

Minutes of Airport Advisory Working Group Meeting November 7, 2018

Meeting Time: 11:00 a.m.

Location: Lindbergh Conference Room at St. Louis Lambert Airport

Members Present:

Paul Payne, Ald. Marlene Davis, Jim Garavaglia, Rhonda Hamm-Niebruegge, Linda Martinez

Also Present: Meghan Farrell, Mitch Holzrichter, Michael Fleming, Omar Karar, Mark Ellinger, Lejuan Strickland, Stephanie Lewis, Mary Fancoeur, Mike Jones, Jeff Aboussie, Katie Knapp, Alethia Nancoo, Jeff Lea, members of the public. David Stinfil, David Naresky, Michael Wagner, Joe Deane, Glenn Muscosky, Ramon Ortega, Marina O'Brien, Joletta Golik, Katie Knapp, Gina Martin, Nick Vallorano, Jean Wilson, and Tyson Pruitt joined via WebEx.

Chairman Paul Payne opened the meeting at 11:00 a.m. with the question of approving the minutes from the October 23, 2018 meeting. The minutes were unanimously approved.

Workstream Status Updates:

Airport Due Diligence – Ms. Hamm-Niebruegge presented the update. Ricondo will be at the airport on 11/8/18 for a tour airport and airfields as well as meeting with Ms. Hamm-Niebruegge's staff to get familiar with the status of the process.

Community Outreach and Communications – Alderwoman Davis stated the team is putting together a timeline comparison to the Midway and Puerto Rico deals. She requested that the canvassing numbers are updated on the 314 website every two weeks. To date 94,000 doors have been reached with 8,700 surveys have been completed. The Regional Polling has been reviewed by the Working Group and will begin the Monday after Thanksgiving (11/26/18); and should be completed by December 16, 2018.

December 4 and 5, 2018 are the dates set for the Airport employees question and answer meetings. Mr. Strickland is working on the presentation to for the employees. Ms. Hamm-Niebruegge stated that the meetings will occur according to the shifts so that everyone can participate.

Ms. Lewis informed the Working group that the schedule is being set for Community Group meetings.

New Use Agreement, Lease, FAA – Mr. Payne stated that airline conversations are continuing. The Wicks Group, Mr. Fleming, gave a presentation about the airport. The presentation consisted of information regarding the airport’s history of enplanements and enplanement comparisons, cost per enplaned passengers for all medium hub and de-hubbed airports, non-aeronautical revenue, and debt service per enplanement.

Notes:

STL is second largest medium hub in terms of enplanements, which is defined as one passenger boarding at point of departure.

Airport management anticipates 7.6 M enplanements in 2018, ~~2~~with 26% connecting traffic, a 29.4% growth in connections (unaudited)

Airport management anticipates a Cost per Enplaned Passenger (CPE) of \$9.07 in 2018.

2017 is the Airport’s highest year of debt payment at \$84,000,000. It will continuously drop beginning 2018.

Market – Mr. Payne stated that contracts for financial modeling and tax accounting are still pending. Mr. Karar said that contracts will be available for approval for the next Working Group meeting.

Existing Debt & Finance – Ms. Nancoo spoke about steps to be taken to defease the existing debt should the City move forward with privatization. The team gathered comparisons between STL Airport and other medium hub airports that are within a 500 mile radius. The team used the existing debt of \$594,000,000 debt and expected debt service payments of \$62 – 68,000,000. It was found that the airport is at Par with the other airports.

The team explored other ways the City could monetize the airport while keeping the bonds outstanding not doing a full blown P3; but being able to come up with some form of lease or contractual license arrangement to use some portions of the airport to provide for other capital projects that could benefit the airport and the City. Any revenue stream from a third party contractual arrangement to take a portion of the airport would have to be deemed Capital R revenue. The payment from the third party would have to go through the waterfall to benefit bond holders. At the end of the waterfall would be funds that the City could capture later.

The team also looked at the notion of special facility bonds. The checklist to enter into a special facility obligation is

- 1) Guarantee the payments will be absorbed by a third party entity
- 2) Airport consultant to determine that nothing will interfere with airport operations or decrease the revenue projections

3) Institute a reasonable ground lease to the third party entity

Legal/Compliance – There were no updates.

Open session adjourned for closed session at 11:56 a.m.

Open session reopened and closed at 12:39 p.m.