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long-term strategic business plan



Metropolitan Nashville Airport Authority
A Six Sigma Organization

One Terminal Drive • Suite 501
Nashville, Tennessee 37214-4114
615.275.1600 • www.flynashville.com



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President's letter:

The Metropolitan Nashville Airport Authority (MNA) is a vibrant, self-supporting entity serving Music City and the Mid-South with premier aviation facilities since 1970. The MNA is led by its Board of Commissioners, management team and 280 professionals, who all contribute to the success of Nashville International Airport (BNA) and John C. Tune Airport (JWN), a general aviation reliever airport.

The Metropolitan Government of Nashville and Davidson County and the state of Tennessee have empowered the MNA to operate BNA and JWN. The MNA not only serves as the governing body of two airports, but also is a major economic provider for the region.

While revising its Long-Term Strategic Business Plan, the Authority realized it was mapping out improvements that will have generational impact on travelers, on the Nashville MSA and on the entire Mid-South region. The airline industry still faces significant challenges. In this volatile climate, the business model of the MNA seeks stability and long-term growth despite uncertainty and change. The principal competitive advantage lies in the Authority's core competency – delivering the Nashville Airports Experience, its employees' skills, and in the planned focus that guides every decision it makes.

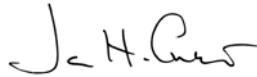
As keepers of the public trust, the MNA staff will use its Long-Term Strategic Business Plan as the platform from which it launches the initiatives that will enable it to continue to achieve its vision.

The Authority also believes this Plan is a series of promises to every person in Music City and the Mid-South. True to its vision, the MNA will deliver exemplary customer service by providing premier airport services and facilities. It will make the investments needed to ensure BNA and JWN can support the ongoing changes of the entire Middle Tennessee region.

Though faced with complex times, the MNA still seeks ways to achieve sustainability and operational efficiency so we can continue to deliver the Nashville Airports Experience, serving as great airports to passengers, partners and employees.



ROB WIGINGTON, C.A.E.
President and CEO



JAMES H. CHEEK III
Chairman



Today's Operating Environment

The Middle Tennessee region's strong business climate provides a fertile environment for Nashville's airport operations.

Diverse strengths

Nashville's business base is broad and deep, with links outside the region and around the world.

Nashville's tourism product, long an important economic engine for the entire region, continues to grow and diversify.

The growth rate of BNA's passenger and general aviation market segments is outpacing other aviation facilities in the Mid-South.

Nashville's central location and strong cargo capabilities are ideally positioned to meet the needs of a global economy that lives on e-commerce and just-in-time delivery.

Strong operating performance

Passenger traffic has experienced very modest growth after two flat years.

Revenues from non-signatory carrier sales are the emphasis.

Operating expenses are growing more slowly than operating revenues.

Non-aeronautical revenues hold close to national averages.

Terminal concessions' revenues improved upon completion of the terminal renovation Phase I and have leveled off in light of economic enhancement.

Rental car and parking revenues have seen declines due to economic challenges facing the industry and construction impacts.

Healthy commercial carriers

Southwest Airlines serves almost half of BNA's passenger market, and is projected to sustain its Flagship status for the foreseeable future.

Growing onsite business segment

Onsite tenants are expanding their presence at BNA. Embraer Aircraft Maintenance Services opened a 78,000-square-foot full-service aircraft, maintenance, repair and overhaul facility.

Investment in BNA's Westside Air Cargo facilities has provided additional growth opportunities, as exemplified by the opening of a new 69,000-square-foot FedEx air cargo facility.

Nashville's cargo operators ship goods representing the breadth and depth of the Nashville-area economy. Nashville outperformed its peers for total cargo revenues compared to total cargo volumes.

The MNAA's physical assets are performing well and offer room for expansion.

Current airfield and airspace capacities are positioned well to meet Nashville's existing and projected passenger and cargo demand.

Corporate aviation demand and activities remain robust at BNA and JWN.





All indicators support MNAA's course for continued prudent growth.

The MNAA continues to face challenges, including those identified with congestion and security. However, the Authority is positioned well to resolve these and other issues as it pursues new ventures and revenue opportunities.

While financial insecurity plagues the industry nationwide, Nashville's overall aviation demands are slowly returning to peak 2007 levels and poised for future growth, thanks to the terminal renovation project.

The number of markets served by some mainline carriers has decreased across the country; but overall carrier capacity, supported by the entry of new low-cost carriers, has remained steady.

Increasing health care and security costs have driven overall operating costs up.

Low-cost carriers proliferate at the expense of the mainline carriers.

Smaller regional jets (in the range of 40 to 90 seats) are increasingly taking the place of traditional narrow-body aircraft.

Corporate aircraft, fractional ownership and other general aviation market segments are growing and are offering multiple options for private business travel. Some of this growth will occur at the expense of commercial passenger traffic.

Domestic cargo competition has grown due to carrier consolidation and trucking market-share gains.

E-commerce, globalization and increased competition are driving demand for just-in-time shipments, along with new technological advances and increased efficiencies.





Specific Directions For Tomorrow

MNAA's Long-Term Strategic Business Plan outlines specific directions to capitalize on the following industry dynamics by optimizing its current assets and making prudent additions where needed.

North America/Asia and Inter-Asia air traffic demand will increase as the region matures in its role as a global manufacturing and consumer powerhouse. Current air cargo facilities, including Nashville Air Cargo (Westside), are well-positioned to handle increased cargo demands and meet the needs of the global market.

Conservative but steady growth will continue in both the passenger and corporate aviation segments. While JWN is currently meeting existing hangar and traffic needs, corporate growth in and around Middle Tennessee points to the eventual need for long-term growth commitments for both JWN and BNA. Judicious investments in this segment also position BNA to make up for potential losses of business class service to the general aviation market.

When complete, the passenger terminal renovation program will transform Nashville International Airport into an air service facility intently focused on customer service. The customer-friendly environment will bring the spirit of Nashville's business and entertainment communities more into the terminal. The changes won't be merely cosmetic. In fact, they position Nashville International Airport to handle the capacity needs for airport terminal operations, the demands of the traveler for increased in-terminal options and amenities, and the stringent requirements of air travel security.

BNA Terminal Renovations

Phase I

BNA is also undergoing renovation to its interior for the first time since the current terminal opened in 1987. Terminal Renovation Phase I and associated projects such as the flight information display system replacement, all part of the comprehensive terminal renovation program, were completed in 2009 for \$46 million. The Authority began the ambitious multiyear, multiphase renovation program in October 2006. More than 30 new food, beverage and retail vendors now serve the public at BNA, along with new meeter-greeter areas, a consolidated security checkpoint with 12 screening lanes, and access to the checkpoint area through self-select lanes designated by signage that directs passengers based on their travel needs and knowledge (Expert, Casual and Families/Special Assistance).

Phase II

Phase II construction, slated to continue through 2011, includes:

- Renovation of existing public restrooms and construction of new restrooms
- Replacement of terminal and concourse carpeting and tile
- Replacement of existing heating and air conditioning units
- Renovation of airline gate hold rooms
- Replacement of wall coverings on ticketing, baggage and ground transportation levels
- Enlargement of ticket lobby
- Renovation of baggage claim
- Installation of the in-line explosive detection system

A few of these construction elements were under way by the end of 2009. Much-needed roof repairs continued under a multiphase roof replacement program. A new project for an in-line explosive detection system began in 2009 and will remove the existing machines, restore lobby space and install a new automated, sort-controlled, outbound baggage handling system with two separate, in-line screening matrices. This project has been anticipated since 2002 and is expected to be completed around the end of 2010 at a cost of \$34.5 million, funded primarily through federal and state grant dollars.



Terminal Access Roadway Improvements

The Ring Road improvement – which is referred to as the Terminal Access Roadway Improvement (TARI) project – wrapped up in October 2009, and provides safer, more convenient access to the terminal and parking. TARI was designed to improve access to and from I-40 and Donelson Pike and to eliminate the need for vehicles to merge through multiple lanes of traffic over short distances. The changes are clearly marked with directional signage to help patrons reach their destinations.

Consolidated Rental Agency Complex (CONRAC)

The Metropolitan Nashville Airport Authority began construction on the new 900,000-square-foot consolidated rental agency complex at BNA in February 2010. CONRAC is projected for completion in November 2011. At that time, rental car companies will be relocated from the short-term garage and terminal areas to the new facility – a move that will free up an additional 600 covered parking spaces in the current short-term garage for BNA patrons.

The construction of the rental car facility is the single largest project, in terms of dollars spent, in the Metropolitan Nashville Airport Authority's history. It will generate approximately 350 jobs during construction. Nearly 20 small, minority- and woman-owned business enterprise partners make up 16.15 percent of the total contract.

Parking

BNA opened the former seasonal Overflow lot, east of Donelson Pike, permanently as Long Term B in 2010. The refurbished lot includes new signage and markings and offers the same services as the Long Term A lot, including emergency/information phones, dedicated shuttles and Frequent Parker access.

The entrance point to Long Term A and Short Term moved in 2010.

The Cell Phone/Waiting Area changed location and doubled in size, giving drivers a convenient, free place to wait to pick up arriving passengers.

Frequent Parker Program

Nashville International Airport has a program designed with frequent parkers in mind. BNA's Frequent Parker Program allows travelers to earn free parking, enjoy easier access in and out of gated parking lots, and make payments online.

Runway 2L-20R

One example of the Metropolitan Nashville Airport Authority's sustainability efforts is visible in the reconstruction of Runway 2L-20R. The yearlong reconstruction on Nashville International's oldest runway included demolishing and crushing the existing concrete and reusing the material as a base for the reconstructed runway. More than 90,000 tons of P-219 recycled concrete aggregate base course were reused on-site as part of this project that wrapped up in August 2010.

This massive recycling effort generates positive environmental, social and economic sustainability outcomes for the Airport Authority and the community by recycling and reusing materials on-site and generating approximately 300 jobs, including disadvantaged business enterprise partners' involvement.

Runway 2C-20C

BNA's center runway was closed September through December 2010 for necessary pavement rehabilitation to enhance safety. The rehabilitation included concrete joint cleaning/resealing, full-depth concrete repair, partial-depth concrete repair, concrete spall repair, concrete crack repair, asphalt crack repair and asphalt sealcoat. In addition, the project provided rubber removal and new pavement marking for the runway. This project sustained approximately 25 jobs, including small, minority- and woman-owned disadvantaged business enterprise (SMWBE) partners.

Terminal Apron Improvements

Nashville International Airport's entire terminal apron is approximately 91 acres in size and is constructed primarily of concrete. Federal stimulus money accounted for 100 percent funding of this \$4.7 million project, which created an estimated 116 jobs.

Moving Forward

The MNAA will seek out new opportunities to be flexible and proactive in meeting the needs of passengers, tenants, airlines and area businesses. Music City's tourism product is among the best in the world. The MNAA is constantly looking for new and better ways to incorporate this valuable economic driver into its facilities.



A Clear Path For The Future

A Strategic Business Plan must be a flexible, living document that maintains a well-defined path for the future. Key elements in achieving the MNAA's goals are its revised combined Mission and Vision statement. Guided by Core Values and Strategic Objectives, the Airport Authority has created the tools it needs to help its facilities grow and the region flourish.

A Clear Mission and Vision.

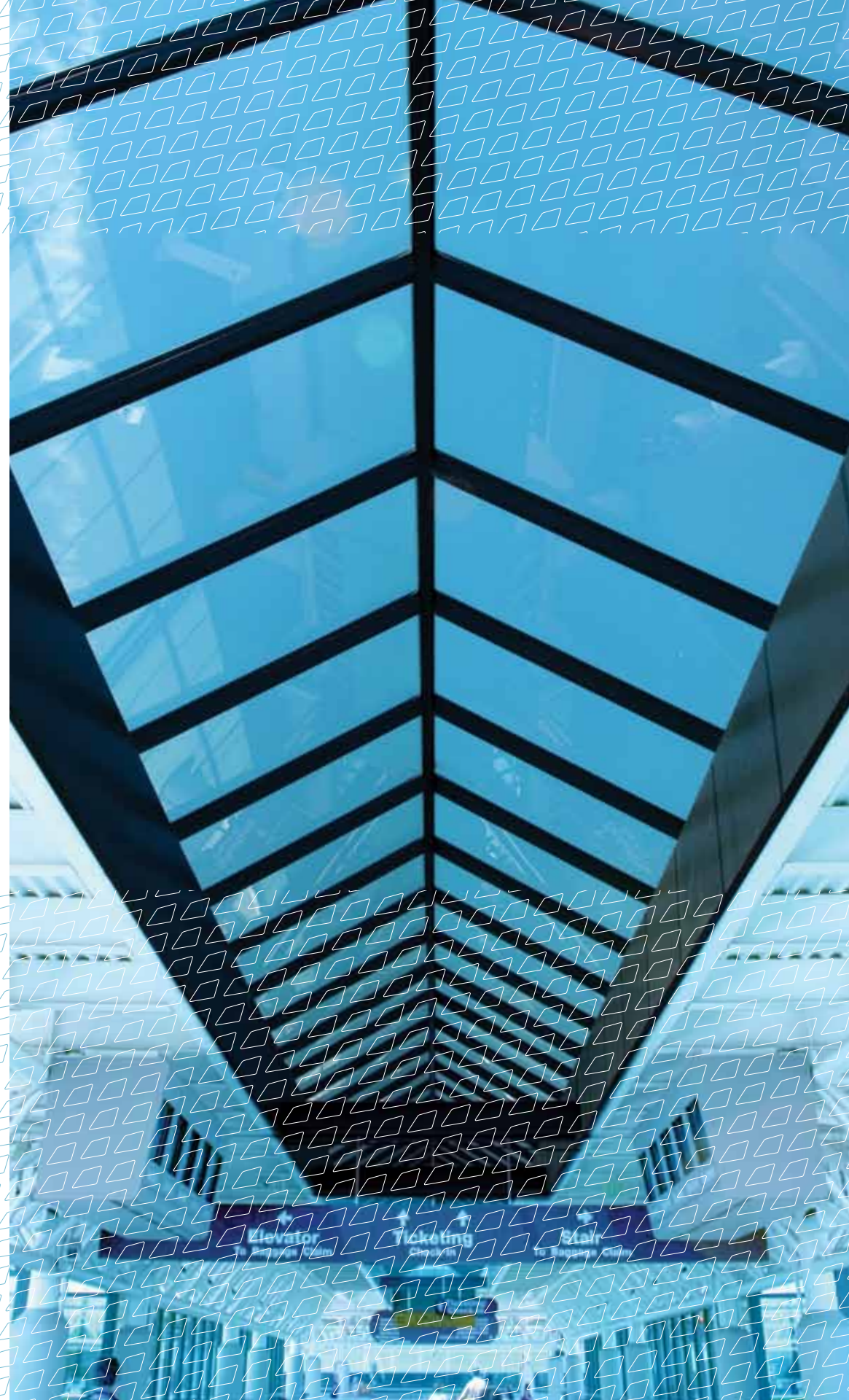
To provide the Nashville Airports Experience through outstanding customer service, facilities and services, bringing the heartbeat of Music City to the airport.

Brand Promise.

The MNAA is customer-focused and professional, and delivers the Nashville Airports Experience.

Core Competency.

The Authority's core competency is delivering the Nashville Airports Experience (NAE): great airports for passengers, partners and employees.





**And MNAA's E³I Core Values
are essential for its
long-term performance.**

Entertaining

MNAA's facilities should have a beat and rhythm and exemplify its passion for customer service while being unique and vibrant places through which to travel.

Exercising

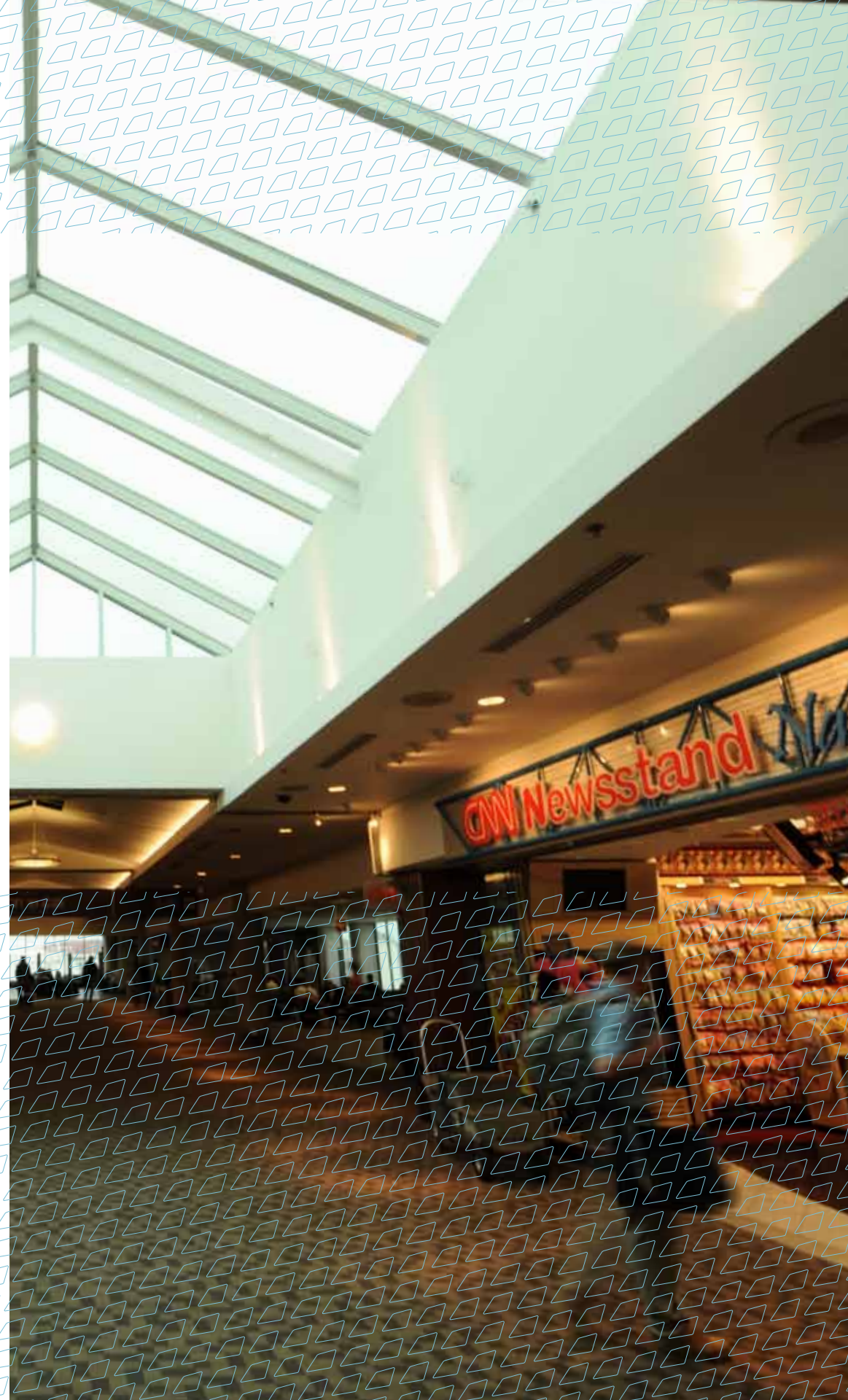
Our most important assets – our employees and facilities – should be kept in top shape. Our employees should have the skills to perform their duties flexibly to meet the highest professional and ethical standards. We should treat employees with dignity and respect. Our facilities should be optimally managed, made secure and maintained for their entire life cycles.

Enterprising

MNAA should have an entrepreneurial mindset that emphasizes innovative and financial efficiency.

Intersecting

The MNAA should be the center of Middle Tennessee's ideas and activities, and support its communities.



Strategic Objectives

- ✈️ **Develop** and implement financial flexibility approach for MNAA.
- ✈️ **Create** and implement MNAA parking plan – one- to three-year horizon.
- ✈️ **Establish** new process for projecting future MNAA performance.
- ✈️ **Focus** on workforce development.
- ✈️ **Improve** processes for delivering the Nashville Airports Experience.
- ✈️ **Exceed** customer requirements to business partners.
- ✈️ **Provide** and maintain low-cost services to air service providers.
- ✈️ **Develop** land using Land Use Development Option Plan (LUDOP) guidelines.
- ✈️ **Identify** and manage air service diversity.
- ✈️ **Build** strong relationships.
- ✈️ **Build** strong brand equity in BNA by making the terminal a premier, focused air transportation facility.
- ✈️ **Create** buy-in by the airport community of Music City's strong business, cultural, sports and entertainment assets.
- ✈️ **Develop** a contingency planning mindset that anticipates and adapts to the challenging environment in the aviation industry.
- ✈️ **Foster** asset-management, life-cycle approach in construction operations to achieve secure, flexible, convenient facilities.
- ✈️ **Be** a “High Value Airport” to passengers and meeters/greeters.
- ✈️ **Serve** Nashville's many entrepreneurs and visitors.
- ✈️ **Develop** hub services on airport and adjacent to the airport.
- ✈️ **Foster** intermodal transportation.
- ✈️ **Take** advantage of major carriers' transfer passengers.
- ✈️ **Support** BNA's and JWN's roles as hubs for corporate aviation.
- ✈️ **Identify** and manage air service diversity.
- ✈️ **Manage** safe and secure regulatory compliance.
- ✈️ **Develop** air service contingency plans to implement in cases of MNAA asset degradation.



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