METROPOLITAN NASHVILLE AIRPORT AUTHORITY

October 10, 2018 – Minutes of the General Aviation/Operations/Planning & Engineering Committee Meeting

Date: October 10, 2018

Time: 9:45 a.m.

Place: Nashville International Airport
Nashville, Tennessee

Committee Members Present: Bill Freeman, Chair; John Doerge, Vice Chair; Amanda Farnsworth and Nancy Sullivan

Committee Member Absent: None

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 9:00 a.m., pursuant to Public Notice dated October 5, 2018.

II. Approval of Minutes

Chair Freeman called for approval of the minutes of the August 8, 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 with Commissioner Doerge arriving after this vote.

III. Chair's Report

President Kreulen stated that the Committee meeting agenda and slides will mirror that of the Board meeting and the Chair's Report had been added, in the event there are items the Committee Chair would like to report on. President Kreulen stated that the new GAOPE Committee member appointments include Bill Freeman, Chair; John Doerge, Vice Chair; Nancy Sullivan and Amanda Farnsworth. Staff liaisons to each committee have been identified so one of the staff members are always available to assist in the event President Kreulen is not available. Mr. Robert Ramsey was designated as staff liaison for the GAOPE Committee.

IV. Items for Approval

A. Approval of Taxiway Lima East Reconstruction Contract Award

Ms. Traci Holton, Chief Engineer, briefed the Committee on this item. Staff requested that the General Aviation/Operations/Planning & Engineering Committee recommend to the Board that it accept the bid by Eutaw Construction Company, Inc. (Eutaw) for the Taxiway Lima East (T4 to B) Reconstruction project at Nashville International Airport (BNA) and authorize the Chair and President & CEO to execute the construction contract.

Background:

Taxiway Lima is a full length parallel taxiway located on the north side of Runway 13/31 and provides east/west access across the airfield. Taxiway Lima East, between taxiways Bravo and Tango-4, was originally constructed of asphalt in 1984. The keel section was last reconstructed in 2005. The current Pavement Condition Index (PCI) values in this area are between 55 and 65 (Poor to Fair).

The project consists of the reconstruction of Taxiway Lima East between Taxiway Bravo and Taxiway Tango-4. 30-foot asphalt shoulders will be added, where applicable, in accordance with FAA Advisory Circular 150/5300-13A, Change 1, Airport Design. The total reconstruction area is approximately 300,000 square feet. All airfield lighting, signage and electrical infrastructure within the project area will be fully replaced with LEDs.

An Invitation to Bid on the project was advertised on July 16, 2018 and July 19, 2018 and included one Base Bid Schedule.

On August 15, 2018, bids were received from Eutaw and Jones Bros. Contractors, LLC (Jones Bros.). Below is a tabulation of those bids:

Contractor	Base Bid	Disadvantaged Business Enterprise (DBE) %
Eutaw	$4,417,096.00	7.18% DBE
Jones Bros.	$5,436,799.20	7.42% DBE

Below is a tabulation of the prices for asphalt received:

Contractor	Bituminous Surface Course Price
Eutaw	$160/TON
Jones Bros.	$170/TON

The DBE goal established for the project was 7.04%. Eutaw was able to obtain 7.18% DBE participation. Eutaw's DBE subcontractors include Archangel Protective Services, Gibco Construction, Jen-Hill Construction and Jerry B. Young, LLC.

Eutaw's Bid was 3.15% higher than the Engineer of Record, Garver's, opinion of probable construction cost of $4,282,353.75 and 23.09% below the high bidder, Jones Bros.

The Metropolitan Nashville Airport Authority (MNAA) and Garver have evaluated the bids and determined the bid from Eutaw to be responsive and responsible and recommend award to Eutaw Construction Company, Inc.

Impact/Findings:

MNAA DBE Participation Level:	7.04%
Eutaw DBE Participation Level:	7.18%
Anticipated Contract Start Date:	March 2019
Duration of Contract:	105 Calendar Days
Contract Completion Date:	July 2019
Contract Cost:	$4,417,096.00
Funding Source:	75% Federal and 25% Bond

Strategic Objectives:

- Invest in MNAA

Options/Alternatives:

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

A motion was made by Commissioner Doerge and seconded by Commissioner Sullivan to recommend to the Board that it accept the bid by Eutaw for the Taxiway Lima East (T4 to B) Reconstruction project at BNA and authorize the Chair and President & CEO to execute the construction contract. The motion carried by vote of 4 to 0.

B. Approval of Aircraft Rescue and Fire Fighting Vehicle Purchase

Chief David Griswold, AVP, Department of Public Safety, briefed the Committee on this item. Staff requested that the General Aviation/Operations/Planning & Engineering Committee recommend to the Board of Commissioners that it accept the proposal by Rosenbauer for the purchase of a new Airport Rescue and Fire Fighting (ARFF) Vehicle and authorize the Chair and President & CEO to execute the purchase.

Background:

The Department of Public Safety (DPS) ARFF is designated as a Safety Index C under CFR Part 139 Section 139.315, and currently operates four vehicles for aircraft rescue and firefighting.

Fox 1: 2004 Rosenbauer (1,500 gallon)
Fox 2: 2004 Rosenbauer (3,000 gallon)
Fox 3: Oshkosh 2001 (3,000 gallon)
Fox 4: Rosenbauer Airwolf Rapid Response 2013

This ARFF vehicle has a High Reach Extendable Turret (HRET) with piercing capabilities, and carries 3,170 gallons of water, 400 gallons of foam and 500 lbs. of dry chemical. The truck will be equipped with hands-free radio operations, a tablet loaded with aircraft information and charts, rescue tools, medical supplies and all the equipment necessary to fight exterior and interior fires. It is a current industry leading vehicle, and will improve all aspects of responding to aircraft emergencies.

This truck will be replacing the 2004 Rosenbauer 3,000 gallon truck, Fox 2, which is currently still in use at DPS. Disposition will be evaluated, and it may either be held as an additional future resource or sold.

Due to the uncertainty of securing qualified bidders for this item in an open bid, we utilized a national purchasing agreement to insure a mechanism was in place for procurement. MNAA's Purchasing Department approved the use of a Sourcewell (formerly National Joint Powers Alliance) contract which was awarded under a cooperative purchasing agreement utilizing a nationally competitive public solicitation process. A proposal was requested from Rosenbauer to supply a new and unused, well-designed, self-contained and properly engineered diesel-powered ARFF vehicle.

Specifications include:

- The ARFF vehicle shall consist of a crew cab on a 6x6, custom chassis with single tires. It is to be all-wheel drive, single engine diesel powered, with an automatic transmission.
- The fire-fighting package shall include a water tank with a minimum capacity of 3170 gallons (12,000 liters) and a liquid foam agent concentrate tank with a working capacity sufficient for two tank loads of water at the maximum tolerance specified in NFPA 412.
- The unit shall contain all component parts necessary for a water/foam proportioning system capable of expelling agent through a cab controlled High Reach Extendable Turret (HRET), a bumper turret, gated discharge(s), twin agent hand line and pre-connected handline(s). The vehicle shall be capable of discharging water only, proportioned water and foam, or auxiliary agent through the HRET, bumper turret or handline(s).
- The system shall be operable from the cab and exterior of the vehicle.
- The ARFF vehicle shall be designed for aircraft fire fighting with on/off road capabilities, which allow the vehicle to respond to aircraft accident sites across terrain otherwise inaccessible to standard highway equipment.
- The vehicle shall be designed and constructed to facilitate operation by a single fire fighter if needed, when steering, operating the turret and pumping in the water/foam and dry chemical mode.
- The vehicle shall be designed for maximum stability and maneuverability under all operating conditions and all conditions of loading.
- The vehicle shall have all-wheel drive to permit the vehicle to perform both on and off road in all weather conditions.

- The unit shall comply with all requirements of FAA Advisory Circular #150-5220-10E and NFPA 414 standards in effect at time of bid.

Rosenbauer Minnesota, LLC submitted a proposal in September 2018 as follows:

One (1) Rosenbauer Panther 6x6 with HRET	$955,762
Requested loose equipment and radios	$114,466
Manufacturers/Sourcewell discount	-$10,000
Total	$1,060,228

This total amount is within the approved CIP budget amount of $1,200,000. The FY19 CIP was approved by the Board of Commissioners on April 18, 2018.

Impact/Findings:

MNAA SMWBE Participation Level:	Race and Gender Neutral
Anticipated Purchase Date:	October 2018
Lead Time:	395 days
Anticipated Receipt Date:	December 2019
Contract Cost:	$1,060,228
Funding Source:	100% MNAA Airline Investment Fund

Strategic Priorities:

- Invest in MNAA
- Prepare for the Unexpected

Options/Alternatives:

Do Nothing: The "Do Nothing" option requires MNAA to continue to operate the aging 2004 Rosenbauer vehicle, and resubmit for approval in the FY19 CIP.

A motion was made by Commissioner Farnsworth and seconded by Commissioner Doerge to recommend to the Board that it accept the proposal by Rosenbauer for the purchase of a new ARFF Vehicle and authorize the Chair and President & CEO to execute the purchase agreement. The motion carried by vote of 4 to 0.

V. Information Item

A. Airport Master Plan Forecast / Runway Analysis

Mr. Ramsey introduced Mr. Jeff Roach, AVP of Strategic Planning, who joined MNAA from Fairbanks, Alaska, and has numerous years of experience in aviation.

Mr. Ramsey introduced Alan A'Hara, VP of Aviation with AECOM, to brief the Committee on the Master Plan Forecast and Runway Analysis.

Mr. A'Hara reported on the Aviation Activity Forecast and Annual Enplanements, stating the activity projections are the basis for a significant portion of the planning as part of the Airport Master Plan and among those we are also interested in the passenger enplanement projections. Mr. A'Hara provided an overview of historic and projected passenger enplanement and annual aviation operations statistics.

Mr. A'Hara defined Critical Aircraft as an aircraft used as the basis for design of airfield and terminal facilities to FAA standards and requires more than 500 takeoffs and landings per year by the aircraft to qualify. The current critical aircraft is B757 (Design Group IV). Mr. A'Hara recommended to upgrade critical aircraft to B787 (Design Group V) which is a larger aircraft requiring greater runway and taxiway separations and clearance areas, greater taxiway turning radii and pavement widths, and larger terminal gate parking positions.

Mr. A'Hara provided an overview of the current BNA fleet and market demand shift as smaller aircraft are being phased out and replaced by larger, newer aircraft which require longer and stronger runways. Required takeoff length is affected by three main factors: longer range such as International destinations; aircraft weight, and temperature.

Mr. A'Hara provided a summary of the runway length analysis which included:

- Air Service to All Europe/Tokyo & Seoul/China & Middle East
- Foreign Flag Carriers and Representative Airline Fleets;
- International Flights – runway length needed for 100% payload
- Hot Day/Airport Elevation/Runway Slope
- Result: Plan for 11,500~12,000-foot runway length

Mr. A'Hara also provided an overview of runway extension options including:

- Option 1: Extending Runway 02L to the South
- Option 2: Extending Runway 02R to the South
- Option 3: Extending Runway 02R-20L to the North and South

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

VI. Adjourn

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

Amanda C. Farnsworth
Board Secretary

METROPOLITAN NASHVILLE AIRPORT AUTHORITY

October 10, 2018 – Minutes of the Joint Meeting of the MNAA Finance, Administration, and Properties Committee and MPC Finance/Administration/Properties Committee

Date: October 10, 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**

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 9:37 a.m., pursuant to Public Notice dated October 5, 2018.

II. Approval of Minutes

Chair Smith called for a motion to approve the minutes of the August 8, 2018, FAP Committee meeting. A motion was made by Commissioner Joslin and seconded by Commissioner Freeman. The motion carried by vote of 5 to 0.

President Kreulen stated that the Committee meeting agenda and slides will mirror that of the Board meeting and the Chair's Report had been added, in the event there are items the Committee Chair would like to report on. President Kreulen also provided the roster of new Committee members and stated that he and Ms. Marge Basrai would be the staff liaisons to the FAP Committee.

III. Chair's Report

Chair Smith stated to Committee and Staff that she would be relying on Commissioner Freeman as Vice-Chair, should there be any item that comes to Committee related to her employer, Wells Fargo Bank or Wells Fargo Advisors, as she would defer on those items.

IV. Items for Approval

A. Airport Financing Feasibility Consultant Services Award

Ms. Marge Basrai, CFO, briefed the FAP Committee on this item. Staff requests that the FAP Committee recommend to the Board that it accept the statement of qualification by Landrum & Brown, Inc. to provide general feasibility services related to the bond issue process and rates and charges analysis and negotiations at BNA; accept the statement of qualification by DKMG Consulting, LLC to provide general feasibility services related to certain financial analysis (evaluate effects on airline charges, Passenger Facility Charge Applications, and related services at Nashville International Airport (BNA); and authorize the Chair and President & CEO to execute the proposed agreements.

Background:

MNAA plans to issue long-term debt to finance most of the projects under the BNA Vision. As a part of this process, MNAA will use a qualified Airport Feasibility Consultant(s) to assist with the issuance of General Airport Revenue Bonds and other debt. The selected Consultant(s) will work cooperatively with the Authority and other airport finance team consultants with respect to the Airport construction and development projects. MNAA intends to use the Feasibility Consultant(s) to provide the following services:

I. Bond Issue Process – Provide Feasibility Consultant Report, Prepare stakeholder presentation/information (investors, underwriters, rating agencies, etc.)

II. Rates and Charges Analysis and Negotiations – Interpret FAA policy on Rates and Charges; Evaluate modifications to rates and charges; Assist in negotiations with the Airlines on rates and charges

III. Financial Analysis – Evaluate effects on airline charges; Passenger Facility Charge (PFC) applications; and related services.

These financial services fall under Section 1.6 of the Procurement Policy as "Exceptions to Policy" and are exempt from the requirements of the open, competitive process through the Procurement Department. However, to ensure due diligence when evaluating potential Feasibility Consultants, MNAA used PFM to issue a direct solicitation for Request for Qualifications (RFQ) on the Authority's behalf. On August 17, 2018, MNAA sent an RFQ for Airport Feasibility Consultant Services at BNA to four qualified airport consultants. On September 7th, 2018, three Statement of Qualifications were received: DKMG Consulting, LLC; Landrum & Brown, Inc.; and Unison Consulting.

The selection committee for the RFQ consisted of four individuals: MNAA Chief Financial Officer; MNAA Chief Operating Officer; PFM Managing Director and PFM Senior Managing Consultant. Two members of PFM were used in the selection process due to their role as Financial Advisor to MNAA and their extensive experience with Feasibility Consultants. Between September 12th – 17th, 2018, the committee reviewed the Statements of Qualifications based on four criteria:

1) Resources and Team Composition
2) Qualifications and Experience
3) Analysis and Approach to feasibility reports and negotiations, and timeline to prepare first draft of report
4) Business and Diversity Development efforts (goal not established)

Each committee member ranked each firm from 1-3 (one being the most favorable) on each of the four criteria to determine the overall ranking.

The overall rankings from the Statement of Qualifications are listed below:

Firm	Overall Ranking
Landrum & Brown	1
DKMG	2
Unison	3

Landrum & Brown, Inc. was deemed the most qualified based on their experience with preparing feasibility reports and rates and charges negotiations at large and medium hub airports. Based on the RFQ criteria, they were selected to provide the services discussed on in the background section related to the Bond Issue Process and Rates and Charges Analysis and Negotiations. Landrum and Brown's team includes two subconsultants - AVK Consulting, Inc. and Partners for Economic Solutions. These subconsultants are certified DBE's and have currently applied with MNAA to be certified in Tennessee. The approximate scope of work assigned to the subconsultants is anticipated to be the following:

- 35% of the scope of the Bond Issue Process
- 10-15% of the Rates & Charges Analysis and Negotiations

DKMG Consulting, LLC was deemed overall to be the second most qualified firm. They are currently assisting MNAA (under a separate agreement) with the Authority's PFC Application #23 and working with the FAA to get this approved. Given the existing PFC application work, similar PFC work they are providing to other airports and their qualifications, they were selected to provide the services related to Financial Analysis – PFC Applications. DKMG Consulting, LLC is a certified DBE in Tennessee.

Under both agreements, each party agrees to provide these specified services on projects. For each specific project, a Task Order will be issued describing the services to be performed, pricing, commencement date of the project and estimated performance period. The fees for each Task Order will be negotiated. Task Orders can either be issued for a fixed fee or as-needed basis based on hourly rates, depending on the specific project. Both agreements will allow for a three-year term with two, one-year optional renewals. The agreements can be canceled at any time with 30 days' notice.

Impact/Findings:

Anticipated Agreements Start Date:	October 17, 2018
Term of Agreements:	Three-years, with option for two one-year extensions
Agreement Amounts:	Fees negotiated by individual Task Order
Funding Sources:	Bond; O&M

Strategic Objectives:

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

Options/Alternatives:

Reject the staff selection and reissue the RFQ, which could delay the Airline negotiations and first bond issuance in 2019.

A motion was made by Mayor's Representative Wiltshire and seconded by Commissioner Joslin to accept the statement of qualification by Landrum & Brown, Inc. to provide general feasibility services related to the bond issue process and rates and charges analysis and negotiations at Nashville International Airport (BNA); accept the statement of qualification by DKMG Consulting, LLC to provide general feasibility services related to certain financial analysis (evaluate effects on airline charges, Passenger Facility Charge Applications, and related services) at Nashville International Airport (BNA); and authorize the Chair and President & CEO to execute the proposed agreements. The motion carried by vote of 5 to 0.

B. Approval to Begin Negotiations for Short Term Credit Facility

Ms. Basrai briefed the FAP Committee on this item. Staff requests that the FAP Committee recommend to the Board that it approve the selection of a Direct Lending Short-Term Credit Facility with Bank of America Merrill Lynch (BAML) and allow MNAA to proceed with negotiations. In addition, if agreement of terms and conditions cannot be negotiated with BAML, staff requests approval to negotiate with the next best option for the Authority.

Background:

In late 2016, MNAA entered into a taxable short-term credit facility with Sun Trust Bank for up to $100 million to temporarily start funding the BNA Vision projects under construction. As of October 3, 2018, the Authority has drawn $24.3 million on this facility. At the August FAP and Board meetings, staff reviewed the cash flow projections for the BNA Vision which anticipates reaching the $100 million limit on the current short-term credit facility in late 2018. This triggered the need to obtain a larger, short-term financing program through a Request for Proposal (RFP) process. The new short-term credit financing program will pay off the short-term credit facility with Sun Trust, will be used during the entire construction period and will be refinanced with multiple, long-term bond issues.

On August 17, 2018, PFM released a Request for Proposal (on behalf of the Authority) to provide a short-term financing program. The RFP allowed for various types of proposals to achieve greatest flexibility:

- Direct lending and public issuance of debt
- $150-$300 Million
- Lending position (on parity with other debt or subordinate to other debt)
- Rates for Taxable, Tax Exempt, and AMT

This RFP was distributed to over 55 bank contacts and accessed by over 40 bank contacts. On September 12, 2018, 10 proposals were received: 5 Direct Lending Proposals and 5 public issuance of note proposals (commercial paper and floating rate notes). Some of these proposals had two different options presented. There were also 4 limited responses received expressing interest in serving in other capacities (dealer, underwriters, etc.)

The following criteria were used to evaluate all short-term financing programs proposed:

1. Availability of $300 million to ensure flexibility
2. Cost of Short-Term Financing Program:
    - Interest rates and on-going commitment fees
    - Lending position

3. Program Risks and Program Administration:
   - Direct Lending vs. Public Debt
   - Duration of Program/Commitment Term
4. Acceptability of Business Terms

Based on the criteria and a review of the proposals, preference was given to subordinate, direct lending proposals for longer duration. This resulted in two banks being short-listed – BAML and Sun Trust.

Short Listed Direct Lending Proposals:

Interest rates proposed are variable based on an index (ex. – 80% of 1M LIBOR + 25bps) and tax status. For preliminary planning purposes and comparison, the interest rates shown below are variable rate based on 1 Month LIBOR as of 9/26/18.

	BAML(A)	BAML(B)	SunTrust
5-year Term	T/E ~2.33% TX ~2.89%	T/E ~2.04% TX ~2.55%	T/E ~2.34% TX ~2.89%
Commitment Fee	~ 0.25% until $150M is drawn	~ 0.15% until $150M is drawn	N/A
Business Terms	Full Credit and Risk Approval obtained		Covenant to maintain all deposit accounts, etc. Subject to Credit Approval

BAML(A) and Sun Trust proposals shown above are similar in structure and were compared first:

- Both offered $300 Million on a subordinate basis with a 5-year commitment term (to lock in spreads)
- The interest rates proposed were similar
- BAML(A) had a commitment fee of 25 bps on the unused portion of the credit facility until $150 million is drawn, then it is removed
- Sun Trust had no commitment fee on any of the unused portion of the credit facility based on the cash flow projections provided by MNAA in the proposal
- BAML(A) had already obtained the full credit and risk approval on the credit facility
- Sun Trust had two business terms that were concerning:
  a) Covenant included in the proposal stated that MNAA must agree to maintain its existing deposit and treasury management business with Sun Trust Bank, including all deposit accounts, disbursement accounts and lockbox accounts
  b) The Proposal letter indicated that the proposal was an expression of interest by the Lender in the proposed financing, does not contain all required terms and conditions, and should

not be construed to be a commitment, offer, or agreement to provide the proposed financing. The credit and risk approval were still to be conducted.

BAML(B) proposal shown on the table, is the second option proposed by BAML. This unique option was provided to reduce interest rates/costs for MNAA.

- Ability to have a 5-year agreement with the spreads locked in, however, it is renewed each year. This allows for better pricing (one-year commitment pricing) but allows BAML the option to renew or not each year. BAML indicates they are committed to providing MNAA with the 5-year commitment and intends to renew each year, barring any material changes to MNAA's credit.
- Commitment fee on the unused portion of the credit facility under $150 million drops to 15 bps.
- BAML has already obtained the full credit and risk approval on the credit facility.

Impact/Findings

Based on the review of the three short listed proposals, staff recommends proceeding with Short-Term negotiations with BAML based on the following:

1. Full credit and risk approval of the $300 million
2. Program cost, including unique pricing to reduce interest rate(s)
3. Favorable business terms (no covenant to maintain banking relationships, etc.)

MNAA will evaluate and consider variations of BAML Option B to reduce interest rates while managing renewal risk.

At the November FAP Committee and Board Meeting, the final short-term financing terms will be presented and staff will ask for financing authorizations.

Strategic Objectives

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

Options/Alternatives

1. Do nothing and make no recommendation. Potential issue: could use the entire current short-term credit facility prior to issuing long-term bonds in the public market leaving funding shortage for BNA Vision.

2. Direct the Staff to pursue negotiations on a different option.

Ms. Basrai stated that the SunTrust solicitation included a covenant to maintain all deposit accounts with SunTrust, which would limit future banking opportunities. SunTrust's submittal was an expression of interest and subject to credit approval.

A motion was made by Commissioner Joslin and seconded by Mayor's Representative Wiltshire to approve the selection of a Direct Lending Short-Term Credit Facility with BAML and allow MNAA to proceed with negotiations. In addition, if agreement of terms and conditions cannot be negotiated with BAML, staff can negotiate with the next best option for MNAA. The motion carried by vote of 5 to 0.

V. Information Item

A. Concessions Update

Ms. Martin reported that the second Fraport Industry Day is set for October 17, 2018 from 9 a.m. to 12:00 p.m. at the Airport Marriot and information regarding the event is being disseminated through MNAA communication channels. Fraport has placed ads in various newspapers.

Ms. Martin reported that the Consolidated Receiving and Distribution Center (CRDC) plans were submitted to MNAA on September 24, 2018 for internal review, which would require coordination with TSA and Metro Codes. The CRDC is on target to be open and operational by February 1, 2019, which is the contractual obligation.

Ms. Martin stated that Fraport had identified a candidate for VP of Nashville Concessions and negotiations were ongoing. The design team selected LGA Partners, a master planning and design firm, to ensure the concessions spaces are ready for new tenants and common areas in the concourses. Fraport has hired the construction manager for the project.

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 10:02 a.m.

Amanda C. Farnsworth, Board Secretary

METROPOLITAN NASHVILLE AIRPORT AUTHORITY

October 10, 2018 – Minutes of the Diversity and Workforce Development Committee

Date: October 10, 2018

Place: Nashville International Airport
Nashville, Tennessee

Time: 10:00 a.m.

Committee Members Present: Christy Smith, Chair; Matt Wiltshire, Vice Chair; John Doerge, Trey Harwell and A. Dexter Samuels

Committee Member Absent: None

Others Present: Doug Kreulen and Cindy Barnett

I. Call to Order

Chair Smith called the meeting of the Diversity and Workforce Development (DWD) Committee to order on October 10, 2018, at 10:07a.m., pursuant to Public Notice dated October 5, 2018.

II. Approval of Minutes

Chair Smith called for approval of the Minutes of the July 11, 2018, Diversity Committee Meeting. A motion was made by Commissioner Doerge and seconded by Board Chair Samuels. The motion carried by vote of 3 to 0 with Mayor's Representative Wiltshire and Commissioner Harwell arriving after the vote.

III. Item for Approval

Approval of Disparity Study Contract

Donzaleigh Powell, Director of Business Diversity Development, briefed the DWD Committee on this item. Staff requested that the DWD Committee recommend to the Board of Commissioners that it accept the response to Request for Qualifications by Griffin & Strong, PLLC (Griffin & Strong) for the Disparity Study for the Metropolitan Nashville Airport Authority (MNAA); and, authorize the Chairman and President & CEO to execute the Professional Services Contract.

Background:

In 2012, MNAA commissioned its second Disparity Study and the process was undertaken by the law firm of Colette Holt and Associates. The study was commissioned to verify the continued need for a race and gender based program in accordance with current legal standards. This study measured the difference between the availability and the utilization of minority and women-owned firms by the MNAA in its procurements. The data gathered and analyzed covered the time period from January 1, 2008 through December 31, 2012. The Disparity Study gave rise to the recommendations that have developed and shaped the MNAA's current SMWBE and DBE programs and policies.

To remain current, our program must periodically examine whether a disparity continues to exist. As the MNAA's last Disparity Study analyzed data from 2008 to 2012, the data is now outdated. Current data is necessary to support our current race and gender-conscious contracting, both local and federal. Data to be reviewed in this Disparity Study will include the SMWBE, DBE and ACDBE programs.

Due to the complexity and skill set required for this project, a Request for Qualifications (RFQ) was advertised on August 7, 2018. On September 6, 2018, seven firms submitted qualification packages for the Disparity Study. Those firms were: BBC Research & Consulting (BBC), Colette Holt & Associates (CHA), Goodwille Pierre, LLC, Griffin & Strong, PC, Keen Independent Research, LLC, MGT of America (MGT) and Miller3 Consulting, Inc.

The review committee met on September 12, 2018 to score the qualifications. Four firms were shortlisted for interviews: BBC, Griffin & Strong, Keen Independent and MGT. After interviews, the review committee recommended Griffin & Strong. Griffin & Strong scored the highest with a score of 728 and 13.96% DBE participation. DBE participation included Communication Strategies.

Below is a tabulation of the scores:

Proposers	BBC Research & Consulting	Griffin & Strong	Keen Independent Research	MGT of America Consulting
Interview Totals	220	243	214	144
RFQ Eval Totals	438	485	470	465
Total Score	658	728	684	609

All four shortlisted firms were asked to provide a sealed envelope of their cost for the Disparity Study. Griffin & Strong's cost was $350,100, which is within the estimate of $750,000.

MNAA has evaluated the qualifications and determined the qualifications from Griffin & Strong to be responsive and responsible and recommend award to Griffin & Strong.

Impact/Findings:

DBE Participation Level:	13.33%
Committed DBE Participation:	13.96%
Anticipated Contract Start Date:	November 1, 2018
Duration of Contract:	365 days
Contract Completion Date:	November 1, 2019
Contract Cost:	$350,100
Funding Source:	Federal - 75% and Local – 25%

Strategic Goals & Objectives/Critical Success Factors:

- Invest in MNAA
- Plan for the Future

Options/Alternatives:

Do Nothing: The "Do Nothing" option will result in continued use of data from the previous study which may result in a potential challenge to and dismantling of the MNAA SMWBE program.

A motion was made by Board Chair Samuels and seconded by Commissioner Doerge to recommend to the Board of Commissioners that it accept the Response to Request for Qualifications by Griffin & Strong for the Disparity Study for the MNAA, and authorize the Chair and President & CEO to execute the Professional Services Contract. The motion carried by vote of 3 to 0 with Mayor's Representative Wiltshire and Commissioner Harwell arriving after the vote.

IV. Information Items

A. Diversity and Workforce Development Update

1) Quarterly Departmental Spend Report

Ms. Powell briefed the DWD Committee on this item. Ms. Powell reported that as mentioned at the July Diversity Committee meeting, we wanted to provide various diversity communications within the MNAA newsletter and digital displays, and also to continue to contact uncertified firms currently being used by departments to encourage those firms to seek certification and assist them in the process. Ms. Powell stated she had enjoyed continued discussions with departments, especially departments with lower spend levels to foster relationships and provide technical assistance. Ms. Powell stated that BDD is planning a fall Diverse Business EXPO to provide an opportunity for departments, particularly the departments that have the day to day buying power, to meet and talk to some of the certified professional services and goods and services firms to discuss the types of services offered, and to make departments aware of those firms when making purchases.

Ms. Powell stated the Quarterly Departmental spend report was included in the Committee's packet.

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

2) Benchmarking

Ms. Powell reported that Diversity Benchmarking is still apples to oranges. Each organization has different standards for certification and regulations. Some organizations such as MDHA accept all certifications, which is reflected by a higher diverse spend percentage. Ms. Powell explained that agencies showing 0% spend had not yet reported their data, and that the report would be updated when the data becomes available.

Ms. Powell provided an example of one of the SMWBE firms that became certified with MNAA in 2013. Leo Moreno of Utopia Building Group, LLC, who has grown his business while working on airport projects and has maximized the services offered by BDD. Mr. Moreno is currently a participant and has excelled in the Mentor Protégé Program. He will be moving into the Emerging Contractor Program which will provide him more one on one consulting for his business needs to be able to expand his capacity. Utopia was featured in the September Issue of the MNAA Newsletter.

Ms. Powell stated that BDD recently hosted the Engineering Connection II event, a networking opportunity for certified engineering and architectural firms to have open dialogue with local prime construction companies and prime architectural firms. BDD also hosted a Bonding Workshop in September 2018. Speakers for the event were Karen Barbour and Chris Smith of the Barbour Group who provided information regarding bonding, how sureties work and ways for businesses to protect themselves. Firms were able to meet with Barbour Group one-on-one following group sessions.

Ms. Powell stated that a new class of the Mentor Protégé program would begin in November.

BDD hosted its second ACDBE Round Table for feedback on communications received and to communicate updated information on the Fraport transition. Ms. Powell stated that they were involved in outreach in Projects 1, 2 and 3 of the BNA Vision and also the Fraport Industry events.

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

3) EEO Report

Ms. Karisse Spray briefed the Committee on this item. Ms. Spray reported that the Equal Employment Opportunity (EEO) report is reviewed quarterly against the American Community Survey (ACS) Labor Force for Nashville MSA. MNAA racial diversity is reflective of the Nashville MSA. Gender diversity challenges have been present in the non-exempt classification.

Impact/Findings:

FY18 4th Quarter EEO Summary

1. Based on MNAA's regular full-time and part-time workforce of 308 employees as of June 30, 2018
2. Data compared to the 2016 American Community Survey (ACS) Census Labor Force – Nashville MSA Data
3. Nashville Davidson County MSA is comprised of fourteen (14) counties: Cannon, Cheatham, Davidson, Dickson, Hickman, Macon, Maury, Robertson, Rutherford, Smith, Sumner, Trousdale, Williamson and Wilson
4. MNAA's workforce displayed by gender, race, Fair Standard Labor Act (FSLA) exemption and supervisory status

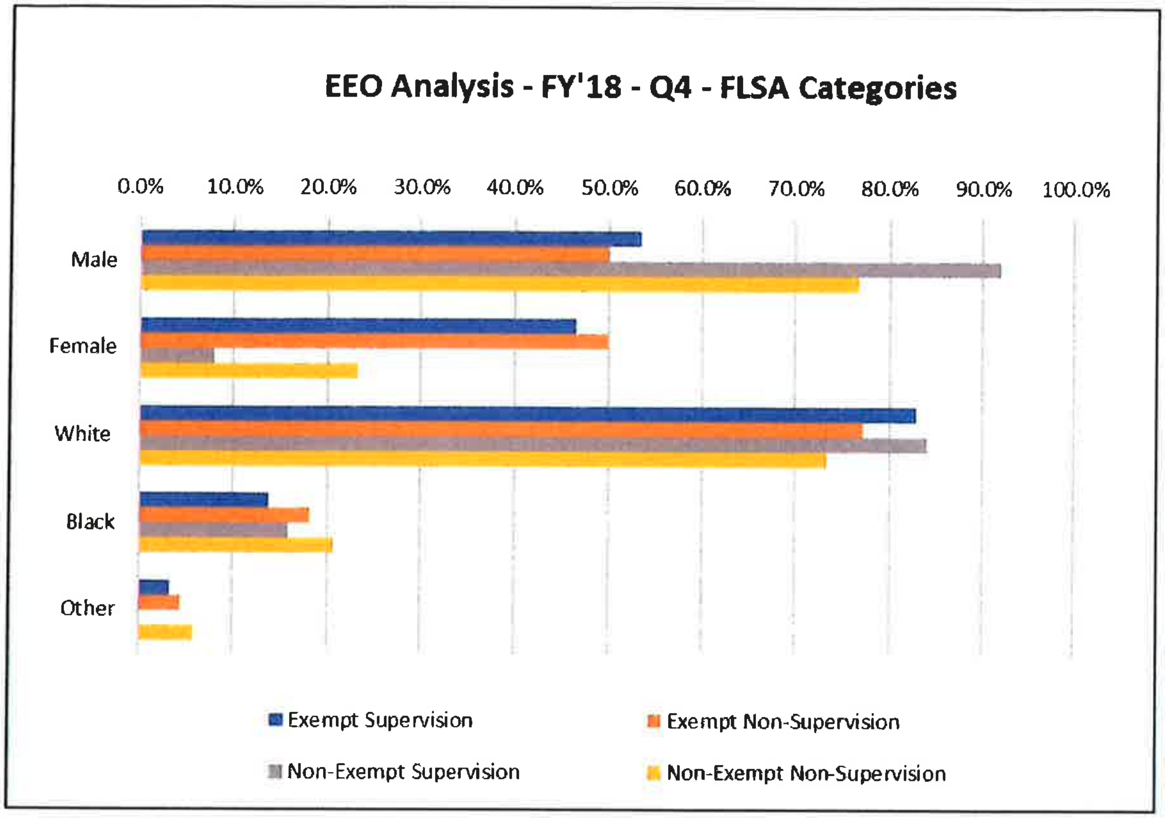
Racial Diversity

Race	2016 ACS Census	MNAA FY18-Q1	MNAA FY18-Q2	MNAA FY18-Q3	MNAA FY18-Q4
White	80%	75.0%	75.4%	75.7%	76.3%
Black	15%	20.0%	19.3%	18.8%	18.8%
Other	5%	5.0%	5.3%	5.5%	4.9%

Gender Diversity

Gender	2016 ACS Census	MNAA FY18-Q1*	MNAA FY18-Q2*	MNAA FY18-Q3*	MNAA FY18-Q4*
Male	53%	73.6%	72.4%	72.7%	71.8%
Female	47%	26.4%	27.6%	27.3%	28.2%

**Difference is predominantly shown in the non-exempt classification*



A. Key Activities

1. Recruitment activities currently include job fairs, job placement agencies and participation in the Metro High School Summer Internship Program

   a. Further leadership development and training in this area
   b. Internal partnerships with various organizations
   c. Expand external partnerships with local high schools and universities are planned for FY19:

      - McGavock High School
      - Cane Ridge High School
      - John Overton High School
      - Glencliff High School
      - Maplewood High School
      - Antioch High School
      - Middle TN State University
      - Tennessee State University
      - Vanderbilt University

2. Establishing partnerships to structure apprenticeship programs with local High Schools

3. Establishing partnerships with external agencies to expand recruitment efforts and developmental opportunities

4. Restructure collegiate internship program

Strategic Priorities:

- Invest in MNAA
- Plan for the Future

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

4) 2018 Affirmative Action Plan

Ms. Karisse Spray, AVP of Human Resources, briefed the DWD Committee on this item. Ms. Spray reported that the 2018 Affirmative Action Plan (AAP) was completed in June 2018, and provided to the Diversity Committee on October 10, 2018. Findings and recommendations have been reviewed, and the AVP of HR will continue to develop a 12-month plan of action for any potential disparities.

Impact/Findings:

A. 2018 Affirmative Action Plan

1. No placement Goals were identified. Although no placement goals were identified, good faith recruitment efforts will continue to target gender and minorities.
2. Potential problem areas were identified requiring further review for possible compensation disparities. The AVP of HR continues to monitor analysis of these areas. Review will be completed through the job description and compensation analysis to be completed October 2018.

B. Key Activities

1. Recruitment activities currently include job fairs, job placement agencies and participation in the Metro High School Summer Internship Program
   a. Further leadership development and training in this area
   b. Internal partnerships with various organizations
   c. Expand external partnerships with local high schools and universities are planned for FY19:
      - McGavock High School
      - Cane Ridge High School
      - John Overton High School
      - Glencliff High School
      - Maplewood High School
      - Antioch High School
      - Middle TN State University
      - Tennessee State University
      - Vanderbilt University
2. Establishing partnerships to structure apprenticeship programs with local High Schools
3. Establishing partnerships with external agencies to expand recruitment efforts and developmental opportunities
4. Restructure collegiate internship program

Strategic Priorities:

- Invest in MNAA
- Plan for the Future

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

5) Staffing

Ms. Spray briefed the DWD Committee on this item. Ms. Spray reported that the status of readiness and training was at 92% with 28 vacancies. 17 employees were hired between July and September 2018.

Strategic hires included Jeff Roach, AVP, Strategic Planning. Human Resources is actively recruiting for: Director, Emergency Management; Director, Concession Affairs; and Director, Treasury. Planned leadership hires include Risk Management, Hotel Management and Information Technology (TBD based on results of IT Strategic Plan).

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

V. Adjourn

There being no further business, Chair Smith declared the meeting adjourned at 10:37 a.m.

Amanda C. Farnsworth
Board Secretary

METROPOLITAN NASHVILLE AIRPORT AUTHORITY

October 10, 2018 – Minutes of the Meeting of the BNA Vision Committee

Date: October 10, 2018

Time: 10:30 a.m.

Place: Nashville International Airport
Nashville, Tennessee

Committee Members Present: Bobby Joslin, Chair; John Doerge, Vice Chair; Nancy Sullivan, and Mayor's Representative, Matt Wiltshire

Committee Member Absent: None

Others Present: Doug Kreulen and Cindy Barnett

I. Call to Order

Chair Joslin called the meeting of the Metropolitan Nashville Airport Authority (MNAA) BNA Vision Committee to order at 10:40 a.m., pursuant to Public Notice dated October 5, 2018.

II. Approval of Minutes

Chair Joslin stated that this was the first meeting of the BNA Vision Committee and there were no previous minutes for approval.

III. Chair's Report

Chair Joslin stated he had nothing to report, but welcomed Mr. Clay Paslay of Paslay Management Group and Mr. Ross Payton of Corgan stating they had done a remarkable job of keeping the BNA Vision flowing.

IV. Items For Approval

A. Approval of Amendment #4 to Paslay Management Group Contract and Development Timeline

Mr. Robert Ramsey, COO, briefed the BNA Vision Committee on this item. Staff requested that the Vision Committee recommend to the Board that it authorize the Chair and President & CEO to execute the fourth amendment to the Paslay Management Group (PMG) contract.

Mr. Ramsey provided a brief overview of the Airport Terminal Hotel Room Benchmarks.

Mr. Ramsey introduced Mr. Ross Payton who gave a brief overview of development options which included a hotel, open air plaza, open parking, covered parking or an additional office building.

Mr. Payton stated that Corgan has maintained the option for a hotel by ensuring the columns which can be extended up are sized to support the structure above the Terminal Garage. Worst case scenario the structure would be added at a later date.

Mr. Ramsey stated that although structurally it could be supported, operationally it would be very challenging to build at a later date, with impact to roadways and the adjacent parking facilities.

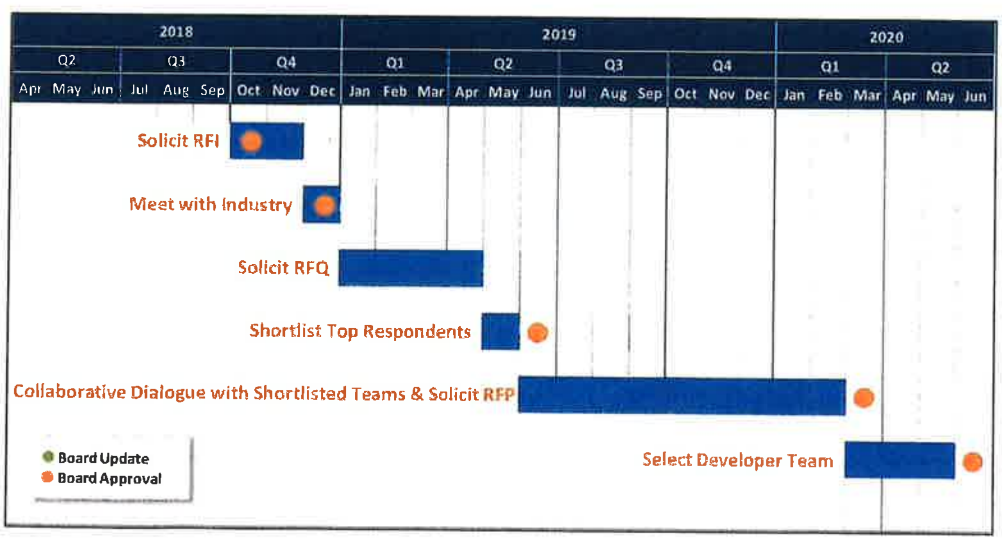
Mr. Payton further reported that the support structure for future rail systems is structurally a part of the Garage itself.

President Kreulen stated the intent is that the foundations in the Garage will be built to support an additional structure whether it be a hotel, or other type building, and to support future transit. It was approximately $5 million in additional costs to the Garage project to strengthen those areas to support future structures and transit.

Ms. Holton stated that realigning the roadway would involve more issues than just cost due to taxi, valet and R-2 parking locations and the limited amount of space between the terminal building and the future garage.

President Kreulen stated that the challenge is real estate space. There is only a two lane roadway leaving the terminal past the new six story garage. The traffic comes into the airport but can't exit if construction cranes block that roadway.

Mr. Clay Paslay provided an overview of the timeline noting key dates staff would be seeking Board approval for various phases of development, as outlined below:



President Kreulen stated that Staff is proposing to use the Request for Information (RFI) process to obtain a market analysis from industry experts to tell us what the best use for the space would be. Staff is asking to modify the Paslay contract to lead this effort with the BNA Vision team. The RFI should provide information from industry professionals regarding the best use of space, profitability and how it would best serve BNA. The RFI would be the first step and the timeline indicates the time period for staff to report back to the BNA Vision Committee for further approvals. Whatever is determined to be the best option for the space by the 2020 time period would be in line with the final design build process, so it is done while the Garage is coming up. If the industry tells us there is no feasible way anything works and we don't do anything, and then in 2026 someone says they would like to revisit the possibilities, there is the problem with the roadways and space limitation. We are timing this to build at the right time by following this schedule.

Background:

On August 17, 2016 the Board approved the contract for PMG to provide executive program management services to MNAA to support the successful development and execution of the BNA Vision. The contract was for one year with six one year renewals. The annual value of the contract was set at an amount of $875,178 not to exceed per year. The initial strategy was for MNAA to fund and build a hotel as part of the BNA Vison. Further evaluation has revealed that a better strategy is to use a public/private partnership (P3) approach for the development of a hotel, office space and/or other development opportunities.

PMG will assist MNAA with: 1) preparation of an RFI, 2) industry meetings, 3) development of Request for Qualifications (RFQ), 4) provide advice to MNAA RFQ evaluation panel, 5) development of a draft Request for Proposals (RFP), 6) conduct collaborative dialogue meetings with shortlisted teams, 7) development of a final RFP, 8) provide advice to MNAA evaluation panel, 9) provide guidance and recommendations of the technical and business terms, and 10) assist with contract negotiations. Staff requests to increase PMG's annual contract amount by $600,000 per year to $1,475,178 per year for each of the next three years for the additional support from PMG for the hotel evaluation and subsequent solicitation. PMG and their partners will be providing their hotel experience from other airports such as Dallas Fort Worth, San Francisco and Phoenix. Additionally, PMG will be using Frasca which has extensive P3 experience to assist MNAA. This will be the fourth amendment to the PMG contract. Amendment 1 and 3 were annual contract extensions and Amendment 2 was for $125,000 for additional hours worked on year 2 of the contract. The total contract amount after Amendment 4 and exercising the option years is $8,051,246 (not to exceed).

The SMWBE participation level set by MNAA for this project was race and gender neutral.

Impact/Findings:

	Initial Contract	Amendment
MNAA SMWBE Participation Level:	Race and Gender Neutral	2.82% MBE/WBE
PMG's SMWBE Participation Level:	0.00% Anticipated	2.82% MBE/WBE
Contract Start Date:	August 2016	No Change
Duration of Contract:	One year with six one year renewals	No Change
Contract Completion Date:	August 2023	No Change
Contract Cost (annually years 3 - 5):	$875,178 (not to exceed (n.t.e.))	$1,475,178 n.t.e.
Total Contract Cost (seven years):	$6,126,246 n.t.e.	$8,051,246 n.t.e.
Funding Source:	100% Bond	No Change

Strategic Objectives:

- Plan for the Future

Options/Alternatives:

Do Nothing: The "Do Nothing" option will result in lost opportunity to add a hotel, office or other development to be built in conjunction with the BNA Vision.

Delay: Staff can evaluate alternatives for one month without impacting the Vision program schedule.

Mr. Ramsey stated the cost of $1.9 million covered the full package from the Solicit RFI through the developer selection and those funds would not be expended if the project was stopped.

Mr. Ramsey stated that threshold costs for Solicit RFI was approximately $70,000 and Meet With Industry would be approximately $35,000. The really big steps begin with Collaborative Dialogue with Shortlisted Teams and Solicit RFP because of the length of that process and the nature of the process with three or four teams. As that process progresses with P3, those teams will be designing packages to the 30% or through schematic design on each of those packages. We will be working with three to four teams through that 30% design stage which is where the bulk of the money will be used.

Mr. Ramsey stated the concept of an owner funded hotel was included in the original Paslay agreement. The P3 approach was not part of the original agreement.

Mayor's Representative Wiltshire stated the cost that was included in the $6 million original agreement which assumed we got a hotel that we built and paid for.

Mr. Ramsey responded that hotel construction was included. The P3 approach was not anticipated at the time we set the budget of $6 million with PMG.

Mayor's Representative Wiltshire stated that the pricing seamed exorbitant to explore something that was previously included for $6 million and we are now going to look at just a different approach to doing it. He had expressed his skepticism of the need for an onsite hotel previously and understood that $1.9 million will only be spent if we get there. He stated that he clearly understood that this management team, who is far more knowledgeable at this than he, believes that we will get there. He further commented that we were going to spend $1.9 million to get something we thought we were getting for zero, included previously in the $6 million agreement, because it needs to be a P3 because we now understand the economics do not work to do what was included in the $6 million. Mayor's Representative Wiltshire asked if this was correct or if there was anything wrong.

President Kreulen stated that PMG was hired to provide executive management of the overall BNA Vision project. A year and a half ago, we were looking to hire an operator/manager to build the hotel, and they would be doing a lot of that homework on design and analyzing what is best. We don't have that anymore. The $135 million that we thought would be used to build the hotel, has been pulled off the BNA Vision Budget and we are not planning to spend it at this time because the hotel came in at $158 million and higher. We have not spent the budgeted funds and we have never asked PMG to run through this evaluation and selection process for us because we were going to hire a hotel operator based on JLL's analysis that it will pay for itself and the operator will be able to do all of this for you. We thought that was a good option. A second analysis was done by PFM who stated it was not logical to proceed. This was not in the original scope for PMG, so this is a new additional scope for PMG to help us run this as we have seen them do in Dallas, Tampa and other airports.

President Kreulen stated that previously in the selection of the hotel operator we were going to use JLL to run the RFP process and stated he would report back to the Committee on the exact amount paid for JLL services. The JLL contract was terminated once it got to the point showing the model was not feasible, and the funds for the RFP process were not spent. Now we are requesting that this be added to PMG's scope to move forward.

Mayor's Representative Wiltshire stated it would be important to come back to the Vision Committee for clear definitive approval to move forward on each step of the process.

President Kreulen stated this is a best estimate of timing so we don't slow down the center terminal project. The timeline indicates that staff would report to the Committee every couple of months to provide an update and request approval to move forward with the best option.

Mr. Paslay provided more detail with regard to the RFQ process in relation to a P3 procurement, stating staff would be working with shortlisted teams from the interview all through design. There could be two to three tracks called the CEM. One track would involve design, a second track would involve working on the terms and conditions of the development agreement and possibly a third track working on the financial aspects. This process takes approximately six months. They have a deal, a technical solution and a financial structure that we all agree on. Then an RFP is formalized, and each shortlisted team will put together their formal proposals which takes approximately three months. At this point the project is ready to go, the design having evolved throughout the process. The benefit being when the proposals are submitted we know those proposals are acceptable and it is just a matter of who has the best deal, sharing more revenue with us, who is not, who has the better concept, so we are selecting from known acceptable solutions. It also creates some competitive innovation because they know they are still in the competitive process trying to work with us to evolve a business and technical structure that they think will win them the job and is economically feasible for them since they are the ones taking the risks. Developing the RFP, the development agreements, and technical aspects are a large part of the process.

Mayors Representative Wiltshire stated there are three or four firms expending lots of money, and only one is getting anything back.

Mr. Paslay stated that there would probably need to be a stipend for that reason. We would offer a stipend to the losing firms for some amount that we would build into the winning firm's cost so it doesn't cost us anything necessarily but should be built into the financing structure. Typically what happens is, say with the three, you have a stipend of $300,000, the winner would build that into his financing costs and pay the two losing firms the agreed stipend. This goes to offset their costs which is enough to encourage them to spend the money to potentially win the job. The cost you are considering today for putting this all together and managing this process is also a reimbursable cost through this process. You typically have the winning proposer cover your proposal costs in their proposal, so you are reimbursed for the costs to put this together.

Chair Joslin stated market conditions would dictate a lot of who decides to jump into the fire. Two years from now we have no idea what the economy is going to be doing or travel or anything else, but he agreed it was a lot of money to not know who what or where we are going to be two years from now.

Mr. Paslay stated the RFI would address a lot of those concerns with a section of the RFI asking for their view of the Nashville market, the airport market and specifically be it a hotel or any other commercial development at the airport. Again they are the ones spending the money, so they are going to do the research and come back with their results.

Mayor's Representative Wiltshire restated that he would like staff to report to the Committee at each phase of the timeline for approval to move forward to the next phase.

Chair Joslin stated this was the right way to proceed, and in the December timeframe the Committee would receive a report of the Meet with Industry and at that point they should have feedback to evaluate and decide whether to move forward.

A motion was made by Mayor's Representative and seconded by Commissioner Doerge to recommend to the Board that it authorize the Chair and President & CEO to execute the fourth amendment to the PMG contract. The motion carried by vote of 4 to 0.

B. Approval of D Concourse and Terminal Wings (CGMP 4 of 5)

Mr. Ramsey provided a brief overview of the Vision Programing provided monthly to the Board, in particular the summary of major projects, current budget, contract commitments, actual cost, estimate at completion and Budget variance. He stated as we progress through the design stage from a 20% set of drawings to 100%, as well as buying out packages and what the market conditions happen to be, the estimate at completion will change and result in budget variances. He reported that the Parking and Transportation Center is $7 million under budget, and Concourse D & Terminal Wings is $6 million under based off of estimate at completion. The Vision enabling projects, including apron, international arrivals building and employee lot relocation and expansion, are running approximately $2 million under budget. There is a long way to go and those variances will change but today we are $15 million to the good.

Mr. Paslay provided a brief update on D Concourse and Terminal Wings Cost Summary reminding Commissioners that various aspects of the project costs would change but the key is that the overall project budget remains positive.

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 3 for Component Guaranteed Maximum Price (CGMP) #4 that includes the civil design, foundations and building shell 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 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 design and construction work. The Design-to-Budget for this project was originally established as $203,000,000 based on Hensel Phelps' rough order of magnitude estimate submitted as part of the Proposal process. However, the Design-to-Budget is currently trending upward due to the following:

1) additional items outside the initial scope being more clearly identified as full phasing details and design progression occurred, such as, moving a portion of Garage A scope into this project due to project adjacency and to align schedule risks with this project; and
2) conditions in the bidding market which recently became more apparent as a result of bids received on the latest design package. Evidence of this includes numerous bid packages that started with 10-15 interested bidders, then decreased to 5-10 indicating they were bidding, and ultimately receiving only 1-2 bids. Hensel Phelps has reached out to subcontractors who showed interest but didn't bid and are getting responses such as: lack of time to bid, project is too complex, focusing on easier work elsewhere, and lack of manpower.

The design to budget is currently trending at approximately 10-15% over original estimate. In an effort to work on cost reductions, this Board action has been reduced from $107M to $21.9M. Hensel Phelps is taking the following measures to mitigate cost overruns and re-align with the design to budget:

1. Re-designing with focus on value engineering/cost cutting
2. Repackaging bid documents to entice more bidders
3. Working with bidders to breakout pricing for clearly defined scope versus scope with more unknowns and higher contingencies and/or premiums associated with it
4. Identifying likely and capable bidders and reaching out to make sure information being provided in documents meet their needs for them to bid
5. Geographically reaching out to Nashville area, Tennessee wide SMWBE data base, HP nationwide database and local trade publications
6. Meeting with subcontractors after bid and vetting scope to ensure adequate pricing and greater likelihood of success
7. Identifying and marketing capable WBE firms in Nashville and greater Tennessee; Visiting in person or by phone to build a relationship and answer questions regarding documents for greater success of bidding

Project costs are currently being evaluated and will continue to be managed to ensure the overall project budget of $268,000,000 is not exceeded.

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. On May 17, 2018, the Board approved CGMP #3 for the new

Central Utility Plant (CUP), Concourse C buildout for enabling moves for DEA and TSA, construction of a north and south SARA, utility ductbanks and various site work in the amount of $52,900,093. This amendment is for CGMP #4 and includes the following items: progression of the civil design and construction, geotechnical foundations and drilled piers, glass and glazing, demolition and metal panels.

Staff is requesting the Board to authorize Hensel Phelps, via an amendment to their contract, to begin entering into subcontract agreements to deliver the scope for CGMP #4. 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 Metropolitan Nashville Airport Authority (MNAA) staff for review and approval. MNAA maintains final approval on all subcontracts for this project.

Hensel Phelps anticipates one remaining CGMP for the project: 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	$ 21,900,000.00
Total Contract Price (CGMP 1-4)	$108,757,045.00
Component Guaranteed Maximum Price 5	TBD
Current Estimated Guaranteed Maximum Price	$238,000,000.00
Funding Source:	100% MNAA

Strategic Goals and Objectives/Critical success Factors:

- 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 Commissioner Doerge and seconded by Mayor's Representative Wiltshire to recommend to the Board that it authorize the Chair and President & CEO to execute the proposed Amendment 3 for CGMP #4 that includes the civil design, foundations, and building shell for the Concourse D & Terminal Wings project at Nashville International Airport Progressive Design-Build contract. The motion carried by vote of 4 to 0.

V. Information Items

A. None

VI. Adjourn

There being no further business before the BNA Vision Committee, Chair Joslin adjourned the meeting at 11:30 a.m.

Amanda C. Farnsworth, Board Secretary