✈ METROPOLITAN NASHVILLE AIRPORT AUTHORITY ✈

June 20, 2018– Minutes of the Joint Meeting of the MNAA Board of Commissioners and MPC Board of Directors

Date: **June 20, 2018**

Place: **Nashville International Airport**
Nashville, Tennessee

Time: **1 p.m.**

Board Members Present: **Bobby Joslin, Chair; A. Dexter Samuels, Vice Chair; John Doerge, Amanda Farnsworth, Bill Freeman, Kabir Sandhu, Christy Smith and Mayor's Representative, Matt Wiltshire**

Board Members Absent: **Trey Harwell, Secretary; Dierks Bentley**

Others Present: **Doug Kreulen and Cindy Barnett**

I. Call to Order

Chair Joslin called the MNAA Board of Commissioners and MPC Board of Directors meetings to order at 1:03 p.m., pursuant to the Public Notice dated June 15, 2018.

II. Approval of Minutes

Upon motion made by Mayor's Representative Wiltshire and seconded by Commissioner Doerge, the Board voted to approve the minutes of the May 16, 2018, joint meeting of the MNAA Board of Commissioners and MPC Board of Directors. The motion carried by a vote of 8 to 0.

III. Chair's Report

Chair Joslin welcomed Commissioners, staff, and guests. Chair Joslin stated that this was his last day as Chairman of the Board. He stated that it had been an honor to serve the City and to serve the Airport. The Board had been challenged with obstacles, and opportunities and never waivered the least. Your courage to do the right thing has changed the culture and the history of this airport for generations to come and I love everyone of you. Ten Years!! He stated that his wife told him he was insane, and he knew that. Mrs. Joslin, and family arrived to surprise Chair Joslin. Chair Joslin introduced them. He thanked the Board for all they had done and stated the Airport was a better place because of it.

Chair Joslin introduced Mr. Jimmy Allen of the Tennessee Valley Authority (TVA) and Mr. Bob Spears of NES for a check presentation for $327,384for the Ground Power and PU Air Electrification Project.

President Kreulen stated that this check was a grant from TVA in connection with the 26 preconditioned air units for the jet bridges and 18 ground power units to help eliminate the use of diesel powered systems. The new systems are electric which helps BNA control emissions. He thanked TVA and NES for the support.

Vice Chair Samuels offered a quote from Nelson Mandela:

> The truth is that we are not yet free. We have merely achieved the freedom to be free, the right not to be oppressed. We have not taken the final step of our journey but the first step on a longer and even more difficult road. For to be free is not really to cast off one's chains, but to live in a way that respects and enhances the freedom of others. The true test of our devotion to freedom is just beginning.

Vice Chair Samuels stated, Chair Joslin's dedication, commitment, passion, brashness and unwavering devotion to the Board was truly amazing. The members of the Board thank you from the bottom of our hearts. He stated he knew that he had personally been through a lot during this time period and felt it appropriate that his family be here with him to share in his glory. Vice Chair Samuels thanked Chair Joslin's wife, Vicky, sister, Terri, daughters Kimberly and Kayla, grandchildren Mason and Lily, and friend Richey, on behalf of the Board.

Chair Joslin was presented with several mementos from the Board and staff in recognition for his service as Chair.

IV. President's Report

President Kreulen reported that Allegiant Airlines recently celebrated the inaugural non-stop flights from BNA to Destin, St. Pete, Syracuse, Richmond, Punta Gorda, Myrtle Beach and Savannah.

President Kreulen reported that 8th & Roast Coffee Co. celebrated the opening of its new location near Gate C-20 in the former Provence location.

President Kreulen reported that on June 13, 2018, the first of more than 55,000 dump truck loads of material was deposited into a 50-foot depression adjacent to the airport terminal. The terminal apron and taxilane project is part of BNA Vision. Once the project is complete, BNA will gain more than 13 acres of surface area, which is needed to build a state-of-the-art International Arrivals Facility and accommodate larger aircraft typically used for international travel. Phase 1 will be complete in summer 2019, and that will become the lay-down yard for building the new terminal expansions. Phase 2 will begin after the International Arrivals Facility opens in 2023 and the ramp will be overlaid with final concrete to support all the international flights we anticipate arriving in Nashville in the near future.

Economic Report

President Kreulen reported that May 2018 was the busiest month in the history of BNA with 1,418,316 total passengers, surpassing the previous record by over 100,000 passengers set in June 2017 with 1,314,069. BNA's total passengers for May were up 13.6% and up 9.8% for FY2018. Passenger numbers have increased in 92 of the last 94 months.

President Kreulen reported that British Airways is off to a great start. Typically, airlines are happy with 70% load factors on new international (transatlantic) flights. During May 2018 British Airways reported 90.8% combined load factor with an average of 205 outbound passengers and 184 inbound passengers. For June 1-18, 2018, British Airways reported a 94.8% load factor with an average of 209 outbound passengers and 197 inbound passengers.

President Kreulen reported that News and Gift gross sales for May 2018 were $2,721,340, up 19.1% over May 2017; FY18 YTD gross sales were $23,977,811, up 16.0% over FY17 YTD. Revenue averages 11% for News & Gifts. Revenue for May was $339,2466 and YTD $2,788,591.

Food & Beverage gross sales for May 2018 were $4,976,232, up 14.0% over May 2017; FY18 YTD gross sales were $46,193,023, up 9.2% over FY17 YTD. Revenue averages 12% for Food & Beverages. Revenue for may was $608,629 and YTD was $5,987,435.

President Kreulen reported that Rental Car gross sales for May 2018 were $14,244,883, 10.6% above last May and up 8.0% for FY18YTD. May revenue was up 10.0% at $1,424,488; and YTD $13,248,559. May Rental Car days were up 7.2% and up 6.4% for FY18YTD.

President Kreulen provided a brief overview of the Vision, Mission, Core Values and Strategy and the BNA Vision update and program report.

President Kreulen reported that the Board had been provided the results of the Employee Engagement Survey which was also shared with the MNAA team. President Kreulen stated that 92% of MNAA employees participated in the survey or 273 of 296 employees. The average has been 71%. The overall average satisfaction was 3.8. The overall average satisfaction for 2017 was 3.6. The results of the survey will be used to focus on bottom performing areas related to compensation, recognition, and retaining high performing employees.

V. Information Item:

President Kreulen introduced Eric T. Smith, Partner, with Kaplan, Kirsch & Rockwell. Mr. Smith will provide legal counsel to MNAA, assisting with analysis related to the new Concessions Program. He is a recognized industry expert in the area of concessions, with experience in agreements, finance and operations and recognized nationwide as a concessions expert. Mr. Smith is a published author of ACRP research paper on concessions and labor negotiations.

Mr. Smith provided an overview of the results of the Concessions review and analysis. The scope of work was to provide legal, process and market analysis for Board & MNAA staff, review MNAA staff analysis and decisions. The analysis included: interviews with key personnel, review of hundreds of pages of documents; Board presentations and minutes, MNAA staff analysis and recommendations, MNAA procurement procedures, Concessions Request for Proposal, including the proposed concessions contract, proposals submitted, and observation of final interviews and selection.

Mr. Smith stated that the beginning point went back to January 2018 Board meeting where Staff was informed by the Board that status quo and current customer service levels were not acceptable. This claim was validated by reviewing the results of a recent passenger satisfaction survey. The Board also requested substantial and meaningful representation of local businesses and to make this the best program in the country, not just in Nashville, but nationwide.

With that direction, Staff dove in immediately under tight time constraints. Mr. Smith commended staff on the speed at which they worked and the level of accuracy they took stating "it was impressive". Staff began critically examining the existing model, to determine what was working and what was not. From that they looked at the other available options in the concessions industry which were the master concessionaire and developer model. They researched what each model meant, how each worked in practice at other airports by outreach to those airports and the initial evaluation was based on the goals to improve customer service through competition, increase local participation, increase ACDBE participation, staff determined that the developer model was best suited to BNA. But staff didn't stop there. They developed an objective set of standards to quantify that determination and they challenged the assumptions, how it proposed to be weighted, and actively debated the issues in light of the facts learned through outreach. They then went out and visited airports operating under both models in continuation of their due diligence. Staff also talked with airports that had multiple primes or master concessionaires. Only after they went through that process did they determine they were comfortable with the model and presented to the Board the direction they wanted to proceed with. Staff then began developing the RFP and related contracts. From the due diligence staff concluded that the BWI model, contracts, and the way it operated was a good starting point and reached out to inquire who drafted that RFP and related contracts and subsequently retained the consultant who assisted with those documents. The process of developing the documents was rigorous and staff did not simply accept the BWI documents as a template. Staff took some core components but shredded it up and made it Nashville's. It was a cooperative, interactive, challenging process staff went through in developing these documents. The RFP was put out for proposals and two responses were received. There are only three developers in the United States. Staff evaluated the proposals based on objective criteria, invited each proposer in for presentations, scored the proposals and made its decision.

Mr. Smith stated that he would be looking at the core economics of the program and with that caveat, he concluded that staff appropriately selected a model that would achieve the stated goals to grow airport concessions revenue, implement street pricing, increase hours of operation, invest capital for MNAA development, and develop a marketing program. The decision to proceed with the developer model was sound, well-reasoned and supported by extensive research.

Mr. Smith stated that changing the term provision in the contact from a 15 year to a 10 year term left some money on the table in terms of capital investment. This could be addressed by extensions, which is provided for in the Addendum.

Mr. Smith reported his findings that staff's process and determination was sound and recommended that staff proceed with Notice of Intent to Award, analyze financial assumptions and market, and finalize contract language.

Mr. Smith addressed various questions from the Board.

Mr. Smith stated that weighting of the concession model evaluation criteria was reasonable. The core elements were derived from experience with the existing model and where Staff wanted to be. The criteria and weighs assigned were not developed by just one person but were rigorously debated before being finalized. It was truly a BNA document and that was important to Staff based upon their experience and their desire to achieve the Board's objectives.

Mr. Smith addressed a question regarding local participation stating that the developer model provides for local businesses run by local business people, who have ownership and direct control of their product. The master concessionaire model provides licensing of the brand which is executed by the master concessionaire.

Mr. Smith stated with regard to ACDBE participation levels, it was dependent on the particular airport and drivers at that airport, the program and people involved. There are many different ways to assist businesses to become established ACDBE entities and the developer model seemed to be more innovative and also reduces inherent competition for prime spaces for revenue generation that might occur in any other models.

Mr. Smith addressed a question regarding net revenue to the airport per enplaned passenger, versus other benchmark airports. He stated his experience with the developer model at Pittsburgh's airport, which was the first airport the developer model had been implemented on a large scale, the revenue per passenger was consistently high. After Pittsburgh was effectively de-hubbed, that airport managed to maintain the revenue per passenger, notwithstanding fundamental changes at that airport.

As previously stated he would be looking at the core economics of the program and had added a financial consultant to test the numbers. Other airports make money on both models, the importance is in the actual deal such as the minimum annual guarantee (MAG), how much capital is being investing in the physical property, what kind of return on investment is the concessionaire looking at over what time period. What physical challenges exist within the terminal in terms of passenger flow, all of which impact the overall net revenue. There is a lot of opportunity at BNA with the new concourse D coming on line and the complete refresh of the other concourses.

Mr. Smith addressed questions regarding presentations made at ACI, papers and reports from 2014, as a panel member with Dr. Bruce Seaman from Georgia State University who stated that the developer model was for older terminals and airports with limited capital financing and reduces the airport's control and also stated that there was less rent per passenger and the capture rate of concessions sale was less in the developer model so net revenue was less. Mr. Smith stated that Jet Blue's new terminal at JFK used the developer model. Philadelphia may have an older building, but it doesn't look like it because it has been heavily invested in by Marketplace in order to spruce it up and improve the passenger experience. He stated that airports would not keep choosing this model or renewing the existing agreements if it wasn't working.

Mr. Smith responded questions regarding small businesses being able to operate 365 days a year, for the extended hours of operation stating that it is a challenge operating any model at an airport simply because of the schedule issue, retaining employees, the challenge of getting badged, employee transportation, which occurs with either model. He had seen innovative ways in both models to work with the local community to lower those barriers to getting employees to work. With respect to the individual businesses, he stated that other airports who operate under the developer model have overcome those obstacles.

Mr. Smith stated that other airports using the developer model use licensing agreements and using this model does not mean and airport can't have licensed products. There will always be a mix and travelers expect certain brands. Staff took great steps to make sure licensed product brands would be included.

Mr. Smith addressed the concern of the turnover rate being higher with the developer model and what the Board could do to ensure that the contract addresses this issue and provides for a disincentive rate or penalty if the turnover rate is too high, due to concessionaires not succeeding and constant new concessions and all the construction that keeps going on because of new concessions. He stated he was unsure what the source of the turnover rate information was but stated there was a built in disincentive on behalf of the developer to have that happen and affirmative outreach to each of the businesses to make sure they are succeeding is key and if there is an issue, helping them through those issues and operating profitably and if not the airport and developer come to a decision as to next steps.

Mr. Smith addressed the question of within the last five years what model other airports had chosen for their new concessions program. He stated, that there was no one answer as each airport and market was different and what the airport wants in terms of control and management.

Mr. Smith responded to the question of if he considered that by choosing a developer model MNAA would be privatizing the concessions program and turning the keys over. He stated that MNAA was not turning the keys over and can't because it is prohibited by grant assurances. MNAA would maintain control over the program through contractual provisions.

Mr. Smith also addressed concerns regarding staffing and extended operating hours that in light of the low unemployment rates in the area stating that it's a challenge for any model and with respect to the individual local companies, they have something to sell, its not just a line employee position here. There is potential for advancement, the opportunity to work different locations.

Mr. Smith stated that the 15% provision in the solicitation and contract encouraged competition and reduces consolidated risk.

Mr. Smith addressed the concerns of customer service stating that if he owned and operated a store, owns the brand, employed and trained staff, he would care about the experience customer had. Not to say that a licensed business wouldn't care but they don't have the personal connection like the business owner.

He addressed concerns regarding the local labor market, stating that it's not unique to airports. Challenges exist but are no unsolvable problems whether its wages, transportation, or concentration of customers and the key is the right motivation and contract provisions.

Ms. Taylor addressed questions regarding ACDBE and provided an overview of the outreach results and concluded that most local businesses wanted the ability to control their brand and product.

Commissioner Samuels stated that the Management Committee discussed this issue and felt it was a good idea to get a second opinion in addition to the internal opinion and thought that the Board should hire a consultant. The Board contacted Mr. Smith and Commissioner Samuels wanted to remind the Board this was the Board's undertaking to seek analysis on the issues.

Mr. Smith commended the Board and staff for putting this project at the top of the list because of its importance and it will have a lasting impact on the region and worth the effort and detail.

Mr. Smith stated that there is plenty of support and enforcement regulations, on how to test and baseline street pricing which are well established.

Mr. Sloan asked that if the Board had additional questions to not send them in a group email but to email them directly to him and staff will disseminate information that Mr. Smith responds with to all Board members then we know your decisions are based on the same information.

Chair Joslin thanked Mr. Smith for his presentation. He stated that the Board is catching up after feeling behind the 8 ball for several months and a this needs to be right. This is a long term commitment and the face of the airport and the City and that is why the Board requested such detail to ensure that each detail is covered that should be covered and staff knew that. Chair Joslin commended staff for their work on this project.

Mr. Smith thanked MNAA staff for their cooperation and responsiveness.

President Kreulen thanked staff for their efforts on this project. He appreciated the Boards questions and involvement and desire to have a second opinion. He stated that staff has provided everything it has to the Board and to Mr. Smith and it was comforting to know that Mr. Smith believes that staff's process and determination was sound.

President Kreulen stated that his role as President and CEO is to ensure that we operate in accordance with procurement procedures and Mr. Smith has reviewed those procedures and believes that we should proceed according to our procurement procedures which is the Notice of Intent. The Notice of Intent serves two purposes: 1) so that we can work directly with the firm that we believe has successfully proposed to finalize the contract negotiations and allows the MNAA and Mr. Smith access to the financial assumptions and market data that the proposer has stipulated so staff can come back to the Board in July with a recommendation to approve or not approve based on that last bit of financial analysis and whether we are able to finalize the negotiation of the contract.

President Kreulen stated that MNAA is required by our procurement procedures to operate to the letter of the law, there is a quiet period that we can not disclose what is in the different proposals, we have seen the proposals and interviews, and have made our selection and recommendation and that is what Mr. Smith has evaluated and reported that our process was sound. President Kreulen provided an overview of the process stating that staff reviewed each company's proposal, both were qualified, and one stood out above the other. The proposer that stood out has a program to enhance customer service called Priority One to train, mentor, track and listen to businesses to help them succeed. This program will create an enhanced Nashville "Sense of Place" with emphasis on local/regional food, retail, music and arts. MNAA has been at approximately 15% ACDBE participation and though we could raise that goal to 25% and went through the mandated policy and procedures and determined the proposers should exceed 22.6%. This proposer has made a commitment to increase ACDBE participation to 40% which exceeds the 22.6% required and has commitment to significant true local businesses. This proposer will also provide business financing, workforce recruiting and training.

President Kreulen stated that MNAA and the developer are committed to street pricing, so passengers eat at the airport because they are being charged the same price as down the street. This will lead to maximized sales growth from $91.5 million in 2020 to $160 million by 2027. The proposer has also committed to $17.4 Million Capital Investment over 10 years which exceeds the $13 million required and includes Central Receiving and Distribution Center.

President Kreulen stated that both firms proposed remarkable outreach to company's in terms of letters of interest and contacts that wanted to work at BNA and not deterred because badging is to hard or the hours are too long.

President Kreulen stated that both proposers tried to show their understanding of Nashville and he presented the concluding video from the firm that went above and beyond, so the Board understood that staff had done its homework, provided sound reasoning, and believed this model will work for Nashville as do some of the leaders in Nashville.

President Kreulen stated that in accordance with the procurement procedures it was his intent to move ahead with the Notice of Intent so that staff can complete the financial analysis and fine tune the contract.

President Kreulen reported that he met with President and CEO Clifton Harris of the Urban League to work on Airport Apprenticeship Program and he mentioned that he had happened to meet Mr. Zandi and had assembled a team of 18 business leaders in the minority community to see if Mr. Zandi was reaching out to the right target areas and if he had the right training programs to bring that type of ACDBE participation to Nashville and the Airport Authority. Mr. Harris is a believer in the program. This wasn't part of the proposal, but it was an added effort of this proposer.

President Kreulen thanked staff for their hard work and to the Commissioner for their due diligence and asking Mr. Smith to provide additional analysis.

<u>Staff Reports</u>

Operations Report:

Mr. Robert Ramsey, COO, reported on Gross Parking Revenue. Unadjusted Gross Parking Revenue from all 5 lots for May was 4,445,256, up 15.5% and up 14.0% for FY18YTD. Revenue transactions for May were 113,963, down 12.6%. FY18YTD revenue transactions were 1,214,381, down 4.8%. Express Park revenue for May was $140,000 and $1.127M for FY18YTD.

For the month of May, air cargo was up 17.9%, with 4,771 total tons of cargo, an increase of 723 tons, and up 9.4% for FY18YTD.

BNA May fuel sales for Atlantic Aviation, Signature Flight, and private self-fueling hangars were down 7.5%, or 54,934 gallons less. For FY18 YTD fuel sales increased 5.3% equating to 377,160 gallons more. JWN May fuel sales for Contour Flight Support were up 6.8% or 9,622 gallons more and for FY18 an increase of 14.8% equates to 187,250 gallons more.

Financial Report:

Ms. Marge Basrai, Chief Financial Officer, presented the May financial results and noted that as of May 31, 2018, BNA's YTD Operating Revenues were about $137.3M, which was $7.8M above budget projections and $19.1M more than this time last year. There were no additional drivers of that increase other than discussed the previous month.

Signatory Airline revenue increased $12.4 million over prior year, driven by a migration of a non-signatory airline (Frontier – 6/2017) to a signatory airline, and reduction in revenue sharing credit (per the airline agreement) with Concessions down from 60% to 50% and Rental Car Revenue share from 20% to 0. Parking Revenue saw an increase year over year of $5.8 million, driven by the rate increases on 9/1/17 and overall traffic growth. Space Rent has increased due to Southwest leasing additional space and rental rate increased from $90 to $100.55 per square foot. Concessions Revenue had an increase of $2.4 million over last year, which was driven by the passenger growth at BNA.

BNA Operating Expenses YTD were $73.6 million, which was $10.5 million below budget projections, but $5.8 million over the prior year actual amounts. The primary areas below budget were Salaries & Benefits and Contractual Services.

$6.8 million of the budget variance was in Salaries & Benefits: $3.7 million of that was due to lower than projected benefit costs, we had not made the entire OPEB and Retirement contributions yet, and $1.9 million in DPS due to 15 open officer positions which were currently being filled.

Another $1.2 million of the difference was in Contractual services, the contingency for FY2018. $1.6M is in Other Operating Expenses: $355k Insurance; $254K Travel; $220K Special events; $234K Other Advertising; the remainder of other is distributed between accounts.

Even though we were below budget, FY18 Operating expenses were $5.8 million more than the prior year due to additional spending of $6.1 million in Contractual Services. This includes $1 million in Operations related to the opening/running of Express Park (manning booths and increased shuttle drivers); Maintenance expenses of $533,000 due to repairs in FY18 related to two sinkholes (one near Runway 2 Center and one near Hanger lane); and $571,000 in legal fees; Janitorial fees increased by $1M, and Security Services increased by $600,000.

JWN YTD Operating Revenues were $790,000, which was $20,000 above budget projections and $20,000 more than the last year. There were no changes from what was discussed last month: Increase in Fuel Flowage fees ($13K – 6 cents a gallon) due to increased business at JWN (since the installation of the EMAS), and reimbursable services ($7K) related to auto fuel sales for the FBO's support trucks.

JWN YTD Operating Expenses were $617,000, which was $55,000 below budget and $49,000 below last year. The additional expense in FY17 was due to repairs needed to two HVAC systems (Terminal & Hangar 1) and airfield lighting & signs due to two lightning strikes; and contract services for habitat remediation (cutting down of trees).

MPC YTD Operating Revenues were $2.9 million, which was only $35,000 above budget projections and $102,000 more than the last year. $40,000 of the increase over prior year was due to the timing of a new lease that started in September 2016 (2 additional months of rent for that space included in FY18 numbers than in FY17). The remainder of the increase was due to the normal rental rate escalations in FY18.

MPC YTD Operating Expenses were $1.2 million, which was $600,000 below budget projections and $194,000 less_than the last year. Variances were due to budgeted repairs that had not been necessary so far this year.

Ms. Basrai provided an update on the CONRAC Refinancing stating that the Direct Placement Bond with Sun Trust Bank closed successfully May 31, 2018. Present value savings to MNAA were $6.4 Million. She reported that the 2018 CONRAC State Report on Debt Obligation was completed and would be filed June 21, 2018.

Business Diversity Development Report

Ms. Donzaleigh Powell, Director of Business Diversity Development, briefed the Board on MNAA's SMWBE program for May 2018. Ms. Powell stated that Professional Services included all contract services, legal expenses, external printing and marketing. Goods & Services included all office supplies and office equipment and other goods. Construction Non-Federal CIP included all non-federal construction and professional projects. Construction Federal CIP included all federal construction and professional projects.

Purchased Services and Training are reflected in Professional Services and Supplies is reflected in Goods and Services. Construction remains categorized as Non Federal and Federal. A brief synopsis of expenditures is listed below.

	Aspirational Participation Percentage	Percentage	MWBE Expense	Total Expense	YTD Percentage	YTD MWBE Expense	YTD Total Expense
Federal CIP	9.28%	3.09%	$35,979	$1,165,625	2.22%	$36,579	$1,650,707
Goods and Services	6.49%	1.59%	$5,916	$371,058	1.88%	$50,102	$2,675,781
Non-Federal CIP	10.49%	18.01%	$1,872,454	$10,397,342	13.33%	$14,246,621	$106,937,105
Professional Services	12.44%	9.09%	$251,947	$2,772,286	11.89%	$3,640,591	$30,597,084

V. Items for Approval:

A. Media Buy Services Contract

Mr. Tom Jurkovich, Vice President of Strategic Communications, briefed the Board on this item. Staff requested that the Board of Commissioners approve the selection of Milek Media LLC and authorize the President & CEO to execute the contract.

Background:

Media targeting, placement and buying are specialized services required of any effective advertising and marketing program. The current media buying services contract expires June 30, 2018. Staff proposes a new contract for media buying services to implement the Metropolitan Nashville Airport Authority's (MNAA) marketing and advertising needs.

The scope of work involves the placement and buying of all MNAA advertising, including but not limited to print, radio, television, social, web or other media designed to reach MNAA's established target audiences.

Five firms responded to the RFP for media buying services. A three-member evaluation team ranked the firms on established criteria, which included several key components:

- Proven and demonstrated ability of the team members (subs) assigned to this project to work together on accomplishing goals and objectives
- Experience and qualifications of the proposing firms' staff assigned - relevant to the area of services to be provided
- Ability and willingness to meet SMWBE levels
- Proven and demonstrated ability to meet deadlines and stay within budget. Ability to complete project within budgets established by the Authority

Final scores:

	Final Score
Milek Media LLC	276
The Bohan Agency Inc.	249
SLA Worldwide	232
Walker & Associates and Communications Strategies	186
NelsonMojo	156

The evaluation team shortlisted Milek Media LLC and The Bohan Agency Inc. for phone interviews. Prior to the phone interviews, The Bohan Agency withdrew its proposal, as they were not willing to meet (or put a good faith effort towards) the set SMWBE goal.

Impact/Findings:

SMWBE Participation Level:	10% MBE and/or WBE
Milek Media's SMWBE Participation Level:	10-15% MBE
Contract Start Date:	July 1, 2018
Contract End Date:	July 1, 2021, with option for two (2) one-year extensions
Estimated Annual Cost:	Commissioned based. 12% of total ad budget. Approximate value: $101,400.
Funding Source:	100% O&M

Strategic Priorities:

- Invest in MNAA
- Plan for the Future

Options/Alternatives

Reject the staff selection and reissue the RFP.

Committee Recommendations

This item was presented at the Finance, Administration and Properties (FAP) Committee as an information item due to lack of quorum.

NOTE: Because the annual cost of these services does not exceed $500,000 annually, this contract does not require Board approval; however, in the pursuit of transparency, President Kreulen has requested staff to present this contract for Board approval because the total contract cost exceeds $500,000.

A motion was made by Mayor's Representative Wiltshire and seconded by Commissioner Doerge to approve the selection of Milek Media LLC and authorize the President & CEO to execute the contract. The motion carried by vote of 8 to 0.

B. Owner Controlled Insurance Program (OCIP) Premium

Mr. Ted Morrissey, AVP of Legal Affairs, briefed the Board on this item. Staff recommended that the Board of Commissioners ratify the payment of the Authority's annual Owner Controlled Insurance Program (OCIP) insurance premiums by the President & CEO pursuant to the Third Amended and Restated Bylaws Section 4.4.1.8, and authorize the President & CEO to make future payments of these invoices to ensure that the OCIP coverages remain in place.

Background:

On May 15, 2018 MNAA Finance received notice that invoices for the annual insurance premiums for the OCIP were past due and Finance notified Legal since the amount of the invoices exceeded the spending authority of the President & CEO. The OCIP is the Owner Controlled Insurance Program which covers the majority of MNAA capital projects including the Vision. Legal reviewed the information, and on May 17 Legal presented the information below to the President & CEO and recommended that the President & CEO authorize emergency payment of the insurance premiums for MNAA's OCIP after consultation with the Board Chair as authorized under § 4.4.1.8 of the Bylaws, since the invoices were past due and MNAA received notice of cancellation if the invoices were not paid by May 22. The Bylaws authorize such payment but require that the payment be presented to the Board at its next regularly scheduled meeting.

On May18, 2018 the President & CEO consulted with the Board Chair and both concurred with the plan to make the emergency premium payment of the annual OCIP Insurance premiums for MNAA in the amount of $879,479.26 and to present the payment at the June Board meeting.

OCIP Coverage and Annual Insurance Premiums:

- $800 Million of coverage for a 5-yr period (12/31/16 – 12/31/21) with a total estimated cost of $5,227,200 (based on the initial 5-yr list of covered projects)
- MNAA made an initial payment of $749,535 for coverage for the first $100,000,000 of construction value (see breakdown of costs below); and will pay quarterly premiums based on the amounts of projects added exceeding the initial $100,000,000 (i.e. a "rolling" OCIP)
- The OCIP consists of multiple insurance policies as follows (summary also attached):

Policy	**Coverage Limit**	**2017 Premium** (per $100M estimated construction value)
Primary General Liability Coverage	$2M per occurrence and $4M aggregate	$276,084
1st Excess Layer	Excess of primary up to $10M	$165,651
2nd Excess Layer	Excess of $10M and primary up to $15M	$75,000
3rd Excess Layer	Excess of $25M and primary up to $25M	$81,300
4th Excess Layer	Excess of $50M and primary up to $50M	$151,500
Total		**$749,535**

- Last year, individual invoices for the initial deposit required for these policies were under the signatory authority threshold, but the total was $749,535.01. Then-President & CEO Wigington and then-acting CFO Basil Dosunmu approved payment of the purchase requisitions for these invoices without Board approval.
- The current estimated value of construction is $243M. The 2018 invoices MNAA has received, totaling $879,479.26, are for amounts exceeding the initial $100,000,000 of estimated construction value.

Impact and Findings:

On March 19, 2018 and April 2, 2018 MNAA was invoiced for 2018-2019 renewal of various policies of OCIP insurance as set forth below:

Invoice No.	Policy	Amount
2030341	MNAA OCIP Primary Layer	$395,235.03
2030361	MNAA OCIP $10m X Primary	$237,141.23
2030372	MNAA OCIP $15M X $10M	$107,368.00
2030396	MNAA OCIP $25M X $25M	$107,368.00
2043009	MNAA OCIP $50M X $50 M	$32,367.00
Total		**$879,479.26**

The total amount of all invoices exceeds the President and CEO's signatory authority.

The remaining premium for years 2019-2021 is estimated at $3,598,186, to be invoiced on a quarterly basis as the construction value of projects added exceeds $243M.

Strategic Priorities:

- Invest in MNAA
- Prepare for the Unexpected

Options/Alternative

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

Committee Review

This item was presented to the FAP Committee for informational purposes only due to the lack of a quorum.

A motion was made by Commissioner Freeman and seconded by Commissioner Smith to ratify the payment of the Authority's annual OCIP insurance premiums by the President & CEO pursuant to the Third Amended and Restated Bylaws Section 4.4.1.8, and authorize the President & CEO to make future payments of these invoices to ensure that the OCIP coverages remain in place. The motion carried by vote of 8 to 0.

C. Amendment to FY19 BNA Capital Improvements Budget – MNAA Resolution No. 2018-09

Ms. Marge Basrai, CFO, briefed the Board on this item. Staff recommended to the Board of Commissioners that it approve the Amended Capital Improvements Budget for BNA for fiscal year 2019 ("FY2019") (July 1, 2018, through June 30, 2019); and authorize the Chair and President and CEO to execute MNAA Resolution No. 2018-09.

Background:

Pursuant to the Bylaws, the President & CEO must submit the operating budget to the Board for approval at least 60 days prior to the beginning of the fiscal year. Pursuant to the Signatory Use and Lease Agreement (Airline Agreement), the President & CEO must provide proposed rates and charges to the airlines no later than May 1, and no later than June 1 provide notice to each airline of the new rates and charges effective on July 1.

Consistent with the Bylaws, on April 18, 2018, the President & CEO presented the capital improvements budget to the Board and the Board approved the FY2019 Capital Improvements Budget for BNA. Consistent with the Airline Agreement, on May 1, 2018 the Authority provided the airlines with the proposed rates and charges for FY2019 in advance of the May 2, 2018 Airline Affairs Committee meeting.

Exhibits from the Rates & Charges model, including the Airfield Capital Improvement Budget, were presented to the Signatory Airlines, who have a Majority-in-Interest approval for airfield CIP projects. Based on the location of the projects, the airlines and the Authority agreed that 1) the 1910 Cargo Apron Slab Replacement project, which is not in the airfield as defined under the Airline Agreement, would be 100% funded by the MNAA Authority Fund; and 2) the 1908 Stormwater Pipe Replacement project (Phase 5 of 8) would be 100% funded by the MNAA Airline Fund.

During the presentation, based on the location of the projects, it was agreed that the cost of the 1910 Cargo Apron Slab Replacement project would be decreased by $100,000 and now be 100% funded by the MNAA Authority Fund and; the 1908 Replace Stormwater Pipe (Phase 5 of 8), would be 100% funded by the MNAA Airline Fund.

The net effect of these changes is a reduction in the capital costs of the airlines of $100,000 while the Authority's capital costs remain unchanged.

Original FY2019 Capital Improvements Budget

- 1910-Cargo Apron Slab Replacement $1,000,000 from MNAA Airline Fund.
- 1908-Replace Stormwater Pipe (Phase 5 of 8) $900,000 from MNAA Authority Fund and $100,000 from MNAA Airline Fund.

FY2019 Amended Capital Improvements Budget

- 1910-Cargo Apron Slab Replacement $ 900,000 from MNAA Authority Fund.
- 1908-Replace Stormwater Pipe (Phase 5 of 8) $1,000,000 from MNAA Airline Fund.

Impact/Findings:

The Amended Capital Improvements Budget for FY2019 is $715,004,328, reflecting the $100,000 reduction and changes in the funding sources:

BNA Summary:	2019	2020	2021	2022	2023	TOTAL
Terminal & Landside	$696,369,328	$90,017,000	$7,258,000	$7,374,000	$4,180,000	$805,198,328
Vehicles & Equipment	1,785,000	1,947,000	1,675,000	1,314,000	1,665,000	$8,386,000
Airside Improvements	16,850,000	46,550,000	19,400,000	56,413,000	26,950,000	166,163,000
Total	$715,004,328	$138,514,000	$28,333,000	$65,101,000	$32,795,000	$979,747,328

Funding Allocation:	2019	2020	2021	2022	2023	TOTAL
MNAA Authority Fund	$13,962,333	$4,327,000	$10,183,000	$12,007,000	$7,095,000	$47,574,333
MNAA Airline Fund	7,100,000	17,937,000	9,375,000	22,794,000	12,837,500	70,043,500
Federal (Entitlement)	3,000,000	3,250,000	3,500,000	3,500,000	3,750,000	17,000,000
Federal (Discretionary)	7,087,500	26,000,000	5,275,000	26,800,000	9,112,500	74,275,000
PFC	0	0	0	0	0	0
State (Equity Funds)	3,883,150	0	0	0	0	3,883,150
Bond Funded	672,971,345	87,000,000	0	0	0	759,971,345
Other	7,000,000	0	0	0	0	7,000,000
TOTAL	$715,004,328	$138,514,000	$28,333,000	$65,101,000	$32,795,000	$979,747,328

The changes in the Capital Improvement Budget will impact the operating budget due to the impact of airfield capital costs to the rates and charges calculations.

Strategic Priorities

- Invest in MNAA
- Plan for the Future

Options/Alternatives:

- Do not amend and make the Capital Improvements Budget for FY2019 inconsistent with the airline approved MII.

Committee Review

This item was presented to the FAP Committee on June 13, 2018, for informational purposes only due to lack of a quorum.

A motion was made by Commissioner Freeman and seconded by Commissioner Smith to approve the Amended Capital Improvements Budget for BNA for fiscal year 2019 ("FY2019") (July 1, 2018, through June 30, 2019); and authorize the Chair and President and CEO to execute MNAA Resolution No. 2018-09. The motion carried by vote of 8 to 0.

D. Amendment to FY19 BNA Operating Budget – MNAA Resolution No. 2018-10

Ms. Basrai briefed the Board on this item. Staff recommended to the Board of Commissioners that it approve the Amended Operating Budget for Nashville International Airport (BNA) for fiscal year 2019 ("FY2019") and authorize the Chair and President and CEO to execute MNAA Resolution No. 2018-10.

Background:

Pursuant to the Bylaws, the President & CEO must submit the operating budget to the Board for approval at least 60 days prior to the beginning of the fiscal year. Pursuant to the Signatory Use and Lease Agreement (Airline Agreement), the President & CEO must provide proposed rates and charges to the airlines no later than May 1, and no later than June 1 provide notice to each airline of the new rates and charges effective on July 1.

Consistent with the Bylaws, on April 18, 2018, the President & CEO presented the operating budget for BNA to the Board and the Board approved the FY2019 Operating Budget for BNA. Consistent with the Airline Agreement, on May 1, 2018 the Authority provided the airlines with the proposed rates and charges for FY2019 in advance of the May 2, 2018 Airline Affairs Committee meeting.

Exhibits from the Rates & Charges model, including the Airfield Capital Improvement Budget, were presented to the Signatory Airlines, who have a Majority-in-Interest approval for airfield CIP projects. Based on the location of the projects, the airlines and the Authority agreed that 1) the 1910 Cargo Apron Slab Replacement project, which is not in the airfield as defined under the Airline Agreement, would be 100% funded by the MNAA Authority Fund; and 2) the 1908 Stormwater Pipe Replacement project (Phase 5 of 8) would be 100% funded by the MNAA Airline Fund.

During the presentation, based on the location of the projects, it was agreed that the cost of the 1910 Cargo Apron Slab Replacement project would be decreased by $100,000 and now be 100% funded by the MNAA Authority Fund and; the 1908 Replace Stormwater Pipe (Phase 5 of 8), would be 100% funded by the MNAA Airline Fund.

The net effect of these changes is a reduction in the capital costs of the airlines of $100,000 while the Authority's capital costs remain unchanged.

Original Capital Improvements Budget

- 1910-Cargo Apron Slab Replacement $1,000,000 from MNAA Airline Fund.
- 1908-Replace Stormwater Pipe (Phase 5 of 8) $900,000 from MNAA Authority Fund and $100,000 from MNAA Airline Fund.

Revised Capital Improvements Budget

- 1910-Cargo Apron Slab Replacement $ 900,000 from MNAA Authority Fund.
- 1908-Replace Stormwater Pipe (Phase 5 of 8) $1,000,000 from MNAA Airline Fund.

Impact/Findings:

The net effect of these changes is a reduction in the capital costs of the airlines of $100,000 while the Authority's capital costs remain unchanged. The changes to the Capital Improvements Budget impact the operating budget because the capital costs in the Airfield - i.e. those capital costs paid with the MNAA Airline Fund – are used in calculating the various rates and charges. These changes resulted in the following:

Signatory Landing Fees reduced by $95,620 (decreased landing fee rate by $ 0.01);
Signatory Ramp Rent reduced by $20,495;
Non-Signatory Landing Fees reduced by $4,380; and
Other Per Use Fees reduced by $647.

The combined effect is a total reduction to FY2019 budgeted revenue of $121,142 to the operating budget.

BNA Summary ($000)	ORIGINAL BUDGET FY 2019	AMENDED BUDGET FY 2019
Non-Airline Revenue	$102,241	$102,236
Signatory Airline Revenue	53,609	53,493
Total Operating Revenue	155,850	155,729
Operating Expense	99,634	99,634
Net Non-Operating Expense (Income)	(26,016)	(26,016)
Income before Depreciation & Grants	$82,232	$82,111

Strategic Priorities:

- Invest in MNAA
- Plan for the Future

Options/Alternatives:

- Do not amend and have Rates and Charges which are inconsistent with the Board approved operating budget for FY2019.

Committee Review

This item was presented to the FAP Committee on June 13, 2018, for informational purposes only due to the lack of a quorum.

A motion was made by Commissioner Freeman and seconded by Commissioner Sandhu to approve the Amended Operating Budget for Nashville International Airport (BNA) for fiscal year 2019 ("FY2019") and authorize the Chair and President and CEO to execute MNAA Resolution No. 2018-10. The motion carried by vote of 8 to 0.

E. Murfreesboro Road Employee Lot Expansion (Construction) 1838

Ms. Holton briefed the Board on this item. Staff recommended that the Board accept the Bid by Jones Bros. Contractors, LLC (Jones Bros.) for the Construction Contract for the Murfreesboro Road Employee Lot Expansion project at Nashville International Airport (BNA) and authorize the Chair and President & CEO to execute the construction contract.

Background:

The current employee parking lot had approximately 1,190 spaces and is regularly at capacity. Two different, but recent efforts have made temporary modifications to provide an additional 87 spaces for a total of approximately 1,280.

As a result of the growth of the BNA airport, parking capacity requirements for airline and vendor employees is increasing. To accommodate, the existing employee parking lot north of Murfreesboro Road will be expanded to the south and west, extending from Faircloth Ln. to Reedwood Dr. The project will construct approximately 680 parking spaces in two phases, with 116 spaces being made available within six months from the start of construction. The project will provide updated stormwater detention systems for the existing employee parking lot, remove unused building foundations and pavements from the RPZ, and construct a new entrance at the Reedwood Dr. intersection.

An Invitation to Bid was advertised on April 16, 2018 and April 19, 2018 and included a Base Bid with no alternatives.

On May 16, 2018, three (3) bids were received. However, one (1) bid was deemed non-responsive due to failure to meet the Small, Minority and Woman-owned Business Enterprise (SMWBE) participation level or provide acceptable good faith efforts. Below is a tabulation of the bids. Minority and Woman-owned Business Enterprise (MBE / WBE) percentages listed are commitments made by the contractors:

Contractor	Base Bid	MBE %	WBE %
Jones Bros.	$6,118,151.25	5.48%	7.98%
Rawso	$6,296,742.45	5.43%	12.04%

The SMWBE goal established for the project was 5.4% MBE and 7.8% WBE%. Jones Bros. was able to obtain 5.48% MBE and 7.98% WBE participation. Jones Bros. SWMBE partners include Geotek Engineering Company, Gibco Construction, LLC, Tennatee, Jerry B. Young Construction, Inc., Jarvis Award and Signs, and Reed Landscaping, Inc.

Jones Bros.'s bid was 8% lower than the Engineer of Record's, Kimley-Horn, opinion of probable construction cost of $6,629,331.25 and 2.9% lower than the other bid.

MNAA and Kimley-Horn have evaluated the bids and determined the bid from Jones Bros. to be responsive and responsible and recommend award to Jones Bros. Contractors, LLC.

Impact/Findings:

MNAA SMWBE Participation Level:	5.4% MBE and 7.8% WBE
Jones Bros SMWBE Participation Level:	5.48% MBE and 7.98% WBE
Anticipated Contract Start Date:	July 2018
Duration of Contract:	300 days
Contract Completion Date:	April 2019
Contract Amount:	$6,118,151.25
Funding Source:	MNAA

Strategic Priorities:

- Invest in MNAA
- Plan for the Future

Options/Alternatives:

Do Nothing: The "Do Nothing" option will result in insufficient parking capacity to accommodate airline and vendor employee parking requirements.

Committee Review:

This item was presented to the General Aviation/Operations/Planning & Engineering (GAOPE) Committee on June 13, 2018 for informational purposes only, due to the lack of a quorum.

A motion was made by Commissioner Freeman and seconded by Commissioner Doerge to accept the bid by Jones Bros. for the Construction Contract for the Murfreesboro Road Employee Lot Expansion project at BNA and authorize the Chair and President & CEO to execute the construction contract. The motion carried by vote of 8 to 0.

F. Additional Checkpoint Lanes (Phase 2 of 2) 1809B

Ms. Holton briefed the Board on this item. Staff recommended that the Board accept the bid by Utopia Building Group (Utopia) for the Construction Contract for the Additional Checkpoint Lanes - Phase 2 project at Nashville International Airport (BNA) and authorize the Chair and President & CEO to execute the construction contract.

Background:

Nashville International Airport (BNA) continues to grow at a record pace. After setting a new passenger record of 12.9 million in 2016, the airport served 14.1 million passengers in 2017, a new all-time passenger record. In order to accommodate the increased number of passengers and keep passenger wait times to a minimum, additional checkpoint lanes are needed. Phase 1 for two (2) additional lanes was completed in May 2018. Utopia Building Group also constructed Phase 1. This phase will provide two (2) additional lanes for a total of 14.

An Invitation to Bid was advertised on April 16 and April 19, 2018.

On May 17, 2018, three (3) bids were received. Below is a tabulation of the bids. Minority Business Enterprise / Woman-owned Business Enterprise (MBE / WBE) percentages listed are commitments made by the Contractors:

Contractor	Base Bid	MBE and/or WBE%
F&F	$525,513.00	23.86%
Rock City	$454,000.00	8.85%
Utopia	$425,842.00	29.18%

Utopia's Base Bid was 4.9% less than the Architect of Record's, Gobbell Hays Partners (GHP), opinion of probable construction cost of $447,897.64, 6.2% lower than the next lowest bid and 19% lower than the highest bid.

The Small, Minority and Woman-owned Business Enterprise (SMWBE) participation level established for this project was 8.15% MBE and/or WBE. Utopia is a certified MBE and committed to an MBE percentage of 29.18% by self-performing and subcontracting with Sigma Electric and K Payne Contractors.

MNAA and GHP have evaluated the bids and determined the bid from Utopia to be the most responsive and responsible of received bids. Utopia is recommended for the project award.

Note – This item is being presented to the Board because it materially affects the Terminal area which requires Board approval pursuant to the Bylaws.

Impact/Findings:

MNAA SMWBE Participation Level:	8.15% MBE and/or WBE
Utopia Building Group SMWBE Participation Level:	29.18% MBE
Anticipated Contract Start Date:	August 2018
Duration of Contract:	120 Calendar Days
Contract Completion Date:	December 2018
Contract Cost:	$425,842.00
Funding Source:	100% MNAA Authority Investment Fund

Strategic Priorities

- Invest in MNAA
- Plan for the Future

Options/Alternatives:

Do Nothing: The 'Do Nothing' option will result in continuing use of twelve (12) existing checkpoint lanes, which will increase security checkpoint wait times as TSA implements slower protocols and the number of passengers grows at BNA.

Committee Review:

This item was presented to the GAOPE Committee on June 13, 2018, for informational purposes only, due to the lack of a quorum.

A motion was made by Commissioner Freeman and seconded by Commissioner Doerge to accept the bid by Utopia for the Construction Contract for the Additional Checkpoint Lanes - Phase 2 project at BNA and authorize the Chair and President & CEO to execute the construction contract. The motion carried by vote of 8 to 0.

G. Reconstruct Taxiway Alpha Kilo Intersection (Design) 1904

Ms. Holton briefed the Board on this item. Staff recommended that the Board accept the statement of qualification by Garver, LLC (Garver) to provide engineering consulting services for the design of the Reconstruct Taxiway Alpha/Kilo Intersection (including R4) project at Nashville International Airport (BNA) and authorize the Chair and President & CEO to execute the proposed professional services contract for the amount contained herein.

Background:

Taxiways Alpha, Kilo, R3, and R4 provide Aircraft Design Group (ADG) V access across the airfield and to the north cargo apron. Pavement sections within the project area consist of asphalt constructed in the 1970s, with various rehabilitation efforts conducted between 1987 and 2007. The 2018 Pavement Condition Index (PCI) values range between 11 and 66, indicating poor conditions, with some sections in failure.

In 2013, the Federal Aviation Administration (FAA) adopted Advisory Circular (AC) 150/5300-13A, Change 1 – Airport Design, which includes guidance for airport geometry revisions that reduce runway incursions and increase pilot situational awareness. The AC includes requirements for intersections to comply with the "Three-Node Concept," meaning that a pilot is presented with no more than three choices at an intersection. The new AC guidance also includes the requirement to eliminate direct access from an apron to a runway without requiring a turn. The intersection of taxiways Alpha, Kilo and R3 is a four-node intersection and is identified as Hot Spot 1 at Nashville International Airport (BNA). A hot spot is defined as a location on an airfield with a potential for risk of collision or runway incursion, and where a heightened attention by pilots and drivers is necessary. The intersection has four nodes, which violates the Three-Node Concept. Taxiway R4, in its current configuration, allows for direct access from the north cargo apron to Runway 13/31.

This contract consists of the design for the reconstruction of the intersection of Taxiways Alpha, Kilo, and R3, as well as Taxiway R4. Taxiways R3 and R4 will be reconfigured to comply with FAA AC 150/5300-13A, Change 1, and to eliminate the challenges causing the intersection to be identified as a hot spot. 30ft shoulders will be added, where applicable. The total reconstruction area is approximately 330,000 square feet. All airfield lighting, signage, and electrical infrastructure within the project area will be fully replaced with LEDs. The selected consultant will provide topographical survey, geotechnical investigation, preliminary and final design, bid phase services, and construction administration services. Design will be complete on schedule to advertise a completed bid package in December 2018. Design issues to be addressed include but are not limited to: construction safety and phasing, demolition, erosion control, grading, drainage, geometry, pavement design, pavement markings and airfield electric design.

On March 19, 2018 and March 22, 2018, MNAA published a Request for Qualifications (RFQ). On April 19, 2018, eight Statements of Qualifications were received: AECOM Technical Services, Inc. (AECOM), Allen & Hoshall, Inc. (A&H), Atkins North America, Inc. (Atkins); Butler, Fairman, & Seufert, Inc. (BF&S), Crawford, Murphy, and Tilly (CMT), Garver, Stantec, and WSP USA, Inc. (WSP).

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) Disadvantaged Business Enterprise (DBE) participation

The selection committee determined the following firms to be best qualified: CMT, Garver, and WSP.

On May 11, 2018, the selection committee conducted interviews of these top candidates and their scores are listed below:

Firm	Score	Committed DBE Participation
CMT	574	5.36%
Garver	577	5.85%
WSP	566	6%

The selection committee determined Garver to be the most qualified firm for the Reconstruct Taxiway Alpha/Kilo Intersection project based upon responses to the following:

1) Their understanding of the most challenging aspects of the project.
2) Relevant experience by the proposed team members.
3) "Lessons learned" from previous similar work.
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 Garver demonstrated the best understanding of the needs of this particular project as well as experience with projects of similar scope.

The DBE participation level set by MNAA for this project was 5.36%. Garver was able to obtain 5.85% DBE. Garver's DBE partners are Shrewsberry & Associates, LLC and Civil Infrastructure Associates, LLC.

The design team, as submitted to MNAA includes Garver, Terracon Consultants, Inc. and Civil Infrastructure Associates, LLC.

Impact/Findings:

MNAA DBE Goal:	5.36%
Garver's DBE Goal:	5.85%
Anticipated Contract Start Date:	June 20, 2018
Duration of Contract:	560 days
Contract Completion Date:	December 2019
Contract Cost:	$825,600.91
Funding Source:	75% Federal and 25% MNAA Airline Investment Fund

Strategic Priorities:

- Invest in MNAA
- Plan for the Future

Options/Alternatives:

Do Nothing: The "Do Nothing" option will result in continued deterioration of the asphalt pavement on Taxiways Alpha, Kilo, R3 and R4, which will negatively affect airfield operations. The Taxiway Alpha/Kilo/R3 intersection will remain Hot Spot 1 at BNA and in violation of the Three-Node Concept. Direct access from the North Cargo Apron to Runway 13/31 on Taxiway R4 will remain noncompliant with current design guidelines.

Committee Review:

This item was presented to the GAOPE Committee on June 13, 2018, for informational purposes only, due to the lack of a quorum.

A motion was made by Commissioner Freeman and seconded by Commissioner Sandhu to accept the statement of qualification by Garver to provide engineering consulting services for the design of the Reconstruct Taxiway Alpha/Kilo Intersection (including R4) project at BNA and authorize the Chair and President & CEO to execute the proposed professional services contract for the amount contained herein. The motion carried by vote of 8 to 0.

H. Main Communications and Equipment Room Buildout (Construction) 1701

Ms. Holton briefed the Board on this item. Staff recommended that the Board accept the bid by Tandem Construction, LLC (Tandem) for the Main Communications Room (MCR) & Equipment Room Buildout work for the Fiber Backbone and Network Distribution project at Nashville International Airport (BNA); and authorize the Chair and President & CEO to execute the construction contract.

Background:

The scope of this project is to build out a Main Communications Room (MCR) and Equipment Room on the Terminal basement level to serve as the airport's backup data center once Vision Project 3 demolishes the existing backup data center, and to upgrade the airport's communications infrastructure (fiber backbone) distribution equipment, technology, and cabling to accommodate the airport's anticipated growth.

The Fiber Backbone & Network Distribution project was originally bid in February 2018 as a comprehensive scope. No bids were received. The project was then separated into two (2) packages to better promote participation: 1) building construction work; and 2) telecommunications work. This was done at the request of interested bidders.

An Invitation to Bid (ITB) was advertised on April 10, 2018 and April 12, 2018 for the building construction work (MCR & Equipment Room Buildout) package.

On May 10, 2018, two (2) bids were received. Below is a tabulation of the bids. Minority and Woman-owned Business Enterprise (MBE / WBE) percentages listed are commitments made by the contractors:

Bidder	Base Bid	SMWBE participation
Tandem Construction, LLC	$694,757.00	6.7% MBE and 43.98% WBE
Utopia Building Group, LLC	$922,191.00	26.66% MBE and 0.51% WBE

Tandem's bid was 34.3% more than The J.W. Group (Engineer of Record)'s opinion of probable construction cost of $517,270.42. Due to the variation in the bid amounts and the engineer's estimate, MNAA verified the probable cost through an independent estimate with a probable cost of $855,000.

Tandem obtained 6.7% MBE and 43.98% WBE participation, which exceeded the MBE and WBE participation level established for the project. Tandem will utilize CGI and Contract Carpet Sales (WBE) and E3 Construction (MBE) to complete this project.

MNAA and J.W. Group have evaluated the bids and have determined the bid from Tandem to be responsive and responsible and recommend award to Tandem Construction, LLC.

Impact/Findings:

MNAA SMWBE Participation Level:	4.2% MBE and 6.1% WBE
Tandem's 's SMWBE Participation Level:	6.7% MBE and 43.98% WBE
Anticipated Contract Start Date:	July 2018
Duration of Contract:	120 calendar days
Contract Completion Date:	November 2018
Contract Cost:	$694,757.00
Funding Source:	90% State/10% Local (MNAA)

Strategic Priorities:

- Invest in MNAA
- Plan for the Future

Options/Alternatives:

Do Nothing: The "Do Nothing" option requires MNAA to continue to maintain the existing communications infrastructure until Vision Project 3 demolishes the existing backup data center. Afterwards, there will be no provisions for a backup data center and no location established to serve as the main communications room for upgraded Terminal IT networking equipment. Failure to construct a new main communications room for accommodation of equipment upgrades and system expansion will negatively impact the scheduled completion and overall cost of the BNA Vision program.

Committee Review:

This item was presented to the GAOPE Committee on June 13, 2018, for informational purposes only, due to the lack of a quorum.

A motion was made by Commissioner Freeman and seconded by Commissioner Doerge to accept the bid by Tandem for the MCR & Equipment Room Buildout work for the Fiber Backbone and Network Distribution project at BNA; and authorize the Chair and President & CEO to execute the construction contract. The motion carried by vote of 8 to 0.

VIII. Adjourn

There being no further business before the Board, Chair Joslin adjourned the meeting at 3:04 p.m.

Amanda C. Farnsworth
Board Secretary