

**✈ METROPOLITAN NASHVILLE AIRPORT AUTHORITY ✈**

**November 7, 2018 – Minutes of the General Aviation/Operations/Planning & Engineering Committee Meeting**



**Date:** November 7, 2018

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

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

**Committee Members Present:**

**Bill Freeman, Chair; Amanda Farnsworth and Nancy Sullivan**

**Committee Member Absent:**

**John Doerge, Vice Chair**

**Others Present:**

**Doug Kreulen and Cindy Barnett**

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I. Call to Order

Chair Freeman called the General Aviation/Operations/Planning & Engineering (GAOPE) Committee meeting to order at 9:03 a.m., pursuant to Public Notice dated November 2, 2018.

II. Approval of Minutes

Chair Freeman called for approval of the Minutes of the October 10, 2018, GAOPE Committee meeting. A motion was made by Commissioner Farnsworth and seconded by Commissioner Sullivan. The motion carried by vote of 3 to 0.

III. Chair's Report

Chair Freeman stated that he had nothing to report.

IV. Items for Approval

Chair Freeman reported there were no items for approval.

V. Information Item

A. Discuss JWN Master Plan, Forecast and Development

President Kreulen introduced Mr. Jeff Roach, AVP, Strategic Planning and Margaret Martin, AVP, Business Development. President Kreulen stated that based on questions from previous Committee meetings, staff had taken a full look at John C. Tune Airport and would report their findings. President Kreulen stated that staff will also need approximately six months to develop a plan for future development to present to the Committee.

Mr. Roach reported that the last JWN Master Plan Update was completed in January 2007, and the last JWN Airport Layout Plan Update was completed in September 2013. The most recent JWN Airport Layout Plan update was completed in January 2018 and was approved by the FAA on November 5, 2018. The JWN forecast looks at future conditions of the airport in terms of operations, based aircraft and other operational activities. The JWN forecast shows that currently there are 155 based aircraft with approximately 212 based aircraft expected by 2037. There are currently 83,850 aircraft operations at JWN and the forecast estimates 101,739 aircraft operations by 2037. Final approval of the JWN forecast is due in November 2018.

Chair Freeman stated that with the addition of the control tower in the next few years, there will be a dramatic increase in traffic just because there are student pilots that have to land at a towered airport, and they are no longer going to land at BNA but will go to JWN. He hoped the numbers were realistic because that alone would significantly increase landings and activity at JWN.

Mr. Roach stated that AECOM had done studies of various airports which had gone through the transition from non-towered to towered and understood that discussion for the potential installment of an air traffic control tower at JWN was occurring.

President Kreulen stated that staff will follow up on the question about the increase of operations once a tower opened, and that AECOM will also follow up.

Ms. Martin provided a summary of the JWN Fixed Base Operators (FBO) at JWN. She reported that from 1989 to 1991 Tune Aviation Corporation operated the FBO at JWN. In 1991 Corporate Flight Management (CFM) assumed the FBO lease. In 1993 that lease was extended for 5 years with \$600,000 investment for the new FBO terminal, 20 t-hangars and associated apron. In 1998 the lease was extended for 5 years with CFM assuming oversight of additional hangars. On August 30, 2004 the parties went month-to-month to allow for an RFP for FBO services. The RFP was issued and CFM was selected as the winning proposer. On

November 18, 2005, MNAA and CFM entered into new 22 year lease agreement with a termination date of August 17, 2027. The new lease required CFM to spend \$1,142,500 in improvements.

Ms. Martin provided a summary of the current FBO lease terms. The leasehold encompasses 75,819 sf including Hangars 1 & 3, auto parking space, fuel farm, 43 tie-downs and the terminal building. The current annual rent for leased premises is \$161,105.67 with a 3% increase annually [\$2.12 psfpy]. Current fuel flowage fee per gallon to MNAA: \$0.06. With regard to current landing fees, CFM charges a "facility fee" on a sliding scale and no percentage is paid to MNAA. Section 5.4 of the agreement states that "company agrees to pay authority a landing fee . . . as such fee may reasonably be established by Authority from time to time . . ." CFM must spend \$5,000 during each 5-year term to replace furnishings in public areas of terminal building. MNAA is responsible for airfield maintenance, routine maintenance of buildings, landscaping, grass cutting, apron sweeping and snow removal.

President Kreulen stated that Commissioner Farnsworth had requested staff look at this lease in terms of the Master Plan update. After reviewing the terms of CFM lease, it doesn't look like a very good deal for JWN with CFM getting a 22-year lease for \$1.1 million. He commented that general aviation airports don't make a lot of money, so in trying to figure out how to break even, and as a tower is added in the future, we have to figure out how we are going to raise the revenue pay the controllers to operate the tower. Staff performed this analysis to show where money is coming from and how to go forward. The terms of the current lease are not favorable to JWN in terms of generating revenue needed.

Ms. Martin reported that with the current development process, developers contact MNAA on a first come/first serve basis. Staff provides layout of available parcels, negotiates a contract and the lease agreement is brought to Board for approval.

Ms. Martin provided an outline of next steps including placing a moratorium on development for the next six months to complete the following tasks: 1) hire additional staff including a Manager, Real Estate with an estimated January 2019 start date, and Airport Planner with estimated March 2019 start date, 2) develop JWN Strategic Land Development Plan and Process to be completed by May 2019, and 3) update Development Standards (circa 1993 document) to be completed by May 2019. Ms. Martin noted that the draft ACIP would be due to TDOT in December 2018 and the finalized ACIP due to TDOT March 2019.

VI. Adjourn

There being no further business before the GAOPE Committee, Chair Freeman adjourned the meeting at 9:32 a.m.



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Amanda C. Farnsworth  
Board Secretary

# ✈ METROPOLITAN NASHVILLE AIRPORT AUTHORITY ✈

## November 7, 2018 – Minutes of the Joint Meeting of the MNAA Finance, Administration, and Properties Committee and MPC Finance/Administration/Properties Committee



**Date:** November 7, 2018

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

**Time:** 9:30 a.m.

**Committee Members Present:**

Christy Smith Chair; Bill Freeman, Vice Chair,  
Bobby Joslin, Nancy Sullivan, and Mayor's  
Representative, Matt Wiltshire

**Committee Member Absent:**

None

**Others Present:**

Doug Kreulen and Cindy Barnett

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I. Call to Order

Chair Smith called the meeting of the Metropolitan Nashville Airport Authority (MNAA) and MNAA Properties Corporation (MPC) Finance, Administration, and Properties (FAP) Committee to order at 9:38 a.m., pursuant to Public Notice dated November 2, 2018.

Chair Smith called for a moment of silence for the Veteran who took his life at the International Plaza Building earlier that morning.

II. Approval of Minutes

Chair Smith called for a motion to approve the Minutes of the October 10, 2018, FAP Committee meeting. A motion was made by Commissioner Freeman and seconded by Mayor's Representative Wiltshire. The motion carried by vote of 5 to 0.

III. Chair's Report

Chair Smith had no Chair's Report.

IV. Items for Approval

- A. Short Term Credit Facility Initial Resolution – MNAA Resolution No. 2018-11, and
- B. Short Term Credit Facility Official Intent Resolution - MNAA Resolution No. 2018-12

Ms. Marge Basrai, CFO, briefed the Finance, Administration and Properties Committee (FAP) Committee on these items. Staff requested that the FAP Committee recommend approval to the Board of Commissioners for the following MNAA Resolution No. 2018-11, Initial Resolution pertaining to a credit facility to finance a portion of the cost of the Authority's capital improvement program and MNAA Resolution No. 2018-12, Official Intent Resolution to finance a portion of the cost of the Authority's Capital Improvement Program and directing the Authority to publish a notice of public hearing and to conduct such hearing in compliance with the United States Internal Revenue Code.

Background:

Staff requested that the FAP Committee recommend approval to the Board of Commissioners of MNAA Resolutions No. 2018-11, Initial Resolution, and 2018-12, Official Intent Resolution, in connection with the Short term credit facility. Resolution 2018-11 is required by state law and provides notice that the Authority intends to issue debt secured by its revenues. Resolution 2018-11 will be published in accordance with state law following adoption. Resolution 2018-12 is required by federal law and memorializes MNAA's intent to reimburse itself for expenditures of its own funds and/or proceeds of the Short Term Credit Facility by the issuance of revenue bonds in the future and authorizes the Chief Financial Officer to conduct a public hearing for the revenue bonds. The Notice of Public Hearing will be published in accordance with federal law following adoption of Resolution 2018-12.

The Short Term Credit Facility Terms and Conditions are summarized below:

- Provider of facility Bank of America, N.A. or an affiliate
- Note Purchase Agreement, evidenced by one or more notes
- Aggregate amount not to exceed \$300 million
- Term of each note not to exceed earlier of three (3) years from date of issuance or facility termination date
- Facility termination date earlier of five (5) years from initial closing date or mandatory tender date
- Mandatory tender date each anniversary of initial closing date commencing with 2<sup>nd</sup> anniversary
- Notes bear variable rates of interest which may be tax-exempt, tax-exempt subject to AMT, and taxable
- Secured by a pledge of net airport revenues subordinate to certain obligations of the Authority, including the Authority's Airport Revenue Bonds

The Authority expects to issue multiple notes under the Short Term Credit Facility prior to the facility termination date. Issuance in excess of \$300 million requires additional Authority approval. The Authority also expects to refinance notes under the Short Term Credit Facility through the issuance of long-term revenue bonds.

Impact/Findings:

MNAA staff is negotiating the terms of the Short Term Credit Facility with Bank of America, N.A., as approved by the MNAA Board of Commissioners at its October 17, 2018 Board meeting. MNAA staff requests this additional Board of Commissioners approval to proceed with necessary legal requirements to implement the Authority's goals of consummating the Short Term Credit Facility.

Strategic Objectives:

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

A motion was made by Mayor's Representative Wiltshire and seconded by Commissioner Freeman to approve MNAA Resolution No. 2018-11, Initial Resolution pertaining to a credit facility to finance a portion of the cost of the Authority's capital improvement program. The motion carried by vote of 5 to 0.

A motion was made by Mayor's Representative Wiltshire and seconded by Commissioner Freeman to approve MNAA Resolution No. 2018-12, Official Intent Resolution to finance a portion of the cost of the Authority's Capital Improvement Program and directing the Authority to publish a notice of public hearing and to conduct such hearing in compliance with the United States Internal Revenue Code. The motion carried by vote of 5 to 0.

V. Information Item

A. Quarterly Treasury Investment Report

Ms. Basrai briefed the FAP Committee on this item. At the December 8, 2017 meeting of the MNAA FAP Committee, the Committee was informed that a considerable amount of the Authority's funds were maintained in cash and cash equivalents. The FAP Committee approved a motion to direct the staff to begin moving funds currently held at SunTrust Bank directly to Goldman Sachs for immediate investment. At the December 13, 2017 Board of Commissioners Meeting, the Board of Commissioners authorized the Interim President & CEO to immediately open investment accounts with Goldman Sachs & Company to invest the Authority's funds and to authorize the Interim President and CEO, in coordination with the incoming CFO, to determine if

additional staff is needed and/or an independent investment advisor is needed to address the cash management and investment strategy for Authority Funds.

On December 13, 2017 the asset allocation at the Authority was as follows:

Cash and Cash Equivalents	\$	179,495,013	53.2%
Commercial Paper		17,373,007	5.1%
Agency/T reasury Money Market Funds		140,787,490	41.7%
Total Funds 12/13/17	\$	<u>337,655,510</u>	

The following transfers have been made to the new Goldman Sachs & Company money market accounts through June 30, 2018:

- Between December 18, 2017 and December 29, 2017, MNAA transferred \$100,255,012
- In the 3rd quarter of 2018, \$50,000,000 was transferred to the accounts
- In the 4th quarter of 2018, \$18,000,000 was transferred to the accounts

During the 1<sup>st</sup> Quarter of FY 2019, an additional \$24,900,000 was transferred into the Goldman Sachs & Company money market accounts. As of September 30, 2018, the new asset allocation at the Authority was as follows:

Cash and Cash Equivalents	\$	28,764,857	10.5%
Commercial Paper		14,922,901	5.4%
Agency/T reasury Money Market Funds		230,577,033	84.1%
Total Funds as of 9/30/18	\$	<u>274,264,791</u>	

The listing of all accounts at September 30, 2018 is shown in Attachment 1, which also indicates the ending balances for each month in the quarter.

The total portfolio return throughout the quarter was \$1,106,832 or 1.62%. Included in that return was \$669,576 earned during the first quarter FY2019 on the new money market accounts that were opened in December 2017. In comparison, the total portfolio returns for the first quarter as of September 30, 2017, was \$490,840 or 0.57%.

#### Investment Program Review:

On December 29, 2017, the President and CEO hired PFM Asset Management LLC ("PFMAM") to perform a review of the Authority's current treasury investment policy dated November 16, 2011, including consultation about permitted investments, asset allocation parameters and industry best practices. PFMAM also analyzed



the Authority's investment program, prepared cash flow analysis, developed investment strategies, created performance benchmarks for the investment portfolio and developed reports for the board.

This project was completed, and the recommendations were presented to the FAP Committee at the May 9<sup>th</sup> meeting.

On May 18, 2018, MNAA engaged PFMAM, on a month-to-month basis, to assist Treasury with the implementation of the recommendations and provide comprehensive investment advisory services. The following steps are in-process:

- MNAA has begun transferring money to the custodial account with U.S. Bank in order for PFMAM to start investing.
- PFMAM and MNAA have identified various bank accounts that will be pooled together and are currently evaluating which accounts can be closed.
- MNAA is evaluating/updating the ERP system capabilities to efficiently record the pooled bank account transactions and allocation of investment earnings.
- MNAA has established an account with the Tennessee Department of Treasury to invest in their Local Government Investment Pool (LGIP) as recommended by PFMAM's investment policy review.
- MNAA conducted interviews with four candidates for the Director of Treasury position on November 1<sup>st</sup>, with the support of PFMAM. An offer is being finalized.
- MNAA Finance and Legal are finalizing the Treasury Investment Policy prepared by PFMAM.

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

#### B. Quarterly Retirement/OPEB Investment Report

Ms. Basrai briefed the FAP Committee on this item. Ms. Basrai provided an overview of the Performance Report prepared by Wells Fargo for the 1<sup>st</sup> Quarter of FY2019. The Wells Fargo report covers the period from July 1, 2018, through September 30, 2018.

Background:

##### MNAA Retirement Plan

The fiscal year-to-date (three months) total portfolio return *gross* of fees was 3.10% compared to the designated Composite Benchmark of 3.25%. The three-month total portfolio return *net* of fees was 3.04%.

##### Asset Allocation Summaries – Retirement Plan (excludes Meridian)

Wells Fargo resets the asset allocations mid-month. As a result, market fluctuations may result in month-end allocations being temporarily and slightly outside of the limits established in the policy. On the next month's reset date, Wells Fargo brings all asset classes back into compliance with the stated policy. All exceptions

occurring during any quarter are reviewed by the Retirement Committee and additional action is taken, if needed.

As of July 31, 2018, all of the asset classes are in compliance with the Retirement Plan Investment Policy, effective August 17, 2016.

**Pension - Asset Allocation as of 7/31/2018 (based on market values) (excludes Meridian)**

Category	Balance	Allocation	Policy 8/17/16 - Present Min-Target-Max	Compliance	Max Allocation	Allocation Variance
Cash and Cash Equivalents	\$ 1,655,507.91	2.47%	0%-3%-100%	Yes	100.00%	97.53%
Bonds and Notes	\$ 21,640,236.44	32.22%	0%-32%-37%	Yes	37.00%	4.78%
Equities - Large Cap <sup>(a)</sup>	\$ 23,295,112.40	34.69%	0%-34.45%-60.14%	Yes	60.14%	25.45%
Equities - Mid Cap <sup>(a)</sup>	\$ 6,097,656.51	9.08%	0%-9.10%-9.10%	Yes	9.10%	0.02%
Equities - Small Cap <sup>(a)</sup>	\$ 3,526,940.54	5.25%	0%-5.20%-7.80%	Yes	7.80%	2.55%
Equities - International <sup>(a)</sup>	\$ 10,944,483.70	16.30%	0%-16.25%-22.75%	Yes	22.75%	6.45%
Total	\$ 67,159,937.50	100.00%				
(a) Total Equities (Large Cap, Small Cap, Mid Cap, Int'l)	\$ 43,864,193.15	65.31%	0%-65%-75%	Yes	75.00%	9.69%

As of August 31, 2018, all of the asset classes are in compliance with the Retirement Plan Investment Policy, 41-011, effective August 17, 2018.

**Pension - Asset Allocation as of 8/31/2018 (based on market values) (excludes Meridian)**

Category	Balance	Allocation	Policy dated 3/28/18 Changes implemented 8/17/18 - Present Min-Target-Max	Compliance	Max Allocation	Allocation Variance
Cash and Cash Equivalents	\$ 2,025,209.15	2.99%	0%-3%-100%	Yes	100.00%	97.01%
Bonds and Notes	\$ 24,826,076.25	36.68%	0%-37%-47%	Yes	47.00%	10.32%
Equities - Large Cap <sup>(a)</sup>	\$ 19,428,484.58	28.71%	0%-28.40%-40.50%	Yes	40.50%	11.79%
Equities - Mid Cap <sup>(a)</sup>	\$ 5,094,104.80	7.53%	0%-7.50%-9.70%	Yes	9.70%	2.17%
Equities - Small Cap <sup>(a)</sup>	\$ 2,924,360.97	4.32%	0%-4.30%-5.60%	Yes	5.60%	1.28%
Equities - International <sup>(a)</sup>	\$ 13,382,592.77	19.77%	0%-19.80%-25.60%	Yes	25.60%	5.83%
Total	\$ 67,680,828.52	100.00%				
(a) Total Equities (Large Cap, Small Cap, Mid Cap, Int'l)	\$ 40,829,543.12	60.33%	0%-60%-70%	Yes	70.00%	9.67%

As of September 30, 2018, all of the asset classes are in compliance with the Retirement Plan Investment Policy, 41-011, effective August 17, 2018.

**Pension - Asset Allocation as of 9/30/2018** (based on market values) (excludes Meridian)

Category	Balance	Allocation	Policy dated 3/28/18	Compliance	Max Allocation	Allocation Variance
			Changes implemented 8/17/18 - Present Min-Target-Max			
Cash and Cash Equivalents	\$ 2,021,980.55	3.00%	0%-3%-100%	Yes	100.00%	97.00%
Bonds and Notes	\$ 24,578,284.90	36.48%	0%-37%-47%	Yes	47.00%	10.52%
Equities - Large Cap <sup>(a)</sup>	\$ 19,108,810.21	28.36%	0%-28.40%-40.50%	Yes	40.50%	12.14%
Equities - Mid Cap <sup>(a)</sup>	\$ 5,031,557.15	7.47%	0%-7.50%-9.70%	Yes	9.70%	2.23%
Equities - Small Cap <sup>(a)</sup>	\$ 2,890,646.49	4.29%	0%-4.30%-5.60%	Yes	5.60%	1.31%
Equities - International <sup>(a)</sup>	\$ 13,742,969.98	20.40%	0%-19.80%-25.60%	Yes	25.60%	5.20%
Total	\$ 67,374,249.28	100.00%				
(a) Total Equities (Large Cap, Small Cap, Mid Cap, Int'l)	\$ 40,773,983.83	60.52%	0%-60%-70%	Yes	70.00%	9.48%

**Asset Valuation Summaries – Retirement Plan**

Below are the Asset Valuation Summaries for the first quarter of fiscal year 2019.

**Asset Valuation Summary - MNAA & Meridian**

Month	Cost	Market	Unrealized Gain/Loss
7/31/2018	\$ 54,436,615.43	\$ 67,182,601.02	\$ 12,745,985.59
8/31/2018	\$ 56,418,936.60	\$ 67,694,729.21	\$ 11,275,792.61
9/30/2018	\$ 56,317,280.02	\$ 67,388,149.97	\$ 11,070,869.95

**Asset Valuation Summary - MNAA** (Excludes Meridian)

Month	Cost	Market	Unrealized Gain/Loss
7/31/2018	\$ 54,419,295.02	\$ 67,159,937.50	\$ 12,740,642.48
8/31/2018	\$ 56,407,407.80	\$ 67,680,828.52	\$ 11,273,420.72
9/30/2018	\$ 56,305,751.22	\$ 67,374,249.28	\$ 11,068,498.06

**Asset Valuation Summary - Meridian Only**

Month	Cost	Market	Unrealized Gain/Loss
7/31/2018	\$ 17,320.41	\$ 22,663.52	\$ 5,343.11
8/31/2018	\$ 11,528.80	\$ 13,900.69	\$ 2,371.89
9/30/2018	\$ 11,528.80	\$ 13,900.69	\$ 2,371.89

Asset Valuation Summary – Meridian Only – 08/31/2018:

“On August 15, we reflected distributions of \$6,841.62 and \$772.07 (total \$7,613.69) for liquidated investments with no gain/loss reported. The Meridian fund account balance is down to \$13,900.69.” - Per Laurie Adams with Wells Fargo email dated 9/14/18

Asset Valuation Summary – Meridian Only

“When the assets came over to us, everything was liquidated for cash except for the Meridian assets. They couldn’t be liquidated because of the Madoff issues. Liquidations have been slow, but the account is dwindling. Since Shelley isn’t managing those assets, we had to put them in a separate account. When we do get cash proceeds, they post to the Meridian account then we transfer them to the main account for investment.” – Per Laurie Adams @ Wells Fargo on 12/1/17

Reconciliation Summary – Retirement Plan

Below is the Pension Reconciliation Summary for the first quarter of fiscal year 2019.

**Pension Summary 1st Qtr FY 2019 - MNA (market value)**

	7/31/2018	8/31/2018	9/30/2018	1Q FY-to-Date
Beginning Market Value	66,200,906.27	67,159,937.50	67,680,828.52	66,200,906.27
Total Cash Receipts	15,724.52	16,059.01	19,622.44	51,405.97
Total Cash Disbursements	(317,119.95)	(278,678.86)	(278,678.86)	(874,477.67)
Change in Fair Market Value	1,260,426.66	783,510.87	(47,522.82)	1,996,414.71
Ending Market Value	67,159,937.50	67,680,828.52	67,374,249.28	67,374,249.28

**Pension Summary 1st Qtr FY 2019 - Meridian (market value)**

	7/31/2018	8/31/2018	9/30/2018	1Q FY-to-Date
Beginning Market Value	21,221.47	22,663.52	13,900.69	21,221.47
Total Cash Receipts	-	-	-	-
Total Cash Disbursements	-	(7,613.69)	-	(7,613.69)
Change in Fair Market Value	1,442.05	(1,149.14)	-	292.91
Ending Balance	22,663.52	13,900.69	13,900.69	13,900.69

**Pension Summary 1st Qtr FY 2019 - MNA & Meridian (market value)**

	7/31/2018	8/31/2018	9/30/2018	FY-to-Date
Beginning Market Value	66,222,127.74	67,182,601.02	67,694,729.21	66,222,127.74
Cash Receipts	15,724.52	16,059.01	19,622.44	51,405.97
Cash Disbursements	(317,119.95)	(286,292.55)	(278,678.86)	(882,091.36)
Change in Fair Market Value	1,261,868.71	782,361.73	(47,522.82)	1,996,707.62
Ending Balance	67,182,601.02	67,694,729.21	67,388,149.97	67,388,149.97

MNAA OPEB

The fiscal year-to-date (three months) total portfolio return *gross* of fees was 3.08% compared to the designated Composite Benchmark of 3.29%. The year-to-date total portfolio return *net* of fees was 3.04%.

Asset Allocation Summaries – OPEB

Wells Fargo resets the asset allocations mid-month. As a result, market fluctuations may result in month-end allocations being temporarily and slightly outside of the limits established in the policy. On the next month's reset date, Wells Fargo brings all asset classes back into compliance with the stated policy. All exceptions occurring during any quarter are reviewed by the Pension Committee and additional action is taken, if needed.

As of July 31, 2018, all but one of the asset classes were in compliance with the Retirement Plan Investment Policy, 41-011, effective March 28, 2018. The Equities – Mid Cap category exceeded the maximum target allocation by .02%. *These allocation exceptions were due to market fluctuations occurring from the date of the mid-month allocation reset to the end of the month.*

**OPEB - Asset Allocation as of 7/31/2018 (based on market values)**

Category	Balance	Allocation	Policy 8/17/16 - Present Min-Target-Max	Compliance	Max Allocation	Allocation Variance
Cash and Cash Equivalents	\$ 757,159.83	2.94%	0%-3%-100%	Yes	100.00%	97.06%
Bonds and Notes	\$ 8,228,277.77	31.92%	0%-32%-37%	Yes	37.00%	5.08%
Equities - Large Cap <sup>(a)</sup>	\$ 8,926,545.45	34.63%	0%-34.45%-60.14%	Yes	60.14%	25.51%
Equities - Mid Cap <sup>(a)</sup>	\$ 2,349,933.74	9.12%	0%-9.10%-9.10%	No	9.10%	(0.02%)
Equities - Small Cap <sup>(a)</sup>	\$ 1,344,385.51	5.22%	0%-5.20%-7.80%	Yes	7.80%	2.58%
Equities - International <sup>(a)</sup>	\$ 4,170,927.28	16.18%	0%-16.25%-22.75%	Yes	22.75%	6.57%
Total	\$ 25,777,229.58	100.00%				
(a) Total Equities (Large Cap, Small Cap, Mid Cap, Int'l)	\$ 16,791,791.98	65.14%	0%-65%-75%	Yes	75.00%	9.86%

As of August 31, 2018, all of the asset classes are in compliance with the Retirement Plan Investment Policy, 41-011, effective August 17, 2018.

**OPEB - Asset Allocation as of 8/31/2018 (based on market values)**

Category	Balance	Allocation	Policy dated 3/28/18 Changes implemented 8/17/18 - Present Min-Target-Max	Compliance	Max Allocation	Allocation Variance
Cash and Cash Equivalents	\$ 779,037.66	2.99%	0%-3%-100%	Yes	100.00%	97.01%
Bonds and Notes	\$ 8,273,884.24	31.71%	0%-32%-42%	Yes	42.00%	10.29%
Equities - Large Cap <sup>(a)</sup>	\$ 8,106,238.70	31.07%	0%-30.80%-43.30%	Yes	43.30%	12.23%
Equities - Mid Cap <sup>(a)</sup>	\$ 2,127,901.85	8.16%	0%-8.10%-10.50%	Yes	10.50%	2.34%
Equities - Small Cap <sup>(a)</sup>	\$ 1,217,873.14	4.67%	0%-4.65%-6.00%	Yes	6.00%	1.33%
Equities - International <sup>(a)</sup>	\$ 5,584,625.10	21.41%	0%-21.45%-27.70%	Yes	27.70%	6.29%
Total	\$ 26,089,560.69	100.00%				
(a) Total Equities (Large Cap, Small Cap, Mid Cap, Int'l)	\$ 17,036,638.79	65.30%	0%-65%-75%	Yes	75.00%	9.70%

As of September 30, 2018, all of the asset classes are in compliance with the Retirement Plan Investment Policy, 41-011, effective August 17, 2018.

**OPEB - Asset Allocation as of 9/30/2018 (based on market values)**

Category	Balance	Allocation	Policy dated 3/28/18 Changes implemented 8/17/18 - Present Min-Target-Max	Compliance	Max Allocation	Allocation Variance
Cash and Cash Equivalents	\$ 781,471.89	3.00%	0%-3%-100%	Yes	100.00%	97.00%
Bonds and Notes	\$ 8,213,262.54	31.49%	0%-32%-42%	Yes	42.00%	10.51%
Equities - Large Cap <sup>(a)</sup>	\$ 8,023,544.78	30.76%	0%-30.80%-43.30%	Yes	43.30%	12.54%
Equities - Mid Cap <sup>(a)</sup>	\$ 2,103,559.79	8.07%	0%-8.10%-10.50%	Yes	10.50%	2.43%
Equities - Small Cap <sup>(a)</sup>	\$ 1,203,355.32	4.61%	0%-4.65%-6.00%	Yes	6.00%	1.39%
Equities - International <sup>(a)</sup>	\$ 5,756,550.26	22.07%	0%-21.45%-27.70%	Yes	27.70%	5.63%
Total	\$ 26,081,744.58	100.00%				
(a) Total Equities (Large Cap, Small Cap, Mid Cap, Int'l)	\$ 17,087,010.15	65.51%	0%-65%-75%	Yes	75.00%	9.49%

Asset Valuation Summaries - OPEB

Below are the Asset Valuation Summaries for the first quarter of fiscal year 2019.

**Asset Valuation Summary - OPEB**

Month	Cost	Market	Unrealized Gain/Loss
7/31/2018	\$ 24,283,670.88	\$ 25,777,229.58	\$ 1,493,558.70
8/31/2018	\$ 24,522,466.92	\$ 26,089,560.69	\$ 1,567,093.77
9/30/2018	\$ 24,597,809.56	\$ 26,081,744.58	\$ 1,483,935.02

Reconciliation Summary - OPEB

Below is the OPEB Reconciliation Summary for the first quarter of fiscal year 2019.

<b>OPEB Summary 1st Qtr FY 2019 - MNAA (market value)</b>				
	<b>7/31/2018</b>	<b>8/31/2018</b>	<b>9/30/2018</b>	<b>1Q FY-to-Date</b>
<b>Beginning Market Value</b>	25,310,443.05	25,777,229.58	26,089,560.69	25,310,443.05
<b>Total Cash Receipts</b>	16,551.80	21,318.90	56,254.96	94,125.66
<b>Total Cash Disbursements</b>	(12,150.31)	670.33	641.97	(10,838.01)
<b>Change in Fair Market Value</b>	462,385.04	290,341.88	(64,713.04)	688,013.88
<b>Ending Market Value</b>	25,777,229.58	26,089,560.69	26,081,744.58	26,081,744.58

Impact/Findings:

No action is required by the committee as this report is presented for informational purposes only.

Strategic Objectives:

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

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

C. Concessions Update

Margaret Martin, AVP, Business Development, briefed the FAP Committee on this item. Ms. Martin reported that the Fraport Food and Beverage RFP was released on October 30, 2018 and responses were due to Fraport by November 21, 2018. Fraport Retail/Services/News RFP was released November 6, 2018. Two RFP response workshops were held on November 1 and 7, 2018. The Fraport Advisory Board Meeting was held on November 1, 2018.

Mr. Ben Zandi, Fraport USA, introduced Ms. Vivica Brown, newly hired Vice President for Fraport-Nashville.

Ms. Martin reported that a review of the Fraport Transition Plan would be presented in December 2018, and a review of the analysis for a 15-year Concessions Contract would be presented in January 2019:

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

VI. Adjourn

There being no further business brought before the FAP Committee, Chair Smith adjourned the meeting at 10:09 a.m.



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Amanda C. Farnsworth, Board Secretary



# ✈ METROPOLITAN NASHVILLE AIRPORT AUTHORITY ✈

## November 7, 2018 - MNAA Audit Committee Minutes



**Date:** November 7, 2018

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

**Time:** 10:30 a.m.

**Committee Members Present:**

Amanda Farnsworth, Chair; Bill Freeman,  
Christy Smith and Mayor's Representative  
Matt Wiltshire

**Committee Member Absent:**

Dierks Bentley

**Others Present:**

Doug Kreulen and Cindy Barnett

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### I. Call to Order

Chair Farnsworth called the meeting of the MNAA Audit Committee to order at 11:12 a.m. pursuant to Public Notice dated November 2, 2018.

### II. Approval of Minutes

Chair Farnsworth called for a motion to approve the minutes of the July 11, 2018 Audit Committee Meeting. A motion was made by Commissioner Freeman and seconded by Mayor's Representative Wiltshire. The motion carried by vote of 4 to 0.

### III. Item for Approval

Chair Farnsworth reported there were no items for approval.

### IV. Information Items

#### A. FY18 External Financial Audit Report

Mark Nicolas, Partner, Dixon Huges Goodman, LLP (DHG) briefed the Audit and Compliance Committee on the FY18 external financial audit. He provided the following reports to the Committee:

- Final Report to the Audit Committee, including signed Management Representation Letter
- Financial Statements and Other Information - Years Ended June 30, 2018 and 2017
- Retirement Plan Financial Statements and Required Supplementary Information - Years Ended June 30, 2018 and 2017
- Schedules of Collections and Expenditures of Passenger Facility Charges - For Each Quarter During the Year Ended June 30, 2018

Background:

Dixon Hughes Goodman LLP (DHG) was hired by MNAA to provide an external audit of the financial statements, the Passenger Facility Charge (PFC) program, and the Retirement Plan for FY18.

This audit must be conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Final documentation includes the basic financial statements with an audit opinion, a report on internal controls over financial reporting, a schedule of expenditures of federal and state awards as required by Title 2 U.S. Code of Federal Regulations Part 200, and any other reports and schedules deemed necessary.

Impact/Findings:

DHG was on-site June 11, 2018, to June 22, 2018, conducting interim testing. They returned to conduct fieldwork from August 6, 2018, to August 31, 2018. DHG has issued an unmodified opinion on the MNAA's fiscal year 2018 financial statements and Retirement Plan audits as well as compliance with the PFC program. However, DHG determined that MNAA met the definition of a significant deficiency and issued two audit findings for the disposal of capital assets and capitalized interest.

FY18 Audit Findings

DHG did not identify any deficiencies in internal controls considered to be material weaknesses.

DHG detected two audit findings considered to be significant deficiencies.

1. Disposal of Capital Assets

- A lack of formalized processes and internal controls allowed an escalator to be disposed in the amount of \$4,167,000, which was still in service. It was noted that repairs were made to extend the useful life of the escalator; therefore, the original asset should not have been disposed of.
- There were two other capital assets in the amount of \$2,131,000 and \$1,308,000 respectively that were disposed of without formal authorization.

2. Capitalized Interest

- During the construction of a capital asset, an organization is allowed to capitalize a certain amount of interest incurred from the debt obtained for the construction of the asset. The significant deficiency in capitalized interest was due to a computational error in the calculation of capitalized interest, which mistakenly included principal payments. The result was an overstatement of capitalized interest and understatement of expenses in the amount of \$3,180,000.

The Authority's corrective action plan, dated 10/25/18, was provided to the Audit and Compliance Committee.

1. Finding 2018-001 Corrective Action: Disposal of Capital Assets

- Finance received a fixed asset disposal form from the maintenance department indicating that the escalator was disposed. Upon further review, it was determined that only a portion of the escalator was upgraded, resulting in the improper disposal of the entire asset. Management feels that this was a miscommunication between the two departments and an isolated incident. The infrastructure assets were reviewed for disposal at the time that the new assets were being capitalized. Finance communicated with the Development and Engineering department regarding the disposals and will continue this practice on a regular basis. Finance will review their policies and procedures to ensure proper internal controls over the disposal of capital assets are documented. Finance will update Procedure 3-106, Capital Assets, accordingly, and provide training to all responsible employees.
- Proposed Completion Date: June 30, 2019

2. Finding 2018-002 Corrective Action: Significant Deficiency - Capitalized interest

- Finance is currently evaluating an early adoption of GASB 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*, which precludes interest expense incurred before the end of

construction period will not be included in the historical cost of the capital assets. If early adoption is feasible, this would eliminate the calculation needed to capitalize interest. If the Authority is not able to early adopt this statement, then Finance will document the process in which the interest will be capitalized. Finance will update Procedure 3-106, Capital Assets, accordingly, and provide training to all responsible employees.

- Proposed Completion Date: June 30, 2019

#### FY17 Anti-Fraud Controls Review

DHG reported they do not intend to repeat the finding of a significant deficiency in internal controls over disbursements, which was identified in the FY17 External Audit report. Management has made significant progress in implementing the recommendations. The Authority's updated corrective action plan, dated 8/3/18, was provided to the Audit and Compliance Committee.

- Five items have been completed
  - o Tone from the Top
  - o Fraud Reporting and Related Governance
  - o Monitoring of the Fraud Hotline
  - o Vendor Master File List Review
  - o Conflict of Interest Forms/Training
- Two items have been partially completed and planned for completion by 12/31/18
  - o PCard Monitoring
  - o Potential Time Theft
  - o Lack of 3-way Match
  - o Cash Advances
- Two items are planned for completion by 6/30/19
  - o Enterprise-Wide Fraud Risk Assessment
  - o External Fraud via lack of Cybersecurity Controls

Mr. Nicolaus discussed MNAA's financial statements of net position, statements of revenues, expenses and changes in net position, statements of cash flows and notes to the financial statements. Mr. Nicolaus then reported on the required supplementary information such as Schedule of Changes in Net Pension Liability (Asset), Schedule of Pension Contributions, Schedule of Changes in Net OPEB Liability and Schedule of OPEB Contributions. Other information included in the report was a combined Schedule of Net Position Information by Entity, Combining Schedule of Revenues, Expenses and Changes in Net Position Information by Net Position Information by Entity, Schedule of Airport Revenue Bonds, Principal and Interest Requirements by Fiscal Year and Notes to Schedule of Expenditures of Federal and State Awards.

Mr. Nicolaus then discussed the Compliance Section of the handout, covering Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards, Financial Statement Findings and Responses, Management's Corrective Action Plan and Prior Year Findings.

Chair Farnsworth commended Marge Basrai, CFO, for her work since joining MNAA.

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

**B. Audit/Fraud Update**

Ms. Julie Zwicknagel, Internal Audit Coordinator reported that internal audit has completed three audits this year. Open findings as of last year were 326 with 8 new findings in the first quarter of FY19 for a total of 334. 22 findings were closed in the first quarter leaving 312 remaining open items.

Ms. Zwicknagel noted that 267 of the 312 open findings (86%) are from PCI Audits. A breakdown of open findings was discussed by department as of first quarter FY19.

Ms. Lisa Lankford gave an update on key corrective actions including MNAA Ethics and Conflict of Interest Policy, improved processes for tracking, improved DPS procedure for managing invoice approval and time substantiation for the G4S contract, BDD staff review of pay apps in ProCore to ensure accuracy of SMWBE payments, and removal of non-compliant IT devices. As of the past quarter, all employees have been trained

on the new Ethics Policy and HR has a process in place so that every new employee will be trained when they are hired.

Ms. Lankford gave an update on fraud/red flag reporting. At the end of FY18 there were 2 fraud hotline reports pending investigation and closeout. There was no evidence of sharing of confidential information or removal of surplus material/equipment. Both of these investigations have been closed with no issues. There were 2 new fraud hotline reports submitted in FY19. One was for theft of small assets. There was a full investigation and there was no evidence of misappropriation of assets. The second was for excessive time in kitchen. An investigation was done and no misallocation of time was found. Both of these investigations have been closed. It has been reinforced with all employees the proper use of the fraud hotline. It is used to report things such as ethics, conflict of interest, and grievances.

Chair Farnsworth stated that the fraud hotline has been a real positive. President Kreulen agreed.

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

#### C. Public Safety Update

W. David Griswold, AVP, Department of Public Safety gave an update on public safety at MNAA. Chief Griswold presented a chart of officer initiated versus dispatched calls that compared August-October 2017 with August-October of 2018. Total Calls for Aug-Oct 2018 was 16,478.

Chief Griswold presented a chart showing where those calls came from as follows:

This data is collected from the computerized dispatch system. The Alarms column includes doors, bag belt and taxiway alarms. Calls of Service included 700 unattended bags and 500 customer service calls. Checks are foot patrols throughout the terminal and TSA checks. President Kreulen stated the checks are all mandates that MNAA has to do to maintain the TSA1542 security requirements.

Chief Griswold stated that his department is working with the Airport Communications Center to try to clear some calls without sending an officer every time. This can be done by cameras and phone calls.

Commissioner Freeman requested that a break-down in aircraft incidents be added to future reports.

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

V. Adjourn

There being no further business brought before the Audit Committee, Chair Farnsworth adjourned the meeting at 11:50 a.m.



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Amanda C. Farnsworth  
Board Secretary

# ✈ Metropolitan Nashville Airport Authority ✈

## Minutes of the MNAA Diversity and Workforce Development Committee

**Date:** November 7, 2018      **Place:** Nashville International Airport Board Room  
Nashville, Tennessee

**Time:** 10:00 a.m.

**Committee Members Present:** Christy Smith, Chair; Matt Wiltshire, Vice Chair;  
A. Dexter Samuels

**Committee Members Absent:** John Doerge; Trey Harwell

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

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I. Call to Order

Chair Smith called the meeting of the Diversity and Workforce Development (DWD) Committee to order on November 7, 2018, at 10:50 a.m., pursuant to Public Notice dated October 5, 2018.

II. Approval of Minutes

Chair Smith called for approval of the Minutes of the November 7, 2018, Diversity Committee Meeting. A motion was made by Commissioner Wiltshire and seconded by Board Chair Samuels. The motion carried by vote of 3 to 0.

III. Chair's Report

Chair Smith had no Chair's Report.

IV. Item for Approval

A. Approval of Compensation Study Recommendations

ADK Consulting and Executive Search conducted research and review of salary information for all MNAA positions and developed a competitive salary structure. MNAA Executive and Senior Staff reviewed and approved 1) all salary structures and 2) each employee's position within their grade. Staff recommended approval to: 1) move forward with the salary adjustments in the amount of \$2,230,123 (including fringe benefit rate), bringing the total salary compensation for current employees from \$27,981,276 to \$30,211,399; 2) age the salary ranges annually; and 3) conduct a comprehensive salary analysis every three years.



## 1) Background

Gale LaRoche, Senior Vice President/CHRO, ADK Consulting & Executive Search, presented the background of the Compensation Study.

### Methodology

- ADK utilized six external survey tools as well as conducted their own wage survey to which 14 comparable airports responded. These airports were Cincinnati, Columbus, Detroit, Fort Myers, Hobby, Indianapolis, New Orleans, Oakland, Pittsburgh, LaGuardia, Raleigh-Durham, Salt Lake City, John Wayne and Tampa.
- ADK compiled the survey data and prepared a report that compared MNAA's employee's salaries to the survey data in the market.

### Wage Databases used in the Compensation Study

- ACI-NA Wage Database – 2017
- ADK Consulting & Executive Search Airport Wage Survey
- Economic Research Institute
- Middle Tennessee Salary, Wage & Benefits Survey
- Pay scale
- Robert Half – 2018 Salary Guide
- US Bureau of Labor Statistics

### ADK Recommendations

- ADK recommended that MNAA update its salary grade tables which set the minimum, midpoint and maximum economic value for each job.
- ADK also provided data by which MNAA leadership could recommend salary adjustments to bring current employees' base pay in line with the local and airport markets.

## 2) Compensation Study Recommendations

Karisse Spray, AVP, Human Resources, presented the review process, employee and financial impacts, related statistics and final recommendations.

### MNAA Review:

- Considerations included each employee's tenure, time and title, internal equity relative to one another and room for new hire employees.
- Ms. Spray reviewed the data from a diversity standpoint to assure no adverse impact and that necessary corrections identified in the affirmative action plan were addressed.
- MNAA Executive and Senior Staff reviewed and approved 1) all salary structures, and 2) each employee's position within their grade.

- MNAA Executive Staff reviewed employee impact by level in the organization, gender and ethnicity.

Employee Impact:

- 128 job titles were reclassified to be properly positioned in the redesigned salary grade tables
- 36 job titles were updated to make them more easily understood in the industry as well as to create consistency within the internal job families

Salary Adjustment Statistics:

- 210 individual salary increases are proposed to bring the impacted employees to a competitive position in the market and to align internal equity. This represents an increase for 70% of the total employee population.
  - 153 male and 57 female
  - 157 Caucasian and 53 minority
- The other 92 employees (30%) were already being compensated at a competitive salary.
- Upper band increases were important to provide each salary grade a range minimum, a midpoint and a maximum. In the 2014 survey there were a significant number of employees whose upper band was decreased, placing the employee at the range maximum and immediately making them in-eligible for increases.
- 287 salary band increases are proposed to bring the impacted employees to a competitive salary band in the market. This represents an increase for 95% of the total employee population.
  - 209 male and 78 female
  - 218 Caucasian and 69 minority
- The other 15 employees (5%) were already positioned in a competitive salary band.
- Ms. Spray reported that additional statistics were available in the staff analysis provided in the Committee packet.

Financial Impact:

Ms. Spray discussed the overall financial impact of the 210 salary increases, which will add an additional \$1.497 M to payroll, plus the 49% benefit rate that includes taxes, health and welfare benefits and retirement benefits. The fringe benefit rate will add \$732 K, for a total impact of \$2.230 M.

	<b>Current Salary</b>	<b>Proposed Salary</b>	<b>Difference</b>
Total Salary	\$18,779,380	\$20,276,107	\$1,496,727
Fringe Rate (49%)	\$9,201,896	\$9,935,292	\$733,396
<b>Total</b>	<b>\$27,981,276</b>	<b>\$30,211,399</b>	<b>\$2,230,123</b>

Schedule:

This will be implemented on January 5, the start of the first pay period of 2019. Ms. Spray also recommended aging the ranges annually to insure salary ranges are keeping pace and competitive with the market, and conducting a survey every three years.

Effective: January 5, 2019  
Next Aging: July 1, 2019 (annual)  
Next Study: July 1, 2022 (triennial)

A motion was made by Mayor's Representative Wiltshire and seconded by Board Chair Samuels to recommend approval of the Compensation Study Recommendations. The motion carried by vote of 3 to 0.

IV. Information Items

None

V. Adjourn

There being no further business, Chair Smith declared the meeting adjourned at 11:20 a.m.



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Amanda C. Farnsworth, Board Secretary

# ✈ METROPOLITAN NASHVILLE AIRPORT AUTHORITY ✈

## November 7, 2018 – Minutes of the Meeting of the BNA Vision Committee



**Date:** November 7, 2018

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

**Time:** 10:45 a.m.

**Committee Members Present:**

**Bobby Joslin, Chair; Nancy Sullivan, and  
Mayor's Representative, Matt Wiltshire**

**Committee Member Absent:**

**John Doerge, Vice Chair**

**Others Present:**

**Doug Kreulen and Cindy Barnett**

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I. Call to Order

Chair Joslin called the meeting of the Metropolitan Nashville Airport Authority (MNA) BNA Vision Committee to order at 11:21 a.m., pursuant to Public Notice dated November 2, 2018.

II. Approval of Minutes

Chair Joslin called for approval of the Minutes of the October 10, 2018, BNA Vision Committee Meeting. A motion was made by Mayor's Representative Wiltshire and seconded by Commissioner Sullivan. The motion carried by vote of 3 to 0.

III. Chair's Report

Chair Joslin stated he had nothing to report. He stated a subcontractor who was having some issues had called him. Chair Joslin complimented Ms. Traci Holton, Chief Engineer, for intervening to resolve the issues.

IV. Items For Approval

A. Approval of Terminal Lobby/IAF Contract Award and CGMP 1 of 6

Ms. Holton briefed the BNA Vision Committee on this item. Staff requested that the BNA Vision Committee recommend to the Board that it accept the proposal by Hensel Phelps for the Progressive Design-Build Contract for the Terminal Lobby and International Arrivals Facility (IAF) project at Nashville International Airport

(BNA) and authorize the Chair and President & CEO to execute the Component Guaranteed Maximum Price #1, (CGMP#1).

**Background:**

The Terminal Lobby and IAF project will include a new iconic high roof canopy extending from the new parking garage to the new IAF. The canopy will provide coverage over the roadways and curbside access to the Terminal as well as a new pedestrian walkway connecting the parking garage to the Terminal. An open air pedestrian bridge will connect the terminal with the new garage B/C plaza, the administrative building, future development and the future train station to improve accessibility to and from the airport terminal. The terminal will also include a new expanded Security Screening Checkpoint (SSCP). The SSCP is located central to the Terminal providing easy access to departing passengers. The SSCP will include biophilia opportunities through low maintenance vertical garden walls. The terminal renovation will also include new concessions, airline club space and T-gates serving 6 international/domestic swing gates. The new International Arrivals Facility (IAF) provides a new Customs and Border Protection (CBP) Area with primary and secondary processing complete with a pedestrian tunnel moving the passengers from the CBP to the Terminal and Ground Transportation areas. A new central circulation core is added to optimize and facilitate inbound and outbound passenger flow and connect vertically all the levels from the Ground Transportation Center to the new pedestrian bridge. A new open concept central concession area called "Marketplace" is planned on the departure level between the SSCP and the new T-gates to increase the level of service and amenities available to domestic and international passengers.

After the new IAF is constructed, the existing International Arrivals Building (IAB) will be demolished in its entirety. The design of Concourse A will remain in its current condition. The temporary IAB corridor constructed in 2017 will be demolished with patch and repair to the existing Concourse A building as required. All new wall infills, and finishes will match the adjacent existing finishes.

The Progressive Design-Build contract establishes a Guaranteed Maximum Price (GMP) based on the 60% design drawings. For scheduling purposes, 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 that the total budget remains on target through the progression of ongoing design and construction work. The design-to-budget established for this project was \$327,670,629. 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 unless scope increases. Currently it is expected this project will require up to 6 CGMP's prior to reaching the final GMP.

A Request for Proposals was advertised on August 13, 2018 and August 20, 2018.

On September 25, 2018, three (3) proposals were received from AECOM Hunt/Turner Joint Venture, Hensel Phelps and McCarthy Building Company.

The proposals were evaluated on the following criteria:

1. Mandatory Requirements
2. Team/Individual Qualifications, Experience
3. Technical Approach
4. SMWBE Participation and Workforce Development Program
5. Pricing

The selection committee determined the following firms to be highest qualified: Hensel Phelps and AECOM Hunt/Turner JV.

On October 16, 2018 the selection committee conducted interviews of these top candidates asking additional questions on SMWBE, workforce development, team experience, project approach, labor market, design to budget and meeting schedule.

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

<b>Contractor</b>	<b>Proposal and Interview Score</b>		<b>MBE %</b>	<b>WBE%</b>	<b>SBE%</b>
		<b>CGMP1</b>	<b>7.95%</b>	<b>11.53%</b>	<b>4%</b>
AECOM Hunt/Turner	612	\$57,929,044	7.95%	11.53%	4%
Hensel Phelps	778	\$50,156,781	8.50%	11.53%	5%

The selection committee determined Hensel Phelps to be the most qualified for the project, based on the following:

1. The company, Project Manager and Project Team have extensive and recent experience on airport terminal and international arrivals facilities projects of equivalent size and complexity. This team has extensive experience in the Design-Build Delivery Method.
2. Superior understanding and approach to design and construct the project. HP has advanced and developed a highly effective structural concept to reduce the number of columns by over 60%, reducing impacts during construction and achieving a more open atrium area significantly more in line with BNA Vision's original intent.
3. Highly detailed understanding of phasing and working within critical operational areas.
4. Understanding local labor market with effective outreach plan.
5. Effective SMWBE and Workforce Development approach to the project.

CGMP #1 includes Preconstruction Phase Services (design), Construction Phase Services (construction management) and contract percentages such as percentage fee equating to \$50,156,781.

The breakdown of Hensel Phelps subcontracting team as presented for CGMP#1 is as follows:

Proposer	Subcontractor	Discipline/Responsibility	SBE	MWBE	Local Firm	BNA Experience
Hensel Phelps	Fentress Architects	Architect of Record				Yes
	TMP	Associate Architect			Yes	Yes
	Feltus Hawkins	Associate Architect		WBE	Yes	Yes
	IC Thomasson	Mechanical, Electrical, Plumbing & Fire Protection Design			Yes	Yes
	Innovative Engineering Services LLC	Plumbing and Fire Protection Design		MBE	Yes	
	Burns Engineering	Technology Design				Yes
	Arora	Technology Assist		MBE	Yes	Yes
	Barge Design Solutions	Civil			Yes	Yes
	Magnusson Klemencic Associates (MKA)	Structural Design				Yes
	Logan Patri Engineering	Structural Assist		MBE	Yes	Yes
	Jones Worley	Signage and Wayfinding		MBE		Yes
	EJ Odom	Technology Assist		MBE	Yes	Yes
	Langan	Geotechnical Lead				Yes
	Geotek	Geotechnical Assist		MBE	Yes	Yes
	R.C. Mathews	Local General Contractor Liaison			Yes	Yes
	Connico Incorporated	SMWBE Compliance		WBE	Yes	Yes
	TransSolutions	Terminal Planning		MBE		Yes
	Pillars	CM Staffing		MBE		
	Wiss, Janney, Elstner Inc.	Life Safety				Yes
	Aero Bridge Works Inc.	Airside Layout and Design				Yes
Edmonds	Fire Protection and Smoke Evacuation	SBE		Yes	Yes	

MNAA has evaluated the proposals and determined the proposal from Hensel Phelps to be responsive and responsible and recommend award of the Progressive Design-Build Contract to Hensel Phelps.

**Impact/Findings:**

MNAA SMWBE Participation Level:	7.95% MBE and 11.53% WBE and 4% SMBE
Hensel Phelps Participation Level:	8.50% MBE and 11.53% WBE and 5% SMBE
Anticipated Contract Start Date:	November 15, 2018
Duration of Contract:	2000 Calendar Days
Contract Completion Date:	May 8, 2024
Component Guaranteed Maximum Price 1	\$50,156,781
Component Guaranteed Maximum Price 2	TBD
Component Guaranteed Maximum Price 3	TBD
Component Guaranteed Maximum Price 4	TBD
Component Guaranteed Maximum Price 5	TBD

Component Guaranteed Maximum Price 6	TBD _____
Total Guaranteed Maximum Price	\$327,670,629.00 NTE
Funding Source:	100% MNAA

Strategic Objectives:

- Invest in MNAA
- Plan for the Future

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 Mayor's Representative Wiltshire and seconded by Commissioner Sullivan to recommend to the Board that it accept the proposal by Hensel Phelps for the Progressive Design-Build Contract for the Terminal Lobby and IAF project at BNA and authorize the Chair and President & CEO to execute the CGMP#1. The motion carried by vote of 3 to 0.

B. Approval of Terminal Garage/Admin Building CGMP 2 of 3

Ms. Holton briefed the BNA Vision Committee on this item. Staff requested that the BNA Vision Committee recommend to the Board that it authorize the Chair and President & CEO to execute the proposed Amendment 1 for CGMP #2 that includes site work, utilities and special systems for the Terminal Garage and Airport Administration Building project at Nashville International Airport Progressive Design-Build contract.

Background:

The Terminal Area Parking will consist of three garage projects. Garage A is currently under construction. Garages B and C will be constructed in the footprint of the existing short-term garage to be demolished. Garage B (approximately 1,800 spaces) and a P3 Commercial development are to be constructed at a later date. Garage C (approximately 3,000 spaces) and the Airport Administration Building (approximately 64,000 SF) comprise this project which is Project 2A of the BNA Vision. Also, as a part of this project, MNAA reserves the option to construct Garage B as an extension of the contract or use the design development drawings of Garage B to construct Garage B and the future development as a future separate solicitation.

The Progressive Design-Build contract establishes a Guaranteed Maximum Price (GMP) based on the 60% design drawings. For scheduling purposes, 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 that the total budget remains on target through the progression of ongoing design and construction work. The design-to-budget established for this project was \$144,600,000.



Currently the project is trending upward 5-7% from its initial scope due to design progression and detail refinement, impact of field conditions and constructability considerations. In an ongoing effort to realign the costs with budget, the Design-Build team continues to seek out cost reductions through value engineering, design improvements, improved construction methods and competitive bidding. Project costs are currently being evaluated and will continue to be managed to ensure the overall project budget of \$176,630,000 is not exceeded.

On July 18, 2018, the Board approved the selection of Messer and CGMP #1 for the design, general conditions and concrete frame. This amendment is for CGMP #2 and includes the following items: site utilities, grading, water quality and detention, masonry, precast concrete, elevators, structural and miscellaneous steel, plumbing, mechanical, fire protection, electrical, parking control & guidance equipment.

Staff is requesting the Board to authorize Messer, via an amendment to their contract, to begin entering into subcontract agreements to deliver the scope for CGMP #2. In doing so, Messer will negotiate final scopes of work and final bid prices for each individual package of work and bring that information to Metropolitan Nashville Airport Authority (MNAA) staff for review and approval. The MNAA maintains final approval on all subcontracts for this project.

The Small, Minority, Woman-Owned Business Enterprise (SMWBE) participation level set by MNAA for this project is 8.69% MBE and 12.62% WBE and 4% SMBE. Messer has committed to meeting the goal.

Impact/Findings:

MNAA SMWBE Participation Level:	8.69% MBE and 12.62% WBE and 4% SMBE
Messer Participation Level:	8.69% MBE and 12.62% WBE and 4% SMBE
Contract Start Date:	July 18, 2018
Duration of Contract:	800 Calendar Days Completion
Contract Completion Date:	September 25, 2020
Component Guaranteed Maximum Price 1	\$75,728,628
Component Guaranteed Maximum Price 2	<u>\$52,572,605</u>
Total Contract Price (CGMP 1-2)	\$128,301,233
Component Guaranteed Maximum Price 3	<u>TBD</u>
Guaranteed Maximum Price	\$144,600,000
Funding Source:	100% MNAA

Strategic Objectives:

- Invest in MNAA
- Plan for the Future

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 Mayor's Representative Wiltshire and seconded by Commissioner Sullivan to recommend to the Board that it authorize the Chair and President & CEO to execute the proposed Amendment 1 for CGMP #2 that includes site work, utilities and special systems for the Terminal Garage and Airport Administration Building project at Nashville International Airport Progressive Design-Build contract. The motion carried by vote of 3 to 0.

V. Information Items

Ms. Holton briefed the BNA Vision Committee on parking lot name changes that will go into effect as of Terminal Garage opening day.

<u>Existing Name</u>	<u>New Name</u>
Valet	Valet
Short Term	Terminal – Garage
Long Term A	Terminal – Lot A
Long Term B	Economy – Lot B
Economy	Economy – Lot C
BNA Express Park	BNA Express Park

Doug Kreulen stated that there is a communications plan, and that the signs are up now, but covered until the change goes into effects.

VI. Adjourn

There being no further business before the BNA Vision Committee, Chair Joslin adjourned the meeting at 11:38 a.m.

  
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Amanda C. Farnsworth, Board Secretary