I. Call to Order

Chair Joslin called the meeting of the MNAA and MPC BNA Vision Committee to order at 10:40 a.m., pursuant to Public Notice dated May 10, 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 Granbery and seconded by Commissioner Sullivan. The motion carried by vote of 3 to 0.

III. Chair's Report

Chair Joslin stated he could not believe how much work has been done at the airport. He had never seen or heard so much from friends and other business people in the community that are blown away by the progress.

IV. Items for Approval

A. Approval of Concourse D and Terminal Wings CGMP 6 of 7 (Apron, Concrete, Finishes & Fire Alarm)

Mr. Robert Ramsey, VP, Chief Operating Officer, and 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
Minutes of the May 15, 2019 BNA Vision Committee

5 for Component Guaranteed Maximum Price (CGMP) #6 for the Concourse D & Terminal Wings project at Nashville International Airport Progressive Design-Build contract with Hensel Phelps (HP).

Staff provided the BNA Vision Committee a staff analysis of Concourse D and Terminal Wings CGMP 6 of 7 (Apron, Concrete, Finishes & Fire Alarm) prior to the BNA Vision Committee meeting.

Mr. Ramsey started the presentation with a BNA Vision Summary. He stated the last update on the budget was given back in October of last year. He reported on changes that have taken place in the budget since then. There has been a lot of progress in construction and the numbers are starting to shift from column to column. Parking and Ground Transportation Center came in under budget at approximately $10M. Concourse D and the Terminal Wings, the current approval item, is trending above the budget that had been originally set. Garage C and the Administrative Building is trending slightly higher. This project is about to offset some of the cost savings from the first parking garage. The program contingency budget has been used included in Concourse D and Terminal Wings. Enabling projects, such as the hole that had been filled in for additional apron, are tracking well and currently $4M under budget. There is approximately an additional $400K left in that project as well as the employee lot that is currently being worked on. There are additional savings combined in the enabling projects of approximately $1.5M which would make it $5.5M under budget instead of $4M. Tracking will continue on that and a firmer number will be established as the projects move further along. Nothing has yet been pulled out of the Program Contingency of $50M but with the current numbers on track with Concourse D approximately $15M is needed from the program contingency level to address some items. This would leave an approximate balance of $34M in the Program Contingency. The remaining items still have remaining Project Contingency in the individual projects.

President Kreulen stated he appreciated the detail Mr. Ramsey had given to the Committee and wanted to highlight the $34M on the program contingency level and point out that the program budget of $1.249B is still on track.

Commissioner Granbery asked that the next time this update was presented that the chart show the individual project contingencies. Mr. Ramsey responded that he would add that information to the next update.

Mr. Ramsey reported that CGMP 5 was presented in December 2018 to the Board and tracked at $238M. At that time, one CGMP was planned for May as the final CGMP. Once those numbers were received, the current tracking went up to approximately $275M. As a result, staff has been negotiating
several items. Staff and Hensel Phelps (HP) have broken it into two parts, CGMP 6 (May) and CGMP 7 which will push to August. That will give staff and HP time to work with the contracting community on finding some additional DBE items and hopefully get the $275M number down. Some of the issues that have caused the $37M price increase since December 2018 are:

- Unforeseen conditions including additional rock excavation and avoiding additional utilities that have been discovered
- Design progression such as Southwest ticket counter move and additional airline phasing had been much more complicated than initially planned
- Additional design fees to include more airline entrants such as Allegiant and Sun Country
- Additional scope items that had not been included previously such as dynamic glazing on windows which provides energy savings and passenger comfort
- Common use area for ticket counter space as more airline entrants move in
- Market forces such as labor availability and higher bid prices
- Scope transfers from project 3 to project 1 and fire alarm project rolled into terminal wings

Commissioner Joslin stated that the $37M difference was approximately a 3% increase in the total program budget of $1.2B. He thought that for a project that large, the increase was very controllable and very realistic. Mr. Ramsey stated he and Ms. Holton work very hard to not have to dip into the program contingency especially this early in the project. Fortunately, the end of the buying phase has been reached and the $275M should be the final number including the final CGMP 7. President Kreulen stated the $37M is within the budget.

Commissioner Sullivan asked if this was a Design Build. Mr. Ramsey replied this was a Progressive Design Build. Commissioner Sullivan asked if the design progression increase could have been foreseen. Mr. Ramsey stated the design progression is being split between CGMP 6 and CGMP 7. Discussions are underway and staff is asking for additional documentation to support why certain things were not built into the initial scope. The phasing has become much more complicated with the airlines so there are some legitimate costs there.

The next item presented by Mr. Ramsey was the Vision Program Schedule. Concourse D was originally scheduled for July 2020 and the current completion date remains July 2020. That is the opening of the additional 6 gates. The terminal wings original schedule was July 2020 and the projected completion date is December 2020 mostly due to phasing discussed earlier. Overall, it should not impact the Vision Schedule for this particular project. Garage C (floors 1-4) had originally been scheduled for December
2019. Since Garage A opened late, it pushed the contractual completion date to February 2020. With some of the rock encountered, it is tracking about 58 days behind schedule and that projected completion is now April 2020.

Commissioner Granbery asked if there were liquidated damages on those contract dates. Mr. Ramsey stated until the final CGMP is set, dates and schedule go hand in hand. There are penalties once the final CGMP date is set. Until the project is completely bought out, there are no penalties. Commissioner Sullivan stated since they have encountered more rock than anticipated, that would be an unforeseen condition and would warrant an extension.

Mr. Ramsey went on to report that the Airport Administration Building and Garage C floors 5 and 6 had an original schedule date of September 2020. With Garage A opening two months late, the current contract completion is November 2020. January 2021 is the target date for that project completion. Staff is working with Messer to improve those dates. The remaining two projects are still on track. Those include Terminal Lobby & International Arrivals Facility and Garage B and Hotel. They are all still tracking for September 2023 completion. The Terminal Access Roadway Improvements were scheduled for July 2024 but after discussion with TDOT the project completion is set for November 2024. Mr. Ramsey stated the airport would continue to work hand in hand with TDOT on this project.

Ms. Traci Holton briefed the Committee on the approval of Concourse D and Terminal Wings CGMP 6 of 7. Ms. Holton reported Hensel Phelps is the contractor for Concourse D and the contract cost of CGMP 6 is approximately $24.987M. If the Board approves, this would put the current total contract value at $220.9M for CGMP 1-6. The scope for this amendment includes apron concrete, fire alarm system, additional design services, general requirements and partial trade contracts related to finishes and other associated building work. By approving this amendment to HPS contract, there would be about 25% of those trade contracts going for approval so they can continue to go ahead with subcontracts and continue to finalize design and finalize the numbers. There is no change to the SMWBE participation. HP remains committed and are on track to meet or exceed the SMWBE goals.

Commissioner Granbery inquired as to the $37M deficit. Ms. Holton explained that part was in the project continency. Basically, they are using all of the project budget which includes a project contingency as part of that $37M. $22M would still be needed to accommodate the rest of the $37M. That would come out of the program contingency. The $275M is all inclusive. That will be the Guaranteed Maximum Price. From that point forward, the contractor will be at more risk to meet that
price. Ms. Holton stated staff is working on finding other ways to save and hope to come back to the Committee and Board with a lower number than the $275M.

Commissioner Joslin stated he thought staff did a great job of showing how the $1.2B was being spent and liked the slide as it was easy to read.

A motion was made by Commissioner Granbery and seconded by Commissioner Sullivan to recommend approval of the proposed Amendment 5 for Component Guaranteed Maximum Price (CGMP) #6 for the Concourse D & Terminal Wings project at Nashville International Airport Progressive Design-Build contract with Hensel Phelps (HP). The motion carried by vote of 3 to 0.

V. Information Items

A. Hotel RFQ Initial Review and Next Steps

Ms. Margaret Martin, VP and Chief Development Officer, briefed the Committee on this item. Ms. Martin reminded the Committee that the Board had approved issuance of the Request for Qualification (RFQ) back in December 2018. Five submissions were received on May 2, 2019. Staff is currently evaluating the responses. Recommendations will be provided to the Committee and Board in June, 2019. The five respondents include a mix of brand and independent operators, a mix of financing structures, and different levels of relevant design, construction and management experience.

Commissioner Granbery asked if Ms. Martin could speak to the five respondents and asked if Matthews Southwest was the local R.C. Matthews. Ms. Martin replied BNA Associates is a local team partnering with a company called Citizen M. Citizen M is the operation arm of a lot of the hotels in Europe. Chartwell Hospitality is a local developer. Fontainebleau is a national operator/developer. Matthews Southwest is not R.C. Matthews, and MCR is a national hotel developer/operator.

Commissioner Granbery asked if Omni was out. Ms. Martin replied Fontainebleau mentioned they have Omni experience. MCR just opened the TWA hotel today in New York at JFK Airport. Ms. Martin stated when staff comes back to the Committee and Board in June, they hope to have a shortlist of three and staff would ask for approval of the team to work with Paslay Management Group to develop the Request for Proposal (RFP). Staff would also ask the Committee and Board to approve the stipend. As the shortlist respondents start to move through design and development of their responses to the RFP through the collaborative dialogue process, they are going to be putting a lot of resources into that. It has been anticipated from the beginning paying a stipend to each team to purchase their intellectual property. Staff wants to be able to use the good ideas that come from each team and apply it to the
final project and the final RFP. After that, staff will come back to the Committee and Board in November with the final RFP and ask for approval to issue it. Once the final RFP has been issued, only the three shortlist respondents, if they are still involved, can respond to the RFP. In February, 2020 staff will receive responses to RFP. In March, 2020 staff would come back to the Committee and Board with an update on the responses. In May, 2020 the staff will come to the Committee and Board and ask for approval to award the contract to the winning developer and ask for approval for the stipend.

Commissioner Granbery asked if it has been anticipated how much the stipend would be for each. Ms. Martin replied it is anticipated to be $750K per respondent to the RFP. That will be rolled in and paid for by the winning awardee. The winner will pay the other two that do not win the contract as part of their financing project. In June 2020, the design process will begin. Construction is to begin in June of 2021, and the scheduled opening is in September of 2023.

Commissioner Granbery inquired as to the deal structure of the hotel. President Kreulen stated that staff does not know all the terms. Paslay Management Group has done this at other airports and Paslay will explain the proposed deals and advise accordingly. President Kreulen stated the winning developer will build the garage for MNAA along with the hotel so it is one contract. MNAA will pay for the garage. Everything above the garage the developer will pay for, operate and maintain.

Commissioner Granbery inquired as to the term. Ms. Martin replied that a 50 year lease is the maximum and that has been communicated. She explained there is a mix of financing structures included in the responses received. Respondents have expressed typical structures such as putting in a certain amount of equity and partnering with different banks to finance the debt. One of the respondents has proposed creating a special entity and getting tax-exempt bonds for financing. The final terms could depend upon the financing structure.

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

VI. Adjourn

There being no further business brought before the BNA Vision Committee, Chair Joslin adjourned the meeting at 11:08 a.m.

by Amanda C. Farnsworth, Board Secretary