

METROPOLITAN KNOXVILLE AIRPORT AUTHORITY

Minutes of the Administration and Finance Committee

The Administration and Finance Committee of the Metropolitan Knoxville Airport Authority met in the Henrietta Grant Board Room at McGhee Tyson Airport, pursuant to notice at 3:15 p.m. on Wednesday, May 21, 2025.

Commissioner Harr, Chair of the Committee, presided and other members present were Howard Vogel, and Brian Simmons, Board Chairman, as an ex officio member of the Committee. Also attending were other members of the Board of Commissioners; Patrick Wilson, President of the Airport Authority, and members of his staff; Mark Mamantov, legal counsel, who acted as secretary at the request of the Chair; and other visitors.

The Chair noted that the minutes of the last meeting of the Administration and Finance Committee held on April 16, 2025, had been distributed with the agenda materials, and upon motion duly made and seconded, the minutes were approved by a unanimous voice vote.

The first order of business was consideration of the President's performance and salary review as required by the President's employment agreement. A summary of the Board of Commissioners' responses to the President's annual performance evaluation for the period covering July 2024 through June 2025 was compiled by legal counsel and provided to the President and Commissioners. The Committee accepted the consensus performance review. Following discussions of the Committee, the Committee voted to recommend to the Board that legal counsel prepare a new employment agreement to extend the term of the President's employment, increase the President's salary, and generally make the agreement more competitive with other small hub airports, including implementation of retention incentives. The proposed agreements will be presented at a future meeting of the Committee.

The second order of business was consideration of the proposed operating budget and airline rates and charges for the fiscal year ending June 30, 2026. A copy of the proposed budget was provided to the Committee at its May meeting, and Susan Gennoe, Vice President of Finance at the Airport Authority, provided a summary of changes from the presentation in April to the Committee. The budget anticipates approximately \$55,600,000 in operating revenue and \$42,900,000 in operating expenses and debt service. The budget proposes approximately \$12,700,000 to be used from operating income to fund capital projects. Upon motion duly made and seconded, the Committee recommended to the Board that the operating budget and associated airline rates and charges for the fiscal year ending June 30, 2026 be approved as proposed.

The third and final order of business was consideration of property, worker's compensation, automobile, and airport liability insurance policy renewals for the fiscal year ending June 30, 2026. Dave Schroth, the Director of Properties and Risk Management at the Airport Authority, advised the Committee that Arch Insurance (formerly Allianz) provided the most competitive quote for property insurance, with a rate increase of 5.2%. Arch's policy premium would be \$358,380, based on a total insured value of \$403,794,824. The Airport Authority's agent, D.R. Cox and Company, recommends renewing the Airport Authority's workers compensation insurance with Beacon Aviation Insurance Services for the fiscal year ending June 30, 2026. Beacon Aviation Insurance Services has agreed to a premium of \$119,184, an increase of 12.8% from the previous year due to a payroll increase at the Airport Authority of 9.2%. The Airport Authority's agent, Shafer Insurance, obtained a quote from Cincinnati Insurance Company of \$114,270 for automobile liability and uninsured motorist insurance. This renewal premium covers the current fleet of 73 vehicles. D.R. Cox and Company recommends renewal of the airport liability insurance with Chubb. Chubb has agreed to renew the policy for a premium of \$170,281. D.R. Cox and Company advised that the premium increase is lower than the average rate increase in the market. Upon motion duly

made and seconded, the Committee recommended to the Board that the insurance policies with Arch Insurance, Beacon Aviation Insurance Services, Cincinnati Insurance Company and Chubb be approved as presented

There being no further business to come before the meeting, it was, upon motion duly seconded and unanimously approved, adjourned at 4:05 p.m.



Acting Secretary