrued rentals, rates and charges in six monthly installments beginning January 1, 2021. The deferred rentals, rates and charges would be paid in full no later than June 1, 2021. This Resolution does not waive any rentals, rates and charges due to the Authority.

Mr. Mann recommended the Board approve a resolution (copy attached) authorizing the three-month rent deferment period; and authorize the Executive Director to execute any other necessary documents, subject to review and approval of counsel as to legality and form and content, to accomplish the matters set forth above. On motion duly made and seconded, the Board approved Mr. Mann's recommendation.

2. Authorization to Negotiate Relief for Tenants As Needed — Louisville Muhammad Ali International Airport — Approval

The COVID-19 pandemic, has had a significant impact upon the economy, the airlines and the travel industry as a whole throughout the country and the Commonwealth of Kentucky. This pandemic has impacted the Authority's business partners, concessionaires and tenants which thereby impacts their contractual and financial obligations to the Authority. The Executive Director is engaged in ongoing conversations with our business partners during this global crisis regarding their obligations and steps that may be taken to allow temporary relief, while at the same time protecting the interests of the Authority and promoting a rebound of these businesses once the pandemic is over.

In light of the rapid changes occurring as a result of the pandemic, time is of the essence and it is critical for the Executive Director to be able to make decisions and negotiate temporary amendments to existing revenue generating contracts without delay, to ensure continuity of service.

Mr. Mann noted that, in lieu of the written findings, determinations and resolutions sent to the Board in advance of the meeting (which contemplated only the authority to offer rent and fee deferrals), he recommends that the Board authorize him to grant *not only deferrals* but also rent and fee waivers, minimum revenue guaranty waivers and any other accommodations that he

deems to serve the Authority's interest in encouraging tenants and concessionaires to continue to appropriately serve the Authority and its patrons during the pandemic and the attendant downturn in air travel. Mr. Welch noted that Mr. Mann's recommendation is subject to the condition that the aggregate amount of all such deferrals, waivers, and other accommodations shall not exceed six million dollars.

Mr. Mann recommended the Board authorize the Executive Director to negotiate temporary amendments to existing contracts with tenants, business partners and concessionaires at Louisville Muhammad Ali International Airport or Bowman Field deferring or waiving fees and minimum revenue guaranties and granting other similar accommodations, provided that the aggregate amount of all such accommodations shall not exceed \$6 million for purposes of encouraging tenants, business partners and concessionaires to appropriately serve the Authority and its patrons; and authorize the Executive Director to execute any other necessary documents, subject to review and approval of counsel as to legality and form and content, to accomplish the matters set forth above. On motion duly made and seconded, the Board approved Mr. Mann's recommendation.

OTHER BUSINESS

Chairman Welch thanked Mr. Mann and Authority staff for their hard work to keep the airports operational, and thanked Mr. Mann for his efforts to protect the Authority's staff during this pandemic.

There being no additional business the meeting adjourned at 1:30 p.m.

Jim Welch, Chairman

Dan Mann, Assistant Secretary