

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



---

Date: December 18, 2019

Place: Nashville International Airport

Time: 1:00 p.m.

Board Members Present:

A. Dexter Samuels, Chair; Trey Harwell, Vice Chair (arrived 1:22 p.m.); Amanda Farnsworth, Secretary; John Doerge; Bill Freeman; Nancy Sullivan; Jimmy Granbery; and Bobby Joslin (arrived 1:08 p.m.); Christy Smith???

Board Members Absent:

Kevin Crumbo

Others Present:

Doug Kreulen, Cindy Barnett, and Angela Edwards

---

## I. Call to Order

Chair Samuels called the MNAA Board of Commissioners and MPC Board of Directors meetings to order at 1:05 p.m., pursuant to the Public Notice dated December 13, 2019.

## II. Approval of Minutes

Upon motion made by Commissioner Freeman and seconded by Commissioner Granbery, the Board voted to approve the Minutes of the November 20, 2019 Joint Meeting of the MNAA Board of Commissioners and MPC Board of Directors. The motion carried by vote of 7 to 0.

Commissioner Joslin joined the meeting at 1:08 p.m. after the vote was taken.

## III. Chair's Report

Chair Samuels had no Chair's Report.

## IV. President's Report

President Kreulen stated the Board had the chance to talk with Colin Reed from Ryman Hospitality about the role the airport plays in the success of the hospitality industry and will relay that information to the staff after the Board meeting.

President Kreulen introduced MNAA's new Controller, Andy Furlong. He is a Certified Public Accountant and Certified Fraud Examiner. Mr. Furlong was a Controller with the State of Tennessee Finance and Administration for 15 years. Everyone welcomed Mr. Furlong to the airport.

Air Canada announced it would begin new service to Montreal from Nashville. It will be a daily flight in the summer on an E175 aircraft with 76 seats. BNA hopes it will be a busy flight and Air Canada will offer service to Montreal year-round.

Southwest Airlines announced new summer routes from Nashville. This will bring the number of flights from 119 to almost 140 flights per day. The new routes include weekly service to San Juan, Puerto Rico, Portland, Maine, and Portland, Oregon with first-time daily service to Omaha, Nebraska and Norfolk, Virginia.

Vacation Express announced new and expanded flights to Mexico. Viva A320s aircraft will fly to Los Cabos and Swiftair 737s will fly to Cancun.

Cape Air will begin service to Owensboro, Kentucky twice a day, year-round beginning January 2020. Fares are \$29 each way. Cape Air will also offer flights to Marion, IL with two flights during the week and one flight on the weekends. Fares are \$69 each way. Both routes are Essential Air Service.

Last week, BNA Officials met with Officials from sister airport, Narita International, in Japan. Like BNA, Narita is trying to build air service from Japan to Nashville. The Officials from Narita are also experiencing the same issues with adding gates, incentivizing additional air service, and a runway extension. Narita believed Miami and Nashville were the top two markets for opportunities in the United States for non-stop service to Asia.

President Kreulen presented a slide of pictures of the many holiday events that had taken place at BNA including visits from Santa and Rudolph. BNA employees and family participated in the Nashville Christmas parade. American Airlines and volunteers helped support families of fallen soldiers by flying them to Orlando, Florida for five days of fun and fellowship through a program called Snowball Express.

Sunday, December 15, 2019 was National Cupcake Day and Cupcake Collection was at BNA to celebrate by passing out 6,000 cupcakes to passengers.

President Kreulen spoke about the Guy Kemper Mosaic Project in the CONRAC Plaza. This art project was approved in April 2018. It was suspended as work began on the new garages. The program will be re-started and staff expects Installation will be completed by October 2020.

November 2019 was the busiest month in the history of the airport with passenger growth at 7.4% over November 2018. FY20 YTD was up 12.6% over FY19TD.

V. Items for Approval:

A. Approval of Custodial Services Contract for Terminal Cleaning and Custodial Services, Glass/Window Cleaning, Miscellaneous Maintenance Services

Staff provided the Board a staff analysis of the Custodial Services Contract for Terminal Cleaning and Custodial Services, Glass/Window Cleaning, Miscellaneous Maintenance Services prior to the meeting.

Staff requested that the Board of Commissioners:

- 1) accept the proposal by Premiere Building Maintenance Corporation for Terminal Cleaning and Custodial Services, Glass/Window Cleaning and Miscellaneous Maintenance Services at Nashville International Airport (BNA) and,
- 2) authorize the Chairman and President & CEO to execute the proposed contract

Mr. Robert Ramsey, SVP, Chief Operating Officer, briefed the Board on this item. The custodial services contract was split into three different contract awards; one for the terminal, one for the parking garages, and one for the outlying buildings. The RFPs for all three contracts went out August 12, 2019. Proposals were received from 12 companies for the terminal package on October 9, 2019. Staff interviewed the four highest scored firms. The winning bid came from Premiere Building Maintenance Corporation (Premiere). The SMWBE goal was 19.14%. Premiere agreed to 30% participation through sub-contractors, Diversified (20%) and Ready Serv (10%). The contract cost for 5 years would be approximately \$37.5M with a two-year extension option. If the extension option is exercised, the total contract cost for 7 years would be approximately \$55.3M. Contract start date would be April 1, 2020 with the contract end date being March 31, 2025.

Committee Review:

Commissioner Freeman reported this item was presented to the General Aviation/Operations/Planning/ Engineering Committee on December 11, 2019. The GAOPE Committee voted 3 to 0 to recommend approval to the Board of Commissioners.

After questions and discussions, Chair Samuels took Commissioner Freeman's statement as a motion and a second by Commissioner John Doerge to accept the proposal by Premiere Building Maintenance Corporation for Terminal Cleaning and Custodial Services, Glass/Window Cleaning and Miscellaneous Maintenance Services at Nashville International Airport (BNA) and to authorize the Chairman and President & CEO to execute the proposed contract. The motion carried by vote of 8 to 0.

B. Approval of Custodial Services Contract for Garage A, B, C, Plaza Cleaning and Custodial Services, Glass/Window Cleaning, Miscellaneous Maintenance Services

Staff provided the Board a staff analysis for the Custodial Services Contract for Garage A, B, C, Plaza Cleaning and Custodial Services, Glass/Window Cleaning, Miscellaneous Maintenance Services prior to the meeting.

Staff requests that the Board of Commissioners:

- 1) accept the proposal by Bestway Services for Garage A, B, C, Plaza Cleaning and Custodial Services, Glass/Window Cleaning & Miscellaneous Maintenance Services Cleaning at Nashville International Airport (BNA) and,
- 2) authorize the Chairman and President & CEO to execute the proposed contract

Mr. Ramsey briefed the Board on this item. This RFP also went out for bid on August 12, 2019. This contract will include parking garages A, B, C and the plaza area, entrances and exits, drive lanes, parking spots, stairwells, and provide safe walk paths during inclement weather. The garages must meet Parksmart standards. Garage A currently meets these standards. This solicitation along with the outlying buildings solicitation went out to small business target markets. Three proposals were received on October 9, 2019. The highest rated bidder was Bestway Services, Inc. Contract start date is April 1, 2020 and the contract end date is March 31, 2025. The contract cost for five years is \$10.2M. There is a two-year extension option. If that extension is utilized, the contract cost for five years is \$14.7M.

Committee Review:

Commissioner Freeman reported this item was presented to the General Aviation/Operations/Planning/ Engineering Committee on December 11, 2019. The GAOPE Committee voted 3 to 0 to recommend approval to the Board of Commissioners.

After questions and discussions, Chair Samuels took Commissioner Freeman's statement as a motion and Commissioner Doerge seconded the motion to accept the proposal by Bestway Services for Garage A, B, C, Plaza Cleaning and Custodial Services, Glass/Window Cleaning & Miscellaneous Maintenance Services Cleaning at Nashville International Airport (BNA) and to authorize the Chair and President & CEO to execute the proposed contract. The motion carried by vote of 8 to 0.

C. Approval of Outlying Buildings Cleaning and Custodial Services, Glass/Window Cleaning & Miscellaneous Maintenance Services

Staff provided the Board a staff analysis for the Outlying Buildings Cleaning and Custodial Services, Glass/Window Cleaning & Miscellaneous Maintenance Services prior to the meeting.

Staff requested that the Board of Commissioners:

- 1) accept the proposal by Bestway Services for Outlying Buildings Custodial Services, Glass, Window Cleaning and Miscellaneous Maintenance Services at Nashville International Airport (BNA) and,
- 2) authorize the Chairman and President & CEO to execute the proposed contract

Mr. Ramsey briefed the Board on this item. This project includes cleaning and custodial services for ARFF, Gassaway, Air Cargo, CSF, Water Treatment Facility, Consolidated Utility Plant, PMO offices and maintenance shops. It is for the same five-year contract timeframe with a two-year extension option. Five proposals were received on October 9, 2019. The winning bidder was Bestway Services, Inc. The contract value is \$3.2M for five years and if the two-year extension is utilized, the contract value is \$4.8M.

Committee Review:

Commissioner Freeman reported this item was presented to the General Aviation/Operations/Planning/ Engineering Committee on December 11, 2019. The GAOPE Committee voted 3 to 0 to recommend approval to the Board of Commissioners.

After questions and discussions, Chair Samuels took Commissioner Freeman's statement as a motion and the motion was seconded by Commissioner Sullivan to accept the proposal by Bestway Services for Outlying Buildings Custodial Services, Glass, Window Cleaning and Miscellaneous Maintenance Services at Nashville International Airport (BNA) and to authorize the Chair and President & CEO to execute the proposed contract. The motion carried by vote of 8 to 0.

D. Approval of Change Order to Taxiway Alpha/Kilo Reconstruction

Staff provided the Board a staff analysis for Change Order to Taxiway Alpha/Kilo Reconstruction prior to the meeting.

Staff requested that the Board of Commissioners:

- 1) approve a change order to the contract with Hi-Way Paving, Inc. (Hi-Way) in an amount not to exceed \$651,641.90, to build an extension of the Aircraft Rescue and Fire Fighting (ARFF) road between Runway 13/31 and Taxiway Kilo, and
- 2) authorize the Chair and President & CEO to execute the change order

Mr. Ramsey briefed the Board on this item. The work included in this change order consists of construction of a new road for ARFF vehicles south of Runway 13/31 and Taxiway Kilo, allowing more efficient access to Runway 2C/20C in the event of an emergency and reducing response times. The new road is an extension of the existing ARFF road north of Runway 13/31 to Taxiway Lima. This project was put out for bid twice since August 2018 and cancelled due to lack of budget for the first bid and cancelled due to failure to meet SMWBE participation level or appropriate good faith efforts on the second bid. Hi-Way Paving won the bid to reconstruct Taxiway Alpha/Kilo Intersection. Hi-Way Paving reviewed a modified design of the ARFF Road construction to account for the existing runway closure and cold weather construction. Their proposal price was determined to be reasonable. The proposed change order price is \$651K for concrete.

Committee Review:

Commissioner Freeman reported this item was presented to the General Aviation/Operations/Planning/Engineering Committee on December 11, 2019. The GAOPE Committee voted 3 to 0 to recommend approval to the Board of Commissioners.

After questions and discussions, Chair Samuels took Commissioner Freeman's statement as a motion and the motion was seconded by Commissioner Joslin to approve a change order to the contract with Hi-Way Paving, Inc. (Hi-Way) in an amount not to exceed \$651,641.90, to build an extension of the Aircraft Rescue and Fire Fighting (ARFF) road between Runway 13/31 and Taxiway Kilo, and to authorize the Chair and President & CEO to execute the change order. The motion carried by vote of 8 to 0.

E. Approval of Hangar 14 and Adjacent Parcel Land Development (Sky Harbour, LLC)

Staff provided the Board a staff analysis of Hangar 14 and Adjacent Parcel Land Development agreement (Sky Harbour, LLC) prior to the meeting.

Staff requested that the Board of Commissioners approve the proposed lease terms between Sky Harbour, LLC (Tenant) and MNAA (Landlord), for the purpose of developing a premium box hangar campus to enhance our General Aviation community and to increase revenue to MNAA.

Trey Harwell, Board Vice Chair, joined the meeting at 1:22 p.m.

John Corbitt, AVP, Real Estate, briefed the Board on this item. Sky Harbour is prepared to develop and lease approximately 4.7 acres of improved land, on which existing Hangar 14 resides, and an adjacent parcel of approximately 11 acres of improved and unimproved land. Total premises is 15.75 acres including Hangar 14. Sky Harbour will keep Hangar 14 and will construct approximately 130K square feet of new hangar space and approximately 200K square feet of new or improved ramp/apron space.

Mr. Corbitt went on to discuss the key terms and benefits to the Authority and presented a rendering of the property layout.

Committee Review:

Commissioner Farnsworth reported this item was presented to the Finance/Administration/Properties Committee on December 11, 2019. The FAP Committee voted 4 to 0 to recommend approval to the Board of Commissioners.

After questions and discussions, Chair Samuels took Commissioner Farnsworth's statement as a motion and the motion was seconded by Commissioner Doerge to approve the proposed lease terms between Sky Harbour, LLC (Tenant) and MNAA (Landlord), for purpose of developing a premium box hangar campus to enhance our General Aviation community and to increase revenue to MNAA. This motion carried by vote of 9 to 0.

F. Approval of Fraport Subleases

Staff provided the Board a staff analysis for Fraport Subleases – Nashville Hospitality Partners, LLC (NHP) and Host International, Inc. (Host) and a staff analysis for Fraport Sublease – BNA Concessions, LLC prior to the meeting.

Staff requested that the Board of Commissioners approve two subleases with NHP and Host for the terminal concessions program and approve one sublease with BNA Concessions, LLC for the terminal concessions program so that all rights and obligations pertain to MNAA at the expiration of Fraport’s master agreement.

Ms. Margaret Martin, VP, Chief Development Officer, briefed the Board on this item. Ms. Martin gave a brief background regarding some tenants requesting locations have an operational term that extends past Fraport’s master agreement expiration date of January 31, 2029 which would require MNAA to become a party to the sublease so that MNAA consents to the sublease term and all rights and obligations pertain to MNAA at the expiration of Fraport’s master agreement. As Fraport finalizes negotiations with potential tenants, concepts are subject to change prior to final execution. Future subleases brought before the Board for approval will clarify that concepts are subject to change prior to final execution.

Three subleases were presented for approval. Two of the three were previously approved by the Board. Since that approval, some of the concepts have been changed or new locations have been added. The sublease between Fraport, Nashville Hospitality Partners, LLC, and MNAA has two concept additions. Those additions are The Urban Juicer and Uncle Nearest Bar. There have been no other changes since Board approval.

The sublease between Fraport, Host International, Inc. and MNAA has also had two concept changes since approval by the Board. Those changes include La Hacienda being replaced by Arrington Vineyards and Starbucks changing from a Starbucks Reserve to a regular Starbucks due to the square footage available. There have been no other changes since Board approval.

The third sublease for consideration by the Board was between Fraport, BNA Concessions, LLC, and MNAA. This sublease was for the concept Three Casks and its operational term date extends past the Fraport master agreement, therefore requiring MNAA’s consent to the sublease term such that all rights and obligations pertain to MNAA at the expiration of Fraport’s agreement.



Committee Review:

Commissioner Farnsworth reported this item was presented to the Finance/Administration/Properties Committee on December 11, 2019. The FAP Committee voted 4 to 0 to recommend approval to the Board of Commissioners.

After questions and discussions, Chair Samuels took Commissioner Farnsworth's statement as a motion and the motion was seconded by Commissioner Freeman to approve all Fraport subleases as proposed. The motion carried by vote of 9 to 0.

VI. Staff Reports

A. Operations Report

Mr. Robert Ramsey briefed the Board on this item. Mr. Ramsey reported that parking revenue was up for the month of November 2019 approximately 3.4% over November 2018. FY20 YTD was up 9.5% over FY19. Air cargo tonnage for November 2019 is approximately 19% below November 2018. Staff is investigating the cause of the drop. FY20 YTD is also slightly down at approximately 6% less than FY19.

BNA fuel sales for November 2019 were up 0.6% over November 2018 and up approximately 11% FY20 YTD over FY19. John C. Tune fuel sales were up 17.7% FY20 YTD over FY19 and up 15.1% in November 2019 over November 2018.

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

B. Financial Report

Ms. Marge Basrai, VP, Chief Financial Officer, briefed the Board on this item. As of November 2019, BNA's Operating Revenues were \$72.4M, which were above budget by approximately \$5M and \$2M over the prior year amount. Signatory airline revenue was above budget \$1.4M. Landing fees are above budget due to the landed weights being higher than was budgeted. Also, Spirit Airlines started service at BNA in October which was not calculated in the current year budget. Parking revenue was \$1.1M above budget due to being conservative when budgeting the rate increase that became effective in May 2019. Concessions revenue is above budget by \$2.7M, due to rental car revenues and ground transportation, which is driven by passenger growth.

BNA Operating Expenses as of November 2019 were \$37.9M, which was \$7.2M below budget projections, and \$1.8M over the prior year.

Salaries and benefits were \$2.5M below budget due to FY20 new budgeted positions that had not been filled. Contractual services were below budget \$2.5M due to timing variances (services and repairs that had not been performed yet). Other expenses were under budget by \$1.1M due to special events/travel and training that was budgeted but not yet spent.

JWN FY20 YTD Operating Revenues as of November 2019 were \$404K, which was \$12K above budget and \$33K more than the prior year. The primary variance was due to an increase in rent from 6 new t-hangars.

JWN FY20 YTD Operating Expenses as of October 2019 were \$262K, which was \$20K below budget and \$34K above the prior year. Contract services were \$17K below budget due to timing variances with building maintenance and landscaping that had not been spent yet.

MPC FY20 YTD Operating Revenues as of November 2019 were \$1.5M, which was \$58K above budget projections and approximately \$250K above the last year. International Plaza was above budget due to a new tenant that started in July.

MPC FY20 YTD Operating Expenses as of November 2019 were \$524K, which was \$260K below budget projections and \$21K above the prior year. The majority of the variance with budget is attributable to a delay of various maintenance projects due to a tenant not yet moving out. Also, repairs were budgeted for the roof on the Multi-Purpose Building, but due to the condition of the roof, a complete replacement of the roof was needed which was approved earlier in the meeting. That expense was shifted to CIP instead of O&M.

Ms. Basrai then updated the Board on the Series 2019 Bond issuance. Ms. Basrai stated she had spent some time around Thanksgiving at an investor road show with PFM and Bank of America to meet with potential investors in Boston, Philadelphia, New Jersey and New York. On December 2, 2019 the bonds were offered at \$770M at fairly aggressive prices because the supply in the market was very high. During the two-hour sale window, \$4.2B of orders were received which was 5.5x oversubscribed.

Based on this demand, the bonds were repriced. Spreads were tightened 2-15 bps for the Non-AMT bonds and 2-12 bps for the AMT bonds from the original offer. Overall total net cost was 3.52%. The Subordinate Bonds were priced very close to where the senior bonds would have priced. Based on

strong demand, the deal was upsized by \$150M for a total par amount of \$920M. The Bonds closed on December 17, 2019. The bond team was very happy with the results.

Ms. Basrai presented information on three State Reports on Debt Obligations which were included in the Board's packet that will be filed December 19, 2019. This information is required to be shared per State statute. MNAA closed on the additional \$100M on the Note Purchase Agreement on November 26, 2019. There are two forms for that transaction; one for taxable draws and one for tax exempt draws.

The State reviewed all MNAA's State Report submissions from the past and flagged that they never received the State Form for the 2003B bonds. That form will be filed also.

There will be four more State Reports presented at next month's Board meeting for the bond issuance that just closed. Ms. Basrai presented the Board members a copy of the Comprehensive Annual Financial Report (CAFR) for Fiscal Year 2019 and a copy of the Official Statement related to the bond issuance.

C. Commercial Development Report

Ms. Margaret Martin, VP, Chief Development Officer, briefed the Board on this item. Rental car sales were up for October 2019 over October 2018 and up for FY20 YTD over FY19. Concession sales were up FY20 YTD over FY19 YTD and down slightly for November 2019 over November 2018 as locations are closed for construction. Staff had been expecting this to happen during this transition period. Ms. Martin reminded the Board that there is the minimum annual guarantee (MAG) for concession revenue provided for in the agreement between MNAA and Fraport.

D. Business Diversity Development

Ms. Gale LaRoche, VP, Chief Administrative Officer, briefed the Board on this item. Ms. LaRoche reported on MWBE Participation for the month of November 2019. In Professional Services, the aspirational goal was 12.4% while actual participation was 10%. In Goods and Services, actual participation was 9.7% which exceeded the goal. In Construction Non-Federal CIP, actual participation exceeded the goal at 24.1%. In Construction Federal CIP, actual participation exceeded the goal at 28.6%. Overall, November 2019 and FY20 YTD participation has exceeded aspirational goals.

Chair Samuels inquired as to the number of new firms that have been certified by MNAA and new opportunities based on BNA Vision since its inception. Ms. LaRoche stated she did not have that information readily available but would certainly provide it at the next Board meeting.

VII. Information Items

A. Fraport Transition Update

President Kreulen stated Fraport is on target to open two new concepts in December 2019. Those are Arts District Market on December 31, 2019 and NaSah's Nail Salon on December 31, 2019. Retail locations have 90 days to complete construction and open while food and beverage has 120 days to complete construction and open. If deadlines missed as detailed in Exhibit G, fines will be assessed by the Authority to Fraport. The Board will be updated as to any penalties assessed.

B. Real Estate Development Update

President Kreulen reported the 75-acre non-aviation development had three proposers. The 32-acre aviation development received five proposals. Staff is reviewing the proposals and will keep the Board updated as negotiations progress. Atlantic Aviation has proposed to upgrade its FBO and make a \$30M investment at the airport. Staff is negotiating business terms and will provide a recommendation to the Board for approval in the February 2020 timeframe.

Staff is continuing its review of the Assignment of JWN FBO Lease regarding Contour and Corporate Flight's request to assign the lease to Modern Aviation. Staff is evaluating minimum standards and what the best interests are of the Airport Authority. Staff hopes to come back to the Board in January or February 2020 with a recommendation to approve or discuss different options.

A Notice of Availability for the 7.5-acres at JWN is on the street. Responses are due by the end of the year. The Commissioners will be updated as this solicitation progresses.

C. BNA Vision Program Budget & Schedule Summary

President Kreulen stated there was no significant change in the program budget in November 2019 and the total contingency remaining was approximately \$97M. There has been no change to the program schedule.

D. BNA Vision 2.0 Scope

President Kreulen reported the BNA Vision Committee asked staff to evaluate expediting construction of Concourse A and explore the possibility of building a hardstand to meet gate requirements. President Kreulen asked the staff to evaluate and analyze all possibilities to complete these tasks. Staff looked at 5 different options. Option 3A (Concourse A Expedited + Satellite Concourse – Standard + Vertical Circulation) was chosen by the staff to be the best option to meet those goals. The ability to control shuttle costs and generate revenue were big factors in choosing this option.

President Kreulen presented a rendering of the satellite concourse at Seattle-Tacoma International Airport. The next steps will be for staff to finalize its analyses of capital and operating costs, schedule, financial feasibility, airline and concessions impact, and revenue opportunities. The BNA Vision Committee also suggested staff visit benchmark airports with satellite operations to get a better understanding of the facilities and passenger experience. Staff will submit its findings to the BNA Vision Committee in January 2020 and if the Committee recommends approval of the staff's recommendation, staff hopes to submit to the Board for approval in January 2020 or no later than February 2020.

Chair Samuels stated staff should reach out to passengers and get their viewpoint on bussing because that is a major change to the customer experience. Chair Samuels stated it was important to also look at policy implementation in terms of gate maximization for common gate use to be sure the airport is fully utilizing its gates at all times. President Kreulen stated there are six gates being converted to common use gates through BNA Vision. One challenge will be the airline agreements because those spaces have been leased to specific airlines, but President Kreulen stated staff will add this to its assignment to bring back to the Committee and Board.

E. Fraud Reporting Update

President Kreulen gave an update on red flag reporting. In July 2019, a red flag report was submitted complaining of favoritism. This investigation has been closed with no evidence to establish favoritism. In December 2019 there was a report of potential theft of a storage cabinet. This item is pending closure because it is still being investigated, but so far, there is no evidence to establish theft or fraud. Once the investigation is completed, a report will be submitted to Commissioner Sullivan. Training with employees has been conducted and policy updates may be required.

F. Internal Audit Update

President Kreulen stated there has been significant progress in the number of audit findings. There are currently 43 open findings. Completing the PCI audit with IT closed 178 findings in the past three quarters. Once the travel policy is updated, the majority of open findings in Finance will be closed.

G. External Audit Update

President Kreulen reported the External Audit update was provided by Dixon Hughes & Goodman at the Audit & Compliance Committee on December 11, 2019. Copies of the CAFR, once finalized, will be available to the Board. FY19 Financial Statements, Federal Awards, and Passengers Facility Charges Program were audited and no material weaknesses or significant deficiencies were identified.

H. PCI Compliance Update

President Kreulen reported that as of September 2018, MNAA was only 35% compliant. In October 2019, MNAA received a Report on Compliance (ROC) of 100%. President Kreulen thanked Ms. Vanessa Hickman, AVP, Information Technology, and her team for a great job of getting MNAA compliant.

I. Public Safety Update

President Kreulen stated the Law Enforcement and Airport Communications Center (ACC) Inspections are ongoing. The Department of Public Safety conducts fuel safety inspections each quarter and can issue citations for violations. Performance is getting a lot better since benchmarking other airports. TSA gave MNAA the highest score received in several years during its FY19 audit.

J. CEO Compensation Study

President Kreulen reported the Management Committee met on December 4, 2019. Data continues to come in from the Compensation Study.

K. CEO Metrics

President Kreulen stated he presented a first draft of metrics to the Management Committee and has some follow up information to provide to the Committee.

L. Disparity Study Update

President Kreulen stated the Disparity study is conducted every five years. The initial draft document has been submitted to MNAA by Griffin & Strong. MNAA has provided a revised schedule to Griffin &

Strong, and a cross-functional team is working to provide feedback. Staff hopes to submit the final report to the Board in April 2020 for review and adoption.

M. ALERT Update

President Kreulen stated the Airline Lease Early Reporting Tool (ALERT) indicators for FY20 Q1 are excellent. Enplanement growth is up 13.6% as well as scheduled seats. Parking and concessions growth are also up. O&M expenses are below budget. The economic growth for Nashville is excellent and national and global growth outlook is good.

The net NAE Fund (Cash Reserve) FY20 contribution is estimated at approximately \$3M.

Additional discussions and questions followed regarding the Vision 2.0 Scope. President Kreulen invited all Commissioners to attend the BNA Vision Committee meetings.

VIII. Adjourn

There being no further business brought before the Board, Chair Samuels thanked the Commissioners for their participation and adjourned the meeting at 2:07 p.m.



---

Amanda C. Farnsworth, Board Secretary