

**LOUISVILLE REGIONAL AIRPORT AUTHORITY
SPECIAL BOARD MEETING
DECEMBER 8, 2021**

The special December meeting of the Board of the Louisville Regional Airport Authority was held on December 8, 2021. Chairman Dale Boden convened the meeting at 4:00 p.m. p.m. both in person and via Zoom videoconferencing software.

Board members present in person were: Mr. Dale Boden, Ms. Toni Clem, Mr. Mitchel Denham, Mr. Brian Lavin, and Mr. Pat MacDonald. Board members present via videoconference were: Ms. Mary Rose Evans, Ms. Nikki R. Lanier and Mr. John A. Moore. Not in attendance were: Mr. Cleo Battle, Mayor Greg Fischer and Ms. Lesa Seibert. Mr. Tom Halbleib attended as counsel to the Board.

Staff Members in attendance in person were: Ms. Brenda Allen, Mr. Anthony Gilmer, Mr. Dan Mann and Mr. Darrell Watson. Staff members present via videoconference were: Ms. Pat Apone, Ms. Dodie Caulk, Ms. Natalie Chaudoin, Ms. Jorgie Dermody, Ms. Noel Jolly, Mr. Brian Sinnwell, Ms. Megan Atkins Thoben, and Mr. Adam Thomas.

Also in attendance: Mr. Jeff O'Brien, in person and via videoconference: unidentified person from 619-985-9368, Mr. Lucas Aulbach, Mr. Marcus Green, Mr. D. Lewis, Mr. Dave Mayer, Mr. Blake Roe, Mr. Lance Springs, and Mr. Todd Tabor.

CONSIDERATION OF MINUTES

The minutes of the special Board meeting held September 15, 2021 were reviewed and, upon motion duly made and seconded. Mr. Brian Lavin and Mr. John Moore were not present for the approval of the minutes.

STAFF REPORTS

FINANCE REPORT

Ms. Brenda Allen presented the audit. Ms. Allen thanked Ms. Dodie Caulk and Mr. Jeff Nall for leading the finance team in their work with the auditors. The audit firm, Plante Moran provided the Authority an unqualified audit opinion. The audit findings were presented to the Audit Committee on November 1, 2021. There were no significant audit findings or deficiencies in internal controls. The Authority intends to take appropriate steps to correctly implement GASB 87 in the coming fiscal year.

Under motion duly made and seconded, the Board accepted the audit report.

Ms. Allen presented the Finance Report. Year-to-date operating revenues are exceeding the budget by 2.4% or \$562,000. Year-to-date operating expenses are under budget by 23% which is \$3,100,000. This variance is due to timing of contracts and supply chain issues with some of our construction. Enplanements for October are up 154% from October 2020. Landed weight for cargo remains strong and was the highest in the six-month period. Operating income is 34%

higher than the same period last year or \$3,500,000 due to parking and ground transportation which is up 85% from the same period last year. Expenses overall are up about 12.2% due to the cost of goods and services, supply chain issues, and increases in utilities. The Authority is 90 days post go live on the implementation of the D365 Enterprise Resource System and it's going well.

AIR SERVICE REPORT

Mr. Anthony Gilmer presented the air service year in review. It has been a year of recovery for Louisville Muhammad Ali International Airport (SDF). SDF has been outpacing the nation and its regional peers in its recovery and now has 36 nonstop destinations which is more than pre-Covid.

In 2021, SDF added 3 new routes. The first new route was Fort Meyers service on Southwest. This route was very important to SDF because leisure travel is currently outpacing business travel. SDF then added a new air carrier, Spirit which launched with 4 cities initially. Spirit has added 3 more cities since their service launch at SDF. Unlike Allegiant and Frontier who often fly twice weekly service, Spirit prefers to fly daily to the cities they serve. Spirit has a positive impact on prices because the other ultra-low cost carriers (ULCC) will lower their prices to match Spirit. With the introduction of Spirit at SDF ULCC capacity is up 140% over last year. The introduction of Spirit has doubled traffic to Orlando and increased traffic to Los Angeles over the service previously offered on American. SDF also launched service on Breeze, a brand-new airline. Breeze's primary mission is to connect mid-sized markets. Mr. Gilmer sees a lot of opportunity for Breeze to grow service at SDF as the airline grows. SDF's newest route is Austin, TX service on Allegiant which began November 18th.

Mr. Gilmer discussed route recovery. The only pre-COVID route that is not consistently flying is Houston Hobby on Southwest Airlines, but Southwest is committed to continuing this service. During the 4th quarter of 2021, SDF has several routes that have more capacity than 4th quarter 2019. These routes include Los Angeles, New Orleans, Washington, D.C. and New York La Guardia. SDF has been the fastest recovering airport in the region with capacity at 92% of pre-COVID capacity in 2021. The number of daily departures has been returning as well. Mainline carriers have also increased capacity. Delta flights to Atlanta, United flights to Denver and American flights to New York have all been upgraded to larger aircraft with better amenities. Mr. Gilmer discussed checkpoint traffic recovery. SDF has been consistently ahead of the nation in traffic recovery, at times as high as 10 points ahead of the national average.

Mr. Gilmer discussed predictions for 2022. SDF has more capacity than it had in 2019 in January and February 2022, and he anticipates this trend will continue throughout the year. SDF's low-fare carrier presence will continue to grow, and business markets like Philadelphia will continue to return. He will continue to pursue direct flights to Boston, San Francisco, and Seattle.

CONSENT ITEMS

1. Appointment of Safety and Security Officers — Approval

The Interim Director of Public Safety has reviewed the qualifications of Todd Johnson and Glen Shortt, 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:

Therefore, Mr. Mann recommended the Board appoint the above-named persons 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. HNTB Contract Extension, Task Orders 25 and 26 Supplemental Airfield Consultant Services — Louisville Muhammad Ali International Airport — Approval

On January 16, 2019, the Board approved the award of a Supplemental Airfield Consultant Services contract with HNTB for a three-year period with an option for an additional two-year term. Authority staff recommends awarding the additional two-year term to extend the contract to January 2024. If the contract extension is approved, a fee schedule consistent with FAA and engineering standards will be negotiated with HNTB for the additional term.

Additionally, the current contract requires Board approval for each Task Order. Task Order 25 authorizes HNTB to provide design services for the reconstruction of Taxiway D North at Louisville Muhammad Ali International Airport. Consistent with the proposed airport layout plan and to enhance airfield efficiencies, the project will include the reconstruction of Taxiways D, D6 and P north of the proposed Taxiway L connection. Task Order 25 will be a time and material contract not-to-exceed \$381,946.

Task Order 26 authorizes HNTB to provide design services for the 2022-B Airfield Pavement Rehabilitation project. This project is part of the annual pavement rehabilitation program at Louisville Muhammad Ali International Airport to extend the useful life of airfield runways and taxiways. Task Order 26 will be a time and material contract not-to-exceed \$121,395.

Mr. Mann recommended the Board approve the two-year contract extension with HNTB; approve Task Orders 25 and 26 in the aggregate not-to-exceed amount of \$503,341; 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. Bank Depository Designation and Signature Resolutions — Approval

The Authority recently entered into a Passenger Facility Charge Backed Draw Term Loan Credit Facility with Old National Bank as approved by the Finances, Facilities and Operations Committee at its September 27, 2021 meeting based on the authority delegated to the committee by the Board at its September 15, 2021 meeting. The terms of the agreement require the Authority to establish an account with the Bank to be used for the payments of principal and interest on the Draw Term Loan. In order to establish this account, it is necessary for the Board to pass a resolution designating Old National Bank as our depository for this Account and

granting certain individuals signature authority on these accounts in order to transact business on behalf of the Authority.

Mr. Mann recommended the Board approve the resolution (copy attached). On motion duly made and seconded, the Board approved Mr. Mann's recommendation.

4. Taxicab Concession — Louisville Muhammad Ali International Airport — Agreement Award

The term of the current taxicab concession agreements expires December 31, 2021. In anticipation of the expiring term, the Authority's staff issued an invitation to submit bids on October 1, 2021, with the intent to award two taxicab concessions at Louisville Muhammad Ali International Airport. The terms of the bid documents are as follows: (i) an initial term of one (1) year with four (4) one-year renewal terms, as mutually agreed upon by the Authority and the successful Bidder(s), (ii) a per trip fee of \$1.50 and (iii) a minimum monthly business privilege fee of \$2,500.00. The Authority received two bids, which were from GUL, Inc. and WHC KY, LLC.

Mr. Mann recommended the Board award a Taxicab Concession Agreement at Louisville Muhammad Ali International Airport to GUL, Inc. and WHC KY, LLC, at the terms and conditions described above; 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.

ACTION ITEMS

5. Residential Sound Insulation Program — Louisville Muhammad Ali International Airport — Contract Award

This project consists of alterations and modifications to 20 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*, and was posted with the Tri-State Minority Supplier Development Council and on the Authority's website. Two bids were received. The apparent low bidder failed to meet the DBE goal established for the project. The next responsive bidder, Strong Tower Construction, of Louisville, KY has met the DBE goal and has a submitted lump sum bid amount of \$916,442.00. The project will be funded by an existing FAA grant.

Mr. Mann recommended the Board award the contract for Residential Sound Insulation Program Project No. 2021-1.4-20 to Strong Tower Construction of Louisville, KY in the contract amount of \$916,441.00; 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.

6. Aviation Security Consulting Contract Amendment 5 to Task Order 2 — Louisville Muhammad Ali International Airport — Approval

On September 13, 2017, the Board approved a master contract with Aviation Security Consulting, Inc. (ASC) to provide consulting services to assess the existing security system at Louisville Muhammad Ali International Airport and design an upgrade following the assessment. Subsequently, the Board has approved various task orders and amendments to the contract as work progresses on the security project - all in coordination with the overall terminal renovation project. A scope addition to include the conversion of the QTA lot to the Premier West Parking Lot and the addition of 4 months of construction administration and project oversight to complete the migration from existing technology to the new system is required. Staff has reviewed the Aviation Security Consulting, Inc. proposal and recommends Amendment 5 to Task Order 2 in the amount of \$95,598.00.

Mr. Mann recommended that the Board approve Amendment 5 to Task Order 2 of the contract with Aviation Security Consulting, Inc. in the amount of \$95,598.00 for a new not-to-exceed total contract amount of \$2,610,781.02; 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.

7. Resolutions Authorizing Implementation of a Passenger Facility Charge and Application Submission — Louisville Muhammad Ali International Airport — Approval

The Federal Aviation Administration (FAA) requires that airport operators submit applications for approval to implement a Passenger Facility Charge (PFC). PFCs are user fees authorized by the FAA, established by the Louisville Regional Airport Authority ("the Authority") and collected on behalf of the Authority by the airlines with each airline ticket purchased for travel from Louisville Muhammad Ali International Airport. In order to submit a PFC application, the Authority's Board must pass a resolution authorizing the Executive Director to submit the application and implement the PFC. The existing PFC is \$4.50 for each enplaned passenger and no change is being sought. However, an amendment to an existing PFC and two new projects are being sought as outlined below.

Passenger Boarding Bridges (Amendment)

In September 2018, the Board passed a resolution for a \$4.50 PFC to purchase 15 passenger boarding bridges to replace aging units ranging from 25 to 39 years old. The FAA approved that application in February of 2019 and work has progressed since then. However, an amendment to the existing Passenger Boarding Bridge PFC application is needed to include (1) the replacement of two additional boarding bridges, (2) two new boarding bridges, including preconditioned air units, ground power units, connecting walkways and tunnels to the terminal to allow for maximum spacing to accommodate larger aircraft; and (3) financing of the Passenger Boarding Bridges through the loan established for this purpose through Old National Bank with payment of principal and interest through PFCs over time. The original application anticipated the

PFCs would generate \$17,750,000 for this project and the amendment to include the additional four (4) boarding bridges, ancillary equipment and financing brings the anticipated PFC funds generated for this project to \$25,470,000.

Terminal and Roadway Wayfinding Project

Terminal roadway, garage and parking lot wayfinding require updating to account for the airport modifications, improvements and ground transportation relocations that have taken place in recent years. This project includes design, engineering, materials, installation and removal and disposal of existing signage. Anticipated PFC funding of the project at \$5,790,317.

Arrival Baggage Claim and Public Restroom Improvements

The baggage claim equipment was installed over 30 years ago and the maintenance costs have increased exponentially in recent years with parts and equipment to maintain them no longer being made by the manufacturer, which has resulted in delays, shutdowns and an unfavorable customer experience. The existing restrooms were also installed more than 30 years ago and with increased passenger activity in recent years, the failing infrastructure and fixtures have deteriorated and resulted in increased downtime with the restrooms overall being insufficient to meet the needs of the traveling public. Anticipated PFC funding for this project is \$7,720,844.67.

Prior to submission of the applications, the Authority must provide notice to the airlines and the public with an opportunity to comment.

Mr. Mann recommended the Board approve the resolution (copy attached) authorizing the implementation of a Passenger Facility Charge; and authorize the Executive Director to file an amendment and new applications 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.

There being no additional business the meeting adjourned at 4:50 p.m.

Dale Boden, Chairman

Dan E. Mann, Assistant Secretary