

## MEETING OF THE BOARD OF GOVERNORS

June 27, 2023

The Lehigh Northampton Airport Authority Board of Governors convened a meeting on June 27, 2023, at 12 p.m. on the 2<sup>nd</sup> floor, Board Room at the Lehigh Valley International Airport.

**Members present (virtually & in-person):** Paul Anthony, Jr., Anne Baum, Robert Brooks, Frank Facchiano, Dawn Godshall, Justin Grimshaw, John M. Hayes, Ronald Heckman, Larry Hemberger, James Irwin, Jeffrey Matzkin, Glenn Reibman, Michael Stershic, Jonathan Strauss, and Christopher Werley.

**Members absent:** Robert Brooks.

**Staff members present:** Tom Stoudt, Steve Connors, Todd Quann, Glenn Kurcon, Ryan Meyer, Darren Betters, Colin Riccobon, Connie Phillip, and Sylvette Righi.

**Also in attendance:** Solicitor Elizabeth Marcon.

Chairman, John M. Hayes, presided and called the meeting to order at 12 p.m. After the Pledge of Allegiance, the Recording Secretary called roll and noted a quorum was present.

### **PUBLIC COMMENT:**

No comment was submitted at this time. LNAA advertised the Notice of Meetings and asked members of the public to submit a comment to the Airport Authority by going to our website <https://www.flyabe.com/airport-authority/board-of-governors/meetings/public-comment/> and submitting their comments.

### **APPROVAL OF MINUTES:**

#### **1.) May 30, 2023**

The minutes of the May 30, 2023, Board of Governors Meeting were reviewed in Novus.

Upon a motion duly made and seconded, it was unanimously:

**(#7345) RESOLVED, that the minutes of the May 30, 2023, Regular Board meeting be accepted as presented.**

The motion was adopted by a voice vote.

**REPORTS OF COMMITTEES, OFFICERS AND STAFF:**

**A. Treasurer's Report – Justin Grimshaw, Secretary-Treasurer**

**1.) Accept the May 2023 Financial Report**

Todd Quann, Director of Finance and Administration reported on the Treasurer's Report for the period ending May 30, 2023. A copy of this report was provided to the Board of Governors in Novus.

Year-To-Date (YTD) through May 2023, Lehigh Valley International Airport's (LVIA) Net Operating Revenue was \$14,779,007. LVIA Operating Expense was (\$8,683,673). LVIA Net Income (Loss) from Operations was \$6,095,334. Queen City Income (Loss) was (\$39,239). Braden Airpark Income (Loss) was (\$64,591). Total Operational Income was \$5,983,738. Non-Operating Income (Expense) was \$220,196. Income after Non-Operating Income was \$6,203,934. The depreciation was (\$2,560,884). Income (Loss) after Non-Operating Income & Depreciation was \$3,643,050. YTD Passenger Traffic through the end of April was \$355,925 and a 4.13% increase year-over-year. LNAA Debt Service is \$1,709,016. The Operating Account Bank balances had a total balance of \$23,390,648. Capital Accounts had a total balance of \$8,705,130.

As far as personnel is concerned, 60% of the budget is for personnel. The authority is still growing and not at full capacity yet. A staff list by department was presented to the Committee and the policy manuals were entered in Novus for review.

Upon a motion duly made and seconded, it was unanimously:

**(#7346) RESOLVED, that the Lehigh Northampton Airport Authority Treasurer's Report for May 2023 be accepted as presented.**

The motion was adopted by a voice vote.

**B. Business Committee – Justin Grimshaw, Chair**

**1.) Award of Bid for Runway 6-24 Reconstruction (Package 6)**

Ryan Meyer reported on the bid for Runway 6-24 Reconstruction (Package 6) at ABE. The project includes the construction of Taxiway A7 widening, and shoulder improvements required to meet the latest Airport Design Group V standards to the primary runway at ABE. On May 25, 2023, the lowest, responsive, and responsible bid for this project was received from James D. Morrissey, Inc. from Philadelphia, PA in the amount of \$2,497,506.72. The project will be funded by a future FAA grant that will be brought back to the Board for acceptance. LNAA's share is 5% of the total project cost. LNAA will submit an FAA grant application in July 2023, with an anticipated grant receipt by September 2023.

Upon a motion duly made and seconded, it was unanimously:

**(#7347) RESOLVED, that the Lehigh Northampton Airport Authority award the bid for the Runway 6-24 Rehabilitation Project, Package 6 at Lehigh Valley International Airport (ABE): Taxiway Geometry Improvements to James D. Morrissey, Inc. if Philadelphia, PA in the amount of \$2,497,506.72, pending receipt of a future FAA grant.**

The motion was adopted by a voice vote.

**2.) Accept FAA Grant 3-42-0001-119-2023 (CPF Grant for Equipment)**

Ryan Meyer reported on FAA Grant 3-42-0001-119-2023 for equipment acquisition and installation related to the Security Checkpoint / Terminal Connector at ABE. Staff submitted a Community Project Fund Request to Congresswoman Susan Wild's Office in April 2022, which was approved through the Annual Appropriations Bill in December 2022. In March 2023, LNAA submitted the official application to secure the grant agreement by July 2023. This grant will fund eight (8) public circulation control devices in the arriving passenger tunnel to provide a one-way exit and prevent access to the secure area (secure exit portals). The elevated terminal connector will maintain a one-way flow for departing passengers (turnstile gates). The total project cost is \$666,667. The grant covers \$600,000.

Upon a motion duly made and seconded, it was unanimously:

**(#7348) RESOLVED, that the Lehigh Northampton Airport Authority accept FAA Grant 3-42-0001-119-2023 (CPF) for the acquisition and installation of equipment related to the Security Checkpoint / Terminal Connector and authorize the Executive Director to accept the grant offer.**

The motion was adopted by a voice vote.

**C. Executive Committee – John M. Hayes, Chair**

**1.) Approval of Master Concessionaire Agreement – Tailwind Hospitality, Inc.**

Darren Betters reported on the Master Concessionaire Agreement. LNAA's current Concession Agreement expires on August 31, 2023. In October 2022, LNAA engaged the Unison Consulting group to assist with the concession program at ABE. In February 2023, LNAA and Unison met with four (4) concession operators. In March 2023, LNAA published a Request for Information (RFI) to operate concessions at ABE. In June 2023, LNAA received responses to the RFI and after reviewing the responses with the consultants, LNAA made the decision to move forward with Tailwind Hospitality, Inc.

Tailwind was established in 2005 as Tailwind Deli News and Gifts, Inc. at the Wilmington International Airport in North Carolina. They currently serve thirty-nine (39) airports and over 130 concessions. Their corporate offices are in Wilmington, NC and Denver, CO with 700 employees and \$60M in projected sales in 2023.

The Tailwind Proposal includes:

- Which Wich Superior Sandwiches
- Zekraft Curators of Taste (Local Lehigh Valley company)
- The Drafthouse @ ABE
- Market in The Valley
- Satellite Bar
- The Lehigh Valley Café – pre-security café on the 2<sup>nd</sup> level of the main terminal.

The Contract includes:

- A term of fifteen (15) years starting September 1, 2023.
- Initial capital investment of \$2M.
- Rent to LNAA is 12% of gross revenues.
- Pricing will be street pricing, plus 10%.

Upon a motion duly made and seconded, it was unanimously:

**(#7349) RESOLVED, that the Lehigh Northampton Airport Authority approve the fifteen (15) year Master Concessionaire Agreement with Tailwind Hospitality, Inc. to operate airport terminal concessions at ABE.**

The motion was adopted by a voice vote.

## **2.) Approval of the Hotel Privilege Fee**

Darren Betters reported on the Hotel Privilege Fee. An initial Hotel Privilege Fee of \$3.00 per occupied room, per night was agreed to with the developer during the Hotel Development negotiations. The fee will start at \$3.00 when the hotel opens on LNAA property and will increase every five (5) years thereafter, by at least \$0.75 and every ten (10) years the fee will be benchmarked against CPI-U. Any hotel opening on LNAA property, thereafter, will pay the adjusted fee at the time of opening. Staff researched the difference between using a percentage fee instead of a flat fee and determined that the flat fee structure would likely provide a higher return, than a percentage fee would. A detailed graph of the fee structure was presented to the Committee.

Upon a motion duly made and seconded, an individual vote was taken with the following results, and then unanimously:

Ten (10) = Yes

Three (3) = No

**(#7350) RESOLVED, that the Lehigh Northampton Airport Authority approve a resolution establishing an Airport Hotel Privilege Fee, applicable to any hotel operating on LNAA property. The Fee would start at \$3.00 per occupied room night on the date the first hotel opens on LNAA property and would increase a minimum of \$0.75 every five (5) years, with additional fee increases at ten (10) year intervals if the fee falls below a CPI-U adjusted rate. Any hotel opening on LNAA property after the first hotel will pay the adjusted fee at the time of opening.**

The motion was adopted by a voice vote.

**DIRECTORS REPORT:**

Executive Director, Thomas Stoudt reported on the following:

- Cargo is up by 36% in May 2023
- June 2<sup>nd</sup>, the NTSB provided a workshop for mutual aid responders.
- June 14<sup>th</sup>, the FBO attended an Aviation Seminar at White Plains, NY.
- June 15<sup>th</sup>, the Denver Inaugural Service event took place.
- June 21<sup>st</sup>, the Educational Opportunity Center in Hazleton took a tour of the facility and to learn more about job opportunities in the Aviation Industry.
- July 31- Aug 4<sup>th</sup>, TSA PreCheck event.
- August 22<sup>nd</sup>, LNAA and Hanover Township will participate in “Community Day” at the Canal Park.
- September 25<sup>th</sup>, TSA has posted a National Security Amendment that will go into effect and requires randomized screening to all aviation employees.
- October 7<sup>th</sup>, Special Olympics Plane Pull event with FedEx.
- November 6<sup>th</sup> is the next Fear of Flying Seminar. It is posted on LNAA’s website for more details.

Thomas R. Stoudt stated that after the pandemic, smaller size airports recovered quicker in terms of seats in the market. The medium and larger hubs lagged behind. Those airports are starting to see a larger recovery. The airlines are trying to figure out flight schedules due to an oversight by the Federal Government penalties to the airlines that are not committing to their set schedule. Therefore, the airlines have pulled back capacity for the summer to make sure that the scheduled flights can be flown. The lack of regional aircraft is starting to affect smaller airports as well.

**SOLICITOR REPORT:**

The Solicitor’s Office has been working on tax exemptions for Lehigh County and have been filed. There were seven (7) properties receiving exemptions with a fee of \$200 per

exemption. Those fees do not apply for an interim appeal. They have been assisting LNAA with the concessionaire liquor license. One of the parties asked for an extension to the briefing scheduled for the Storm Water matter. other housekeeping items.

**NEW BUSINESS:**

Paul Anthony, Jr. would like to get the Employee Survey on a future agenda.

**EXECUTIVE SESSION:**

Upon a motion duly made and seconded, the Board went into Executive Session at 12:40 p.m. to discuss the Storm Water matter.

Upon a motion duly made and seconded, the Board came out of Executive Session at 12:56 p.m.

**ADJOURMENT:**

There being no further business, the meeting was adjourned at 12:56 p.m.

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Recording Secretary