

## Minutes of the BNA Vision Committee



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Date: April 10, 2019                      Place: Nashville International Airport Board Room  
Nashville, Tennessee

Time: 10:00 a.m.

Committee Members Present: Bobby Joslin, Chair; John Doerge, Vice Chair; Nancy Sullivan; and Jimmy Granbery

Committee Members Absent: Mayor's Representative

Others Present: Doug Kreulen; Cindy Barnett; A. Dexter Samuels, Board Chair; Amanda Farnsworth, Board Secretary; and Angela Edwards

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### I. Call to Order

Chair Joslin called the meeting of the MNA and MPC BNA Vision Committee to order at 10:18 a.m., pursuant to Public Notice dated April 5, 2019.

### II. Approval of Minutes

Chair Joslin called for a motion to approve the Minutes of the April 10, 2019, BNA Vision Committee meeting. A motion was made by Commissioner Sullivan and seconded by Vice Chair Doerge. The motion carried by vote of 4 to 0.

### III. Chair's Report

Chair Joslin stated he appreciated everyone's attendance and is pleased at where BNA is on this project at this time. Chair Joslin is very impressed with the contractors and pleased that everything is full steam ahead.

### IV. Items for Approval

#### A. Approval of Terminal Lobby/IAF CGMP 2 of 6 (Design Assist – Core & Specialty Trades)

Ms. Traci Holton, AVP, Chief Engineer, briefed the Committee on this item. Staff requested that the BNA Vision Committee recommend to the Board of Commissioners that it authorize the Chair and

President & CEO to execute the proposed Amendment 2 for Component Guaranteed Maximum Price 2 for design-assist services, purchasing of long lead items, and general requirements related to the Terminal Lobby and International Arrivals Facility (IAF) for the Progressive Design-Build contract at the Nashville International Airport.

Staff provided the BNA Vision Committee a staff analysis for Terminal Lobby/IAF CGMP 2 of 6 (Design Assist – Core & Specialty Trades) prior to the BNA Vision Committee meeting.

Ms. Holton stated this is the big project that will build the new roof, the new pedestrian bridge, new checkpoint, new marketplace and the new International Arrivals Facility. The first CGMP on this project was approved back in November 2018 for \$50M and the CGMP 2 for approval today is \$34.7M which includes design assist services, purchasing of long lead items such as escalators and general requirements. It is still very early in the design. There are no changes to the commitment to SMWBE levels and no changes to contract time.

Commissioner Granbery stated he assumed if you add CGMP 1-6 together, you get \$327M. He inquired as to the contingency and Ms. Holton stated that some contingency will be added with each CGMP but so far it has been about 5%. The owner is carrying their own contingency within that contract as well. President Kreulen stated that he, Robert Ramsey and Ms. Holton review BNA Vision each Thursday and each project has its own contingency and there is also an overall program contingency. The overall program contingency has not been touched. The project contingencies that BNA has done to date are well within limits and not over-budget.

Commissioner Samuels inquired as to the goal on this phase. Ms. Holton stated the goals were 7.95% MBE, 11.53% WBE and 4% SBE. Hensel Phelps committed to 8.50% MBE, 11.53% WBE and 5% SBE.

Chair Joslin inquired as to when construction will start. Ms. Holton replied that it will be later this year. Ms. Holton reported essentially, BNA would work as two terminals while this construction is happening as there will be no connector in the middle with the exception of arrivals and bag claim levels. Ms. Holton stated the bag claim level is the most complex with changing the ceiling and flooring.

President Kreulen stated the garage will open in 12 months and 6 months after that, the administrative building would be finished on top of the garage. The garage will add 3,000 parking spaces and start producing revenue while the inside of the building is being finished.

Board Chair Samuels inquired as to the communications plan for customers in regard to the two separate terminals. Ms. Holton stated there is no plan in place yet since it is still in the early phases but there will be lots of signage and lots of communication to the public and community through social media.

A motion was made by Commissioner Granbery and seconded by Vice Chair Doerge to recommend approval of Terminal Lobby/IAF CGMP 2 of 6 (Design Assist – Core & Specialty Trades). The motion carried by vote of 4 to 0.

B. Approval of Terminal Garage/Admin Building CGMP 3 of 3 (Admin Building)

Ms. Traci Holton briefed the Committee on this item. Staff requested the BNA Vision Committee recommend to the Board that it authorize the Chair and President & CEO to execute the proposed Amendment 2 for Component Guaranteed Maximum Price #3 (CGMP 3) and the Guaranteed Maximum Price (GMP) that includes structure, core & shell, finishes and landscaping for the Terminal Garage and Airport Administration Building project at Nashville International Airport Progressive Design-Build contract.

Staff provided the BNA Vision Committee a staff analysis for Terminal Garage/Admin Building CGMP 3 of 3 (Admin Building) prior to the BNA Vision Committee meeting.

Ms. Holton reported this is the final CGMP for this project which is Garage C and the Administrative Building. This CGMP includes primarily the Administrative Building but also fire alarms, low voltage, roadway work, asphalt, striping and other smaller items associated with the Garage. No change in the SMWBE commitment. Since the contract execution in July 2018, the Design-Builder and MNAA staff have worked hard to reduce project costs and were successful in a number of areas. Despite best efforts, the project costs have trended upwards from the initial estimates. These increases are primarily due to the underground conditions and extensive rock removal required. Other cost increases were seen in the design progression as the project progressed from the conceptual 20% Bridging Documents to final Construction Documents. These impacts increase the final GMP from \$144,600,000 to \$173,149,595. The SMWBE goal is 8.69% MBE, 12.62% WBE and 4% SBE. Messer has committed to meeting that goal.

Because of the delay in Garage A, this contract has been extended sixty days so that gives substantial completion on the parking garage by February 29, 2020. Move in date for the administrative building is November 25, 2020 which includes the sixty day extension for the Garage A delay. The contractors have

encountered a lot more rock than expected. Ms. Holton stated BNA needs the rock and is stockpiling it. They anticipate 55,000 yard of rock coming out of the site. Messer is being aggressive and looking at every avenue but there could be more delays because of the rock.

Vice Chair Doerge asked if the design for future transit is incorporated into this design. Ms. Holton replied yes. Commissioner Granbery asked how large the administrative building will be. Ms. Holton stated it would be 60,000 square feet. Commissioner Granbery then asked if the \$44.8M includes tenant build out and wanted to know who created the project. Ms. Holton reported that the \$44.8M included tenant build out and Messer and their architect assisted MNAA's design and engineering team with creation. Commissioner Granbery inquired as to how many square feet were allocated per employee. Ms. Holton stated she did not have that information but could get that information for him. She stated there is room for growth through 2041. President Kreulen stated the facility is being built for 30% expansion in employees. The whole building will be built out but there will be vacant space. Additionally, MNAA is paying a little extra in case the building needed to be extended for more space in the future. Ms. Holton added that a portion of the first floor of the Administration Building will house TSA, another portion of the first floor will house the badging office in addition to MNAA administration.

President Kreulen stated the first floor of the garage will house Valet in order to handle a larger volume of cars. Chair Samuels asked where the employees will park. President Kreulen stated that has not been resolved yet. Commissioner Doerge inquired as to the badging office and whether contractors needing badges would be allowed to park in the garage. Ms. Holton stated the entire badging office would be housed in this building and contractors could park in the garage while in the badging office but would have to park at their jobsite on a daily basis.

Commissioner Sullivan asked how the remaining schedule will be affected if the contract is delayed. Ms. Holton reported engineering is looking into that now. The sixty day extension has not affected the rest of Project 3. Engineering is still talking through the scheduling and there is a possibility of temporarily moving the current MNAA Administrative offices elsewhere, but Hensel Phelps is working on that. Next month, Ms. Holton hopes to bring the final GMP for Project 1 to the Committee and Board for approval. Hensel Phelps is working on both projects and determining how pieces and parts do not impact the other. A lot of complex phasing that will go on with these projects. Commissioner Sullivan asked if there was a penalty in their contract. Ms. Holton stated there are hefty liquidated damages per day, but if there is an unforeseen condition there is no penalty for contract extension. The engineering crews are validating every extension against the contract to make sure it is a valid request.

Commissioner Doerge asked if there were lessons learned from the new building that need to be applied to this facility. Ms. Holton reported that some of the issues they had with the new building were based on the project delivery method and the contractor. The Project 2 team has been taken through the garage and have had lessons learned meetings.

A motion was made by Vice Chair Doerge and seconded by Commissioner Granbery to recommend approval of Terminal Garage/Admin Building CGMP 3 of 3 (Admin Building). The motion carried by vote of 4 to 0.

V. Information Items

A. Hotel Solicitation Update

Ms. Margaret Martin, VP and Chief Development Officer, briefed the Committee on this item. Ms. Martin gave a reminder to the Committee that the hotel solicitation contains two pieces, the parking garage and the hotel on top of it. The parking garage is a design-build garage. It is BNA's goal to maintain and collect revenue from the garage.

The goal for the hotel is a design-build-operate-finance and maintain facility. BNA is seeking a developer to build both pieces. After receiving positive feedback from the community in regard to the Request for Information (RFI), the Board approved issuance of the Request for Quotes (RFQ) and it was solicited to the public in February, 2019. Direct solicitation was sent to approximately 20 entities who had expressed interest and met with MNAA during the RFI process. As with all solicitations, the RFQ was posted on [flynashville.com](http://flynashville.com) and advertised with local newspapers. Ms. Martin's team met with the Hotel/Motel Association with the state of Tennessee and asked that they send it out to their membership. The RFQ has been downloaded by roughly 90 entities and 55 entities attended the pre-submission conference and tour on February 28, 2019. MNAA has received and answered 37 questions. Most of the questions dealt with very specific follow-up questions such as calculation of ACDBE and stipend information of intellectual property. Submissions are due May 2, 2019. There are two business diversity goals. The ACDBE goal is 8.94% for hotel operation. There are goals for SMWBE, WBE, and MBE for design and engineering of the garage.

Chair Joslin inquired as to where the goal numbers were originated, and why they were not even numbers. Ms. Martin stated the Business Diversity team at MNAA establishes those numbers. Davita Taylor, AVP, Procurement and Diversity, explained that these numbers are generated through the Disparity Study numbers, which are based on census data and directory data. Commissioner Joslin

inquired as to Small Business numbers. Ms. Taylor stated that everyone in these categories are small businesses. Their programs are based on race and gender and that is where they can set a real goal. Any other goal is aspirational. President Kreulen stated that when you look at all the different construction codes that go into building the garage and divide it by availability, you rarely come up with an even number.

Board Chair Samuels asked Ms. Martin to differentiate the design and engineering and the structure of the hotel. Ms. Martin stated MNAA will pay the developer back for design and engineering of the garage which is why there is a SMWBE goal tied to that. For the design, engineering, finance, operation and maintenance of the hotel, MNAA is not putting any money into it. All of that will lie in the hand of the developer which is why it is appropriate to apply an ACDBE goal and not an SMWBE goal. MNAA is requesting the developer submit an aspirational goal for ACDBE but not requiring it since MNAA is not putting any money into the hotel. Board Chair Samuels stated that the entire Authority receives federal funds and it should show on all of its programs and activities that there are opportunities. Board Chair Samuels expressed concern that if there is no construction goal then there is exclusion of businesses participating in the program. Ms. Taylor stated that anything done with federal funding has to have a very specific goal. Anything else is a gray area. Goals are encouraged but not expressed. Board Chair Samuels stated there could be risk for the authority if there is no goal assigned to the project. Ms. Taylor stated in her opinion, there would be potential for risk if MNAA does not mention a goal. There could be a community pushback if there are no local participation goals but there is nothing legally that says MNAA should or should not.

Ms. Martin reported the RFQ states there is no requirement for submission of SMWBE goals for the construction of the hotel due to what Ms. Taylor just explained, but MNAA will evaluate each bid on its participation. The developer will receive credit if it provides SMWBE goals for the construction of the hotel.

Ms. Martin then reported on the timeline. Submissions are due May 2, 2019. RFQ interviews are scheduled to occur with firms identified as potential short listed teams May 15-16, 2019. In May 2019, the Vision Committee and Board will be briefed with this information and hopefully MNAA will have established a shortlist. In June, the Vision Committee and Board will be asked to approve a shortlist of respondents. Upon approval by the Board, collaborative dialogue meetings would take place from June through November 2019 with the shortlisted teams. This phase is where the teams get an initial draft of the RFP and dive into the details of the project such as finance, operations, maintenance, airport

revenue share, if any, and term of lease. In November of 2019, the Vision Committee and Board will be asked for approval to issue the RFP, then move into solicitation for the request for proposal and only those teams shortlisted respondents to the RFQ will be able to submit a proposal at this point. Proposals are due February, 2020. The Vision Committee and Board will be briefed in March, 2020. Ideally, selection of a team and approval for contract award from the Committee and Board will be obtained in May, 2020. The goal is to have this open and operational by fall of 2023.

President Kreulen stated there will be lots of Board interaction during this process and nothing will be done until the Board has approved each step. If the Board approves to move forward with this project, the May 2020 date is important because it will take a year to finalize the design and two years to build it. BNA wants to open the garage and hotel at the same time the new central portion of the airport is built.

Commissioner Granbery asked if the Authority had a top ten list of things it needed to see in the hotel. President Kreulen replied that everything the Authority wanted was in the RFQ such as a certain level of service, a business center, a full service restaurant and a certain square footage of meeting space. That is the type of information the respondents will propose on May 2. At that time, the team will evaluate each one and come up with a short list depending on what each one recommended and the best financial deal for BNA. It will be shared with the Board how the list was narrowed down. Clay Paslay from Paslay Management Group (PMG) will be at the meetings to lead the process. If the Board decides to move forward with the finalists, staff will begin collaborative dialogue to work with those teams to finalize what is wanted and determine what it will look like.

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

**B. BNA Marketing Update**

President Kreulen apologized to the Committee for not doing a better job of presenting the marketing update information from day one. President Kreulen complimented Shannon Sumrall, AVP, Communications, Marketing and Customer Experience for all of her hard work on this project. He reported on the history of the communications of the marketing update. The idea of updating the airport's marketing pitch started in November 2017 after Ms. Sumrall attended the ACI Marketing and Communications Conference. In March of 2018 a goal was identified in order to build the budget for FY19. In July 2018 the marketing update was included in the budget as well as the design of an updated web page. September 2018 was the project kick-off. President Kreulen stated this is where he should

have done a better job of communicating. This information was included in the Board member hand-outs but stated he should have addressed it at the lunch meeting or a Committee meeting to give a month by month update on the marketing initiative. The Board reveal was March 2019. The direction President Kreulen gave to the marketing team was to be reflective of Tennessee and Nashville and to stay consistent with BNA Vision. The same guidance was given to Fraport as they design BNA's concessions program. Another goal with this project was to minimize operational costs. As part of BNA Vision, the Monument off I-40 will be redesigned and the Plaza will be designed to reflect Nashville. BNA did not want to put up old logos in these areas because it would have cost a significant amount of money to replace with the new logo. BNA also wanted to deliver the new logo by March to pick up on the free exposure from the NFL Draft, Rock n' Roll Marathon and Bonnaroo as well.

President Kreulen then reported on creative development of the new marketing initiative. BNA did not want to be like many other airports' logos that have a swoosh, triangle or an airplane. BNA considered what the local populace was doing and what they think about Nashville and the airport and how they are portraying it. Everywhere you look you see BNA hats, shirts, and posters. MNAA now owns the BNA trademark. The final decision was the "Be Nashville" strategy.

President Kreulen stated there was some confusion about the roll-out of the new initiative. The Board of Commissioners were the first to see the new logo on March 20. It was shown to the employees on March 21. On Friday, March 22 it was presented to business leaders at Business Taking Off and on Saturday, March 23 it was sent to community and civic Leaders to let them know and to get their feedback. The total number of people that had seen the logo was 810 at that time. The roll out was stopped on Sunday, March 24 when President Kreulen realized there were some concerns and spoke with Board Chair Samuels. The minimum release was done on Monday, March 25 with the requirement to get an expedited trademark search. There was a pause in marketing the new logo at this point until President Kreulen could get the topic in front of the BNA Vision Committee.

Overall, the feedback received has been positive. The logo was posted on the airport's web page and blog and the media picked it up. President Kreulen showed a brief news story that ran on WTVF NewsChannel 5 that was very positive. President Kreulen then spoke on project scope and costs. The total cost for the development and roll-out of the new branding was \$63K.

President Kreulen went on to inform the Vision Committee about the trademark. He stated the legal team had been working with Adams and Reese LLP to secure the trademark of the stylized "B." MNAA already owns the BNA logo. Expedited review of stylized "B" had been completed with a moderate risk



assessment. It has been determined that it is not unreasonable to proceed. Application for trademark of the stylized “B” is underway. President Kreulen stated in terms of it being a CEO business decision, it may be, but it was a failure on his part to communicate this more clearly to the BNA Vision Committee and the Board of Commissioners. In terms of a recommendation, President Kreulen stated he thinks the work that has been done is good and would like to move forward based on his concerns of mitigating the costs but also re-energize the roll-out.

Chair Joslin stated he did not think the new logo represented Nashville because Nashville is Music City. He likes the colors and understands the idea behind the “B” but felt the Authority missed the mark if the strategy was to represent Nashville. President Kreulen stated he understood the music part of it but when MNA is out there selling Nashville in terms of air service development, Nashville is also a healthcare capital of the world, an IT capital of the world, music capital of the world and education capital of the world. Memphis had already taken the music “note” and so had the Music City Center, so the goal was to blend everything that is Nashville – not just music. The real marketing approach is not just BNA it is “Be Nashville.” Nashville International Airport is inclusive, creative and all things to everyone in the community. The feedback has been positive with very little negative feedback.

Commissioner Granbery asked if there would be an opportunity or if it would be appropriate for the team that Tom and Shannon hired to come back to the BNA Vision Committee and full Board and walk the members through how they got to the “B”, and why there wasn’t anything music related incorporated in the new logo, before the monument and Plaza were constructed. He stated he really liked how the Predators worked music into the jerseys with the guitar picks with the three stars, strings in the numbers and piano keys on the collar.

Commissioner Doerge stated he thought there were two different issues. The process and the design. He asked the Board if they wanted to put a hold on the marketing of the design or if the main concern was the process. He stated Nashville has its two biggest weekends of the year coming up and he would hate to see BNA miss these by a week unless the Committee was seriously thinking of changing the logo.

Commissioner Granbery stated he did not think anyone wanted to change the logo but wanted to know more about the process. He stated he appreciated President Kreulen’s apology.

Ms. Sumrall stated that the Predators official logo does not have the music elements in it. They incorporate those music elements in different ways. The official logo for BNA does not have the music

elements in it, but marketing plans to incorporate it in different ways through BNA Vision such as the new terminal will look like a guitar.

President Kreulen spoke to Vice Chair Doerge's two points. The process the company went through was fine, but the problem was that he did not communicate it clearly enough. He should have been bringing the Committee and Board along on it instead of introducing it all at once.

Commissioner Smith stated she thought having an opportunity to talk about what an expansion or other branding methods might look like such as incorporating the keys into the stylized "B" might be helpful and get feedback from the Commissioners. President Kreulen stated as BNA begins different marketing tools, it would be an excellent idea.

Vice Chair Doerge asked again what the issue was today. President Kreulen stated that once he understood there were significant concerns from the Commissioners, marketing basically stopped so he could put a history together to bring back to the Commissioners to let them know where BNA is and what has been done to get to this point. President Kreulen would like to move on and get the exposure with the new logo but if the direction from the Commissioners is to stop because they do not like it, he needs to know.

Vice Chair Doerge stated he thought Commissioner Granbery's comments were valid but thought the concerns he had could be addressed and not hold up the roll-out. Commissioner Granbery agreed. Commissioner Smith stated she did not think there should be a hold up on the roll-out. Commissioner Granbery stated the Music City brand is so valuable and he really liked the way the Predators incorporated it into their merchandise in a subtle way.

President Kreulen stated he gets the Music City brand and thinks Butch Spyridon has done a great job with that. When selling air service, the market has to be broken down by tourism, education, health care, etc. President Kreulen stated he has to look at things from a slightly different perspective because airlines want to know what businesses are there and who is going to buy tickets. Commissioner Granbery stated that was good information.

President Kreulen reported Sean Henry (President, CEO & Alt. Governor of the Nashville Predators) was one of the community leaders to compliment the new logo by personal note. President Kreulen stated he realized there were no stars in the logo but thought that could be something to look at in the future. President Kreulen needed an affirmation or hold from the Committee.

Chair Joslin stated he thought BNA should continue with the roll-out and hoped the marketing team could come back with tweaks and incorporate Music City.

Commissioner Granbery again thanked President Kreulen for his apology and stated he appreciated the process and the work that had gone in to it and he thought BNA should continue the roll-out, but the BNA Vision Committee should be engaged in the process as time permits. Although this item was presented for information purposes only with no action required, Commissioner Granbery made a motion to the Committee for a vote to continue the roll-out and BNA Vision Committee be engaged in the process as time permits and seconded by Vice Chair Doerge. The motion carried by vote of 4 to 0.

President Kreulen stated staff would continue the roll-out and come back to the BNA Vision Committee with future marketing approaches.

VI. Adjourn

There being no further business brought before the BNA Vision Committee, Chair Joslin adjourned the meeting at 11:13 a.m.



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Amanda C. Farnsworth, Board Secretary