

METROPOLITAN KNOXVILLE AIRPORT AUTHORITY

Minutes of the Board of Commissioners

Date: February 19, 2020

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, February 19, 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, Charles Harr, Maribel Koella, Brian Simmons, Jeff Smith, and Howard Vogel. Also present were Patrick Wilson, President of the Airport Authority, and members of his staff; Mark Mamantov, legal counsel; and other visitors.

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.

II. Minutes. The Chairman noted that the minutes of the regular meeting of January 22, 2020, 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 February 19, 2020, had been included with the agenda materials, and he requested that Mr. Wilson 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 majority voice vote, and a copy will be filed with these minutes.

IV. President's Report and Financial Report. President Patrick Wilson 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. Wilson then reported that the Airport has served 2,572,775 passengers during calendar year 2019, an increase of over 15.8% from calendar year 2018. Additionally, the Airport handled over 85.3 million pounds of cargo during calendar year 2019. The Airport also reached its 44th consecutive month of passenger traffic growth, serving 213,949 passengers in the month of December.

Mr. Wilson announced that the Airport Authority's staff met with Sun Country Airlines at its Minneapolis headquarters to discuss service at the Airport.

Next, Mr. Wilson noted that the Airport Authority's staff visited the National Aviation Academy in Clearwater, Florida to explore how to expand an aviation technician program in East Tennessee to support the workforce needs of Cirrus Aircraft, ExpressJet, and Endeavor Airlines located at the Airport.

Mr. Wilson then called on Mr. Tom Aiken, Director of Public Safety, to recognize Kelly Simerly on her promotion to Captain upon the retirement of Captain William R. Turner after 37 years of service to

the Airport Authority. Mr. Aiken also recognized Todd Shaver on his promotion to Lieutenant. Mr. Aiken congratulated both Captain Simerly and Lieutenant Shaver and thanked them for their service.

Finally, Mr. Wilson called on Ms. Nancy White, Vice President of Finance, to introduce the newest member of her staff. Ms. White recognized Dave Schroth as the new Properties and Risk Manager for the Airport Authority. Ms. White noted that Mr. Schroth comes to the Airport Authority after 12 years of commercial real estate experience.

V. Committee Reports

A. Report of the Marketing and Public Relations Committee. Commissioner Simmons, Chair of the Marketing and Public Relations Committee, advised the Board that the Committee had met prior to the Board meeting to first discuss an amendment to the marketing air service budget for the fiscal year end June 30, 2020. Based on the amount of new services being added, the marketing air service incentive budget needs to be increased by \$230,000.00. Mr. Simmons then, on behalf of the Committee, moved for approval of the increase in the marketing air service budget for the current fiscal year, which motion required no second. The motion was unanimously approved by a voice vote.

Then, Mr. Simmons explained that the Committee discussed the approval of air service incentives consistent with the Authority's Enhanced Air Service Partnership Program for a new nonstop service to the Austin-Bergstrom International Airport for Allegiant Air. Mr. Simmons then called on Mr. Jim Evans, Vice President of Marketing and Air Service Development, to explain the incentive package. Mr. Evans stated that the service will launch two weekly nonstop flights starting May 22, 2020 through November 16, 2020, with a short schedule reduction in September, and this service will be the only nonstop flight between the two airports. The incentives include \$20,000.00 in initial marketing and advertising funds to support the Austin flights, plus \$1.00 per flown passenger in additional marketing dollars, a waiver of all terminal rents and landing fees, and a terminal rent credit of \$171.00 per each departure to Austin. These incentives will be offered for the service period. Mr. Evans explained that Allegiant's failure to operate the flights for the agreed upon schedule will result in a repayment of all incentives and payment of all fees waived. Mr. Simmons then, on behalf of the Committee, moved for approval of the incentive package supporting the Allegiant Air Austin flight, which motion required no second. The motion was unanimously approved by a voice vote.

Next, Mr. Simmons noted that the Committee discussed the approval of air service incentives consistent with the Authority's Enhanced Air Service Partnership Program for a new nonstop service to the Boston Logan International Airport for Allegiant Air. At Mr. Simmons' direction, Mr. Evans explained that the service will launch two weekly nonstop flights starting May 8, 2020 through November 15, 2020, and this service will be the only nonstop flight between the two airports. The incentives provided for the Boston flights are identical to the Austin incentive package. Mr. Simmons then, on behalf of the Committee, moved for approval of the incentive package supporting the Allegiant Air Boston flight, which motion required no second. The motion was unanimously approved by a voice vote.

Then, Mr. Simmons noted that the Committee discussed the approval of air service incentives consistent with the Authority's Enhanced Air Service Partnership Program for a new nonstop service to the Chicago Midway Airport for Allegiant Air. At Mr. Simmons' direction, Mr. Evans explained that the service will launch two weekly nonstop flights starting May 21, 2020 through November 15, 2020, and this service will be the only nonstop flight between the two airports. The incentives provided for the Chicago flights are identical to the Austin incentive package. Mr. Simmons then, on behalf of the Committee, moved for approval of the incentive package supporting the Allegiant Air Chicago flight, which motion required no second. The motion was unanimously approved by a voice vote.

Next, Mr. Simmons noted that the Committee discussed the approval of air service incentives consistent with the Authority's Enhanced Air Service Partnership Program for a new nonstop service to the Houston Hobby Airport for Allegiant Air. At Mr. Simmons' direction, Mr. Evans explained that the service will launch two weekly nonstop flights starting May 21, 2020 through November 15, 2020, and this service will be the only nonstop flight between the two airports. The incentives provided for the Houston flights are identical to the Austin incentive package. Mr. Simmons then, on behalf of the Committee, moved for approval of the incentive package supporting the Allegiant Air Houston flight, which motion required no second. The motion was unanimously approved by a voice vote.

Finally, Mr. Simmons stated that the final item considered by the Committee was the approval of air service incentives consistent with the Authority's Enhanced Air Service Partnership Program for a new nonstop service to the Myrtle Beach International Airport for Allegiant Air. At Mr. Simmons' direction, Mr. Evans explained that the service will launch two weekly nonstop flights starting June 6, 2020 through August 15, 2020, and this service will be the only nonstop flight between the two airports. Unlike the previous incentive packages, Mr. Evans explained that the incentives include \$5,000.00 in initial marketing and advertising funds to support the Myrtle Beach flights, plus \$1.00 per flown passenger in additional marketing dollars, a waiver of all terminal rents and landing fees, and a terminal rent credit of \$171.00 per each departure to Myrtle Beach. These incentives will be offered for the service period. As with previous incentive packages, Mr. Evans explained that Allegiant's failure to operate the flights for the agreed upon schedule will result in a repayment of all incentives and payment of all fees waived. Mr. Simmons then, on behalf of the Committee, moved for approval of the incentive package supporting the Allegiant Air Myrtle Beach flight, which motion required no second. The motion was unanimously approved by a voice vote.

VI. New Business.

A. Consideration of Approval of Work Authorization Number 17-117B with CHA Consulting, Inc. for Runway 5L/23R Reconstruction NAVAID's Bid Package Supplemental Services at McGhee Tyson Airport. Mr. Wilson advised the Board that the presented work authorization with CHA Consulting, Inc. will provide for additional design coordination services to support the Federal Aviation Administration in the final design of the navigational aids for Runway 5L/23R. This project will be funded with federal and state grants. The total cost of the work authorization is \$36,358.00. It was moved by Mr. Simmons, seconded by Ms. Bentley, that the work authorization with CHA Consulting, Inc. for supplemental design coordination services in the final design of the navigational aids for Runway 5L/23R be approved. The motion was unanimously approved by a voice vote.

B. Consideration of Approval of Addendum Number One to Global Logistic Service, LLC Space Lease Agreement. Mr. Wilson explained to the Board that the presented agenda item extends the current contract with Global Logistic Service, LLC through June 30, 2020. This extension will allow the tenant and the Airport Authority to evaluate the feasibility of extending the Agreement for additional time beyond June 30, 2020. It was moved by Ms. Bailey, seconded by Ms. Koella, that Addendum Number One to the Space Lease with Global Logistic Service, LLC be approved. The motion was unanimously approved by a voice vote.

C. Consideration of Approval of Addendum Number Two to the Federal Express Corporation Air Cargo Complex Lease Agreement at McGhee Tyson Airport. Mr. Wilson explained to the Board that this addendum to the Air Cargo Complex Lease Agreement with Federal Express Corporation extends the term through June 30, 2023 to match the terms of the Operating Agreement with Federal Express Corporation. The rental rates will continue to increase by two percent (2%) each year, and no other terms or conditions have been altered. Mr. Wilson explained that the addendum was prepared and approved by the Airport Authority's legal counsel. It was moved by Mr. Vogel, seconded

by Ms. Koella, that Addendum Number Two of the Air Cargo Complex Lease Agreement with Federal Express Corporation be approved. The motion was unanimously approved by a voice vote.

D. Consideration of Approval of Addendum Number Two to Airport Car Rental Concession Agreements at McGhee Tyson Airport. Mr. Wilson advised the Board that the proposed addendum to the Car Rental Concession Agreements implements the rental car customer facility charge approved by the Board in November 2019. The implementation of the customer facility charge was the only change to the agreement. Mr. Wilson explained that the addendum was prepared and approved by the Airport Authority's legal counsel. It was moved by Ms. Koella, seconded by Mr. Vogel, that Addendum Number Two of the Car Rental Concession Agreement be approved. Following discussion, the motion was unanimously approved by a voice vote.

V. Staff Reports.

Mr. Dustin Lane, Assistant Controller, reported to the Board regarding GASB 87 implementation. Mr. Lane explained the administrative impacts of the new standard and explained how this standard would impact the Airport Authority's financial statements.

Then, Caitlin Darras, Senior Public Relations Specialist, reported to the Board regarding the Airport Authority's new website. She showed the Board many of the important features of the new site, including the Transportation Security Administration checkpoint wait times, parking lot capacity updates, ground transportation information, and the ability to change the website to various other languages.

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 4:50 p.m.



Ass't. Secretary