METROPOLITAN NASHVILLE AIRPORT AUTHORITY

May 9, 2018 – Minutes of the General Aviation/Operations/Planning & Engineering Committee Meeting

Date: May 9, 2018

Place: Nashville International Airport
Nashville, Tennessee

Time: 9:00 a.m.

Committee Members Present: Bill Freeman, Chair; Kabir Sandhu, Vice Chair; John Doerge; and Amanda Farnsworth

Committee Member Absent: Dexter Samuels

Others Present: Doug Kreulen and Cindy Barnett

I. Call to Order

Chair Freeman called the General Aviation/Operations/Planning & Engineering (GAOPE) Committee meeting to order at 9:07 a.m., pursuant to Public Notice dated May 4, 2018.

II. Approval of Minutes

Chair Freeman called for a motion to approve the minutes of the April 11, 2018, GAOPE Committee meeting. A motion was made by Commissioner Farnsworth and seconded by Commissioner Doerge. The motion carried by vote of 3 to 0 with Commissioner Sandhu arriving after the vote.

III. Items for Approval

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

Ms. Traci Holton, AVP Development and Engineering, briefed the GAOPE Committee on this item. Staff requested that the GAOPE Committee recommend to the Board that it 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 Nashville International Airport (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. 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 the Metropolitan Nashville Airport Authority (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.

A motion was made by Commissioner Doerge and seconded by Commissioner Farnsworth to recommend to the Board that it 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 4 to 0.

B. Procore PM/CM Software Contract

Ms. Holton briefed the GAOPE Committee on this item. Staff requested that the GAOPE recommend to the Board that it 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 (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 **
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. *MNAA would pay a prorated amount of the $45,600 upgrade between March 2018 to 12/29/18	
	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.

A motion was made by Commissioner Farnsworth and seconded by Commissioner Doerge to recommend to the Board that it 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 4 to 0.

C. Reconstruct Taxiway Lima West (1702B)

Ms. Holton briefed the GAOPE Committee on this item. Staff requested that the GAOPE Committee recommend to the Board that it 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:

Contractor	Base Bid	Disadvantaged Business Enterprise (DBE) %
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:

Contractor	Bituminous Surface Course Price
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.

A motion was made by Commissioner Sandhu and seconded by Commissioner Doerge to recommend to the Board that it accept the bid by 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 4 to 0.

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

Ms. Holton briefed the GAOPE Committee on this item. Staff requested that the GAOPE Committee recommend to the Board that it 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 Guaranteed Maximum Price	$203,000,000.00 NTE
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.

A motion was made by Commissioner Doerge and seconded by Commissioner Farnsworth to recommend to the Board that it 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 4 to 0.

IV. Item for Acceptance

Chair Freeman stated that there were no items for acceptance.

V. Information Items

A. JWN Control Tower Study

Ms. Holton provided an overview of the John C. Tune Airport Control Tower Study. She reported that Consultant, Leo A. Daly was hired in March 2017, to conduct a Phase 1 study. The consultant's subcontractor, Quadrex Aviation, performed a Benefit Cost Analysis (BCA). The scope included BCA, candidate determination for the FAA Control Tower Program, ROM estimates and site selection and comparison. The final report was submitted in August 2017. The BCA considered accident risk, airspace efficiency, operational costs and construction costs using the FAA specified formulas to determine the benefit/cost ratio which was greater than 1, the requirement to be eligible for the FAA Control Tower Program.

Ms. Holton provided an overview of the Site Analysis of the five sites evaluated, including cost of the tower, access, utilities, and future development potential noting that cost estimates were for the tower only. Estimated Tower Cost for Site 1 was $5,138.000; Site 2 was $4,296,000; Site 3 $5,053,000; Site 4 $6,185,000 and Site 5: $6,324,000.

Ms. Holton stated that options to consider were to proceed with a Non-Federal Control Tower (NFCT) where the airport constructs the ATCT. Federal funding is not available, and the FAA would only coordinate. The second option would be to apply for inclusion in Federal Control Tower program which is not currently an active program, but the FAA is accepting applications. Operational NFCT improves consideration for entry since airspace is established and aircraft operations are documented. If accepted, costs may be reimbursed up to maximum allowable. Ms. Holton stated that next steps would be to proceed with Non-Federal Tower Program, Feasibility Study Phase II budgeted for 2019 CIP; comparative site and risk management analysis, document aircraft operations, access road and ATCT design budgeted for 2019 CIP; construct access road budgeted for 2021 CIP; and Construct ATCT budgeted for 2023 CIP.

This item was presented for informational purposes only and no action was required.

IV. Adjourn

There being no further business before the GAOPE Committee, Chair Freeman adjourned the meeting at 9:58 a.m.

Amanda C. Farnsworth, Board Secretary

✈ METROPOLITAN NASHVILLE AIRPORT AUTHORITY ✈

May 9, 2018 – Minutes of the Joint Meeting of the MNAA Finance, Administration, and Properties Committee and MPC Finance/Administration/Properties Committee

Date: **May 9, 2018**

Time: **9:45 a.m.**

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

Committee Members Present: **Trey Harwell, Chair; Bill Freeman, Vice Chair; Amanda Farnsworth, Bobby Joslin, Christy Smith and Mayor's Representative, Matt Wiltshire**

Committee Member Absent: **None**

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

I. <u>Call to Order</u>

Chair Harwell called the Metropolitan Nashville Airport Authority (MNAA) and MNAA Properties Corporation (MPC) Finance, Administration, and Properties (FAP) Committee meeting to order at 10:00 a.m., pursuant to Public Notice dated May 4, 2018.

II. <u>Approval of Minutes</u>

Chair Harwell called for a motion to approve the minutes of the April 11, 2018, meeting of the FAP Committee. A motion was made by Commissioner Freeman and seconded by Commissioner Farnsworth. The motion carried by vote of 6 to 0.

III. <u>Item for Approval</u>

A. Government Services Administration Drug Enforcement Agency Lease Amendment #1

Mr. Josh Powell, Manager of Airline Affairs briefed the FAP Committee on this item. Staff requested the FAP Committee recommend to the Board that it accept the lease amendment between MNAA and the General 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 contract 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.

A motion was made by Commissioner Freeman and seconded by Mayor's Representative Wiltshire to accept the lease amendment between MNAA and the GSA for the space lease for the DEA and authorize the President & CEO to execute the proposed Agreement. The motion carried by vote of 6 to 0.

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

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

Background:

MNAA 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 MNAA 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.

MNAA 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 underwriters to underwrite the Series 2018 Bond or a direct bank placement alternative, MNAA 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.

Staff recommends 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 MNAA to forego savings.

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 MNAA to realize only a portion of the savings that issuing the Series 2018 Bond would provide.

A motion was made by Commissioner Farnsworth and seconded by Commissioner Smith to approve and adopt MNAA Resolution 2018-08 and authorize the Chairman, Secretary and President & CEO to execute the Resolution. The motion carried by vote of 6 to 0.

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

Ms. Basrai briefed the FAP Committee on this item. Staff requested that the MPC Finance and Administration Committee recommend to the Board of Directors, that it approve and adopt MPC Resolution 2018-03 and authorize the Chairman, Secretary and President to execute the Resolution.

Background:

MNAA 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 MNAA'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.

MNAA 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 MNAA 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.

MNAA 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 underwriters to underwrite the Series 2018 Bond or a direct bank placement alternative, MNAA selected SunTrust Bank as the best alternative. MNAA 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.

Staff recommends 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 MNAA to forego savings.

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 MNAA to realize only a portion of the savings that issuing the Series 2018 Bond would provide.

A motion was made by Mayor's Representative Wiltshire and seconded by Director Smith to approve and adopt MPC Resolution 2018-03 and authorize the Chairman, Secretary and President to execute the Resolution. The motion carried by vote of 6 to 0.

IV. Item for Acceptance

Chair Harwell stated that there were no items for acceptance.

V. Information Items

A. Quarterly OPEB/Pension Investment Report

Ms. Basrai reported that as of January 1, 2018, the Retirement Plan was funded at 101%. The 3-month gross return was -0.48%, compared to the composite benchmark of -0.91%. The fiscal YTD gross return was 7.03%, compared to the composite benchmark of 6.54%.

Ms. Basrai reported that as of January 1, 2018, OPEB was funded at 41%. The 3-month gross return was -0.52%, compared to the composite benchmark of -0.91%. The fiscal YTD gross return was 6.85%, compared to the composite benchmark of 6.54%.

B. Quarterly Treasury Investment Report and Fee Disclosures

Ms. Basrai reported that two transfers to Goldman-Sachs were made in 3rd quarter in the amount of $50 million. As of March 31, 2018, 82% of MNAA funds were invested (41% at 12/13/17). Ms. Basrai stated that Total Cash was $325.3M of which $266.7M had been invested leaving cash and cash equivalents in the amount of $58.6M. The total portfolio return for the quarter was $784,305 (0.93%) and FY17-Q3 return was $296,856 (.32%).

C. PFM Investment Policy Update

Ms. Basrai reported that on December 29, 2017, the President and CEO hired PFM Asset Management LLC ("PFMAM") to perform a review of MNAA's current treasury investment policy dated November 16, 2011. The review also included consultation of permitted investments, asset allocation parameters, and industry best practices; analyze MNAA's investment program; prepare cash flow analysis; develop investment strategies and create performance benchmarks for the investment portfolio.

The review and reports were completed by PFMAM and the overall results were presented by Steven Alexander CTP, CGFO, CPPT, Managing Director, and Richard Pengelly, CFA, CTP, Director.

On December 29, 2017, the President and CEO of MNAA(MNAA) requested that PFM Asset Management LLC (PFM) conduct a review of MNAA's Investment Policy dated November 16, 2011 to determine compliance with:

- Tennessee Code Annotated (TCA)
- The Association of Public Treasurers of US & Canada investment policy guidelines
- The Government Finance Officers Association best practices

Based on its review, PFM was tasked to provide recommendations to improve and update MNAA's investment policy. Additionally, PFM was requested to draft a new investment policy that included these recommendations.

The MNAA's current Investment Policy dated November 16, 2011 was not consistent with 3 of the 4 major investment policy requirements found in the Tennessee State Code Annotated including authorized sectors and investment, maturity requirements and bond proceeds requirements.

The MNAA's current Investment Policy dated November 16, 2011 needs to add or update 5 required sections to be certified by the APT US & C, including scope, investment pools/mutual fund questionnaire, diversification, maximum maturities and Investment Policy adoption.

The MNAA's current Investment Policy dated November 16, 2011 needs to add or update 2 sections to be in line with GFOA's best practice recommendations including scope and investment objectives, and investment diversification.

PMF provided an overview of proposed permitted investments, requirements and sector allocation changes.

PFM recommended that MNAA's existing policy dated November 16, 2011 needs additional and updated sections in order to be certified by the Association of Public Treasurers of US and Canada, and to be in line with the GFOA Best Practices.

In order to be in line with Tennessee Code Annotated 6-56-106, many corporate credit instruments, as well as mortgage-backed securities and money market mutual funds may need to be removed. Additionally, the maximum final maturity of each investment shall not exceed 4 years.

In order to give the MNAA a wider range of short term investment vehicles, PFM recommends increasing the maximum allocation in commercial paper from 25% to 35%, as well as adding the Tennessee Local Government Investment Pool to the list of permitted investments.

PFM recommends implementing industry standard benchmarks for both short term and longer-term funds

PFM provided other best practices recommendations related to competitive bidding, standards of prudence, risk and diversification, and maturity and liquidity requirements as delineated in the proposed investment policy.

The immediate action plan included use PFMAM to start implementation and begin investing funds to earn more interest, place all orders for trades on behalf of MNAA; provide various daily, monthly, and quarterly reports; and provide advice/training to Treasury staff on investments and treasury operations. Fee is tiered based on assets under management with an annual estimate 6.8 basis points or approximately $170,000.

The action plan for next 60-90 days would include finalizing the updates to the Policy; verifying current Treasury software functionality; finalizing bank account recommendations for pooled operating funds (i.e. open/close accounts, set-up in ERP); establishing standard operating procedures for Treasury Department; and hire a Treasurer.

D. BNA Vision Plan of Finance Update and Status

Ms. Basrai briefed the FAP Committee on this item. Ms. Basrai reported that MNAA overall objectives on BNA Vision were to complete the BNA Vision by 2023; maintain our Bond Ratings (current ratings A1/A+) and minimize the impact to the Airlines. Ms. Basrai provided an overview of plan of finance scenario goals including maintaining a competitive cost per enplanement (CPE), adequate debt service coverage and cash flow; maximizing leverage capacity of PFC's; financial certainty for airlines and MNAA and have a plan of finance that protects and improves the credit quality of MNAA to obtain the lowest interest rate. Ms. Basrai stated that the current model works, however debt coverage is thin for eight years. An "Agreement in Principle" with the airlines will be needed for the rating agencies, due to the size of the borrowing ($1.1 Billion). Due to the Signatory Airline agreement expiration in 2022, staff is in the preliminary stages of discussions with airlines on what a new agreement will look like.

Staff plans to issue an RFP for a $200-$250 Million short-term credit facility in June 2018.

E. Concession RFP Update (2 of 4)

President Kreulen updated the FAP Committee on this item. President Kreulen provided an overview of the Concessions RFP history beginning January 17, 2018 with the Board workshop. During February 2018 he updated the FAP Committee; Executive team evaluated model, and the second Board workshop was held. During March 2018 the CLO received consulting proposals, CPO approved waiver and CEO updated the Board. During April 2018, CLO, CFO and CEO approved consulting contract, the Draft RFP was released, Industry feedback received, CEO updated FAP Committee, the final RFP was released, CEO updated the Board, and the pre-proposal conference and site visit were held.

In May 2018, CEO updated the Management Committee, and Addendums 1, 2 and 3 were released.

President Kreulen stated that 12 companies submitted questions; Addendums 1, 2 and 3 addressed 163 questions, Final updates to RFP include a 10-year term, with two 5-year extensions, $13M capital investment and significant local participation. Aerobidz activity included 47 downloads by prime contractors and subcontractors.

V. Adjourn

There being no further business brought before the FAP Committee, Chair Harwell adjourned the meeting at 11:37 a.m.

Amanda C. Farnsworth, Board Secretary