

Minutes of the Joint Meeting of the
MNAA Board of Commissioners
and MPC Board of Directors



Date: June 26, 2019

Place: Nashville International Airport

Time: 1:00 p.m.

Board Members Present:

A. Dexter Samuels, Chair; John Doerge, Bill Freeman, Nancy Sullivan, Jimmy Granbery, Bobby Joslin and Mayor's Representative, Jamari Brown (arrived at 1:23 p.m.)

Board Members Absent:

Trey Harwell, Vice Chair; Amanda Farnsworth, Secretary; Christy Smith

Others Present:

Doug Kreulen, Cindy Barnett, and Angela Edwards

I. Call to Order

Chair Samuels called the MNAA Board of Commissioners and MPC Board of Directors meetings to order at 1:00 p.m., pursuant to the Public Notice dated June 21, 2019.

II. Approval of Minutes

Upon motion made by Commissioner Granbery and seconded by Commissioner Freeman, the Board voted to approve the Minutes of the May 22, 2019 Joint Meeting of the MNAA Board of Commissioners and MPC Board of Directors. The motion carried by vote of 6 to 0.

III. Chair's Report

Chair Samuels did not have a Chair's Report.

IV. President's Report

President Kreulen reported on total passengers and stated BNA had a record month in May 2019. Total passengers were up 17.3% this year over last year with 1.66M. FY19 YTD is 15.1% over FY18 with 15.5 passengers.

Concessions sales, which includes food, beverage, services, news and gift, is up 15% for the month of May 2019 as compared to May 2018. FYTD is 15.2% over FYTD18.

President Kreulen presented a chart of Fraport revenue and the amount Fraport is paying BNA each month for the minimum annual guarantee. Sales are trending up since Fraport took over concessions in February, however, sales will probably stagnate while changing out new concepts.

Rental car sales are up for April 2019 by 8.3% over April 2018 and 9.3% for FY19. This number used to track with passenger numbers but now it reflects growth with impacts in the market.

V. Items for Approval:

A. Approval of MNAA Resolution No. 2019-08 in Support of Submission to Federal Contract Tower Program

Staff provided the Board a copy of MNAA Resolution No. 2019-08 in Support of Submission to Federal Contract Tower Program prior to the meeting.

Staff requested that the Board of Commissioners approve MNAA Resolution No. 2019-08 expressing support for the President & CEO to submit an application for entry into the Federal Contract Tower Program at John C. Tune Airport and authorize the Chair and President & CEO to execute the Resolution.

Mr. Robert Ramsey, SVP, COO, briefed the Board on this item. If accepted into the Contract Tower Program, MNAA would be responsible for funding capital expenses, including design and construction. MNAA would also be responsible for maintenance of the tower. Federal Aviation Administration (FAA) would provide air traffic control services including the controllers and the costs associated with that.

Committee Review:

Commissioner Freeman reported this item was presented to the General Aviation/Operations/Planning/Engineering Committee on June 12, 2019. The GAOPE Committee voted 3 to 0 to recommend approval to the Board of Commissioners.

Chairman Samuels took Commissioner Freeman's statement as a motion and Commissioner Doerge seconded the motion to approve MNAA Resolution No. 2019-08 expressing support for the President & CEO to submit an application for entry into the Federal Contract Tower Program at John C. Tune

Airport and to authorize the Chair and President & CEO to execute the Resolution. The motion carried by vote of 6 to 0.

B. Approval of On Call Clearing, Grubbing, Grading & Tree Removal Services

Staff provided the Board a staff analysis for the On Call Clearing, Grubbing, Grading & Tree Removal Services prior to the meeting.

Staff requested that the Board of Commissioners accept the proposal by Queen's Tree Surgery, Inc. (Queen's) for the On Call Clearing, Grubbing, Grading & Tree Removal Services Contract at Nashville International Airport (BNA) and John C. Tune Airport (JWN) and to authorize the Chair and President & CEO to execute the contract with Queen's Tree Surgery, Inc.

Mr. Ramsey briefed the Board on this item. A Request for Proposals was advertised in April. One proposal was received in May despite three firms attending the pre-proposal meeting. Queen's Tree Surgery was the only submission. The purpose of the on-call contract for clearing, grubbing, tree and brush removal services is to provide labor for wildlife habitat management or obstructions that violate FAA airspace directives and endanger the flight operations for aircraft, minor earthwork/grading, and install erosion prevention and sedimentation control measures. The total contract cost would be (not to exceed) \$2M per year. Queen's is the previous contract holder and that contract was a maximum cost of \$750K per year. However, the cost is anticipated to be significantly higher as BNA prepares for Visions 2.0, 3.0 and 4.0 as site preparation begins and clearing areas in order to store materials.

Committee Review:

Commissioner Freeman reported this item was presented to the General Aviation/Operations/ Planning/Engineering Committee on June 12, 2019. The GAOPE Committee voted 3 to 0 to recommend approval to the Board of Commissioners.

Chairman Samuels took Commissioner Freeman's statement as a motion and Commissioner Doerge seconded the motion to accept the proposal by Queen's Tree Surgery, Inc. (Queen's) for the On Call Clearing, Grubbing, Grading & Tree Removal Services Contract at Nashville International Airport (BNA) and John C. Tune Airport (JWN) and to authorize the Chair and President & CEO to execute the contract with Queen's Tree Surgery, Inc. The motion carried by vote of 6 to 0.

C. Approval of JWN TDOT Hangar Amendments

Staff provided the Board a staff analysis for the JWN TDOT Hangar Amendments prior to the meeting.

Staff requested that the Board of Commissioners approve a \$350,000 increase to the project budget and the resulting change orders for the John C. Tune Airport (JWN) Hangar Development project at JWN.

Mr. Ramsey briefed the Board on this item. There have been some cost overruns and delays on this project. There are additional costs on the retaining wall necessary for the project. As the final construction phase is entered, additional electrical costs, stormwater pipe and NES changes need to be made which are included in the budget increase.

Mr. Ramsey gave a background of the project. It was originally bid in August 2017 and included all site work and construction. One bid was received which was not responsive or responsible and the solicitation was cancelled. The single project was divided into a site-only project and a building-only project and re-solicited. In December 2017 the Board approved the construction contract with Civil Constructors for the site-only project. In January 2018 the Board approved the building-only project contract with Baron. There was an additional increase to the budget in February 2018 approved by the President & CEO in the amount of \$450K.

Committee Review:

Commissioner Freeman reported this item was presented to the General Aviation/Operations/Planning/Engineering Committee on June 12, 2019. The GAOPE Committee voted 3 to 0 to recommend approval to the Board of Commissioners.

Chairman Samuels took Commissioner Freeman's statement as a motion and Commissioner Doerge seconded the motion to approve a \$350,000 increase to the project budget and the resulting change orders for the John C. Tune Airport (JWN) Hangar Development project at JWN. The motion carried by vote of 6 to 0.

D. Approval of Amendment to FY20 BNA CIP Budget, MNAA Resolution No. 2019-06

Staff provided the Board a staff analysis for the Amendment to FY20 BNA CIP Budget and a copy of MNAA Resolution No. 2019-06 prior to the meeting.

Staff requested that the Board of Commissioners approve the Amendment to FY20 BNA CIP Budget and authorize the Chair and President & CEO to execute MNAA Resolution No. 2019-06.

Ms. Marge Basrai, VP, Chief Financial Officer, briefed the Board on this item. After the Board approved the CIP and Operating budgets this past April, the Airlines had an opportunity in May to review the Rates & Charges and the Airfield CIP projects in the FY20 capital improvement budget in order to provide approval.

Based on MNAA staff meeting with the Airlines, there is one funding change to the FY20 CIP. The cost for the Reconstruction of Runway 2R/20L on the approved CIP was \$90M. \$70M of this is Airline funded, \$3.75M through the Airline Investment Fund and \$66.25M from future bonds. Since the Airlines pay for both of these, they requested the \$3.75M be moved to future bonds. MNAA agreed to this change.

Another change to the FY20 CIP was to the CONRAC Reallocation project. This project had an estimated cost of \$1M and is funded from excess CFC's. Since the April board meeting, the consultant working on the project revised the estimate and has determined it will actually cost \$2.5M. An additional \$1.5M needs to be added to this project, all from excess CFC's.

Overall, MNAA increased the FY20 CIP by \$1.5M and changed the funding sources for the runway.

Committee Review:

Commissioner Freeman reported this item was presented to the Finance/Administration/Properties Committee on June 12, 2019. The FAP Committee voted 3 to 0 to recommend approval to the Board of Commissioners.

Chairman Samuels took Commissioner Freeman's statement as a motion and Commissioner Granbery seconded the motion to approve the Amendment to FY20 BNA CIP Budget and authorize the Chair and President and CEO to execute MNAA Resolution No. 2019-06. The motion carried by vote of 6 to 0.

E. Approval of Amendment of FY20 BNA O&M Budget, MNAA Resolution No. 2019-07

Staff provided the Board a staff analysis for the Amendment of FY20 BNA O&M Budget and a copy of MNAA Resolution No. 2019-07 prior to the meeting.

Staff requested that the Board of Commissioners approve the Amendment to FY20 BNA O&M Budget and authorize the Chair and President & CEO to execute MNAA Resolution No. 2019-07.

Ms. Basrai briefed the Board on this item. The CIP funding change that was just approved for the Reconstruction of Runway 2R/20L to move \$3.75M from Airline Investment Fund to future bonds impacts the FY20 Operating Budget for BNA. The costs included in the Airline Investment Fund are used in the calculation of rates and charges, specifically the landing fee rate.

After running the change through the Rates and Charges model, the overall effect is a total reduction to budgeted operating revenue of \$3.74M which is a \$3.4M decrease in signatory landing fees and \$302K decrease in non-signatory landing fees.

Overall, the total Operating Revenue will be decreased to \$160.4M.

Committee Review:

Commissioner Freeman reported this item was presented to the Finance/Administration/Properties Committee on June 12, 2019. The FAP Committee voted 3 to 0 to recommend approval to the Board of Commissioners.

Chairman Samuels took Commissioner Freeman's statement as a motion and Commissioner Doerge seconded the motion to approve the Amendment to FY20 BNA O&M Budget and authorize the Chair and President & CEO to execute MNAA Resolution No. 2019-07. This motion carried by vote of 6 to 0.

F. Approval of Hotel and Garage Development (Shortlist, RFP, and Work Product Amount)

Staff provided the Board a staff analysis for the Hotel and Garage Development (Shortlist, RFP, Work Product Amount) prior to the meeting.

Staff requested that the Board of Commissioners:

- 1) approve a shortlist of respondents from the Request for Qualifications;
- 2) approve hotel solicitation assistance by Paslay Management Group (PMG); and
- 3) approve the work product amount for future purchase of intellectual property.

Ms. Margaret Martin, VP, Chief Development Officer, briefed the Board on this item. The Board approved the issuance of the RFQ in December 2018. Five RFQ submissions were received in May 2019.

Ms. Martin presented a chart of the respondents along with their proposal scores and the hotel brand each proposed.

The evaluation committee consisted of five members that ranked and awarded points to each respondent to compile the total proposal score for each. The key factors for choosing the top three respondents were:

- Strength of team
 - Design-builder
- Experience in on-airport hotel design and construction
- Experience in relevant garage design and construction
 - Hotel developer/operator
- Experience opening and managing upscale hotels, including on-airport
 - Relevant, recent and successful comparable projects
 - Organization and quality of submissions
- Answered/responded to every part of RFQ
- Creative financing solutions, including debt/equity structures and financing via sale of tax-exempt bonds
- Experience designing, building and operating upscale branded and independent hotels
- Committed to meeting or exceeding ACDBE for hotel operation and SMWBE goals for construction of the garage

MNAAB staff will begin collaborative, multi-phase dialogue meetings with the top three respondents.

The business structure will be evaluated as to branded or independent hotel, long-term ground or air rights lease or concession operating model, financing, length of agreement before MNAAB assumes ownership, as well operation and maintenance of the hotel. Design and technical considerations will be evaluated to ensure BNA design criteria, a Nashville sense of place, and construction phasing and schedule with BNA Vision completion in 2023.

Commissioner Granbery inquired as to when MNAAB would commit to the money for the respondents. Ms. Martin stated the money Commissioner Granbery referred to is the purchase for work product amount. The amount for each respondent would be \$750K to purchase their ideas for creative design,

operating ideas and financing ideas to be used as part of the final RFP or incorporated into the successful bidder's proposal. The purchase for work product agreement would be executed prior to the beginning of the collaborative dialogue meetings. The first collaborative dialogue meeting is scheduled for August 2019. The actual payment would be made when the respondent submits a final responsive proposal to the RFP. The RFP is scheduled to go out in November 2019. Each respondent that provides a final, responsive proposal by February will be paid \$750K. President Kreulen stated each respondent had to stay in for the entire process. If one drops out for any reason, they would not be paid for any work product.

Chair Samuels asked that Mr. Clay Paslay of PMG speak to the importance of having three respondents instead of two. Mr. Paslay stated there is a likelihood that one will drop out. In his experience, as the collaborative dialogue process progresses, one respondent will realize the probability of winning may not be good. It is important to have three choices to start with. MNAA does not want to find itself in a situation where it only has two respondents, if one drops out, negotiation is limited to the remaining respondent only.

Commissioner Sullivan asked what percentage of the design package would be received. Mr. Paslay replied it will be close to schematic design if not a complete schematic design. These companies invest a lot into their design. The respondents usually spend two to three times the work product amount. The work product amount shows a good faith and committed effort on MNAA's part and helps the respondents cover the costs of consultants working on the project. The developer will not recover much of its cost.

Ms. Martin stated the \$750K per respondent will be paid for as part of the total project cost by the winning respondent. The only way MNAA would be out of pocket for the work product amount would be if the Board chose not to move forward with the project.

Committee Review:

Commissioner Joslin reported this item was presented to the BNA Vision Committee on June 12, 2019. The BNA Vision Committee voted 3 to 0 to recommend approval to the Board of Commissioners.

Commissioner Granbery asked if all the respondents knew that \$750K per respondent is rolled into the successful developer's financing. Ms. Martin replied yes. Commissioner Granbery then asked if the winning bidder would have the chance to look at the ideas of the other respondents. President Kreulen

stated yes, MNAA would own the ideas that come from each of the respondents to use in the final design.

Commissioner Joslin inquired as to what would happen if two of the three respondents dropped out. Mr. Paslay stated there is always a chance of that, but you may end up with a good deal from the one remaining respondent. Mr. Paslay stated it would not be necessary to automatically start the process over if two respondents dropped out. Through the collaborative dialogue process, MNAA is working with the respondents on design, finance and terms of the lease agreement. The intent is to get to the end of this process and have a deal MNAA is satisfied with by all of the respondents.

Chairman Samuels took Commissioner Joslin's statement as a motion and Commissioner Doerge seconded the motion to:

- 1) approve a shortlist of respondents from the Request for Qualifications;
- 2) approve hotel solicitation assistance by Paslay Management Group (PMG); and
- 3) approve the work product amount for future purchase of intellectual property.

The motion carried by vote of 6 to 0.

Mayor's Representative Jamari Brown joined the meeting at 1:23 p.m.

G. Approval of Committee Assignments

Staff provided the Board a copy of the Committee Assignments prior to the meeting.

Commissioner Freeman made a motion for approval of the Committee Assignments as recommended by the Management Committee. Commissioner Joslin seconded the motion. The motion carried by vote of 7 to 0.

President Kreulen stated the change would go into effect July 2019.

VI. Staff Reports

A. Operations Report

Mr. Ramsey briefed the Board on this item.

Mr. Ramsey reported that parking revenue was up for the month of May approximately 11.2% over May 2018 largely due to the rate increase that went into effect May 6, 2019. FY19 YTD was up 5.1%.

The garage, Long Term A and Long Term B are staying full three to four days a week. Air cargo tonnage was relatively flat from May 2019 over May 2018 and FY19 YTD is up approximately 6.1%.

BNA fuel sales for May were up 8.7% over May 2018. FY19 YTD was relatively flat over FY18 YTD. John C. Tune fuel sales were up 26.2% in May over May 2018, and FY19 YTD was up 20.7%.

Mr. Ramsey presented each member of the Board with a book containing June 2019 BNA Vision monthly updates for their reference. He also presented some photos of the old Concourse D before and after demolition, the steel erection for the new Concourse D, the Central Utility Plant, the steel erection for Terminal Wing Expansion (North), bag claim ceiling demolition, Terminal Garage C formwork on level four and the airwave canopy foundations.

B. Financial Report

Ms. Basrai gave an update on financials as of May 31, 2019.

BNA operating revenues were \$154.4M FY19 YTD; \$11.5M above budget and \$17M over the prior year. The largest variance is signatory airline revenue which is approximately \$1.5M above budget and \$5.9M over prior year. Landing fees increased 13% due to the increase in landed weights. Terminal rents are higher this year due to the \$5M baggage handling project airlines are paying for this year.

Parking revenue was \$4.7M above budget, and \$2.3M over the prior year. The parking revenue budget was conservative due to construction. Concessions revenue (meaning in-terminal concessions and rental car revenue) was above budget by \$3.8M and \$4.4M over last year. BNA is also above budget \$1.5M in non-signatory and cargo landing fees due to an increase in landed weights.

BNA operating expenses were \$82.5M FY19 YTD; \$7.4M below budget and \$8.9M over the prior year. The largest variances are approximately \$4M in Salaries & Benefits due to open budgeted positions that are still open and the increase in the budget for the salary and compensation study which was budgeted for the full year although it was implemented in January 2019. Benefits are trending below budget by approximately 6%. There will be some true-ups at year-end related to benefits in OPEB and Pension but that is expected to be a relatively small adjustment. Contractual Services were \$4.1M below budget, mainly driven by timing of services such as shuttle buses, legal, PCI consulting services, and BNA has not spent some of the contingency funds that were set aside for the year so far. It is

anticipated that \$2M of this variance will be spent this month, but operating expenses should remain under budget overall at year-end. The total below budget is slightly offset by being \$750K over budget in parking lot operations due to additional employee parking shuttles needed.

FY19 operating expenses were almost \$9M more than the prior year. Personnel costs were more this year over prior year due to a cost of living increase given last year and compensation study adjustments. Contractual services were \$3M over prior year due to BNA's growth for parking lot operations, shuttle bus services, janitorial services and security services. \$2.5M has been spent in other expenses mostly for advertising and special events and conferences BNA hosted this year.

JWN operating revenues were \$835K FY19 YTD; \$64K above budget and \$45K more than the prior year. Fuel flowage fees had a larger than expected increase of approximately \$30K. There was a \$28K increase in rent due to a hangar that is renting more per month than budgeted. There were also six new T hangars that were leased in March 2019.

JWN operating expenses were \$493K FY19; \$130K below budget and \$124K below last year. \$101K of that was in contract services related to projects that were delayed and those projects will not be completed this year. It is anticipated that some of that will be spent on smaller projects in June. Approximately \$21K was in material and supplies and travel expenses that had not been spent yet.

MPC operating revenues were \$2.9M FY19 YTD; \$49K above budget and \$40K above the prior year. In previous months revenue had been trending under budget due to a tenant that had defaulted on their lease. That has now been made up by two new leases as well as normal rent escalations. Therefore, operating revenues are above budget.

MPC operating expenses were \$1.2M FY19 YTD; \$349K below budget and \$48K less than last year. Variance with budget were attributable to \$273K in contract services. \$166K was budgeted for planned improvements in the Multipurpose building, but due to an inspection that was done, additional scope needs to be added to the project so it will be pushed to a later date. \$77K for elevator repair, security services and janitorial services were not needed. \$38K in maintenance and supplies were not needed this year. There were approximately \$48K in utilities savings because of the installation of new thermostats and timers last year to help control energy costs.

Chairman Samuels inquired as to being over budget on the transportation side. Mr. Ramsey stated it was largely due to the employee lot running out of capacity as it was being finished. Due to Vision construction, there have been a number of management staff, airline tenants, concessions staff and

Authority staff that have been relocated to Economy Lot C. Additional shuttles have been needed to bus the employees to the terminal as not to overwhelm the public shuttles. Now that the new lot is open this week, there is capacity and that additional shuttle service should cease and that cost should not be carried forward. President Kreulen stated the contract amendment was previously brought to the Board.

VII. Information Items

A. Contract for On Call Landside Paving

President Kreulen reported that an RFP was put out for bid. Two proposals were received from Pope Striping and Crown Paving. Staff chose Crown Paving with a contract cost of not to exceed \$450K per year. Funding will come from Capital Improvement Project budget and O&M budget.

B. Airport Master Plan Update

President Kreulen stated there were several big items identified in the Master Plan. Staff will come to the Board with the needs to improve the roadways, specifically on the departures and arrivals, and ground transportation levels. Additional lanes will need to be added and may need to be completed with BNA Vision. Rental cars have a need for additional facilities and that will also be brought before the Board once the Master Plan has been finalized. President Kreulen presented a slide of Master Plan Terminal Development options.

President Kreulen reported that the Board approved in the budget some initial design, environmental and property acquisitions that would need to take place to extend Runway 2L. The goal is to be at approximately 12K feet total runway length after extension. There are nineteen parcels that would need to be acquired to achieve that.

As part of the Master Plan, new Noise Exposure Maps were developed. The maps show the noise exposure is increased to the north and south and narrowing to the east and west. As of now, it looks as if all of the property per the FAA requirements is within the boundaries so MNAA hopes there will not be a need to add additional soundproofing but once that is determined, the Board will be updated. Additional flights have adjusted the noise maps, but those flights have not made a significant impact to the surrounding communities.

C. JWN Customer Satisfaction Survey

President Kreulen thanked Commissioner Farnsworth, Commissioner Granbery and Commissioner Joslin for the feedback on the JWN Customer Satisfaction Survey. Staff has incorporated the changes recommended. The survey should still take approximately 7-10 minutes to complete, and will be issued after this meeting. Results will be shared with the Board in August 2019.

D. Fraport Transition Update

President Kreulen stated MNAA staff is making great progress with Fraport. The Consolidated Receiving and Distribution Center is fully operational. It is located in the Multi-Purpose Building. Fraport has awarded new contracts for ATMs and five vending companies. Fraport has signed Exhibit G as of June 14, 2019 so they are now bound to deliver the twenty-two locations by April 2020. Letters of Intent have been signed on all locations. The five subleases that have been sent out covered eleven different locations. One sublease has been signed for two locations. President Kreulen and Ms. Martin have another executive update with Fraport leadership in two weeks.

E. BNA and JWN Land Development Update

President Kreulen presented a slide showing land development opportunities surrounding BNA and at JWN. A Notice of Availability (NOA) for Development will be advertised for a thirty-two acre parcel south of Murfreesboro Pike, which may be developed under all thirty-two acres or a minimum of five acre parcels. An NOA for Development will also be advertised for the seventy-five acre parcel south of Donelson Pike.

There is a 4.75 acre piece of land at JWN that has been identified for development. That was brought before the FAP Committee and the Commissioners gave the staff some feedback to package that acreage with the property located north of the terminal and south of the TDOT hangar. Staff is in the process of developing parameters for that package and will bring their proposal back to the FAP Committee and Board for approval.

F. Economic Impact Study Final Report

President Kreulen thanked Mr. Tom Jurkovich, VP, Communications and Public Affairs, and his team for their work on this study. The Board members were presented a copy of the final report. The airport's impact to the economy went from \$3.5B to \$7.1B in a six year time period. Jobs from aviation activity have grown to almost 70K. The airport pays a lot of money in state and local taxes.

MNAA hopes to have more conversations with the state and federal government on how to recoup some of that money going forward. Mr. Jurkovich and his team are working on a press release.

G. BNA Vision Program Budget & Schedule Summary

President Kreulen gave an update on BNA Vision Program Budget. In April 2019, program contingency was \$33.1M. After Mr. Ramsey and Ms. Holton did a close out of the parking and ground transportation center, they saved an additional \$1M. Program contingency is now \$34.1M. Combined with the \$58M in project contingency, the total program contingency is \$92.5M. BNA Projects and Budget Summaries will be a monthly update going forward.

The BNA Vision Program Schedule has not changed since it was presented in May.

H. Workforce Development Update

President Kreulen stated Ms. Karisse Spray, AVP, Human Resources is out of the office attending a Human Resources conference. President Kreulen reported there are three hundred seven active employees. Staff is evaluating benefits enrollment and paid time off eligibility. President Kreulen then introduced recent hires, Mr. Adam Floyd, Director of Emergency Management and Ms. Stacey Nickens, Director, Customer Experience. President Kreulen welcomed them to the airport.

President Kreulen reported that the airport focuses on emulating the surrounding community in its workforce diversity. He presented a slide showing how the airport workforce compares to the Nashville Labor Market. These numbers will be adjusted to show not only the Nashville market, but also, the Tennessee market and the Davidson County market. MNAA has focused on adding females to the leadership team, African Americans and other minorities. The talent pool at the airport is getting bigger and better.

I. Business Diversity Development Update

President Kreulen reported on MWBE participation in May. He stated the aspirational goals from professional services all the way through construction programs for MWBE participation by month and year will be exceeded.

Ms. Davita Taylor, AVP, Procurement and Diversity and Ms. Donzaleigh Powell, Director, Business Diversity were charged with analyzing how MNAA sets MWBE goals. Currently, their research is being

combined with Griffin & Strong's work on the Disparity Study. Staff will be attending the Airport Minority Advisory Council Conference in August.

J. Disparity Study Update

The draft results of the Disparity Study will be completed in October 2019. President Kreulen stated the Board will be updated with the results and what is learned at the conference along with the Study, all of which will help guide MNAAB's future as to MWBE goal setting.

K. CEO Evaluation Inputs

President Kreulen stated he would get an evaluation from the Management Committee and Board in the next couple of months.

L. ALERT Update

President Kreulen complimented Ms. Basrai, Mr. Ramsey and Ms. Martin for generating additional revenue and controlling the budget to keep MNAAB on track. President Kreulen stated he thinks the NAE Fund (Cash Reserve) will be in a secure position post-audit with approximately \$77M.

Chair Samuels inquired as to how the airport is incorporating Risk Management into the ALERT from an environmental and financial standpoint. President Kreulen stated the initial focus for Mr. Edward McDonald, AVP, Risk Management, is starting the assessment on the insurance policies first and then will move on to the risk on the financial side. President Kreulen stated Mr. McDonald will then work on the Safety Management System. Overall the goal is an inner fraud management system.

M. AMAC and ACI Registration

President Kreulen presented two conferences the Commissioners might be interested in attending. AMAC 2019 Airport Diversity Conference is being held in Los Angeles in August. ACI's Annual Conference & Exhibition is in September 2019 in Tampa. President Kreulen encouraged all Board members interested in either or both conferences to attend.

N. Litigation Status Update

Commissioner Freeman requested an executive session of the Board of Commissioners for the purpose of privileged communications with legal counsel Zan Blue. Commissioner Doerge

seconded the motion. The motion carried by vote of 7-0. Chair Samuels began the executive session at 2:00 p.m.

Chair Samuels reopened the meeting to the public at 2:30 p.m. Marge Basrai joined the meeting at this time. Commissioner Freeman made a motion to authorize settlement of the Wigington litigation as follows: (1) payment of a sum not exceeding Two Million Dollars (\$2,000,000), and (2) payment of an amount equivalent to sums claimed by Wigington to be due as unpaid benefits under the employment agreement, as determined by the Chief Executive Officer and within his spending authority; provided further that payment of the foregoing amounts is subject to a full release by Wigington of all claims against MNAA and its Commissioners, employees and agents. Commissioner Doerge seconded the motion. The motion carried by vote of 5-0, with Chair Samuels and Commissioner Joslin abstaining.

VIII. Adjourn

There being no further business brought before the Board, Chair Samuels thanked the Commissioners for their participation and adjourned the meeting at 2:35 p.m.



Amanda C. Farnsworth, Board Secretary