

# METROPOLITAN KNOXVILLE AIRPORT AUTHORITY

## Minutes of the Board of Commissioners

Date: June 20, 2018

Place: Henrietta Grant Board Room  
McGhee Tyson Airport

The Board of Commissioners of the Metropolitan Knoxville Airport Authority met pursuant to notice at 4:00 p.m. on Wednesday, June 20, in the Henrietta Grant Board Room at McGhee Tyson Airport with the Board Chairman, Eddie Mannis, presiding.

Roll call developed that Board members present, in addition to Chairman Mannis, were Ursula Bailey, Julia Bentley, Joe Dawson, Charles Harr, Maribel Koella, and Howard Vogel. Also present were William F. Marrison, President of the Airport Authority, and members of his staff; Mark Mamantov, legal counsel; and other visitors and representatives of the media.

### BUSINESS AGENDA

I. Announcements. Chairman Mannis reminded those in attendance that a sign-up sheet was available for members of the audience who would like to address the Board of Commissioners. The time for presentation would be limited to three minutes and then only if time permits.

Chairman Mannis then recognized the retirement of Mike Bachman as the Vice President of Finance and Administration for the Authority. Mr. Mannis noted that Mr. Bachman has been a steward of \$250,000,000 in capital improvement projects since 1997. Under Mr. Bachman's leadership, the Airport Authority has received 25 Certificates of Achievement in Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada. The Airport Authority has never had to return state or federal funds associated with a capital project due to Mr. Bachman's expert guidance. Mr. Bachman is not only a Certified Public Accountant, but also holds a Federal Aviation Administration (FAA) Airline Transport rating with over 5,000 flying hours. Mr. Bachman has served on the American Association of Airport Executives (AAAE) Finance and Administrative Committee and currently serves on the AAAE Audit Committee. Mr. Bachman has also served locally with the Knoxville chapter of the Financial Management Association and the Great Smoky Mountain Chapter of Trout Unlimited. He is also a long-time volunteer with the Great Smoky Mountain Council for the Boy Scouts of America.

Mike Bachman served in the United States Air Force as a search and rescue pilot for seven years. Then, Mr. Bachman continued his military flying career with the 134<sup>th</sup> Air Refueling Wing, Tennessee Air National Guard at McGhee Tyson Airport. Mr. Bachman retired a Lieutenant Colonel after 20 years of service. He was also a Desert Storm/Desert Shield veteran. The Chairman explained this was Mr. Bachman's last board meeting, and thanked him for his service to the Airport Authority and to the traveling public in East Tennessee. The Chairman presented Mr. Bachman with a crystal airplane as a token of appreciation from the Airport Authority. Then, Mr. Bryan White, Vice President of Engineering and Planning, presented Mr. Bachman with a surveyor marker from a point on the runway to thank Mr. Bachman for his service.

II. Minutes. The Chairman noted that the minutes of the regular meeting of May 16, 2018, had been distributed with the agenda materials. Upon motion duly seconded, the minutes were approved as presented by unanimous voice vote.

III. Consent Calendar. The Chairman noted that the Consent Calendar for June 20, 2018, had been included with the agenda materials, and he requested that Mr. Marrison review it with the Board. Following the review of the Consent Calendar, the Chairman inquired whether any Commissioner wished to move an item to the regular agenda. There being no such request, upon motion duly seconded, the Consent Calendar was approved by unanimous voice vote, and a copy will be filed with these minutes.

IV. President's Report and Financial Review. President Bill Marrison advised the Board that his written report was included with the agenda materials, that the financial report was also included with the agenda materials, and that both reports would be on file in the administrative offices of the Airport Authority. Mr. Marrison then reported the Airport had a record-setting April by serving 173,023 passengers, breaking the previous record set in April 2005, of 152,698 passengers. April makes the 24th consecutive month of year-over-year traffic increases at the Airport. This is also an 18.5% increase in passenger traffic over the same month from April 2017.

For a project update, Mr. Marrison noted that the Airport Authority was still hopeful to hear a response from the FAA by July 1 on the revised Airport Layout Plan submitted for the Oak Ridge Airport.

Next, Mr. Marrison introduced Becky Huckaby, Vice President of Public Relations, to provide a Milestone Moment in connection with the celebration of McGhee Tyson Airport's 80th anniversary. As that Milestone Moment, Ms. Huckaby explained the first runway for the Airport was built in the 1930s in West Knoxville. Ms. Huckaby explained this runway is miniscule in comparison to the runway being expanded at the McGhee Tyson Airport today.

Finally, Mr. Marrison introduced Ken Eckert to give an update on the passenger boarding bridge project. Mr. Eckert showed a video of the process of replacing the bridges as well as doing the vestibule rehabilitation. Mr. Eckert explained that the project was progressing well with the first phase being essentially complete. Mr. Eckert explained that the cooperation between the contractors and the airlines has been excellent.

V. Committee Reports.

A. Report of the Finance, Personnel and Insurance Committee. Commissioner Harr, Chair of the Finance, Personnel and Insurance Committee, advised the Board that the Committee had met prior to the Board meeting and had considered renewal of the Authority's property insurance, airport liability insurance, worker's compensation insurance, and automobile insurance and that overall renewal of the four policies presented a small increase in premiums and that each policy was recommended by the Authority's various insurance consultants. Mr. Harr then stated that, based on the Committee's review, the Committee recommends that each of the four policies be approved by the full Board. Mr. Harr then, on behalf of the Committee, moved for approval of the Committee's recommendation, which motion required no second. The motion was unanimously approved by a voice vote.

A. Report of Marketing and Public Relations Committee. Commissioner Howard Vogel, serving in the absence of Brian Simmons, Chair of the Marketing and Public Relations Committee, advised the Board that the Committee had met prior to the Board meeting and had considered approval of providing \$70,000 to Innovation Valley, Inc. (Innovation Valley). Mr. Vogel explained that Innovation Valley had been a crucial partner in the past for regional economic development supporting aviation. Mr. Vogel then, on behalf of the Committee, moved for approval of the \$70,000 to Innovation Valley, which motion required no second. The motion was unanimously approved by a voice vote.

Next, Mr. Vogel reported that the Committee had considered revisions to the Enhanced Air Service Partnership Program. The revisions most importantly gave incentives for airlines desiring to add additional flights to existing routes. Commissioner Vogel moved on behalf of the Committee that the revisions to the Enhanced Air Service Partnership Program as presented to the Committee be accepted by the Board, a motion which required no second. The motion was unanimously approved by voice vote.

Finally, Mr. Vogel explained that the Committee considered the modifications to the incentive letter with Allegiant Air for its non-stop Newark flight. While Allegiant suspended its service before its required 18 months were completed, the airline is attempting to remedy the situation by providing a seasonal flight to Newark from June 2018 to November 2018. Ultimately, the modifications would allow Allegiant to keep the incentives already earned but significantly reduces the overall incentives it will receive. Commissioner Vogel moved on behalf of the Committee that the revisions to the incentive letter with Allegiant Air be accepted by the Board, a motion which required no second. The motion was unanimously approved by voice vote.

## VI. New Business.

A. Consideration of Adoption of the Fiscal Year End (FYE) June 30, 2019 Budget. Mr. Marrison advised the Board that the budget had been through the complete process of review by the Finance, Personnel and Insurance Committee and distribution to all Commissioners for individual review and presentation for adoption at the June meeting. Mr. Marrison then asked Mr. Bachman to provide an overview. The budget includes \$32,981,742 of operating revenue and \$30,537,738 of operating expenses and debt service at McGhee Tyson Airport leaving \$2,444,004 available for capital improvements. Mr. Bachman then noted that Knoxville Downtown Island Airport's budget includes \$695,116 of operating revenues and \$938,241 of operating expenses and debt service for a budget deficit of \$243,125. Mr. Bachman then reported that the capital improvements program includes \$29,863,777 of capital improvements at McGhee Tyson Airport, \$461,750 of capital improvements at Knoxville Downtown Island Airport, and \$996,551 of expenditures for the proposed Oak Ridge Airport to be funded with a combination of federal grants, state grants and Airport Authority funds. Finally, Mr. Bachman reported that the cash balance at the end of the fiscal year is projected to be \$32,407,456. It was moved by Ms. Koella, seconded by Mr. Harr, that the Fiscal Year End June 30, 2019 Budget be adopted. The motion was unanimously approved by a voice vote.

B. Consideration of Approval of Resolution No. 18-02: A Resolution Authorizing a Commercial Card Plan Agreement with Branch Banking and Trust Company. Mr. Marrison advised the Board that the staff is recommending a change in the purchasing card provider from City Employee's Credit Union to Branch Banking and Trust Company. Mr. Marrison explained the resolution was prepared by legal counsel, and it would allow Mr. Marrison to sign a commercial credit card application with Branch Banking and Trust Company. It was moved by Mr. Harr, seconded by Ms. Bentley, that Resolution No. 18-02, authorizing a commercial card plan agreement with Branch Banking and Trust Company be approved. The motion was unanimously approved by a voice vote.

C. Consideration of Approval of Resolution No. 18-03: A Resolution Designating Certain Institutions for Deposit and Investment of Funds. Mr. Marrison advised the Board that this proposed resolution will allow the list of depositories for Airport Authority funds to be updated. Importantly, it will update the list of commissioners and officers authorized to sign checks and drafts on behalf of the Airport Authority. It was moved by Ms. Bentley, seconded by Mr. Harr, that Resolution No. 18-03, designating certain institutions for deposit and investment of funds be approved. While Ms. Bailey abstained, the motion was unanimously approved by a voice vote.

D. Consideration of Award to Calloway Oil Company for Providing Automotive Fuel at McGhee Tyson Airport. Mr. Marrison advised the Board that the Airport Authority contracts with local automotive fuel providers for our requirements based on the selection of competitive proposals. The products include: regular 87 octane gasoline with 10% ethanol, regular 87 octane gasoline without ethanol, and diesel fuel for the Airport Authority's fleet equipment and vehicles. Based on a request for proposals sent in May 2018, Calloway Oil Company was the selected provider for a three-year term. It was moved by Mr. Vogel, seconded by Ms. Bailey, that the award to Calloway Oil Company for providing automotive fuel at McGhee Tyson Airport be approved. The motion was unanimously approved by a voice vote.

E. Consideration of Award to Waste Management Inc. of Tennessee Utilizing Statewide Contract (SWC) 161, Trash Pickup, to Provide Waste Removal and Recycling Services at McGhee Tyson Airport and Knoxville Downtown Island Airport. Mr. Marrison advised the Board that the current contract with Waste Management, Inc. was set to expire June 30, 2018. Mr. Marrison explained that the Airport Authority's staff has negotiated a local agreement to the statewide contract, with changes in scope and cost from the previous contract. The new contract will allow the Airport to continue its recycling efforts and increase service. The contract is for two years with 2 one-year renewal options with an average base amount of \$36,000. It was moved by Mr. Harr, seconded by Ms. Bailey, that the award to Waste Management Inc. of Tennessee utilizing Statewide Contract 161, to provide waste removal and recycling services at McGhee Tyson Airport and Knoxville Downtown Island Airport be approved. The motion was unanimously approved by a voice vote.

F. Consideration of Award of Purchase to Service One, Inc. for Repair and Installation Items Related to the Passenger Boarding Bridge (PBB) Project - Phase 2 at McGhee Tyson Airport. Mr. Marrison advised the Board that this award is for the terminal repair and installation items for Phase 2 of the PBB installation. These items for purchase generally include: access control cabling, communication cabling, building flashing rework, door frame realignment, additional structural support to building doorways, and phone and card reader installations. Mr. Marrison explained that this would be coordinated with the PBB installation to minimize gate downtime. It was moved by Ms. Bentley, seconded by Mr. Dawson, that the award of purchase to Service One, Inc. for repair and installation items related to the PBB Project Phase 2 at McGhee Tyson Airport be approved. The motion was unanimously approved by a voice vote.

The Chairman announced that the business agenda had been completed and that there were no requests by individuals wishing to address the Board. Thereupon, upon motion duly seconded and unanimously approved, the meeting was adjourned at 4:52 p.m.

  
Secretary