

**AIRPORT COMMISSION**

**MINUTES**

**Wednesday, September 2, 2020 - 2:00 P.M.**

**Meeting was held via Teleconference/Webex**

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Members Present: Mr. Bales, Mr. Cantwell, Ms. Davis, Ms. Fowler, Dr. Gaal, Mr. Jenkins,  
By Teleconference: Mr. Kling, Dr. Nemanick, Ms. Osborn, Mr. Reed, Mr. Sauget, Mr. Stelzer,  
Ms. Teitelbaum and Chairperson Hamm-Niebruegge

Members Absent: Mr. Fitzgerald, Ms. Green

Vacancy: One

Airport Staff Present: Becker, Lotz, Lyles-Wiggins, Hoare, Kulinsky, Ruth, Salarano, Spencer,  
Stella, Strong

Legal Department:  
Via Teleconference: Pandolfo, Emmel

The Meeting was called to order at 2:10 P.M.

1. **MINUTES**

Approval is requested for the Minutes of the August 5, 2020 Airport Commission meeting.

A motion for approval was made by Dr. Gaal and seconded by Dr. Nemanick.

There being no discussion, a vote was taken and the motion carried unanimously.

2. **OPERATIONS**

Approval of a Service Agreement with Murphy Company to provide A/C Chiller Maintenance & Repair Services for the Airport. The Agreement will commence on November 1, 2020 and will end on October 31, 2023. The total Contract-Not-To-Exceed amount will be \$509,779.38.

A motion for approval was made by Dr. Gaal and seconded by Ms. Fowler.

Mr. Stella provided the details of the Service Agreement as set out in the Executive Summary included with the agenda items and recommended approval of the motion.

The three-year Agreement provides for maintenance and repair of the eight (8) air conditioning chillers located at the Airport, many of which are no longer under warranty.

After further discussion, a vote was taken and the motion carried unanimously.

3. **FINANCE & ACCOUNTING**

Approval of a Fourth Amendment to the Professional Service Agreement with Unison Consulting, Inc. to provide the Airport with Airport Business Services. The Agreement commenced on July 1, 2015 and will now be extended six months ending on June 30, 2021. The Not-To-Exceed Contract Amount will be increased by \$575,000 from \$2,870,000 to \$3,445,000.

A motion for approval was made by Mr. Jenkins and seconded by Mr. Stelzer.

Mr. Strong provided the details of the Fourth Amendment as set out in the Executive Summary included with the agenda items and recommended approval of the motion.

This Fourth Amendment to the Professional Service Agreement extends the term of the Agreement by six months, to expire on June 30, 2021. The Fourth Amendment also increases the contract not-to-exceed amount by \$575,000 to complete project management and implementation of the Airport's new accounting system. Unison assists the Airport with Use & Lease Agreement negotiations, annual rates and charges settlements and settings, aviation forecasts, passenger facility applications and airport revenue bond transactions. Additionally, Unison is assisting with the implementation of the new accounting system previously approved by the Commission.

In response to a question regarding the low WBE participation of one of the consultants, the Commissioners were advised that the consultant in question is no longer in business. The other WBE company will be performing those duties, thereby increasing its own WBE participation numbers.

There being no further discussion, a vote was taken and the motion carried unanimously.

4. **LAMBERT ART AND CULTURE PROGRAM**

Final Design, Fabrication and Installation Agreement for the 2020 Legacy Project to commemorate the 100-year anniversary of the Airport.

A motion for approval was made by Mr. Kling and seconded by Mr. Stelzer.

Mr. Becker provided the details of the Final Design, Fabrication and Installation Agreement as set out in the Executive Summary included with the agenda items and recommended approval of the motion.

To commemorate the 100<sup>th</sup> anniversary of St. Louis Lambert Airport, the Airport Art Advisory Committee (“AAAC”) solicited applications worldwide for the Legacy 2020 Project. The AAAC unanimously chose Sarah Morris, an internationally known artist residing in New York, to design the commemorative art piece. The Legacy 2020 Project will be installed on the Concourse C atrium wall located at the exit of the C Concourse. All funds used for the Legacy 2020 Project will come from the Airport Art Fund. No City funds are being used on this project. Additionally, funds were needed to make necessary upgrades to the wall on which the installation will reside. Those funds were raised by outside patrons, no City funds were used.

Kiku Obata, President of Kiku Obata & Associates, and Alicia LaChance, a local, well-known artist, both spoke briefly regarding the character and artistic significance of the artist, Sarah Morris, as well as the art installation. Design Consultant

The Airport remains fully committed to the Local Artists program. Eight exhibits by local artists will be installed during the remainder of 2020.

In response to a question regarding the terms of the contract, whereby 90% of the funds are paid prior to receiving the finished product, Meredith McKinley, of the Airport Art Advisory Committee, advised that this is standard practice with public art installations, and it allows for the artist to purchase supplies needed to complete the artwork.

After further discussion, a vote was taken and the motion passed with Commissioner Osborn voting nay.

5. **PROPERTIES**

A. Space Permit with Kwame/Green JV (AL-160)

A motion for approval was made by Dr. Nemanick and seconded by Mr. Bales.

Mr. Salarano provided the details of the Space Permit as set out in the Executive Summary included with the agenda items and recommended approval of the motion.

This Space Permit covers 2,153 sq. ft. of office space located in the Airport Office Building. Annual revenue to the Airport is \$13,026.25. Either party may terminate the Permit with a 30-day notice.

There being no discussion, a vote was taken and the motion carried unanimously.

B. Lease Agreement with the City of Berkeley (AL-150)

A motion for approval was made by Mr. Stelzer and seconded by Ms. Fowler.

Mr. Salarano provided the details of the Lease Agreement as set out in the Executive Summary included with the agenda items and recommended approval of the motion.

The term of this Lease Agreement is 32 months, at the request of the City of Berkeley. The property is operated by the City of Berkeley as a small arms firing range. The Airport's Police Department has priority access to the range for firearms training. The City of Berkeley will be responsible for all insurance and maintenance on the property. Revenue to the Airport is \$1.00 per year.

After further discussion, , a vote was taken and the motion carried unanimously.

C. Airport Operating Agreement and Cargo Addendum with Air Exec, Inc. (AL-167)

A motion for approval was made by Mr. Kling and seconded by Dr. Nemanick.

Mr. Salarano provided the details of the Airport Operating Agreement and Cargo Addendum as set out in the Executive Summary included with the agenda items and recommended approval of the motion.

This nine-month Airline Operating Agreement and Terminal Building Permit with Cargo Addendum is for an air carrier flying cargo for United Parcel Service. The expiration will coincide with the termination date of the current Airport Use and Lease Agreement on June 30, 2021. Either party may terminate the agreement upon 30 days' notice.

There being no discussion, a vote was taken and the motion carried unanimously.

D. Memorandum of Agreement with Transportation Security Administration ("TSA")

A motion for approval was made by Mr. Kling and seconded by Mr. Stelzer

Mr. Salarano provided the details of the Memorandum of Agreement as set out in the Executive Summary included with the agenda items and recommended approval of the motion.

This three-year Memorandum of Agreement ("MOA") covers approximately 252 sq. ft. of land and improvements within the secured airfield, for the placement of two TSA-owned canine explosive training storage magazines, one of which will be used by TSA and the other by the City. There is no revenue to the Airport. Either party may terminate upon 90 days' notice.

There being no discussion, a vote was taken and the motion carried unanimously.

E. Approval of Airport Insurance Proposals for:

Airport Liability; All Risk Property; Business Auto; Inland Marine;  
Public Officials & Employment Practices Liability

A motion for approval was made by Dr. Nemanick and seconded by Dr. Gaal.

Ms. Ruth provided the details of the Airport Insurance Proposals as set out in the Executive Summary included with the agenda items and recommended approval of the motion.

The Airport's insurance policies for 2020-2021 are shown below. The premiums on several policies increased substantially. This was an industry-wide trend attributable to natural disasters, terrorism, etc.

Airport Liability - Starr Aviation: Limit of \$350 million - annual premium - \$240,365; an increase of \$31,352 (15%). This policy includes War Risks coverage of \$350 million, with a \$50,000 per occurrence deductible, and an aggregate annual deductible of \$500,000.

All-Risk Property – Swiss Re: Limit of \$750 million - annual premium - \$1.65 million (which includes coverage for wind, hail, earthquake, flood, fine arts); an increase of \$350,000 (23.1%).

Excess Earthquake/Earth Movement (in excess of Swiss Re coverage) –  
Landmark Insurance – Limit \$50 million – annual premium  
\$100,000

Wind/Named Storm (Convective Coverage) – deductible increased from  
\$3 million to \$8 million

Excess Coverage: \$250 million over the \$750 million – Mitsui; Landmark;  
Homeland – annual premium \$184,000, an increase of \$4,025  
(2.2%)

Business Auto: Granite State Insurance Company (AIG): Limit of \$1 million -  
annual premium \$194,356; an increase of \$3,389 (1.8%).

Inland Marine: Lexington Insurance Company: annual premium \$78,808; an  
increase of \$27,737 (51.3%) (due to purchase of approximately \$10 million in  
new equipment)

Public Officials and Employment Practices Liability: Ace/Chubb American  
Insurance Company: annual premium \$59,887; an increase of \$5,392 (9%)

The premiums for these 2020/2021 insurance policies total \$2,507,416; an increase of \$520,988 (approx. 21%).

After further discussion, a vote was taken and the motion carried with Commissioner Cantwell abstaining.

6. **OTHER BUSINESS**

The Airport was awarded a \$7.1 million AIP grant for the reconstruction of Taxiway Delta. AIP grants would normally require a 25% contribution from the Airport. However, as part of the CARES Act funding, this grant will be funded at 100%.

American Airlines announced Saturday service to Cancun, Mexico to begin in December, 2020 and run through April, 2021.

The construction of the new entrance into the Terminal 2 garage is progressing, with completion expected before the end of 2020.

The October Commission meeting will include a presentation by WSP USA, Inc., the consultant on the Airport's Layout Plan. The consultants have been meeting with tenants, concessionaires and airlines for input. A survey, requesting input, will be provided to regional businesses and economic development entities, as well as the public. The survey will be available on the Airport's website.

During June, July and August, out of the top 50 airports, the Airport ranked No. 3 in terms of retained flight activity.

Even though Southwest Airlines will pull 49 flights during September and October, the Airport still ranks No. 2 in total flight activity for medium hub airports. The schedule for November/December is anticipated to operate fully, with the January-March, 2021 schedule higher than pre-COVID-19.

The employee vacancy rate remains at 107. Of these vacancies, approximately 40 positions have been deemed critical and efforts to fill those positions continue.

Mr. Strong gave a brief financial update:

For the period of March through August, Standard & Poor gave all airports a negative credit rating. The Airport has provided additional information to S&P, to assist with the rating process.

Revenue numbers for July were 30% higher than June, but remain approximately 43% lower than July of 2019. The Airport continues to review ways to increase revenue and cut expenses.

Airport staff meets monthly with the airlines and will conduct a mid-year rate adjustment in November or December.

The Airport has requested reimbursement of approximately \$200,000 in COVID-19 related expenses from FEMA. However, FEMA is discontinuing those

reimbursements. The Airport has one final request to be submitted prior to that shutdown.

In response to a question regarding the length of time taken for repayment of the bonds used for the runway expansion, the Commissioners were informed that not all of the bonds that the Airport sold were for the runway expansion. Mr. Strong will prepare a report on the various Airport Revenue Bond series.

7. **EXECUTIVE SESSION**

There will be a request to hold an Executive Session pursuant to the Revised Statutes of Missouri, Section 610.021(2), to discuss certain real estate transactions.

A motion was made by Mr. Stelzer and seconded by Dr. Gaal. A roll call vote was taken on the motion, and it passed with 11 ayes.

Chairperson Hamm-Niebruegge then asked that all present leave the meeting room or the teleconference, with the exception of Commission members and previously designated Airport staff. She stated that the meeting would reconvene immediately following the conclusion of the Executive Session so the Commission may conduct further business, if any. After the general public departed, the Airport Commission met in Executive Session, which began at 3:12 p.m.

The Executive Session having concluded at 3:33 p.m., the public was invited to return and the meeting reconvened at 3:35 P.M.

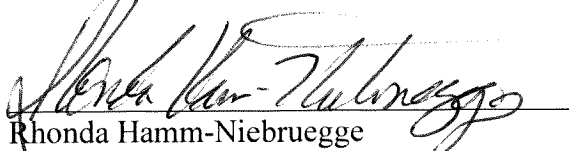
8. **NEXT MEETING**

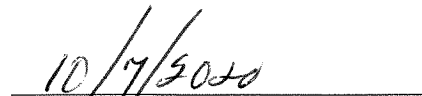
Wednesday, October 7, 2020 at 2:00 P.M.

9. **ADJOURNMENT**

The meeting adjourned at 3:38 P.M.

The foregoing were approved by the Airport Commission at the meeting held on Wednesday, October 7, 2020.

  
Rhonda Hamm-Niebruegge  
Chairperson

  
Date