METROPOLITAN KNOXVILLE AIRPORT AUTHORITY

Minutes of the Board of Commissioners

Date: May 18, 2022

Place: Cascade Room, Airport Hilton
McGhee Tyson Airport

The Board of Commissioners of the Metropolitan Knoxville Airport Authority (Airport Authority) met pursuant to notice at 4:00 p.m. on Wednesday, May 18, 2022, in the Cascade Room at the Airport Hilton with the Board Chairman, Brian Simmons, presiding.

Roll call developed that Board members present, in addition to Chairman Simmons, were Ursula Bailey, Julia Bentley, Charlie Harr, Maribel Koella, Eddie Mannis, Jeff Smith, and Howard Vogel. Also present were Patrick Wilson, President of the Airport Authority, and members of his staff; Mark Mamanov, legal counsel; and other visitors.

BUSINESS AGENDA

I. Announcements. Chairman Simmons 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.

Mr. Simmons announced that the Board meeting date for June has been changed from June 22, 2022 to June 15, 2022.

II. President’s Report and Financial Report. President Patrick Wilson congratulated Mr. Bryan Cable on his retirement after forty years as the General Manager at the Hilton Knoxville Airport. Mr. Wilson also introduced Mr. Hamilton Martinez, who will be the new General Manager.

Mr. Wilson then provided the President’s report and highlights of the activity report, the project report, and financial information that was included with the agenda materials. Notably, the Airport Authority’s passenger traffic numbers are continuing to increase, with passengers for March 2022 being just under the record for March 2019, which was set prior to the pandemic. Additionally, Mr. Wilson reported that the third baggage claim area will be completed next month.

III. Minutes. Chairman Simmons noted that the minutes of the regular meeting of April 20, 2022, had been distributed with the agenda materials. Upon motion duly seconded, the minutes were approved as presented by unanimous voice vote.

V. Committee Reports.

A. Report of the Administration and Finance Committee. Commissioner Harr, Chair of the Administration and Finance Committee, advised the Board that the Committee had met prior to the Board meeting to consider the redemption of bonds or other indebtedness of the Airport Authority prior to June 30, 2022. The redemption would be in an amount not-to-exceed $5,500,000. The Committee recommended that the President be given authorization to cause the redemption of such bonds or other indebtedness if the President determines that such redemption will assist the Airport Authority in its financial position in the upcoming fiscal year. 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.
Mr. Harr reported that the second item considered by the Committee was the operating budget and airline rates and charges for the fiscal year ending June 30, 2023. At the request of the Committee, Ms. Yin Chen, the Interim Vice President of Finance of the Airport Authority, provided a summary of the budget to the Board. The Committee recommended approval of the operating budget and airline rates and charges for the fiscal year ending June 30, 2023. On behalf of the Committee, Mr. Harr moved for approval of the Committee’s recommendation, which motion required no second. The motion was unanimously approved by a voice vote.

Mr. Harr explained that the Committee considered the renewal of the Airport Authority’s property and automobile insurance policy. Allianz provided the most competitive property insurance quote, with a premium of $180,604. Mr. Harr explained that the premium would likely increase as a result of the full property appraisal being obtained from Urban Economics, Inc. Cincinnati Insurance Company, the Airport Authority’s current provider, provided a quote of $42,687 for automobile liability and uninsured motorist insurance, reflecting a less than 1% increase from the previous year. The Committee recommended approval of the insurance policies with Allianz and Cincinnati Insurance Company. On behalf of the Committee, Mr. Harr moved for approval of the Committee’s recommendation, which motion required no second. The motion was unanimously approved by a voice vote.

Mr. Harr then reported that the Committee considered air show liability insurance policy for the 2022 Smoky Mountain Air Show. The Committee recommended the approval of the policy with ACE Property and Casualty Insurance Company for a total premium of $9,627, reflecting a decrease of 25% compared to the previous air show in 2016. On behalf of the Committee, Mr. Harr moved for approval of the Committee’s recommendation, which motion required no second. The motion was unanimously approved by a voice vote.

Finally, Mr. Harr explained that the Committee considered an amended and restated contract with Mr. Wilson and his annual salary adjustment. The amended contract would be for a term of five years, commencing July 1, 2022. The Committee recommended that the amended contract be approved, and that Mr. Wilson receive an increase in salary of 6% commencing on July 1, 2022. On behalf of the Committee, Mr. Harr moved for approval of the Committee’s recommendation, which motion required no second. The motion was unanimously approved by a voice vote.

B. Report of the Aviation Operations and Services Committee. Commissioner Smith, Chair of the Aviation Operations and Services Committee, advised the Board that the Committee had met prior to the Board meeting to consider the assignment of the agreements with the Airport Authority’s fixed base operator, Truman Arnold Companies, d/b/a TAC Air. Signature Flight Support LLC (Signature) has entered into a stock purchase agreement to acquire TAC Air. As a result, TAC Air has requested that the Airport Authority approve the indirect assignment of its Fixed Base Operator’s Lease and Operating Agreement and the Fuel Farm Lease Agreement with the Airport Authority to Signature as the new majority owner of TAC Air. The Committee recommended approval of this request. On behalf of the Committee, Mr. Smith moved for approval of the Committee’s recommendation, which motion required no second. The motion was unanimously approved by a voice vote.

VI. New Business.

A. Report on Terminal Envelope Improvements Project for McGhee Tyson Airport. Bryan White, the Vice President of Engineering and Planning at the Airport Authority, provided a presentation to the Board regarding the terminal envelope improvements project. Mr. White explained that the Airport Authority’s staff received bids in January and February, and the bids were substantially higher than the amount originally budgeted. Mr. White explained that the Airport Authority’s staff was evaluating alternative delivery methods in light of increasing costs. This report was informational only.
B. Consideration of Approval of Work Authorization Number 22-401 to Gresham Smith for Programming Services at McGhee Tyson Airport. Mr. White advised that this work authorization with Gresham Smith will provide programming services for three distinct areas – the parking garage, the revolving door exiting from the concourse, and a passenger flow examination. First, Gresham Smith will continue the programming development for the expansion of the parking garage to analyze potential alternatives in preparation for future design work. Second, Gresham Smith will provide a programming report for the existing revolving door exit from the concourse to detail potential options and recommendations for future design work. Finally, Gresham Smith will examine passenger flow in the terminal to improve pedestrian movement and to the review queuing improvement options and potential kiosk locations for the airlines’ ticketing areas. It was moved by Ms. Bentley, seconded by Mr. Vogel, that the award to Gresham Smith of Work Authorization Number 22-401 in the amount of $75,000 be approved as presented. The motion was unanimously approved by a voice vote.

C. Consideration of Purchase of Tax Parcel # 017 159.20 Located on Stonybrook Lane in Rocky Waters Subdivision. Dave Schroth, the Properties and Risk Manager at the Airport Authority, informed the Board that a vacant lot on Stonybrook Lane, identified as Tax Parcel #017 159.20, is adjacent to property owned by the Airport Authority and is important to the Airport Authority’s future expansion and development. The undeveloped property is approximately 0.53 acre. The cost of the property is $18,000 plus closing costs, and the purchase is contingent on an appraisal and title report. It was moved by Mr. Mannis, seconded by Mr. Harr, that the purchase of Parcel #017 159.20 be approved as presented. The motion was unanimously approved by a voice vote.

D. Consideration of Approval of Resolution No. 22-01: An Amending Resolution of the Metropolitan Knoxville Airport Authority to Amend Resolution No. 19-03 Regarding Adopting and Implementing a Car Rental Customer Facility Charge (CFC). Mr. Schroth advised the Board that Gitibin and Associates, Inc., d/b/a Go Rentals (Go Rentals), desires to provide car rental services exclusively to the customers of the Airport Authority’s fixed base operator. The Airport Authority’s staff recommends revising the current CFC resolution to exclude any car rental company exclusively operating for the customers of the fixed base operator. In the event that Go Rentals desires to use facilities constructed or renovated using CFCs collected by other car rental companies, the Airport Authority will retain the ability to negotiate for such use in the future with Go Rentals. It was moved by Ms. Bailey, seconded by Ms. Koella, that Resolution No. 22-01 be approved. Following discussion, the motion was unanimously approved by a voice vote.

E. Consideration of Approval of a Car Rental Concession Agreement with Gitibin and Associates, Inc., d/b/a Go Rentals (Go Rentals) at McGhee Tyson Airport. Mr. Schroth explained to the Board that Go Rentals, desires to provide car rental services exclusively to TAC Air. The proposed agreement is for a term of one year, beginning March 1, 2022, and Go Rentals will pay the Airport Authority 10% of gross revenues. The agreement does not provide any right to Go Rentals for space rental or access to current or future rental car facilities. A copy of the draft agreement was provided for the Board’s review. It was moved by Ms. Bentley, seconded by Mr. Mannis, that the Car Rental Concession Agreement with Go Rentals be approved as presented. The motion was unanimously approved by a voice vote.

F. Consideration of Approval of Resolution No. 22-02: A Resolution Authorizing the President and the Vice President of Finance of the Airport Authority to Sign Certain Checks Related to the Production of the 2022 Smoky Mountain Air Show. Ms. Yin Chen advised the Board that the proposed resolution will authorize the President and the Vice President of Finance, including any interim, to sign checks to pay expenditures related to the 2022 Smoky Mountain Air Show for $50,000 or less. All checks signed between $10,000 and $50,000 under this resolution will be reported at the next meeting of the Board as part of the President’s report. It was moved by Mr. Harr, seconded by Ms. Bailey, that the adoption of Resolution No. 22-02 be approved. The motion was unanimously approved by a voice vote.
G. Consideration of Award of a Contract to Common Grounds Landscape Management, Inc. for Landscape and Lawn Maintenance Services for McGhee Tyson Airport. Trevis Gardner, the Vice President of Operations at the Airport Authority, advised the Board that two vendors submitted bids for lawn maintenance services. Common Grounds was selected as offering the best value to the Airport Authority at a base annual cost of $225,291, plus additional additive scope, costs, and seasonal services up to $350,000 per year. It was moved by Ms. Bailey, seconded by Ms. Bentley, that the award of a contract for landscape and lawn maintenance services to Common Grounds Landscape Management, Inc. be approved. The motion was unanimously approved by a voice vote.

H. Consideration of Award of a Contract to GoApron, Inc. (GoApron) for Gate Management, Aircraft Parking, and Billing Reporting Software at McGhee Tyson Airport. Mr. Gardner explained to the Board that the proposed contract with GoApron would be for general gate management, billing reports, and remote aircraft parking scheduling software. GoApron was identified by the Airport Authority’s information technology consultant, The Faith Group, as the best provider. The contract is for a one-year contract cost of $31,500, and an additional one-year option of $35,500, for a total of $67,000. It was moved by Ms. Koella, seconded by Mr. Mannis, that the award of a contract to GoApron be approved. The motion was unanimously approved by a voice vote.

I. Consideration of Approval of Addendum Number One to the Contract with Service One, Inc. (Service One) for Electrical and Mechanical Maintenance Services. Mr. Gardner reported to the Board that, in August 2021, the Airport Authority advertised a request for proposals for electrical and mechanical maintenance services. Service One was the only vendor to provide a final proposal. The contract was executed for a specific maintenance and repair program, but the contract did not provide for supplemental services to assist the Airport Authority’s maintenance department for other electrical and mechanical projects and repairs, as contemplated by the original request for proposals. A proposed addendum amends the scope of the original contract to include supplemental projects and repairs to assist the Airport Authority’s maintenance department. The cost of each supplemental project will be negotiated and governed by a purchase order. It was moved by Ms. Bentley, seconded by Ms. Koella, that the addendum to the contract with Service One be approved as presented. The motion was unanimously approved by a voice vote.

VII. Staff Reports.

Commissioner Bailey provided a report to the Board on the recent program hosted by the Airport Authority for the Links Elite Aces. This program was held on May 3, 2022, for children ages 12 through 15 to encourage early career interest in the aviation industry.

Brian Shutt, the Manager of the Knoxville Downtown Island Airport (DKX), provided a report to the Board on Tuskegee Next program hosted on May 14, 2022. This program introduced youth to aviation, and many of them were given an opportunity to experience a flight thanks to the contributions by volunteer pilots.

Mr. Gardner provided an update on the Smoky Mountain Air Show scheduled for September 10-11, 2022.

Chairman Simmons 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 5:40 p.m.