

✈ METROPOLITAN NASHVILLE AIRPORT AUTHORITY ✈

December 12, 2018 – Minutes of the General Aviation/Operations/Planning & Engineering Committee Meeting



Date: December 12, 2018

Place: Nashville International Airport
Nashville, Tennessee

Time: 9:00 a.m.

Committee Members Present:

**Bill Freeman, Chair; John Doerge, Vice Chair;
Amanda Farnsworth and Nancy Sullivan**

Committee Member Absent:

None

Others Present:

Doug Kreulen and Cindy Barnett

I. Call to Order

Chair Freeman called the General Aviation/Operations/Planning & Engineering (GAOPE) Committee meeting to order at 9:03 a.m., pursuant to Public Notice dated December 7, 2018.

II. Approval of Minutes

Chair Freeman called for approval of the Minutes of the November 7, 2018, GAOPE Committee meeting. A motion was made by Commissioner Farnsworth and seconded by Commissioner Doerge. The motion carried by vote of 4 to 0.

III. Chair's Report

Chair Freeman had no Chair's Report.

IV. Items for Approval

A. John C. Tune Airport Air Traffic Control Tower (Design) Contract Award

Staff requests that the GAOPE Committee recommend to the Board that it accept the statement of qualifications by Pond & Company (Pond) to provide architectural and engineering consulting services for the Phase 2 feasibility study and the design of the Air Traffic Control Tower (ATCT) and westside access road project at John C. Tune Airport (JWN), and authorize the Chair and President & CEO to execute the proposed professional services contract for the amount contained herein.

Background:

John C. Tune Airport (JWN) serves as a reliever airport for Nashville International Airport (BNA). There is a diverse mix of aircraft that operate in and out of JWN, ranging from corporate jets to small trainers, light sport and experimental aircraft. JWN has a very active fixed wing and helicopter flight school. This mix, along with the increasing number of operations, creates a need for a non-Federal Air Traffic Control Tower (NFCT) to enhance air safety and efficiency.

An ATCT Feasibility Study (Phase 1) was completed in August 2017. The Phase 1 study is composed of Preliminary ATCT Site Evaluation and Federal Contract Tower Benefit Cost Analysis.

This contract consists of a Phase 2 Feasibility Study and the architectural and engineering design of a new ATCT and westside access road. Site analysis will include, but not be limited to, FAA coordination, 3D modeling, environmental assessment, Safety Risk Management and geotechnical analysis. Final ATCT site selection shall be completed and approved by the FAA and MNAA during the Phase 2 study. After final site selection and approval, the new ATCT and access road with associated parking, utility infrastructure and stormwater management will be designed for the selected site.

On August 27, 2018 and August 30, 2018, the Metropolitan Nashville Airport Authority (MNAA) published a Request for Qualifications (RFQ).

On September 27, 2018, three Statements of Qualifications were received: Barge Design Solutions (Barge), Leo A Daly (LAD), and Pond.

The selection committee evaluated the Statements of Qualifications based on the criteria below:

- 1) Comparable and recent experience
- 2) Key personnel's professional qualifications and experience
- 3) Qualifications and experience of subconsultants
- 4) Understanding of the project's potential challenges and the sponsor's special concerns
- 5) Aesthetics and architectural concepts with function, safety and efficiency
- 6) Small, Minority, and Woman-Owned Business Enterprise (SMWBE) participation

On November 1, 2018, the selection committee conducted interviews of all candidates and their final scores are listed below:

Firm	Score	Committed SMWBE Participation
Barge	440	4.38% WBE
LAD	482	4.38% WBE
Pond	491	6% WBE

The selection committee determined Pond to be the most qualified firm for the ATCT Feasibility Study (Phase 2) & ATCT and Westside Access Road Design project based upon responses to the following:

- 1) Understanding of three most challenging aspects of the project
- 2) Approach to obtaining FAA funding approval
- 3) Ideas for economically flexible design and latest technologies
- 4) Subcontractor coordination procedures and Small, Minority and Woman-owned Business Enterprise (SMWBE) mentoring/development experience

All firms were well qualified, but the team from Pond demonstrated the best understanding of the needs of this particular project as well as substantial experience with ATCT projects of similar scope.

The SMWBE participation level set by MNAA for this project was 4.38% MBE and/or WBE. Pond has committed to obtain 6% MBE and WBE. Pond's SMWBE partners are Civil Infrastructure Associates (CIA), Connico and KS Ware.

The design team, as submitted to MNAA includes Pond, CTBXaviation, Air Traffic Consulting Service and Atkins.

Impact/Findings:

MNAA SMWBE Goal:	4.38% MBE and/or WBE
Pond's SMWBE Goal:	6% WBE
Anticipated Contract Start Date:	January 2019
Duration of Contract:	360 days
Contract Completion Date:	December 2019
Contract Cost:	\$692,000.00 NTE
Funding Source:	47% State and 53% JWN

Strategic Priorities:

- Invest in MNAA
- Plan for the Future

Options/Alternatives:

Do Nothing: The "Do Nothing" option will result in the John C. Tune Airport to remain as the largest general aviation airport in Tennessee without an air traffic control tower.

Commissioner Granbery requested staff to conduct an analysis of a temporary GA tower.

A motion was made by Commissioner Farnsworth and seconded by Commissioner Doerge to recommend to the Board that it accept the statement of qualifications by Pond to provide architectural and engineering consulting services for the Phase 2 feasibility study and the design of the ATCT and westside access road

project at JWN, and authorize the Chair and President & CEO to execute the proposed professional services contract for the amount contained herein. The motion carried by vote of 4 to 0.

V. Information Item

A. Sumner County Regional Airport Authority Proposed Name Change

Mr. Robert Ramsey, COO, briefed the Board on this item. Mr. Ramsey reported that Sumner County Regional Airport Authority is located in Gallatin, Tennessee and that Nashville Jet serves as their fixed base operator. A 10-member Board governs the Sumner County Airport Authority and recently voted to change the airport name to Nashville Executive Airport. Sumner County Regional Airport Authority recently changed its identifier from M33 to XNX.

Mr. Ramsey stated that since the airport is not situated within the city limits of Nashville, FAA requires a letter of concurrence from MNAA. Sumner County Regional Airport is not located in Nashville or in Davidson County and is located approximately 33 miles from the center of Nashville, whereas JWN and BNA are located 8 and 10 miles respectively from the center of Nashville.

Mr. Ramsey stated that the proposed name change would create confusion. JWN and BNA are in and serve Nashville, and BNA and MNAA already have Nashville Airport in the name.

Mr. Ramsey stated that staff does not concur with the proposed name change.

After brief discussion, the GAOPE Committee agreed to recommend that the Board concur with MNAA staff to oppose the name change.

VI. Adjourn

There being no further business before the GAOPE Committee, Chair Freeman adjourned the meeting at 9:18 a.m.



Amanda C. Farnsworth
Board Secretary

✈ METROPOLITAN NASHVILLE AIRPORT AUTHORITY ✈

December 12, 2018 – Minutes of the Joint Meeting of the MNAA Finance, Administration, and Properties Committee and MPC Finance/Administration/Properties Committee



Date: December 12, 2018

Place: Nashville International Airport
Nashville, Tennessee

Time: 9:20 a.m.

Committee Members Present:

Christy Smith Chair; Bill Freeman, Vice Chair,
Bobby Joslin, and Nancy Sullivan,

Committee Member Absent:

Mayor's Representative, Matt Wiltshire

Others Present:

Doug Kreulen and Cindy Barnett

I. Call to Order

Chair Smith called the meeting of the Metropolitan Nashville Airport Authority (MNAA) and MNAA Properties Corporation (MPC) Finance, Administration, and Properties (FAP) Committee to order at 9:25 a.m., pursuant to Public Notice dated December 7, 2018.

II. Approval of Minutes

Chair Smith called for a motion to approve the Minutes of the November 7, 2018, FAP Committee meeting. A motion was made by Commissioner Joslin and seconded by Commissioner Sullivan. The motion carried by vote of 4 to 0.

III. Chair's Report

Chair Smith had no Chair's Report.

IV. Items for Approval

A. Short Term Credit Facility Final Authorizing Resolution – MNA Resolution No. 2018-13

Ms. Marge Basrai, CFO, briefed the Finance, Administration and Properties Committee (FAP) Committee on this item. Staff requested that the FAP Committee recommend to the Board of Commissioners that it approve MNA Resolution No. 2018-13, Authorizing Resolution, pertaining to the Short Term Credit Facility to finance a portion of the cost of the Authority's Capital Improvement Program.

Background:

Resolution 2018-13 approves the terms of the Short Term Credit Facility, approves the substantially final form of the Short Term Credit Facility and authorizes the Chairman and President & CEO to execute the closing documents for the Short Term Credit Facility.

The proposed form of the Short Term Credit Facility (the Note Purchase Agreement) was provided to the FAP Committee in its entirety, and has been negotiated within the parameters approved by the Board at the October 17, 2018 and November 14, 2018 Board meetings. A list of the high-level terms of the Note Purchase Agreement are summarized below:

1. General Provisions

- Provider of facility – Bank of America, N.A.
- Commitment to make advances of \$300,000,000
- Variable rate interest rate based on LIBOR or its successor index
- Commitment term of 5 years
- Advances under the commitment are evidenced by notes
- Initial maturity date of notes is 3 years
 - With ability to issue additional notes with Board approval,
 - During the initial 3 year term (to reinstate the full commitment if long term bonds are issued to take out the existing advance balance)
 - Or in the following 2 years
- The commitment will terminate on the second anniversary date of the agreement (or each anniversary date thereafter) unless the Authority requests and is granted a waiver by the bank

2. Security/Repayment

- Interest only for up to three (3) years
- Principal of advances will be taken out with long-term bonds
- Second lien on net revenues of the authority, behind bondholders

3. Fees/Cost (not interest)

- \$350 per advance/draw
- 15 bps or 0.15% commitment fee until 50% (\$150M) is drawn
 - Fee payable quarterly in arrears

4. Draws or Advances

- Minimum of \$1,000,000 in \$100,000 denominations

- Funded the 2nd business day after receiving draw request
- Accrue interest at either tax-exempt or taxable rates (depending on project)

5. Payments

- Interest payments – first business day of the month or maturity date
- Prepayment – payments on interest payment dates with at least 3 business days' notice

The Authority expects to issue multiple notes under the Short Term Credit Facility prior to the facility termination date. Issuance in excess of \$300 million requires additional Authority approval. The Authority also expects to refinance notes under the Short Term Credit Facility through the issuance of long-term revenue bonds. PFM, on our behalf, will be releasing an RFQ for Underwriter Syndicate (Pool) in the next month.

Impact/Findings:

MNAA staff, with the assistance of its municipal advisor, bond counsel, and outside legal counsel has negotiated the terms of the Short Term Credit Facility with Bank of America, N.A., as approved by the MNAA Board of Commissioners at its October 17, 2018 and November 14, 2018 Board meetings. MNAA staff is requested the FAP Committee recommend approval to the Board of Commissioners of MNAA Resolution No. 2018-13, Authorizing Resolution, to complete the Authority's goals of consummating the Short Term Credit Facility.

Strategic Objectives:

- Invest in MNAA
- Plan for the Future
- Prepare for the Unexpected

A motion was made by Commissioner Freeman and seconded by Commissioner Joslin to recommend approval of MNAA Resolution No. 2018-13, Authorizing Resolution, pertaining to the Short Term Credit Facility to finance a portion of the cost of the Authority's Capital Improvement Program. The motion carried by vote of 4 to 0.

V. Information Item

A. Airline Lease Negotiations Update

Ms. Basrai updated the FAP Committee on this item. Ms. Basrai stated that staff is working toward an amendment to the Airline Use and Lease Agreement (AULA) in order to better position MNAA in the bond market. Finance goals of the amendment include: 1) maintain current bond ratings (A1/A+), 2) maintain competitive airline costs, 3) complete BNA Vision by 2023 and 4) amend the Airline Use & Lease Agreement (AULA) by March 2019 to obtain competitive bond financing in Q2 2019.

The CEO's goals to the executive staff include: 1) maintain 1.50x debt service coverage ratio, 2) incorporate 1.25x extraordinary coverage protection in AULA, 3) increase terminal rental rates to cover the cost of new terminal facilities, 4) provide \$15 million annual contribution to airline facilities investment account (maintain MII approval), 5) balance in-terminal concession revenue sharing, 6) extend AULA term to 2027 and 7) consider mid-point review of capital needs.

Ms. Basrai reported the following timeline for negotiations:

December 6: Meeting with Airlines and Landrum & Brown to provide initial proposal
December 13: Airlines submit comments
December 20: Discuss comments
January 7: MNAA provide draft AULA Amendment
January 10: Meeting to review AULA Amendment and Airline Comments
January 24: Meeting to finalize AULA Amendment
February 7: Meeting to finalize AULA Amendment
February 20: Finalize AULA Amendment
March 20: Board approval to execute AULA

Ms. Basrai stated that the MNAA proposal provides the business deal to support implementation of the BNA Vision. The extended term provides financial stability during initial years of BNA Vision, provides access to the bond market to fund the BNA Vision, places MNAA in a good position to maintain bond ratings and limit cost of debt, competitive Cost per Enplanement (CPE), and avoids lengthy new lease negotiations.

Commissioner Joslin asked who on staff would be the point person, and Ms. Basrai reported that herself and Mr. Robert Ramsey, COO, would be working with Mr. Doug Kreulen, President & CEO. Mr. Kreulen reported that staff would provide updates to Chairman Smith.

This item was presented for information purposes only with no action required

B. Fraport Transition Plan Update

Ms. Margaret Martin, AVP, Business Development, briefed the FAP Committee on this item. Ms. Martin reported that the responses to the Fraport Food and Beverage and Retail RFPs were submitted on December 5, 2018, with 403 submissions, of which 63% were for Food & Beverage. 87 distinct entities submitted proposals and showed a significant local and ACDBE component. Ms. Martin stated that further analysis would be completed by December 15, 2018.

Ms. Martin reported that the Fraport Transition Plan included 55 locations to open by end of 2020 and 36 additional locations to open by end of 2023, for a total of 91 locations. Ms. Martin stated that the next Fraport Transition Plan update would be presented to the FAP Committee and Board in January 2018.

This item was presented for information purposes only with no action required.

VI. Adjourn

There being no further business brought before the FAP Committee, Chair Smith adjourned the meeting at 9:51 a.m.



Amanda C. Farnsworth, Board Secretary

✈ METROPOLITAN NASHVILLE AIRPORT AUTHORITY ✈

December 12, 2018 – Minutes of the Meeting of the BNA Vision Committee

Date: December 12, 2018

Place: Nashville International Airport
Nashville, Tennessee

Time: 9:40 a.m.

Committee Members Present:

**Bobby Joslin, Chair; John Doerge, Vice Chair;
Nancy Sullivan, Jimmy Granbery (non-voting)
and Mayor's Representative, Matt Wiltshire**

Committee Member Absent:

None

Others Present:

Doug Kreulen and Cindy Barnett

I. Call to Order

Chair Joslin called the meeting of the Metropolitan Nashville Airport Authority (MNA) BNA Vision Committee to order at 9:55 a.m., pursuant to Public Notice dated December 7, 2018.

II. Approval of Minutes

Chair Joslin called for approval of the Minutes of the November 7, 2018, BNA Vision Committee Meeting. A motion was made by Mayor's Representative Wiltshire and seconded by Commissioner Sullivan. The motion carried by vote of 4 to 0.

III. Chair's Report

Chair Joslin stated he had nothing to report.

IV. Items For Approval

A. Approval of P3 Commercial Development RFI Results and Issuance of RFQ

Mr. Clay Paslay of Paslay Management Group and Mr. Robert Ramsey, MNA Chief Operating Officer, briefed the BNA Vision Committee on this item. Staff requested that the Vision Committee recommend to the Board to authorize the President & CEO to develop and advertise the Request for Qualifications (RFQ)

through the Paslay Management Group (PMG) contract for the P3 Commercial Development with the construction of Garage B.

Staff provided the BNA Vision Committee a staff analysis for this item prior to the Vision Committee meeting.

Background:

The initial strategy for the hotel was for MNAA to fund and build the hotel in the BNA Vision as part of the construction of Garage B. Further evaluation has revealed that a better strategy is to use a public/private partnership (P3) approach for the development of the hotel and/or other development opportunities.

Per the Board's approval on October 17, 2018, PMG and its sub-consultant Frasca & Associates (FA) assisted MNAA with the preparation of a request for information (RFI) for commercial, mixed use or hotel development as part of the BNA Vision, which was advertised on October 26, 2018. The RFI was downloaded by 55 firms. On November 28, 2018 MNAA received six responses. The respondents own, operate and manage more than 1,500 hotels and approximately 300,000 hotel rooms. The table below is a breakdown of those responses:

<u>Respondent</u>	<u>Hotel Association</u>	<u>Financing Partner</u>
Chartwell Hospitality	Hilton or Marriott	TBD
Fontainebleau Development	Hilton or Marriott	Corner Partnership LLC
Garfield	Hyatt Hotel	Citigroup
Matthews Southwest	Interstate Hotel & Resort	Preston Hollow Capital
MCR	Independent	MCR Investment Fund
Omni	Omni	TBD

Six responses were submitted, however the response received from Omni was incomplete but expressed their intent to pursue the RFQ when it is released. Multiple firms submitted questions during the advertisement period asking if failure to submit a response to the RFI would preclude them from pursuing a subsequent RFQ/RFP. Staff informed the firms that lack of submission during the RFI would not preclude firms from pursuing the RFQs in the future. Staff is confident that there are six, and possibly as many as nine firms that will submit qualifications as part of the procurement process. All of the responses indicate a hotel would be a viable development opportunity at BNA. No other types of commercial developments were suggested. MNAA, PMG and FA plan to meet with some of the respondents to obtain additional feedback to further inform the development of the RFQ. The RFQ will be developed through January and will be released in February

2019. Pending Board approval of the RFQ development and solicitation, staff will bring the shortlist of the RFQ responses to the Board for approval before proceeding to the RFP solicitation.

Mr. Paslay gave an overview on the RFI, which was issued to seek out market interest as well as get insight as to the opportunity here at BNA. The number and quality of responses were solid. Good, strong access to the capital markets were shown in their responses. Generally speaking, all said 250 to 300 keys were recommended. All identified an upscale model for this hotel in this location. Terms were all across the board anywhere from 30 years to 99 years. The range of return they are targeting is 10% to 25%, depending on the level of equity investment in their respective deals. Capital costs ranged anywhere from \$98M to \$150M which is in line with what was projected. There will be a series of meetings and conversations with the respondents to get more input and details when MNAA finalizes the RFQ. Mr. Paslay stated he expected more respondents to respond to the RFQ.

Chair Joslin inquired as to the estimated costs of \$135M with 286 rooms reported last year. Mr. Ramsey stated there were a couple of different scenarios around the 275-280 room count at the \$135M mark and another one around 290-300 room count at the \$145M mark. Chair Joslin stated the \$98M seemed a little off. Mr. Paslay explained that in the RFIs there is usually a range and it doesn't get too specific.

Mayor's Representative Wiltshire inquired as to what exactly the RFI asked for. Mr. Paslay stated there were a series of questions asked, but did not have a copy readily available. Mayor's Representative Wiltshire requested a copy and Mr. Paslay stated he would provide him with a copy.

Mr. Paslay then introduced his team members, William Radford with AMPM Solutions and Larry Belinsky with Frasca & Associates (FA). Mr. Belinsky stated that the RFI asked a dozen or so questions such as experience in the hotel industry, experience with building and operating airport hotels, questions related to the respondent's view of the Nashville market, financing vehicles they might use, and expectation on return on their investment. Mr. Belinsky stated that his firm is also working with Phoenix and BWI for the construction of hotels at those airports.

Mr. Paslay stated the other aspect incorporated into the RFI was regarding other commercial developments for this area instead of a hotel such as mixed use, office space, etc. and all respondents stated that a hotel would be the best use of the space.

Mayor's Representative Wiltshire asked who the RFIs were sent to. Mr. Paslay reported that it was sent to the market place and was not sent to anyone directly. It was advertised and whomever was interested could download it off the airport's website. Mr. Ramsey stated there were approximately 55 firms that downloaded, most of which were architects and developers and some consultants.

Chair Joslin inquired as to the expected lease term. Mr. Belinsky stated that it is somewhat dependent on the

financing they choose. This is a policy decision on the part of the Authority and staff. Generally speaking, such as in Phoenix, they will not go beyond fifty years because they do not want to engage the FAA in getting an exemption. Here, the hotel is being built on top of a parking garage and there will be issues of useful life, enforcement of garage, airport clients and parking issues that will come into play.

Mayor's Representative Wiltshire asked what the financing structure will be at the Phoenix airport. Mr. Belinsky stated that Phoenix and Nashville are the same in that neither airport wants to take on the demand interest in the financing. All that is being born by the private developer. Both airports would get paid for ground rights for the use of their land, and would ask for a MAP (minimum annual payment) and for a profit share at a return of a certain level from the hotel operator. Getting all three of those options and depending on those amounts obviously has an impact, but in Phoenix, they will stay around 50 years and will probably get two of the three. Phoenix is not as concerned about a revenue share as it probably wouldn't be that great and there is a limited upside as to how much revenue the hotel can earn.

There will be probably two financing structures put forth by the development teams. One will be a traditional debt/equity structure on their balance sheet which will probably range anywhere from 25-35% of equity and 65-75% of debt. That debt will be acquired from the capital markets, either from conventional banks or other types of investors. The equity partners in Phoenix have the means to write the equity checks themselves and go out and solicit other investors. In some of the responses received here in Nashville, they have a fund but will also bring in other limited partner investors into their transaction.

The other financing structure, which will probably be put forth in Phoenix and Nashville, will be a not-for-profit entity that will own the hotel. That allows it to go out and borrow debt on a tax-exempt basis. The potential issues with this financing structure would be 1) command and control issues and 2) management contract rules it would have to have in place over the hotel operation in order to qualify for the tax-exempt status with the IRS. Mr. Belinsky stated there would be no equity in this deal. The debt will be issued as senior debt in a not-for-profit structure. If there is any equity, it would be issued as subordinated debt, which is paid a higher return and that is how the investors would get their money back in that regard. The SPE (Special Purpose Entity) that would get created in either debt structure will have the equity partner and that equity partner will work directly with a brand or hire a hotel management development company that will oversee and partner with the brand.

Chair Joslin inquired as to how many rooms there might be in Phoenix. Mr. Belinsky stated it would be a minimum of 200 and respondents came in at about 250. Phoenix is a similar project in that it is located on airport property and it is going to be built where there is a new train station being built for the airport train so the hotel will connect to the rail component which will take passengers directly to the terminal. There are different investors because while Phoenix is doing its hotel project, they are also doing a large scale monetization of the 25,000 airport parking

spaces they currently operate and own. It's a separate yet simultaneous procurement and because of the parking component, it brought in a lot of larger investment funds that are bidding on both projects. Commissioner Wiltshire inquired as to the use of the proceeds and Mr. Belinsky stated there are a couple of things. They will probably get \$150M to \$250M up-front which can be used for airport projects, but the amount is not yet decided. They will probably look for a very large MAP.

Chair Joslin stated that there are 40+ million enplanements in Phoenix versus Nashville with 15-18M enplanements and stated that Nashville would probably not get anywhere near what Phoenix is getting.

Mr. Paslay reported that this matter is scheduled to be briefed before the Board next week assuming the Board approves of moving forward, then go through the RFQ and bring back a short list to the Board for approval in the June timeframe, in order to go to the next process which is the RFP process.

Chair Joslin inquired as to the building of the new structures and asked if there would be enough support for a five-story hotel. Mr. Paslay stated that the parking garage is being designed as to at least a 50% level so that as part of this procurement it would be designed to support the hotel structure and will be built as one unit. President Kreulen stated that after the new garage is opened, the old garage will be demolished. Only 2/3 of the garage will be built back and that will become Garage C. The 1/3 left that could become the hotel will be the lay down yard to allow trucks in and out of the airport as the center of the airport is being reconstructed. If the Board votes for no hotel, the last piece (1/3) will become a garage. At that time, all three garages would be linked together.

Vice Chair Doerge inquired as to a profile of clients expected for an airport hotel. Mr. Paslay stated there was no profile per se, these proposers study the market analysis and that is their responsibility to understand that. Typically, heavy business travelers, event/conference attendees, customers wanting to catch an early flight or arriving late, and some degree of off-schedule operations for crews and passengers that have cancelled flights. Vice Chair Doerge asked if the Developer would pick the brand. Mr. Paslay stated the brands were represented in the presentation today and many developers represent many different brands. Vice Chair Doerge stated that he works for a company that is one of the largest consumers of hotels in the country and the second largest consumer of airline flights and a lot of the employees make their reservation primarily by brand to receive points. President Kreulen stated that the airline side deals with a lot of the same. Some consumers will only fly a certain airline because they get points, even if it means they have to take a longer route.

Commissioner Granbery asked if there were certain things that the airport is telling the hotels they want in the hotel in line with BNA Vision. President Kreulen stated that BNA is asking for an upscale hotel to be able to serve

business clientele and also a restaurant/lounge because currently, there is no restaurant outside of security. BNA asked for business meeting/conference room space and a fitness center.

Commissioner Granbery then asked about parking for the hotel. Mr. Paslay stated that some of the parking will be accommodated by the parking garage being built. Some staff may be required to park in a remote lot but that is yet to be determined. Mayor's Representative Wiltshire stated he believed that most people that stay in the airport hotel will not need to park a vehicle. President Kreulen stated that this issue has been thought through and accommodations for hotel patrons and staff are included in the design.

A motion was made by Vice Chair Doerge and seconded by Mayor's Representative Wiltshire to recommend to the Board that it authorize the President & CEO to develop and advertise the Request for Qualifications (RFQ) through the Paslay Management Group (PMG) contract for the P3 Commercial Development with the construction of Garage B. The motion carried by vote of 4 to 0.

B. Approval of Concourse D and Terminal Wings CGMP 5 of 6

Ms. Traci Holton, Chief Engineer, briefed the BNA Vision Committee on this item. Staff requested that the BNA Vision Committee recommend to the Board that it authorize the Chair and President & CEO to execute the proposed Amendment 4 for Component Guaranteed Maximum Price (CGMP) #5 for the core and building shell, mechanical, electrical and plumbing systems, low voltage work, passenger boarding bridges, roofing and fire protection, baggage handling systems, elevators and other associated building work for the Concourse D & Terminal Wings project at Nashville International Airport Progressive Design-Build contract. Staff provided the BNA Vision Committee a staff analysis for this item prior to the Vision Committee meeting.

Background:

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

The Progressive Design-Build contract establishes a Guaranteed Maximum Price (GMP) based on the 60% design drawings. For scheduling purposes, and to fast-track the project, "component" GMPs, (CGMP's) are utilized to provide for early start of critical path items. To manage the final GMP, a specified Design-to-Budget requirement is utilized to ensure the total budget remains on target through the progression of design and construction work. The Design-to-Budget for this project was originally established as \$203,000,000, however

due to additional scope and unforeseen conditions, the Design-to-Budget has been revised to \$238,000,000.

Project costs are currently being evaluated and will continue to be managed to ensure the overall project budget of \$268,000,000 is not exceeded.

On January 17, 2018, the Board approved the selection of Hensel Phelps and CGMP #1 for the design & general conditions. On April 18, 2018, the Board approved CGMP #2 for design assist services & general requirements in the amount of \$2,608,282. On May 17, 2018, the Board approved CGMP #3 for the new Central Utility Plant (CUP), Concourse C buildout for enabling moves for DEA and TSA, construction of a north and south SARA, utility ductbanks and various site work in the amount of \$52,900,093. On October 17, 2018, the Board approved CGMP #4 for progression of the civil design and construction, geotechnical foundations and drilled piers, glass and glazing, demolition and metal panels in the amount of \$21,900,000. This amendment is for CGMP # 5 and includes the following items: the core and building shell, mechanical, electrical and plumbing systems, low voltage work, passenger boarding bridges, roofing and fire protection, baggage handling systems, elevators and other associated building work.

Staff is requesting the Board to authorize Hensel Phelps, via an amendment to their contract, to begin entering into subcontract agreements to deliver the scope for CGMP #5. In doing so, Hensel Phelps will negotiate final scopes of work and final bid prices for each individual package of work and bring that information to Metropolitan Nashville Airport Authority (MNAABNA) staff for review and approval. MNAABNA maintains final approval on all subcontracts for this project.

Hensel Phelps anticipates one remaining CGMP for the project: Final GMP- Finish out construction in April 2019.

The Small, Minority, Woman-Owned Business Enterprise (SMWBE) participation level set by MNAABNA for this project is 6.29% MBE and 9.13% WBE and 4% SMBE. Hensel Phelps has committed to meeting the goal.

Impact/Findings:

MNAABNA SMWBE Participation Level:	6.29% MBE and 9.13% WBE and 4% SMBE
Hensel Phelps SMWBE Participation Level:	6.29% MBE and 9.13% WBE and 4% SMBE
Contract Start Date:	January 22, 2018
Duration of Contract:	900 Calendar Days Completion
Contract Completion Date:	July 10, 2020
Component Guaranteed Maximum Price 1	\$ 31,348,670.00
Component Guaranteed Maximum Price 2	\$ 2,608,282.00
Component Guaranteed Maximum Price 3	\$ 52,900,093.00
Component Guaranteed Maximum Price 4	\$ 21,900,000.00

Component Guaranteed Maximum Price 5	<u>\$ 87,192,456.00</u>
Total Contract Price (CGMP 1-5)	\$195,949,501.00
Component Guaranteed Maximum Price 6	<u>TBD</u>
Current Estimated Guaranteed Maximum Price	\$238,000,000.00
Funding Source:	100% MNAA

Commissioner Granbery inquired as to the contingencies BNA carries on the GMPs. Ms. Holton stated the owner has a contingency built into this contract of \$2.5M, the contractor carries about 5%, and the final contingency will be determined at final CGMP. President Kreulen reported that the overall BNA Vision has a contingency of \$50M and MNAA has not touched any of that. Commissioner Granbery asked if the contractor controls the contingency. Ms. Holton stated that BNA has control of the contingency.

A motion was made by Mayor's Representative Wiltshire and seconded by Vice Chair Doerge to recommend to the Board that it authorize the Chair and President & CEO to execute the proposed Amendment 4 for Component Guaranteed Maximum Price (CGMP) #5 for the core and building shell, mechanical, electrical and plumbing systems, low voltage work, passenger boarding bridges, roofing and fire protection, baggage handling systems, elevators and other associated building work for the Concourse D & Terminal Wings project at Nashville International Airport Progressive Design-Build contract. The motion carried by vote of 4 to 0.

C. Approval of NES Invoices for Concourse D and Central Utility Plant Service

Ms. Holton also briefed the BNA Vision Committee on this item. Staff requested that the BNA Vision Committee recommend to the Board that it authorize the President & CEO to pay two Nashville Electric Service (NES) invoices to supply redundant power feeds for the Concourse D & Terminal Wings and meter totalization at Nashville International Airport.

Staff provided the BNA Vision Committee a staff analysis for this item prior to the Vision Committee meeting.

Background:

The airport facility is served by utility feeds from two (2) separate NES substations. The primary feed originates from the "Airport" substation located east of runway 2R/20L, with the secondary feed originating from the "Donelson" substation located north of I-40. Both feeds are routed overhead to a common service point adjacent to the Cell Phone Waiting lot, referred to as the "pole farm". From this consolidated location, the following services are derived serving the airport:

1. Direct feeds to the Terminal building from both NES circuits.

2. Consolidation of both NES circuits to a single auto-switched circuit serving the CONRAC, Short Term, Long Term A, and the north stormwater treatment facilities.

For the new electrical service, the Vision design provides dual NES utility feeds to both the new Central Utility Plant (CUP) and D Concourse at 480V and 5kV service voltages, respectively. To achieve this, both the Airport and Donelson circuits will be extended from the "pole farm" to the vicinity of the CUP. The Donelson circuit will be extended via an underground ductbank routed through Long Term A, requiring use of both new and existing ductbank infrastructure already installed. The Airport circuit will be brought to the CUP by temporarily tapping off the overhead circuit currently running alongside Donelson Pike. Once construction begins on the TARI/Donelson Pike project, the existing Airport circuit overhead lines will be removed, including the portion of the circuit running to the pole farm. This will require re-routing of the Airport circuit feed to cross beneath runway 2R/20L to the CUP.

To facilitate the relocation of the Airport circuit routing and provide power to the CUP for Project 1, NES has reconfigured the infrastructure layout to move the primary metering point for the Airport circuit to the CUP as part of Project 1 work, facilitating the future TARI/Donelson Pike work without requiring future re-work. In addition, relocating the primary metering point for the Airport circuit provides the added advantage of totalizing the metering for the existing Terminal with the new CUP and D Concourse for a single bill at a lower rate schedule, offering an estimated savings of over \$390k per year.

NES has submitted two (2) invoices described below to complete this work:

1.	Airport Circuit Relocation for meter totalization	\$110,000
2.	Dual Service to CUP and Concourse D	\$921,174.36

Payment of these invoices are critical in order to meet the schedule for having service to the CUP by January 7, 2018.

The reconfiguration of NES service provides the following benefits that align with MNAA's strategic goals and objectives:

- Provides geographical separation of the incoming NES overhead services, reducing risks of simultaneous loss of both utility services due to natural disaster or incidental/deliberate action.
- Prepares for future relocation of the NES - Airport feed into the Terminal, to be routed from the CUP to the terminal, eliminating sharing of the existing ductbank from the pole farm to the Terminal, thus

- completing the geographical separation of the two (2) utility circuits from point of origin all the way to the Terminal.
- Prepares for removal of NES overhead lines along Donelson Pike and future re-routing of the NES-Airport primary circuit from the NES – Airport Substation to the CUP/Terminal via a new underground ductbank crossing of runway 2R/20L, to be completed as a future CIP project. This is necessary to support the TARI / Donelson re-alignment.
- Provides a portion of the needed infrastructure required to provide redundant service to parking revenue controls for Economy and Long Term A/B parking, to be completed in the Terminal Area Roadway Improvement (TARI) project.

Costs are within the Concourse D and Terminal wings project budget of \$268,000,000.

Impact/Findings:

Invoice Cost – Airport circuit relocation for totalization	\$ 110,000.00
Invoice Cost - dual service to the CUP and D Concourse	<u>\$ 921,174.36</u>
Total	\$1,031,174.36

Mayor's Representative Wiltshire inquired as to the existing underground ductbank. Ms. Holton replied that BNA anticipates two more invoices from NES for each of the BNA Vision Projects. This project is the biggest cost at this time exclusive of the future underground ductbank for the airport feed.

President Kreulen reported that this cost is budgeted in BNA Vision but because there is an invoice due greater than his signatory authority, he chose to bring it before the Board for the sake of transparency. Ms. Holton stated that this expense is included in the D Concourse budget as well, and BNA is still within in the original contract budget.

Mayor's Representative Wiltshire asked if NES was offering any incentive to do this or if this is just done at cost. Ms. Holton stated that it is done at cost and NES does the work. Ms. Holton stated that by doing this, BNA will be relocating all of its meters to one location and by doing so, it will save BNA money at approximately \$390,000 of savings per year just on rates.

Chair Joslin stated he received a phone call asking what the airport pays NES per year for electrical service. Chair Joslin asked Mr. Ramsey what that number is and Mr. Ramsey stated it is approximately \$8M per year. A motion was made by Mayor's Representative Wiltshire and seconded by Vice Chair Doerge to recommend to the Board that it authorize the President & CEO to pay two Nashville Electric Service (NES) invoices to supply redundant power feeds for the Concourse D & Terminal Wings and meter totalization at Nashville International Airport. The motion carried by vote of 4 to 0.

V. Information Items

None.

VI. Adjourn

There being no further business before the BNA Vision Committee, Chair Joslin adjourned the meeting at 10:28 a.m.



Amanda C. Farnsworth, Board Secretary