

AIRPORT COMMISSION

MINUTES

Wednesday December 7, 2022-2:00 p.m.

Lindbergh Conference Room

In-Person and via Teleconference

Members Present: Mr. Bales, Mr. Cantwell, Mr. Fitzgerald, Mr. Kling, Dr. Nemanick,
Chairperson Rhonda Hamm-Niebruegge

By Teleconference: Ald. Cohn, Ms. Fowler, Cmptr. Green, Pres. Green, Mr. Jacobs, Mr.
King, Mr. Lents, Dr. Moore, Ms. Osborn

Members Absent: Mr. Bowman, Ms. Teitelbaum

Airport Staff: Beckman, Daniels, B. Jones, V. Jones, Jungk, Kulinsky, Lyles-
Wiggins, Lotz, Ruth, Salarano, Stella, Strong

Legal Department: Bauman, Yoffie

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

1. MINUTES

Approval is requested for the Minutes of the November 2, 2022 Regular Airport Commission Meeting. A motion for approval was made by Mr. Bales and seconded by Dr. Nemanick. A correction was made by the Chairperson, changing Mr. Cantwell from absent to present via teleconference.

A vote was taken and the motion carried unanimously.

2. ORDINANCES

A. Approval is requested of a draft Board Bill authorizing a public works and improvements 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 Board Bill, and Exhibit A thereto entitled "FY2023-2024 PROJECT LIST" at a total estimated cost of \$170 Million Dollars. This Board Bill also authorizes an initial appropriation of \$9,570,694.00 from the Airport Development Fund, \$15,291,875.00 from the Passenger Facility Charge Fund, and \$68,255,750.00 from the Series 2023A Construction Sub-Account to be expended for the payment of costs for work, services, materials and equipment authorized. A motion for approval was made by Mr. Kling and seconded by Dr. Nemanick. Mr. Strong presented.

Ms. Fowler asked whether individual contracts arising under the Project List would appear before the commission, in particular to review minority participation. Mr. Strong responded that the contracts fall within the purview of the Board of Public Service (BPS). The Chairperson further added that the BPS has their own minority participation review process.

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

- B. Approval is requested of a draft Board Bill amending Section One of Ordinance 65163, authorizing the purchase of five (5) electric shuttles and raising the total estimated for the payment of costs for work and services authorized therein to \$110,000,000. A motion for approval was made by Mr. Kling and seconded by Mr. Bales. Mr. Strong presented.

Mr. Fitzgerald inquired as to the EV charging infrastructure needed for the shuttles and the state of the current fleet. The Chairperson noted that some of the shuttles are replacement shuttles.

Mr. Bales asked about the mileage capabilities of the shuttles, and Mr. Stella noted that specifications are not yet current, but a baseline has been established in the grant application.

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

- C. Approval is requested of a draft Board Bill amending Section One of Ordinance 67357, authorizing an additional capital project be added to Exhibit A thereto entitled "SCHEDULE F CIP PROJECTS." A motion for approval was made by Dr. Nemanick and seconded by Mr. Bales. Mr. Strong presented.

Mr. Fitzgerald asked about the switchgear procurement, and the Chairperson indicated there were several procurement issues. Mr. Beckmann further added that the equipment is original 1960's equipment, and replacement is difficult, so repair is emphasized.

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

- D. Approval is requested of a draft Board Bill amending Section One of Ordinance 69870, authorizing an additional capital project be added to Exhibit A thereto entitled "FISCAL YEAR 2015 PROJECT/EQUIPMENT LIST." A motion for approval was made by Mr. Cantwell and seconded by Mr. Fitzgerald. Mr. Strong presented.

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

- E. Approval is requested of a draft Board Bill amending Ordinance 70140 authorizing an additional capital project be added to exhibit A thereto entitled

“FISCAL YEAR 2016 PROJECT/EQUIPMENT LIST.” A motion for approval was made by Dr. Nemanick and seconded by Mr. Bales. Mr. Strong presented.

Mr. Fitzgerald asked for further information about the project. Mr. Beckmann explained that this project affects the bridge on the upper drive and the garage.

Ms. Osborn inquired about the capital projects being considered by the commission with regard for the tentative projected timeline for construction of the Consolidated Terminal. Mr. Beckmann responded that they have experience with this sort of Airport maintenance, and that these are repairs necessary for proper and safe operation of the Airport. The Chairperson further added that the airline carriers went through each item, approved this list of projects, and each project was deemed necessary.

Mr. Bales asked about the timeline and the effect of the project on the upper drive. Mr. Beckmann indicated that one construction season would be needed and that the impact expected is no more than usual when bridge repairs take place. The Chairperson mentioned that two bridge projects are taking place right now and that disruptions are minimal.

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

- F. Approval is requested of draft Board Bill amending Ordinance 70617 authorizing a First Supplemental Appropriation in the amount of 60,000,000 from Series 2023A Construction Sub-Account to be expended for the payment of cost for work, services, materials, and equipment authorized therein. A motion for approval was made by Mr. Kling and seconded by Dr. Nemanick. Mr. Strong presented. Following the presentation, the Chairperson further added that this project took significant consideration from both the Airport and Southwest Airlines.

Mr. Fitzgerald asked about the logistics associated with the project, as well as the finances associated with future decommissioning of the system. Mr. Beckmann explained the contingency plans in place to accommodate construction. Mr. Strong stated that Southwest Airlines will defease the bonds at the conclusion of the system's intended use.

Mr. Lents asked about making the bonds contingent on the successful execution of a memorandum of agreement. The Chairperson indicated that absent an agreement the bonds will not be sold and that Southwest is aware of the expediency needed for this project to be successful.

Dr. Nemanick asked about the effect of the project. The Chairperson responded that the project will improve airside efficiency and passenger experience, while allowing Southwest to better plan for busy periods.

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

- G. Approval is requested of a draft Board Bill amending Ordinance 71005 authorizing a First Supplemental Appropriation in the amount of \$7,845,315 from the Airport Development Fund and \$1,477,941 from the Series 2023A construction Sub-Account to be expended for the payment of costs for work, services, materials and equipment authorized. A motion for approval was made by Mr. Fitzgerald and seconded by Mr. Bales. Mr. Strong presented. The Chairperson explained that the Emergency Operations Center will be built into the new terminal construction plans.

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

3. OPERATIONS

- A. Approval is requested of a Second Amendment to a Professional Service Agreement with Whelan Security Co. dba Garda World Security Services for Security Guard Services. This Second Amendment extends the expiration date to October 31, 2024 and increases the Contract Not-To-Exceed Amount to \$30,942,285.30. A motion for approval was made by Mr. Fitzgerald and seconded by Mr. Bales. Mr. Stella presented. The Chairperson added that this additional staffing is necessary for curb and traffic control.

Dr. Nemanick asked for more information and clarification on the security contractors. Mr. Stella clarified that this contract contemplates another service provider and allows for flexibility in the event the other provider is unable to perform or decides not to contract with the Airport. Further, these security guards function as extension of security staff and allow the airport to meet its security obligations.

Ms. Osborn asked about the competitive nature of the amendment and whether staffing problems on the part of the contractor should be problems of the Airport. Mr. Stella reiterated that as a de facto extension of his staff, staffing problems on the part of the contractor have immediate effects on critical airport functions. Further, additional language protects the Airport's interests in the event the contractor breaches the agreement. The Chairperson indicated that security staffing is critical for FAA Part 139 Airport Certification requirements.

Ms. Fowler asked if there will be a competitive bid. Mr. Stella indicated that there would be a competitive bid following the expiration of the agreement. Ms. Fowler further remarked about the feasibility of accommodating the rate increases if staffing levels increase. Mr. Stella indicated that absent such staffing vacancies no amendment would be sought, and that if the economic climate shifts over time, that is likely to be reflected in a bid.

Mr. Lents asked for more information on the Liquidated Damages clause. Mr. Stella explained that the current clause is increased so high to address vacancies from 10-30 percent for security staffing.

Mr. Fitzgerald asked about the mark-up margins, and the contractual relationship between the Airport and Whelan, as well as the option of extending the agreement further to benefit from the lower mark-up. Mr. Salarano mentioned that the

contractual relationship goes back to 2002. Mr. Stella responded that the current proposed extension is what was decided as best for the parties.

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

- B. Approval is requested of a First Amendment to a Service Agreement with American Association of Airport Executives for Employee Training System Maintenance Services. This First Amendment extends the expiration date to December 31, 2024 and increases the contract Not-To-Exceed Amount to \$103,029.00. A motion for approval was made by Mr. Bales and seconded by Dr. Nemanick. Mr. Stella presented.

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

- C. Award and approval is requested of a Service Agreement with Complete Auto Body and Repair, Inc. for Fleet Maintenance and Auto Body Repair Services. The term of this agreement will commence on January 1, 2023 and expire on December 31, 2025. The Contract Not-To-Exceed Amount is \$859,400.00. A motion for approval was made by Dr. Nemanick and seconded by Mr. Fitzgerald. Mr. Stella presented.

Dr. Nemanick asked about other bidders. Mr. Stella explained the nature of the specificity of the service rendered, and that the incumbent bought out the other bidder.

Mr. Kling asked about the difference in the 2026 encumbrance. Mr. Stella indicated that will be a partial contract year.

Mr. Bales inquired as to fleet maintenance staffing. Mr. Stella indicated a vacancy rate of approximately 50%.

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

4. PROPERTIES

- A. Approval is requested of an Operating Permit with The Boeing Company ("Boeing"). The term of this Permit will commence on January 1, 2023 and continue on a month-to-month basis not to exceed three (3) years. Boeing will pay the City a monthly rental payment of \$3,250.00. A motion for approval was made by Mr. Fitzgerald and seconded by Mr. Bales. Mr. Salarano presented.

Dr. Nemanick inquired as to the name "Papa Pad." Mr. Stella indicated such names are based on the Phonetic Alphabet used by the FAA.

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

- B. Approval is requested of a First Amendment to the Registered Traveler Administration Concession Agreement with AIClear, LLC. This First Amendment extends the expiration date to February 28, 2025. A motion for approval was made by Mr. Kling and seconded by Mr. Bales. Mr. Salarano presented. The Chairperson further added that reception to AIClear has been overwhelmingly positive, and that they are the only contractor approved for such a concession by the TSA.

Mr. Fitzgerald remarked that AIClear's training seems effective.

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

- C. Approval is requested of an Eighth Amended and Restated Concession Agreement with Host International, Inc. The Term of this Concession Agreement is for seven (7) years, and will commence on February 1, 2023 and expire on January 31, 2031. A motion for approval was made by Mr. Kling and seconded by Mr. Bales. Mr. Salarano presented. The Chairperson further added that units had been modified and will likely be modified in the Spring, and reiterated the challenges with planning around the tentative planning and construction timelines associated with the Consolidated Terminal project, including rolling closures as necessary for renovation and construction, as well as limited or modified offerings.

Mr. Cohn asked why the concession would not go out for an RFP, and why the agreement seeks a seven (7) year term versus three (3) years. The Chairperson indicated that the Airport intended to issue an RFP at the last expiration, but that option was complicated by the privatization efforts at the time, and the result was an extension. Further, a term of three (3) years was likely to have a chilling effect on investment for renovations or new concepts. The Chairperson also added that the Airport retains the option to cancel the contract later if the performance is unsatisfactory. Mr. Salarano further added that any new concessionaire would lose a year of amortization due to the current agreement expiration date, which would significantly impact return on investment.

Mr. Cohn further inquired about the nature of the Airport concessions and how those concessions are organized. Mr. Salarano responded that there were a few other concessionaires offering Food and Beverage, but outside of that the Airport has various retail concessions. Mr. Cohn asked if there was availability for more Food and Beverage concessions outside of the agreement. The Chairperson indicated that all available, marketable space was in use.

Dr. Nemanick asked for clarification of the Minimum Annual Guarantee provision in the agreement. Mr. Salarano explained that concessionaires owe the Airport a percentage of their gross receipts. The total payment must be equal to or greater than the MAG negotiated. The MAG can go up, but not down.

Mr. Fitzgerald explained his support for the agreement given the circumstances and reality of the pandemic, terminal build, and economy, and supported especially the buy-out provision in the event the construction projects fall through.

Mr. Bales also indicated his support for the agreement.

Mr. Lents also indicated his support for the agreement and asked whether the analysis that went into these decisions have been compared to airports in similar situations. Mr. Salarano explained that other airports were reviewed, including Fort Myers. The Chairperson explained that Kansas City, New Orleans, and others were also reviewed and the role the COVID pandemic and recovery continues to weigh on the industry.

Dr. Nemanick asked how new space for concessions would be awarded in the future. The Chairperson indicated that those options would be clearer when construction actually begins and completed spaces begin to become available for occupancy.

Mr. Cantwell asked about the ARPA funds made available to Host. Mr. Salarano explained that while the ARPA distributions have not been finalized, Host has received approximately \$2 million from other relief programs. The Chairperson explained that the government divided the concessionaires into large and small for the purposes of ARPA grants, and that Host was considered large, and would receive a smaller, but proportionate share of the funding. Mr. Fitzgerald also remarked that Host did not just get a check, but instead had their MAG offset over time. Mr. Salarano explained that even though the MAG was abated, they still paid a percentage of gross receipts.

Mr. Cantwell asked about the certainty of the contract going out for bid next time. The Chairperson indicated there was no guarantee, but it was the full expectation of the Airport that it go out for bid at the next expiration.

Mr. Bales remarked that the current offer was likely the best, and that the single terminal build is likely to result in renewed, energetic competition for a chance at space, and remarked that not going out to bid early enough could be detrimental. The Chairperson indicated that the timeline was being observed carefully. Mr. Salarano remarked that OHM Concession Group got their start here at the Airport and are now the prime for Kansas City.

There being no further discussion, a motion was taken and the motion carried. Mr. Cantwell voted nay.

- D. Approval is requested for an Airport Office Building Lease Agreement with GoJet Airlines, LLC. The term of this Lease is for five (5) years, with an effective date of March 1, 2023, and an expiration date of February 29, 2028. Either party may terminate this lease without cause with One Hundred Twenty (120) days' notice. A motion for approval was by Dr. Nemanick and seconded by Mr. Cantwell.

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

5. **OTHER BUSINESS**

Marilyn Teitelbaum has resigned from the Airport Commission effective December 31, 2022. She wished the commission well and thanked them for years of work together. The Chairperson remarked that Ms. Teitelbaum was a longtime member of the Commission and thanked her for her service to the City.

Lufthansa November load factors are currently 84% outbound and 77% inbound and going

strong. Mr. Cantwell asked about the local connections, and the Chairperson commented that these flights may experience a handful of connections, but approximately 99% of inbound passengers are local.

6. **NEXT MEETING**

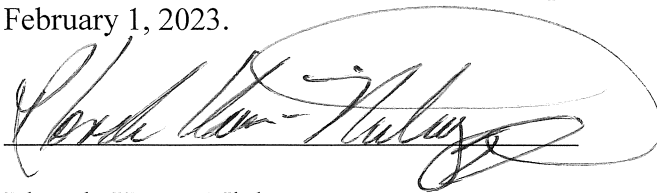
January 4, 2023 at 2:00 P.M. Lindbergh Conference Room

7. **ADJOURNMENT**

A motion for adjournment was made by Mr. Bales and seconded by Dr. Nemanick. The motion carried unanimously.

The meeting adjourned at 3:43 P.M.

The foregoing were approved by the Airport Commission at its regular meeting held on February 1, 2023.

A handwritten signature in black ink, appearing to read "Rhonda Hamm-Niebruegge", is written over a horizontal line. The signature is enclosed within a large, hand-drawn oval.

Rhonda Hamm-Niebruegge
Chairperson