

✈ METROPOLITAN NASHVILLE AIRPORT AUTHORITY ✈

February 20, 2019 – Minutes of the Joint Meeting of the MNAA Board of Commissioners and MPC Board of Directors

Date: February 20, 2019

Place: Nashville International Airport
Nashville, Tennessee

Time: 1 p.m.

Board Members Present:

A Dexter Samuels, Chair; Amanda Farnsworth, Secretary; John Doerge, Bill Freeman, Bobby Joslin Christy Smith, Nancy Sullivan, Jimmy Granbery and Mayor's Representative, Matt Wiltshire

Board Members Absent:

Trey Harwell, Vice Chair

Others Present:

Doug Kreulen and Cindy Barnett

I. Call to Order

Chair Samuels called the MNAA Board of Commissioners and MPC Board of Directors meetings to order at 1:00 p.m., pursuant to the Public Notice dated February 15, 2019.

II. Approval of Minutes

Upon motion made by Commissioner Granbery and seconded by Commissioner Freeman, the Board voted to approve the Minutes of the January 16, 2019. Joint meeting of the MNAA Board of Commissioners and MPC Board of Directors. The motion carried by a vote of 8 to 0. Mayor's Representative Wiltshire arrived to the meeting after the vote was taken.

III. Chair's Report

Chair Samuels stated there was no Chair's Report.

IV. President's Report

President Kreulen acknowledged Ms. Margaret Martin's birthday on February 19 and Ms. Lisa Lankford's birthday on February 20.

President Kreulen reported Allegiant Airlines announced the addition of 6 non-stop flights from BNA, on February 12, 2019. These flights begin on May 16, 2019 with twice-weekly seasonal service. They are as follows:

- Cleveland, Ohio
- Allentown, Pennsylvania
- Cedar Rapids, Iowa
- Orlando, Florida
- Bentonville, Arkansas
- Harrisburg, Pennsylvania

Previously, Southwest was the only airline offering non-stop service to Cleveland, Ohio from BNA. Allentown, PA, Cedar Rapids, IA, Orlando, FL, Bentonville, AR and Harrisburg, PA are all new non-stop destinations. Allegiant now has a total of 13 non-stops serving BNA.

President Kreulen reported that beginning June 2019, Air Canada, will be upgrading their aircraft from a 50 seat RJ aircraft to a 76 seat CRJ-900. This upgrade, scheduled for June 2019, will provide 2 cabin service from BNA to Toronto for the first time. Air Canada is very excited about the 2 cabin service as they connect the Nashville region to Toronto and beyond Canada.

President Kreulen announced to the Board that two BNA Police K9 teams worked security detail for this year's Super Bowl, Officer Thomas Johnson and Wolf (German Shephard) and Officer Aaron Battle and Bingo (German Shorthair Pointer). Both teams were selected based on their 100% accuracy scores on their annual TSA evaluations.

February is Black History Month and this is the fourth year BNA has celebrated with a music series spotlighting local groups performing. There are four performances scheduled for this month, as follows:

- Feb. 15 – Sonja Hopkins
- Feb. 20 – Tennessee State University Meistersingers
- Feb. 25 – Fisk Jazz Ensemble
- Feb. 27 – Creative Soul Music Academy

On February 14, in celebration of Valentine's Day, BNA's customer service team set up a "BNA Kissing Booth" for passengers with Hershey kisses, BNA heart buttons and other goodies. BNA got 238,043 impressions, including 151,410 social media impressions, 74,574 impressions on Channel 4, and 12,059 impressions on the national blog, "Stuck at the Airport."

President Kreulen stated that BNA is very proud of the concessions unveiling partnership with Fraport TN on February 1. President Kreulen presented some pictures and a short video with highlights of the event, and welcomed Vivica Brown and Ben Zandi from Fraport.

President Kreulen updated the Board on the Fraport Transition Plan. There will be approximately 90 food, beverage, retail & service locations by 2023 with significant ACDBE participation. In 2019, BNA will turn over 30 locations: 18 of those will open for business by early October 2019, 1 will open for business by early November 2019 and the remaining 11 will open for business in February 2020. There will be an additional 28 locations coming in the 2020 time period and 30 more as MNAA finishes out the Grand Hall. The CRDC is up and running. MNAA is working to assist Fraport in sub-lease negotiations. RFPs for ATM/Financial Services and RFPs for Vending have been released.

President Kreulen gave a quarterly review of British Airways as follows:

- Second Quarter (start of flight – May & June 2019)
 - Nashville BA revenue +31%; rest of US averaged +30%
 - No payment required by NCVC
- Third Quarter (July-August-September 2018)
 - Nashville BA revenue +24%; rest of the US averaged +28%
 - NCVC required to pay BA the \$150,000 performance guarantee
- BA comments about Nashville
 - Nashville is in the middle of the pack for all US BA flights
 - Nashville strength resulted in BA decision to go to daily flight schedule starting March 31 and upgrade to a larger aircraft, the 787-900
- Future for Nashville
 - Summer 2019 – start daily service and upgrade to 787-900 aircraft
 - Winter 2019/2020 – BA currently shows Nashville with the existing schedule but could decide to reduce during the winter.

Mayor's Representative Wiltshire inquired as to daily flights and the return calculation. President Kreulen stated it will impact the numbers but in discussions with BA, they are expecting an improvement because there will be more revenue through Business Class seats once BA starts service on the larger plane with daily flights. It is possible the newer jet will help BNA in the summer months.

Next, President Kreulen gave an update on the Economic Impact Study which is ongoing. Martin Associates, Economic & Transportation Consultants, was contracted in November, 2018. BNA staff should receive a draft report in late March 2019 and will then provide an update to the FAP and Board in April. A final document should be released in May 2019 that would be available to the public.

President Kreulen provided an update on ALERT which stands for Airline Lease Early Reporting Tool. ALERT forecasted 7.3M enplaned passengers in FY18, however BNA exceeded expectations at 7.4M in FY18. In FY19, BNA anticipates 8.3M enplaned passengers, which would be 16.6M total passengers at the end of June, which is 11% growth. Landed weights forecast for FY18 was at 8.4M. BNA exceeded that at 8.6M and this year it is projected to be 9.5M, which is 10% growth.

ALERT only anticipated 11% growth for FY19 scheduled enplaned seats, and it is actually 15.2% for the year. The Master Plan for 2013 projected 6.4M enplanements in FY19 and the 2018 Master Plan projected 7.8M enplanements in FY19. ALERT projects 8.3M in enplanements. President Kreulen stated that BNA has grown over 4M passengers ahead of the old Master Plan (includes enplanements and deplanements).

Mayor's Representative Wiltshire commented that BNA is already at the CY2027 projection from the 2013 Master Plan, 8 years ahead of schedule. President Kreulen agreed that was correct. He stated this is why the new Master Plan is so critical – to plan for Vision 2.0 and 3.0 coming in the future.

Commissioner Farnsworth asked if BNA should have added more floors to the new parking garage due to the rapid growth and BNA's numbers already being at CY2027 projections. President Kreulen stated there will be more garages that will need to be built depending on how Uber, Lyft, and other factors affect the numbers. President Kreulen stated he appreciated the Board asking and demanding that BNA look farther out.

President Kreulen briefed the Board on FY19 revenue and expenses for BNA and JWN. BNA is 5.7% above budgeted revenue and expenses are under budget by 11%. BNA started in 2015 with zero dollars in the NAE Fund cash reserves, and a new airline agreement. BNA has been able to build reserves over time and if the current financial performance stays the same, BNA hopes to add an additional \$10M for a total of \$19M, and have \$81M in reserves. These reserves will be invested properly.

Total passengers for FY19 in January were up 15.8% over last January, and up 14.7% FY19 YTD. BNA is ahead of current forecast. President Kreulen reported that December concession sales are up, with news and gift up 11.8% for the month and 17.2% FY19 YTD. Food service is up slightly at 2.2% for the month, and up 12% FY19 YTD. Rental car sales in December were up 5% and up 9.5% FY19 YTD.

V. Staff Reports

Operations Report

Mr. Robert Ramsey, Chief Operating Officer, reported January FY19 gross parking revenue was up 6.2% over January FY18 and FY19 YTD was up 6.3%. Air cargo tonnage for January FY19 decreased 17.4% compared to January FY18, However air cargo tonnage is up 5.2% FY19 YTD.

Mr. Ramsey reported BNA fuel sales for January were up 14.9% from January FY18. FY19 YTD was down 3.9% for a decrease of about 187,000 gallons. John C. Tune is up 22.9% over the previous month, and FY19 YTD was up 18.4%, approximately 169,000 gallons more.

Mr. Ramsey provided an update on BNA Vision. Staff provided Commissioners with January 2019 BNA Vision Monthly Program Report for reference. Mr. Ramsey presented the BNA Vision Plaza Rendering explaining where different areas are scheduled to be constructed and presented a short video of same. Mr. Ramsey stated the Plaza should be open in November 2020 and the parking garage is scheduled for February 2020.

Commissioner Farnsworth inquired about the landing weights of the planes and how it affects the infrastructure and runways. Mr. Ramsey reported that the landing weights were taken into account when designing the pavement strength. The biggest impact will be turning radius as BNA goes from group 4 to group 5 aircraft that will have wider turning radiuses and larger shoulders and safety areas needed for the larger wing tips.

Financial Report

Ms. Marge Basrai, Chief Financial Officer, reported revenue and expenses FY19 YTD as of January 31, 2019. BNA operating revenues were \$95.1M FY19 YTD; \$5M above budget and \$9.5M over the prior year.

- Signatory airline revenue was slightly above budget, \$4M over prior year
- Landing fees increased 13.2% due to increase in YTD landed weights from prior year
- Terminal rents went up this year \$5M related to a baggage handling project and this was included in the budget this year
- Parking revenue was \$3.4M above budget, and \$1.6M over the prior year
- Concessions Revenue was above budget by \$2.4M and \$2.5M over last year, which was mainly driven by ground transportation and car rental revenue

BNA operating expenses were \$48.7M FY19 YTD; \$9.1M below budget projections and \$3.3M over the prior year actual amounts.

- \$3M of the budget variance was in Salaries & Benefits due to vacant new positions that are still open and the increase in the budget for the salary and compensation study. The salary survey results were implemented in January 2019. Benefits as it relates to salaries are trending 6% lower than budget.
- BNA was \$4M under budget in Contractual services, due to various contract services such as legal, maintenance and other contingencies.
- BNA was \$3.3M over the prior year in expenses, most of which was contractual services such as janitorial, parking lot operations, security services due to additional services needed this year.

JWN operating revenues were \$519K FY19 YTD; \$29K above budget projections and slightly more than the prior year. \$18K was fuel flowage fees due to a larger than expected increase and \$7K was due to a lease on a previously empty hangar that is renting for \$1K more per month than budgeted.

JWN operating expenses were \$320K FY19; \$51K below budget and \$91K below last year. This was primarily due to Contract Services related to various projects that were delayed and planned to be completed later this year such as fencing project and camera re-location. BNA is below prior year's expenses primarily due to materials and maintenance supplies, which haven't been needed yet this year.

MPC operating revenues were \$1.7M FY19 YTD; \$71K below budget projections and \$86K less than the last year. This was primarily due to a tenant defaulting on their lease in March 2018. A new tenant has been found for part of this space, and they moved in December 2018. Rent is slightly less than the previous tenant as the new tenant did not take all of the available space.

MPC operating expenses were \$723K FY19 YTD; \$356K below budget projections and \$93K less than the last year. Variance with budget is attributable to \$313K in Contract services (building maintenance) for IPB repairs that have not been necessary so far this year but are expected in the next couple of months. Improvements have been made at the Multipurpose Building this year but will not be completed until the weather improves, such as the roof and the parking lot.

Commissioner Granbery asked if BNA pays property taxes on the Multipurpose Building and Ms. Basrai stated that she does not believe BNA pays taxes on it. Mayor's Representative Wiltshire confirmed that BNA does not pay property taxes on the Multipurpose Building.

Ms. Basrai gave an update on the Airline Use and Lease Agreement (AULA) Amendment negotiations and began with a recap of where BNA is with the Airline Agreement. Below is a timeline of events:

- May – December 2018
 - Multiple meetings/calls with Airline Affairs Committee

- December 2018 / January 2019
 - First two proposals from MNAA to airlines
 - Airlines submitted counter-proposal to MNAA
- February 2019
 - MNAA updated financial model with the most recent financial projections to date, and that analysis indicates that BNA can continue with the bond issuance and an AULA Amendment is not necessary.
 - Meeting held with Commissioner Smith, Landrum & Brown and PFM on February 8, 2019 to discuss next steps
 - Confirm MNAA is able to meet its financial obligations in FY22 under current AULA
 - Continue negotiations with the Airlines more slowly to start in FY23. It is good to demonstrate to the rating agencies when BNA does go to the market that all are working together and talking in agreement toward a new agreement in FY23
 - Evaluate Rates by Ordinance to show that you can afford issue the debt with or without an agreement which means BNA can create its own rate base as long as it meets FAA policy. Preliminary results show that Rates by Ordinance is feasible for the Authority
 - Determine best path for MNAA

Ms. Basrai stated that BNA will be scheduling a workshop in the next month or two with the Board to go over rates by ordinance, what that means in the industry, and how that will work with financing and negotiations.

Ms. Basrai presented the quarterly retirement/OPEB report. FY19 Q2 markets affected the retirement plan and OPEB in the following ways:

Retirement Plan

- 3-month gross return was -8.17% and YTD was -5.32%. The benchmark was -7.82% 2Q19, -4.82% YTD
- As of June 30, 2018, the retirement plan was 99% funded

OPEB

- 3-month gross return was -8.91% and YTD was -6.10%. The benchmark was -8.59% 2Q19, -5.58% YTD
- As of June 30, 2018, the OPEB plan was 70.1% funded

So far in the third quarter, the market has recovered some from the 2Q19 loss.

Ms. Basrai presented the Quarterly Treasury Investment Report as follows:

- \$100,000,000 transferred to PFM Asset Management LLC (PFMAM) in 2Q19 to start investing
- As of 12/31/18 total available funds were \$284.3M with \$247.4M invested (about 87%). Investments were comprised of:
 - U.S. Treasuries: \$85.4M
 - Cash in Direct Deposit Accounts (DDA) \$36.9M
 - Commercial Paper: \$30.9M
 - Agency/Treasury Money Market Funds: \$131.1M
- Total earnings for the quarter were \$1.25M while prior FY18-Q2 earnings were \$532,000

Ms. Basrai stated 3Q19 focus will be on reducing money market deposits and shifting funds to the TN LGIP. Per the proposed Investment Policy, MNAA is out of compliance in the allocation of funds for the Money Market Mutual Funds Category. The policy allows 25% of total funds to be allocated to Money Market Funds, however, as of December 31, 2018, BNA was a little over 46%. The Director of Treasury will remedy this allocation by shifting funds to the TN LGIP by the end of February.

The Director of Treasury will begin to reduce the number of bank accounts and pool operating funds for efficiency and maximize the amount BNA can invest.

Ms. Basrai continued her presentation with the MNAA Investment Policy Update. MNAA Finance and Legal completed the initial review of the Investment Policy prepared by PFMAM. After review of the Investment Policy prepared by PFMAM, the Director of Treasury compared the policy to GFOA best practices and made changes to the policy in conjunction with PFMAM, CFO, AVP Finance and Legal. This policy is scheduled to be approved in the next few weeks.

A summary of the changes made to the initial policy prepared are as follows:

- Added money market mutual funds as a permitted investment
- Changed the performance reporting to a format that would not require MNAA to hire outside investment manager if MNAA decides "in-house" investing is the best approach.
- Changed the CP allocation per issuer from 5% to 10% but will have an internal goal targeted to 5% per issuer for added operational flexibility and minimization of DDA balances.
- Detailed the internal reporting requirements and the board reporting requirements

- Updated the safekeeping and custody section to today's standards; former language was very dated
- Changed the investment policy adoption requirements to being approved by the CFO and CLO, in line with GFOA best practices. Finance will review policy annually and discuss any changes with the Board for input.

The Commissioners were given a comprehensive annual financial report (CAFR) for FY18 for reference. It contains the financial and relevant statistical information for the past fiscal year. MNAA received the GFOA Certificate of Achievement for Excellence in Financial Reporting for the FY17 CAFR. The current CAFR has been submitted for consideration.

Commissioner Freeman asked if MNAA had made progress on consolidating the large number of accounts. Ms. Basrai stated that the Treasury Director started her position with MNAA in November 2018. The Treasury Director has been focused on day to day. Now that the cash is invested in PFM, the next goal for the Treasury Director will be doing more research on the accounts to conclude what the account was for and if there is a requirement to keep it. Reducing the number of accounts and maximizing the amounts BNA can invest is the top priority.

Workforce Development Report

Ms. Karisse Spray, AVP, Human Resources gave an update on the 2019 Affirmative Action Plan (AAP). She reported that Joshua Woods, Esq. of Waller Lansden Dortch & Davis presented MNAA's 2019 Affirmative Action Plan to the Diversity and Workforce Development Committee and went through and explained the requirements of the AAP in general and how MNAA performed. The 2019 Plan analyzed 2018 employee data and one placement goal was identified for women in the skilled trades area. There were no other problem areas or goals identified per that Plan.

Ms. Spray reported that staff provided the Diversity and Workforce Development Committee 2nd Quarter FY19 EEO Quarterly Report. The data is reviewed quarterly to the 2017 American Community Survey (ACS) Labor Force for Nashville Metropolitan Statistical Area (NMSA). MNAA's racial diversity is reflective of NMSA. MNAA continues to have gender diversity challenges in the non-exempt classifications, specifically skilled trades and police officer roles. MNAA has ongoing recruitment efforts to help address the gender and diversity challenges.

MNAA is focused on expanding the general and racial diversity as well as the overall need to find qualified candidates. MNAA is addressing these needs through talent acquisition and development in the following ways:

- Expanding local high school partnerships

- Showcasing BNA in 2019-2020 Tennessee Career Guide given to high school students in the middle TN area
- Developing Maintenance Apprenticeship Program (skilled trades)
 - Tennessee Board of Regents
 - Tennessee College of Applied Technology (TCAT)
 - Urban League
 - Empower the Journey - Knowledge Academy
- Partnering with Nashville State Community College for public safety jobs
- Partnering with Nashville Area Chamber of Commerce's Tennessee Reconnect Program for employees interested in post-secondary education

Ms. Spray presented some photos of initiatives that her department and Ms. Donzaleigh Powell had taken part in. They met with the Nashville Workforce Network and conducted a presentation on what is going on at the airport and the different jobs available. An HR Manager from MNAA and MNAA police officers took part in the TSU job fair. The HR team went to TCAT and attended a Diversity Conference offered through Blue Cross.

Chair Samuels asked if there is a tool used to assess the diversity among different geographics in Nashville. Ms. Spray commented that MNAA used the 2017 American Community Survey. That tool encompasses other ethnicities and other aspects of diversity as well. Chair Samuels asked if there might be a software tool that is available for use that takes information from the survey to make that assessment. Ms. Spray stated MNAA does not have a tool beyond the ACS, but that is something she will look into.

Mayor's Representative Wiltshire asked if MNAA is manually doing the work that the software tool that Chair Samuels is referring to. Ms. Spray stated that was correct. MNAA is looking at the 2017 survey and the MNAA employee population and making those comparisons.

Business Diversity Development Report

Ms. Donzaleigh Powell, Director of Business Diversity Development, presented a report on MWBE participation in January 2019. Professional Services aspirational goal was 12.44%, actual was 6.12%, Goods and Services aspirational goal was 6.49%, actual was 1.3%; Construction (non-federal) goal was 10.49%, actual was 11.5%; Construction Federal aspirational goal 9.28%, actual was 40.2%. The combined YTD MWBE total is 11.5% (\$19,457,179).

Ms. Powell stated that MNAA has been working with Hensel Phelps since the beginning of Project 1 to ensure they are educating, cultivating and promoting employment opportunities to the Nashville and surrounding

areas. Hensel Phelps has developed partnerships with the following to provide exposure to the construction industry to the promise zone and the high schools:

- If I had a Hammer – Hammer Build Event
- Goodwill Career Solutions
- 4:13 Strong
- Empower the Journey

Hensel Phelps has hired 3 locals to date through 2018 and subcontractors have committed to 23 additional hires to be made in 2019 for the D Concourse Project.

Ms. Powell stated on February 13 she provided the Diversity and Workforce Development Committee a follow up on the Diverse Business Expo hosted by MNAA last year November 6, 2018. This event was geared toward providing the opportunity for different departments, specifically staff with buying power to have a chance to meet and learn about some of the professional services and goods and services firms.

Ms. Powell gave a reminder of the Business Taking Off event to be held on March 22, 2019 from 7:30 am to 11:30 am at the Airport Marriott. This is the first year for MNAA to include construction contractors from Project 1, 2, and 3. Hensel Phelps and Messer Construction will join in as well.

Ms. Powell reported that the MNAA Disparity Study is underway. Kick-off started in December 2018 with the creation a data assessment plan and monthly conference calls. Griffin & Strong is currently performing their legal and policy review. Griffin & Strong hosted the first information meeting last week which was designed to give the public an opportunity to learn about the disparity study, provide information about the process, and also allow attendees to provide anecdotal information about their experiences working with the airport or their attempts to work with the airport. There were 80 participants that registered and 35 attended. Most of the feedback was centered on understanding of the implementation of the disparity study.

Ms. Powell presented the Disparity Study timeline. BNA is currently in the quantitative data assessment time period, along with informational meetings, the launch of the website, and case law and policy review. The longest time spent will be the period for collecting data and information. This will be done multiple ways, including online, phone call and additional in person meetings. By summer, the actual analysis of all the quantitative and anecdotal information will begin. At that point, Griffin & Strong will provide BNA with findings and recommendations. Griffin and Strong will present the final study report at the end of CY2019 to the Board.

Chair Samuels thanked Ms. Powell and Robert and the team at Hensel Phelps. He stated he had heard great things about their outreach and connection and partnership with the Authority.

VI. Items for Approval:

A. Approval of JWN Apron Pavement Rehabilitation and Construction

Staff provided a staff analysis in the Board packet and requested that the Board:

- 1) accept the Bid by Four Star Paving, LLC (Four Star) for the Construction Contract for the Apron Pavement Rehabilitation and Construction projects at John C. Tune Airport (JWN) and;
- 2) authorize the Chair and President & CEO to execute the construction contract.

Background

This project consists of both apron rehabilitation near the terminal and new apron construction for development of T-hangars as follows:

- The apron pavement in the vicinity of the John C. Tune airport terminal was part of the original airport construction in 1986. The current Pavement Condition Index (PCI) value is 43, a pavement classification of Poor (41-55). Maintenance has been performed on the apron periodically, but typical measures have been limited to seal coats and joint seal replacement. To accommodate increased aircraft traffic and the potential for larger aircraft groups, the pavement requires major rehabilitation and upgrading to continue to meet JWN's current and future needs. Approximately 110,000 square feet of apron pavement will be rehabilitated in multiple phases to maintain continuous access to the terminal from the apron and a continuous path between the north and south apron areas for aircraft movement.
- The new apron construction consists of a 31,600 square foot apron expansion to the south of the existing T-Hangars. The apron expansion is sized to allow for the future construction of T-hangars. Work activities include grading and apron construction, modifications to apron edge lighting and stormwater pipes.

The projects were originally bid in July 2018. Only one (1) bid was received, which exceeded the project budgets and the solicitation was cancelled.

After additional outreach efforts with potential bidders, the project was re-advertised on December 3, 2018 and included two bid schedules for the apron pavement rehabilitation project and a base bid for the apron construction project.

On January 7, 2019, one (1) bid was received. Below is a tabulation of the bid. Disadvantaged Business Enterprise (DBE) percentage listed is the commitment made by the contractor:

<u>Contractor</u>	<u>Bid Schedule 1 / DBE%</u>	<u>Bid Schedule 2 / DBE %</u>	<u>Base Bid / DBE %</u>
Four Star	\$667,315.00 / 14.89%	\$821,065.00 / 15.49%	\$544,492.50 / 33.65%

Four Star's bid schedule 2 was 9.4% lower than the Engineer of Record's, Atkins, Opinion of Probable Construction Cost (OPC). Four Star's bid was within budget, but it did not meet the DBE portion of the established participation level for the project. However, as part of MNAA Business Diversity Development's analysis of the bid, they requested Four Star's good faith efforts and determined that Four Star's efforts were acceptable. Four Star will use Jerry B. Young Construction (DBE), McFall Seed and Sod (DBE), and Archangel Protective Services (DBE) to complete this project.

Four Star's base bid for the apron construction project was 9.4% higher than the Engineer of Record's OPC, but within the project budget.

The Metropolitan Nashville Airport Authority (MNAA) and Atkins have evaluated the bid and determined the bid from Four Star to be responsive and responsible and recommend award to Four Star Paving, LLC for bid schedule 2 for apron rehabilitation project and base bid for the apron construction project.

Impact/Findings

MNAA DBE Participation Level (Apron Rehabilitation):	21.74%
Four Star DBE Participation Level (Apron Rehabilitation):	15.49%
MNAA DBE Participation Level (Apron Construction):	12.00%
Four Star DBE Participation Level (Apron Construction):	33.65%
Anticipated Contract Start Date:	May 2019
Duration of Contract:	75 days
Contract Completion Date:	August 2019
Contract Amount:	\$1,365,557.50
Funding Source:	Federal, State, MNAA

Committee Review

This item was presented to the General Aviation, Operations, Planning and Engineering (GAOPE) Committee on February 13, 2019. The GAOPE Committee voted 3 to 0 to recommend approval to the Board of Commissioners.

A motion was made by Commissioner Doerge and seconded by Commissioner Farnsworth to authorize the Chair and President & CEO to:

- 1) accept the Bid by Four Star Paving, LLC (Four Star) for the Construction Contract for the Apron Pavement Rehabilitation and Construction projects at John C. Tune Airport (JWN) and;
- 2) authorize the Chair and President & CEO to execute the construction contract.

The motion carried by vote of 8 to 0. (Commissioner Granbery left the meeting at 1:43 p.m. before the vote was held.)

B. Approval of Mobile Equipment Maintenance Facility Progressive Design/Build Contract and Component Guaranteed Maximum Price #1 (Design-Pre-Construction)

Staff provided a staff analysis in the Board packet and requested that the Board:

- 1) Accept the proposal by Brasfield & Gorrie, LLC for the Progressive Design-Build Contract for the Mobile Equipment Maintenance Facility project at Nashville International Airport (BNA) and;
- 2) Authorize the Chair and President & CEO to execute the Component Guaranteed Maximum Price #1 (CGMP1).

Background

Currently, the various departments and disciplines for MNAA's Maintenance Department are located in various areas around the Airport property. This includes the existing and outdated Mobile Equipment Maintenance area located on the westside of the Airport. MNAA intends to consolidate maintenance disciplines near the Consolidated Service Facility (CSF) and to continue developing the westside area for General Aviation use.

The Progressive Design-Build contract will establish a Guaranteed Maximum Price (GMP) based on the 100% design drawings. To manage the GMP, a specified Design-to-Budget requirement is utilized to ensure that the total budget remains on target through the progression of ongoing design and construction work. The established design-to-budget value for this project is set at \$6,700,000. The project will be managed to achieve this design-to-budget amount whereby the projected cost of the aggregate CGMP's are not allowed to exceed the design-to-budget amount. This project will have two (2) CGMPs as follows: CGMP1 – Design and Pre-Construction; CGMP2 – Site and Building construction.

A Request for Proposal was advertised on October 29, 2018 and November 1, 2018. On December 3, 2018, five (5) proposals were received from Baron Construction, Brasfield & Gorrie, Rock City Construction, Utopia Building Group and Wellspring Builders.

The proposals were evaluated on the following criteria:

- A. Mandatory Requirements
- B. Team/Individual Qualifications, Experience
- C. Technical Approach

- D. SMWBE Participation and Workforce Development Program
- E. Pricing for Design services and General Conditions (CGMP1 costs only)

The selection committee determined the following two (2) firms to be highest qualified: Brasfield & Gorrie and Wellspring Builders.

On January 18, 2019 the selection committee conducted interviews of these top candidates asking additional questions on SMWBE, team experience, challenging aspects of the project and project schedule.

The total score from their Statement of Qualifications and interview scores are listed below:

Contractor	Proposal and Interview Score	CGMP1	MBE 6.13%	WBE 8.88%
Brasfield & Gorrie	458	\$1,768,522	6.13%	8.88%
Wellspring Builders	453	\$1,406,406	6.13%	8.88%

The selection committee determined Brasfield & Gorrie, LLC to be the most qualified for the project, based on the following:

1. The company, Project Manager and Project Team have recent experience on vehicle maintenance facility projects of equivalent size and complexity, as well as extensive design-build delivery method.
2. Thoughtful understanding of challenges in existing site development and existing maintenance equipment relocation.
3. Effective SMWBE development approach to the project.
4. Provided an achievable project schedule and understanding of project concerns.

MNA has evaluated the proposals and determined the proposal from Brasfield & Gorrie, LLC to be responsive and responsible, and recommend award of the Progressive Design-Build Contract to Brasfield & Gorrie, LLC.

Impact/Findings

MNA SMWBE Participation Level:	6.13% MBE and 8.88% WBE
Brasfield & Gorrie Participation Level:	6.13% MBE and 8.88% WBE
Anticipated Contract Start Date:	February 27, 2019
Duration of Contract:	540 Calendar Days Completion
Contract Completion Date:	August 20, 2020
Component Guaranteed Maximum Price 1	\$1,768,522.00
Component Guaranteed Maximum Price 2	<u>TBD</u>
Total Guaranteed Maximum Price	\$6,700,000.00 NTE
Funding Source:	100% MNA

Committee Review

This item was presented to the General Aviation, Operations, Planning and Engineering (GAOPE) Committee on February 13, 2019. The GAOPE Committee voted 3 to 0 to recommend approval to the Board of Commissioners.

A motion was made by Commissioner Doerge and seconded by Mayor's Representative Wiltshire to authorize the Chair and President & CEO to:

- 1) Accept the proposal by Brasfield & Gorrie, LLC for the Progressive Design-Build Contract for the Mobile Equipment Maintenance Facility project at Nashville International Airport (BNA) and;
- 2) Authorize the Chair and President & CEO to execute the Component Guaranteed Maximum Price #1 (CGMP1).

The motion carried by vote of 8 to 0.

C. Approval of State Capital Improvement Plan (ACIP) for JWN – MNAA Resolution No. 2019-01

Staff provided a staff analysis in the Board packet and requested that the Board:

- 1) approve the proposed JWN Capital Improvement Budget for fiscal year 2020 (July 1, 2019 through June 30, 2020), and JWN Capital Improvement Plan for fiscal years 2020 – 2024 (July 1, 2019 through June 30, 2024), and
- 2) authorize the Chair and President and CEO to execute MNAA Resolution No. 2019-01, and
- 3) authorize that MNAA accept the grant(s) from the Federal Aviation Administration (FAA) for federally funded projects.

Background

Staff annually presents a five-year Capital Improvement Plan (fiscal years 2020-2024) and the forthcoming fiscal year's Capital Improvement Budget (FY20). MNAA is required to submit a five year Capital Improvement Plan to the State of Tennessee by March, and the recent grant for the Air Traffic Control Tower (ATCT) at JWN significantly changes the timing of projects.

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

Impact/Findings

The Capital Improvement Budget for FY20 is \$16,511,728. The proposed Capital Improvement Plan is summarized below:

JWN Summary:	2020	2021	2022	2023	2024	TOTAL
Terminal & Landside	\$8,959,728	\$0	\$1,960,000	\$0	\$0	\$10,919,728
Land Acquisition	0	0	0	0	0	0
Vehicles & Equipment	0	0	0	0	0	0
Airside Improvements	7,552,000	6,672,222	5,572,222	6,322,222	6,322,222	32,440,888
Total	\$16,511,728	\$6,672,222	\$7,532,222	\$6,322,222	\$6,322,222	\$43,360,616

Funding Allocation:	2020	2021	2022	2023	2024	TOTAL
JWN Funding	\$1,508,573	\$839,222	\$1,628,222	\$692,222	\$626,222	\$5,294,462
MNAA Funding	442,000	458,000	474,000	480,000	496,000	2,350,000
BNA (TEF)	4,028,555	0	0	0	0	4,028,555
Federal (Entitlement)	329,845	150,000	150,000	150,000	150,000	929,845
State (ECD)	4,250,000	4,250,000	4,250,000	4,250,000	4,250,000	21,250,000
State (GA & Equity Funds)	5,952,755	975,000	1,030,000	750,000	800,000	9,507,755
TOTAL	\$16,511,728	\$6,672,222	\$7,532,222	\$6,322,222	\$6,322,222	\$43,360,616

All projects are contingent upon the approval and availability of the various funding sources. The projects programmed for FY20 and their anticipated funding sources were shown on the capital improvement plan included in the Board packet. If State Economic Community Development Funds (ECD), State of Tennessee Equity Funds (TEF), JWN TEF funds, or BNA TEF funds are not available, MNAA will pursue bonds for the capital projects.

Committee Review

This item was presented to the Finance, Administration and Properties (FAP) Committee on February 13, 2019. The FAP Committee voted 4 to 0 to recommend approval to the Board of Commissioners.

A motion was made by Commissioner Smith and seconded by Commissioner Doerge to authorize the Chair and President & CEO to:

- 1) approve the proposed JWN Capital Improvement Budget for fiscal year 2020 (July 1, 2019 through June 30, 2020), and JWN Capital Improvement Plan for fiscal years 2020 – 2024 (July 1, 2019 through June 30, 2024), and
- 2) authorize the Chair and President and CEO to execute MNAA Resolution No. 2019-01, and
- 3) authorize that MNAA accept the grant(s) from the Federal Aviation Administration (FAA) for federally funded projects.

The motion carried by vote of 8 to 0.

D. Confirmation of Board Staff Officer Appointments

Staff requested the Board of Commissioners confirm the following Board staff officer appointments, and give permission to President and CEO to execute a letter of engagement with Board Counsel, Cindy Barnett, Partner, Adams and Reese:

- | | |
|---------------------------|--|
| – Staff Secretary | Angela Edwards, Executive Assistant to the President |
| – Auditor/Independent CPA | Dixon Hughes Goodman LLP (no change) |
| – Legal Counsel | Board Counsel, Cindy Barnett, Partner, Adams & Reese
Legal Counsel, Doug Sloan, Chief Legal Officer |
| – Treasurer | Marge Basrai, Chief Financial Officer |
| – Chief Engineer | Robert Ramsey, Chief Operating Officer |

Committee Review:

This item was presented to the Management Committee on February 20, 2019 at 11:00 a.m. The Management Committee voted 2 to 0 to recommend the confirmation of Board staff Officers to the Board of Commissioners.

A motion was made by Commissioner Freeman and seconded by Commissioner Farnsworth to confirm the Board staff officer appointments.

Chair Samuels thanked Terri Barnhart for the hard work she has done as Staff Secretary in the past.

Chair Samuels stated there had been discussions by the Board on composition of Committees. Chair Samuels stated that it was his understanding that the Board would discontinue the Executive Committee and expand the Management Committee from 3 members to 5 members. One of the members the Board added was Commissioner Bill Freeman. The Management Committee will discuss and deliberate on the new member to the management committee. Chair Samuels gave Commissioner Farnsworth the floor for further discussion. Commissioner Farnsworth stated there was a robust discussion previously and she is good with what was

discussed. A motion was made by Chair Samuels to accept and seconded by Commissioner Smith. The motion carried by vote of 8 to 0.

VII. Information Items

None.

VII. Adjourn

There being no further business before the Board, Chair Samuels adjourned the meeting at 2:18 p.m.



Amanda C. Farnsworth
Board Secretary