

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



Date: October 16, 2019

Place: Nelson Andrews Leadership Center, 3088 Smith
Springs Road, Antioch, Tennessee, 37013

Time: 9:00 a.m.

Board Members Present:

A. Dexter Samuels, Chair; Trey Harwell, Vice Chair; Amanda Farnsworth, Secretary; John Doerge, Bill Freeman, Nancy Sullivan, Jimmy Granbery, Bobby Joslin; Christy Smith; and Mayor's Representative Jamari Brown

Board Members Absent:

None

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 9:02 a.m., pursuant to the Public Notice dated October 11, 2019.

II. Approval of Minutes

Upon motion made by Vice Chair Harwell and seconded by Commissioner Freeman, the Board voted to approve the Minutes of the September 25, 2019 Joint Meeting of the MNAA Board of Commissioners and MPC Board of Directors. The motion carried by vote of 8 to 0.

Commissioner Joslin arrived at the meeting at 9:05 a.m. and Commissioner Farnsworth arrived at the meeting at 9:07 a.m.

III. Chair's Report

Chair Samuels stated he had no Chair's Report. He welcomed everyone to the Nelson Andrews Leadership Center (NALC) and introduced Jeff Merhige, Executive Director of the YMCA Joe C. Davis Center, who gave a brief overview of the Center and a brief history of the NALC and the ownership of the property.

IV. President's Report

President Kreulen introduced the new Communications Director, Kym Gerlock, and welcomed her to BNA. She will work directly with Tom Jurkovich, VP, Communications and Public Affairs.

BNA celebrated Spirit Airlines' inaugural flight on October 10, 2019. There was a ceremony at BNA that morning and there was an evening celebration at the Musicians Hall of Fame. Spirit will offer daily flights to Baltimore/DC, Fort Lauderdale, New Orleans, Las Vegas, Orlando and Tampa. Additional flights to Austin, Newark, Los Angeles, and Cancun will begin March 2020. Spirit expressed an interest in additional gates at BNA as they continue to grow.

Chair Samuels stated he took a nonstop flight with Spirit Airlines from Orlando to Nashville and had a phenomenal flight with a very low fare. Commissioner Granbery inquired as to what type of aircraft Spirit flies. President Kreulen stated Spirit is primarily an airbus airline.

President Kreulen reported BNA had new officers that graduated from the Tennessee Law Enforcement Academy and presented a picture of those graduates. The Public Safety department continues to grow to keep up with passenger growth.

President Kreulen updated the Board of Commissioners on upcoming sponsorship and promotion opportunities for the months of October and November 2019. The proceeds from the BNA Aviation Golf Classic, scheduled for October 17, 2019, will go to Nashville Cherry Blossom Festival, Nashville Museum of African American Music, High Hopes Development Center, Boys & Girls Club Notes for Notes, and the Children's Hospital at Vanderbilt Musicians on Call. Last year, this event raised \$80K and staff will keep the Commissioners updated on how much was raised this year.

BNA has purchased seats at the Nashville Black Chamber of Commerce Inaugural Black-Tie Gala, the Tennessee Aviation Hall of Fame Gala, Sister Cities of Nashville Celebrating the Arts Around the World and the Nashville Public Library Foundation Literary Award Gala. President Kreulen announced that Commissioners would be invited to these events and to watch their e-mails for invitations.

President Kreulen provided a Regulatory Update. The Federal Aviation Administration (FAA) comes to BNA every March or April to do its Part 139 Inspections but BNA conducts its own inspections of fueling trucks every month. BNA's Department of Public Safety (DPS) has the power to issue fines and require additional training.

A mandatory annual audit inspection of DPS Evidence and Property was completed with 100% accuracy. This is a requirement to remain Commission on Accreditation for Law Enforcement Agencies (CALEA) accredited.

The external audit is about to close and the results will be reported to the Commissioners next month. In January 2020, DPS will begin its review for the CALEA re-accreditation process which is required annually.

Chair Samuels inquired as to any concerns BNA might have based on audits and reviews for the CALEA accreditation. President Kreulen stated he did not think so. BNA has two CALEA specialists on staff to make sure BNA stays compliant.

President Kreulen reported on total passengers. Total passengers in September 2019 was up 12.6% over September 2018. That number included fifty-six flights that had been cancelled due to the hurricane off the coast of Florida.

V. Items for Approval:

- A. Approval of Subordinate Airport Revenue Bonds and Update to Debt Management Policy, MNAAB Resolution No. 2019-14 (Initial Resolution), MNAAB Resolution No. 2019-15 (Master Subordinate Resolution), MNAAB Resolution No. 2019-16 (First Supplemental Resolution), MNAAB Resolution No. 2019-17 (Official Intent Resolution), MNAAB Resolution No. 2019-18 (Twentieth Supplemental Resolution), and MNAAB Resolution No. 2019-19 (Debt Management Policy)

Staff provided the Board a staff analysis of the Subordinate Airport Revenue Bonds and a copy of MNAAB Resolution No. 2019-14 (Initial Resolution), MNAAB Resolution No. 2019-15 (Master Subordinate Resolution), MNAAB Resolution No. 2019-16 (First Supplemental Resolution), MNAAB Resolution No. 2019-17 (Official Intent Resolution), MNAAB Resolution No. 2019-18 (Twentieth Supplemental Resolution), MNAAB Resolution No. 2019-19 (Debt Management Policy), the Updated Debt Management Policy, and a copy of the approval letter from the State of Tennessee Comptroller's Office prior to the meeting.

Staff requested that the Board of Commissioners authorize the issuance of the Subordinate Airport Revenue Bonds and update to the Debt Management Policy and authorize the Chair and President & CEO to execute the following resolutions:

- 1) MNAA Resolution No. 2019-14, Initial Resolution
- 2) MNAA Resolution No. 2019-15, Master Subordinate Resolution
- 3) MNAA Resolution No. 2019-16, First Supplemental Resolution
- 4) MNAA Resolution No. 2019-17, Official Intent Resolution
- 5) MNAA Resolution No. 2019-18, Twentieth Supplemental Resolution
- 6) MNAA Resolution No. 2019-19, Debt Management Policy Update

Ms. Marge Basrai, VP, Chief Financial Officer, briefed the Board on this item. MNAA has been drawing on the Note Purchase Agreement it has with Bank of America until the draws can be refinanced with long term revenue bonds. MNAA expects to price and close those bonds in December 2019.

The Bond Financing Team has been meeting for the past three months to discuss, analyze and finalize the debt security and debt structure for this issuance. The team has also been working on the preparation of a feasibility study, rating agency presentations and the preliminary official statement.

The Bond Team includes Ms. Basrai, MNAA's AVP of Finance, Kristen Deuben, PFM Financial Advisors LLC (PFM), Landrum and Brown, Bank of America Merrill Lynch (BAML), Hawkins Delafield & Wood LLP, Greenburg Traurig, LLP, Adams and Reese LLP, and Kutak Rock LLP. Ms. Basrai introduced Bill Case and Kevin McPeck of PFM, Jeff Schulthers and Matt Ruffra of Landrum and Brown, and Corey Czyzewski of BAML. MNAA also have five other underwriting firms that will serve as co-managers on the deal and will participate with the marketing and selling of the bonds.

There were two main areas the Bond Team focused on. The first was the security for the bonds. In the past, the Authority has issued senior lien bonds that have a net revenue coverage requirement of 1.25x debt service which means the Authority must generate net revenues to cover at least 1.25 times its debt. However, the organization has never undertaken a program the size of BNA Vision and beyond. As MNAA continues to add debt past the BNA Vision, the senior lien capacity will most likely be stressed putting pressure on the ratings. Airports mitigate this by issuing a combination of senior and subordinate lien debt to fund their capital programs. Subordinate debt means you have second priority debt below the senior lien holders. Current market conditions, due to the low historical rates, provides an opportunity to create a new subordinate lien position on MNAA's bonds that will have a coverage

requirement of 1.10x debt service. This would help preserve MNAA's senior lien bond capacity to complete its capital program in the future.

The Bond Team has determined that the most optimal solution for the Authority for this bond issue is to issue the bonds on a subordinate lien. Current market conditions are very favorable to issue subordinate lien bonds because of historically low interest rates. Subordinate lien bonds are expected to price at credit spreads 5-10 bps over senior lien bonds. Typically, spreads are at least 15-20 bps. This issuance will create a new credit rating for the Authority. Subordinate debt usually rates one notch below the senior lien rating. This results in higher spreads during pricing, however, given the current market spreads of 5-10 bps, the effect on the overall borrowing costs are not expected to be significant. Most importantly, this will preserve MNAA's future bond capacity under its senior lien when interest rates may be higher or when the spread differential to issue subordinate bonds is higher.

The second area the bond team discussed was the debt structure. The team determined that the best optimal structure for this deal is to structure the bond payments to "wrap" around the current outstanding bond payments with a final maturity of 2054 (35-year term). Current rates are at historic lows and the shape of the yield curve is flat (which means long-term rates are not costing much more than short-term rates). By going from a 30 to a 35-year term, it allows MNAA to take advantage of the market, especially for longer-date maturities.

There is demonstrated investor interest in recent airport transactions. Kansas City and Orlando recently sold bonds with 35-year maturities. Those bonds priced well in the market. This structure will mitigate airline rate impacts in the early years. As compared to a 30-year maturity, issuing 35-year term bonds results in aggregate debt service that is approximately \$4-\$7M less in each year through 2045. This promotes stability to the airline rates. The 35-year term and the "wrap" provides more flexibility for future debt issuances. This establishes a level debt service profile upon which debt service for future issuances can be layered with maximum flexibility. For example, if MNAA does more longer-term bonds this round, if the yield curve goes back to normal and short-term rates are lower than long-term rates, MNAA can add more short-term maturities to future bond issuances.

Tennessee Code Section 9-21-134 defines Balloon Indebtedness as debt with a final maturity date of 31 or more years or debt that does not have substantially level or declining debt payments. Given the debt structure recommended, the 2019 Bonds would be considered Balloon Indebtedness by the State of Tennessee. Governmental entities that propose to issue balloon indebtedness must submit a Plan of

Balloon Indebtedness requesting approval from the Comptroller of the Treasury and must ensure that their debt management policy is updated to address the new law and the use of balloon indebtedness.

On September 19, 2019, PFM and Ms. Basrai met with staff from the Office of the Comptroller of the Treasury to present MNAA's capital program and the plan of finance for the Series 2019 Bonds in order to get any feedback or potential issues from them prior to submitting the formal Plan. Based on guidance from the Office of the Comptroller, MNAA submitted the formal Plan of Balloon Indebtedness and a draft of the updated Debt Management Policy on September 27, 2019. MNAA received an approval letter from the Office of the Comptroller on October 2, 2019.

MNAA's Debt Management Policy had not been updated since 2011, so this new law was not included in the document. The updated policy included the following:

- Permits the issuance of balloon indebtedness to allow MNAA to maintain stable level of airline rates and charges
- A determination must be made that the structure is in the public's best interest
- Must ensure that the projected revenues securing the debt will pay for the debt and operating expenses during the life of the debt
- It now includes the process of submission to the Comptroller of the Treasury
- There were some other minor updates to modernize the policy to reflect MNAA's current debt structure and airline agreement

There are six resolutions related to the authorization of the issuance of Subordinate Airport Revenue Bonds and update to the Debt Management Policy:

- 1) MNAA Resolution No. 2019-14 - This is the Initial Resolution for the issuance of long-term revenue bonds to finance a portion of the cost of the Authority's Capital Improvement Program. It is required by Tennessee State law and notifies the public of MNAA's plans to issue debt secured by its revenues. This will be published in accordance with State law following its adoption.
- 2) MNAA Resolution No. 2019-15 - This is the Master Subordinate Resolution which authorizes the issuance of airport revenue bonds subordinate to bonds issued under the Authority's Master Senior Resolution and sets forth the terms and covenants on which MNAA can issue subordinate debt.

- 3) MNAA Resolution No. 2019-16 – This is the First Supplemental Resolution that authorizes issuance of not to exceed \$1Billion Series 2019 Bonds – the first series of subordinate bonds under the Master Subordinate Resolution 2019-15. MNAA will use approximately \$300-\$400M to pay off the Note Purchase Agreement (NPA) and then have \$600-\$700M to directly pay costs of the capital improvement program. MNAA originally planned on issuing \$350M in three tranches. However, MNAA wanted to take advantage of the historically low rates. Also, with the strong possibility of other large capital projects that may need to start soon, MNAA wanted to fund more of BNA Vision now and use the NPA next year on the additional projects. The final amount most likely will be less than the authorized amount of \$1B, however, this provides some flexibility to upsize and take advantage of market conditions and/or investor demand should factors be favorable at time of pricing.
- 4) MNAA Resolution No. 2019-17 – This is the Official Intent Resolution for an issuance of subordinate bonds to finance a portion of the cost of MNAA’s capital improvement projects and directs MNAA to publish a notice and to conduct the hearing in compliance with the US Internal Revenue Code. This is required by Federal Law and memorializes MNAA’s intent to reimburse itself for expenditures of its own funds by issuing long-term debt. It also allows Ms. Basrai to hold the public Tax Equity and Fiscal Responsibility Act (TEFRA) hearing required for private activity bonds (AMT). It notifies the public of MNAA’s plans to issue private activity bonds.
- 5) MNAA Resolution No. 2019-18 – This is the Twentieth Supplemental Resolution which authorizes certain amendments to MNAA’s Master Senior Resolution to modernize its terms and add consistency with the Master Subordinate Resolution created in Resolution No. 2019-14.
- 6) MNAA Resolution 2019-19 authorizes updating the Debt Management Policy to reflect the current debt structure, airline agreements, and to permit the issuance of balloon indebtedness.

Committee Review:

Vice Chair Freeman reported this item was presented to the Finance/Administration/Properties (FAP) Committee on October 9, 2019. The FAP Committee voted unanimously to recommend approval of all said resolutions.

A motion was made by Commissioner Freeman and seconded by Mayor’s Representative Jamari Brown to recommend approval of MNAA Resolution No. 2019-14 (Initial Resolution) and to authorize the Chair and President & CEO to execute said resolution. The motion carried by vote of 10 to 0.

A motion was made by Commissioner Freeman and seconded by Commissioner Farnsworth to recommend approval of MNAA Resolution No. 2019-15 (Master Subordinate Resolution) and to authorize the Chair and President & CEO to execute said resolution. The motion carried by vote of 10 to 0.

A motion was made by Commissioner Freeman and seconded by Commissioner Sullivan to recommend approval of MNAA Resolution No. 2019-16 (First Supplemental Resolution) and to authorize the Chair and President & CEO to execute said resolution. The motion carried by vote of 10 to 0.

A motion was made by Commissioner Freeman and seconded by Commissioner Sullivan to recommend approval of MNAA Resolution No. 2019-17 (Official Intent Resolution) and to authorize the Chair and President & CEO to execute said resolution. The motion carried by vote of 10 to 0.

A motion was made by Commissioner Freeman and seconded by Commissioner Granbery to recommend approval of MNAA Resolution No. 2019-18 (Twentieth Supplemental Resolution) and to authorize the Chair and President & CEO to execute said resolution. The motion carried by vote of 10 to 0.

A motion was made by Commissioner Freeman and seconded by Mayor's Representative Jamari Brown to recommend approval of MNAA Resolution No. 2019-19 (Debt Management Policy) and to authorize the Chair and President & CEO to execute said resolution. The motion carried by vote of 10 to 0.

B. Approval of Fraport Subleases

Staff provided the Board a staff analysis for the Fraport Subleases prior to the meeting.

Staff requested that the Board of Commissioners approve two subleases for the terminal concessions program, so that all rights and obligations attorn to MNAA at the expiration of Fraport's master agreement on January 31, 2029.

Ms. Margaret Martin, VP, Chief Development Officer, briefed the Board on this item. Ms. Martin reminded the Board they approved five similar subleases back in August 2019. The subleases will be a three-party sublease between Fraport, the sub-tenant and MNAA. The reason for Board approval is because the sublease terms extend past the expiration of Fraport's master agreement with MNAA and would allow MNAA to take over the sublease at that time. The first sublease is with Nashville Hospitality Partners, LLC for five locations. All five locations have a termination date in 2030. The second sublease for approval is with Nashville BNA Partners, LLC for four locations. One of the four locations has a termination date past the Fraport master agreement.

Committee Review:

Commissioner Freeman reported this item was presented to the Finance/Administration/Properties (FAP) Committee on October 9, 2019. The FAP Committee voted to recommend approval by vote of 3 to 0.

Chair Samuels took Commissioner Freeman's statement as a motion and Vice Chair Harwell seconded the motion to approve two subleases for the terminal concessions program, so that all rights and obligations attach to MNAA at the expiration of Fraport's master agreement on January 31, 2029. The motion carried by vote of 10 to 0.

VI. Staff Reports

President Kreulen stated there would not be a Commercial Development Report at this meeting because staff did not receive the rental car and concessions revenue information in time to prepare for the Board Meeting. This happens when Board meetings occur earlier in the month. Therefore, the September and October rental car and concessions revenue will be reported at the November Board meeting.

A. Operations Report

Mr. Ramsey briefed the Board on this item. Mr. Ramsey reported that parking revenue was up for the month of September 2019 approximately 11.7% over September 2018. FY20 YTD was up 11.3% over FY19. Air cargo tonnage was down slightly in September 2019 4.6% which is a decrease of approximately 200 tons versus September 2018 and FY20 was down approximately 3.2% versus FY19 which equates to approximately 450 tons.

BNA fuel sales for September 2019 were up almost 14% over September 2018 and up 15.7% FYTD over FY19. John C. Tune fuel sales were up 18.2% FYTD over FY19 and up 9.6% in September 2019 over September 2018.

Mr. Ramsey gave a Master Plan update. The Noise Advisory Committee meeting was held October 7, 2019 with two non-BNA attendees. This was the second meeting of the Noise Advisory Committee. The final Technical Advisory Committee and Community Advisory Meetings were each held October 9, 2019. There were ten non-BNA attendees at each meeting. A Master Plan public meeting will be held November 21, 2019 from 5:00 p.m. to 8:00 p.m. at a location to be determined. The previous meeting locations were unavailable at the time required. Once the meeting location has been determined, the public will be notified.

Commissioner Joslin inquired as to what the Technical Advisory Committee and Community Advisory Committees were. Mr. Ramsey stated the Technical Advisory Committee consists of airport related businesses and partners that have input and update their thoughts on the Master Plan through AECOM. An example of those partners are BNA's airline partners, Signature, FBOs and the Tennessee Air National Guard. The Community Advisory Committee consists of anyone from local neighborhoods around the airport. Council members and State Representatives are also invited to participate. President Kreulen stated those two committees are required by FAA regulations in regard to preparing a Master Plan. Metro Nashville participates in the Community Advisory Committee.

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

B. Financial Report

Ms. Basrai briefed the Board on this item. As of September 30, 2019, BNA's YTD Operating Revenues were \$42.9M, which was above budget by \$2.7M and \$900K over the prior year amount. Landing fees were above budget by approximately \$600K due to the landing weights being 8% higher than budget. Baggage handling fees were below prior year due to the removal of the FY19 \$5M baggage handling project. Parking revenue was approximately \$800K above budget and \$1.5M over the prior year due to being conservative in estimating the rate increase that became effective in May 2019. Concessions revenue was above budget by approximately \$1.3M and \$600K over last year, mainly in rental car and ground transportation which is driven by passenger growth.

BNA Operating Expenses YTD September 2019 were approximately \$22.7M, which was about \$4.6M below budget, but \$3M greater than the prior year. Budget and salaries were approximately \$1.5M below budget due to vacant/open budgeted positions. Contractual services were approximately \$2M below budget due to timing variances such as services and repairs that have not been performed yet. Materials and supplies are approximately \$560K below budget due to items not purchased yet. Other expenses are under budget by approximately \$700K for special events budgeted, but not spent yet.

JWN YTD Operating Revenues YTD September 2019 were \$238K, which was \$2K above budget and \$20K more than the prior year. Calendar year revenue on track with budget, and the variance from prior year is from an increase in rent from six new t-hangers.

JWN YTD Operating Expenses YTD September 2019 were \$150K, which was \$32K below budget and \$21K above the prior year. Contract services was \$30K below budget due to timing issues with building maintenance and landscaping that had not been spent yet.

MPC YTD Operating Revenues YTD September 2019 were \$890K, which was \$36K above budget and \$152K above the last year. International Plaza was above budget by due to a new tenant for July through September 2019 that was not budgeted for, offset by another tenant unexpectedly vacating in August 2019 which provided a net increase of approximately \$5K month to month. Rent is above prior year to due to the new tenant and regular rent escalations, and in the Multi-purpose building rental of the Centralized Receiving and Distribution Center (CRDC) to Fraport.

MPC YTD Operating Expenses YTD September 2019 were \$354K, which was \$119K below budget projections and \$61K above last year. The majority of the variance with budget is attributable to \$86K in maintenance and upgrades yet to be scheduled due to delay in tenant move-out date. \$42K of work has been completed but invoices have not been received yet.

Chair Samuels asked Ms. Basrai if she had a breakdown of annual sources of revenue. Ms. Basrai stated she does not have that information readily available, but she does have it and will share it with the Commissioners.

C. Business Diversity Development

Ms. Davita Taylor, AVP, Procurement and Diversity, briefed the Board on this item. Ms. Taylor reported on the MWBE participation for the month of September 2019. In professional services, MNAA had a total of 11.1%, goods and services were 0.8%, construction non-federal was 29.8%, and construction federal was 17.9% which gives a total YTD participation of 19.6%.

Chair Samuels asked how her department was handling the leadership transition. Ms. Taylor reported she is helping Ms. Gale LaRoche, VP, Chief Administrative Officer, as they transition from the current model to the leadership model they choose for Business Diversity Development (BDD). Three new staff members are coming in at the end of the month which include a manager and two compliance specialists. Once these employees are onboarded and up to speed, BDD hopes to find a Director at that point.

VII. Information Items

A. Commercial Ground Transportation Update

President Kreulen reported MNAA has a commercial ground transportation policy. Any commercial operator that operates on airport property must have a permit to do so. The last time there was a fee change to that policy was five years ago. It is written in the policy that MNAA staff are required to conduct an annual review and they are in the process of doing that. The Board of Commissioners has approved \$350M to improve transportation systems such as the ground transportation center, the Donelson Pike realignment and curbside expansion – all to enhance the efficiency and movement of the commercial operators on airport property. President Kreulen directed the staff in May 2019 to begin analyzing ground transportation fees to generate additional revenue to help pay for the \$350M in enhancements. There are three main revenue generators for ground transportation; the private citizen driving to the airport, rental cars, and commercial ground transportation operators. The analysis started with the Transportation Network Companies (TNCs) such as Uber and Lyft. The TNCs generate approximately 2.5M trips per year on airport property and their fees are currently 31% below BNA's peer airports and 45% below other medium/large airports.

President Kreulen presented a power point slide of peer airports and larger airport TNC fees. BNA was in the bottom 15% of those airports presented. Dallas and Detroit are both at \$10 while BNA is at \$4 so it is appropriate for BNA to look at adjusting its TNC fees.

On August 15, 2019 BNA staff initiated contact with Uber and Lyft. There was a meeting with Uber and Lyft on September 18, 2019 to discuss BNA's growth, enhancements, expenses, and staff proposed raising the current TNC fee to \$5.00 for pick up and \$5.00 for drop off. After negotiations, BNA compromised with Uber and Lyft to \$4.00 for pick up and \$4.00 for drop off. BNA also compromised and set a start date for the increase to January 1, 2020. Discussions are ongoing. BNA staff drafted new permits and those proposed permits were e-mailed to Uber and Lyft. The proposed price increase would generate an additional \$5.7M. The next step is to get Uber and Lyft's permits signed.

President Kreulen stated there has been some dissatisfaction regarding customer service by the limousine companies and BNA has had some dissatisfaction with the way those companies are operating. BNA will host a meeting with limousine companies in the near future to enhance customer service.

BNA staff has committed to review and benchmark additional commercial ground transportation operations and will update the Finance/Administration/Properties (FAP) Committee and Board of Commissioners quarterly.

Commissioner Granbery asked why BNA had not charged TNCs for drop off in the past. President Kreulen stated historically, that was how it was done. Of the approximately 2.5M in total trips on airport property in FY19 by TNCs, 1.3M are drop-offs and 1.2M are pick-ups. BNA is not currently getting paid for those 1.3M in drop offs. BNA thinks \$4 for pick and \$4 for drop off is fair and in line with what other airports are charging. For example, President Kreulen paid \$6.50 for pick up by a TNC from the Atlanta airport. President Kreulen stated BNA needs to charge industry average in order to pay for the \$1B debt approved by the Commissioners earlier in the meeting.

Commissioner Joslin inquired as to the TNC charge that the Austin airport charges and stated he thought that a \$2 fee was being charged to the TNCs that were going to the convention center. President Kreulen stated that \$2 fee has nothing to do with the Airport Authority and was implemented by Metro to the TNCs. President Kreulen stated BNA must charge what is fair in the industry.

Commissioner Joslin stated these customers are not only Uber and Lyft's customers but also the airport's customers and considering the congestion and traffic jams around the airport, a fee increase would be an inconvenience to BNA's customers. Commissioner Joslin stated he was adamantly opposed to a 100% increase in TNC fees. Commissioner Joslin stated he does not think it is the time to increase fees on BNA's customers.

President Kreulen stated he hoped the Board of Commissioners would not restrict the airport's ability to make reasonable and sound business decisions in order to generate the revenue it takes to pay for its expenses. BNA is giving its customers good service. BNA is building facilities to enhance TNC operations and TNCs are not participating in BNA's increased costs. President Kreulen stated this is a reasonable request and stated BNA is taking money out of its own hands if it does not implement the increase in fees.

Commissioner Granbery mentioned an elevated charge over the next year or so until the new garage is open might be a good compromise. President Kreulen stated that is not an industry norm to do it that way. The analysis shows that many people would rather pay Uber or Lyft \$4 to be picked up and \$4 to be dropped off than pay \$26 per day to park in the airport garage. BNA staff does not believe there will

be a decrease in Uber and Lyft rides once the parking garage is open because the customer is making a business decision on their own to use Uber and Lyft rather than parking at the airport.

Commissioner Farnsworth stated staff may need to look at what other comparable airports are charging such as St. Louis. President Kreulen stated the airports presented on the slide are considered comparable airports. Commissioner Farnsworth stated she liked Commissioner Granbery's idea of an elevated charge over a period of time.

Commissioner Smith stated she thinks there needs to be some amount charged to the customer for a drop off. She stated everyone is paying these fees at other airports. It is a cost of doing business and having a nice airport and thought it is was really a non-issue.

Commissioner Granbery stated that a \$3 pick up and \$3 drop off might be a good compromise. Chair Samuels stated there will be no decision made at this meeting and asked that the staff do additional analysis and present those findings at a future FAP Committee meeting for further discussion. Chair Samuels asked if a fee increase had to come before the Board. President Kreulen stated there is nothing that directs staff to come before the Board to approve fee increases. This is an operational issue and is brought to the Board for situational awareness. President Kreulen stated staff can come back to the FAP Committee and Board but asked that the Commissioners 1) allow BNA staff to negotiate with Uber and Lyft and 2) not to engage with anyone on this matter so that BNA can negotiate the best business deal possible for the Airport Authority.

There has not been an increase in fees for Uber and Lyft in the past five years. BNA, in 2014, was the first airport in the United States to negotiate a contract with Uber and Lyft and got them started nationwide. President Kreulen stated the comparison airports on the slide were picked for similar enplanements and growth.

Chair Samuels stated he thought the Board approved the parking rate increases. President Kreulen stated the parking rate adjustment was brought before the FAP Committee as an information item only. The Commissioners gave feedback but there was not a vote. President Kreulen stated he was not aware of any document that states fee increases must come before the Board.

Commissioner Doerge asked where Austin was in their lease with the TNCs and wondered if maybe their fees were from years ago and asked if Austin might be in the process of a re-negotiation. President Kreulen stated that sort of information would need to be researched. He also stated that Austin is a

city-run airport so it might be a completely different strategic decision. Austin has recently completed a big expansion so they will be looking for ways to pay for their infrastructure as well.

Commissioner Joslin stated if BNA goes to \$4 pick up and \$4 drop off, it will be in the top ten percent and above Oakland International and they have many more passengers than BNA.

Vice Chair Harwell stated the staff analysis and discussion between members of the FAP Committee is important, but the Board needs to make sure it is comparing apples to apples. He stated he would like to know the numbers of pick ups and drop offs for other airports and would like to see that information as part of the analysis.

Commissioner Joslin stated he would like to know what the projected revenue will be on the new parking garage once it opens. President Kreulen stated BNA created two alternate lots and had to start using those this past weekend so that is already generating revenue when BNA hits max capacity. A forecast has been developed on how staff thinks the parking garage will fill up over the next couple of years.

Commissioner Granbery stated that coming from where he lives in West Nashville, it is more like \$30 to take an Uber or Lyft to the airport and with the increase in fees it will be more like \$34. For him and his family and friends, it makes more sense to park in the airport garage because it is cheaper to pay \$26 overnight. Peak times could be \$40 from his neighborhood.

Commissioner Smith stated as Nashvillians that live here, we all drive to the airport and park at the airport, but the reality is that the majority of the people that use Uber and Lyft are not from Nashville and will not be parking in the garage. She stated she thinks it is a totally separate model and mentality around this money and the airport.

Commissioner Joslin stated if it was a \$2 increase there would not be an issue. He thinks a \$4 increase will bring negative press. President Kreulen stated staff would do a staff analysis and bring this issue to the FAP Committee and Board once completed.

B. Fraport Transition Update

President Kreulen reported that BNA is making great progress with getting signed subleases. Earlier in the meeting, the Board approved two subleases for nine more locations. Staff is working on seventeen subleases for forty-seven locations. Stellar and HMS Host have been holding off on signing their

subleases. They want to modify Exhibit H which is the financial data on sales MNAA asked them to provide, if no compromise is reached, staff will come back to the Committee and Board in November to ask for an approval of an amendment to Exhibit H.

Dust walls are going up in C Concourse Triangle. Fraport and BNA will hold a construction kick-off event on October 25, 2019. MNAA is still waiting on Fraport to award contracts on janitorial services and grease-traps.

C. Assignment of JWN FBO Lease

President Kreulen stated the JWN FBO is still waiting on Contour Corporate Flight Management to give MNAA the data on Modern Aviation for staff to make a recommendation whether to agree to an assignment of lease. It is ultimately the sole decision of the Authority (the Board of Commissioners) to grant consent to assign this lease. Staff will come back to the Committee and Board with the data or an update on the matter.

Commissioner Granbery asked if there would be any unamortized capital expenditures MNAA would have to reimburse Contour for if the Board decides not to approve the assignment of lease. President Kreulen stated that is an issue staff will be calculating if MNAA decides to buy out the lease from Contour and solicit for a new operator.

Commissioner Joslin asked if staff had inspected their facilities for maintenance. Ms. Martin's team has done that twice and just finished another inspection to compare the lease requirements with the minimum standards. Contour is currently in compliance. President Kreulen stated the lease was not strong enough when it was executed, and did not require enough maintenance and other items such as nitrogen carts. If the Board decides not to grant the assignment of the lease and solicit for a new operator, the minimum standards would need to be updated.

D. Hotel RFP Update

President Kreulen stated the schedule had been updated slightly to provide the three teams more time for review and design and another collaborative dialogue meeting which will ultimately give BNA a better product. Instead of bringing the approval of the issuance of the RFP to the Board in November 2019, it will now be brought to the Board in February 2020. The Board approval of the recommended respondent will now be in September of 2020 instead of July 2020. The hotel opening will now be in the time period of September to December 2023.

E. BNA Vision Program Budget & Schedule Summary

President Kreulen reported the Board of Commissioners approved the additional \$134M for BNA Vision 1.0. The budget variance will be updated with new dollar amounts next month. There was no change to the schedule for BNA Vision 1.0.

F. Website Redesign Update

President Kreulen stated that Shannon Sumrall, AVP, Brand Experience, Tom Jurkovich, VP, Communications and Public Affairs, and team are doing a great job with the new website design. It will be much simpler to use. There will be two tabs, one for passengers and guests and the other for Airport Authority business information. Staff hopes the new website will go live the first part of 2020.

Mayor's Representative Jamari Brown inquired as to the status of the cyber attack on the website. President Kreulen stated it is still ongoing. MNAA has paid Microsoft Disaster Recovery Team (DART) to help with diagnostics and to get the website back up and running. The website had to be locked down which has made it debilitating to BNA's passengers because they cannot get to the website to see parking and flight information. Staff will keep the Commissioners updated on the progress.

G. Workforce Development Update

President Kreulen stated the Apprenticeship Program is moving along. Staff is hoping to get it started the first of next year. MNAA is also working to get a leadership development program started. There are currently 322 active employees. MNAA is doing a better job at balancing male/female, the demographics of Davidson County and the Metro area, and Hispanics and Asians. MNAA will continue to work on this area.

H. Business Diversity Development Update

President Kreulen presented a power point slide and reported MNAA's SMWBE spend for FY19 was \$47M. So far, SMWBE spend for FY20 is \$15M. BNA Vision is creating a more positive trend at the airport which will last for a long time. Gale LaRoche, VP, Chief Administrative Officer, and team are working on the Airport Minority Advisory Council (AMAC) Conference coming to Nashville in 2021.

Chair Samuels asked if staff could prepare a new slide overlaying the current slide with total spend per year. President Kreulen stated staff will do that and present to the Commissioners.

I. Disparity Study Update

MNA hopes to have a first draft of the full study in November to present to the Commissioners with the final study rollout date set for December 2019 or January 2020.

Break

At 10:20 a.m., Chair Samuels announced that the Board would take a short break and reconvene for Ethics and Conflicts of Interest training.

Code of Conduct, Ethics & Conflicts of Interest Training

Mr. Lucian Pera, Adams and Reece LLP, led a review and discussion of the Board's Bylaws, the Board's Code of Business Conduct and Ethics, and the laws governing open meetings and open records. Mr. Pera reviewed the prohibition of direct conflicts of interest, and the importance of disclosing and recusing from matters that involve indirect conflicts of interest. Mr. Pera also reviewed the current limits on gifts, how matters are reported, how ethical issues are addressed, and the role of Ms. Barnett as the Board's outside legal counsel as these issues arise. Mr. Pera suggested the Board review the appropriateness of its business conduct and ethics policy on an annual basis for any adjustments.

Mr. Pera then reviewed the laws governing open meetings and open records and reminded the Board that all deliberations and voting by the Board have to occur at publicly noticed meetings. Mr. Pera responded to questions and thanked the commissioners for their participation.

President Kreulen stated the next part of the presentation would be for informational purposes only, and the group took a short break for lunch.

Strategic Planning

Forecast and Infrastructure Requirements

President Kreulen thanked the Board of Commissioners for their approval of the Subordinate Airport Revenue Bonds earlier in the meeting. He then presented big picture strategic planning issues for BNA.

BNA's needs are based on forecasts which tell BNA what type of infrastructure it will need. A Master Plan was completed in 2013 with 2011 data that forecasted passengers from year to year starting with 2012 through 2031. When BNA started the Vision 1.0 program in 2017, BNA asked Corgan to prepare a forecast for the next ten years (2032-2041). The forecast predicted BNA would be at 22M passengers by 2041.

New forecasts are required every five years. The 2018 Master Plan was started by AECOM. AECOM estimated BNA would reach 22M passengers nine years early in 2032. AECOM's forecast was too conservative on passenger numbers so MNA staff adjusted the 2018 Master Plan with actual passenger activity from 2018 and 2019. These projections show that BNA will hit 22M passengers in the 2024-2025 timeframe. Staff was concerned the 2018 Master Plan was still too conservative. To address this concern, the Airline Leasing Early Reporting Tool (ALERT) team created a forecast with slightly higher rates of growth for 2019-2027. This forecast projected BNA would be at 22M passengers in 2022, nineteen years earlier than the 2013 Master Plan forecasted. The trajectory on the ALERT forecast shows BNA would have 32M passengers by 2038.

BNA's challenges are 1) how to meet airport infrastructure requirements needed seventeen to nineteen years earlier than expected and 2) how to pay for the new requirements. Basic airport infrastructure requirements include roads, curbs, parking, security screening, ticketing, baggage, gates, concourses, runways and taxiways.

The issues that need to be addressed in the short term are gates and concourses. Mid-term issues are the runway extension to get flights to Asia and beyond, and roads, curbs and parking. Long term planning includes additional security screening and possibly a new terminal. BNA has data from Transolutions that twenty-four security lanes will handle 36M passengers. BNA will hit other challenges before that benchmark is met.

President Kreulen presented a power point slide showing gate availability versus gate requirements for years 2018 through 2041. Presently, BNA has forty-three gates; when Concourse D opens in a couple of months, it will have six gates. When those six gates are open, four will need to be closed due to closing the center of the airport for construction. That gets BNA to forty-five gates. When the center of the airport is opened back up in 2023, BNA will have forty-eight gates. There will be a shortfall right after the new center of the airport is opened, as there will not be enough gates to get to the forecasted 22M passengers.

Commissioner Granbery inquired as to why transit was not a priority. President Kreulen stated if the city ever wanted to build a transit system and bring it to the airport, the airport would have to figure out how that would be financed and negotiate at that time.

President Kreulen stated there are two ways to meet the gate and concourse shortfall. The easiest and fastest way to do this is to build a satellite concourse. A space for the new concourse has been identified off the end of Concourse C. This would require shuttling passengers to the new concourse. The satellite

concourse would add eight gates and net seven gates and would take approximately twenty-four months to build. The new concourse would be built to the same standard of the new terminal. One gate would be lost in Concourse C in order to bus the passengers back and forth. Austin, Seattle and Fort Lauderdale have all had to build satellite terminals.

Eventually, a new Concourse A will be needed. When the building of a new satellite concourse is complete, BNA could shut down existing Concourse A, move those gates to the new satellite concourse, and begin construction on the new Concourse A. That would get a total of seventeen gates with a net of ten gates. The satellite concourse and new Concourse A would offer concessions, restrooms, baggage handling and fueling for aircraft. All of this is included in the calculations of what this would cost.

If the Board decides to go ahead with this scenario, BNA would open Concourse D next summer and then go into a building phase for the satellite concourse. The satellite concourse would be finished before the International Arrivals Facility (IAF). Once Concourse D opens, BNA would have a total of 45 gates. Once the satellite concourse is built, there would be a total of 50 gates. Once the IAF is opened in the 2023 timeframe, BNA would have a total of 52 gates. With the new Concourse A completion in the 2025 timeframe, that would get BNA ahead of the curve until approximately 2038. Based on discussions with the airlines, they all want more gates.

If the Board decides not to build the satellite concourse, BNA would be limited to 45 gates and not have the capacity to keep up with demand. The lowest cost option to keep up with demand is to build the satellite concourse and shuttle the passengers to and from the new concourse. Building a tunnel or a sky bridge to get passengers to the new concourse is an option, however that would be much more costly.

Commissioner Joslin inquired as to the Hangar 14 development and possibly building a new terminal there. President Kreulen stated it is possible, but it is only fifteen acres. Hangar 14 does not have enough parking available in that area.

Commissioner Granbery inquired as to auxiliary ramp space such as the Milan airport uses where passengers are bussed to the plane and get on a ramp of steps to board the plane. President Kreulen stated staff could look at that option if the Board wants to consider that.

Commissioner Joslin stated he is for building a bridge that goes across the taxiway in order to move passengers. President Kreulen stated staff has not prepared a cost benefit analysis to build a bridge.

Preliminary estimates for a tunnel to the new concourse would be \$50M to \$100M. Staff has not completed the engineering work, but it is an option.

President Kreulen stated the cost to build the satellite concourse would be between \$100M-\$200M depending on how nice the Board wants to go with the finishes. Then, the Board would need to decide between shuttling the passengers over, or building a tunnel or bridge to move the passengers. The reason the satellite concourse would be easy to build is because the location already has power, it is flat, and no fill is needed. The baggage system would need to be improved to move the pre-screened baggage to the satellite concourse. Security would remain at the same location.

Commissioner Granbery asked what the cost of a bridge might be. Mr. Ramsey stated the height requirements for the bridge would be the main hurdle and staff would need to research that.

Vice Chair Harwell asked if it was a possibility there would be a specific airline that would take all gates at the satellite concourse and help pay the cost to build it. President Kreulen stated that could be a possibility and staff had discussed this option.

Commissioner Freeman stated he thought busses were not the solution long term. He stated it would be a completely different customer experience to have to bus to another concourse. President Kreulen stated staff needs to prepare a cost and benefits analysis in order to best inform the Board of the long-term costs of bussing versus a moving walkway through an underground tunnel.

Commissioner Joslin stated he is an advocate for a monorail system and asked why BNA could not do a monorail. President Kreulen stated staff would need to look at all options.

Commissioner Sullivan asked if there was a competing airport that could compete with BNA for business. President Kreulen stated that could be a possibility if BNA does not build the space needed to meet demand.

President Kreulen presented a power point slide of the new Concourse A rendering.

The cost estimate for the satellite concourse would be approximately \$190M. The cost estimate for the new Concourse A and fill/ramp would be approximately \$728M. Neither cost estimate accounts for shuttles, annual O&M costs, nor the cost of a tunnel. Staff would need to research that further.

Chair Samuels inquired as to the potential for a new terminal. President Kreulen stated in the next ten to fifteen years, the Board needs to decide as to where the new terminal would be built. That cost estimate would be approximately \$1B. Chair Samuels asked based on the satellite concourse and new

Concourse A cost estimates being approximately \$1B, if it would make sense to go ahead and build the new terminal first. President Kreulen stated there would have to be an environmental impact assessment conducted which takes at least five years. The Authority would not be allowed to start on any project until the environmental assessment was approved. The new terminal decision should have been made ten to fifteen years ago to keep up with the growth at BNA now.

Commissioner Farnsworth inquired as to the availability of a colored map showing all airport property. President Kreulen stated he did not have it with him but could get it and send to all the Commissioners.

After further discussions regarding the satellite concourse and the new Concourse A, Ms. Basrai spoke to the Board regarding funding for the various projects.

Ms. Basrai reported the key assumptions MNAA is using in terms of the financial forecast. The forecast period is from FY20 through FY28. Anything past 2028, the financial information becomes unreliable. This forecast has been modeled through 2028, in which MNAA would be at its highest debt level. The passenger growth is similar to what Landrum & Brown is using in the current feasibility study for MNAA's bond documents. The numbers used are more conservative than the numbers BNA is actually experiencing in order to show that BNA could still afford the debt with conservative growth.

Current rates and charges methodology are consistent with the existing airline agreements through FY22 at which date the lease agreements expire. After 2022, MNAA used a rates by ordinance model. The FAA does not require the Authority to have a signed lease agreement with the airlines. The Authority is allowed to charge rates per year based on the costs that it has. Landrum and Brown has talked to outside counsel to see what would happen if MNAA decided to charge rates by ordinance and where the costs would be. It is not expected that MNAA will not have signed agreements but when a forecast model is being determined and the airline agreements end during the forecast time frame, rates by ordinance is the common way to forecast.

The main change with rates by ordinance is the terminal rate methodology. The way BNA would charge its terminal rates would become commercial compensatory in 2023. Currently the terminal rates are fixed and only go up approximately 2% to 2 ½% per year. In 2023, going commercial compensatory means the debt service MNAA carries in the terminal can be included in the rate calculation for the space that is actually rented. Terminal cost center projects funded through Authority Facilities Investment are revised to include amortized costs with imputed interest in rate calculation. The terminal apron fee will stay the same. The terminal landing fee will stay the same except the Airline Facilities Investment Fund are revised to include amortized costs with imputed interest in landing fee

calculation as opposed to the full amount being expensed in a single year. Series 2019 Bonds issued as Subordinate Bonds with 35-year maturity; other future bonds (Series 2021 and Series 2023) are forecasted to be issued as Senior Bonds with a 30-year maturity. All projects would be bond funded by 2023 with completion of the projects to be in 2026.

Scenario 1 – Project Cost

Ms. Basrai reported on the affordability of BNA Vision 1.0 (\$1.383B). The environmental assessment of R/W 2L Extension, property acquisition and preliminary design is \$15M. That was included in the FY19 Capital Improvement Program. The airlines gave MNAA approval to do that so the airlines will be paying the bond-funded cost. Other project funding not included in BNA Vision that are in BNA's five-year capital plan must be included as well. The total project cost for scenario 1 would be approximately \$1.89B. Bond Funding would be approximately \$1.4B and other funding would be \$469M.

Ms. Basrai presented the financial results for scenario one on a power point slide showing the enplaned growth forecast along with signatory airline cost per enplaned passenger, senior debt revenue coverage, and senior and subordinate revenue coverage. For senior debt coverage, MNAA must generate enough net revenues to cover its debt 1.25 times. For senior and subordinate debt, MNAA must generate enough net revenues to cover its debt 1.0 times. With the forecast presented, the project cost for scenario one is easily affordable.

Scenario 2 – Project Cost

Ms. Basrai stated scenario two includes BNA Vision 1.0 (\$1.383B) and other capital improvement funding projects. BNA Vision 2.0 which includes the satellite concourse, Concourse A fill and construction, and other short-term infrastructure needs. It does not include the runway expansion because it is considered a mid-term goal. Total project cost is \$2.9B with bond funded cost being \$2.4B which is approximately \$1B more than scenario one project cost.

The financial results for scenario two show that the project cost is affordable.

Scenario 3 – Project Cost

Ms. Basrai presented scenario three which included BNA Vision 1.0, BNA Vision 2.0 (with runway extension at approximately \$500M) and funding for capital improvement projects not included in BNA Vision. The project total cost was \$3.4B with a bond funded cost of \$2.9B.

In this scenario, MNAA staff broke it out into scenario 3A and scenario 3B. Since this scenario includes an airfield project, MNAA could ask the airlines to pay for it. The airlines would have to give MNAA MII approval. At this time, MNAA does not have that approval. Therefore, the question would be if MNAA could afford this debt if MNAA had to fully fund the entire project. The financial requirements show in this scenario it would not be affordable for MNAA to fully fund this project. With the entire \$2.9B in debt factored in, the legal requirement for net revenues of 1.25 times the debt service amount would not work. MNAA would fall below that requirement in the 2026 time frame.

Scenario 3B would also include the runway extension and the hypothesis that MNAA did receive MII approval from the airlines which means the airlines would pay for the debt service through the bond issue. The cost per passenger would increase to approximately \$17-\$18, but the debt service coverage would be above the legal requirement. This scenario could be a possibility but MNAA would need airline approval.

Ms. Basrai then discussed the stress test scenario. In this scenario, the key assumptions made were:

- Enplaned passenger growth reduced to half of feasibility study
- Non-Airline revenue growth was brought down to 3.3% from 4.9%
- PFC revenues reduced as a result of lower enplaned passengers
- New Concourse A design and construction pushed outside of forecast period
- Debt Service, Operating Expense and Terminal space impacts associated with new Concourse A not included

In summary, this scenario includes BNA Vision 1.0, BNA Vision 2.0, removal of the runway extension, and removal of the construction of Concourse A. In this scenario, MNAA would still meet its senior and subordinate debt service coverage requirements.

Chair Samuels asked if MNAA staff had gone back to the recession of 2008 and look at growth from 2008 to 2013. Ms. Basrai stated staff had looked at those numbers and it did not take long for the growth to rebound. Commissioner Farnsworth stated the Board had seen those numbers in the past and it should be easy to find that information. Ms. Basrai stated she could definitely bring those numbers back to the Board.

Commissioner Smith stated she thought it would be helpful if MNAA staff could look at rolling averages in three to five-year time periods and compare to the funds MNAA had in reserves to determine if MNAA could stay afloat if a recession hit.

Jeff Schulthers of Landrum and Brown stated the recession started in 2007 and it took four years for MNAA's passenger numbers to recover.

Ms. Basrai presented a summary of results in a power point slide that showed each scenario's total project cost, total bond funded cost, peak charges per enplanement, senior debt coverage and senior and subordinate debt coverage.

Commissioner Doerge asked how long it would take before MNAA could take on the debt for a second terminal. President Kreulen stated staff had not projected that far out. Ms. Basrai stated it would be quite a while.

Commissioner Farnsworth stated BNA is considered a low-cost airport. She asked what other airports are considered low cost airports versus higher cost airports. Peer airport costs per enplanement and capital projects going on at peer airports were discussed.

President Kreulen thanked Ms. Basrai and the finance department for the remarkable job they have done.

President Kreulen went on to present his recommendations. Those recommendations include accepting scenario two in which MNAA builds the satellite concourse and a new Concourse A. This option would resolve the short-term gate and concourse shortfall and it also meets debt service coverage requirements.

He proposed to delay the \$500M runway 2L extension for the time being and re-evaluate growth annually. Delaying the runway could be solved three ways:

- Increase in passenger facility charge (PFC); this would have to be approved in Washington
- Increase in state funding; or
- Gaining airline approved funding

President Kreulen stated staff will develop data metrics for the Board to evaluate on a regular basis. This will give the Board options for making determinations whether to go ahead with some projects or perhaps wait on other projects based on current data. President Kreulen stated it is the staff's goal to be able to show the Board recommended control plans (monitored and reported through ALERT quarterly) using the passenger journey as a guide. For instance, staff wants to show the Board how many millions of people are getting off the roadway at the airport and report on parking capacity. Staff wants to report on checkpoint and passenger activity levels. Staff wants to be able to show the Board

if the numbers are ahead or if the numbers are falling behind. This will be a great tool for the Board to make more informed decisions.

President Kreulen gave a summary of the forecast and infrastructure requirements to address BNA's dynamic growth as discussed in the meeting. He opened the floor for discussion and action items.

Commissioner Farnsworth stated she was at an airport last year that bussed passengers to its satellite concourse. She did not have a pleasant experience. There were problems with the bus breaking down, waiting for another bus, transferring passengers to the new bus in snow and ice, and waiting for de-icing because the delay had caused the plane to lose its de-icing spot. She stated if the Board does elect to go with a satellite concourse that she would like the staff to find another option other than bussing the passengers. She understood it was the cheapest way to move passengers but if BNA spends all its money on making itself a world class airport and there are passengers unsatisfied with their experience to the satellite concourse, it ruins everything else BNA is doing.

Commissioner Granbery asked if there was any way staff could do more than eight gates at the satellite concourse. President Kreulen stated staff put in the biggest concourse as it thought could fit within the existing taxiways. President Kreulen stated staff could go back and look at making it bigger. It is important to maintain three entrances to the ramp in case one needs to be closed. Commissioner Granbery stated he would not call it a satellite concourse. He would call it Concourse E. He didn't think the concourse would need all the food court and goods and services in it.

Commissioner Doerge asked if the Board approved President Kreulen's recommendation, how much time he would need to begin construction. President Kreulen stated he would like to be able to go back to the staff and have time to complete analyses and put it out for bid in four to five months.

Commissioner Granbery thinks it could be started sooner and construct a sky bridge to move passengers over. President Kreulen stated staff needs to get an estimate on a tunnel or sky bridge and determine how much those things would cost.

Commissioner Smith inquired as to updates on other international flights that could be a possibility. President Kreulen stated Intervistas is working with Ms. Martin and her team in Commercial Development on that. The Board discussed the European cities BNA could reach with existing runway length and required takeoff length considering the type of aircraft, distances and weather.

Commissioner Doerge inquired as to passenger interest in South America. President Kreulen stated the data from Intervistas shows people are going into India, Pakistan and Vietnam. Spirit Airlines is all over South America. There is hope to expand service into South America from BNA in the future.

Chair Samuels inquired as to governmental strategy in assisting in the expansion of the runway and asked President Kreulen to speak on that. President Kreulen stated Brad Lampley and Jeff Brooks of Adams and Reese LLP have allowed him the opportunity to do two things. BNA now has expanded state coverage and has allowed access to the Governor and his staff. They have also opened contact in Washington, D.C. with the FAA, Senators and Congressmen. BNA is now taking a more aggressive approach in trying to interact with both state and federal legislators to solve the PFC problem or get additional discretionary grants. BNA staff is scheduled to have a meeting with Lieutenant Governor McNally and Tennessee House Speaker Sexton to start an aviation taskforce.

Commissioner Smith stated she thought the staff had done a great job on the presentation today and all the work that had gone into it. She said it was a great spend of the Board's time.

President Kreulen thanked the Board of Commissioners for their time and attention and stated staff will get to work on additional analyses requested.

VIII. Adjourn

There being no further business brought before the Board, Chair Samuels thanked the Commissioners for their participation and adjourned the meeting at 2:41 p.m.



Amanda C. Farnsworth, Board Secretary