

**LOUISVILLE REGIONAL AIRPORT AUTHORITY
BOARD MEETING
NOVEMBER 16, 2022**

The regular meeting of the Board of the Louisville Regional Airport Authority was held on November 16, 2022. Chairman Dale Boden convened the meeting at 3:00 p.m. in the Boardroom of the Louisville Regional Airport Authority.

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

Staff members present: Ms. Pat Apone, Mr. Paul Boyd, Ms. Dodie Caulk, Ms. Natalie Ciresi Chaudoin, Mr. Dustin Flannery, Ms. Heather Fuqua, Mr. Kyle Hartlage, Ms. Noel Jolly, Mr. Dan Mann, Ms. Kim Pemberton, Ms. Brenda Perry, Mr. Brian Sinnwell, Mr. Adam Thomas, and Mr. Darrell Watson.

Also in attendance: Mr. Tony Derricks, Ms. Wendy Harrower, Mr. Tom Nicolas, Mr. Blake Roe, Ms. Holli Reger Smith, Mr. Roxie Ruckriegel, Mr. Robert Rush, Mr. Todd Tabor.

Prior to the consideration of the minutes, Chairman Boden advised the Board that it was Mayor Greg Fischer's last Board meeting. He recognized Mayor Fischer for his transformative leadership during his tenure on the Board. Mayor Fischer was responsible for bringing a new Executive Director to the Authority, who brought a fresh leadership team and a new vision for the airports. Mayor Fischer championed the renaming of SDF to Louisville Muhammad Ali International Airport to celebrate "The Champ's" legacy and his ties to Louisville. Muhammad Ali's name recognition globally elevates the city to a new standard as the community continues "Championing The Champ". During his tenure on the Board, Mayor Fischer placed an emphasis on sustainability initiatives. These included noise management efforts such as the QuieterHome Program, the installation of chargers for electric vehicles, and the construction of the largest geothermal system of any U.S. airport. Mayor Fischer has also overseen unprecedented growth in air service. SDF has service to a record-high 37 nonstop destinations, eight airlines now serve Louisville Muhammad Ali International Airport, the airport has added 15 new routes in the last two years including service to Boston, Los Angeles and San Francisco, and ultra-low-cost carriers have increased by 130% to welcome even more travelers at the airport. Finally, Louisville Muhammad Ali International Airport has undergone two Terminal Improvement Programs during Mayor Fischer's tenure, which have improved the passenger experience, replaced obsolete infrastructure, and created a strong sense of place celebrating Louisville. Chairman Boden also commended Mayor Fischer on appointing Board members who were willing to make transformational changes to the airports.

CONSIDERATION OF MINUTES

On motion duly made and seconded, the minutes of the Regular Board meeting held on November 16, 2022, were unanimously approved.

STAFF REPORTS

CONSTRUCTION

Mr. Brian Sinnwell presented the construction report. He shared with the Board that Louisville Muhammad Ali International Airport received the City of Chicago's 2022 Airports Going Green Award in recognition of the SDF Next Program-Geothermal Project representing outstanding achievement in pursuit of sustainability within the aviation industry.

At SDF, construction of a new taxiway between Taxiway A and the UPS Hangar Development in the Northwest Quadrant is complete and the taxiway is ready for UPS use once their new ramp is complete. For the Passenger Boarding Bridges Project, we have replaced 20 boarding bridges and their associated electrical and air handling units to date.

At LOU, construction is underway on the project to rehabilitate Runway 6/24. Paving work was completed today, with replacement of markings to follow. The runway should reopen by Thanksgiving, and work on the project will resume in the Spring.

FINANCE

Ms. Brenda Allen presented the finance report. For the four months ending October 31, 2022, fiscal-year-to-date operating revenue is \$26,601,445 which is \$664,503 favorable to the budgeted amount or 2.6%. Compared to October 2021 there was an increase of \$2,507,269. Fiscal-year-to-date operating expenses are \$11,277,683 which is \$1,595,278 favorable to the budgeted amount or 12.4%. Compared to October 2021 there was an increase of \$705,872. Landed weight for cargo and passenger carriers is 1.34% lower than October of last year, and total cargo weight is 1.34% lower than October of last year. October 2022 passenger activity is up 4.47% from October 2021 and is up 4.45% fiscal-year-to-date.

AUDIT COMMITTEE

III.1.i. Audit Report — Acceptance by Board

Audit Committee Vice Chairman Pat MacDonald advised the Board the audit findings were presented to the Audit Committee on November 8, 2022. Vice Chairman MacDonald thanked the finance team for their hard work with the auditors. Audit Partner, Blake Roe of the audit firm, Plante Moran advised the Board his firm had provided the Authority an unqualified audit opinion. There were no significant audit findings or deficiencies in internal controls. The Authority has taken appropriate steps to correctly implement GASB 87 during the prior fiscal year.

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

FINANCES, FACILITIES AND OPERATIONS COMMITTEE REVIEWED ACTION ITEMS

IV.1.i. Hi-Lite Airfield Services Contract Amendment No. 3 — Airfield Markings Maintenance and Runway Skid Resistance Management — Louisville Muhammad Ali International Airport — Approval

In July 2019, the Board approved an On-Call Airfield Markings and Runway Skid Resistance Management agreement with Hi-Lite Airfield Services for an initial term of just over two years as allowed under Sourcewell Cooperative Purchasing Agreement 062817-HLA, with one, two-year renewal option. With prior amendments to add funds and exercise the extension option, the established agreement currently has a not-to-exceed amount of \$800,000 to provide services to meet Federal Aviation Administration regulations and the Authority's expectations. Services provided by Hi-Lite have been exceptional to date and have kept airfield markings updated as needed. The Authority maintenance staff has identified existing marking areas in need of additional refurbishment under the established agreement terms, and the vendor has agreed to complete the work prior to the arrival of severe winter weather. Maintenance and purchasing staff request the Board's approval to add funds in the amount of \$643,802.60 to the contract for On-Call Airfield Markings and Runway Skid Resistance Management services with Hi-Lite Airfield Services.

Mr. Mann recommended the Board approve an increase of \$643,802.60 for a new contract not-to-exceed amount of \$1,443,802.60 for the remainder of the contract period; 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.

IV.1.ii. Fixed Base Operator Lease Agreement Capital Improvements Credit — Louisville Muhammad Ali International Airport — Approval

At its July 20, 2016 meeting, the Board awarded the Fixed Base Operator Lease Agreement ("Lease") at Louisville International Airport to Macquarie Aviation North America 2, Inc. d/b/a Atlantic Aviation ("Atlantic") for an initial term of 10 years with two five-year options, which options are at the sole discretion of the Authority. Among other financial considerations in the Lease, Atlantic agree to make capital improvements to the facilities in the total amount of \$10,685,000.00, which includes \$9,185,000.00 for terminal building, hangars, and fuel farm improvements and \$1,500,000.00 to construct a general aviation processing facility for U.S. Customs and Border Protection.

At its November 15, 2017 meeting, the Board approved a rental credit to Atlantic in an amount not to exceed \$267,833.00 (the "Initial Credit") to cover the costs of additional improvements to Atlantic's new fuel farm which the Authority requested. The Initial Credit is amortized on a straight-line basis over the initial term of the Lease.

Most recently, Atlantic has expressed a desire to expand its fuel storage capacity by adding one (1) additional 30,000-gallon fuel storage tank. Currently, Atlantic's existing fuel farm consists of six (6) 30,000-gallon fuel storage tanks. The cost of the additional fuel storage tank would be approximately \$523,485.00.

In consideration of the base rent Atlantic currently pays, properties staff has negotiated the following tiered approach to issuing a rent credit for the tank cost over time for the Board's consideration. The Authority would agree to provide Atlantic a rental credit of \$523,485.00 (the "Additional Credit") to be applied as follows: For the remaining forty-four months of the initial term, Atlantic shall be entitled to rental credits of \$2,908.25 per month, which is equal to the monthly depreciation of the additional fuel storage tank based on a 15-year asset life. Should the two (2) five-year options be exercised, the remaining credit shall be applied straight-line, over the remaining 10 years of the renewal terms. If, however, the renewal terms are not exercised, the Authority shall pay the unapplied credit balance remaining when the lease expires.

Mr. Mann recommended the Board authorize the Executive Director to issue a rental credit to Macquarie Aviation North America 2, Inc. d/b/a Atlantic Aviation in an amount of \$523,485.00 (the "Additional Credit") to cover the costs of the additional 30,000-gallon fuel storage tank under the terms outlined above; and authorize the Executive Director to execute appropriate 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.

OTHER BUSINESS

Chairman Boden advised the Board they had been provided the dates for the 2023 Board meetings by Ms. Noel Jolly. He also advised the Board that the Holiday Open House would be held from 5:00 pm to 7:00 pm on Friday, December 9, 2022 at the Bowman Field Administration Building.

Mr. Darrell Watson introduced two new hires to the Board. Mr. Kyle Hartlage, PE has joined the Authority as the Director of Planning and Engineering and Ms. Heather Fuqua, PHR has joined the Authority as the Director of Human Resources.

There being no additional business the meeting adjourned at 3:34 p.m.

Dale Boden, Chairman

Dan E. Mann, Assistant Secretary