

✈ METROPOLITAN NASHVILLE AIRPORT AUTHORITY ✈

May 16, 2018– Minutes of the Joint Meeting of the MNAA Board of Commissioners and MPC Board of Directors



Date: May 16, 2018

Place: Nashville International Airport
Nashville, Tennessee

Time: 1 p.m.

Board Members Present:

Bobby Joslin, Chair; A. Dexter Samuels, Vice Chair; Trey Harwell, Secretary; Dierks Bentley, John Doerge, Amanda Farnsworth, Bill Freeman, Kabir Sandhu, Christy Smith and Mayor's Representative, Matt Wiltshire

Board Members Absent:

None

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 1:00 p.m., pursuant to the Public Notice dated May 11, 2018.

II. Approval of Minutes

Upon motion made by Commissioner Freeman and seconded by Commissioner Harwell, the Board voted to approve the minutes of the April 18, 2018, joint meeting of the MNAA Board of Commissioners and MPC Board of Directors. The motion carried by a vote of 10 to 0.

III. Chair's Report

Chair Joslin welcomed Commissioners, staff, and guests. Chair Joslin reported that the Management Committee met prior to the Board meeting. The Bylaws state that every two years there be an election for the Chair, Vice Chair and Secretary of the Board. Chair Joslin stated that he was proud to announce that he was nearing the end of his two-year career as Chair. Chair Joslin recommended Dr. A. Dexter Samuels for

the position of Chair. A motion was made by Commissioner Harwell and seconded by Commissioner Freeman to elect Commissioner Samuels as Chair. The motion carried by vote of 10 to 0.

Mayor's Representative Wiltshire commended Chair Joslin for his service to the Board.

Chair Joslin stated that on behalf of the Management Committee he would recommend Commissioner Harwell for the position as Vice Chair. Commissioner Harwell has been Secretary for almost five years and devoted time, energy, effort and expertise in law to the Board and the Authority. A motion was made by Commissioner Freeman and seconded by Commissioner Samuels to elect Commissioner Harwell as Vice Chair. The motion carried by vote of 10 to 0.

Chair Joslin asked Commissioner Samuels for a recommendation for Board Secretary. Commissioner Samuels stated it was his pleasure to recommend Commissioner Farnsworth as Secretary to the Board. A motion was made by Mayor's Representative Wiltshire and seconded by Commissioner Freeman to elect Commissioner Farnsworth as Secretary of the Board. The motion carried by vote of 10 to 0.

Chair Joslin stated that he would continue to serve the Board and commended the Board for its work.

President Kreulen expressed his appreciation to Chair Joslin for his leadership and congratulated Commissioner Samuels.

IV. President's Report

President Kreulen reported statistics of the British Airways inaugural inbound and outbound flights on May 4, 2018. The inbound flight was at 90% load factor (193 passengers). The outbound flight was at 100% load factor (214 passengers). He reported that customs processing time was 83 minutes. Departure was 54 minutes late. President Kreulen reported that BA averages since the first flight for inbound flights were at 81% load factor (173 passengers); outbound flights were at 87% load factor (186 passengers); customs processing time for flight averaged 61 minutes (this week 48 and 52 minutes); and departures were an average of three minutes late but departed eight minutes early on May 12, 2018.

President Kreulen reported that BNA recently celebrated the opening of Fat Bottom Brewing's new craft beer kiosk located in the Concourse C food court in the former Yazoo location. This is BNA's third local craft beer kiosk.

President Kreulen reported that the USO recently celebrated it's fifth anniversary at BNA with a performance by 101st Airborne Jazz Combo. Opening in 2013, the USO at BNA was Tennessee's first USO location and has had 135,000 visitors since that time.

President Kreulen reported that on May 5, 2018, members of BNA's Fire and Rescue team competed in the Nashville Fire Department's inaugural Hero's Challenge, a fundraiser for Operation Warm, a national non-profit organization that provides new winter coats to children in need. The team claimed the top spot by pulling a fire engine in 16 seconds. BNA Officer Keneil Williams also won first place in the men's individual division.

President Kreulen reported that on April 18, 2018, BNA unveiled its first mural. "Celebration" by local artist Jorge Yances is located at the top of Concourse A.

President Kreulen reported that the Concourse D Groundbreaking will be held prior to June board meeting at 11 a.m. with Invitations to follow.

President Kreulen stated that the Management Committee met on May 2, 2018 and discussed the timeline for the Concessions Request for Proposal. Executive Staff has been actively involved in the process. President Kreulen stated that 12 companies submitted questions; Addendums 1, 2 and 3 addressed 163 questions; Addendum 4 addressed Joint Ventures. Final updates to the RFP included a change to a 10-year term, with two 5-year extensions; significant local and 22.6% ACDBE participation and \$13M capital investment. Doug Sloan, CLO, provided a more detailed overview of Addendum 4 which encouraged joint ventures.

President Kreulen gave a brief overview of the John C. Tune Air Traffic Control Tower Study preferred sites, benefit cost analysis and next steps.

President Kreulen provided a brief summary of the FAP Committee and reported that the Retirement Plan is 102% funded and returns are in line with the current market. OPEB is 41% funded. 82% of treasury funds are invested and returns are at .93% for the quarter and up from .32% this time last year. President Kreulen stated that the immediate action plan is to use PFM to begin reinvesting funds; place orders for trades on behalf of the Authority; provide daily, monthly and quarterly reports; and provide advice/training to treasury staff. PFM's fee is tiered based on assets under management and is estimated to be 6.8 basis points or \$170,000 annually. Over the next 60-90 days staff will publish the updated Investment Policy; verify current treasury software functionality; finalize bank account recommendations for pooled operating funds, establish standard operating procedures for Treasury Department and hire a Treasurer.

President Kreulen provided an update on BNA Vision Construction stating that Parking and Ground Transportation Center is Scheduled to open October 2018; Concourse D and Terminal Wings Groundbreaking will be held June 20, 2018; five proposals were under evaluation for Garage C and Office. An RFP will be issued August 2018 for the Terminal Lobby and International Arrivals Facility (IAF); Terminal Access Roadway Improvements are under design, with 35% design by December 2018.

President Kreulen reported that MNAA Core values were not strong enough and that you can't have teamwork without respect. The MNAA Core values were updated to Respect, Integrity, Service and Excellence (RISE).

President Kreulen reported that Executive and Sr. Staff Retreats were scheduled for May 30 and June 1 to redefine MNAA's Vision, Mission, and Strategy.

President Kreulen provided a status of the Employee Survey Administered by Flex Surveys, an independent research company. President Kreulen reported that average percentage of completion over the past 8-years had been 71% (range 55%-83%), and the current participation rate was 92% (273 of 296 employees). The survey ran for 2 weeks, April 23 – May 4, 2018. Results are expected the week of May 29, 2018, and the final report will be presented to the Board. Employees will be updated at June 6, 2018 All Team Meeting, and each department/supervisor will receive a customized report. President Kreulen stated that the purpose of the survey is to get a better understanding of employee morale, satisfaction and overall engagement.

Economic Report

President Kreulen reported that this was the busiest April in the history of the airport with 1,308,915 total passengers. April was also the second busiest month in the history of the airport. BNA's total passengers for April were up 13.3% and up 9.4% for FY2018. Passenger numbers have increased in 91 of the last 93 months.

President Kreulen reported that News and Gift gross sales for March 2018 were \$2,288,406, up 14.5% over March 2017; FY18 YTD gross sales were \$18,762,338, up 15.4% over FY17 YTD.

Food & Beverage gross sales for March 2018 were \$4,533,514, up 9.7% over March 2017; FY18 YTD gross sales were \$36,719,907, up 8.5% over FY17 YTD.

President Kreulen reported that Rental Car gross sales for March 2018 were \$11,722,747, 11.1% above last March and up 7.3% for FY18YTD. March revenue was up 10.0% at \$1,172,275; and YTD \$10,5475,324. March Rental Car days were up 6.4% and up 6.1% for FY18YTD.

Staff Reports

Operations Report:

Mr. Robert Ramsey, COO, reported on Gross Parking Revenue. Unadjusted Gross Parking Revenue from all 5 lots for April was up 14.4% and up 13.9% for FY18YTD. Revenue transactions for April were 101,300, down 14.6%. FY18YTD revenue transactions were 1,100,418, down 3.9%. Express Park revenue for April was \$129,000 and \$987,000 for FY18YTD.

For the month of April, air cargo was up 13.0%, with 4,027 total tons of cargo, an increase of 436 tons, and up 8.5% for FY18YTD.

BNA April fuel sales for Atlantic Aviation, Signature Flight, and private self-fueling hangars were up 3.6%, or 24,881 gallons more. For FY18 YTD fuel sales increased 6.8% equating to 432,904 gallons more. JWN April fuel sales for Contour Flight Support were up 4.1% or 5,343 gallons more and for FY18 an increase of 15.8% equates to 177,628 gallons more.

Financial Report:

Ms. Marge Basrai, Chief Financial Officer, presented the April financial results and noted that as of April 30, 2018, BNA's YTD Operating Revenues were about \$123.8M, which was \$6.6M above budget projections and \$16.5M more than this time last year. There were no additional drivers of that increase other than discussed the previous month.

Signatory Airline revenue increased \$10.8 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 \$5.1 million, driven by the rate increases on 9/1/17 and overall traffic growth. Concessions Revenue had an increase of \$2.1 million over last year, which was driven by the passenger growth at BNA.

BNA Operating Expenses YTD were \$66.5 million, which was \$9.7 million below budget projections, but \$5.6 million over the prior year actual amounts. The primary areas below budget were Salaries & Benefits and Contractual Services.

\$6.1 million of the budget variance was in Salaries & Benefits: \$3.6 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 \$1.1 million of the difference was in Contractual services: 1) \$1.1 million unspent in projected contract services so far (spread throughout all departments) – most of this was timing, and we do expect to spend; 2) Engineering was below by about \$815,000 - staff augmentation for BNA Vision was all being charged to the projects. A portion approximately (35%) needs to be allocated back to O&M and will be done within the next month or two.

Even though we were below budget, FY18 Operating expenses were \$5.6 million more than the prior year due to additional spending of \$5.9 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.

JWN YTD Operating Revenues were \$723,000, which was \$24,000 above budget projections and \$25,000 more than the last year. There were no changes from what we discussed last month: Increase in Fuel Flowage fees (\$11K – 6 cents a gallon) due to increased business at JWN (since the installation of the EMAS), and reimbursable services (\$6K) related to auto fuel sales for the FBO's support trucks; and space rental (\$3k) is related to increased hangar rent.

JWN YTD Operating Expenses were \$572,000, which was \$30,000 below budget projection of \$602,000 and \$59,000 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 \$2.6 million, which was only \$24,000 above budget projections and \$103,000 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 (97% occupancy).

MPC YTD Operating Expenses were \$1.2 million, which was \$538,000 below budget projections and \$133,000 less than the last year. Variances were due to budgeted "break/fix" repairs that had not been necessary so far this year.

Business Diversity Development Report:

Ms. Donzaleigh Powell, Director of Business Diversity Development, briefed the Board on MNAA's SMWBE program for April 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.

	Aspirational Participation %	Percentage	MWBE Expenditures	Total Expenditures	YTD Percentage	YTD MWBE Expenditures	YTD Total Expenditures
Professional Services (Includes all contract services, legal expenses external printing, and marketing)	12.44%	10.65%	\$ 289,773	\$ 2,720,605	11.89%	\$ 3,317,255	\$ 27,896,444
Goods & Services (Includes all office supplies and office equipment and other goods)	6.49%	2.28%	\$ 3,656	\$ 160,578	1.89%	\$ 44,185	\$ 2,332,840
Construction Non-Federal CIP (All non-federal Construction and professional projects)	10.49%	8.63%	\$ 1,190,112	\$ 13,784,853	12.82%	\$ 12,374,016	\$ 96,539,818
Construction Federal CIP (All Federal Construction and professional projects)	9.28%	0.00%	\$ -	\$ 370,207	0.12%	\$ 600	\$ 485,081

V. Items for Approval:

A. Cleaning of Holding Ponds, Lagoon, and Other Treatment Structures

Mr. Tom Bibb, AVP of Operations and Maintenance, briefed the Board on this item. Staff requested that the Board accept the proposal by Parr Industries II, Inc. (Parr) for the O & M contract for the cleaning of the holding ponds, lagoon, and associated treatment structures project at BNA and authorize the Chair and President & CEO to execute the construction contract.

Background:

This O & M project is to remove and properly dispose of non-hazardous sludge/debris from the Treatment Lagoon, North and South Ponds, effluent wet well, clarifier and nutrient tank. The Lagoon and Ponds are to be cleaned using standard 3,000 psi pressure washers to remove residual sediment and/or debris and utilizing standard vacuum trucks to remove residual rinse water from Lagoon and Ponds. Additionally, a 95,000-gallon clarifier, a 5,000-gallon nutrient tank, and a 4,000-gallon wet well are to be pressure washed and vacuumed out. All sludge, residual sediment, rinse water, etc. will be disposed of properly off-site.

A Request for Proposals (RFP) was advertised on February 19, 2018 and included a base proposal as follows:

- a. Base Proposal: Cleaning of Holding Ponds, Treatment Lagoon, and Other Treatment Structures

On March 28, 2018, two responses were received. These were submitted by Parr and TPM, Inc. (TPM).

The proposals were evaluated based on the following criteria:

- a. Mandatory Requirements
- b. Experience and Qualifications
- c. Project Approach
- d. Price
- e. SMWBE Participation

On April 5, 2018, the selection committee evaluated the two proposals. The RFP requested proposers to provide pricing on an annual basis for each of the three years of the base contract, plus each of two one-year optional extensions. Below is a tabulation of the evaluation scores, proposed pricing for the full five-year term, and SMWBE participation.

Proposer	RFP Score	Total Proposal Amount	Proposed SMWBE participation
Parr	285	\$613,323	Certified 100% WBE
TPM	230	\$677,558	12.5% SMWBE

The selection committee determined Parr to be the best qualified firm for the project, based on the following:

1. Extensive experience on similar projects of equivalent size and complexity.
2. Thoughtful understanding and approach to the project.
3. Good safety record and program.
4. Effective SMWBE participation.
5. Price.

Parr's total proposal amount of \$613,323 was 9.4% lower than TPM's proposal amount.

The SMWBE participation level set by MNAA for this project was 12.5% MBE and/or WBE. Parr is 100% WBE.

MNAA has evaluated the proposals and determined the proposal from Parr to be responsive and responsible and recommends award to Parr Industries II, Inc.

Note: Because the annual cost of these services does not exceed \$500,000, 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.

Impact/Findings:

MNAA SMWBE Participation Level:	12.5% MBE and/or WBE
Parr's SMWBE Participation Level:	100% WBE

Anticipated Contract Start Date:	July 2018
Duration of Contract:	Three years plus two one-year options
Contract Completion Date:	July 2023
Contract Cost (inclusive of all 5 years):	\$613,323.00
Funding Source:	O & M

Strategic Goals and Objectives/Critical Success Factors:

- Safe and Secure MNAA Operations
- Economically Sustained Services and Facilities

Options/Alternatives:

Do Nothing: The "Do Nothing" option prohibits the inspection of the HDPE lining existing beneath the Lagoon and Ponds. The efficiency and capacity of the Lagoon and Holding Ponds would be greatly diminished and compromised.

Committee Review

This item was presented to the General Aviation/Operations/Planning and Engineering Committee (GAOPE) on May 9, 2018. The GAOPE Committee approved recommendations to the Board of Commissioners by vote of 4 to 0.

A motion was made by Commissioner Freeman and seconded by Commissioner Doerge to accept the proposal by Parr for the O & M contract for the cleaning of the holding ponds, lagoon, and associated treatment structures project at BNA and authorize the Chair and President & CEO to execute the construction contract. The motion carried by vote of 10 to 0.

B. Procore PM/CM Software Contract

Ms. Traci Holton, Chief Engineer, briefed the Board on this item. Staff recommends that the Board authorize the Chair and President & CEO to execute the proposed Amendment 1 to Procore Annual Access Agreement (Purchase Order # PO017-000225-1) for addition of finance and cost control modules and to extend the term of agreement by one (1) year.

Background:

MNAA has been using Procore since January 2015. Procore is a cloud-based design and construction management software which provides Development & Engineering (D&E) the ability to effectively administer and manage projects within a standardized, collaborative platform. The Procore features that MNAA have benefitted from are design review and approvals, specifications, document control, shop drawings

management, mobile application, requests for information, daily inspection logs, meeting minutes, scheduling and punch lists.

MNAA entered into its first one-year service agreement with Procore in December 2014 for an annual access rate of \$21,500 with a cap of \$50 Million in volume of construction with a project cap of 30 projects. In December 2015, to meet the demands of projected increase in construction volume for year 2016, MNAA renewed the agreement to expand the usage for an annual construction and project volume cap of \$240 Million and 70 projects for an annual access rate of \$95,000.

In December 2016, MNAA entered into a three-year service agreement (Under PO 017-000225-1) with Procore. Please refer to 'Original Amount' in the tabulation below for annual pricing breakdown. This pricing agreement was contingent on an annual construction volume limit of \$304 Million and an annual project count cap of seventy (70) projects. The annual cap was increased from previous maximum of \$240 Million to \$304 Million to accommodate higher design and construction volume that was going to result from the BNA Vision which at that time was estimated roughly at \$1.2 Billion. Due to uncertainties associated with the complexity and volume of early design and construction deliverables of Vision program at the time of negotiation of this agreement, a peak value of \$304 Million was established as a yearly benchmark to prevent any service cap overruns during the term of the agreement.

With the BNA Vision, it has now become necessary to extend the use of Procore to various financial management modules offered by Procore such as budget, commitments, change orders and invoices. Primary benefits associated with Procore's financial module are as follows:

1. Project Budget Control
2. Real time tracking of contingencies and cost allowances
3. Management of contract change orders
4. Reporting of actual costs and forecasts
5. Ball-in-court visibility for efficiency and accountability
6. Improved record keeping of contract financials

A revised price proposal was received from Procore in March 2018 as shown below:

PRODUCT	ACCESS PERIOD	ANNUAL CAP	ORIGINAL AMOUNT	AMENDED AMOUNT
Year 1 Complete	2/30/16-12/29/17, Complete	\$304M in construction Volume	\$152,000.00	n/a
Year 2 Annual Access with Upgrade; Includes Financials	12/30/17-12/29/18 (Update effective 4/1/18)	\$304M in construction Volume*	\$167,000.00	\$212,800.00 *MNAA would pay a prorated amount of the \$45,600 upgrade between March 2018 to 12/29/18
Year 3 Annual Access with Upgrade; Includes Financials	12/30/18-12/29/19	\$304M in construction Volume*	\$182,400.00	\$234,080.00

Year 4 Annual Access with Upgrade; Includes Financials	12/30/19-12/29/20	\$304M in construction Volume*	n/a	\$257,488.00
		* This upgrade includes an additional year (year 4) and MNAA would have the ability to run up to a total of \$912M through December 29, 2020.		
TOTAL PRICE				\$704,368.00

The price quoted above will result in a net annual increase of \$67,590.00 for activation of financial modules. It is MNAA's understanding that the above price quote provided by Procore Technologies, Inc. is a fair price considering the complexity of financial modules and the benefits it will bring to MNAA in achieving overall budget and cost control of both CIP and BNA Vision projects. Also, by eliminating the annual cap of \$304M and replacing it with an overall total of \$912M, this upgrade safeguards MNAA against potential overruns from uneven volume peaks that are inherent and are likely to occur from Vision.

Note: Because the annual cost of these services does not exceed \$500,000, 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.

Impact/Findings:

MNAA SMWBE Participation Level:	N/A
Contract Start Date:	May 16, 2018
Duration of Contract:	959 Calendar Days Completion
Contract Completion Date:	December 29, 2020
Total Amended Contract	\$704,368.00
Funding Source:	100% MNAA

Strategic Goals and Objectives/Critical Success Factors:

- Economically Sustained Services and Facilities

Options/Alternatives:

Do Nothing: The "Do Nothing" option will result in potential loss of efficiency and administrative control of project financials especially in the large sized Vision projects.

Committee Review:

This item was presented to the GAOPE Committee on May 9, 2018. The GAOPE Committee voted 4 to 0 to recommend approval to the Board.

A motion was made by Commissioner Freeman and seconded by Mayor's Representative Wiltshire to authorize the Chair and President & CEO to execute the proposed Amendment 1 to Procore Annual Access

Agreement (Purchase Order # PO017-000225-1) for addition of finance and cost control modules and to extend the term of agreement by one (1) year. The motion carried by vote of 10 to 0.

C. Reconstruct Taxiway Lima West (1702B)

Ms. Holton briefed the Board on this item. Staff requested that the Board accept the bid by Hi-Way Paving, Inc. (Hi-Way) for the Construction Contract for the Reconstruct Taxiway Lima West project at BNA and authorize the Chair and President & CEO to execute the construction contract.

Background:

Taxiway Lima is a full length parallel taxiway location on the north side of Runway 13/31 and provides east/west access across the airfield. The pavement sections within the project's limits are asphalt and were originally constructed in 1986, with some maintenance and repair work completed in 2006. The current Pavement Condition Index (PCI) values in the area are between 50 and 69 (Poor to Fair).

The project consists of the reconstruction of Taxiway Lima, west of Taxiway Alpha, including the intersection of taxiways Lima and L2. Reconstruction depths vary between 2in and full depth. The intersection of taxiway Lima and L2 will be reconstructed with Portland Cement Concrete. 30-foot asphalt shoulders will be added in accordance with FAA Advisory Circular 150/5300-13A, Change 1, Airport Design. All electrical infrastructure will be replaced.

An Invitation to Bid on the project was advertised on March 12, 2018 and March 15, 2018 and included one Base Bid Schedule.

On April 9, 2018 bids were received from Hi-Way, Jones Bros. Contractors, LLC (Jones Bros.), Kiewit Infrastructure South Co. (Kiewit), and Superior Construction Company Southeast, LLC (Superior). Below is a tabulation of those bids:

<u>Contractor</u>	<u>Base Bid</u>	<u>Disadvantaged Business Enterprise (DBE) %</u>
Hi-Way	\$5,469,497.47	12.91% DBE
Jones Bros.	\$5,720,795.85	12.97% DBE
Kiewit	\$6,578,726.00	12.62% DBE
Superior	\$6,322,830.02	13.08% DBE

Below is a tabulation of the prices for asphalt received:

<u>Contractor</u>	<u>Bituminous Surface Course Price</u>
Hi-Way	\$130/TON
Jones Bros.	\$96/TON
Kiewit	\$175/TON
Superior	\$130/TON

The DBE goal established for the project was 12.72%. Hi-Way was able to obtain 12.91% DBE participation. Hi-Way's DBE contractors include Archangel Protective Services, Jerry B. Young Construction, LLC and Rutherford Contracting, Inc.

Hi-Way's Bid was 1.68% higher than the Engineer of Record, Garver's, opinion of probable construction cost of \$5,379,361.00 and 16.86% below the high bidder, Kiewit.

MNAA and Garver have evaluated the bids and determined the bid from Hi-Way to be responsive and responsible and recommend award to Hi-Way Paving, Inc.

Impact/Findings:

MNAA DBE Participation Level:	12.72%
Hi-Way DBE Participation Level:	12.91%
Anticipated Contract Start Date:	June 2018
Duration of Contract:	180 Calendar Days
Contract Completion Date:	December 2018
Contract Cost:	\$5,469,497.47
Funding Source:	50% Federal and 50% PFC

Strategic Objectives:

- Economically Sustained Services and Facilities
- Safe and Secure MNAA Operations

Options/Alternatives:

Do Nothing: The "Do Nothing" option will result in continued deterioration of the asphalt pavement on Taxiway Lima West, which will negatively affect airfield operations.

Committee Review:

This item was presented to the GAOPE Committee on May 9, 2018. The GAOPE Committee voted 4 to 0 to recommend approval to the Board.

A motion was made by Commissioner Freeman and seconded by Commissioner Farnsworth to accept the bid by Hi-Way Paving, Inc. (Hi-Way) for the Construction Contract for the Reconstruct Taxiway Lima West project at BNA and authorize the Chair and President & CEO to execute the construction contract. The motion carried by vote of 10 to 0.

D. D Concourse Central Utility Plant and Structure CGMP #3 (1803)

Ms. Holton briefed the Board on this item. Staff requested that the Board authorize the Chair and President & CEO to execute the proposed Amendment 2 for Component Guaranteed Maximum Price (CGMP) #3 that includes the central utility plant (CUP), structural steel, and enabling moves for the Concourse D & Terminal Wings project at Nashville International Airport Progressive Design-Build contract.

Background:

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

The Progressive Design-Build contract establishes a Guaranteed Maximum Price (GMP) based on the 60% design drawings. For scheduling purposes, and to fast-track the project, "component" GMPs, (CGMP's) are utilized to provide for early start of critical path items. To manage the final GMP, a specified Design-to-Budget requirement is utilized to ensure the total budget remains on target through the progression of ongoing design and construction work. The Design-to-Budget committed to by Hensel Phelps for this project is \$203,000,000. Therefore, 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 at any time. Currently it is expected this project will require a total of five (5) CGMPs.

On January 17, 2018, the Board approved the selection of Hensel Phelps and CGMP #1 for the design & general conditions. On April 18, 2018, the Board approved CGMP #2 for design assist services & general requirements in the amount of \$2,608,282.00. This amendment is for CGMP # 3 and includes the following items: construction of the central utility plant (CUP) including all associated equipment and site work; structural steel for Concourse D, north and south terminal, main terminal and service animal relief areas (SARA); build-out of space for DEA, TSA, and the baggage handling system control room on Concourse C; ductbank through a portion of Long Term A for the primary electrical feed; materials testing and inspection; relocation of AT&T ductbank and employee parking and valet parking swap.

The Board is requested to authorize Hensel Phelps, via an amendment to their contract, to begin entering into subcontract agreements to deliver the scope for CGMP #3. In doing so, Hensel Phelps will negotiate final scopes of work and final bid prices for each individual package of work and bring that information to MNAA staff for review and approval. The MNAA maintains final approval on all subcontracts for this project.

Hensel Phelps anticipates the remaining CGMP schedule for the project: CGMP4 - terminal wings envelope;
Final GMP- Finish out construction.

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

Impact/Findings:

MNAA SMWBE Participation Level:	6.29% MBE and 9.13% WBE and 4% SMBE
Hensel Phelps SMWBE Participation Level:	6.29% MBE and 9.13% WBE and 4% SMBE
Contract Start Date:	January 22, 2018
Duration of Contract:	900 Calendar Days Completion
Contract Completion Date:	July 10, 2020
Component Guaranteed Maximum Price 1	\$ 31,348,670.00
Component Guaranteed Maximum Price 2	\$ 2,608,282.00
Component Guaranteed Maximum Price 3	\$ 52,900,093.00
Component Guaranteed Maximum Price 4	TBD
Component Guaranteed Maximum Price 5	TBD
Total Contract Price (YTD)	\$86,857,045.00
Funding Source:	100% MNAA

Strategic Goals and Objectives/Critical success Factors:

- Maintaining the *Nashville Airports Experience* by meeting customer demands through new and expanded infrastructure
- Economically Sustained Services and Facilities

Options/Alternatives:

Do Nothing: The "Do Nothing" option will result in the inability to complete the BNA Vision or meet passenger growth projections.

Committee Review:

This item was presented to the GAOPE Committee on May 9, 2018. The GAOPE Committee voted 4 to 0 to recommend approval to the Board.

A motion was made by Commissioner Freeman and seconded by Commissioner Doerge to authorize the Chair and President & CEO to execute the proposed Amendment 2 for Component Guaranteed Maximum Price (CGMP) #3 that includes the central utility plant (CUP), structural steel, and enabling moves for the Concourse D & Terminal Wings project at Nashville International Airport Progressive Design-Build contract. The motion carried by vote of 10 to 0.

E. Government Services Administration Drug Enforcement Agency Lease Amendment

Mr. Josh Powell, Manager of Airline Affairs, briefed the Board on this item. Staff requested that the MNAA Board of Commissioners accept the lease amendment between MNAA and the Government Services Administration (GSA) for the space lease for the Drug Enforcement Agency (DEA) and authorize the President & CEO to execute the proposed Agreement.

Background:

On January 1, 2013, the former MNAA President and CEO signed a contract (Lease No. GS-04B-62489) between the GSA and MNAA for a space lease for the DEA currently located on Concourse D. The original lease was for a term of Five (5) years with One (1) Five (5) year option, at the sole discretion of the GSA. The contract, to the best of our knowledge, was not briefed to the MNAA Board of Commissioners, nor does it have Board signatures. This item should have been presented to the Board due to the length of contract exceeding the requirements of the Bylaws.

The GSA requires all option extensions to be signed by MNAA as Lease Amendments. The Lease Amendment extends the contract from January 1, 2018 until December 31, 2022 (5 years). This is the last option available in the contract.

Impact/Findings:

Term:	January 1, 2018 – December 31, 2022 (5 years)
Premises:	Currently located on Concourse D, will be relocated temporarily to Concourse C due to Project 1 of the Vision
Financial terms:	\$54,542 / year in rent

Strategic Objectives/Critical Success Factors:

- Focus on the Future
 - Ensure business continuity and sustainability

Options/Alternatives

Do not sign the lease amendment and attempt to renegotiate the agreement. This could cause a breach of contract by MNAA and could damage the relationship between the MNAA and the GSA, at a critical time when we need their cooperation during their relocation of multiple agencies due to the Vision.

Committee Review

This item was presented to the Finance Administration and Properties Committee on May 9, 2018. The FAP Committee approved recommendation to the Board by vote of 6 to 0.

A motion was made by Commissioner Harwell and seconded by Commissioner Freeman to accept the lease amendment between MNAA and the Government Services Administration (GSA) for the space lease for the Drug Enforcement Agency (DEA) and authorize the President & CEO to execute the proposed Agreement. The motion carried by vote of 10 to 0.

F. Consolidated Rental Car (CONRAC) Facility Refinancing – MNAA Resolution 2018-08

Ms. Marge Basrai, CFO, briefed the Board on this item. Staff recommended the MNAA Board of Commissioners approve and adopt Resolution 2018-08; and that it authorize the Chairman, Secretary and President & CEO to execute the Resolution.

Background:

The Authority has previously financed a portion of the Consolidated Rental Car Facility with the proceeds of Special Facility Revenue Bonds (MPC CONRAC LLC Project), Series 2010 (Series 2010 Bonds) issued by the Authority in the amount of \$66,300,000.

The Series 2010 Bonds and any bonds issued on a parity with the Series 2010 Bonds are secured solely by CFCs and Contingent Rent paid by the car rental companies under the Consolidated Rental Car Facility Lease Agreements.

The Authority now wishes to refund the Series 2010 Bonds maturing in the years 2021 through and including 2029 for savings through the issuance of a parity Special Facility Revenue Bond (MPC CONRAC LLC Project), Refunding Series 2018 (Series 2018 Bond) in a principal amount not to exceed \$52,000,000.

After conducting an RFP process to select either an underwriter to underwrite the Series 2018 Bond or a direct bank placement alternative, the Authority selected SunTrust Bank as the best alternative. Proposed Resolution 2018-08 accordingly authorizes the sale of the Series 2018 Bond to SunTrust Bank.

Analysis:

Proposed Resolution 2018-08 is the parameters resolution. Proposed Resolution 2018-08 approves and sets forth parameters for the issuance of the Series 2018 Bond to SunTrust Bank. The documents that may be required are listed below and are presented to the Board in draft form for approval. Authorization for Board officers to execute the following documents is granted per the Proposed Resolution 2018-08, together with such changes, as the officers of the Board executing the same shall approve upon the advice of counsel.

1. First Supplemental Indenture - provides for the issuance of the Series 2018 Bond
2. Bond Purchase Agreement - provides for the sale of the Series 2018 Bond to SunTrust
3. Escrow Deposit Agreement – provides for the deposit of the proceeds of the Series 2018 Bond and certain excess CFC revenues with the Trustee to defease the Series 2010 Bonds maturing in the years 2021 through and including 2029

4. Further Required Documents - authorizes other documents necessary in connection with the transaction.

As required by Tennessee Code Annotated, the Authority submitted its plan of refunding to the State of Tennessee for review and comment. They reviewed and provided a letter in support of the plan and no issues were identified and a copy of that letter was provided to the Commissioners as required.

Options/Alternatives:

Option 1: Not refund the Series 2010 Bonds maturing in the years 2021 through and including 2029. This alternative would require the Authority to forego saving.

Option 2: Not issue the Series 2018 Bond and defease a portion of the Series 2010 Bonds maturing in the years 2021 through and including 2029 with excess CFC revenues. This alternative would require the Authority to realize only a portion of the saving that issuing the Series 2018 Bond would provide.

Committee Review:

This item was presented the MNAA FAP Committee on May 9, 2018. The FAP Committee approved recommendation the MNAA Board of Commissioners by vote of 6 to 0.

A motion was made by Commissioner Harwell and seconded by Commissioner Doerge to approve and adopt Resolution 2018-08; and that it authorize the Chairman, Secretary and President & CEO to execute the Resolution. The motion carried by vote of 10 to 0.

G. Consolidated Rental Car (CONRAC) Facility Refinancing – MPC Resolution 2018-03

Ms. Basrai briefed the Board on this item. Staff recommended that the MPC Board of Directors approve and adopt MPC Resolution 2018-03, and request that it authorize the Chairman, Secretary and President to execute the Resolution.

Background:

The Metropolitan Nashville Airport Authority (the "Authority") can only issue two types of bonds to finance capital improvements at Nashville International Airport under its Airport Improvement Revenue Bond Resolution (the "Master Resolution"), adopted August 15, 1991, as supplemented and amended: (a) "revenue bonds" issued under the Master Resolution secured by Net Revenues of the Airport, and (b) "special facility bonds" secured solely by lease rental payments of the lessee of the improvements financed with such special facility bonds.

The issuance of "revenue bonds" requires compliance with the Master Resolution and are reserved for the Authority's current capital improvement program. A special facility requires a special facility revenue bond and

an underlying special facility lease agreement. MPC CONRAC LLC has been formed to act as the lessee under a special facility lease agreement to facilitate the creation of a special facility that meets the requirements of the Master Resolution.

The Authority has previously financed a portion of the Consolidated Rental Car Facility with the proceeds of Special Facility Revenue Bonds (MPC CONRAC LLC Project), Series 2010 (Series 2010 Bonds) issued by the Authority in the amount of \$66,300,000.

The Series 2010 Bonds and any bonds issued on a parity with the Series 2010 Bonds are secured solely by lease rental payments made by MPC CONRAC LLC consisting of CFCs and Contingent Rent paid by the car rental companies under the Consolidated Rental Car Facility Lease Agreements.

The Authority now wishes to refund the Series 2010 Bonds maturing in the years 2021 through and including 2029 for savings through the issuance of a parity Special Facility Revenue Bond (MPC CONRAC LLC Project), Refunding Series 2018 (Series 2018 Bond) in a principal amount not to exceed \$52,000,000.

After conducting an RFP process to select either an underwriter to underwrite the Series 2018 Bond or a direct bank placement alternative, the Authority selected SunTrust Bank as the best alternative. The Authority will accordingly sell the Series 2018 Bond to SunTrust Bank.

Analysis:

Proposed Resolution 2018-03 authorizes the officers of MPC CONRAC LLC to execute the following documents:

1. Bond Purchase Agreement - provides for the sale of the Series 2018 Bond to SunTrust Bank; MPC CONRAC LLC may be a party to this agreement for the purposes of making certain representations to SunTrust Bank
2. Further Required Documents - authorizes other documents necessary in connection with the transaction.

As required by Tennessee Code Annotated, the Authority submitted its plan of refunding to the State of Tennessee for review and comment. They reviewed and provided a letter in support of the plan and no issues were identified and a copy of that letter was provided to the Directors as required.

Staff recommended approval of the Resolution.

Options/ Alternatives:

Option 1: Not refund the Series 2010 Bonds maturing in the years 2021 through and including 2029. This alternative would require the Authority to forego saving.

Option 2: Not issue the Series 2018 Bond and defease a portion of the Series 2010 Bonds maturing in the years 2021 through and including 2029 with excess CFC revenues. This alternative would require the Authority to realize only a portion of the saving that issuing the Series 2018 Bond would provide.

Committee Review:

This item was presented to the MPC Finance Administration and Properties (FAP) Committee on May 9, 2018. The FAP Committee approved recommendations to the MPC Board of Directors by vote of 6 to 0.

A motion was made by Director Harwell and seconded by Director Smith to approve and adopt MPC Resolution 2018-03, and request that it authorize the Chairman, Secretary and President to execute the Resolution. The motion carried by vote of 10 to 0.

VIII. Adjourn

There being no further business before the Board, Chair Joslin adjourned the meeting at 1:48 p.m.


Aubrey B. Harwell, III
Board Secretary