

**LOUISVILLE REGIONAL AIRPORT AUTHORITY  
BOARD MEETING  
JUNE 8, 2022**

A special meeting of the Board of the Louisville Regional Airport Authority was held on June 8, 2022. Chairman Dale Boden convened the meeting at 3:15 p.m. in the Boardroom of the Louisville Regional Airport Authority, Louisville, Kentucky.

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

Staff members present in person: Ms. Brenda Allen, Ms. Dodie Caulk, Ms. Natalie Ciresi Chaudoin, Mr. Josh Grimes, Ms. Noel Jolly, Mr. Dan Mann, Ms. Kim Pemberton, Mr. Brian Sinnwell, Mr. Adam Thomas, Mr. Darrell Watson and Mr. Jason Wheeler.

Prior to the consideration of the minutes, Chairman Dale Boden advised the Board that it was Ms. Mary Rose Evan's last board meeting and thanked her for her 20 years of service to the Board. As Ms. Evans was attending the meeting via video conference, Chairman Boden invited her to attend the July 2022 Board meeting so the Board could recognize her for her service in person.

**CONSIDERATION OF MINUTES**

On motion duly made and seconded, the minutes of Board meeting held on April 20, 2022 were unanimously approved.

**CONSENT ITEMS**

**1. Appointment of Safety and Security Officer — Louisville Muhammad Ali International Airport — Approval**

The Director of Public Safety has reviewed the qualifications of Josh Atkins and has concluded that he satisfies the qualifications set forth in the Board's November 18, 1998 resolution and recommends his appointment as an airport Safety and Security Officer.

Mr. Mann recommended the Board appoint Josh Atkins as an airport Safety and Security Officer, 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. Harris Corporation Aircraft Flight Tracking System Services — Contract Amendment No. 1 — Louisville Muhammad Ali International Airport — Approval**

On May 15, 2019 the Authority awarded the contract for Aircraft Flight Tracking System Services to Harris Corporation of Herndon, VA. The flight tracking system allows staff to address complaints from the community, ensures compliance with the runway use agreement with the Air Traffic Control Tower and serves as a rich source of data for analysis and compliance initiatives such as completing updates to the Master Plan and Noise Exposure Maps. The system also provides a component that can be viewed by the public via the Authority's website, allowing near real time flight tracking and monitoring. The Authority approved an initial contract amount of \$195,000.00. This amendment authorizes the renewal of the Agreement for two, one-year terms in the not-to-exceed amount of \$130,000.00.

Mr. Mann recommended the Board approve Contract Amendment No. 1 for Aircraft Flight Tracking System Services to Harris Corporation of Herndon, VA with a total not-to-exceed amount of \$130,000.00 for the two, one-year renewals, bringing their total not-to-exceed agreement amount to \$325,000.00; 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.

**3. Linebach Funkhouser, Inc. On-Call Environmental Services — Contract Amendment No. 1 — Louisville Muhammad Ali International Airport and Bowman Field — Approval**

On April 15, 2020, the Authority awarded the On-Call Environmental Services contract for Louisville Muhammad Ali International Airport and Bowman Field to Linebach Funkhouser, Inc. The scope of work included storm/sanitary water quality studies, deicing related studies, underground water studies, Phase I & II environmental studies, hazardous waste generation/disposal issues, and spill prevention studies as well as consulting services concerning 24-hours emergency response services and preparation of special environmental studies concerning FAA grant requirements. The Authority approved an initial contract amount of \$200,000. This amendment authorizes the continued use of Linebach Funkhouser, Inc. for on-call environmental services in the not-to-exceed amount of \$200,000.

Mr. Mann recommended the Board approve Contract Amendment No. 1 for On-Call Environmental Services to Linebach Funkhouser, Inc. in the amount of \$200,000, bringing their total not-to-exceed agreement amount to \$400,000. 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.

**ACTION ITEMS**

**4. Line of Credit — Louisville Muhammad Ali International Airport — Approval**

The Authority has developed a comprehensive capital improvement program to replace and upgrade aging terminal infrastructure and to take advantage of funding being made available through the recently passed Infrastructure Investment and Jobs Act. However, the construction

schedule requires funding sooner than the Authority anticipates receiving such funds from annual awards under the program or the FAA's Airport Improvement Program (AIP). Moreover, with material and construction staffing cost escalations being realized of late, and anticipated to continue into the foreseeable future, it is important to move forward expeditiously to approach this project in the most economical manner.

In order to maintain our aggressive airport improvement program (SDF Next), the Authority seeks Board approval to enter into a Line of Credit with the Authority's primary banking institution, Stock Yards Bank & Trust, for up to \$40 million with terms as outlined in the term sheet (attached) in order to bridge the period from when the funds are needed to receipt of grant and Authority funding for these projects. This will allow the projects to move forward under a more efficient and strategic approach without the costly delays that would be realized if funded solely through Authority funds and the various federal entitlement and discretionary grants. By approaching this financing plan as a line of credit with a 10-year term, rather than the issuance of 20- or 30-year bonds, the Authority eliminates the costs of bond issuance and reduces the period of debt service to only that which is realistically needed for project completion and repayment.

Mr. Mann recommended the Board approve the financing and authorize the Executive Director to execute the necessary loan 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.

#### **5. Airfield Use Agreements and Terminal Use and Lease Agreements— Louisville Muhammad Ali International Airport — Approval**

In 2005, the Board approved entering into an Airfield Use Agreement (the "2005 Airfield Use Agreement") with a number of airlines that operated at Louisville Muhammad Ali International Airport for a term of 16 years with an original expiration of June 30, 2021. In 2005, the Board also approved entering into a Terminal Use and Lease Agreement (the "2005 Terminal Use and Lease Agreement") with a number of airlines for a term of five (5) years. In anticipation of its June 30, 2010 expiration, the Board approved an amendment to the 2005 Terminal Use and Lease Agreement (the "First Amendment") which, among other things, extended the term for five (5) years, through June 30, 2015. In 2015, the Board approved an Amended and Restated Terminal Use and Lease Agreement (the "Amended and Restated Terminal Use and Lease Agreement") which, among other things, established a term of six (6) years, through June 30, 2021. Due to the uncertainty surrounding the industry resulting from the COVID-19 pandemic, both the 2005 Airfield Use Agreement and the Amended and Restated Terminal Use Agreement were extended through June 30, 2022.

For the past 12 months, Authority staff has been negotiating with the Signatory Airlines for new use and lease agreements. These successful negotiations have led to two (2) new agreements: (i) the Airfield Use Agreement and (ii) the Terminal Use and Lease Agreement. The Airfield Use Agreement includes the following key elements: (i) establishes a 10-year term, expiring June 30, 2032, (ii) retains the residual rate-making methodology whereby the annual fees cover the expenses incurred, (iii) incorporates new affiliate language, (iv) increases the operating subsidy

for Bowman Field and (v) modifies language with respect to Majority-In-Interest consideration of Capital Improvements.

The Terminal Use and Lease Agreement includes the following key elements: (i) establishes a three-year term, with two (2) 1-year mutual options, (ii) retains the compensatory rate-making methodology for the terminal building and residual rate-making methodology for the terminal apron, (iii) incorporates new affiliate language, (iv) modifies language with respect to Majority-In-Interest consideration of Capital Improvements, (v) amends the methodology of how the Terminal Apron Area Rental Rate is calculated, (vi) amends language to clarify the applicability of fees and charges charged to the providers of ground handling services to the Signatory Airlines, (vii) implements a single terminal building rate, (viii) eliminates the “RJ Gates” which were previously excluded from rates and charges unless leased, (ix) implements a common use formula for holdroom and passenger boarding bridge usage, (x) adjusts the calculation of the common use requirement from 800 passengers to one percent (1%) of monthly enplanements and (xi) increases the exclusive use space requirement for Signatory Airlines from 500 square feet to 1,000 square feet.

Mr. Mann recommended the Board approve the Airfield Use Agreements between the Louisville Regional Airport Authority and American Airlines, Allegiant Air, Delta Air Lines, FedEx Express, Mesa Airlines, Republic Airways, Southwest Airlines, Spirit Airlines, United Airlines and UPS Airlines; and approve the Terminal Use and Lease Agreements between the Louisville Regional Airport Authority and American Airlines, Allegiant Air, Delta Air Lines, Mesa Airlines, Republic Airways, Southwest Airlines, Spirit Airlines and United Airlines; 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. Revision of Rental Car Customer Contract Fee and Approval of Fifth Amendment to Rental Car Concession Agreements — Louisville Muhammad Ali International Airport — Approval**

In connection with the Terminal Renovation Project, representatives of the Authority have had continuing discussions with representatives of the rental car companies currently operating at the Airport regarding rental car counter renovations. These discussions have included increasing the Customer Contract Fee to defray the cost of capital expenditures and expenses associated with this work. Currently, the Customer Contract Fee is set at \$4.00 per day, or partial day, for each rental of any car rented at the Airport, and staff recommends increasing the fee to \$6.00 per day, or partial day, for each rental of any car rented at the Airport. The collection of a Customer Contract Fee will continue to be limited to the first seven days of any customer rental agreement. To effectuate this change, the Authority will need to adopt a resolution to change the collection rate and amend the regulations accordingly. In the resolution, the proposed amendment to Section 606 (B) of the regulations was formerly referred to as Section 5.10 in prior resolutions adopted in 1995, 2000, 2018 and 2019. The Authority will also need to approve an amendment to the current Rental Car Concession Agreements, which expire August 31, 2025.

Mr. Mann recommended the Board adopt the Findings, Determinations and Resolutions (copy attached), thereby approving a change in the collection rate of the Customer Contract Fee from

\$4.00 per day, or partial day, for each rental of any car rented at the Airport, to \$6.00 per day, or partial day, for each rental of any car rented at the Airport for the first seven (7) days of any customer rental agreement, effective July 1, 2022; approve the Fifth 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 recommendation.

## **7. Proposed Fiscal Year Budget — Approval and Adoption**

The FY23 Operating and Capital Budgets (copy attached) are being presented to the Board for its review and approval. This budget incorporates the first year of the proposed Airfield Use and Terminal Use and Lease Agreements. Key highlights of the proposed budget include:

- Operating Revenues for FY23 are \$77.2M, which is an increase of \$10.3M or 15.4% from last year's budget.
- Operating Expenses for FY23 are \$39.6M, which is a decrease of \$621K from the FY22 budget.
- The estimated cost per enplanement is \$5.91, which is a decrease of \$1.40 or 19.2% from FY22.
- Enplanements are being forecasted at 2.1M, a 31.3% increase from the FY22 budget.
- Landing Fee is \$1.133 which is down 0.002 cents from FY22. The projected landed weight is 21,600,000 units or a 9.1% increase.
- The Full Time Equivalent (FTE) has been increased from 145 in FY22 to 149 employees for FY23.
- Includes a 15% pool increase in payroll costs to cover merit, bonus and salary study implementation.
- The Capital Plan for FY23-25 identifies capital needs of both airports, cost estimates and anticipated funding sources for the various projects.

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. Revisions to Chapter 600 of the Authority Regulations to incorporate these changes and others, will be effectuated by separate agenda item and Board action.

Mr. Mann recommended the Board adopt the Fiscal Year 2023 Budget as submitted by Authority staff and authorize the Executive Director to take the necessary steps to implement the changes. On motion duly made and seconded, the Board approved Mr. Mann's recommendation.

## **8. Revision to Authority Regulations — Approval and Adoption**

It is necessary to revise Chapter 600 of the Authority's Regulations to incorporate: (i) changes resulting from the adoption of the Fiscal 2023 budget, (ii) updates to non-signatory airline rates

and charges, (iii) the change of the Rental Car Customer Contract Fee, (iv) the change of the calculation of the late fees and (v) other ancillary changes.

Mr. Mann recommended the Board approve and adopt the revised Regulations as proposed (copy attached); and authorize the Executive Director to take the necessary steps to implement the changes. On motion duly made and seconded, the Board approved Mr. Mann's recommendation.

### **OTHER BUSINESS**

Mr. Mann advised the Board that the Audit Committee met for the annual audit planning meeting and the meeting minutes were enclosed with the Board meeting materials. Additionally, the required communication to the Board members from our auditor, Plante Moran, was enclosed with the Board meeting materials. The letter details the planned scope and timing for the audit and provides contact information for the auditors if any of the Board members wish to contact the audit team.

Mr. Mann advised the Board there was a fire in the airfield electrical vault at approximately 5:20 a.m. to 5:30 a.m. on May 31, 2022 which cut power to the east side of the airfield and destroyed the electrical panel for the east side of the airfield. Due to the quick work of Operations and Public Safety, the fire was quickly discovered and extinguished before the panel to the west side of the airfield could be damaged. From the all hands on deck efforts of Engineering, Maintenance and our electrical contractor TEM Group, power was restored to the east side of the airfield by 5:30 pm that night with no impact to UPS operations. By the next day the RVR (runway visual range) was restored allowing for category II and III ILS (instrument landing systems) approaches to the runways. The Authority is planning for the construction of a backup airfield electrical vault.

Mr. Mann advised the Board that Derby went well, our visitors from Spirit Airlines had a great time, general aviation volume was high, and Atlantic Aviation ran out of ramp parking by Friday allowing drop and go operations only.

There being no additional business the meeting adjourned at 4:15 p.m.

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Dale Boden, Chairman

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Dan E. Mann, Assistant Secretary