

✈ Metropolitan Nashville Airport Authority ✈

Minutes of the Joint Meeting of the MNAA and MPC Finance, Administration & Properties Committees

Date: March 13, 2019 **Place:** Nashville International Airport Board Room
Nashville, Tennessee

Time: 9:20 a.m.

Committee Members Present: Christy Smith, Chair; Bill Freeman, Vice Chair,
Bobby Joslin; Nancy Sullivan; Mayor's
Representative, Matt Wiltshire

Committee Members Absent: None

Others Present: Doug Kreulen; Cindy Barnett

I. Call to Order

Chair Smith called the meeting of the MNAA and MPC Finance, Administration, and Properties (FAP) Committee to order at 9:52 a.m., pursuant to Public Notice dated March 8, 2019.

II. Approval of Minutes

Chair Smith called for a motion to approve the Minutes of the February 13, 2019, FAP Committee meeting. A motion was made by Vice Chair Freeman and seconded by Mayor's Representative, Matt Wiltshire. The motion carried by vote of 5 to 0.

III. Chair's Report

Chair Smith had no Chair's Report.

IV. Items for Approval

A. Approval of ABM Parking Management Services Contract Amendment.

Tom Bibb, AVP, Operations & Maintenance, briefed the Committee on this item. Staff requested that the FAP Committee recommend to the Board of Commissioners that it:

1. Approve the proposed contract amendment for parking management services for FY19 and authorize the Chair and President & CEO to execute the proposed contract amendment

Staff provided the FAP Committee a staff analysis for ABM Parking Services Contract Amendment prior to the FAP Committee meeting.

Background

ABM Aviation Inc. (ABM) was awarded the contract for Parking Management Services effective July 1, 2015, through June 30, 2021, through a competitive solicitation process. In August 2018, MNAA implemented an interim shuttle service for airline and tenant management and MNAA Administrative staff to the R4 Lot due to construction requirements associated with the BNA Vision. An area within the Express Park lot was designated for this purpose with three shuttles running continuously 24 hours per day. It was anticipated the existing Express Park fleet would be able to provide this interim service and still support the Express Park customer use, at an estimated monthly operating cost of \$68,000 within the approved parking budget for FY19. MNAA subsequently requested that ABM lease the required vehicles necessary to support this interim R4 shuttle service. Staff evaluated options other than the Express Park area, however the employee lot did not have capacity until this May and the shuttles would not have capacity for the employees and the public during the heavy volume periods at shift change.

Additional Information

Due to the double-digit passenger growth BNA is experiencing, ABM, as currently staffed, has had difficulty keeping pace with the high volume and has had a shortfall of drivers in the Terminal Valet Parking Lot. This shortage of drivers has led to passenger complaints on the amount of time for vehicle drop-off and pick-up.

The current labor market in Nashville and Middle Tennessee and ABM's inability to hire and retain employees at the FY19 budgeted wage rate has required ABM to rely on extra shifts and overtime which has led to budget overruns.

The Parking Facility Management Agreement with ABM requires ABM to submit an annual budget ("Agreement Budget") to MNAA which MNAA must approve. The Agreement Budget must be submitted by January 15 each year of the contract. Due to a staffing shortfall in the public parking area, average monthly overtime costs are \$67,000 per month. ABM has formally requested a revision to the existing FY19 budget with a wage increase of \$2 per hour in order to hire and retain quality employees. Staff agrees that this request is necessary to provide the level of service desired for parking management services. The revisions to the FY19 Agreement Budget resulting from the proposed wage increase for April 15, 2019 – June 30, 2019 add \$47,996. Approximately \$67,000 monthly overtime cost should be eliminated or significantly reduced with the proposed ABM's proposed changes:

Impact/Findings

- BNA Vision requirements necessitated an interim shuttle service due to the loss of staff parking.

- Effective April 15, 2019, MNAA will revise the FY19 Agreement Budget to allow ABM to increase their hourly wage by \$2 per hour, to retain existing and hire new employees.
- ABM plans to hire 15 additional staff for valet and 12 additional staff as part of its FY20 approved Agreement Budget for Terminal Lot A, Economy B and Economy C, in order to meet the demand and provide the desired level of service for the Valet and public parking customers. These positions include cashiers, license plate inventory staff and customer assistance staff.
- The wage increase is included in the FY20 Agreement Budget and the estimated FY21 Agreement Budget.
- The changes in the FY20 Agreement Budget will be presented to the Board as part of the MNAA FY20 O&M Budget.
- Discontinue the R4 shuttle service upon completion of the employee lot expansion in May 2019 and offset a portion of the budget increase associated with wage adjustments.

Summary of Amendments and Budget Impact

		FY20 & FY21 Budget Impacts (To be approved in FY20 & FY21 Budgets)	
Amendments	FY19 Impact	FY20 Impact	FY21 Impact
Additional R4 shuttle cost*	\$867,300	N/A	N/A
Total Amendments	\$867,300	\$0	\$0
FY19 Agreement Budget			
\$2 hourly wage increase	\$47,996	\$277,160	\$285,475
15 additional Valet staff	0	\$346,112	\$356,495
12 additional Parking staff	0	\$270,400	\$278,512
Estimated Overtime	0	(\$201,000)	(\$207,030)
Total Budget Revisions	\$47,996	\$692,672	\$713,452
Original Contract Amount	\$7,476,949	\$8,591,440	\$8,684,440**
Revised Contract Amount	\$8,392,245	\$9,284,112	\$9,397,892**

*Additional R4 shuttle cost is August 2018 through May 2019, and was entered into through a Letter of Agreement (LOA) effective August 1, 2018 through November 30, 2018, as allowed by the contract

**FY 21 budget is estimated. Budget is contractually required to be submitted by January 15, 2020.

MNAA will revise the FY19 Agreement Budget to allow ABM to increase their wage by \$2 per hour, to retain existing and hire additional staff. As part of its FY20 budget, 27 additional staff need to be hired to meet demand

and provide the desired level of service for the valet and public parking customers. Positions include cashiers, license plate inventory staff and customer assistance staff.

Staff presented the following additional information:

Additional R-4 shuttle costs for FY19 were necessitated by BNA Vision. Construction forced BNA to relocate employee parking for administrative staff as well as airline and tenant key management supervision. There are two and three shuttles that run every day 24 hours a day. For FY19 that cost is approximately \$867,000. BNA expected to use existing fleet, however double digit growth, demand for parking service, more active late night flight hours (from 8 pm to 12pm) has necessitated that BNA's existing fleet be used to support customers, therefore, BNA had to lease vehicles which increased the cost more than anticipated.

On the staffing side, BNA would like to increase the hourly wage by \$2.00 to keep good employees and attract new people in order to provide the type of service BNA wants to provide. For FY19, it will be a minimal increase as the effective date would be April 15 but it will take time to hire those additional people. FY20 parking costs would incorporate the hourly wage increase and additional staff.

Commissioner Joslin asked what the hourly rate was currently for these employees. Mr. Bibb stated that it was between \$8 and \$12 per hour based on position and tenure and would like to increase that \$2.00 per hour accordingly. ABM has not been able to keep a full staff and the valet employees are being worked very thin. There would be an initial raise of \$2.00 per hour and about 3% each year for the next two years. President Kreulen stated that BNA has the funds to cover the increase in FY19 and the financial team has the increase factored in for FY20 and FY21 and beyond. Commissioner Joslin inquired as to how much BNA brings in each month on the parking lots. Mr. Bibb stated that BNA brings in roughly \$4M total per month. Commissioner Joslin then asked if that amount included fuel for the trucks. Mr. Bibb stated that amount is an "all-in" number. Mr. Bibb and President Kreulen stated that this contract ends in CY21 and the parking services contract will be solicited again at that time.

Chair Smith asked if BNA's service level has been behind because of not having enough staff or if it is in conjunction with the airport trying to get people relocated into valet. Mr. Bibb replied that it was a combination of construction and trying to move cars to different locations and further distances. BNA is trying to minimize wait times and that takes runners and staff to do that. ABM has not been fully staffed for some time. Commissioner Smith asked if Mr. Bibb thought BNA would continue through the next couple of years to staff at these numbers to facilitate growth. Mr. Bibb stated that BNA will get some relief once the new garage opens. Mayor's Representative Wiltshire, asked generally what the wages are now before the \$2 per hour increase. Mr. Bibb stated it is between \$8 and \$10 and \$9 and \$12. Mayor's Representative stated that it is tough to hire people in Nashville for \$8 and \$9 per hour these days.

A motion was made by Mayor's Representative Wiltshire and seconded by Vice-Chair Freeman to recommend approval of ABM Parking Management Services Contract Amendment. The motion carried by vote of 5 to 0.

After the vote, Mayor's Representative Wiltshire asked if there were any real time ways to provide the public with information about what parking is available once you enter the from the interstate, maybe a sign displaying what lots are full, etc. President Kreulen stated that BNA has received feedback about ways to do this and there is digital signage available that have been put out for construction, and there are is now signage on the garage telling how many spaces are available. The garage can now be closed if there are no spaces available. Mayor's Representative Wiltshire stated that BNA needs to condition people to be aware and read the signs, and suggested using the advertising on the radio. President Kreulen stated there are five airport parking companies BNA is competing with and that the hotels are now taking part. President Kreulen agreed to look at existing alerts and signage, and options for earlier alerts, and report back to the Committee.

Commissioner Joslin stated that he has heard complaints about the price of short term parking and that is driving customers to the off-airport parking companies because it is cheaper. President Kreulen stated that BNA parking is a flat fee, without taxes and fuel charges. The airport parking companies are not advertising their total price. These companies are charging fees in addition to what is being advertised. Chair Smith stated that once all the construction is done, people will come back.

B. Approval of Long Term Financing Underwriting Syndicate

Marge Basrai, Chief Financial Officer, briefed the Committee on this item. Staff requested that the FAP Committee recommend to the Board of Commissioners that it:

- 1) Approve the Long-Term Financing Underwriter Syndicate Pool for the Authority for 2019 – 2023; and
- 2) Authorize the Chief Financial Officer and the financing team (with concurrence from the President & CEO) to select the team of Underwriters from the Pool for each bond issuance.

Staff provided the FAP Committee a staff analysis for Long Term Financing Underwriting Syndicate prior to the FAP Committee meeting.

Background

Ms. Basrai stated that MNAA plans to issue long-term debt to finance most of the projects under the BNA Vision.

As part of this process, MNAA will use qualified underwriters to assist with:

- Developing and presenting information to or for the Authority, rating agencies, and any other parties
- Implementing the marketing plan approved by the Authority and providing daily market information two weeks before sale date
- Selling the bonds with quality execution according to expectations developed during pre-pricing meetings
- Coordinating the work of the underwriting team, including the co-managers

- Preparing a bond purchase agreement and other required documentation
- Preparing a closing memo and closing the bonds on time
- Preparing a post-pricing analysis

These financial services fall under Section 1.6 of the Procurement Policy as "Exceptions to Policy" and are exempt from the requirements of the open, competitive process through the Procurement Department. However, to ensure due diligence, MNAA used PFM to issue a direct solicitation for Request for Qualifications (RFQ) on its behalf.

On December 21, 2018, MNAA sent an RFQ for Bond Underwriting Services to thirty-eight banks (including National Firms, Regional/Local Firms, and MWBE/Veteran Owned firms). The RFQ process is intended to select a pool of underwriters that demonstrate strong airport experience along with local, regional and diversified experience. This pool will consist of firms deemed the most (and best) qualified to serve as a senior managing underwriter and/or as a co-manager for the period of five years (2019-2023).

The RFQ requested the following information:

- 1) Airport Underwriting Experience
- 2) Tennessee Underwriting Experience
- 3) Personnel and Resources
- 4) Debt Structuring Considerations
- 5) Credit Considerations to Rating Agencies
- 6) Marketing and Market Access Considerations
- 7) Business Diversity Development

On January 25th, MNAA received twenty-four responses; fourteen national/regional investment banks and ten minority or disabled veterans investment banks which includes firms such as Bank of America, CitiGroup, First Tennessee Financial, JP Morgan, Raymond James, Wells Fargo, Loop Capital, Sieberts and Samuel Ramirez & Co.

The review of the Statements of Qualifications received was performed by Marge Basrai, MNAA Chief Financial Officer; and Lauren Lowe, PFM Managing Director (with consultation from Bill Case, PFM Managing Director and Kevin McPeck, PFM Director), due to their extensive experience with Underwriter firms.

The process for the review of the statement of qualifications consisted of several steps:

- 1) First reviewed all the proposals on the overall quality of their response
 - Relevant airport, regional and other diversified experience
 - Thoroughness of response to each of the seven sections in the RFQ

Based on this review, seven firms were eliminated

2) Remaining seventeen proposals were then reviewed again and compared against each other on the following criteria:

- Strength – both in number of issues and dollar volume in Airport Financing or Tennessee Financing Experience
- Personnel and Resources – strength and experience of team assigned to MNAA
- Debt Structure Considerations – demonstration of creativity related to future debt financings and provided useful market intel
- Credit Considerations – ability to articulate the credit strengths and weaknesses of the Authority going into the upcoming financing

In addition, two other considerations were given:

- Marketing/MNAA Outreach – Review of each bank's marketing efforts towards MNAA over the last 12 months including in person meetings
- First Hand experience of the financing team's previous experiences with the underwriting firm

Based on the entire evaluation process, eleven firms were considered the best qualified to serve MNAA

Staff then took these 11 firms and classified them as qualified to serve as a senior managing underwriter and/or as a co-manager

- Senior managing experience in Airport Financing
- Team assigned to MNAA and their related Airport Financing experience at their current firm

Based on the entire process, the following Underwriting Pool is recommended:

- 7 qualified Senior Managing Underwriters
 - 5 National Firms (BAML, Citi, Jefferies, JP Morgan, Raymond James);
 - 2 Minority Firms (Loop and Siebert)
- 4 Qualified Co-Managers
 - 2 National/Regional Firms (First Tennessee, UBS)
 - 2 Minority Firms (Rice Financial and Samuel Ramirez)

MNAA intends to use this underwriting pool as follows:

- For each bond financing transaction, a team of underwriters will be selected from the Pool and assigned their respective role
- Selection will be made through a RFP conducted by PFM on MNAA's behalf, in which only the Underwriting Pool will participate
 - Current market conditions and impact of rates
 - Debt structure and credit considerations
 - All-in cost of financing
- The CFO and other members of the Financing Team will review the RFP responses and select (with concurrence from the President and CEO) the Underwriting Syndicate for each financing transaction. MNAA wants a mix of national and minority participation on each team.

- Syndicate for similar transactions typically consists of 1 Senior Managing Underwriter and 3-5 Co-Managers (depending on issuance size)
- Firms qualified as Senior Managing Underwriter may serve as a Co-Manager, however, firms qualified as a Co-Manager cannot serve as a Senior Manager
- Any changes to the Pool due to changes in the Firms, will be presented to the Board

Impact/Findings

Anticipated Start Date:	April 1, 2019
Term of Underwriting Pool:	Five Years
Financing Costs:	TBD
Funding Sources:	Cost of Issuance Funds thru Bond Issuance

Commissioner Joslin asked how many bonds MNAA would want to issue per year. Ms. Basrai stated most likely it would be one per year, with a couple series, with one this year, one next year, and maybe one a couple of years after that.

Commissioner Sullivan asked if there was any mechanism to introduce more people into the pool in the 5 year period. Ms. Basrai stated that once a pool has been established, generally that is set for a period of time because there is a lot of work to evaluate the firms in the pool.

Mayor's Representative Wiltshire inquired as to the number of firms in each pool and Ms. Basrai commented that the number of firms in each pool could shift each year depending on their experience.

A motion was made by Mayor's Representative Wiltshire and seconded by Commissioner Joslin to recommend approval of the Long-Term Financing Underwriter Syndicate Pool for the Authority for 2019 – 2023. The motion carried by vote of 5 to 0.

C. Approval of Recommendation on Retiree Cost of Living Adjustment (COLA)

Ms. Basrai briefed the Committee on this item. Staff requested that the FAP Committee recommend to the Board of Commissioners that it:

- 1) Leave the Retirement Plan for the Employees of Metropolitan Nashville Airport Authority as it exists with no cost of living adjustment (COLA) at this time, and
- 2) authorize the Chair and President and CEO to execute MNAA Resolution No. 2019-02 revising the frequency of review of the feasibility of initiating a COLA to retirees and beneficiaries to every two years.

Staff provided the FAP Committee a staff analysis for Recommendation on Retiree COLA prior to the FAP Committee meeting.

Background

MNAA's Retirement Plan for the Employees of Metropolitan Nashville Airport Authority (Plan) is managed by Wells Fargo. The plan was 99% funded at the end of FY18. As reported in the February 13, 2019 FAP Committee meeting, the fund balance at the end of 2nd quarter, FY19 was \$61,040,762, with a -5.32% year-to-date gross return. It is expected the plan will be 90% funded at the end of FY19.

Ms. Basrai reported that the plan is a closed plan. There are currently one hundred seventy-two retirees in the Plan and ninety-seven active employees in the plan. MNAA Resolution 2011-06 requires annual review of the feasibility of a COLA and recommendation to the Board. MNAA's goals for the plan are to protect assets and stay around 95% funded. As of June 30, 2018 the Plan was 100% funded.

COLA History

- 2002: 4% COLA, \$435,000 increase in liability
- 2004: 2% COLA, \$290,000 increase in liability
- 2007: 5% COLA, \$845,000 increase in liability

MNAA's goals for the retirement plan are:

- 1) Protect Assets
- 2) > 95% funded

Impact/Findings

As required by MNAA Resolution 2011-06, staff requested Findley to analyze the impact of a 2% and 4% COLA at the end of FY19. The following table shows the expected shortfall at the end of FY19, at a 6.5% discount rate.

	COLA*		
	None	2%	4%
Accrued Liability	\$ 70.8 M	\$ 71.6 M	\$ 72.3 M
Market Assets	\$ 63.9 M	\$ 63.9 M	\$ 63.9 M
Shortfall/(Excess)	\$ 6.9 M	\$ 7.7 M	\$ 8.4 M
Funded Percentage	90%	89%	88%

**COLA scenarios assume an ad-hoc COLA granted to all retirees at 6/30/19.
Shortfall amount is the estimated cash required to remain 100% funded at 6/30/19*

Ms. Basrai stated that MNAA is looking at changing asset allocation to include more fixed income to help protect the assets and would also want to reduce the discount rate to 6.5% in conjunction and this would increase the liability. This will be discussed at the next quarterly meeting of the Retirement Committee.

This matter was reviewed by the MNAA Retirement Committee on February 13, 2019 and there was consensus to take no action with regard to a COLA.

Commissioner Joslin asked if there had been a COLA since 2007 at 5%. Ms. Basrai stated there had not been a COLA since then. President Kreulen stated that MNAA's investment firm states it is not typical in a pension type plan to do COLAs. It is MNAA's goal to be at 95% funded with 172 retirees and 97 about to go into it.

Commissioner Joslin asked if a pension had a COLA increase. President Kreulen stated it is not normal to give COLAs in a pension plan. In 2011 the Board passed a resolution to review possible COLAs each year but based on MNAA's investment firm's advice, that is too frequent. Mayor's Representative Wiltshire commented that funding percentage is different than the COLA discussion. In his mind, that is a separate discussion than operating expenses of an airport.

President Kreulen stated there was no expectation of a COLA until the resolution passed in 2011 that COLAs should be looked at every year. The contract with the employees was a pension. They are getting the pension. The new employees that are retiring are getting benefits based upon the salary they retire at. MNAA has been doing compensation surveys and adjusting these employees so they are receiving premium wages. The new employees are not only getting defined benefit plan but MNAA is also contributing to their IRAs. The employees in the old program can still take a benefit and receive contribution funds to IRAs. They are getting pension and matching funds. Commissioner Wiltshire asked if they are still accruing years of service? President Kreulen stated that they are. Those 97 active employees are still accruing time and receiving a match based on how the plan was set up.

Commissioner Smith stated that the three years that COLAs were given, it was much higher than the CPI. She stated she went back and looked at the CPI numbers and they were 1.6% higher, 1.3% higher and 0.9% higher. The rationale at that time seemed to be different than natural inflation. She also stated that most people do not get pensions anymore because of the severe underfunding and the lack of ability to pay out at all. It is a real issue and needs to be considered in the future, but the major problem is underfunding.

President Kreulen stated that MNAA has come a long way in getting the funding up to where it is now and does not want to see it erode away. MNAA also contributes to their medical along with this pension.

A motion was made by Commissioner Joslin and seconded by Mayor's Representative Wiltshire to recommend leaving the Retirement Plan for the Employees of Metropolitan Nashville Airport Authority as it exists with no COLA at this time and to authorize the Chair and President and CEO to execute MNAA Resolution No. 2019-02 revising the frequency of review to every two years. The motion carried by vote of 5 to 0.

D. Approval of MNAA Insurance Premiums

Ted Morrissey, AVP, Legal Affairs briefed the Committee on this item. Staff requested that the FAP Committee recommend to the Board of Commissioners that it authorize the payment of the Authority's annual insurance premiums by the President & CEO.

Staff provided the FAP Committee a staff analysis for MNAA Insurance Premiums prior to the FAP Committee meeting.

Background

The President & CEO identified the Risk Manager as a key addition to the Authority's staffing plan for FY19. The Authority enlisted the help of ADK to perform the search and on February 20, 2019, Mr. Edward McDonald accepted an offer to be MNAA's Assistant Vice President for Risk Management. His first day of employment with MNAA will be April 1, 2019.

Mr. Morrissey stated that MNAA met with Willis Towers Watson (Willis) in November of last year to begin the task of determining what coverages were needed, the deductibles in place and conclude if any changes needed to be made. Mr. Morrissey introduced Jack Wallace of Willis Towers Watson and Victor Alexander of Alexander and Associates. They have been working closely with MNAA's legal department in this analysis. Final quotations were received in February.

Impact/Findings

The total of the invoices is \$1,223,025.66. Last year's premiums totaled \$1,157,067.00, an increase of roughly \$65,000. With that \$65,000 MNAA has added coverage to the directors and officers coverage, the crime coverage, the fiduciary coverage and cyber liability coverage. In total, MNAA added \$16M in coverage in those areas at a price of approximately \$40,000. In reviewing MNAA's history of claims, particularly in Workers Compensation, MNAA was able to reduce the premium by \$66,000 from the previous carrier. The new carrier also provides potential for dividends if MNAA's claim levels remain the same. Not only does MNAA save \$66,000, it could also reduce that amount by having a dividend payout.

Mr. Morrissey presented the final quotes (or actual invoiced amounts) for 2019-2020 renewal of various policies of insurance:

Invoice No.	Policy	Amount
2324542	Commercial Property (x)	\$ 731,150.00
	Airport Liability	\$ 119,914.00
	Excess Airport Operators Liability	\$ 80,250.00
	Executive Package – Directors & Officers, Employment Practices Liability, Fiduciary, Crime	\$ 115,167.00
2325739	Excess D & O (x)	\$ 27,760.00
	Excess D & O (\$5M xs \$20M)	\$ 10,100.00
2325771	Excess Crime (x)	\$ 7,835.00
2325963	Fine Arts (x)	\$ 2,608.00
	Workers Comp./Down Payment	\$ 50,485.00
2324698	Business Auto /Down Payment (x)	\$ 13,276.97
2324699	Business Auto April Installment (x)	\$ 6,170.67
2325698	Cyber Security Liability (x)	\$ 58,309.02
Total		\$1,223,025.66

x – denotes actual invoiced received

The amount of Invoice 2324542 is in excess of the President and CEO's signatory authority, as is the total of all invoices.

Commissioner Joslin inquired as to the biggest claim MNAA has had in Workers Compensation. Mr. Wallace stated that amount was about \$250,000.00 and that has been a few years ago. President Kreulen stated there have been smaller claims since he has been with MNAA, in the \$70,000 range. Commissioner Joslin inquired as to how much the premium was for workers compensation. Mr. Morrissey stated it was \$200,000 per year and is paid quarterly. Commissioner Joslin then asked if MNAA pays small claims instead of turning every claim over to the insurance company. President Kreulen stated he did not think MNAA has a policy that sets a dollar amount but MNAA might want to consider it. The previous legal officer would want to settle some claims of nominal amounts. Mr. Morrissey stated that in the past, the legal department did not receive notice of the workers compensation claims in a timely fashion to review. President Kreulen stated the insurance policies and premiums are intertwined with how and why MNAA re-organized.

Commissioner Smith asked if self-funding was being discussed for some of the premiums MNAA is paying. Mr. Morrissey stated that it was discussed in the beginning with the new insurer and it will be an evolving conversation. At this time, MNAA has elected not to do that. Doug Sloan, VP, Chief Legal Officer stated that once the new AVP, Risk Manager gets started, one of his tasks will be to research this matter. Mr. Morrissey stated that he and Mr. Sloan had many discussions about the deductibles and where MNAA could save money.

Commissioner Joslin asked what assets were included in the commercial policy. Mr. Morrissey stated that all of the real property MNAA owns is included and is approximately \$1.2B worth of assets that are covered in that policy.

A motion was made by Commissioner Joslin and seconded by Vice Chair Freeman to recommend approval of the payment of the Authority's annual insurance premiums by the President and CEO. The motion carried by vote of 5 to 0.

V. Information Items

A. MNAA Retirement Committee Appointments

Ms. Basrai briefed the FAP Committee on this item. In accordance with the Retirement Plan for the Authority, MNAA Resolution No. 2007-19 and the Investment Policy for the Retirement Plan, the President and CEO appoints personnel to the MNAA Retirement Committee. There are only two changes from last year. Angela Edwards is replacing Terri Barnhart as Retirement Committee Staff Secretary and Sharon Sepik, Director of Treasury, will be an advisor. Additional contributors may be asked to participate as needed.

Commissioner Smith asked what Janice Mullinix's opinion was on the COLA issue discussed earlier. Ms. Basrai stated that Ms. Mullinix, the MNAA retiree non-voting member, did not attend the last meeting.

This item was presented for information purposes only with no action required.

B. Fraport Transition Update

Ms. Margaret Martin, Chief Development Officer, briefed the Committee on this item. Fraport is continuing sublease negotiations from signed LOIs. Eighteen locations will be open for business by the end of 2019. There is an additional space that is non-revenue producing intended to be a child's play area. Three responses were received on the ATM/Financial Services RFP and twelve responses on the Vending RFP. Fraport is now evaluating these proposals. There were two concessions meetings on March 4. One meeting was with current tenants and the other with new tenants, to discuss transition and transition issues such as development schedule, Metro codes, employee badging and employee parking. MNAA has formed a new Capital Committee to review proposed expenditures out of the capital improvement budget.

This item was presented for information purposes only with no action required.

C. 15 year Concessions Contract Negotiations Update

Ms. Martin briefed the Committee on this item. The initial Fraport proposal was received in November of 2018 to extend the ten year contract and exercise the 5 year extension. It contained a 62.5% split of concession revenue and an additional \$10.6 million in capital expenditures. Staff rejected the initial proposal and requested and received a revised proposal addressing some concerns. MNAA wanted to make sure it wasn't finishing BNA Vision in 2023 and spending another \$8M in construction. There were questions about what Fraport's assumptions were based on in regards to financial revenue. Fraport did address those assumptions. Currently, MNAA is evaluating Fraport's revised proposal. After additional negotiations, the goal is to bring a recommendation back to the Board in May or June 2019.

Commissioner Joslin asked if the previously proposed transaction fee had been dropped. Ms. Martin explained that it is being dealt with separately. MNAA has requested additional information on the proposed \$0.25 fee.

This item was presented for information purposes only with no action required.

VI. Adjourn

There being no further business brought before the FAP Committee, Chair Smith adjourned the meeting at 10:50 a.m.



Amanda C. Farnsworth, Board Secretary