

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



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Date: September 25, 2019

Place: Nashville International Airport

Time: 1:00 p.m.

Board Members Present:

A. Dexter Samuels, Chair; Trey Harwell, Vice Chair; Amanda Farnsworth, Secretary; John Doerge, Bill Freeman, Nancy Sullivan, Jimmy Granbery, Bobby Joslin; Christy Smith; and Mayor's Representative Jamari Brown (arrived at 1:30 p.m.)

Board Members Absent:

None

Others Present:

Doug Kreulen, Cindy Barnett, and Angela Edwards

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I. Call to Order

Chair Samuels called the MNA Board of Commissioners and MPC Board of Directors meetings to order at 1:02 p.m., pursuant to the Public Notice dated September 20, 2019.

II. Approval of Minutes

Upon motion made by Commissioner Granbery and seconded by Commissioner Doerge, the Board voted to approve the Minutes of the August 28, 2019 Joint Meeting of the MNA Board of Commissioners and MPC Board of Directors. The motion carried by vote of 9 to 0.

Upon motion made by Commissioner Farnsworth and seconded by Commissioner Freeman, the Board voted to approve the Minutes of the August 14, 2019 Joint Meeting of the MNA GAOPE and MPC Engineering and Planning Committees. The motion carried by vote of 9 to 0.

Upon motion made by Commissioner Farnsworth and seconded by Commissioner Granbery, the Board voted to approve the Minutes of the August 14, 2019 Joint Meeting of the MNA and MPC FAP Committees. The motion carried by vote of 9 to 0.

III. Chair's Report

Chair Samuels stated he attended the ACI Conference in Tampa and it was nothing compared to the Conference in Nashville. Chair Samuels commended Cathy Holland, Director, Community Affairs, Arts and Events, and team for a job well done on the ACI Conference held in Nashville. He stated the warmth, engagement, and cultural environment gave attendees a real sense of Nashville.

IV. President's Report

President Kreulen introduced new employees Gale LaRoche, VP, Chief Administrative Officer and John Luis, Director of Financial Planning and Analysis and thanked them for joining the MNAA team.

President Kreulen introduced Captain Alan Keene and reported that he had just graduated from the FBI Academy. MNAA now has five FBI Academy graduates. President Kreulen congratulated Captain Keene on his accomplishment.

President Kreulen congratulated Commissioner Farnsworth on her flight across the Atlantic to Europe. The mission of this flight was to recognize Women Airforce Service Pilots (WASPs), empower ladies to pursue their dreams of becoming a pilot, and to highlight cutting-edge technologies and tools.

President Kreulen then recognized Commissioner Granbery for being selected as 2019 Public Schools Hall of Fame Distinguished Alumni Award Honoree. He was a graduate of Hillwood High School. He has recently been appointed to the Tennessee Fish and Wildlife Commission. Commissioner Granbery has been a longtime supporter of the YMCA of Middle Tennessee which recently awarded him the organization's highest honor, the Order of the Red Triangle.

BNA will celebrate Spirit Airlines on October 10, 2019 as it begins service out of BNA. There will be a ceremony at BNA that morning and there is an evening event at the Musicians Hall of Fame for Spirit Airlines executives and BNA leadership. Spirit will offer daily flights to Baltimore/DC, Fort Lauderdale, New Orleans, Las Vegas, Orlando and Tampa.

President Kreulen updated the Board of Commissioners on upcoming sponsorship and promotion opportunities. Those are the Leadership Donelson Hermitage (L'Evate) Artable, Joe Kraft Humanitarian Award Luncheon and the Tennessee Aviation Hall of Fame Gala.

To kick off football season, Titans Day was held at BNA Thursday, September 12. T-Rac and a few cheerleaders were on hand to greet travelers. They passed out BNA footballs and took photos with passengers.

American Airlines hosted a mock travel experience at BNA for children with autism, intellectual or developmental disabilities on Saturday, September 14. More than 125 children and their families participated.

President Kreulen provided a Regulatory Update. BNA received a copy of the FAA Office of Airport Compliance and Management Analysis. This was a “no notice” inspection given by the FAA in April 2018 in which compliance with FAA policies was evaluated pertaining to the use of airport revenues. There were no irregularities found in how MNAA managed its airports.

John C. Tune Airport (JWN) was recently inspected by Tennessee Department of Transportation (TDOT). There were no state required corrections. TDOT recommended some rubber removal and ramp oxidizing which is already included in the maintenance plan. FAA Airport Certification Inspection is scheduled for March 2020 at BNA.

President Kreulen reported on total passengers. Total passengers in August 2019 was up 12.8% over August 2018. This has been the busiest August in the history of BNA. BNA set a new record last Sunday for the most passengers screened in one day at 32,654. President Kreulen stated he was very proud of the staff for their accomplishments.

V. Items for Approval:

- A. Approval of Amendment to Note Purchase Agreement with Bank of America (BAML) and Authorization of Additional Notes, MNAA Resolution No. 2019-11 (Initial Resolution), MNAA Resolution No. 2019-12 (Authorizing Resolution) and MNAA Resolution No. 2019-13 (Official Intent Resolution)

Staff provided the Board a staff analysis of the Amendment to Note Purchase Agreement with Bank of America (BAML) and Authorization of Additional Notes, and copies of MNAA Resolution Nos. 2019-11, 2019-12 and 2019-13 prior to the meeting.

Staff requested that the Board of Commissioners approve the following:

- 1) MNAA Resolution No. 2019-11, Initial Resolution, pertaining to an additional issuance under the Authority's Short-Term Credit Facility to finance a portion of the Authority's Capital Improvement Program;
- 2) MNAA Resolution No. 2019-12, Authorizing Resolution, pertaining to an amendment to the Authority's Note Purchase Agreement to finance a portion of the cost of the Authority's Capital Improvement Program; and
- 3) MNAA Resolution No. 2019-13, Official Intent Resolution, pertaining to an additional issuance under the Authority's Short-Term Credit Facility to finance a portion of the cost of the Authority's Capital Improvement Program and directing the Authority to publish a notice of public hearing and to conduct such hearing in compliance with the United States Internal Revenue Code. In the past few months as the growth has continued at BNA, the future needs of the Airport have started to merge within the same timeframe as BNA Vision.

Ms. Marge Basrai, VP, Chief Financial Officer, briefed the Board on this item. On January 7, 2019, the Authority entered into a Note Purchase Agreement (NPA) with BAML in the aggregate amount of not to exceed \$300M. Prior to execution and delivery of the NPA, the Authority approved the issuance of up to \$300M in revenue notes under the NPA and held a public Tax Equity & Fiscal Responsibility Act (TEFRA) hearing in connection with this approval. The funds drawn on this NPA are expected to be refinanced through the issuance of long-term revenue bonds.

As the growth has continued at BNA, the future needs of the Airport have started to merge within the same timeframe as BNA Vision. As the strategic discussions are continuing with the Board, the capital program continues to change over the next couple of years. The capital program is disclosed in the Bond documents. The Authority's current timeline for its first issuance of long-term revenue bonds is anticipated to occur in December 2019. The most recent cash flow projections indicate that the Authority could maximize the \$300M on the current NPA by late November/early December 2019. In order to ensure that the Authority has the necessary time to finalize its future capital needs, complete its required bond documents, and provide flexibility on the timing of its issuance, the Authority approached BAML for an increase in the NPA of \$100M for an aggregate amount of not to exceed \$400M. This change requires an amendment to the current NPA. The additional \$100M added to the NPA needs to follow the same approval process as the original \$300M. There are three resolutions needed for the Amendment.

MNAA Resolution No. 2019-11 is the Initial Resolution which authorizes additional borrowing in a total amount not to exceed \$500M under the current facility to finance a portion of the CIP. That will cover the additional \$100M and also reauthorizes the use of the \$400M line of credit when bonds are issued. MNAA Resolution 2019-11 is required by state law and notifies the public of MNAA's intention to incur additional debt. MNAA Resolution 2019-11 will be published in accordance with state law following its adoption.

MNAA Resolution 2019-12 authorizes the Chairman and President & CEO to execute the First Amendment to NPA.

The proposed amendments are summarized below:

- Increasing the not to exceed commitment amount by \$100M resulting in a Short-Term Credit Facility in an aggregate amount of not to exceed \$400M
- Adding an accordion feature such that the Authority only pays a commitment fee on the base amount of \$100M plus any additional commitment amount, as such amount changes from time to time, resulting in reduced fees charged on any unused portion of the Short-Term Credit Facility
- Adding a trigger to further subordinate the pledge of net airport revenues securing the NPA to certain other obligations of the Authority, including any Subordinate Airport Revenue Bonds that the Authority may issue from time to time

The original note was issued as a sub-lien against MNAA's outstanding senior lien bonds. The bond holders have priority to be paid first. BAML falls below this priority. If MNAA decides to issue any of its long-term bonds as a sub-lien bond to the senior bond holders, the trigger would be activated and the NPA would effectively become a 3rd lien against MNAA's revenues and BAML would be paid third in line.

- MNAA Resolution 2019-13 is the Official Intent Resolution for an additional issuance under the Short-Term Credit Facility to finance a portion of the cost of MNAA's CIP and directs MNAA to publish a notice to conduct the public hearing in compliance with the US Internal Revenue Code. This is required by Federal Law and memorializes MNAA's intent to reimburse itself for expenditures that may be funded from cash or short-term borrowings prior to the closing of the debt.

This resolution also allows Ms. Basrai to hold the public TEFRA hearing which is required for private activity bonds. It will also cover the additional \$100M for additional increase on the current note and then to start using the \$400M Note again once it is refinanced with long term bonds.

Committee Review:

Ms. Basrai reported this item was not presented to the Finance/Administration/Properties Committee. The FAP Committee did not have a quorum of voting members on September 11, 2019, therefore no meeting was held.

A motion was made by Commissioner Farnsworth and seconded by Commissioner Doerge to approve the Initial Resolution, MNAA Resolution No. 2019-11. The motion carried by vote of 9 to 0.

A motion was made by Commissioner Farnsworth and seconded by Vice Chair Harwell to approve the Authorizing Resolution, MNAA Resolution No. 2019-12. The motion carried by vote of 9 to 0.

A motion was made by Commissioner Farnsworth and seconded by Commissioner Doerge to approve the Official Intent Resolution, MNAA Resolution No. 2019-13. The motion carried by vote of 9 to 0.

B. Approval of Spirit Airlines Signatory Use and Lease Agreement

Staff provided the Board a staff analysis for the Spirit Airlines Signatory Use and Lease Agreement prior to the meeting.

Staff requested that the Board of Commissioners approve the Signatory Airline Use and Lease Agreement with Spirit Airlines at Nashville International Airport (BNA).

Ms. Linda Macey, AVP, Revenue Development, briefed the Board on this item. Spirit Airlines is launching service at BNA on October 10, 2019. There will be six daily flights initially with one more flight to be added in November 2019. The financial impact by executing the signatory use and lease agreement is approximately \$1.2M in FY20. The signatory agreement expires June 30, 2022.

Committee Review:

Ms. Macey reported this item was not presented to the Finance/Administration/Properties Committee. The FAP Committee did not have a quorum of voting members on September 11, 2019, therefore no meeting was held. After questions and discussion from the Board members, a motion was made by Commissioner Farnsworth and seconded by Commissioner Doerge to approve the Signatory Airline Use

and Lease Agreement with Spirit Airlines at Nashville International Airport (BNA). The motion carried by vote of 9 to 0.

C. Approval of Amendment 4 to TSA C Concourse Space Lease

Staff provided the Board a staff analysis for the Amendment 4 to TSA C Concourse Space Lease prior to the meeting.

Staff requested that the Board of Commissioners approve the 4<sup>th</sup> Amendment to the General Services Administration (GSA) – Transportation Security Administration (TSA) Space Lease Agreement at Nashville International Airport (BNA) and ratify and approve the original term of the lease.

Ms. Macey briefed the Board on this item. This amendment allows the GSA to reimburse MNAA approximately \$192K for the portion of the buildout of the new TSA Space on Concourse C for security enhancements that were above and beyond the conditions of the space previously located in Concourse D. This was necessary as part of the BNA Vision.

On May 21, 2013 a lease was signed between the GSA and MNAA for space occupied by the TSA. The original lease was not presented to the MNAA Board of Commissioners for approval, . This item should have been presented to the Board for approval pursuant to the requirements of the Bylaws for agreements exceeding 8 years. Therefore, staff is requesting that when approving this amendment, the Board also ratify the original lease term of 10 years with one 5-year option.

Committee Review:

Ms. Macey reported this item was not presented to the Finance/Administration/Properties Committee. The FAP Committee did not have a quorum of voting members on September 11, 2019, therefore no meeting was held.

A motion was made by Commissioner Farnsworth and seconded by Commissioner Doerge to approve the 4<sup>th</sup> Amendment to the GSA – TSA Space Lease Agreement at BNA and ratify and approve the original term of the lease. The motion carried by vote of 9 to 0.

D. Approval of Terminal Lobby/IAF CGMP 3 of 6

Staff provided the Board a staff analysis for the Terminal Lobby/IAF CGMP 3 of 6 prior to the meeting.

Staff requested that the Board of Commissioners authorize the Chair and President & CEO to execute the proposed Amendment 3 for Component Guaranteed Maximum Price 3 for enabling construction activities related to the Terminal Lobby and International Arrivals Facility (IAF) for the Progressive Design-Build contract at the Nashville International Airport.

Ms. Traci Holton, AVP, Chief Engineer, briefed the Board on this item. CGMP 3 consists of enabling construction activities including new escalators and relocation of rental car counters to support the closing of the terminal core, excavation of IAF tunnel and construction of airside staging and temporary walls and scaffolding. Ms. Holton presented a power point slide showing the impacted areas which will be closed for construction for approximately 2 and ½ years. CGMP 3 is in the amount of \$56,144,359. There was no change to the schedule and no change to the SMWBE commitment set for this project. Ms. Holton stated staff is working on a plan for signage to assist passengers as the construction takes place. President Kreulen stated there is an ADA Committee that will make sure that people with mobility challenges are able to navigate through the airport during the construction phase.

Committee Review:

Commissioner Joslin reported this item was presented to the BNA Vision Committee on September 11, 2019. The BNA Vision Committee voted 3 to 0 to recommend approval to the Board of Commissioners.

Chair Samuels took Commissioner Joslin's statement as a motion and Commissioner Granbery seconded the motion to authorize the Chair and President & CEO to execute the proposed Amendment 3 for Component Guaranteed Maximum Price 3 for enabling construction activities related to the Terminal Lobby and International Arrivals Facility (IAF) for the Progressive Design-Build contract at the Nashville International Airport. This motion carried by vote of 9 to 0.

E. Approval of Revised BNA Vision Program Budget

Staff requested that the Board of Commissioners authorize an increase to the BNA Vision budget in the amount of \$134.3M in order to add the needed capacity, resiliency and scope changes that have developed over time.

Mayor's Representative Jamari Brown joined the meeting at 1:30 p.m.

President Kreulen and Mr. Robert Ramsey, SVP, Chief Operating Officer, briefed the Board on this item. President Kreulen gave a brief review of the history of the BNA Vision Budget. President Kreulen stated



staff would like to use the money for the needed enhancements that had previously been approved for the hotel.

Mr. Ramsey spoke to the Board about the needed capacity, resiliency and scope enhancements. Mr. Ramsey discussed Concourse D & Terminal Wings. An additional \$9.3M will be needed for this project. Capacity enhancements include connecting Concourse D to Deicing Treatment, common use ticket counters, and ticketing/airline ticket office phasing. Resiliency enhancements include dual power to the Central Utility Plant and a dual pathway to terminal for future power installation and an increase of hot/chilled water line size. Mr. Ramsey gave an update on program contingency and project contingency numbers.

The Garage C & Airport Administration Building project needs an additional \$3.8M. Capacity enhancements include valet expansion and creating an alley road to improve traffic flow. This amount also includes structural stiffening for the Administration Building which will allow for future office expansion. Resiliency enhancements include increasing the size of the water line from 8" to 16" and increasing the stormwater line from 36" to 54." Mr. Ramsey reported there is no project contingency left on this project as this project was at Guaranteed Maximum Price (GMP).

The Terminal Lobby & IAF project contingency remains the same at approximately \$44M. Capacity enhancements in this project design include a rental car ticket expansion, common use podiums, four permanent escalators, adding the north mezzanine, bag belt reconfiguration, and the expansion of the security checkpoint from 19 lanes to 24 lanes. Resiliency enhancements in this project include utility enhancements such as replacing a switchgear and adding a jet fuel piping loop around C Concourse. The total increase for this project was \$53.5M.

Mr. Ramsey went on to discuss the terminal access roadway improvements. The original project contingency remains the same. There have been many refinements to the scope definition since the initial concepts. The approximate cost of the refined scope definition is \$20.5M and includes geometry, drainage and grading.

Capacity enhancements include an additional terminal drive lane, an additional bridge to eliminate weave, additional parking, and an additional exit lane to Discrete (I-40 WB). A resiliency enhancement would include adding a second sewer line. The additional money needed for this project would be \$67.7M.

President Kreulen stated with the capacity, resiliency and scope enhancements described by Mr. Ramsey, he recommended increasing the BNA Vision 1.0 budget in the amount of \$134.3M making the total revised budget approximately \$1.384B.

Committee Review:

Commissioner Joslin reported this item was presented to the BNA Vision Committee on September 11, 2019. The BNA Vision Committee voted 3 to 0 to recommend approval to the Board of Commissioners.

Commissioner Granbery complimented Mr. Ramsey on the updates to the power point slides showing the contingency numbers. He stated the numbers are now clear and concise and easy to understand.

Chair Samuels took Commissioner Joslin's statement as a motion and Commissioner Granbery seconded the motion to authorize the increase to the BNA Vision 1.0 budget in the amount of \$134.3M making the total revised budget approximately \$1.384B. This motion carried by vote of 10 to 0.

F. Approval of Concourse D Suspended Sculpture Artist

Staff provided the Board a staff analysis for Concourse D Suspended Sculpture Artist prior to the meeting.

Staff requested that the Board of Commissioners accept the recommendation of the Arts at the Airport (AaA) Foundation Board public art selection committee to commission Shane Allbritton and Norman Lee – Re: site to create the work entitled Lyrical Journeys for placement in the Concourse D food court/retail area and authorize the Chair and President & CEO to execute the 1% Public Art Contract.

Ms. Cathy Holland, Director, Community Affairs, Arts and Events, briefed the Board on this item. The RFQ was advertised through Nashville Metro Arts Commission, Tennessee Arts Commission and an international web-based program, CodaWorx, targeted to public artists. The RFQ was sent to a target market of 2,400 public artists located in the United States. Sixty-seven responses were received. AaA narrowed it down to fifteen artists and through a juror process, three artists teams were invited to submit their proposals.

By unanimous consent, the six-member AaA selection committee selected Shane Allbritton and Norman Lee – Re: site, of Houston, Texas. The selected work entitled Lyrical Journeys, is inspired by the theme of bridges as a rich metaphor for the musical, geographic and cultural identity of Nashville. Ms. Holland presented a short video presentation of what the sculpture would look like.

If approved, the installation would begin in June 2020. The duration of the contract is 12 months. This project will be funded 100% by MNAA by the 1% Arts at the Airport funding program. The project is race and gender neutral with a 0% SMWBE goal. The contract cost is \$600K.

Committee Review:

Commissioner Joslin reported this item was presented to the BNA Vision Committee on September 11, 2019. The BNA Vision Committee voted 3 to 0 to recommend approval to the Board of Commissioners.

Chair Samuels took Commissioner Joslin's statement as a motion and Commissioner Sullivan seconded the motion to accept the recommendation of the Arts at the Airport (AaA) Foundation Board public art selection committee to commission Shane Allbritton and Norman Lee – Re: site to create the work entitled Lyrical Journeys for placement in the Concourse D food court/retail area and authorize the Chair and President & CEO to execute the 1% Public Art Contract. The motion carried by vote of 10 to 0. Chair Samuels thanked Ms. Holland for her presentation and her work.

G. Approval of FY19 CEO Performance Evaluation

Chair Samuels reported to the Board that the Management Committee met on September 11, 2019 to discuss the performance evaluation of the CEO and elected to carry on the previous Chair, Commissioner Joslin's methodology of evaluation. Chair Samuels turned the meeting over to Vice Chair Harwell to brief the Board on this item.

Vice Chair Harwell stated the September 11, 2019 meeting of the Management Committee was very productive. The Management Committee went through a series of criteria for the CEO's evaluation. There was improvement from last year to this year and the Committee is pleased with the job President Kreulen is doing. President Kreulen has taken on a lot of responsibilities with Vision and day-to-day operations of the airport.

Vice Chair Harwell stated the Management Committee decided to bifurcate the salary. Based on discussions and parameters, bonuses should be merit based and are not an entitlement. The Management Committee voted to recommend to the Board a 12.5% bonus and a Cost of Living Adjustment (COLA) of 3%. There were discussions at the last meeting about hiring a third party consultant to conduct a compensation study of peer airport CEOs. Commissioner Doerge accepted responsibility to take on that project. An iRFQ has been released. Two responses have been received.

Vice Chair Harwell made a motion and seconded by Commissioner Farnsworth to approve the Management Committee's recommendation to bifurcate the salary (and make a determination in the next meeting or the meeting after), a 3% COLA increase, and a 12.5% bonus. The motion carried by vote of 10 to 0.

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 August 2019 approximately 9.9% over August 2018. FY20 YTD was up 11% over FY19. This amount includes the rate increase that went into effect May 2019. Air cargo tonnage was down slightly in August 2019 10% versus August 2018 and FY20 was down approximately 2.5% versus FY19.

BNA fuel sales for August 2019 were up 8% over August 2018 and up 14.8% FYTD over FY19. John C. Tune fuel sales were up 23% FYTD over FY19 and up 11.7% in August 2019 over August 2018.

Mr. Ramsey presented each member of the Board with a book containing September 2019 BNA Vision monthly updates for their reference.

B. Financial Report

Ms. Basrai briefed the Board on this item. She stated the final Comprehensive Annual Financial Report (CAFR) has not been issued yet. The information is based on preliminary audited numbers but staff does not anticipate any adjustments. At year end (June 2019), BNA's Operating Revenues were \$165.9M, which were above budget by \$8.7M and \$15.4M over the prior year amount. The main drivers of this overage in revenues were:

- Signatory airline revenue was on budget. BNA was \$6M over prior year primarily due to \$5M FY19 baggage handling system project the airlines paid for.
- Parking Revenue was \$5.3M above budget, and \$2.8M over the prior year. Staff was conservative when budgeting parking revenue due to all the construction and estimating parking spaces available. There was a parking rate increase on May 6<sup>th</sup> which helped attribute to the overage in parking revenue.
- Concessions Revenue was above budget by \$4.2M and \$3.7M over last year, mainly driven by in-terminal concessions and rental car revenues. All were driven by passenger growth.

BNA Operating Expenses FYTD (June 2019) were \$97.7M, which was about \$2M below budget projections, but \$14.7M over the prior year.

Salaries and benefits ended up \$3.6M below budget due to various open budgeted positions throughout the year that were being filled and the results of the compensation study that was budgeted for a full year but only implemented the last 6 months of FY19. The majority of the variance with budget is attributable to:

- Parking lot operations were over budget by approximately \$1.4M due to the additional employee parking shuttle buses needed. There was \$1M in unspent contractual services offset by approximately \$1M of non O&M Generally Accepted Accounting Principles (GAAP) entries.
- BNA had \$14.7M more in expenses than the prior year due to an increase in salary and wages due to the 3% COLA and six months of salary adjustment based on the salary study and more positions were filled. Contractual services were up \$4.7M due to passenger growth which meant additional janitorial, security and parking operations were needed. \$3.6M in other operating expenses due to the \$2M settlement and \$1.5M in advertising and special events such as the ACI Annual Conference.

JWN YTD Operating Revenues (as of June 2019) were \$920K, which was \$79K above budget and \$56K more than the prior year. Fuel flowage fees and other reimbursable services had a larger than expected increase and an increase in rent with rent escalations and 6 new t-hangars that were leased out in March 2019.

JWN YTD Operating Expenses (as of June 2019) were \$604K, which was \$66K below budget and \$77K below prior year. Contract services was \$55K below budget due to the fencing and camera relocation project not being done during the fiscal year. \$15K was in travel and booth fee expenses that were not spent this year.

MPC YTD Operating Revenues (as of June 2019) were \$3.2M, which was \$72K above budget projections and \$70K above the last year. For part of the year, revenue had been trending under budget due to a tenant that had defaulted on their lease. Due to two new tenants in the International Plaza Building as well as normal rent escalations, revenue was over budget by the end of the fiscal year.

MPC YTD Operating Expenses (as of June 2019) were \$1.4M, which was \$305K below budget projections and \$127K less than the prior year. The majority of the variance with budget is attributable to:

- planned improvements to the Exterior Finish at the Multi-Purpose building, but due to an inspection that was done, additional scope needs to be added so the project will be pushed to a future year
- elevator repairs/janitorial services/materials and supplies not needed
- \$76K saved in Utilities; installed new thermostats and timers last year to help control energy costs

Moving onto FY20, only two months into the year, there's not much to trend on yet. As of August 2019, BNA's YTD Operating Revenues were \$29M, which is \$2.1M above budget and \$800k over the prior year. The two largest variances in the current year are as follows:

- Parking Revenue is \$700k above budget due to being conservative in estimating the rate increase that became effective in May 2019. When the budget was done, the rate increase had not been finalized.
- Concessions Revenue is above budget by \$1.1M, mainly by rental car and ground transportation, which is driven by passenger growth.

BNA Operating Expenses YTD (as of August 2019) were \$14.8M, which was \$3.4M below budget and \$1.6M greater than August 2018. That included \$900K in Salaries & benefits due to approved budgeted positions not yet filled and \$2M below budget in Contractual services and material and supplies due to timing variances of expected contractual services/repairs/supplies not spent yet.

JWN YTD Operating Revenues for August 2019 were \$159K, which was on budget and \$14K more than August 2018 to the increase in rent from six t-hangars added in March 2019.

JWN YTD Operating Expenses for August 2019 were \$98K, which was \$19K below budget and \$4K above August 2018. JWN was \$18K below budget in Contract Services due to landscaping and building maintenance that has not been spent yet.

MPC YTD Operating Revenues for August 2019 were \$593K, which was \$24K above budget projections and \$101K above August 2018. International Plaza was above budget due to a new tenant for July and August that had not been budgeted. The Multi-Purpose building was above budget due to the rental of the Central Receiving and Distribution Center (CRDC) to Fraport.

MPC YTD Operating Expenses for August 2019 are \$196K, which is \$114K below budget and \$28K less than August 2018. The majority of the variance with budget is attributable to approximately \$45K of the building maintenance done at International Plaza. Services have been performed but have not been invoiced yet. \$57K of expenses have been allocated to refresh a space in Multi-Purpose building after a tenant moves out. That has not been done yet because the tenant has decided to stay longer.

Commissioner Joslin inquired as to the rental car and ground transportation revenues versus concessions revenues. Ms. Basrai replied the concessions revenue is close to the budgeted amount which is the Monthly Allowance Guarantee (MAG) which is approximately \$916K. There is an overage in rental cars and ground transportation.

C. Commercial Development Report

Ms. Margaret Martin, VP, Chief Development Officer, briefed the Board on this item. Rental car sales were up 6% FYTD and up 3% for August 2019 over August 2018.

Concessions sales were up for FYTD20 and for August 2019 versus August 2018. Staff expects these numbers to decrease as locations are shut down and construction on new spaces begin.

Commissioner Joslin inquired as to what major concessionaires had signed a lease agreement. Ms. Martin replied that Delaware North had signed which brings in an additional five locations.

D. Business Diversity Development

Ms. Donzaleigh Powell, Director, Business Diversity Development, reported on MWBE Participation for the month of August 2019. In Professional Services, the aspirational goal was 12.44% while actual participation was 4.1%. In Goods and Services, the aspirational goal was 6.49% and actual participation was 0.70%. In Construction Non-Federal CIP, the aspirational goal was 10.49% with the actual participation coming in over the goal at 19.4%. In Construction Federal CIP, the aspirational goal was 9.28% while the actual participation was 7.2%. The combined MWBE YTD total was 17.3%.

President Kreulen announced that Ms. Powell is leaving her role at MNAA to pursue other interests and she has been an excellent team member and helped improve the diversity program. President Kreulen thanked Ms. Powell for her service and hoped she would stay in touch.

VII. Information Items

A. On Call Airfield Pavement Repairs

President Kreulen reported MNAA has an on-call airfield pavement repair contract. It is a not to exceed \$450K per year contract. One proposal was received. It was from Blakley Construction Services. They are an excellent firm and are an SBE. This contract is for providing airfield pavement repair to pass the FAA inspection.

B. Airport Master Plan Update

President Kreulen reported that BNA is starting to submit final reports to the FAA. Airports Geographic Information Systems (AGIS) will be submitted in November 2019. The Airport Layout Plan (ALP) will be submitted in December 2019. Noise exposure maps have been updated and BNA is trying to get those to the FAA by the end of December 2019. The Community Advisory Committee (CAC) and Technical Advisory (TAC) Meetings will be held October 9, 2019. The Board of Commissioners will be briefed in November 2019. The Public Information Meeting will be held November 21, 2019.

C. Custodial Services RFP

President Kreulen stated notification of the forthcoming solicitation was sent to seventy firms on August 8, 2019. The RFP was released for 3 separate contracts in order to give more opportunity to local businesses and national firms. Contract A was for the terminal and concourse areas, Contract B was for parking garages and a new plaza, and Contract C was for outlying buildings. SMWBE participation levels for Contract A will be 18.24% MBE and/or WBE and Contracts B and C are Small Business Target Markets so any SBE can qualify. On August 27, 2019 MNAA held a pre-proposal meeting with eighty-two attendees representing fifty-five companies. Proposals are due October 9, 2019 and staff recommendations will be presented to the Committee and Board in December 2019.

D. Fraport Transition Update

President Kreulen stated Delaware North signed a sublease for five locations. That brings the total to nineteen subleases for forty-four locations. Staff is working on several design documents. Four designs are in review by Fraport. Four designs have been approved by MNAA. Eight designs are currently in review by Metro Codes. In October, construction begins on new locations in Concourse C.

Chair Samuels inquired as to the timeline for Metro Codes review. Mr. Ramsey stated it has been running approximately six to eight weeks and that time has been built into the development timelines with Fraport. President Kreulen stated staff would get an update from Metro Codes and bring it to the



Committee and Board. President Kreulen presented a power point slide showing the percentages of local involvement. Local brands account for approximately 72% of the locations.

Utopia won the contract with Fraport and will be building out the C-Triangle food court. Fraport has issued its janitorial RFP and grease-trap RFP. Fraport is still conducting street pricing and mystery shopping contracts. Fraport is working on its Master Lease Compliance, and has developed a performance improvement plan and implemented a complaint tracker and CAM collections and expenditures reporting.

E. ALERT Update

President Kreulen reported on the Airline Lease Early Reporting Tool (ALERT). Enplanements have grown 15%, scheduled seat growth, parking growth and concessions growth are all up, and the outlook is positive. President Kreulen presented a power point slide showing enplanement projections. BNA is ahead in growth approximately five to six years according to the latest forecast. This will be a very big topic at next month's Board meeting.

Due to the growth and staff's good management, the FY19 contribution to the NAE Fund is calculated to be approximately \$29.8M. That deposit will bring the NAE Fund Balance to approximately \$93M which is four and a half times the amount of money that Trillion (issued MNAA's last bond) projected that BNA would be able to generate and save. President Kreulen thanked the staff for tightening their budgets and helping BNA grow.

F. iRFQ for CEO Compensation Survey

President Kreulen stated Commissioner Doerge is overseeing the iRFQ process on behalf of the Management Committee. On September 20, 2019, two bids were received. The Committee and Board will continue to be updated on this.

VIII. Adjourn

There being no further business brought before the Board, Chair Samuels thanked the Commissioners for their participation and adjourned the meeting at 2:19 p.m.



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Amanda C. Farnsworth, Board Secretary