

✈ METROPOLITAN NASHVILLE AIRPORT AUTHORITY ✈

September 19, 2018 – Minutes of the Joint Meeting of the MNAA Board of Commissioners and MPC Board of Directors



Date: September 19, 2018

Place: Nashville International Airport
Nashville, Tennessee

Time: 1 p.m.

Board Members Present:

A Dexter Samuels, Chair; Trey Harwell, Vice Chair; John Doerge, Bill Freeman, Bobby Joslin Christy Smith, Nancy Sullivan and Mayor's Representative, Matt Wiltshire

Board Members Absent:

Amanda Farnsworth, Secretary; and Dierks Bentley

Others Present:

Doug Kreulen and Cindy Barnett

I. Call to Order

Chair Samuels called the MNAA Board of Commissioners and MPC Board of Directors meetings to order at 1:00 p.m., pursuant to the Public Notice dated September 14, 2018.

II. Approval of Minutes

Upon motion made by Mayor's Representative Wiltshire and seconded by Commissioner Harwell, the Board voted to approve the minutes of the August 15, 2018, joint meeting of the MNAA Board of Commissioners and MPC Board of Directors. The motion carried by a vote of 8 to 0.

III. Chair's Report

Chair Samuels welcomed Board members and guests. Chair Samuels acknowledged new Board Member, Nancy Sullivan and stated that Ms. Sullivan will bring expertise and passion and will be a great addition to the Board.

IV. President's Report

President Kreulen thanked Commissioners for their time and dedication to the airport.

President Kreulen reported that JE Dunn Construction held a topping-out celebration on Friday, September 4, 2018, for BNA's Parking and Transportation Center as a thank you to construction team members. A ribbon-cutting ceremony will be held on November 14, 2018, at 11:00 a.m., prior to the November Board lunch and meeting, to celebrate the opening of the BNA Parking and Transportation Center. Passengers will officially begin parking on November 15, 2018. President Kreulen stated that Commissioners would be receiving invitations for the event.

President Kreulen reported that the BNA master plan is ongoing and that it's an 18-month to two-year process. On September 13, 2018, we held kickoff meetings led by Robert Ramsey, COO. The Technical Advisory Committee met in the morning, and the Community Advisory Committee met that afternoon. Both meetings were held in Emergency Operations Center, where we handle tragic or difficult events or emergencies. At the October Board meeting, staff will provide an update on our forecast and some of the infrastructure requirements that we see going forward.

Economic Report

President Kreulen reported that August 2018 was the fourth busiest month in the history of BNA with 1,410,527 total passengers. The past 4 months (May, June, July, August) were the top four busiest months in the history of BNA. Total passengers were up 14.7% for August and up 12.9% for FY19. Passenger numbers have increased in 95 of the last 97 months.

President Kreulen reported that News and Gift gross sales for August 2018 were \$2,638,735, up 19.9% over August 2017; FY19YTD gross sales were \$5,206,860, up 18.7% over FY18YTD. Food & Beverage gross sales for August were \$4,825,722, up 15.1% over August 2017; FY19YTD were \$ 9,496,674, up 12.7% over FY18YTD.

President Kreulen reported that Rental Car gross sales for August 2018 were \$14,833,494, 4.1% above last August and up 7.8% for FY19. August revenue was up 10.0% at \$1,483,349, FY19YTD was at \$2,911,223. August Rental Car days were up 6.3% and up 6.9% for FY19YTD.

Staff Reports

Operations Report:

Mr. Ramsey reported on Gross Parking Revenue. Unadjusted Gross Parking Revenue from all 5 lots was \$4,277,891 for August and FY19YTD, up 15.5%. Revenue transactions were 130,543 for August, down 4.3%; FY19YTD, transactions were 280,786, down 2.7%.

For the month of August, air cargo was up 11.1%, with 5,211 total tons of cargo, an increase of 522 tons; for FY19YTD was up 15.2% with 1,262 tons.

BNA August fuel sales for Atlantic Aviation, Signature Flight and private self-fueling hangars were down 7.7%, or 54,453 gallons less; FY19 YTD sales were down 11.3% or 152,666 gallons less. JWN August fuel sales were down 0.2% or 314 gallons less; FY19 YTD fuel sales for Contour Flight Support were up 6.3%, or 16,454 gallons more.

Mr. Ramsey provided a brief update on Garage C and Office Sequencing and Logistics. Mr. Ramsey stated that President Kreulen had talked about the new Garage A and the opening on November 14, 2018. Mr. Ramsey played a brief video of the sequencing and phasing. He reported that the design build team, Moody-Nolan, has committed to have the garage to us about six months earlier, and some portions of the garage nine months earlier than anticipated. With regard to the construction sequencing, Messer anticipates January of 2020 to open almost 3,000 parking spaces. This is a very popular product and we need more capacity in that area. It is a very challenging construction site, and sequencing and phasing that they've already mapped out is critical.

Financial Report:

Ms. Marge Basrai, Chief Financial Officer, reported on the Fiscal Year End 2018 financials which were based on preliminary audited numbers with no other changes were anticipated. However, until the CAFR is actually finalized and issued, there could be some reclassification. Ms. Basrai stated that at year-end, BNA's operating revenues were \$150.5 million, which were above budget projections of \$8 million, and \$26.4 million above the prior year amount. The main drivers were signatory airline revenue, parking revenue and concessions revenue. Signatory airline revenue was \$1.4 million over the budget and \$17.4 million over the prior year. Parking revenue continues to do well with \$4.7 million over budget and \$6.4 million over the prior year, driven by the rate increases in September of 2017 and overall traffic growth. Concession revenue, which includes ground transportation and rental car revenue, was above budget by \$3.4 million and \$4.1 over the prior year. Operating expenses year to date were \$83.1 million, about \$10.3 million below the budget projections and \$8.4 million over the prior year. The majority of that budget variance was in salaries and benefits with \$3 million in open positions, most of which were DPS officer positions which have been filled. There was about \$5 million in lower-than-projected benefit costs, which staff will continue to look at throughout the year. We also had about \$1.3 million in operating expenses that were under budget. We have spent less on insurance, travel, and special events. Overall, we're under budget and about \$8.4 million over the prior year, which can be attributed to additional contractual services, legal fees, janitorial and security services. Express Park opened up which also had an operational impact.

Mayor's Representative Wiltshire asked about expectations for parking revenue, if disruptions were expected and if there was anything that should be looked for or expected so there are no surprises in the next few months.

President Kreulen stated that when the BNA Vision began, parking numbers were forecasted through the end of BNA Vision. We have a good idea of what our total requirements are. Once the new garage opens on November 15th, and within a few weeks of us removing all the cars in the existing garage, the 10-week demolition period will start. This was included in the forecast. The new garage is a couple hundred spaces short of what the old garage is which won't be appreciable. An \$8 million loss in revenue over the period was estimated which is why rate increase was implemented a year ago September. We are saving that money so we can make up for that \$8 million loss as we go forward. Mr. Ramsey stated that Messer proposed giving us spaces back six to nine months early while they finish the office, which allows us to make that \$8 million delta even less. We have anticipated a small dip in parking for only that 18-20-month period during construction, which is why rates were adjusted and we are putting some money away for that time period.

Ms. Basrai reported that for JWN year-end the operating revenues were about \$864,000, which was about \$24,000 above budget projection and \$18,000 more than the prior year. This is related to the additional fuel flowage fees and auto fuel sales for the FBO support trucks. Operating expenses were \$681,000, which were \$40,000 below budget and \$45,000 below the prior year. We had more expenses in fiscal year 2017 related to repairs for our HVAC systems, airfield lighting and sign repairs due to two lightning strikes and contract services for habitat remediation.

MPC operating revenues were \$3.1 million, which is \$47,000 above budget and \$40,000 below the prior year. We discovered that in June 2017, we actually had a one-time revenue reimbursement of about \$140,000. We had built out a tenant suite, and they reimbursed us in June for about \$140,000 for administrative expenses. Without that one-time reimbursement in June 2017, we actually would have been \$100,000 over the prior year revenue. The majority of that is due to the rent increases that occurred in fiscal year 2018. The operating expenses were \$1.5 million, which is about \$493,000 below budget and \$106,000 less than the prior year. That was due to repairs of the buildings that we did not consider necessary for the fiscal year.

Ms. Basrai reported that the NAE fund cash reserve fund started in 2018 with about a \$51 million beginning balance. For fiscal year 2018, we will have a net contribution of \$17.9 million and a total contribution of about \$24 million. The total contribution was reduced by about \$6.7 million for approved expenses primarily for the catering facility for British Airways that were paid out of that fund. Once the cash is actually transferred, which will occur as soon as the books are actually officially closed, we'll have cash balance in the NAE fund of \$68.9 million. In fiscal year 2019 through August 31, 2018, BNA's operating revenues are at \$28.1 million. We are above budget projections by just under a \$1 million and over the prior year amount by \$3.5 million. Signatory airline revenue is about \$340,000 above budget and \$1 million dollars over the prior year. Landing fees are greater than the budget and the prior year due to a 12.8% increase in landed weights over the prior year, which we didn't quite budget. Terminal rates also are higher by \$1 million dollars than the prior year. We had

a baggage handling system project that increased the baggage fees to the airlines. Parking revenue is \$300,000 above budget and \$1.2 million over the prior year. Concessions revenues are about \$448,000 above budget and \$686,000 above the prior year, driven by passenger growth. Operating expenses through August 2018 were \$13.2 million, which is \$3.7 below budget projections and \$680 above the prior year actual amounts. The main areas below budget so far is in salaries and benefits and contractual services. We have about \$1 million budget variance in salary and wages related to some open budgeted positions. The actual benefits are trending about 8% below our budget, which we're starting to really dive into right now to determine if that is a trend that will continue through the rest of the year. The rest of that difference is in contractual services, with several contracts in legal and finance that are anticipated will happen by the end of year. We had more expenses in salaries related to the cost-of-living increase that we gave on July 1, 2018, and some additional contractual services from parking operations and the janitorial contract change made last year for higher wages.

Ms. Basrai reported that JWN operating revenues through August were \$145,000, which is trending right around the budget and the prior year amount. Operating expenses were \$95,000, which is \$13,000 below budget in the prior year, primarily due to timing of contracts that haven't been spent.

Ms. Basrai reported that MPC operating revenues through August were \$491,000, which is \$25,000 below budget and \$31,000 less than last year. About \$37,000 of that decrease was due to a tenant who defaulted on their lease in the last quarter of 2018. We are actively marketing the space to obtain a new tenant. \$9,000 of additional rent in fiscal year 2019 was due to normal rate escalations, and helped offset some of that loss. Operating expenses were \$224,000, which is \$205,000 below budget and \$17,000 more than the last year. These are building and other maintenance repairs for both the Multipurpose Building and International Plaza that haven't yet been necessary.

Mr. Freeman asked if those expenses would ultimately be incurred in the future. Ms. Basrai stated that expenses could be incurred and there is always budget available due to the age of the building and need for more repairs. Mr. Freeman stated that was a huge difference between the actual and the budget, almost double.

Ms. Basrai stated that it was hard to track exactly where we are in the first two months and asked the Committee to give it a couple more months, and staff would have a better idea. When you get into June, the last month of the fiscal year, spending increases to get it into that fiscal year budget, and then the first month or two of the new fiscal year tends to be a little slower in terms of spending.

Business Diversity Development Report:

Ms. Donzaleigh Powell, Director of Business Diversity Development, briefed the Board on MNAA's SMWBE program for August 2018. Ms. Powell presented the following data:

	ANNUAL	MONTH			YEAR-TO-DATE		
	Aspirational Participation %	Percentage	MWBE Expenditures	Total Expenditures	YTD Percentage	YTD MWBE Expenditures	YTD Total Expenditures
Professional Services (Includes all contract services, legal expenses external printing, and marketing)	12.44%	13.14%	\$ 476,666	\$ 3,627,644	11.41%	\$ 742,284	\$ 6,504,581
Goods & Services (Includes all office supplies and office equipment and other goods)	6.49%	1.40%	\$ 5,646	\$ 402,394	1.29%	\$ 7,342	\$ 571,223
Construction Non-Federal CIP (All non-federal Construction and professional projects)	10.49%	13.26%	\$ 1,717,455	\$ 12,948,367	9.44%	\$ 4,047,033	\$ 42,892,255
Construction Federal CIP (All Federal Construction and professional projects)	9.28%	62.33%	\$ 79,640	\$ 127,767	9.88%	\$ 303,669	\$ 3,072,921

V. Items for Approval:

A. Ground Lease for Hangar Development

Ms. Margaret Martin, AVP of Business Development briefed the Board on this item. Staff requested that the Board of Commissioners accept the ground lease with Lawrence Gateway, LLC for the development and use of a hangar at John C. Tune Airport (Tune); and authorize the Chair and President & CEO to execute the proposed lease agreement.

Background:

Lawrence Gateway, LLC has requested to lease land at Tune to build a private hangar, which supports MNAA's initiative to increase hangar capacity. The proposed ground lease has a twenty-five year lease term with one five year extension at Tenant's option. The initial lease rate per square foot will be \$0.50, and on each anniversary of the Rent Commencement Date that commences on the sixth, eleventh, sixteenth and twenty-first Lease Years the annual Base Rent shall be increased to be an amount equal to One Hundred and Fifteen Percent (115%) of the annual Base Rent payable hereunder for the immediately preceding Lease Year. Should the Tenant elect to extend the agreement for the additional 5 year extension term, an appraisal

including the land and improvements, shall be done to establish the appropriate new Base Rent. The required minimum capital investment by Tenant is \$1,000,000. The lease site will accommodate a hangar of approximately 9,500 square feet that would house two aircraft. At the expiration of the lease term MNAA will own the hangar.

Impact/Findings:

Anticipated Lease Start Date:	September 12, 2018
Lease Term:	Lease term begins on the Rent Commencement Date and continues for 25 years with one 5-year extension period at Tenant's option.
Rent Commencement Date:	The first anniversary of the Effective Date, or the first date upon which any portion of the Leased Premises is utilized for the operation of an aircraft storage hangar facility.
Minimum Capital Investment:	\$1 Million
Anticipated Income to MNAA over 25 year lease term:	\$367,122

Strategic Priorities:

- Invest in MNAA
- Plan for the Future

Options/Alternatives:

Decline to lease this property, and wait for another interested party. This option could result in loss of revenue to MNAA and future hangar space.

Committee Review:

This item was not presented to the FAP Committee on September 12, 2018, due to the meeting being cancelled for lack of a quorum.

Commissioner Freeman asked who Lawrence Gateway was.

Ms. Martin stated that Lawrence Gateway is an LLC. One partner is Will Andrews who has a current hangar at Tune and another business partner who comprises the LLC. Ms. Martin also confirmed that it would be a private hangar for two individuals, that one of the individuals was a current tenant at Tune and the other would be coming to partner in the development of the new hangar, and that each would own one of the aircrafts in the hangar.

Mr. Ramsey clarified that the new hangar would be located next to Hangar 3. Ms. Martin confirmed that the lease term would be for 25 years.

Commissioner Freeman stated that it was a long, long-term lease, and that he didn't know of any other 25-year leases out at Tune. He stated he may be wrong, but typically would be one to three years or maybe five. We had had one lease there that was 10 or 15 years.

Ms. Martin stated that staff did an analysis internally before bringing this to the executive staff for review to ensure that the lease term was consistent with the amount of investment put in by the private parties. For a million dollar investment, this is not just a lease of an already existing hangar which would be a much shorter term. This is a development of an entire hangar, and was consistent with our previous agreements over the last 10 to 15 years.

President Kreulen stated that this was the tenant's \$1 million and for them to invest that \$1 million, and per FAA guidelines and fair market value, that this is a traditional lease and it is normal to get somebody to invest and build at your airport to give them a 25-year lease. Commissioner Smith asked if we have other tenants or examples who have done this at the airport currently. Commissioner Smith also asked if legal has a contract that states we can break that lease and repay. President Kreulen agreed the term was long and would check into the possibility of provisions to allow MNAA to terminate the agreement for any reason.

Ms. Martin stated that this type of ground lease does not generally contain out-provisions except in the case of condemnation for airport development. Typical lease terms were followed for this agreement and are consistent with the FAA guidance on private hangar development. Ms. Martin stated that Mr. Andrews' current lease is also a 25-year lease term with a five-year option.

Commissioner Smith asked when that lease was initially signed. Ms. Martin was unsure of the exact length of time but stated it had been in effect for a while.

Commissioner Freeman stated that he was sorry that the FAP Committee didn't meet since there were at least two Commissioners traveling, and there was not a quorum. Commissioner Freeman stated that he would like to study the matter more and asked if there was some pressing need to approve it today, and if there was, to let him know but he would like to understand the length of term and the five-year extension at the tenant's option making it a 30-year lease. Commissioner Freeman stated he wanted to understand what we're doing, exactly where the location is, and what the tenant would be building, since he had not seen any plans or anything.

Commissioner Freeman stated that it sounded like minimal capital investment. MNAA invests hundreds of millions of dollars in the airport and these facilities and minimizing capital investment was not his priority, but it was knowing what's going on and he did not have any idea what was going there.

President Kreulen stated that he would take that as an action item and bring it back up at the October meeting. Commissioner Freeman agreed. President Kreulen stated that would give staff time to get the additional detail, and would re-present this item in October.

Chair Samuels thanked Commissioner Freeman and called for the next item.

B. British Airways Incentives

Ms. Martin briefed the Board on this item. Staff requested that the Board of Commissioners approve the amendment to the current incentive agreement with British Airways for abatement of landing fees and facility fees for one additional year for the 6th and 7th flight; and authorize the Chair and President & CEO to execute the proposed amendment.

Background:

During the September 4, 2018, Quarterly Update Meeting with the Nashville Convention and Visitors Corp (NCVC) and MNAA, British Airways (BA) discussed the possibility of daily service between Nashville and London-Heathrow beginning May 1, 2019. BA requested that the abatement of landing fees and facility fees apply to the additional flights for a period of two years (May 1, 2019- April 30, 2021). No additional marketing money was requested. The current incentive agreement, which was approved by the Board on November 15, 2017, expires May 3, 2020. BA also discussed utilizing larger aircraft for the route.

Under the current, approved incentive plan, Procedure 6-701 (page 4), up to seven weekly frequencies are eligible for landing fee and facility fee abatement. The specific incentive agreement between BA and MNAA, dated July 12, 2017, states BA's intention to initially operate five weekly rotations, however, the number of flights per week may fluctuate from time to time. (Minimum of three per week, maximum of seven per week, to maintain incentives). Therefore, from the period of May 1, 2019- May 3, 2020 the additional flights are covered under the current signed incentive agreement. Only the sixth and seventh frequency within a week occurring from May 4, 2020 - April 30, 2021 would require an amendment to the current incentive agreement.

Currently BA operates a 787-800, and may potentially utilize a 787-900, 777-200 or 777-200ER.

British Airways has operated at BNA since May 2018, and the Nashville-London flight has been very successful to date.

CY2018	May	June	July	August
Enplanements	4,091	4,580	3,511	3,549
Deplanements	3,680	4,398	4,504	3,814
Total PAX	7,771	8,978	8,015	7,363
Load Factor	90.8%	95.3%	85.1%	78.20

Freight (Tons)	May	June	July	August
Enplaned	42.6	67.7	93.9	98.8
Deplaned	39.7	138.3	163.6	157.3
Total Freight	83.3	206	257.5	256.2

Impact/Findings:

Effective Dates: May 1, 2019 – May 3, 2020 (current agreement)
 May 4, 2020 – April 30, 2021 (additional incentive)

Potential Additional MNAAB Investment*: May 1, 2019 – May 3, 2020: \$356,585 - \$537,972 (+ 2 flights and size of aircraft)
 May 4, 2020 – April 30, 2021: \$346,397 - \$397,087 (6th & 7th flight and size of aircraft)

*Potential additional MNAAB investments are based off FY19 Rates and Charges and use an estimated Load Factor.

Strategic Priorities:

- Plan for the Future

Options/Alternatives:

Decline to amend the agreement, and potentially lose additional BA service to London.

Committee Review:

This item was not presented to the FAP Committee on September 12, 2018, due to the meeting being cancelled for lack of a quorum.

Commissioner Joslin asked when this would start, and Ms. Martin confirmed May 1, 2019. President Kreulen stated that British Airways has 2 decisions: 1) 6th and 7th flight to Nashville, and 2) Up gage plan to hold more seats. He stated this would be paid out of airline incentive fund.

Mayor's Representative Wiltshire asked if this was waiving fees or paying cash. President Kreulen stated this was waiving landing fees and terminal rent. Chairman Samuels asked for confirmation that there were marketing fees. President Kreulen stated he was correct. Ms. Martin stated that if we don't land the 6th and 7th flight, there will be no fees.

A motion was made by Commissioner Harwell and seconded by Commissioner Freeman to approve amendment of the current incentive agreement with British Airways for abatement of landing fees and facility fees

for one additional year for the 6th and 7th flight; and authorize the Chair and President & CEO to execute the proposed amendment. The motion carried by vote of 8 to 0.

C. Vision Commissioning Agent Contract

Ms. Traci Holton, Chief Engineer, briefed the Board on this item. Staff requested that the Board of Commissioners accept the statement of qualification by SSRcx of Smith Seckman Ried, Inc. to provide technical Commissioning services for the BNA Vision program at Nashville International Airport (BNA); and authorize the Chair and President & CEO to execute the proposed professional services contract for the amount contained herein.

Background:

Construction commissioning has been shown to reduce facility operational costs by 3 to 5% because systems are optimized and the building hand over transitions more smoothly. Enhanced commissioning for the Vision construction will advance the process for LEED certification for new facilities and the ParkSmart certification for Vision garages A, B and C.

This contract consists of the Commissioning Agent (CxA) providing professional and specialized technical services within the broad scope of commissioning and serving on behalf of MNAA throughout the Vision program. During the design phase of each project, commissioning may include design review, including document and specification review with regard to how they meet code requirements and the design intent of the Owner. Construction phase commissioning includes a specific commissioning plan for functional performance testing, systems performance documentation, witness of selected equipment start-up, controls system review, test and balance review and documentation of MNAA staff training. This program will consist of HVAC system review and testing, building systems integration with Fire/ Life Safety systems, building envelope review and testing observation and on-going monitored performance analysis. The warranty period requires opposed-season testing of HVAC equipment and an in-depth review at 10 months into the warranty to identify items that need remediation prior to the end of the warranty period. Project documentation and a Final Commissioning report must be provided to the Authority at the completion of each project of the Vision program. Monitored analysis services continue through warranty to ensure optimization of building systems.

On April 16, 2018 and April 19, 2018, the Metropolitan Nashville Airport Authority (MNAA) published a Request for Qualifications (RFQ).

On May 16, 2018, four Statements of Qualifications were received. On July 16, 2018, TLC Engineering withdrew their proposal. The remaining proposers include: GHP Environmental + Architecture (GHP); Sebesta, Inc. dba NV5 (NV5); and SSRcx of Smith Seckman Ried, Inc. (SSRCx).

The evaluation selection committee evaluated the Statements of Qualifications based on the criteria below:

- 1) Key personnel's professional qualifications and experience.
- 2) Capability to perform all aspects of the project and show comparable and recent experience.
- 3) Qualifications and experience of subconsultants;
- 4) Understanding of the project's potential challenges of being an active and open airport
- 5) SMWBE participation

The selection committee determined the following firms to be best qualified: NV5 and SSRCx.

On August 15, 2018, the selection committee conducted interviews of these top candidates and their scores are listed below:

Firm	Score	Committed SMWBE Participation Goal
NV5	411	7.34%
SSRCx	415	10%

The selection committee determined SSRCx to be the most qualified firm for the Commissioning Services for the BNA Vision program based upon responses to the following questions:

- 1) Describe your approach to become fully engaged in ongoing, current and future Vision program elements, and integrate previous commissioning reviews into your schedule of work.
- 2) Expand on your involvement with phasing and coordination across multiple projects and project teams that provides continuity to the overall Vision program.
- 3) How does your firm coordinate work, provide mentoring/ development and quality control throughout the project for your subcontractors?

All firms were well qualified, but the team from SSRCx demonstrated a better approach to becoming fully engaged on the current Vision program as well as phasing and coordination between multiple projects and project teams.

The SMWBE participation level set by MNAA for this project was 7.34% MBE and/or WBE. SSRCx plans to obtain 10% WBE. SSRCx is partnering with WBE Win Engineering.

Impact/Findings:

MNAA SMWBE Goal:	7.34% MBE and/or WBE
SSRCx SMWBE Goal:	10% WBE
Anticipated Contract Start Date:	September 20, 2018
Duration of Contract:	2200 days
Contract Completion Date:	September 20, 2024
Contract Cost:	\$4,182,275.00 NTE
Funding Source:	MNAA

Strategic Objectives:

- Invest in MNAA
- Plan for the Future

Options/Alternatives:

Do Nothing: The "Do Nothing" option will result in lost building system performance and higher operational costs, no LEED certification since commissioning is a basic requirement, lack of construction oversight and less maintenance personnel training.

Committee Review:

This item was not presented to the GAOPE Committee on September 12, 2018, due to the meeting being cancelled for lack of a quorum.

A motion was made by Commissioner Freeman and seconded by Commissioner Doerge to accept the statement of qualification by SSRCx of Smith Seckman Ried, Inc. to provide technical Commissioning services for the BNA Vision program at BNA; and authorize the Chair and President & CEO to execute the proposed professional services contract for the amount contained herein. The motion carried by vote of 7 to 0, with Commissioner Harwell excusing himself from the meeting at 1:40 p.m., prior to presentation of this item.

D. East Side Creek Crossing Improvements

Ms. Holton briefed the Board on this item. Staff requested that the Board accept the proposal by Kiewit Infrastructure South Co. (Kiewit) for the East Side Creek Crossing Improvements design-build project at BNA; and authorize the Chair and President & CEO to execute the construction contract.

Background:

McCrary Creek Road provides access to the east side fill sites maintained by MNAA. The road crosses McCrary Creek via an existing single-span concrete cast-in-place slab bridge built in the 1930s. Inspections completed in May 2016 cited severe deterioration on the bridge structure and recommended closing the bridge to truck traffic. A detour route was put in place for contractors and MNAA and has been active since. The detour route involved relocation of 820ft of Airfield Operations Area (AOA) fence to the west side of Perimeter Road, relocation of one AOA double swing gate and installation of a new AOA swing gate. The road continues northeast of the bridge and crosses a wet weather conveyance before reaching a group of active fill sites.

This project will include replacement of the McCrary Creek Road bridge. In addition, the AOA fence and access gate will be relocated to its original location on the east side of Perimeter Road, and the temporary AOA gate will be removed. The project also includes design and improvement of the road and culvert at the wet weather conveyance crossing west of the fill site entrance.

On May 21, 2018 and May 24, 2018, the Metropolitan Nashville Airport Authority (MNAA) published a Request for Qualifications (RFQ). On June 20, 2018, three Proposals were received: Bell and Associates Construction, L.P. (Bell), Jones Bros. Contractors, LLC (Jones Bros.), and Kiewit.

The evaluation selection committee evaluated the Statements of Qualifications based on the criteria below:

- 1) Experience and Qualifications
- 2) Project Management
- 3) SMWBE participation
- 4) Price

The selection committee determined the following teams to be most qualified: Bell and Kiewit.

On July 31, 2018, the selection committee conducted interviews of these top candidates. Their scores are listed below:

Proposer	Score	Guaranteed Maximum Price	Design-Builder's Fee	Committed SMWBE Participation Level
Bell	561	\$1,234,573.00	10%	7.66%
Kiewit	596	\$885,000.00	7%	10.28%

All proposers were well-qualified, and prices submitted were within the established project budget, however, the team from Kiewit demonstrated excellent experience on projects of similar scope with competitive pricing.

The SMWBE participation level set by MNAA for this project was 7.42% MBE and/or WBE. Kiewit was able to obtain 10.28% MBE and/or WBE. Kiewit's SMWBE partners are F8TH Construction Company, LLC, TFC Inc. dba Clarksville Fencing, and KS Ware & Associates.

The Kiewit design-build team as submitted to MNAA includes Volkert for bridge design.

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

Impact/Findings:

MNAA SMWBE Participation Level:	7.42% MBE and/or WBE
Kiewit's SMWBE Participation Level:	10.25% MBE and/or WBE
Anticipated Contract Start Date:	October 1, 2018
Duration of Contract:	200 days
Contract Completion Date:	March 2020
Contract Amount:	\$885,000.00
Funding Source:	20.4% State and 79.6% Non-AMT Bond

Strategic Goals & Objectives/Critical Success Factors:

- Invest in MNAA
- Prepare for the Unexpected

Options/Alternatives:

Do Nothing: The existing McCrory Creek Bridge will continue to be weight-restricted and eventually closed to traffic. The current detour route and realignment of the existing AOA fence would remain, resulting in an 820ft gap in the Airport Perimeter Road along the interior of the AOA fence. The existing wet weather conveyance crossing could fail under current traffic conditions, resulting in a closed road and further limiting access to the airport's east side fill sides.

Committee Review:

This item was not presented to the GAOPE Committee on September 12, 2018, due to the meeting being cancelled for lack of a quorum.

A motion was made by Commissioner Freeman and seconded by Commissioner Joslin to accept the proposal by Kiewit for the East Side Creek Crossing Improvements design-build project at BNA; and authorize the Chair and President & CEO to execute the construction contract. The motion carried by vote of 7 to 0.

E. Memorandum of Agreement with TN Army National Guard

Mr. Ted Morrissey, AVP, Legal Affairs, briefed the Board on this item. Staff requested that the Board ratify the approval of the Memorandum of Agreement with the State of Tennessee (MOA) by the President & CEO pursuant to the Third Amended and Restated Bylaws Section 4.4.1.8 to accept \$987,942.58 for the State's proportional share of costs related to the Taxiway November Reconstruction Project.

Background:

The Tennessee Army National Guard (TANG) entered into a Joint Use Agreement with MNAA in 2015 to delineate the requirements for TANG's use of a portion of the airport and the costs associated with such use. The Joint Use Agreement also contained specific language addressing major repairs and/or new construction projects which required the parties to enter into a separate written agreement at such time as the work is required. This MOA is the result of negotiations with the State to establish the TANG's cost share of the construction project.

The Taxiway November Construction Project (CIP 1601) is a capital project which was presented to and approved by the Board of Commissioners in January of this year. The staff analysis for CIP 1601 included an

estimated project cost of \$4,694,046.45 with a significant share (57.2%) of those funds being from the State. The \$987,942.58 represents the negotiated cost share from the TANG.

The funds which the TANG will be utilizing are current Federal Fiscal Year annual appropriation funds from the federal government, and must be expended by September 30, the end of the State's fiscal year. The TANG requires that MNAA execute the MOA and return it for State signatures including the signature of the Governor.

Impact/Findings:

Since the amount of the State's contribution exceeds \$500K, Board approval is necessary. Because of the tight timeline to have the agreement executed by MNAA to secure the funding, Staff recommended that the President & CEO approve the MOA on an emergency basis after consultation with the Board Chair as authorized under Section 4.4.1.8 of the Bylaws.

Strategic Objectives:

- Invest in MNAA
- Prepare for the Unexpected

Options/Alternatives:

Not approving the MOA will risk MNAA losing the State's funding if the State's funds are not encumbered prior to September 30, 2018.

Committee Review:

This item was not presented to the GAOPE Committee on September 12, 2018, due to the meeting being cancelled for lack of a quorum.

A motion was made by Commissioner Freeman and seconded by Commissioner Doerge to ratify the approval of the MOA with the State of Tennessee by the President & CEO pursuant to the Third Amended and Restated Bylaws Section 4.4.1.8 to accept \$987,942.58 for the State's proportional share of costs related to the Taxiway November Reconstruction Project. The motion carried by vote of 7 to 0.

F. Committee Appointments:

Chair Samuels briefed the Board on this item. Chair Samuels recommended a few new committees. First, an Executive Steering Committee made up of all the chairs of the committees, to fulfill the need for some nexus of what goes on across all committees. Chair Samuels further recommended a Diversity & Workforce Development Committee to be chaired by Commissioner Smith; and BNA Vision Committee to be chaired by

former Chair, Bobby Joslin. Chair Samuels requested Board approval of committees and member recommendations.

Management

- Dexter Samuels, Chair
- Trey Harwell, Vice Chair
- Amanda Farnsworth, Secretary

Executive Steering

- Trey Harwell, Chair
- Amanda Farnsworth, Vice Chair
- Bill Freeman
- Bobby Joslin
- Christy Smith
- Dexter Samuels
- Christy Smith

Finance Administration and Properties

- Bill Freeman, Vice Chair
- Matt Wiltshire
- Bobby Joslin
- Nancy Sullivan

General Aviation, Operations, Planning and Engineering

- Bill Freeman, Chair
- John Doerge, Vice Chair
- Nancy Sullivan
- Amanda Farnsworth

Audit & Compliance

- Amanda Farnsworth, Chair
- Christy Smith, Vice Chair
- Dierks Bentley
- Bill Freeman

Diversity & Workforce Development

- Christy Smith, Chair
- Matt Wiltshire, Vice Chair
- Trey Harwell
- John Doerge
- Dexter Samuels

BNA Vision

- Bobby Joslin, Chair
- John Doerge, Vice Chair
- Nancy Sullivan
- Matt Wiltshire

A motion was made by Commissioner Wiltshire and seconded by Commissioner Joslin to approve the new committees and member appointments. The motion carried by vote of 7 to 0.

VI. Reports For Acceptance

A. Concessions Monthly Update

Ms. Martin briefed the Board on this item. Ms. Martin reported that staff is in the middle of getting the concessions program transitioned to the new concession operator, Fraport. Work is being done on the Consolidated Receiving and Distribution Center which has to be operational by February 1, 2019. Fraport has engaged Bradford Logistics to do the work required on this facility to get it built out and get it operational. We have already had several meetings on-site with Bradford, and they are working through submittals and proposals. The \$13 million was deposited in a different version of what I like to call an escrow account has been done. No money has been pulled out for expenses, but we are working through processes to do that. The letter of credit for \$11 million is not due until the program actually turns over to Fraport. The agreement has been signed, but the requirement to provide that letter of credit is not effective until February 1, 2019. There is a policy in place for the insurance. Fraport had an industry day on August 28, 2018, attended by over a hundred operators, local ACDBE and national operators. Another industry day is planned for September 25, 2018. Staff is working on the takeaway from the last meeting for the 15-year contract analysis.

Mayor's Representative Wiltshire asked about the transition date. Ms. Martin confirmed that the transition to Fraport would begin on February 1, 2019.

Mayor's Representative Wiltshire asked how the transition would affect the three incumbent operators, Hudson News, Delaware North, HMSHost, currently operating and if their employees would be laid off. He asked for a brief description of how that transition would happen, so we can start to manage expectations.

Ms. Martin stated that some of those details aren't known yet. Fraport is still meeting with each of the master concessionaires, Host, Hudson, Delaware North, to work out that transition plan. A lot of it is impacted not just by when contracts end between the airport and those concessionaires expire, but also the BNA Vision project. As an example, we have a Host location for Berry Field Bistro that is effective until June of 2020. If the BNA Vision Project is actually going to take that space for construction in June of 2021, then we may have a desire to extend that agreement or Fraport may have a desire to extend that agreement with Host to keep

that location operational for an additional year. We have no word right now that there's going to be a hard stop date and mass employee layoffs. Everybody is focused on having a positive transition. There are a lot of employees who've been here for a long time. We want to keep the relationships positive and also balance the construction impacts.

Chair Samuels asked when MNAA expected to have the transition plan in place and what was being communicated to the current concessionaires.

Ms. Martin stated that the transition plan could occur in phases. She stated she met to look at space usage to make sure we understood where a restaurant was going to go, where a shop was going to go, where we have spaces identified and when those things were coming online from a construction perspective. For example, we have a space that Fraport wants to use on A concourse for a restaurant as soon as they can get access to it. We have IT people in there now, and we have to determine where to move them. There are a lot of pieces we're figuring out from just a space usage perspective. That's the first piece, and then the CRDC is a key piece. Those are the focuses right now. Fraport is working very diligently to secure future tenants, and we are meeting with them regularly to get updates as they have them. Fraport does not have a leasing plan right now, but owes us a leasing plan of the tenants that they have identified for the spaces. That is coming to us first for review. Once we say yes or ask to look at something else from a concept perspective, they actually have to go out and negotiate the subleases with tenants. So even when we have a leasing plan that everybody may agree to, things could change.

Chair Samuels asked what was being communicated to the current concessionaires?

Ms. Martin reported that she met with both Delaware North and Host this week and has monthly meetings with them. What we're communicating as an airport is that Fraport is going to be leading this effort effective February 1, 2019. We are here to support the transition plan however it turns out. We have some agreements with Host, for example, that extend past that February 1, 2019 date. Fraport is engaged in conversation with the corporate representatives from each of those companies, but we have not heard final decision plans on locations or who's staying.

Chair Samuels clarified that when he means current concessionaires, it is the business owners - Tootsie's and Burger King and all the others. He asked what is being communicated to those business owners.

Ms. Martin stated that Tootsie's is operated by Delaware North and Transfare operates Burger King, along with other restaurants. They do so under an agreement with Delaware North. Those entities, to the extent they are separate legal entities, would be having those conversations with Fraport about what their role in Fraport's program looks like going forward.

Commissioner Smith asked the location for the Industry Day on September 25, 2018, if asked by our community members for this next date.

Ms. Martin stated she did not have that information yet.

Commissioner Smith added that we want to make sure that that information is distributed well.

Commissioner Smith asked what Ms. Martin's opinion was on the feedback and tone from the first Industry Day, if people were still excited and if they still believe this is a good business opportunity for them.

Ms. Martin reported that the feedback she had received from the business owners who attended the meeting was very positive. Several of them have already met with Fraport and were able to continue that conversation or managed to sort of get a foot in the door. Ms. Davita Taylor also attended and spoke about the ACDBE program.

Ms. Taylor reported that everyone was really positive and excited about the opportunity to talk to someone about potential opportunities. She stated that she had not heard any negative reports, which was great, and that everybody is just excited about the potential opportunity and to have a conversation.

President Kreulen reported that was the same feedback he received at the presentations that I'm making downtown when I'm running into the different business owners. He stated that he attended the first Industry Day with Ms. Martin and Ms. Taylor and her team to just watch and see what was going on. When they run into me downtown, they tell me that they have been talking to Fraport and they're still working out what leasing options might be available and when. President Kreulen stated that he knew a transition plan was part of the agreement and staff would come back to the Board with that. We'll follow up with the individual business owners as we go forward.

B. BNA Vision Contractor Involvement

Mr. Ramsey briefed the board on this item. Mr. Ramsey provided an overview of the major projects of the BNA Vision, including Garage A, Interim International Arrivals Building, Concourse D and Wings, Terminal Apron Expansion, Terminal Garage and Admin Building. The Terminal Lobby and International Arrivals Facility is currently on the street. We have the number of firms that have downloaded those plans, the number of pre-bid attendees and the number of firms that submitted on those proposals. Those were large programs and took many subcontractors, which is why you see a significantly higher number on downloaded plans and the pre-bid attendees. Mr. Ramsey stated that with regard to the Terminal Lobby, bids had not been received yet and it closes September 25, 2018.

Mr. Ramsey reported that to date, there are 125 first- or second-tier subcontractors who worked on the Vision, and that does not include third or fourth tier subcontractors. Of those 125 contractors, 16 are first time working at the BNA and have not been out here before. It is still very early in the BNA Vision. The current cash spend

rate is about \$230,000 a day. In about nine months, we'll be at \$1.1 million a day. At that burn rate, we suspect this number of subcontractors will go up significantly at that point in time.

President Kreulen reported that in accordance with the bylaws, Section 4.7, Litigation, it states, "The president with the recommendation of legal counsel and the chief legal officer, may authorize filing of litigation which is necessary or appropriate to the efficient or economical administration of the Authority in the protection of the Authority interest and the accomplishment of the Authority's mission and objectives." We have 224 ground transportation companies that we deal with, and we have four above that 224 that are, for some reason, not in compliance with our Ground Transportation Policy. Staff is in the process of giving those four companies notice to cease-and-desist operations until they agree to operate under MNAA's Ground Transportation Policy, insurance requirements and without freelancing. Mr. Kreulen stated that he is required to notify the Board that staff is communicating with those companies. If the decision is made to take legal action from there, he would update the Board. President Kreulen stated that the CEO is not allowed to make any settlements without consulting with the Chair and the Board, depending on the dollar amount, and just wanted to inform the Board that MNAA may take legal action against those four companies to get them to comply with MNAA's Ground Transportation Policy. The Ground Transportation Policy is good enough for 224 companies, and those other four companies need to follow those same rules.

Chair Samuels thanked President Kreulen for the report and stated that it would be submitted to the Executive Steering Committee.


Mr. Tom Jurkovich, VP, Strategic Communications, provided a brief update on the on the Airports Council International North America (ACI-NA) Annual Conference. This is a big deal in the airport aviation industry. It's the annual conference, and Nashville is the host city, and BNA is the host airport. Mr. Jurkovich stated that this will be the largest conference, in terms of attendees, in ACI history. There were 2,000 registrants as of Friday. By way of comparison, last year's event at Fort Worth had about 1,600 registrants. It is estimated there will be about 2,100 attendees registered, consisting of aviation professionals, consultants, vendors, Board members and our peers in airports across North America. The Conference runs from September 29th through October 2nd. MNAA as the host airport will have a certain role other than to write the checks, and we're prepared for that. Cathy Holland isn't in here, but she and her team, as our event organizers, have taken the lead on this and done a fantastic job. There are a lot of details associated with an event of this sort+. There will be signage throughout the airport beginning Saturday, September 29, 2018, including the monitors and we have some 75 volunteers who have signed up to work this event both at the airport and at the convention center. Mr. Jurkovich provided a timeline of key events for the conference and invited all Board members to attend.

President Kreulen asked that before the meeting adjourned, if we could have a motion to accept the two reports on the Concessions Update and BNA Vision Contactor Involvement.

Chair Samuels stated that those reports were informational items and therefore did not need acceptance.

VII. Adjourn

There being no further business before the Board, Chair Samuels adjourned the meeting at 2:07 p.m.


Amanda C. Farnsworth
Board Secretary