

METROPOLITAN KNOXVILLE AIRPORT AUTHORITY

Minutes of the Board of Commissioners

Date: May 27, 2020

Place: Electronic Video/Audio Conference

The Board of Commissioners of the Metropolitan Knoxville Airport Authority met pursuant to notice at 4:05 p.m. on Wednesday, May 27, electronically 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, 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 attended electronically.

BUSINESS AGENDA

I. Procedure for Conducting Business. Chairman Mannis first asked for a motion for the Board to agree that this meeting be held electronically as it is necessary to protect the health, safety and welfare of the citizens of Tennessee. It was moved by Mr. Harr and seconded by Ms. Bentley. The motion was unanimously approved by a roll call vote.

II. Announcements. Chairman Mannis explained that members of the public were given the option to submit written comments to the Board of Commissioners and were given the option to sign up to speak during the public forum at the end of the meeting by emailing info@tys.org, pursuant to the meeting notice. The Chairman noted that the Board of Commissioners did not receive any written comments or requests to address the Board of Commissioners.

III. Minutes. The Chairman noted that the minutes of the regular meeting of April 22, 2020, had been distributed with the agenda materials. Upon a motion duly made and seconded, the minutes were approved as presented by unanimous roll call vote.

IV. Consent Calendar. The Chairman noted that the Consent Calendar for May 27, 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 a motion duly made and seconded, the Consent Calendar was approved by majority voice vote, and a copy will be filed with these minutes.

V. President's Report and Financial Report. President Patrick Wilson provided his President's report and noted that the financial report was included with the agenda materials. In his President's report, Mr. Wilson explained to the Board that, due to the impacts of COVID-19, the airline passenger traffic fell 49% in March when compared to the same month in 2019. McGhee Tyson Airport served 104,534 travelers in March, compared to 205,071 passengers in March 2019. Mr. Wilson noted that McGhee Tyson Airport handled 6.7 million pounds of air cargo and mail in March 2020, a decrease of 3.3% compared to March 2019.

Mr. Wilson announced that the Airport Authority's staff met with management of Spirit Airlines in Miramar, Florida to discuss the possibility of Spirit coming to McGhee Tyson Airport.

VI. 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 electronically on May 20, 2020. The first item discussed was the Airport Authority's automobile liability insurance policy renewal with Cincinnati Insurance Company for a premium of \$32,419.00. The proposed renewal premium would reflect an approximately 6.5% rate increase with the addition of newer vehicles and an additional rider for traversable rental equipment. Mr. Harr then, on behalf of the Committee, moved for the renewal of the automobile liability insurance policy, which motion required no second. The motion was unanimously approved by a roll call vote.

Next, the Committee discussed the budget for the fiscal year ending on June 30, 2021. Mr. Harr called on Nancy White, Vice President of Finance, to provide an overview. Ms. White noted that revenues are projected to be \$23,596,218.00, and operating expenses and debt service are projected to be \$23,336,748.00. The projected debt service coverage ratio for the fiscal year is 2.405, which is above the 1.20 ratio required by the Airport Authority's bond covenants. Ms. White also noted that the cost per enplanement is projected to be at \$10.81, and \$23,494,771.00 is proposed to be spent on capital projects at the McGhee Tyson Airport. The budget proposes a surplus from operations of \$44,081.00, and an additional \$1,909,641.00 will need to be taken out of cash reserves to fund all the proposed capital projects. Mr. Harr noted that the Airport Authority staff has agreed to review the budget mid-year. Mr. Harr then, on behalf of the Committee, moved for the budget for the fiscal year ending on June 30, 2021 be accepted, which motion required no second. The motion was unanimously approved by a roll call vote.

The Committee then discussed the redemption of bonds or other indebtedness of the Airport Authority to protect and bolster the Airport Authority's financial position for the fiscal year ending June 30, 2021. Mr. Harr reminded the Board that it previously authorized the President to cause the redemption of up to \$6,000,000.00 of bonds or other indebtedness of the Airport Authority at the April Board meeting. The Airport Authority's staff has requested that the President now be authorized to cause the redemption of an additional \$100,000.00 of bonds or other indebtedness of the Airport Authority prior to June 30, 2020, if the President, in consultation with the Board Chairman and the Vice President of Finance, determines that such redemption will assist the Airport Authority in complying with the financial covenants in the Airport Authority's bond resolution in the upcoming fiscal year. Mr. Harr then, on behalf of the Committee, moved for authorization of the President to redeem additional debt as presented to the Committee, which motion required no second. The motion was unanimously approved by roll call vote.

Finally, the Committee discussed the hiring of a Human Resources Director. This director would report directly to the President and would oversee the Human Resources Specialist. The job description for the position will be developed with the human resources consultant. Mr. Harr then, on behalf of the Committee, moved for the hiring of a Human Resources Director, which motion required no second. The motion was unanimously approved by roll call vote.

B. Report of the Capital Improvements Committee. Commissioner Koella, Chair of the Capital Improvements Committee, advised the Board that the Committee had met prior to the Board meeting electronically. The only order of business was reviewing the capital improvements program for the fiscal year ending June 30, 2021. While the Airport Authority's policies require the program to span for five years, the Airport Authority's staff and the Committee recommends postponing the consideration of the program for years 2022-2025 until better data is available. Ms. Koella asked Bryan White, Vice President of Engineering and Planning of the Airport Authority, to provide an overview of the program. Mr. White noted that \$23,494,771.00 is proposed to be spent on capital projects at the McGhee Tyson Airport, and some of the expected projects include Project 5 and Project 6 of the Airfield Modernization Program and design work for the Terminal Modernization Program. The total expected expenditure for the

fiscal year ending June 30, 2021 for the Knoxville Downtown Island Airport is \$140,000.00. Mr. White noted that expected projects include the planning and programming of the secondary containment of mobile refuelers and a maintenance sealcoat and restripe of the existing aircraft parking ramp. Ms. Koella then, on behalf of the Committee, moved for the approval of the capital improvements program for the fiscal year ending June 30, 2021, which motion required no second. The motion was unanimously approved by roll call vote.

VII. New Business.

A. Consideration of Approval of Sixth Amendment to Hotel Lease Agreement with Knoxville Airport Hotel Company, L.P. and Approval of Landlord's Consent to Sublease Between Knoxville Airport Hotel Company, L.P. and Smoky Mountain Tourism Development Authority. Mr. Wilson advised the Board that it previously approved the execution of the Sixth Amendment to the Hotel Lease Agreement with the Knoxville Airport Hotel Company, L.P. (the "Hotel Owner") at the January 2018 meeting, providing for the construction of a meeting space. However, during the negotiations with the Hotel Owner, Airport Authority staff and legal counsel determined that the lease needed to be modernized due to the lengthy extension proposed by the amendment. Mr. Wilson noted that Mr. Mamantov had outlined for the Board the major changes proposed by the Sixth Amendment at a workshop that had occurred electronically before the Board meeting. The Sixth Amendment has been drafted and approved by the Airport Authority's legal counsel.

In connection with the meeting space expansion, the Smoky Mountain Tourism Development Authority ("SMTDA") agreed to contribute one-third of the cost of expanding the meeting space. In order to comply with state law in connection with such contribution, SMTDA was required to sublease the expansion area from the Hotel Owner. The lease requires that the Airport Authority consent to any sublease by the Hotel Owner. Therefore, the Hotel Owner has requested that the Airport Authority execute a Landlord's Consent to the Sublease between the Hotel Owner and SMTDA. The Landlord's Consent to the Sublease has been reviewed and approved by the Airport Authority's legal counsel.

It was moved by Ms. Bentley, seconded by Ms. Koella, that the Sixth Amendment to Hotel Lease Agreement with the Hotel Owner and the Landlord's Consent to Sublease between the Hotel Owner and SMTDA be approved. The motion was unanimously approved by a roll call vote.

B. Consideration of Approval of Change Order Number 5 to the Contract with The Harper Company, Inc. for Runway 5L/23R Reconstruction Project 4. Mr. Wilson advised the Board that the presented change order with The Harper Company, Inc. adds taxiway signage power switches, electrical manhole installation, duct bank markers, fertilizer, 275 linear feet of 30" storm sewer, 380 linear feet of 4" conduit, 380 linear feet of directional boring, and the demolition of existing hand-hole and duct bank. The FAA has reviewed and approved these changes, and the change order will add 15 days to the contract. The total cost of the change order is \$140,109.10. It was moved by Ms. Bailey, seconded by Mr. Dawson, that Change Order Number 5 to the contract with The Harper Company, Inc. for Runway 5L/23R Reconstruction Project 4 be approved. The motion was unanimously approved by a roll call vote.

C. Consideration of Authorization to Accept Grant from the Federal Aviation Administration for Airfield Modernization Program Runway 5L/23R Reconstruction Projects 5 and 6. Mr. Wilson explained that the presented agenda item would allow the Airport Authority to accept a grant from the Federal Aviation Administration (the "FAA") in the amount of \$15,483,051.00 for the Airfield Modernization Program. It was moved by Ms. Bentley, seconded by Mr. Harr, that the appropriate officers at the Airport Authority be authorized to accept a grant from the FAA for the Airfield Modernization Program Runway 5L/23R Reconstruction Projects 5 and 6. The motion was unanimously approved by a roll call vote.

D. Consideration of Approval of Contract with Eutaw Construction Company, Inc., Work Authorization Number 20-130 with CHA Consulting, Inc., and Purchase of Owner Furnished Materials and Services for Runway 5L/23R Reconstruction Project 5. Mr. Wilson advised the Board that bids were received in February for the Runway 5L/23R Reconstruction Project 5, and Eutaw Construction Company (Eutaw) submitted the lowest responsive bid for the base and additive bid. Due to the funding limitations, this agenda item is only awarding the base bid. The total cost of the contract with Eutaw is \$4,370,847.00. In addition, the presented work authorization with CHA Consulting, Inc. will provide for services related to construction administration, design engineering support, resident project representative, and quality assurance for Project 5. The total cost of the work authorization is \$875,041.00.

Due to changes that have occurred to the airfield lighting system throughout the 5L/23R Reconstruction Program, Mr. Wilson explained that the McGhee Tyson Airport's current airfield lighting control system needs to be upgraded to reflect the current layout. This is a proprietary system manufactured and installed by ADB Safegate. The purchase is eligible for federal funding but must be made by the owner outside of the construction project bid. A quote of \$84,919.09 has been obtained from ADB Safegate. Additionally, changes to the primary power feed require the public utility, Alcoa Electric, to provide services estimated at \$11,000.00.

It was moved by Mr. Dawson, seconded by Ms. Koella, that the following be approved related to the Runway 5L/23R Reconstruction Project 5: (i) the contract with Eutaw Construction Company, Inc., (ii) Work Authorization Number 20-130 with CHA Consulting, Inc., and (iii) the purchase of owner furnished materials and services from ABD Safegate and Alcoa Electric. The motion was unanimously approved by a roll call vote.

E. Consideration of Approval of Contract with Eutaw Construction Company, Inc., Work Authorization Number 20-131 with CHA Consulting, Inc., Purchase of Owner Furnished Materials, and Acceptance of Federal and State Funding Associated with the Runway 5L/23R Reconstruction Project 6. Mr. Wilson advised the Board that bids were received in April for the Runway 5L/23R Reconstruction Project 6 and Eutaw Construction Company, Inc. submitted the lowest responsive bid. Project 6 will install the navigational aids on both Runway 5L and Runway 23R. The total cost of the contract with Eutaw is \$8,564,637.23.00. Additionally, Mr. Wilson advised the Board that the presented work authorization with CHA Consulting, Inc. will provide for services related to construction administration, design engineering support, resident project representative, and quality assurance for Project 6. The total cost of the work authorization is \$861,515.00.

Mr. Wilson explained that a portion of the navigational aids being installed are in-pavement light fixtures, and the FAA requires the Airport Authority to install fixtures from Multi Electric Manufacturing. The FAA requires the Airport Authority to purchase directly from the manufacturer. This purchase is eligible for federal funds, and a quote of \$54,821.16 has been obtained from Multi Electric Manufacturing.

It was moved by Mr. Vogel, seconded by Mr. Dawson, that the following be approved related to the Runway 5L/23R Reconstruction Project 6: (i) the contract with Eutaw Construction Company, Inc., (ii) Work Authorization Number 20-131 with CHA Consulting, Inc., (iii) the purchase of owner furnished materials from Multi Electric Manufacturing, and (iv) the acceptance of related federal and state funding. The motion was unanimously approved by a roll call vote.

F. Consideration of Ratification of Change Order Number 7 to the Contract with The Harper Company, Inc. for Runway 5L/23R Reconstruction, Taxiway G Lighting System. Mr. Wilson advised the Board that the presented change order with The Harper Company, Inc. includes items related to and associated with asbestos pipe and defueling hydrant plumbing removal and disposal. These items were

located on the McGhee Tyson Airbase and were abandoned infrastructure not identified on the existing utility mapping. Mr. Wilson noted that the items were discovered in an area that would significantly delay the construction project schedule if not immediately and properly addressed. The Tennessee Air National Guard has reviewed and approved these changes, and the change order will add 21 days to the contract. The total cost of the change order is \$16,436.96. It was moved by Ms. Koella, seconded by Ms. Bailey, that Change Order Number 7 to the contract with The Harper Company, Inc. for Runway 5L/23R Reconstruction and Taxiway G lighting system be approved. The motion was unanimously approved by a roll call vote.

G. Consideration of Approval of Addendum Number 2 to the Agreement for Engineering Professional Services with C2RL Engineers, Inc. Mr. Wilson advised the Board that the proposed addendum with C2RL Engineers, Inc. would extend the term for one year and would update the contract clauses required by the Tennessee Department of Transportation (TDOT). This extension would allow for the completion of existing projects and provide continuity for projects that are in the planning and programming phases. Mr. Wilson explained that the addendum was prepared and approved by the Airport Authority's legal counsel. It was moved by Ms. Bentley, seconded by Mr. Simmons, that Addendum Number 2 to the Agreement for Engineering Professional Services with C2RL Engineers, Inc. be approved. The motion was unanimously approved by a roll call vote.

H. Consideration of Approval of Addendum Number 2 to the Agreement for Engineering Professional Services with CHA Consulting, Inc. Mr. Wilson advised the Board that the proposed addendum with CHA Consulting, Inc. would update the contract clauses required by TDOT. Mr. Wilson explained that the addendum was prepared and approved by the Airport Authority's legal counsel. It was moved by Ms. Bailey, seconded by Mr. Vogel, that Addendum Number 2 to the Agreement for Engineering Professional Services with CHA Consulting, Inc. be approved. The motion was unanimously approved by a roll call vote.

I. Consideration of Approval of Work Authorization Number 17-115C to CHA Consulting, Inc. for the Terminal Area Plan Update at McGhee Tyson Airport. Mr. Wilson advised the Board that CHA Consulting, Inc. completed the final draft of the terminal area plan update. The presented work authorization will provide for the staff presentation, additional working sessions with the Airport Authority's staff to refine the final draft, development of a summary planning graphic, and presentation to the Board. Mr. Wilson explained that the terminal area plan update will likely be presented to the Board at the July meeting. This project is funded locally with an anticipated reimbursement from the FAA, and the total cost of the work authorization is \$37,813.00. It was moved by Mr. Dawson, seconded by Ms. Koella, that Work Authorization Number 17-115C to CHA Consulting, Inc. for the terminal area plan update at McGhee Tyson Airport be approved. The motion was unanimously approved by a roll call vote.

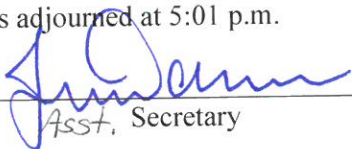
J. Consideration of Approval of a Contract with Jerry Gentry for Information Technology Professional Services to Support the Metropolitan Knoxville Airport Authority. Mr. Wilson advised the Board that the Airport Authority's technology department staff has decreased due to staff attrition and military reserve obligations. Further, the COVID-19 pandemic creates increased demands for dispersed and remote capabilities. The presented agreement with Jerry Gentry will allow the Airport Authority to provide technology and business support services as needed. Mr. Wilson explained that the consultant contract was prepared and approved by the Airport Authority's legal counsel, and the annual cost of the contract will not exceed \$22,000. It was moved by Ms. Bentley, seconded by Ms. Bailey, that the contract with Jerry Gentry for information technology professional services to support the Airport Authority be approved. The motion was unanimously approved by a roll call vote.

K. Consideration of Approval of a Contract with Rich Milam for Information Technology Professional Services to Support the Metropolitan Knoxville Airport Authority. As discussed for the

previous agenda item, Mr. Wilson advised the Board that the presented agreement with Rich Milam will allow the Airport Authority to provide technology and business support services as needed. Mr. Wilson explained that the consultant contract was prepared and approved by the Airport Authority's legal counsel, and the annual cost of the contract will not exceed \$38,000.00. It was moved by Ms. Koella, seconded by Mr. Dawson, that the contract with Rich Milam for information technology professional services to support the Airport Authority be approved. The motion was unanimously approved by a roll call vote.

L. Consideration of Approval of a Contract Extension with Bonitz Flooring Group, Inc. for Floor Cleaning at McGhee Tyson Airport. Mr. Wilson advised the Board that the current agreement with Bonitz Flooring Group, Inc. expires on July 31, 2021, and the proposed extension is for one year. The Airport Authority's staff has negotiated a revised scope to the existing contract, which includes a scope and cost reduction to accommodate reductions in expenses due to the COVID-19 pandemic. The approximate savings for the year will be approximately \$12,000.00 of a budgeted amount of \$50,000.00 for the fiscal year ending June 30, 2020. It was moved by Mr. Dawson, seconded by Ms. Bailey, that the extension to the contract with Bonitz Flooring Group, Inc. for floor cleaning at the McGhee Tyson Airport in the amount of \$11,388.00 annually be approved, subject to legal review. The motion was unanimously approved by a roll call vote.

The Chairman announced that the business agenda had been completed and that no requests had been received by individuals wishing to address the Board. Thereupon, upon a motion duly made and seconded, and unanimously approved, the meeting was adjourned at 5:01 p.m.


Asst. Secretary