

**LOUISVILLE REGIONAL AIRPORT AUTHORITY
SPECIAL BOARD MEETING
JUNE 17, 2020**

A special meeting of the Board of the Louisville Regional Airport Authority was held on June 17, 2020. Chairman Jim Welch convened the meeting at 3:23 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. Mr. Morgan Ward attended as counsel to the Board.

Staff Members present on the video conference were: Ms. Brenda Allen, Ms. Pat Apone, Mr. Josh Ball, Ms. Dodie Caulk, Ms. Natalie Chaudoin, Mr. Dwight Clayton, Mr. Bill DeGraw, Mr. Anthony Gilmer, Ms. Noel Jolly, Mr. Dan Mann, Mr. Curtis Monroe, Mr. Brian Sinnwell, Ms. Megan Thoben, Mr. Adam Thomas, and Mr. Darrell Watson.

Also present on the video conference were: unidentified persons calling from phone numbers 502-718-8882 and 615-477-2816, persons identified with the screen names Atlantic Aviation, iPhone, Rick and Reporter, Mr./Ms. K. Adams, Ms. Sarah Barker, Mr. Bobby Campbell, Mr. Chris Gould, Mr./Ms. D. Lewis, Mr. Will Livsey, Mr. Dave Mayer, Mr./Ms. K. Mayle, Mr. Kelly Meyer, Mr. Zach Neds, Ms. Stacie Rockaway, Mr. P. Terry Rogers, Mr. Tom Schnetzer, Ms. Julie Taylor and Mr. Greg Theil.

CONSIDERATION OF MINUTES

The minutes of the special Board meeting held May 20, 2020 were reviewed and, upon motion duly made and seconded, unanimously approved.

STAFF REPORTS

CONSTRUCTION REPORT

Mr. Brian Sinnwell presented the planning and facilities status report. At Louisville Muhammad Ali International Airport, work continues for the Main Terminal Electrical Switchgear Project. Several planned power shutdowns were completed to permit the continuation of this power system upgrade. Final site work and the transfer of new service connections will take place later this month. For the Construct West Cargo Apron Project to construct 30 acres of apron on the west side of Taxiway A south of the Compass Hangar, construction work is substantially complete. Final work is underway and includes installation of a pump station and retention system. Additional pavement work on the far west side of the apron is complete. Work is underway for the Airfield Pavement Rehabilitation Project, 2020A to rehabilitate the west runway and Taxiway B.

For the Main Terminal Emergency Generator Project, final design work for an emergency generator for the passenger terminal is underway, and coordination meetings were held with

LG&E, the Authority and consultants regarding sizing, siting and design alternatives. The project will be bid this summer. The Maintenance Building Emergency Generator Project to design an emergency generator for the maintenance facility on Park Boulevard is substantially complete. Punch list work is ongoing.

Work is underway for the Reconstruction of Taxiway G, Phase I Project, a major design effort to re-align and reconstruct Taxiway G. This parallel taxiway to Runway 11-29 is critical for the efficient movement of aircraft from the east to west on the airfield. This pavement is old, nearing the end of its useful life and does not meet all Group VI standards. This project will increase surface separation, will eliminate FAA designated "hot-spots" and will create new access points to the terminal area. Work on this project is approximately 65% complete. Work is also underway on the Reconstruction of Taxiway G, Phase II Project and is approximately 35% complete.

Work is underway for the Replace Perimeter Fence – Southeast Project to replace aged perimeter security fence near the end of Runway 35R.

For the Terminal Renovation and Enhancement Project, Messer Construction is preparing pre-construction items to prepare for the bidding of access control and security upgrades; operations department and communication center renovations; roadway and parking garage renovations and parking expansion; and terminal renovations, escalators, powered walkways and jet bridges. Two new moving walkways have been ordered to replace the connector walkways. Installation is dependent upon the manufacturing schedule but is tentatively scheduled to begin in June 2020. Coordination is underway to replace six escalators in the Terminal with work expected to occur in July and August 2020. Modernization of the main elevator near the information booth will be completed in Spring 2020. A contract was executed for the replacement of 6 elevators in the parking garage and the units are in design. A design coordination kick-off meeting is scheduled for June 18, 2020 for the design and build of passenger boarding bridges in the terminal.

At Bowman Field, for the Airfield Electrical Project, Phase 1, work is complete. For the Airfield Electrical Project, Phase 2, construction work is underway to replace all airfield signs and correct airfield nomenclature. The airport beacon has been replaced and the project is 90% complete.

At the Bowman Field Administration Building, work is complete for renovation/rehabilitation of the exterior condition of the building. An exterior sealant, reconstruction of mortar joints and repairs to the upper building coping were completed. An assessment of the building's HVAC, and a plan to improve its performance was developed. Project scope and budget costs are complete and a project schedule is being developed. Construction work to replace interior and exterior facility lighting in the building is substantially complete.

For the Airport Area Safety Program, work is underway to acquire additional aviation easements from willing sellers with existing or near-term obstructions. Easements are being purchased and tree obstructions will be trimmed or removed. A future phase of landscape and replacement tree plantings is under design. There are at least 12 willing sellers who wish to be considered for aviation easements including both golf courses.

Mr. Sinnwell reported on the Airport Master Plan Update. Airfield geometry concepts and future capital projects are being developed. Development of a detailed capital program is also being finalized along with a detailed financial analysis. Several additional iterations are being evaluated with adjusted forecasts and budgets. The public education process continues with interaction at public events, scheduled briefings and group sessions.

Mr. Sinnwell reported on the Residential Relocation Project. A contract for demolition of several residences was awarded to Woolridge Construction Group and work is underway.

Mr. Sinnwell provided an update on the Residential Sound Insulation Program. This project is for the sound insulation of residences within the DNL 65 contour on the 2021 Noise Exposure Map. Pre-acoustical testing has been completed for 88 families. Eighty-four percent of the families tested to date have an interior noise level of 45 dB or greater. Designs have been completed for the first group of 32 families and those are awaiting historical review from SHPO. Due to COVID-19, designs are on hold for 38 additional families and acoustical testing is also on hold.

Mr. Sinnwell provided an update on the University of Louisville – Noise Mitigation Project. Construction is complete for the first group of three buildings on the University of Louisville Campus, the Life Science Building, Paul B. Lutz Hall and the Overseers Honors House. Bids were solicited for the second group of two buildings – Ernst Hall and the Interfaith Center. None of the bids were responsive and the Authority will rebid the project in the next few months. Designs are underway for group three – Baptist Student Union.

Mr. Sinnwell reported on projects in the Louisville Renaissance Zone and Renaissance South Business Park. Formulation of the project to improve access to the Renaissance South Business Park continues. Modeling and traffic analysis are complete. The project is moving into the Environmental and Final Design phases as coordination with KYTC and community leaders continues.

MARKETING REPORT

Mr. Anthony Gilmer presented the marketing report. Southwest Airlines has announced new, nonstop service to Atlanta beginning December 18, 2020. The service will be offered three times daily and will offer improved connectivity to the Southwest Airlines network from SDF. This is a high volume, high traffic trunk route and grows Southwest's capacity at SDF by about 20%.

Mr. Gilmer discussed the gradual rebound of air traffic. Business traffic is still mostly nonexistent, but leisure traffic is beginning to return. Florida, certain places in Texas, Phoenix and Las Vegas are all seeing increased traffic. Many of these leisure routes offered by Allegiant Air and Southwest Airlines from SDF are flying at the full capacity allowed by their social distancing measures. Airlines are adding new flights based on demand.

Mr. Gilmer discussed the current trend in capacity. May capacity was down 72%, June capacity was down 67% and July capacity is down 52%. These figures do not account for the airlines'

social distancing measures, currently only about 75% of available seats are actual available for purchase. Routes are also beginning to return. Allegiant Air resumed service to Las Vegas in May and American resumed service to Miami and Washington-National in June. In July, service to both Houston airports resumes on Southwest and United. In August, Southwest will resume service to Tampa and Phoenix.

Mr. Gilmer discussed the trends throughout the industry. The number of travelers being processed through TSA checkpoints is slowly increasing. Currently, United is flying at 35% of last year's capacity, Delta is flying at 39% of last year's capacity, American is flying at 56% of last year's capacity, Southwest is flying at 67% of last year's capacity and Allegiant is flying at 89% of last year's capacity. In the Top 50 domestic markets, Southwest and American have retained the most capacity in comparison to last year.

Mr. Mann advised the Board that the Authority's cost structure and air service team put SDF in a good position to compete for new service as demand returns.

ACTION ITEMS

1. On-Call Material Testing, Inspection and Geotechnical Services — Louisville Muhammad Ali International Airport and Bowman Field — Contract Award

This project consists of providing "On-Call Material Testing, Inspection, and Geotechnical Services" for Louisville Muhammad Ali International Airport and Bowman Field. These services are required by FAA grant assurances and are typically used on all construction projects at both airports. A Request for Qualifications was advertised in *The Courier-Journal* and the *Louisville Defender* and was posted with the Tri-State Minority Supplier Development Council and on the Authority's website. Statements of Qualifications were received from five firms: Wood, PLC., Atlas, Bluegrass Testing Laboratory, S&ME, Inc., and Terracon. A working group comprised of Authority representatives reviewed the Statements of Qualifications and has determined Wood, PLC. to be the most qualified firm. Staff is recommending a three-year contract award to Wood, PLC. with the option for a two-year renewal with an initial contract in the amount of \$200,000 subject to subsequent increases as approved by the Board.

Therefore, Mr. Mann recommended that the Board approve a contract award for on-call material testing, inspection and geotechnical services to Wood, PLC. for a three-year contract with the option for a two-year renewal with an initial contract in the amount of \$200,000 subject to subsequent increases as approved by the Board; 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. Mann's recommendation.

2. Airport Security Consultants SDF ACTIV Secure Project — Amendment No. 3 to Task Order No. 2 — Louisville Muhammad Ali International Airport — Approval

In October 2017, Airport Security Consultants (ASC) was engaged to design an upgrade to the existing security system at Louisville Muhammad Ali International Airport. The existing

security system was installed in 1999 and was experiencing regular failures with outdated equipment and replacement parts no longer available. ASC enlisted the help of Sentinel Consulting, a security design firm out of New York City, as a subcontractor, and Task Order No. 1 with ASC was established to evaluate current conditions and design a subsequent project to address the security vulnerabilities found. Through that investigation, it was discovered that in order to meet current TSA security regulations, a complete replacement of the Airport's Physical Access Control System was necessary. This includes door access, perimeter control, camera functionality and coverage, alarm conditions, employee credentialing, and badging protocols. With the establishment of a full-time Airport Operations Department with duties that now include security, badging, credentialing, and around-the-clock emergency monitoring and response, an additional Task Order No. 2 was approved for this project in May 2018 to accommodate the design and construction of a consolidated Airport Operations Command Center, Badging Office, and Emergency Operations Center (EOC).

Since the establishment of Task Order No. 2, two amendments have been approved, bringing the current contract amount to \$1,645,894.50. This Amendment No. 3 covers additional design support and construction administration needed as scope changes are made to construction bid packages to attempt to fully integrate the security scope with planned and future terminal renovations. Additionally, this amendment will provide for implementation and training for the new Identity Management System. All associated construction and renovation work required for the new Operations Command Center, Badging Office, and EOC is currently being performed by the Construction Manager at Risk, Messer Construction at a current Guaranteed Maximum Price of \$16,194,629.

Mr. Mann recommended that the Board approve Amendment No. 3 to Task Order No. 2 to the contract for Airport Security Consultants for an additional \$530,470.80, and new not-to-exceed total of \$2,176,365.30, 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. Mann's recommendation.

3. Proposed Fiscal Year 2021 Budget — Approval and Adoption

Secretary/Treasurer Lesa Seibert began the consideration of the Fiscal Year 2021 budget with the following statement to the Board:

As has been the LRAA Treasurer's practice in past years, I have met with the Authority's CFO and key members of the Authority's Finance staff to review the proposed FY2021 operating and capital budgets in detail.

As a result of that review, I can say that I fully support the adoption of the FY2021 budget as presented by the staff. The budget is balanced from the cash and accrual perspectives and represents a good balance between funding the operating and capital needs of our airports given the unprecedented times we are facing. In addition, the FY2021 budget meets the Authority's obligation to pay annual debt service on the outstanding bonds and is projected to generate

coverage of 1.32; which is still in excess of the 1.25 requirement in the Authority's Master Bond Resolution.

I wish to compliment Dan Mann and the Authority's staff for their hard work in preparing the FY2021 budget and for presenting to the Board a very comprehensive budget package.

Following Ms. Seibert's statement, Mr. Mann presented the Fiscal Year 2021 Operating and Capital Budgets (copy attached) to the Board for approval and adoption. Mr. Mann informed the Board the Authority is facing an unprecedented time as the airport industry is still trying to understand the total impact and the expected recovery from the COVID-19 pandemic. As the Authority developed the Fiscal Year 2021 Budget, staff were extremely mindful of the current financial challenges the Authority is facing and used the best information currently available. Key highlights of the proposed budget include:

- Operating Revenues are down by \$11.5M or 16.2 % from last year's budget.
- Operating Expenses have been reduced by \$5.2M or 13.3% from last year's budget.
- The estimated cost per enplanement is \$8.74 which is an increase of \$2.88 or 49% over FY20.
- Enplanements are being forecasted at 1.1M, a 45% decline from the FY20 budget.
- Landing Fee is \$1.178 which is down 4 cents from FY20. The projected landed weight is down 200,000 units (or 200M pounds).
- The FTE has been reduced from 161 in FY20 to 141 for the FY21 budget. Eleven of the 20 positions were unfilled.
- Includes a 3% merit pool for employees and the 401(a) match has been increased to \$7,500 from \$5,000 in FY20.

This budget meets the needs of the Authority to provide facilities and services to fulfill our mission to serve our region with safe and efficient aeronautical facilities.

Mr. Mann recommended the Board adopt the Fiscal Year 2021 Budget as submitted by Authority staff. On motion duly made and seconded, the Board approved Mr. Mann's recommendation.

OTHER BUSINESS

Chairman Welch informed the Board that Secretary/Treasurer Lesa Seibert has been appointed Chair of the Airports Council International – North America (ACI-NA) Commissioner's Committee.

Secretary/Treasurer Lesa Seibert then provided the Board a brief summary of the purpose and work of ACI-NA to fulfill its mission to be the voice of airports. She has been serving on the Commissioner's Committee since shortly after her appointment to the Board and is currently the Vice Chair of the Committee. She will assume the role of Committee Chair in January 2021 for a two-year term. She advised the Board that her new role as Chair of the Commissioner's Committee also provides her a seat on the ACI-NA Board of Directors and the ACI-NA U.S.

Policy Council. Secretary/Treasurer also announced that Louisville has been selected by ACI-NA to be the site of the 2021 ACI-NA/AAAE Board and Commissioners Conference to be held April 10 through 13, 2021 at Distill Hotel.

There being no additional business the meeting adjourned at 4:31 p.m.

Jim Welch, Chairman

Dan Mann, Assistant Secretary

Approved