



AIRPORT COMMISSION

MINUTES

**Wednesday, January 9, 2019 - 2:00 P.M.
Lindbergh Conference Room**

Members Present: Mr. Bales, Mr. Cantwell, Ms. Davis, Mr. Fitzgerald, Ms. Fowler, Mr. Kling, Dr. Nemanick, Ms. Osborn, Mr. Sauget, Mr. Stelzer, Ms. Teitelbaum and Chairperson Hamm-Niebruegge

Members Absent: Dr. Gaal, Ms. Green, Mr. Jenkins, Mr. Reed

Airport Staff: Beckmann, Black, Collins, Conner, Glasener, Gooding, Houston, Kanee, Kinsey, Klein, Kulinsky, Lea, Meyer, Ramos, Ruth, Ryan, Salarano, Spencer, Stella, Stoffel, Strong, Tiemann

Legal Department: Pandolfo, Diekhoff, Emmel

Guests: Larry Chapman, CRG; Nicolas Corlea, Bi-National Gateway Terminal; Maurice Falls, Board of Aldermen; Jeff Fernhoff, Huntleigh McGehee; James Garavaglia, Comptroller's Office; Jordan Haar, First Rule; Duane Huelsmann, TSA; Anastasia Kotis, Bi-National Gateway Terminal; Fred Lafser, Lafser & Associates; Toby Martin, Bi-National Gateway Terminal; Tom Malechek, County Executive's Office; John Ryan, Bi-National Gateway Terminal; Jim Spriggs, TSA; Kathleen Strout, Civic Progress; Daniel Wofsey, Armstrong, Teasdale

Media: Mark Schlinkmann, St. Louis Post-Dispatch

The Meeting was called to order at 2:02 P.M.

1. MINUTES

Approval is requested for the Minutes of the December 5, 2018 Regular Airport Commission meeting.

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

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

2. ORDINANCE

A. Draft Ordinance authorizing a public works and improvement program at the Airport consisting of capital improvement projects to and for the

terminal complexes, airfield structures and facilities as more fully described in Section One of the Draft Ordinance, and **Exhibit A** thereto entitled “Fiscal Year 2019B Project/Equipment List”, at a total estimated cost of \$6 Million Dollars. This Draft Ordinance also authorizes an initial appropriation of \$588,964 from the Airport Development Fund and \$5,411,036 from the Passenger Facility Charge Fund to be expended on the Airfield, Building & Environs Projects.

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

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

This Ordinance authorizes a public works and improvement program as more fully described on Exhibit A entitled “FY19B Project List” and authorizes an appropriation of \$6,000,000 as follows: \$588,964 from the Airport Development Fund and \$5,411,036 from the Passenger Facility Charge Fund. The use of the \$5,411,036 from the Passenger Facility Charge Fund has been approved by the FAA.

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

- B. Draft Ordinance transferring \$13,727,769 from the Debt Service Stabilization Fund to the Airport Revenue Fund to make funds available to mitigate rates in Fiscal Year 2018-2019.

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

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

This Ordinance provides for the transfer of \$13,727,769 from the Debt Service Stabilization Fund (“DSSF”) to the Airport Revenue Fund in order to mitigate rates in Fiscal Year 2018-2019. The transfer of these funds will continue under the current five-year Airport Use and Lease Agreement. The \$13,727,769 will be transferred back to the DSSF at the end of the current fiscal year.

Commissioner Osborn entered the proceedings at this time.

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

- C. Draft Ordinance authorizing the Director and the Comptroller to enter into and execute a Second Restated and Amended Lease Agreement – Northern Tract Site with Bi-National Gateway Terminal, LLC (AL-094)

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

Mr. Pandolfo provided a PowerPoint presentation entitled *Second Amended and Restated Lease Agreement Bi-National Gateway Terminal, LLC - Northern Tract Site, January 9, 2019* (a copy of which is included with the official file), outlining the details of the Ordinance authorizing the City to enter into and execute the Second Amended and Restated Lease Agreement (Northern Tract Site) AL-094 (“AL-094”), as set out in the Executive Summary and Briefing Paper included with the agenda items and recommended approval of the motion.

In July of 2015, the City entered into a Lease Agreement with Bi-National Gateway Terminal, LLC (“Bi-National”) (“AL-286”). AL-286 covered approximately 49 acres of land and buildings to be redeveloped in three phases in order to accommodate and support air cargo operations and distribution facilities, including Dual Customs. The term of AL-286 was 20 years, with two additional 10-year options.

In 2016, in response to redevelopment issues, the City agreed to amend and restate AL-286 by entering into a Restated and Amended Lease Agreement (AL-020). The key changes included amending the term to 40 years beginning July 1, 2015; waiving the rent for an additional 6 months; and increasing the property size by 12 acres. The phasing schedule for Phases 1, 2 & 3 remains the same.

In early 2018, Bi-National approached the Airport and requested additional time to complete a proposal for the City’s consideration, which would complete the redevelopment of the leased premises. An agreement was reached, and the Airport entered into discussions and later negotiations with Bi-National and their new team, that included CRG Service Management LLC (CRG), Martin Properties I, LLC, and Clayco Inc. In support of their request, Bi-National presented information to the Airport regarding Bi-National’s new team, new financial plan and the revised development plan.

Mr. Pandolfo briefed the Commissioners regarding Bi-National’s new team and partners, including their roles and responsibilities, the new financial plan, including funding sources, and the revised development plan, including scope of work and schedule for completion for all three phases.

Mr. Pandolfo informed the Commissioners that CRG would be creating a new special purpose entity called CRG Air Cargo, LLC that will have the right to acquire up to 5 percent of Bi-National after the closing on Phase 1 including a one-year option to acquire an additional 20 percent after the completion of Phase 1. In addition, if Phase 1 is completed, CRG has the right to continue as Bi-Nationals developer for Phase 2 & 3 and Clayco Inc., as Bi-National’s General Contractor for Phase 2 and Phase 3, in accordance with CRG’s agreements with Bi-National.

Mr. Pandolfo briefed Commissioners regarding the key changes to AL-020 that are reflected in the Second Restated and Amended Lease Agreement AL-094. The most significant change is the addition of certain conditions that must be satisfied prior the Commencement Date. These

conditions precedents include: documentation that Bi-National has the financing commitments in place necessary for the construction of Phase 1; execution of a master sublease with Brownsville International Air Cargo, Inc., d/b/a Bi-National Air Cargo Terminals (“BIAC”), for the Phase 1 area; the payment of all back rent through the Commencement Date; and provide the required security deposit and insurance certificates. If these conditions precedents are not satisfied, AL-094 will be deemed null and void and the City will terminate AL-020.

A further condition requires that, subsequent to the Commencement Date for AL-094, Bi-National must actually close on the financing for all of Phase 1 within the proscribed time period or AL-094 may be terminated by the City.

Another key change is a new release provision that takes effect upon the execution of AL-094. The parties mutually release each other from all claims that may arise under AL-020 or AL-286. In addition, Bi-National acknowledges the City rights to terminate AL-020 if the Commencement Date conditions are not timely satisfied. The release is effective whether the Commencement date is triggered or not. This release provision ensures that if the Commencement Date is not triggered and AL-020 is deemed null and void or the closing on the Phase 1 financing fails to timely occur and AL-094 is terminated by the City, the City will have clear title of the leased premises (no cloud on title).

It is anticipated that we will have the required City approvals for AL-094 by mid-February 2019, which means that the Execution Date for AL-094 will be March 1, 2019. It is Bi-Nationals intent to satisfy all of the conditions required for the Commencement Date in March 2019 including the payment of all back rent, which would be \$420,116.

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

3. **PROPERTIES**

- A. Airline Operating Agreement and Terminal Building Space Permit with Concesionaria Vuela Compania De Aviacion Sapi.De CV (d/b/a Volaris) (AL-090).

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

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

Volaris will handle the routes for Apple Vacations to Huatulco, Puerto Vallarta and Los Cabos, Mexico. The Agreement, which began January 1, 2019, will continue on a month-to-month basis for up to 36 months. The Agreement contains a 30-day cancellation provision.

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

B. Space Permit with HG-St. Louis JV.

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

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 three-year Space Permit covers 423 sq. ft. of space in Terminal 1, to be used for office space. Revenue to the Airport, which is based on the current Terminal 1 rental rate of \$52.39 per sq. ft., will be \$22,160.97 annually; however, the terminal rental rates are adjusted July 1st of each year.

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

4. **OTHER BUSINESS**

Employees of the Quarter:

Regina Houston-Jowers:

Regina Houston-Jowers was nominated for volunteering to assume a leadership role in a special, time-consuming project, while simultaneously completing her daily duties. Regina handled this special project with high energy and diplomacy.

Cole Meyer:

Cole Meyer was nominated for his professionalism and knowledge of both airfield operations and federal aviation regulations, as well as his ability to respond to any situation effectively and efficiently, whether on or off the airfield. Cole also is responsible for overseeing the training requirements for the employees of the Operations Center.

Airport Commissioner Kathleen Osborn, President and CEO of the Regional Business Council, was honored as *Citizen of the Year – 2018*, by the St. Louis Post-Dispatch.

Passenger numbers for November 2018 vs. October 2017 increased 5.1%. Year to date numbers show a 6% increase. Originating passengers increased 4.1%, with connecting passengers increasing by 8.7%. It is anticipated that the total number of passengers for 2018 will exceed 15 million.

Sun Country Airlines will begin weekly service in June 2019 to Minneapolis (Monday, Thursday, Friday and Sunday) and Portland, Oregon (Monday & Friday).

Contour Airlines, a new airline operating at the Airport, will begin servicing the route to Ft. Leonard Wood, on February 12, 2019. Cape Air previously operated that route.

Commissioner Davis, Chairperson of the Airport Working Group's Communication Committee, provided an update, stating that the Committee is focusing mainly on is community engagement and public awareness. The public can access Fly314.com for further information and videos of the advisory meetings.

In response to questions regarding the government shutdown:

- 1) Current construction projects are continuing; no new applications accepted at this time;
- 2) Global Entry Office located at the Airport is currently closed;
- 3) TSA employees will be paid through Monday, January 14, 2019, but will continue to work throughout the shutdown. The Airport will not absorb the salaries of those employees.

The construction on the Arrivals Drive at Terminal 1 will continue for several months, due to weather delays and the addition of other projects on that level.

Further construction projects around the Airport will take place throughout the summer of 2019.

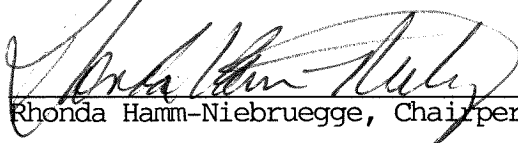
5. **NEXT MEETING**

Wednesday, February 6, 2019 at 2:00 P.M.

6. **ADJOURNMENT**

The meeting adjourned at 2:58 P.M.

The foregoing were approved by the Airport Commission at the meeting held on Wednesday, February 6, 2019.


Rhonda Hamm-Niebruegge, Chairperson


Date