

**LOUISVILLE REGIONAL AIRPORT AUTHORITY
SPECIAL BOARD MEETING
OCTOBER 21, 2020**

A special meeting of the Board of the Louisville Regional Airport Authority was held on October 21, 2020. Vice Chairman Pat MacDonald convened the meeting at 3:01 p.m. via Zoom video conferencing software.

Board members present on the videoconference were: Mr. Cleo Battle, Ms. Toni Clem, Mr. Mitchel Denham, Ms. Mary Rose Evans, Mayor Greg Fischer, Ms. Nikki R. Lanier, Mr. Pat MacDonald, Ms. Lesa Seibert, and Mr. Jim Welch. Not in attendance: Mr. Dale Boden and Mr. John A. Moore. 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. Natalie Chaudoin, Ms. Dodie Caulk, Mr. Dwight Clayton, Mr. Anthony Gilmer, Ms. Noel Jolly, Mr. Dan Mann, 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 248-225-5020; persons identified with the screen names JM, James and Rick; Mr. Bobby Campbell, Mr. Phil Clark, Mr. Chris Gould, Mr. Zach Neds, Ms. Holli Reger-Smith, Mr. Blake Roe, Mr. Robert Rush, Ms. Julie Taylor, and Mr. Ben Tobin.

CONSIDERATION OF MINUTES

The minutes of the special Board meeting held September 16, 2020 were reviewed and, upon motion duly made and seconded, unanimously approved. Mr. Mitchel Denham and Ms. Nikki R. Lanier were not present for the approval of the minutes.

FINANCE REPORT

Mr. Mann presented the finance report. For the budget year which began July 1, 2020, revenue is up about 1%, while expenses year-to-date are down 16%. Overall projections are unfavorable with SDF being down 60% on passenger traffic, but our cash position is holding. As of September 30, 2020, the Authority had a cash position of \$126 million with \$64 million in unrestricted cash. With the Authority's current cash position Mr. Mann feels comfortable moving forward with the Authority's terminal renovation project and the airfield capacity improvement program. The projected cash position for the June 30, 2021 end of the fiscal year is \$106 million with \$44 million in unrestricted cash. Mr. Mann advised the Board staff will provide a thorough report regarding the capital improvement projects at the next Board meeting.

CONSTRUCTION REPORT

Mr. Brian Sinnwell gave the construction report. At Louisville Muhammad Ali International Airport, two phases of pavement rehabilitation work are complete and Phase I of the project to

reconstruct Taxiway G is complete. Work is almost complete on Phase II of the Taxiway G reconstruction project.

Construction and installation of the main terminal electrical switchgear continues with the replacement of transformers. Repair work to the Engineered Materials Arresting System (EMAS) bed located on the departure end of Runway 11 is complete.

Design work is underway to build a new 19,000 sf snow removal equipment storage building. This facility will be constructed near the existing maintenance facility on Park Boulevard and will include room to store 12 units and a wash bay. The facility will store the Authority's multi-function snow removal equipment.

For the Terminal renovation project, the parking garage atrium skylights have been painted and cleaned, and construction of the raised cross walk continues. Mr. Jim Welch inquired if landscaping will be included in the parking garage atrium work, and Mr. Sinnwell advised the Board it is part of the project. Re-purposing of the rental car quick turn around lot continues. The completed lot will be used for ride share, taxi and hotel shuttle pick up and will also house the cell phone lot. Work to replace the moving walkways, elevators and escalators also continues, with the removal of the old terminal connector moving walkway.

In the northwest development area, design work for the taxilane connector from Taxiway A to UPS's future development area is underway.

At Bowman Field, work on a project to rehabilitate asphalt pavement at various locations on the airfield is almost complete. This work included pavement removal, crack sealing, seal coat, full depth repairs, and mill and overlay of existing asphalt. Work on the complete mill and overlay of Runway 15-33 will begin this month, although the intersection of Runway 6-24 and Runway 15-33 will not be included in the work.

Design work is underway on a project to construct a new equipment storage facility at Bowman Field. This project will provide covered, secure storage for snow removal equipment and other maintenance vehicles. The approximately 11,000 sf building will store at least 4 pieces of snow removal equipment and will include 3 additional truck bays. Currently equipment is stored outside, in T-Hangars and at other vacant spaces around Bowman Field.

For the residential sound insulation program to insulate within the DNL 65 contour according to the 2021 Noise Exposure Map., pre-acoustical testing has been completed for 163 families. Currently, 85% 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.

For the University of Louisville – Noise Mitigation project, construction is complete for first group of 3 building on the University of Louisville Campus (Life Science, Paul B. Lutz Hall and Overseers Honors House). Work has begun on the second group of 3 buildings (Ernst Hall, Interfaith Center and Baptist Student Union).

Vice Chairman Pat MacDonald commended Mr. Sinnwell and his team for their quick response to the power outage in the Terminal earlier this month. Vice Chairman MacDonald also inquired if the Runway 15-33 project will address the elevation dip at the 33 end of the runway. Mr. Mann advised the Board that it would not but that the Bowman Preservation Project will look at the elevation issues and will provide a 10-year master plan for future work at Bowman Field.

AIR SERVICE REPORT

Mr. Anthony Gilmer gave the air service report. Nonstop service to Atlanta and Fort Myers on Southwest Airlines will launch soon. The two times daily Atlanta service will launch on November 4, 2020 rather than the previously announced launch date of December 18, 2020. This route will provide Louisville Muhammad Ali International Airport improved connectivity to the Southwest Airlines network and lower fares to Atlanta. The Southwest Airlines service to Fort Myers will begin at the end of October and will fly on peak traffic days around the Thanksgiving, Christmas and New Year's holidays. Mr. Gilmer is optimistic that the Fort Meyers service could continue through April.

Mr. Gilmer advised the Board that the gradual traffic rebound continues. The majority of traffic continues to be leisure and visiting friends and relatives (VFR) traffic. Flights to outdoor destinations remain popular, but business traffic continues to lag. Mr. Gilmer anticipates capacity will continue to be 40 to 50 percent down for fall and winter. Louisville Muhammad Ali International Airport is fortunate to maintain 33 nonstop destinations, although some routes, such as Washington National on American, all New York service and Houston Hobby on Southwest, are currently suspended.

Mr. Gilmer advised the Board that in September, Louisville Muhammad Ali International hosted the first, in-person industry event since March. The Airport Roundtable Series event was attended by 45 representatives, and seven airlines participated. Ms. Stacy Yates from Louisville Tourism and Ms. Mary Ellen Wiederwohl from Louisville Tourism both spoke at the conference. Conference participants attended events at Copper and Kings, Hotel Distil and The Kentucky Derby Museum. All of the conference attendees were very impressed with what Louisville has to offer.

Mr. Gilmer provided the Board the TSA Passenger Throughput figures for July through September, which show that Louisville Muhammad Ali International Airport's figures continue to be about 5 percent higher than the national average.

CONSENT ITEMS

1. Appointment of Safety and Security Officers — Approval

The Director of Public Safety has reviewed the qualifications of Andrew S. Hawkins and Rico L. Williams, has concluded that they satisfy the qualifications set forth in the Board's November 18, 1998 resolution and recommends their appointment as airport Safety and Security Officers:

Mr. Mann recommended the Board appoint Andrew S. Hawkins and Rico L. Williams as airport

Safety and Security Officers, to serve at the pleasure of the Board until such time as the Director of Public Safety shall terminate the appointment; and authorize and direct the Authority's Director of Public Safety to administer the Oath of Office. On motion duly made and seconded, the Board approved Mr. Mann's recommendation.

2. ALCMS Replacement — Louisville Muhammad Ali International Airport — Contract Award

This project consists of replacement of the Airfield Lighting Control and Monitoring System (ALCMS) including all components and software, excluding fiber optic cable, at Louisville Muhammad Ali International Airport. Components will be installed in the Air Traffic Control Tower, Airfield Lighting Vault, Operations Facility and Airfield Maintenance Facility. This project was advertised in *The Courier-Journal* and the *Louisville Defender*, was provided to the Tri-State Minority Supplier Development Council and was posted on the Authority's website. Three bids were received with the lowest, most responsive bid from TEM Group of Louisville, KY with a unit price bid of \$662,000. The Authority staff and our consultant have reviewed the bid documents submitted by the TEM Group, have verified their bid to be responsive and are recommending the contract award. The Authority has received a grant from the FAA that will pay 100% of the project costs.

Mr. Mann recommended the Board award the contract for the replacement of the ALCMS at the Louisville Muhammad Ali International Airport to the TEM Group of Louisville, KY in accordance with the unit prices set forth in the bid for a contact amount of \$662,000; 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. Aviation Security Consultants Task Order No. 3 — Louisville Muhammad Ali International Airport — Approval

Aviation Security Consultants (ASC) has been engaged with the Airport since October of 2017 under contract to design an upgrade to the existing security system at Louisville Muhammad Ali International Airport. ASC has also been coordinating with Alliance as they design our terminal renovation projects to ensure ASC's security recommendations for the airport wide security upgrade are planned for in Alliance's design. For the areas where the terminal footprint is not intended to change, this coordination has been minimal. However, for the future reconfiguration and expansion of the security checkpoint, extensive coordination with ASC on security and technology recommendations for video surveillance, access control, intercom locations, screening and automated exit equipment is required to reach a 50% design level. Task Order 3 authorizes ASC to provide these design services for the Authority and Alliance

Mr. Mann recommended that the Board approve Task Order #3 to the contract for Airport Security Consultants in the amount of \$44,000 for a new, not-to-exceed total of \$2,220,365.30; 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.

4. Assignment, Assumption and Airport Consent with United Airlines, Inc. — Louisville Muhammad Ali International Airport — Approval

Effective July 1, 2015, the Authority and United Airlines, Inc. (“United”) entered into a Partial Assignment, Assumption and Airport Consent granting the assignment of 517 square feet of exclusive use enclosed operations space in the Airside Terminal Building to ExpressJet Airlines, Inc. (“ExpressJet”). ExpressJet ceased operations on September 30, 2020 and desires to reassign the 517 square feet of exclusive use enclosed operations space in the Airside Terminal Building back to United, effective September 30, 2020.

Mr. Mann recommended the Board approve the Assignment, Assumption and Airport Consent between United Airlines, Inc. and ExpressJet Airlines, Inc.; 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.

COMMITTEE REVIEWED ACTION ITEMS

1. Audit Committee

i. Audit Report

Vice Chairman Pat MacDonald made the following statement to the Board:

On Thursday, October 8 2020, the auditors, Plante Moran, presented the Audit to the Audit Committee and has issued an unqualified audit opinion. The Auditors reported no significant audit findings, no deficiencies in internal controls, issued no internal control recommendations, identified no significant deficiencies or material weaknesses, and encountered no difficulties with management. The auditors also noted that there is a new accounting standard for operating leases and expressed their intention to work with staff to ensure that the Authority would anticipate the impacts of the standard and be well-positioned to communicate those impacts to its stakeholders.

Mr. Mann advised the Board this was the first year with Plante Moran as the Authority’s audit partner and commended the finance team and Plante Moran for working so well together during the transition and the audit process. Audit Committee Chair Nikki R. Lanier advised the Board she was very pleased with the auditors and the seamless transition to the new audit partner.

Upon motion duly made and seconded, the Board accepted the audit as presented.

2. Finances, Facilities and Operations Committee

Committee Chair Lesa Seibert advised the Board the Committee met on October 13, 2020 and had a robust discussion on the two items presented on the agenda for the Board's consideration.

She wished to note to the Board she had shared information with Mr. Mann, Chairman Boden and Vice Chairman MacDonald about the potential for Louisville Muhammad Ali International Airport to add private ride share which is similar to AirBnB for rental cars. The information she provided detailed how this service is being implemented at other airports.

i. Amendment and Assignment of Compass Airlines, LCC's Aircraft Maintenance Hangar Lease — Louisville Muhammad Ali International Airport — Approval

The Authority entered into an Aircraft Maintenance Hangar Lease, dated April 21, 2008, (the "Lease") with Compass Airlines, Inc. ("Compass") to lease the premises and conduct maintenance and repair on Compass's aircraft. By letter dated November 23, 2018, Compass elected to exercise the first renewal term, which commenced January 1, 2019 and expires December 31, 2027.

In April 2020, Compass permanently ceased its operations and vacated the premises at Louisville Muhammad Ali International Airport. Subsequently, Compass has notified staff that it desired to amend and assign the Lease to Republic Airways Inc. ("Republic") and, therefore, pursuant to the Lease, has requested that the Authority consent to the amendment and assignment of the Lease and release of claims.

As proposed, the revised term of the amended Lease would expire on October 31, 2023; provided, in the event that Republic elects to terminate its sublease with Atlantic Aviation on or before July 1, 2021, the term shall be automatically extended to October 31, 2024. Further, Republic would have the option to renew the Lease for two 2-year renewal terms; (i) the first renewal term beginning on November 1, 2023 (or November 1, 2024 should the term be automatically extended) and (ii) the second renewal term beginning on November 1, 2025 (or November 1, 2026 should the term be automatically extended). The rent payable under the Lease shall remain the same.

Mr. Mann recommended that the Board authorize the Executive Director to execute the Amendment and Assignment of Lease and Release; authorize the Executive Director to amend the Republic Sublease with Atlantic Aviation to facilitate the Amendment and Assignment as described above; and authorize the 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 Mr. Mann's recommendations. Mayor Greg Fischer was not present for the vote.

ii. Forth Amendment to Rental Car Concession Agreements — Louisville Muhammad Ali International Airport — Approval

Representatives of the Authority have had continuing discussions with representatives of the rental car companies currently operating at the Airport regarding overall ground transportation capacity needs. In conjunction with the relocation of rental car operations into the first level of the parking garage, the rental car companies are desirous of consolidating their agreements by brand family. Effectively, this would consolidate the existing seven Rental Car Concession Agreements into three Rental Car Concession Agreements.

Additionally, this Fourth Amendment to the Rental Car Concession Agreement facilitates the allocation of the Rental Car Center Ready Return Area and defines the parameters pertaining to the reimbursement of certain rental car improvements.

Mr. Mann recommended the Board approve the Fourth Amendment to the Rental Car Concession Agreements with Avis Rent A Car System, LLC (Avis); Avis Budget Car Rental, LLC (Budget and Payless); DTG Operations, Inc. (Dollar and Thrifty); EAN Holdings, LLC d/b/a Alamo Rent A Car (Alamo); EAN Holdings, LLC d/b/a Enterprise Rent-A-Car (Enterprise); EAN Holdings, LLC d/b/a National Car Rental (National); and The Hertz Corporation (Hertz); 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 recommendations. Mayor Greg Fischer was not present for the vote.

ACTION ITEMS

1. Residential Sound Insulation Project — Louisville Muhammad Ali International Airport — Contract Award

This project consists of alterations and modifications to 32 residences within the Group 1 area of the residential sound insulation program. Acoustical treatments will be made to each of these homes to achieve an interior reduction of noise from aircraft. The work includes the replacement of existing windows and doors, as well as mechanical and electrical modifications. The project was advertised in *The Courier-Journal* and the *Louisville Defender*. Additionally, the project was posted with the Tri-State Minority Supplier Development Council and on the Authority's Website. Three bids were received and the lowest, most responsive bidder was Lappe Cement Finishing, Inc. of Friedham, MO in the lump sum bid amount of \$1,181,328.31.

Mr. Mann recommended the Board award the contract for Residential Sound Insulation Program Project No. 2020-1.1-32 to Lappe Cement Finishing of Friedham, MO in the contract amount of \$1,181,328.31; 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. Mayor Greg Fischer was not present for the vote.

There being no additional business the meeting adjourned at 4:02 p.m.

Pat MacDonald, Vice-Chairman

Dan E. Mann, Assistant Secretary