

METROPOLITAN NASHVILLE AIRPORT AUTHORITY

April 11, 2018 – Minutes of the Diversity Committee



Date: April 11, 2018

Place: Nashville International Airport
Nashville, Tennessee

Time: 9:00 a.m.

Committee Members Present:

A. Dexter Samuels, Chair; Bobby Joslin, Kabir Sandhu, and Christy Smith

Committee Member Absent:

None

Others Present:

Doug Kreulen and Cindy Barnett

I. Call to Order

Chair Samuels called the meeting of the Diversity Committee to order on April 11, 2018, at 9:05 a.m., pursuant to Public Notice dated April 6, 2018. Chair Samuels recognized new staff members, Gale LaRoche, with ADK Consulting and Executive Search, serving as Interim Director of Human Resources and Carrie Logan, AVP of Legal Client Advice.

II. Approval of Minutes:

Chair Samuels called for approval of the Minutes of the July 12, 2017. A motion was made by Commissioner Joslin and seconded by Commissioner Sandhu. The motion carried by vote of 4 to 0.

III. Information Items:

A. EEO Report

Mr. Doug Sloan, Chief Legal Officer, briefed the Committee on this item. Mr. Sloan stated that Board was provided copies of the EEO Reports for the first and second quarters for fiscal year 2018. Data and demographics from the Nashville Metropolitan Statistical Area (MSA) of the 2016 American Community Survey (ACS) was used. Mr. Sloan reported that MNAA's racial diversity was reflective of the demographics shown in the ACS, however, MNAA's workforce is not as reflective of the ACS demographics related to gender

diversity in non-exempt positions. MNAA is making good faith efforts, as in the past, to recruit more females into the workforce and will continue to work to improve those numbers in safety and maintenance positions.

B. 2017 Affirmative Action Plan (AAP) Executive Summary

Mr. Sloan stated that the 2017 Affirmative Action Plan report prepared by Waller Lansden, stated that no disparities were found with respect to hiring, terminations or promotions, but did note a statistical disparity regarding pay to minority groups. Staff is looking closer at that. Another note in the report was that it did not include issues regarding seniority or different departments within the organization which could explain those disparities. Staff began to look deeper into the statistical data that Waller did not look at to explain the disparity and found at first blush that a lot of our newer employees are female and minorities and therefore have less seniority. While they may have the same job description because they are newer, their pay is not the same. Staff will look at all of those positions and determine if that is the reason. If it is not, we will address it more specifically. Mr. Sloan thanked Chandra Starks and Gale LaRoche for their work in researching the reason for the disparity. He stated that he would provide an updated report showing the positions that make the disparity and what we are doing to address those at the next Diversity Committee meeting.

President Kreulen stated that in regard to the Affirmative Action Plan, there is a homework assignment for staff as we hire the new AVP of Human Resources, both on the Affirmative Action Plan and on the EEO report.

Commissioners Samuels called for questions or comments.

Board Chair Joslin stated that he felt the gender disparity was reflective of the trades, like any other company in trade related fields. The numbers didn't bother him and were reflective of the society we live in.

Mr. Sloan agreed that in the various trades it was difficult to increase the numbers but that did not mean that MNAA wouldn't look at its recruiting policies and see if there are some ways to be more aggressive and improve.

Ms. LaRoche reported that recruitment efforts included attending various job fairs, advertising in industry publications and websites. She stated that we are looking at partnering with national organizations such as the "National Organization of Women". And, that some agencies don't have portals to post open positions, but staff has been persistent in following up with those agencies to have the ability to post positions or have them network our positions.

Ms. Chandra Starks reported that positions were posted with such organizations as the Urban League and multiple chambers of commerce and that postings are sent out to over 86 different agencies.

Commissioner Smith suggested other local women's organizations such as CABLE and Rotary.

President Kreulen stated that Diversity Committee meetings have now been scheduled on a quarterly basis versus once a year. Staff will provide an update to this information at the next meeting.

Mr. Sloan stated that diversity can be improved, and the legal department is working to find smaller firms to work with. This was an area that reflected poorly in years past as MNAA mostly dealt with larger firms. He also pointed out that the reports are not an exact comparison. Because of the reorganization the total numbers were shifted as the positions were moved. Some of the downward trends are a result of the shift in numbers within the category.

C. Quarterly Departmental Spend Report.

Ms. Donzaleigh Powell, Director of Business Diversity Development, briefed the Committee on the quarterly departmental spend. The SMWBE spend was 44.69% for 2QFY2017 and 33.04% for 2QFY2018. The SMWBE spend was 16.32% for 3QFY17 and 15.08% of 3QFY18.

Ms. Powell provided an overview of the departmental spend reported significant changes in Human Resources and Business Diversity Development. Human Resources spend increased which caused the percentage to decrease and for Business Diversity Develop, the shortfall related to staff augmentation.

President Kreulen stated that he had discussed with executive staff that shortfalls in Legal, Human Resources and Properties departments had come up in the past in terms of how we encourage increase in those numbers and the CLO and others have committed to looking at smaller firms in an effort to increase departmental percentages.

Ms. Powell stated that BDD also looked at making targeted approaches to areas that staff could increase development and has added two firms that provide office supplies. That information will be provided to departments to assist them in obtaining their diversity spend goals.

D. BNA Vision Project 1 – Hensel-Phelps Outreach Plan

Ms. Powell introduced Mr. James Harper of Hensel Phelps and Roxanne Bethune of Alliance Synergy Group who provided an overview of the outreach plan for Project 1 of the BNA Vision SMWBE outreach strategy including actively utilizing databases of MNAA, TNUCP, BAO, Go-DBE and BBA. Hensel Phelps uses a "Boots on the Ground" style reaching out to, talking to, meeting with all organizations that also touch small businesses, so even though they are not certified now, maybe they are viable and can be certified Mr. Harper provided an overview of the SMWBE Certification flow. He reported that a targeted SMWBE Outreach Event & Core Trades Matchmaking at was TSU Avon Williams Campus. With 85 RSVPs and 92 attended. Core Trade Proposals included SMWBE plans and participation. Bid Package #1 Outreach Event was scheduled for 4/12/2018. SMWBE Outreach moving forward included targeted outreach for upcoming bid packages

included Bid Package #2 in early June 2018; Bid Package #3 in early November 2018 and to conduct contractor Matchmaking & Evaluations throughout the course of the project.

Ms. Bethune provided an overview of the Workforce Development Plan Included Promise Zone Outreach and Inclusion Efforts, identifying resources that work with the RFP, identifying community involvement opportunities with Stand Up Nashville, Woodbine Community Organization, Urban League of Middle Tennessee, St. Luke's Community House, Conexión Américas, Edgehill Neighborhood Partnership and Martha O'Bryan Center. Potential plan components include skills training, pre-apprenticeship/apprenticeship training, on-the-job training, soft skills training, utilizing pre-evaluated pools of candidates, small business development, partnerships/subcontracting.

The Workforce Development Plan currently being drafted. Internal review by Hensel Phelps is expected the week of April 16, 2018, and submission to MNAA for approval is tentative for April 19, 2018.

Mr. Harper stated that Hensel Phelps has a nationwide Small Business Program, utilizing a "Boots on the Ground" style which provides assistance to SMWBEs in the form of mentoring and coaching, both in the office and in the field.

Chair Samuels thanked Mr. Harper and Ms. Bethune for their presentation.

IV. Adjourn

There being no further business, Chair Samuels declared the meeting adjourned at 9:47 a.m.



Amanda C. Farnsworth
Board Secretary

✈ METROPOLITAN NASHVILLE AIRPORT AUTHORITY ✈

April 11, 2018 – Minutes of the General Aviation/Operations/Planning & Engineering Committee Meeting



Date: April 11, 2018

Place: Nashville International Airport
Nashville, Tennessee

Time: 9:45 a.m.

Committee Members Present:

**Kabir Sandhu, Vice Chair; John Doerge;
Amanda Farnsworth and Dexter Samuels**

Committee Member Absent:

Bill Freeman, Chair

Others Present:

Doug Kreulen and Cindy Barnett

I. Call to Order

Vice Chair Sandhu called the General Aviation/Operations/Planning & Engineering (GAOPE) Committee meeting to order at 9:50 a.m., pursuant to Public Notice dated April 6, 2018.

II. Approval of Minutes

Vice Chair Sandhu called for a motion to approve the minutes of the March 14, 2018, GAOPE Committee meeting. A motion was made by Commissioner Samuels and seconded by Commissioner Farnsworth. The motion carried by vote of 4 to 0.

III. Items for Approval

A. Donelson Pike Relocation Design Contract (1801)

Ms. Traci Holton, Assistant Vice President Development and Engineering, briefed the GAOPE Committee on this item. Staff requested that the GAOPE Committee recommend to the Board that it accept the statement of qualification by Atkins North America, Inc. (Atkins) to provide engineering consulting services for the initial design of the Donelson Pike Relocation for Terminal Access Roadway Improvements (TARI) project at Nashville International Airport (BNA); and authorize the Chair and President & CEO to execute the proposed professional services contract for the amount contained herein.

Background:

Based on projected operational deficiencies, and to accommodate the future growth of BNA, Davidson County, and the surrounding region, the Tennessee Department of Transportation (TDOT) will be relocating Donelson Pike and modifying the I-40 interchange in the vicinity of BNA. Based on similar projected operational deficiencies and in coordination with TDOT modifications, the Metropolitan Nashville Airport Authority (MNAA) will be reconfiguring the terminal access roadways and surface parking lots.

This project consists of the design of Terminal Access Roadway Improvements at BNA. The project will consist of the realignment of existing roadways and the construction of new roadways to provide permanent access to I-40 and Donelson Pike as part of the proposed Donelson Pike Relocation to be completed by TDOT. Included in this project is the design of approximately 12 lane-miles of new roadway, bridges and retaining walls; expansion and modifications to existing parking facilities and revenue systems; wayfinding signage; and all associated drainage, lighting, and utility work. The design shall be in coordination with all other elements of the airport's VISION redevelopment program.

The development of the design and plans associated with this procurement will be limited to preliminary plans (35%) and will include bridging documents to allow for the remainder of the project to be completed by a design-build delivery method.

On January 24, 2018, MNAA published a Request for Qualifications (RFQ) for the Terminal Access Roadway Improvements - Design project at BNA. On February 23, 2018, two Statements of Qualifications were received: Atkins and Design Consultants, Inc. (DCI)

On March 7, 2018, the selection committee evaluated the Statements of Qualifications based on capability to perform the project, key personnel's qualifications, qualifications of the subconsultants, project's potential challenges, ability to meet project schedules, and Small, Minority and Woman-Owned Business Enterprise (SMWBE) factors. The scores from their Statement of Qualifications are listed below:

Firm	Score	Committed SMWBE Participation Goal
Atkins	308	9.0%
DCI	107	Certified MBE

Atkins demonstrated qualifications and capability to complete the project, as well as a clear understanding of the project's challenges.

The SMWBE participation level set by MNAA for this project was 4.58% MBE and/or WBE. Atkins was able to obtain 13.8%. Atkin's SWMBE partners include Booker Engineering (BEI), Connico, Hawkins Partners (HPI), and KS Ware.

MNAA has evaluated the proposals and determined the proposal from Atkins to be responsive and responsible and recommends award of the professional services contract to Atkins North America, Inc.

Impact/Findings:

MNAA SMWBE Participation Level:	4.58% MBE and/or WBE
Atkins' SMWBE Participation Level:	13.80% MBE and WBE
Anticipated Contract Start Date:	April 18, 2018
Duration of Contract:	245 days
Contract Completion Date:	December 2018
Contract Amount:	\$2,379,950.00
Funding Source:	25% Bond, 75% STCF

Strategic Goals & Objectives/Critical Success Factors:

- Maintaining continuous safe and secure MNAA operations
- Coordination with TDOT during the design and construction phases
- Economically Sustained Services and Facilities

Options/Alternatives:

Do Nothing: The existing terminal access roadways at BNA operate at full capacity during peak hours on a regular basis. Without constructing these roadway improvements in conjunction with TDOT, future projections indicate the roadway system will experience severe congestion and cause unreasonable delays to airport users.

A motion was made by Commissioner Farnsworth and seconded by Commissioner Doerge to recommend to the Board that it accept the statement of qualification by Atkins to provide engineering consulting services for the initial design of the Donelson Pike Relocation for TARI project at BNA; and authorize the Chair and President & CEO to execute the proposed professional services contract for the amount contained herein. The motion carried by vote of 4 to 0.

B. D Concourse Design Build CGMP #2 (1803)

Ms. Holton briefed the GAOPE Committee on this item. Staff requested that the GAOPE Committee recommend to the Board that it authorize the Chair and President & CEO to execute the proposed Amendment 1 to Concourse D Design Build Component Guaranteed Maximum Price (CGMP) #2 for design-assist services

and general requirements related to the Concourse D & Terminal Wings project at Nashville International Airport Progressive Design-Build contract.

Background:

As Project 1 of the BNA Vision, this project consists of a 6-gate expansion of Concourse D, as well as expansion of existing ticketing and baggage claim areas of the Terminal. This project is being prioritized to accommodate movement of the existing Transportation Security Administration (TSA) checkpoint and central airline ticket counters to the new expanded ticketing areas (wings), so that an expanded central terminal area can be constructed in the future. Additionally, the added gates in Concourse D will provide for an 'empty chair' for future construction of the International Arrivals Facility.

The Progressive Design-Build contract establishes a Guaranteed Maximum Price (GMP) based on the 60% design drawings. For scheduling purposes, and to fast-track the project, "component" GMPs, (CGMP's) are utilized to provide for early start of critical path items. To manage the final GMP, a specified Design-to-Budget requirement is utilized to ensure the total budget remains on target through the progression of ongoing design and construction work. The Design-to-Budget committed to by Hensel Phelps for this project is \$203,000,000. Therefore, the project will be managed to achieve this Design-to-Budget amount whereby the projected cost of the aggregate CGMP's are not allowed to exceed the Design-to-Budget amount at any time. Currently it is expected this project will require up to 4 CGMP's prior to reaching the final GMP. Hensel Phelps anticipates the following CGMP schedule: CGMP1-Design & General Conditions (executed); CGMP2 - design assist and general requirements; CGMP3 – central utility plant structure & envelope, civil, tenant moves and terminal wings structure; CGMP4 - terminal wings envelope; Final GMP- Finish out construction.

On January 17, 2018, the Board approved the selection of Hensel Phelps and CGMP #1 for the design & general conditions. At this time, airport staff is asking the Board to approve CGMP #2 for design assist services & general requirements in the amount of \$2,608,282.00. CGMP # 2 consists of bringing on subcontractors for the core and specialty trades of passenger boarding bridges, aircraft hydrant fueling, electrical, low voltage, mechanical, plumbing, and baggage handling systems. CGMP # 2 also includes costs for general requirements such as fencing, maintenance of traffic, signage, utility location/subsurface utility exploration, and permitting. The Board is requested to authorize Hensel Phelps, via an amendment to their contract, to begin entering into subcontract agreements to deliver the project. In doing so, Hensel Phelps will negotiate final scopes of work and final bid prices for each individual package of work and bring that information to MNAA staff for review and approval. The MNAA maintains final approval on all subcontracts for this project.

The SMWBE participation level set by MNAA for this project is 6.29% MBE and 9.13% WBE and 4% SMBE. Hensel Phelps has committed to meeting the goal.

Impact/Findings:

MNAA SMWBE Participation Level:	6.29% MBE and 9.13% WBE and 4% SMBE
Hensel Phelps SMWBE Participation Level:	6.29% MBE and 9.13% WBE and 4% SMBE
Contract Start Date:	January 22, 2018
Duration of Contract:	900 Calendar Days Completion
Contract Completion Date:	July 10, 2020
Component Guaranteed Maximum Price 1	\$ 31,348,670.00
Component Guaranteed Maximum Price 2	\$ 2,608,282.00
Component Guaranteed Maximum Price 3	TBD
Component Guaranteed Maximum Price 4	TBD
Component Guaranteed Maximum Price 5	TBD
Total Guaranteed Maximum Price	\$203,000,000.00 NTE
Funding Source:	100% MNAA

Strategic Objectives:

- Maintaining the *Nashville Airports Experience* by meeting customer demands through new and expanded infrastructure
- Economically Sustained Services and Facilities

Options/Alternatives:

Do Nothing: The "Do Nothing" option will result in the inability to complete the BNA Vision or meet passenger growth projections.

A motion was made by Commissioner Samuels and seconded by Commissioner Farnsworth to recommend to the Board that it authorize the Chair and President & CEO to execute the proposed Amendment 1 to Concourse D Design Build CGMP #2 for design-assist services and general requirements related to the Concourse D & Terminal Wings project at Nashville International Airport Progressive Design-Build contract. The motion carried by vote of 4 to 0.

C. Consolidated Services Facility Roof Replacement Ph 2 (1822B)

Ms. Holton briefed the GAOPE Committee on this item. Staff requested that the GAOPE Committee recommend to the Board that it accept the proposal by Maxwell Roofing & Sheet Metal, Inc. (Maxwell) for the construction contract for the Consolidated Services Facility (CSF) Roof Replacement – Phase 2 project at BNA and authorize the Chair and President & CEO to execute the construction contract.

Background:

This capital improvement project is to replace the existing roofing of the CSF building, which houses Maintenance, Purchasing and storage, as well as airport mission critical functions such as the Airport Communications Center (ACC) and the Emergency Operations Center (EOC). The roofing was installed as part of the original building construction in 1987. Due to the age of the roofing, water leaks are occurring. In addition, several abandoned roof-top mechanical units will be removed, and the roof openings will be patched with metal deck and new roofing membrane.

Phase 1 of this project was procured and awarded as an emergency repair near the data center area in February 2018 at a contract amount of \$137,502.00.

A Request for Proposals (RFP) was advertised on February 5, 2018 and February 8, 2018 and included a base proposal and an add alternate proposal as follows:

- a. Base Proposal: Roof replacement with 60 mil ethylene propylene diene monomer (EPDM) roofing material
- b. Add Alternate: Increase the EPDM roofing material to 90 mil.

On March 13, 2018, five (5) responses were received. However, two (2) responses were deemed non-responsive because they failed to meet the Small, Minority, Woman-Owned Business Enterprise (SMWBE) participation levels or provide acceptable good faith efforts. Three (3) responsive proposals were received, from Collier Roofing Co., Inc. (Collier), Maxwell and Medford Roofing, Inc. (Medford).

The proposals were evaluated based on the following criteria:

- a. Mandatory Requirements
- b. Experience and Qualifications
- c. Project Approach
- d. Price
- e. SMWBE Participation

On March 20, 2018, the selection committee evaluated the three proposals. Below is a tabulation of the proposal prices, SMWBE participation, and evaluation scores.

Proposer	RFP Score	Base Proposal	Add Alternate 1	Total Proposal Amount	Proposed SMWBE participation
Collier	290	\$ 1,321,952.00	\$109,460.00	\$1,431,412.00	Certified WBE
Maxwell	314	\$ 1,314,840.00	\$86,000.00	\$1,400,840.00	3.96% MBE
Medford	217	\$ 1,320,000.00	\$80,000.00	\$1,400,000.00	Certified WBE

The selection committee determined Maxwell to be the best qualified firm for the project, based on the following:

1. Extensive experience on roofing projects of equivalent size and complexity.
2. Thoughtful understanding and approach to the project.
3. Good safety record and program.
4. Effective SMWBE participation.
5. Price.

Maxwell's total proposal (base + add alternate) of \$1,400,840.00 was 6.6% lower than the Consultant's, Rinks & Associates, opinion of probable cost of \$1,499,391.00; and their price includes all aspects of the scope of work.

The SMWBE participation level set by the MNAA for this project was 3.76% MBE and/or WBE. Maxwell was able to obtain 3.96% MBE by utilizing Utopia Building Group.

MNAA has evaluated the proposals and determined the proposal from Maxwell to be responsive and responsible and recommend award to Maxwell Roofing & Sheet Metal, Inc.

Impact/Findings:

MNAA SMWBE Participation Level:	3.76% MBE and/or WBE
Maxwell's SMWBE Participation Level:	3.96% MBE
Anticipated Contract Start Date:	April 2018
Duration of Contract:	150 Calendar Days
Contract Completion Date:	September 2018
Contract Cost:	\$1,400,840.00
Funding Source:	90% State and 10% MNAA

Strategic Goals and Objectives/Critical Success Factors:

- Safe and Secure MNAA Operations
- Economically Sustained Services and Facilities

Options/Alternatives:

Do Nothing: The "Do Nothing" option requires MNAA to continue to maintain and repair the existing roofing. Existing building and equipment in ACC and EOC are at risk of being damaged by water leaks.

A motion was made by Commissioner Doerge and seconded by Commissioner Farnsworth to recommend to the Board that it accept the proposal by Maxwell for the construction contract for CSF Roof Replacement – Phase 2 project at BNA and authorize the Chair and President & CEO to execute the construction contract. The motion carried by vote of 4 to 0.

D. Baggage Handling System and Baggage Make-Up Room Improvements Design Build (1845)

Ms. Holton briefed the GAOPE Committee on this item. Staff requested that the GAOPE Committee recommend to the Board that it accept the proposal by J.E. Dunn Construction Company (JE Dunn) for the Design-Build Contract for the Baggage Handling System (BHS) and Baggage Make-Up Room Improvements project at BNA and authorize the Chair and President & CEO to execute the design-build contract for the amount contained herein.

Background:

The BHS at Nashville International Airport needs upgrading to increase throughput capacity. The new system will provide increased processing speed and allow for sortation by baggage source message (BSM). Additionally, the project includes expansion of the baggage make-up rooms, and relocation of Transportation Security Administration (TSA) on screen resolution (OSR) area and BHS control room. The current location of the OSR and BHS Control Room will be demolished as part of the Concourse D and Terminal Wings project.

An RFP was advertised on December 18, 2017 and December 22, 2017. On February 16, 2018, proposals were received from John Bean Technologies, Inc. (JBT) and JE Dunn.

The proposals were evaluated based on the following criteria:

1. Mandatory Requirements
2. Qualifications & Experience
3. Technical Approach
4. Price
5. SMWBE Participation

On February 22, 2018, the selection committee evaluated the two (2) proposals. Below is a tabulation of the proposal prices, SMWBE participation, and evaluation scores.

Proposer	Evaluation Score	SMWBE Participation	Proposed Guaranteed Maximum Price*
JBT	378	5.01% MBE	\$11,757,969.00
JE Dunn	464	4.53% MBE & 0.31% WBE	\$11,472,484.00

**Include a \$500,000 Owner's Contingency.*

The selection committee determined JE Dunn to be the most qualified and acceptable firm for the project, based on the following:

1. Experience with similar scope projects at other Airports.
2. Thorough understanding and approach to design and build the project.
3. SMWBE Participation.
4. Price.

The project was originally estimated at approximately \$8M. The baggage make-up component made up \$6M and the BHS/OSR component consisted of the remainder of the total amount. Below is a list of items explaining the major difference between the costs:

1. Original estimate was developed from concept drawing.
2. The complexity of the project from an architectural perspective was underestimated by 55%.
3. Owner included a \$500,000 owner's contingency for unforeseen conditions.
4. Proposer included \$1M in construction contingency to address utility conflicts due to right of way needs to baggage handling system and undefined TSA testing requirements.

A 2.5% difference between the two proposals indicates that the original estimate was underestimated and the market cost for this work is approximately \$11.5M. This being a design-build contract, the MNAA will only pay for the actual cost of work.

The SMWBE participation level set by MNAA for this project was 4.83% MBE and/or WBE. JE Dunn committed to 4.84% MBE and/or WBE. JE Dunn's SMWBE contractors are Archangel Protective Services, Inc., Utopia Building Group, LLC, Southeastern Constructors, LLC, John Curry Electric, Logan Patri Engineering Co., PowerCom Solutions and SRS, Inc.

MNAA has evaluated the proposals and determined the proposal from JE Dunn to be responsive and responsible and recommends award of the design-build contract to J.E. Dunn Construction Company.

Impact/Findings:

MNAA SMWBE Participation Level:	4.83% MBE and/or WBE
JE Dunn Construction SMWBE Participation Level:	4.84% MBE and/or WBE
Anticipated Contract Start Date:	April 2018
Duration of Contract:	365 Calendar Days
Contract Completion Date:	April 2019
Contract Cost:	\$11,472,484.00
Funding Source:	25% NAE Fund, 12.5% FY 18 Rates & Charges, 21% STCF, 41.5% Authority Investment Fund

Strategic Goals and Objectives/Critical Success Factors:

- Maintaining the *Nashville Airports Experience* by meeting customers demand for reliable and efficient baggage handling.
- Economically Sustained Services and Facilities.

Options/Alternatives:

Do Nothing: The 'Do Nothing' option will result in the inability to demolish D concourse for the BNA Vision or provide sufficient baggage make-up areas for airlines to operate.

A motion was made by Commissioner Samuels and seconded by Commissioner Farnsworth to recommend to the Board that it accept the proposal by J.E. Dunn for the Design-Build Contract for the BHS and Baggage Make-Up Room Improvements project at BNA and authorize the Chair and President & CEO to execute the design-build contract for the amount contained herein. The motion carried by vote of 4 to 0.

IV. Adjourn

There being no further business before the GAOPE Committee, Vice Chair Sandhu adjourned the meeting at 10:24 a.m.


Aubrey B. Harwell, III
Board Secretary

✈ METROPOLITAN NASHVILLE AIRPORT AUTHORITY ✈

April 11, 2018 – Minutes of the Joint Meeting of the MNAA Finance, Administration, and Properties Committee and MPC Finance/Administration/Properties Committee



Date: April 11, 2018

Place: Nashville International Airport
Nashville, Tennessee

Time: 9:00 a.m.

Committee Members Present:

Trey Harwell, Chair; Amanda Farnsworth, Bobby Joslin, Christy Smith and Mayor's Representative, Matt Wiltshire

Committee Member Absent:

Bill Freeman, Vice Chair

Others Present:

Doug Kreulen and Cindy Barnett

I. Call to Order

Chair Harwell called the Metropolitan Nashville Airport Authority (MNAA) and MNAA Properties Corporation (MPC) Finance, Administration, and Properties (FAP) Committee meeting to order at 10:28 a.m., pursuant to Public Notice dated April 6, 2018.

II. Approval of Minutes

Chair Harwell called for a motion to approve the minutes of the February 14, 2018, meeting of the FAP Committee. A motion was made by Mayor's Representative Wiltshire and seconded by Commissioner Smith. The motion carried by vote of 5 to 0.

Chair Harwell called for a motion to approve the minutes of the March 14, 2018, meeting of the FAP Committee. A motion was made by Commissioner Smith and seconded by Commissioner Farnsworth. The motion carried by vote of 5 to 0.

III. Item for Approval

A. CONRAC Refinancing Recommendation

Ms. Marge Basrai, CFO, briefed the FAP Committee on this item. Staff requested that FAP Committee recommend to the Board that it approve the selection of a Direct Placement with SunTrust for refinancing of

the CONRAC Series 2010 Bonds. In addition, if agreement of terms and conditions cannot be negotiated with SunTrust, we ask for approval to negotiate with the next best option for the Authority.

Background:

In February 2010, the Authority issued taxable Special Facility Revenue Bonds (CONRAC Series 2010 Bonds) in the principal amount of \$66.3M. The bonds, together with customer facility charge collections on hand and collected during the construction period, were used for the development and construction of a new consolidated rental car ("CONRAC") facility and related improvements. The current amount outstanding on these bonds is approximately \$54.2M. Given the interest rate environment and the improved credit quality of the CONRAC Series 2010 Bonds, the debt can be refinanced for savings.

On February 26, 2018, PFM released a Request for Proposal (on behalf of the Authority) to refinance the CONRAC Series 2010 bonds outstanding. The RFP allowed for various types of proposals: direct lending (Direct Placement) or a public issuance of bonds (Underwriting). This RFP was distributed to over 200 bank contacts. On March 19, 2018, the proposals were received: 10 Direct Purchase Proposals and 15 Underwriting of Bond Proposals.

The following analysis was conducted on the proposals:

1. PFM provided the Authority with an estimate of what the Present Value ("PV") Savings would be if we did a public offering (Underwriting). The spreads from the Underwriting proposals were used. It also assumed that we have an option to pre-pay the bonds after 2024. The estimate calculated by PFM is shown below:

	Underwriting (public offering)
Rate Assumed	3.82%
PV Savings (\$)	\$4.5M
Other Considerations	No rate hold; Longer transaction (approximately +6 weeks)

2. The Direct Placement Proposals were evaluated based on their interest rate, flexible pre-payment options and willingness to hold interest rates for up to 60 days. The following three banks were short-listed based on the results of the evaluation:
 - Bank of America Merrill Lynch (BAML)
 - Regions Bank
 - SunTrust Bank
3. The Direct Placement proposals of three short-listed banks were then compared. The RFP allowed for various pre-payment options to be proposed:

- Option A: Pre-payable at any time without penalty
- Option B: Pre-payable without penalty on or after 7/1/2026
- Option C: Pre-payable with some type of premium

Based on these options, the following proposal comparisons were made:

Option A: Pre-payable without Penalty at any time:

	BAML	Regions	SunTrust
Rate per RFP	4.59%	4.11%	4.23%
PV Savings (\$)	\$2.0M	\$3.63M	\$3.22M
Other Considerations	No rate hold	60-day rate hold	60-day rate hold

Option B/C: Pre-payable in 2026 or with premium:

	BAML	Regions	SunTrust
Rate per RFP	3.83%	4.02%	3.43%
PV Savings (\$)	\$4.61M	\$3.94M	\$6.0M
Pre-Payment Option	2026 and after	2026 and after or step premium YR 1 – 5% YR 2 – 4% YR 3 – 3% YR 4 – 2% YR 5 and after – 1%	Step premium YR 1/2 - 5% YR 3/4 - 4% YR 5/6 - 3% YR 7/8 - 2% YR 9/10 - 1% Final YR - 0%
Other Considerations	No rate hold	60-day rate hold	60-day rate hold

Impact/Findings

Based on the cost of capital, time to close and cost of issuance, PFM and the CFO determined a Direct Placement was most advantageous to pursue. After evaluating the three options of the Direct Placement, it does not appear that a pre-payable at any time option is necessary and worth the additional cost. Based on the savings and the ability to lock the interest rate, Staff recommends that SunTrust Bank pre-payable with premium Option C is the best financial option. The PV Savings estimate of this option is \$6.0M, as compared to the public offering PV Savings estimate of \$4.5M. In addition, MNAA intends to evaluate the excess Customer Facility Charges associated with the CONRAC debt to determine if any of those excess dollars should be applied to the refinancing.

Strategic Goals/Objectives – Critical Success Factors

Focus on the Future

Build capacity and services – BNA Vision
Ensure Business Continuity and sustainability
Pursue Excellence

Deliver world-class customer service

Options/Alternatives

1. Do nothing and make no recommendation and not move on refinancing of the CONRAC bonds.
2. Direct the Staff to pursue the refinancing through a public offering.
3. Select the Direct Placement Option A with either BAML, Regions, or SunTrust.
4. Select the Direct Placement Option B/C with either BAML or Regions.

A motion was made by Commissioner Farnsworth and seconded by Commissioner Joslin to recommend to the Board that it approve the selection of a Direct Placement with SunTrust for refinancing of the CONRAC Series 2010 Bonds. In addition, if agreement of terms and conditions cannot be negotiated with SunTrust, we ask for approval to negotiate with the next best option for the Authority. The motion carried by vote of 5 to 0.

B. Pension Allocation Change and Discount Rate Adjustment

Ms. Basrai briefed the FAP Committee on this item. Staff requested that the FAP Committee recommend to the Board that it approve the revision of the MNAA Investment Policy for the Retirement Plan and Other Post-Employment Benefits (OPEB), Policy 3-903 (updated to Policy 41-011), and MNAA Resolution 2018-06 authorizing amendment of the MNAA Investment Policy of the Retirement Plan and OPEB.

Background:

On February 9, 2018, the MNAA's Retirement Committee met with MNAA's Investment Advisor, Wells Fargo, and the Actuary, BPS&M, to discuss risk reduction, asset allocation, and the discount rate used on the retirement plan. The following changes were approved by the Retirement Committee for the Retirement Plan:

1. Change the Retirement Plan's portfolio asset allocation from 65/35 (65% Equities/35% Fixed Income) to a 60/40 asset allocation (60% Equities/40% Fixed Income).
 - The Retirement Plan was over 100% funded on an actuarial basis as of July 1, 2017. As a well-funded plan with a closed group of employees, it was prudent for the Retirement Committee to consider a more conservative asset allocation. The Retirement Plan has been closed to new employees since June 27, 2003. The number of remaining actives and the accrual of new benefits has been steadily declining for a number of years. Openly accruing plans and plans that are not well funded are able to use investment gains from an aggressive asset allocation to help improve funded status and reduce the need for future contributions. While MNAA still has participants earning benefits, the need for future contributions may be decreased if the plan is

able to maintain a well-funded status. The downside of volatile returns in poor markets can outweigh the upside of aggressive investment gains in good markets. This change in asset allocation reduces the risk of volatility of the asset return and reduces the likelihood of a large decrease in funded status in years of poor market returns.

2. Reduce the Retirement Plan's current discount rate from 7.5% to 7.0%.
 - The discount rate is the interest rate used to value the liabilities of the plan. Because MNAA follows an established funding policy, the governmental accounting standards allow the plan to use the long term expected rate of return on the asset portfolio as the discount rate. The current low interest rates and investment environment have led to a lower expected rate of return on the asset portfolio. The Retirement Committee has approved a change to reduce the discount rate from 7.5% to 7.0%. A reduction in the discount rate increases liabilities. With a 7.0% discount rate, the Retirement Plan is projected to have a \$1.5 million shortfall at 6/30/2018. The actual shortfall will depend on market performance, but this is the best estimate of the shortfall at this time. MNAA plans on funding the shortfall by fiscal year-end.

The following are the proposed changes to the Policy based on the approvals listed above. There are also a few insignificant changes suggested during the review of the policy:

- On page 5, Part VII, Section D, Investment Objectives, viii, is revised to change the name of the benchmark index to BBg Barclays US Aggregate Bond Index from Barclays Capital Aggregate Bond Index due to a name change of the index.
- Page 6, Part VII, Section E, Asset Allocation, is revised to update the Asset Allocation category and subcategory ranges and Composite Benchmark for the Retirement Plan. Two charts are shown (instead of the one previously) since the asset allocation is now different between the Retirement Plan and OPEB. The OPEB asset allocation was not changed. The two new tables added are as follows for the Retirement Plan and the OPEB Plan, respectively:

Asset Category and Subcategory	Minimum %	Neutral Target %	Maximum %	Composite Benchmark
Stock	0.00%	60.00%	70.00%	
Large Cap Value	0.00%	8.57%	11.10%	8.57% Russell 1000 Value Index
S&P 500 Funds	0.00%	11.25%	18.30%	11.25% S&P 500 Index
Large Cap Growth	0.00%	8.58%	11.10%	8.58% Russell 1000 Growth Index
Mid Cap	0.00%	7.50%	9.70%	7.50% S&P 400 Mid Cap Index
Small Cap	0.00%	4.30%	5.60%	4.30% Russell 2000 Index
International Equities	0.00%	19.80%	25.60%	19.8% MSCI ACWI ex-US Index
Fixed Income	0.00%	37.00%	47.00%	
Total Return Bonds	0.00%	37.00%	47.00%	37.00% BBgBarclays US Aggregate Bond Index
Cash Equivalents	0.00%	3.00%	100%	
Money Market	0.00%	3.00%	100%	3.00% 3-Month T-Bill

Asset Category and Subcategory	Minimum %	Neutral Target %	Maximum %	Composite Benchmark
Stock	0.00%	65.00%	75.00%	
Large Cap Value	0.00%	9.30%	12.00%	9.30% Russell 1000 Value Index
S&P 500 Funds	0.00%	12.20%	19.30%	12.20% S&P 500 Index
Large Cap Growth	0.00%	9.30%	12.00%	9.30% Russell 1000 Growth Index
Mid Cap	0.00%	8.10%	10.50%	8.10% S&P 400 Mid Cap Index

Small Cap	0.00%	4.65%	6.00%	4.65% Russell 2000 Index
International Equities	0.00%	21.45%	27.70%	21.45% MSCI ACWI ex-US Index
Fixed Income	0.00%	32.00%	42.00%	
Total Return Bonds	0.00%	32.00%	42.00%	32.00% BBgBarclays US Aggregate Bond Index
Cash Equivalent	0.00%	3.00%	100%	
Money Market	0.00%	3.00%	100%	3.00% 3-Month T-Bill

Additional item to note: in March, MNAA's Investment Advisor suggested that a change should be made to the allocation allowed for International Equities. Given that the overall asset allocation did not change from the approved 60/40 split by the Retirement Committee, the Chief Financial Officer and the President and CEO determined that the change in allocation for International Equities was considered an immaterial change and was not taken back to the Retirement Committee.

- Page 6, Part VII, Section E, Asset Allocation, first paragraph, is revised to show that the rebalancing of the funds between each Subcategory is conducted mid-month instead of the end of each monthly period. This change was made to be consistent with current procedures.

Impact/Findings

Staff recommended approval of MNAA Resolution 2018-06 which provides for amending Policy 3-903 (updated to Policy 41-011), Investment Policy for the Retirement Plan and OPEB Trust, to reflect proposed changes to the Policy.

Strategic Objectives

Economically Sustained Services and Facilities

Options/Alternatives

1. The "Do Nothing" option increases the risk of volatility of the asset return.
2. The Board can make revisions to the Policy as it deems appropriate.

A motion was made by Commissioner Wiltshire seconded by Commissioner Farnsworth to recommend to the Board that it approve the revision of the MNAA Investment Policy for the Retirement Plan and OPEB, Policy 3-903 (updated to Policy 41-011), and MNAA Resolution 2018-06 authorizing amendment of the MNAA Investment Policy of the Retirement Plan and OPEB, with a cavate to re-evaluate the Retirement and OPEB Policy every six months as opposed to annually. The motion carried by vote of 4 to 0 with Commissioner Smith having left the meeting at 10:40 a.m.

C. FY2019 BNA Operating Budget

Ms. Basrai briefed the FAP Committee on this item. Staff requested that the FAP Committee recommend to the Board of Commissioners that it approve the proposed operating budget for BNA for fiscal year 2019 (FY2019) and authorize the Chair and President and CEO to execute MNAA Resolution No. 2018-02.

Background:

Staff annually presents the Operating Budget for the forthcoming fiscal year.

Impact/Findings:

The Metropolitan Nashville Airport Authority's (MNAA's) management and staff developed the following operating budget for BNA. The Operating Budget for BNA was developed and structured to support MNAA's strategic priorities and operational requirements.

BNA Summary (\$000)	BUDGET 2018	BUDGET 2019
Non-Airline Revenue	\$95,727	\$102,241
Signatory Airline Revenue	<u>46,732</u>	<u>53,609</u>
Total Operating Revenue	142,459	155,850
Operating Expense	93,378	99,634
Net Non-Operating Expense (Income)	(17,227)	(26,016)
Income before Depreciation & Grants	\$66,308	\$82,232

Options/Alternatives:

Revise the operating budget by adding or omitting items from the proposed preliminary operating budget. Per the 3rd Amended and Restated Bylaws of the Board of Commissioners, Section 4.3.2, Operating Budget, if such budget shall not have been acted upon by the Board by July 1, the first day of the fiscal year, the proposed budget shall become effective, subject to subsequent action by the Board.

Strategic Goals/Objectives – Critical Success Factors

Focus on the Future

- Build capacity and services – BNA Vision
- Ensure Business Continuity and sustainability

Pursue Excellence

- Deliver world-class customer service

A motion was made by Commissioner Joslin and seconded by Commissioner Farnsworth to recommend to the Board of Commissioners that it approve the proposed operating budget for BNA for fiscal year 2019 (FY2019) and authorize the Chair and President and CEO to execute MNAA Resolution No. 2018-02. The motion carried by vote of 4 to 0.

D. FY2019 BNA Capital Improvement Budget and FY2019-2023 Capital Improvement Plan

Ms. Basrai briefed the FAP Committee on this item. Staff requested that the FAP Committee recommend to the Board of Commissioners that it approve the proposed Capital Improvement Budget and Plan for BNA for fiscal year 2019 (FY2019) (July 1, 2018, through June 30, 2019), authorize the Chair and President and CEO to execute MNAA Resolution No. 2018-03 and authorize and resolve that MNAA accept the grant(s) from the Federal Aviation Administration (FAA) for Federally funded projects. The Capital Improvement Plan for BNA for fiscal years 2020–2023 is presented for informational purposes only.

Background:

Staff annually presents a five-year Capital Improvement Plan (FY2019-2023) and the forthcoming year Capital Improvement Budget (FY2019).

Impact/Findings:

The Capital Improvement Budget for FY2019 is \$715,104,328. Major projects for FY2019 include Terminal Lobby & IAF, Terminal Garage & Airport Administration Building, and Terminal Garage B. The preliminary Capital Improvement Plan is summarized below:

BNA Summary:	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>TOTAL</u>
Terminal & Landside	\$696,369,328	\$90,017,000	\$7,258,000	\$7,374,000	\$4,180,000	\$805,198,328
Vehicles & Equipment	1,785,000	1,947,000	1,675,000	1,314,000	1,665,000	\$8,386,000
Airside Improvements	16,950,000	46,550,000	19,400,000	56,413,000	26,950,000	166,263,000
Total	\$715,104,328	\$138,514,000	\$28,333,000	\$65,101,000	\$32,795,000	\$979,847,328

Funding Allocation:	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>TOTAL</u>
MNAA Authority Fund	\$13,962,333	\$4,327,000	\$10,183,000	\$12,007,000	\$7,095,000	\$47,574,333
MNAA Airline Fund	7,200,000	17,937,000	9,375,000	22,794,000	12,837,500	70,143,500
Federal (Entitlement)	3,000,000	3,250,000	3,500,000	3,500,000	3,750,000	17,000,000
Federal (Discretionary)	7,087,500	26,000,000	5,275,000	26,800,000	9,112,500	74,275,000
PFC	0	0	0	0	0	0
State (Equity Funds)	3,883,150	0	0	0	0	3,883,150

Bond Funded	672,971,345	87,000,000	0	0	0	759,971,345
Other	7,000,000	0	0	0	0	7,000,000
TOTAL	\$715,104,328	\$138,514,000	\$28,333,000	\$65,101,000	\$32,795,000	\$979,847,328

All projects are contingent upon the approval and availability of the various funding sources. The projects programmed for FY2019 and their anticipated funding sources are shown in the attached capital improvement plan.

Options/Alternatives:

Revise the capital budget by adding or omitting projects from the preliminary capital budget.

Strategic Goals/Objectives – Critical Success Factors

Focus on the Future

- Build capacity and services – BNA Vision
- Ensure Business Continuity and sustainability

Pursue Excellence

- Deliver world-class customer service

A motion was made by Commissioner Joslin and seconded by Mayor’s Representative Wiltshire to recommend to the Board of Commissioners that it approve the proposed Capital Improvement Budget and Plan for BNA for fiscal year 2019 (FY2019) (July 1, 2018, through June 30, 2019), authorize the Chair and President and CEO to execute MNAA Resolution No. 2018-03 and authorize and resolve that MNAA accept the grant(s) from the FAA for Federally funded projects. The motion carried by vote of 4 to 0.

E. FY2019 JWN Operating Budget

Ms. Basrai briefed the FAP Committee on this item. Staff requested that the FAP Committee recommend to the Board of Commissioners that it approve the proposed operating budget for John C. Tune Airport (JWN) for fiscal year 2019 (FY2019) and authorize the Chair and President and CEO to execute MNAA Resolution No. 2018-04.

Background:

Staff annually presents the Operating Budget for the forthcoming fiscal year.

Impact/Findings:

MNAA's management and staff developed the following operating budget for JWN. The Operating Budget for JWN was developed and structured to support MNAA's strategic priorities and operational requirements.

JWN Summary	BUDGET 2018	BUDGET 2019
Operating Revenue	\$840,000	\$845,000
Operating Expense	721,000	670,000
Interest Income	400	400
Interest Expense	0	0
	<hr/>	<hr/>
Income before Depreciation, Grants, and Transfers from MNAA	\$119,400	\$175,400

Options/Alternatives:

Revise the operating budget by adding or omitting items from the proposed preliminary operating budget. Per the Third Amended and Restated Bylaws of the Board of Commissioners, Section 4.3.2, Operating Budget, if such budget shall not have been acted upon by the Board by July 1, the first day of the fiscal year, the proposed budget shall become effective, subject to subsequent action by the Board.

Strategic Goals/Objectives – Critical Success Factors

Focus on the Future

- Build capacity and services – BNA Vision
- Ensure Business Continuity and sustainability

Pursue Excellence

- Deliver world-class customer service

A motion was made by Commissioner Farnsworth and seconded by Commissioner Joslin to recommend to the Board of Commissioners that it approve the proposed operating budget for JWN for fiscal year 2019 (FY2019) and authorize the Chair and President and CEO to execute MNAA Resolution No. 2018-04. The motion carried by vote of 4 to 0.

F. FY2019 JWN Capital Improvement Budget and FY2019-2023 Capital Improvement Plan

Ms. Basrai briefed the FAP Committee on this item. Staff requested that the FAP Committee recommend to the Board of Commissioners that it approve the proposed Capital Improvement Budget and Plan for JWN for fiscal year 2019 (FY2019) (July 1, 2018, through June 30, 2019) and, authorize the Chair and President and CEO to execute MNAA Resolution No. 2018-05 and authorize and resolve that MNAA accept the grant(s)

from the Federal Aviation Administration (FAA) for Federally funded projects. The Capital Improvement Plan for JWN for fiscal years 2020–2023 is presented for informational purposes only.

Background:

Staff annually presents a five-year Capital Improvement Plan (fiscal years 2019-2023) and the forthcoming fiscal year's Capital Improvement Budget (FY 2019).

The MNAA funding line represents funding for JWN provided under the current airline agreement in total, however, the amounts are allocated by year as the funding is expected to be utilized.

Impact/Findings:

The Capital Improvement Budget for FY2019 is \$825,000. The proposed Capital Improvement Plan is summarized below:

JWN Summary:	2019	2020	2021	2022	2023	TOTAL
Terminal & Landside	\$0	\$0	\$1,508,500	\$1,000,000	\$0	\$2,508,500
Land Acquisition	0	0	0	0	0	0
Vehicles & Equipment	125,000	0	0	0	0	125,000
Airside Improvements	700,000	3,667,000	0	0	5,400,000	9,767,000
Total	\$825,000	\$3,667,000	\$1,508,500	\$1,000,000	\$5,400,000	\$12,400,500

Funding Allocation:	2019	2020	2021	2022	2023	TOTAL
JWN Funding	\$4,000	\$50,000	\$292,000	\$100,000	\$756,000	\$1,202,000
MNAA Funding	431,000	433,500	461,500	0	944,000	2,270,000
Federal (Discretionary)	330,000	2,850,000	150,000	900,000	2,000,000	6,230,000
State (GA & Equity Funds)	60,000	333,500	605,000	0	1,700,000	2,698,500
TOTAL	\$825,000	\$3,667,000	\$1,508,500	\$1,000,000	\$5,400,000	\$12,400,500

All projects are contingent upon the approval and availability of the various funding sources. The projects programmed for FY2019 and their anticipated funding sources are shown in the attached capital improvement plan.

Options/Alternatives:

Revise the capital budget by adding or omitting projects from the proposed capital budget.

Strategic Goals/Objectives – Critical Success Factors

Focus on the Future

- Build capacity and services – BNA Vision
- Ensure Business Continuity and sustainability

Pursue Excellence

- Deliver world-class customer service

A motion was made by Mayor's Representative Wiltshire and seconded by Commissioner Farnsworth to recommend to the Board of Commissioners that it approve the proposed Capital Improvement Budget and Plan for JWN for fiscal year 2019 (FY2019) (July 1, 2018, through June 30, 2019); authorize the Chair and President and CEO to execute MNAA Resolution No. 2018-05 and authorize and resolve that MNAA accept the grant(s) from the FAA for Federally funded projects. The motion carried by vote of 4 to 0.

G. FY2019 MPC Operating Budget

Ms. Basrai briefed the FAP Committee on this item. Staff requested that the MPC FAP Committee recommend to the MPC Board of Directors that it approve the proposed operating budget for MNAA Properties Corporation (MPC) for fiscal year 2019 (FY2019) and authorize the Chair and President and CEO to execute MPC Resolution No. 2018-01.

Background:

Staff annually presents the Operating Budget for the forthcoming fiscal year.

Impact/Findings:

Management and staff have developed the following proposed operating budget for MPC. The Operating Budget for MPC was developed and structured to support MNAA's strategic priorities and operational requirements.

MPC Summary	BUDGET 2018	BUDGET 2019
Operating Revenue	\$3,070,000	\$3,115,000
Operating Expense	1,986,000	1,671,000
Non-Operating Income	2,000	2,000
Non-Operating Expense	167,000	167,000
Income before Depreciation	\$919,000	\$1,279,000

MPC Budget by Subsidiary/Parent	International Plaza	Multi-Purpose Building	Global Tire	MPC Parent	TOTAL MPC BUDGET 2019
Operating Revenue	\$2,632,000	\$439,000	\$44,000	\$0	\$3,115,000
Operating Expense	1,167,000	374,000	10,000	120,000	1,671,000
Non-Operating Income	1,000	0	0	1,000	2,000
Non-Operating Expense	140,000	27,000	0	0	167,000
Income before Depreciation	\$1,326,000	\$38,000	\$34,000	(\$119,000)	\$1,279,000

Transfer – MPC Subsidiaries to Parent: Also, as an informational item, MPC Holdings, LLC will transfer funds to MPC (The Parent) to cover projected operating expenses for the upcoming fiscal year. MPC relies on its subsidiaries for revenue generating activities. Accordingly, it must rely on periodic transfers of funds from its subsidiaries with revenues to enable it to pay operating expenses. The necessary amounts will be transferred by MPC Holdings, LLC based on the budgeted revenues of each of its revenue-generating facilities using a pro rata share formula monthly. This amount is estimated to be approximately \$119,000 for FY2019.

Options/Alternatives:

Revise the operating budget by adding or omitting items from the proposed preliminary operating budget. Per the Amended and Restated Bylaws of the Board of Directors of the MNAA Properties Corporation, Section 4.3.2, Operating Budget, if such budget shall not have been acted upon by the Board by July 1, the first day of the fiscal year, the proposed budget shall become effective, subject to subsequent action by the Board.

Strategic Goals/Objectives – Critical Success Factors

Focus on the Future

- Build capacity and services – BNA Vision
- Ensure Business Continuity and sustainability

Pursue Excellence

- Deliver world-class customer service

A motion was made by Mayor’s Representative Wiltshire and seconded by Commissioner Joslin to recommend to the MPC Board of Directors that it approve the proposed operating budget for MPC for fiscal year 2019 (FY2019) and authorize the Chair and President and CEO to execute MPC Resolution No. 2018-01. The motion carried by vote of 4 to 0.

H. FY2019 MPC Capital Improvement Budget and FY2019-2023 MPC Capital Improvement Plan

Ms. Basrai briefed the FAP Committee on this item. Staff requested that the MPC FAP Committee recommend to the MPC Board of Directors that it approve the proposed Capital Improvement Budget and Plan for MPC for the fiscal year 2019 (FY2019) (July 1, 2018 through June 30, 2019) and authorize the Chair and President and CEO to execute MPC Resolution No. 2018-02. The Capital Improvement Plan for fiscal years 2020-2023 is being presented for informational purposes only.

Background:

Staff annually presents a five-year Capital Improvement Plan (FY2019-2023) and the forthcoming year Capital Improvement Budget (FY2019).

Impact/Findings:

The Capital Improvement Budget for FY2019 is \$1,045,000. The proposed Capital Improvement Plan is summarized below:

MPC Summary:	2019	2020	2021	2022	2023	TOTAL
Total	\$1,045,000	\$2,185,000	\$3,025,000	\$2,295,000	\$300,000	\$8,850,000

All projects are contingent upon the approval and availability of the various funding sources. The projects programmed for FY2019 and their anticipated funding sources are shown in the attached capital improvement plan.

Options/Alternatives:

Revise the capital budget by adding or omitting projects from the proposed capital budget.

Strategic Goals/Objectives – Critical Success Factors

Focus on the Future

- Build capacity and services – BNA Vision
- Ensure Business Continuity and sustainability

Pursue Excellence

- Deliver world-class customer service

A motion was made by Mayor's Representative Wiltshire and seconded by Commissioner Joslin to recommend to the MPC Board of Directors that it approve the proposed Capital Improvement Budget and Plan for MPC for the fiscal year 2019 (FY2019) (July 1, 2018 through June 30, 2019) and authorize the Chair and President and CEO to execute MPC Resolution No. 2018-02.

I. MNAA Insurance Premiums

Mr. Ted Morrissey, AVP Legal Affairs, briefed the FAP Committee on this item. Staff requested that the FAP Committee recommend to the Board that it ratify the payment of the MNAA's annual insurance premiums by the President & CEO pursuant to the Third Amended and Restated Bylaws Section 4.4.1.8, and approve the Service Agreement between MNAA and Willis Towers Watson for insurance brokerage services from March 1, 2018 through February 28, 2019.

Background:

On March 15, 2018 the President & CEO received a purchase requisition from the Finance Department for approval of payment of the annual insurance premiums for MNAA in the amount of \$1,126,218.74. The purchase requisition was sent to the President & CEO because the amount of the requisition exceeded the signatory threshold of the Chief Financial Officer (CFO). The President & CEO rejected payment of the requisition and sent an email to Finance and Legal requesting review of the requisition because it exceeded his spending authority under Section 4.4.1.1 of the Third Amended and Restated Bylaws (Bylaws).

On March 24, 2018, the President & CEO consulted with Legal. Legal, after review of the requisition and research on the history of the requisition, recommends that the President & CEO approve payment of the annual insurance premiums on an emergency basis, after consulting with the Chair, as authorized under Section 4.4.1.8 of the Bylaws.

On March 26, 2018, the President & CEO consulted with the Board Chair and both concurred with the plan to make the emergency premium payments. Additionally, the President & CEO and Chair agreed that MNAA/CFO will issue a Request for Qualifications (RFQ) for insurance brokerage services within the next 10 months and will conduct a review of types and amounts of insurance coverage necessary before the premiums expire on February 28, 2019.

On April 9, 2018, Finance updated the invoices with two additional invoices for monthly installment payments for Workers Compensation coverage and for Business Auto coverage. These additional invoices are \$24,875.00 and \$5,974.00, respectively. These bring the total amount of the requisition to \$1,157,067.74.

Additional Background Information on the Annual Insurance Premiums:

- On September 7, 2012, MNAA issued an RFQ for Insurance Broker Services. As a result of the RFQ, Willis Towers Watson (Willis) was engaged to provide broker services for insurance policies as required in the RFQ, but without ever executing a contract for these services.
- Willis has provided insurance broker services continuously since March 1, 2012.

- In March 2017, then-Chief Operating Officer Doug Kreulen requested that then-CFO Stan Van Ostran execute a contract with Willis for insurance brokerage services. Willis and the CFO negotiated a contract, but before the contract could be executed the CFO left MNAA to take another job; the contract was never executed.

Impact and Findings:

On March 2, 2018 and March 28, 2018 MNAA was invoiced for 2018-2019 renewal of various policies of insurance as set forth below:

Invoice No.	Policy	Amount
2018268	Commercial Property	\$ 657,798.00
2018150	Workers Comp./Down Payment	\$ 66,588.00
2018183	Workers Comp. April Installment	\$ 24,875.00
2018184	Workers Comp. May Installment	\$ 24,875.00
2018270	Foreign Workers Compensation	\$ 1,510.00
2027387	Excess Airport Operators Liability	\$ 80,250.00
2018272	Executive Package	\$ 102,753.00
2027418	Airport Liability #1	\$ 120,164.00
2018293	Business Auto /Down Payment	\$ 12,862.00
2018294	Business Auto April Installment	\$ 5,974.00
2018295	Business Auto May Installment	\$ 5,974.00
2018271	Fine Arts	\$ 2,237.00
2018274	Excess D & O	\$ 27,760.00
2018275	Cyber Security Liability	\$ 23,447.74
Total		\$1,157,067.74

The amount of Invoice 2018268 is in excess of the President and CEO's signatory authority, as is the total of all invoices.

Last year, individual invoices for 2017-2018 renewal of these policies were under the signatory authority threshold, but the total was \$1,162,407.32. Then-President & CEO Wigington approved payment of the purchase requisition for these invoices.

Strategic Goals & Objectives/Critical Success Factors:

Focus on The Future

Ensure business continuity and sustainability

Options/Alternatives

Not approving payment of these invoices will leave MNAA without insurance coverage.

A motion was made by Mayor's Representative Wiltshire and seconded by Commissioner Joslin to recommend to the Board that it ratify the payment of the MNAA's annual insurance premiums by the President

& CEO pursuant to the Third Amended and Restated Bylaws Section 4.4.1.8 and approve the Service Agreement between MNAA and Willis Towers Watson for insurance brokerage services from March 1, 2018 through February 28, 2019. The motion carried by vote of 4 to 0.

IV. Information Items

Concession RFP Update

Ms. Carrie Logan, AVP Legal -Client Advice, reported that staff has done significant outreach on this project to discuss options on the RFP and had met with various companies for feedback. The draft RFP was distributed to 73 vendors by email on April 5, 2018. Industry comments were due April 11, 2018 and the RFP will be issued on April 16, 2018. The item will be brought to the Board for approval at the July 18, 2018 meeting. All industry questions are being directed to the Purchasing Department and staff asked that if Board members receive questions or comments that they be directed the Purchasing as well.

President Kreulen stated that the silent period would be begin April 16, 2018. Staff would be updating the Board monthly.

Ms. Logan reported that two vendors had submitted comments thus far and the comment period would close at midnight on April 11, 2018.

Commissioner Harwell stated that earlier the Management Committee discussed the Ethics and Conflict of Interest Policy approved in March 2018 and asked that the Board be reminded that it is in the silent period and there should be no contact and no discussion regarding this RFP.

V. Adjourn

There being no further business brought before the FAP Committee, Chair Harwell adjourned the meeting at 11:24 a.m.


Aubrey B. Harwell, II, Board Secretary