

Minutes of the Joint Meeting of the MNAA Board of Commissioners and MPC Board of Directors



Date: March 25, 2020

Place: Nashville International Airport

Time: 1:00 p.m.

Board Members Physically Present: A. Dexter Samuels, Chair; Bill Freeman; and Bobby Joslin

Board Members Electronically Present: Trey Harwell, Vice Chair; Amanda Farnsworth, Secretary; John Doerge; Nancy Sullivan; Jimmy Granbery; Christy Smith; and Kevin Crumbo

Board Members Absent: None

Others Present: Doug Kreulen, Cindy Barnett (via electronic means), and Angela Edwards

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 March 20, 2020.

II. Open Meetings Act Announcement

Chair Samuels read the Open Meetings Act Announcement as follows:

The Joint Meeting of the MNAA Board of Commissioners and MPC Board of Directors will be held in accordance with Executive Order No. 16 signed by Governor Bill Lee on March 20, 2020, allowing a governing body to hold meetings by electronic or other means of communication without a quorum being physically present if the governing body determines that meeting by electronic means is necessary to prevent the spread of COVID-19 or other related epidemics to protect the health, safety and welfare of the public and members of the governing body. All votes taken during this meeting will be by roll call vote.

Ms. Angela Edwards, Staff Secretary, called roll of the members of the MNAA Board of Commissioners and MPC Board of Directors and Board Counsel. All members and counsel were present.

III. Approval of Minutes

Upon motion made by Commissioner Freeman and seconded by Commissioner Joslin, the Board voted to approve the Minutes of the February 19, 2020 Joint Meeting of the MNAA Board of Commissioners and MPC Board of Directors. Ms. Edwards took a roll call vote and the motion carried by vote of 10 to 0.

IV. Chair's Report

Chair Samuels thanked everyone for their time and gave an inspirational speech regarding the dark times we are facing. Communication will be paramount. Chair Samuels asked that President Kreulen communicate all information and materials to the Board of Commissioners as frequently as necessary. Chair Samuels stated he thought it was important to get various perspectives on what individuals are doing in their respective businesses.

Chair Samuels called on Commissioner Crumbo to make remarks. Commissioner Crumbo stated the Metro Government has been challenged with its financial position but has been making tremendous progress. However, with the storms a couple of weeks ago, and the rising challenges the virus brings, there are setbacks on the local economy, state economy and global economy. Commissioner Crumbo stated he was glad everyone was able to come together today by electronic means or otherwise, because leadership is very important given the economic impact the airport has on the city, county and state. A lot of people are relying on the airport for stability and to sustain the future. Commissioner Crumbo stated he would be glad to take questions related to Metro's response but thought it was important to focus on the airport at this meeting.

Chair Samuels then called upon Vice Chair Harwell for remarks. Vice Chair Harwell gave a summary of the Nashville courts and legal system. Legal and judicial services have been deemed essential businesses and remain open under Mayor Cooper's stay at home order. There have been certain parameters and details on operations put in place by the specific federal, state and local court orders. For anyone interested in further details on those parameters, Vice Chair Harwell referred everyone to the Nashville Bar Association website, nashvillebar.org. Vice Chair Harwell stated his office has been operating on a skeleton staff with a lot of people working from home. Throughout the legal community in Nashville, it has been business as usual.

Chair Samuels then called upon Commissioner Freeman for remarks. Commissioner Freeman stated his primary business is apartment rentals and expects to feel the effects for the next 6 months, although it

is uncertain how long it will take to get back to normal. As the economy continues to slow down, Commissioner Freeman stated he thought the airport, and all businesses should proceed with caution as to expenditures and making any major decisions.

Commissioner Joslin stated he is a small business owner and has had to lay off some employees as many other small businesses have had to do. Commissioner Joslin stated he is glad the Board is having this meeting today because it will not do any good to stop doing business.

Chair Samuels stated from a health perspective, we have not yet seen the true numbers regarding the COVID-19. There will be 12 assessment sites set up in the next few days and thinks Nashville will see an increase in numbers.

V. President's Report

President Kreulen sent a President's Report to the Board of Commissioners prior to the meeting via e-mail. President Kreulen presented the report, including:

- John C. Tune Airport Tornado Damage Summary
 - 17 hangars were destroyed, including Hangar 1, 2 and 3 and 14 T-hangars
 - Emergency Operations Center (EOC) was opened for 10 days, 13 hours and 28 minutes, with staff ranging from 21 to 51 per day for a total of 3,080 man-hours worked
 - John C. Tune re-opened to the public on March 20, 2020
- BNA Status of Passengers, Operating Revenue, Passenger Facility Charges, Customer Facility Charges and Cargo
 - Passengers are down ~ 85%
 - Concessions, parking, commercial ground transportation and rental car revenues are down ~ 70-87%
 - PFC's and CFC's are down
- Estimated Passenger Forecast and FY21 Passenger Scenarios
 - March – June 2020 estimated at an 80% reduction (13.5M total passengers, 6.7M enplanements)
 - Four scenarios were presented for FY21 -- 7.4M, 11.4M, 15.2M and 19.2 total passengers

- FY20 Budget Baseline
 - Based on an 80% projected reduction in March-June revenue, FY20 revenue will be ~\$38.3M less than budget. PFC's will be ~\$6.3M less than budget, due to lower enplanements.
 - Overall, the impact of COVID-19 to the Board approved budget is ~ \$22.9M reduction in operating income. After identified savings are implemented, the net impact is ~ \$15.2M reduction. Staff is evaluating additional cost savings.
 - Because the first 8 months of FY20 performed 13% above budget, BNA is prepared to manage the last 4 months impacted by COVID-19.
- FY21 Budget and Scenarios Comparisons
 - Projected operating income and cash balances under the 4 enplanement scenarios were presented
- Reductions in Operational and Capital Expenses
 - MNAA funded capital reductions \$5.7M
 - Airline funded capital reductions \$4.6M
 - Approximate operating reductions \$11M
- Airline Operations
 - Published airline data shows April scheduled operations down 19%, with additional reductions anticipated to be published March 27, 2020
- State and Federal Initiatives

President Kreulen complimented Adams and Reese LLP for their hard work with State and Federal initiatives.

Chair Samuels thanked President Kreulen and Ms. Marge Basrai, VP, Chief Financial Officer, for their hard work on putting this information together. Chair Samuels stated this information was fantastic and exactly what the Board needed to understand the airport's state of affairs.

Chair Samuels opened the floor to the members of the Board for discussion and comments. Commissioner Farnsworth stated President Kreulen did an excellent job with his presentation. Commissioner Granbery stated the work at JWN has been an excellent job by all and asked if anything had changed since the last meeting with the 90-day pause to determine next steps. President Kreulen stated Mr. Robert Ramsey, SVP, Chief Operations Officer, and his Operations team had done a very good job and Corporate Flight Management (CFM) had also done a great job. Hangars 1, 2, and 3 are

almost ready to be removed. Ms. Margaret Martin, VP, Commercial Development Officer, and her team are ready, with Commissioner's help, to determine what is next with what to build back and what to do with insurance money for the T-hangars.

V. Items for Approval:

A. Approval of CEO Operational Flexibility During COVID-19 Pandemic

President Kreulen requested that the Board of Commissioners authorize the President & CEO to make and execute decisions concerning the following during the state of emergency from the COVID-19 Pandemic:

- Adjust or delay airline and/or business partner:
 - Space rent
 - Fees
 - Minimum Annual Guarantees (MAG)
- Reduce business partner hours of operation and allow closures
- Reduce shuttle and parking services; Close parking lots
- Adjust parking rates
- Return security deposits, letters of credit, etc.
- Accommodate schedule impacts
- Extend submission deadlines of active procurements
- Extend submission of the FY21 Operating & Capital Improvements Budgets to May 2020
- Authorize Fraport to use restricted cash

Chair Samuels stated he had discussions with President Kreulen and Board Counsel, Ms. Cindy Barnett, regarding this topic. President Kreulen is bringing this before the Board to get permission to make such decisions to keep things running smoothly instead of having to bring each item separately to the Board.

Upon motion made by Commissioner Freeman and seconded by Commissioner Joslin, the Board voted to approve the CEO Operational Flexibility During COVID-19 Pandemic on the aforementioned items.

Ms. Edwards took a roll call vote and the motion carried by vote of 10 to 0.

B. Approval of Construction Contract for Cargo Apron Reconstruction Phase 5

Although the GAOPE Committee voted on March 11, 2020 to recommend approval to the Board for this item, the CEO cancelled it at this time in order to reduce money spent from MNAA O&M funds.

C. Approval of Design Contract for Runway 2L-20R Extension

Staff provided the Board a staff analysis of the Design Contract for Runway 2L-20R Extension prior to the meeting. Staff requested that the Board of Commissioners approve the design contract with Garver, LLC (Garver) for Runway 2L/20R Extension and authorize the Chair and President & CEO to execute the professional services contract.

President Kreulen briefed the Board on this item. This project is 100% bond funded in the amount of \$2,098,212 for conceptual design of the Runway 2L/20R Extension. Commissioner Freeman stated the GAOPE voted to approve this item pre-market collapse. He stated he was in favor of delaying any expenditures at this time unless President Kreulen thought it was imperative to move on with the project. Commissioner Granbery asked if bond money could be spent on O&M expenses. President Kreulen stated bond money could only be spent on items approved by investors. This item was one of those items included in the projects that was approved by the investors. MNAA is already paying interest on this bond money.

Commissioner Freeman inquired as to the arbitrage rate. Ms. Cindy Barnett, Board Counsel, stated under IRS rules, MNAA was not allowed to keep any positive arbitrage. It must be rebated back to the federal government, therefore, holding onto the fund and investing is not going to help. Ms. Barnett stated bond funds were to fund capital projects approved by the Board under Vision 1.0. and those funds are dedicated to that. The bonds were sold to public investors and there is a 10-year lock out period which means the bonds cannot be redeemed for at least 10 years. As a policy matter, the federal government does not want local government and public bodies to borrow money and then use it to make investment earnings.

After further discussion and questions, Chair Samuels called for a vote.

Committee Review:

Commissioner Freeman reported this item was presented to the General Aviation/Operations/Planning/Engineering Committee on March 11, 2020. The GAOPE Committee voted 2 to 0 to

recommend approval to the Board of Commissioners.

Chair Samuels took Commissioner Freeman's statement as a motion and Commissioner Joslin seconded the motion to approve the design contract with Garver, LLC (Garver) for Runway 2L/20R Extension and authorize the Chair and President & CEO to execute the professional services contract. Ms. Edwards took a roll call vote. Commissioner Sullivan recused herself from the vote and the motion carried by vote of 9 to 0.

D. Approval of Construction Contract for Runway 2R/20L Reconstruction

Staff provided the Board a staff analysis of the Construction Contract for Runway 2R/20L Reconstruction prior to the meeting. Staff requested that the Board of Commissioners accept the bid by Hi-Way Paving, Inc. (Hi-Way) for the Reconstruction of Runway 2R/20L, Taxiway Hotel and Connectors at BNA and authorize the Chair and President & CEO to execute the proposed contract.

President Kreulen briefed the Board on this item. Runway 2R/20L and Taxiway Hotel were originally constructed in 1989. Kimley-Horn & Associates, Inc. recorded a Pavement Conditions Index (PCI) of 54 which is rated as "Poor." MNAA has been written up on this item for the last two years by the Federal Aviation Administration (FAA) for cracking corners and longitudinal cracks up and down the flight path of concrete. This project was bond funded as well as the previous project in the 2019 series bonds. Hi-Way, who already has a batch plant at BNA, had the lowest bid of \$51.2M. Hi-Way committed to the goal of 14.41% DBE. If approved, this runway will need to be closed for 13 months for reconstruction. If it is not approved, it may need to be closed at some point for safety.

Committee Review:

Commissioner Freeman reported this item was presented to the General Aviation/Operations/Planning/Engineering Committee on March 11, 2020. The GAOPE Committee voted 3 to 0 to recommend approval to the Board of Commissioners.

After questions and discussions, Chair Samuels took Commissioner Freeman's statement regarding the GAOPE Committee vote and recommendation to approve as a motion and Commissioner Joslin seconded the motion to accept the bid by Hi-Way Paving, Inc. (Hi-Way) for the Reconstruction of Runway 2R/20L, Taxiway Hotel and Connectors at BNA and authorize the Chair and President & CEO to execute the proposed contract. Ms. Edwards took a roll call vote. The motion carried by vote of 10 to 0.

E. Approval of Construction Contract for Mobile Equipment Maintenance Building

Staff provided the Board a staff analysis of the Construction Contract for Mobile Equipment Maintenance Building prior to the meeting. Staff requested that the Board of Commissioners authorize the Chair and President & CEO to execute the proposed Amendment 1 for Component Guaranteed Maximum Price (CGMP) #2 and the Guaranteed Maximum Price (GMP) for the Mobile Equipment Maintenance Building project at Nashville International Airport Progressive Design-Build contract with Brasfield & Gorrie (B&G).

President Kreulen briefed the Board on this item. This project has been bid three times. This project is 100% bond funded from the proceeds of the 2015 bonds. There was a problem with the design in 2017 and it had to be sent out for bid again. The second bid failed because the respondents were not able to meet the SMWBE participation levels or provide acceptable good faith efforts. The third bid was successful. In February 2019 the Board approved the selection of Brasfield & Gorrie and CGMP #1 for the design & pre-construction in the amount of approximately \$1.7M. This amendment is for CGMP #2 in the amount of \$8,728,447.00, which establishes the GMP of approximately \$10M, and is inclusive of all site and building construction, general requirements and all other associated services for Contract completion.

Committee Review:

Commissioner Freeman reported this item was presented to the General Aviation/Operations/Planning/Engineering Committee on March 11, 2020. The GAOPE Committee voted 3 to 0 to recommend approval to the Board of Commissioners.

Chair Samuels took Commissioner Freeman's statement as a motion and Commissioner Joslin seconded the motion to authorize the Chair and President & CEO to execute the proposed Amendment 1 for Component Guaranteed Maximum Price (CGMP) #2 and the Guaranteed Maximum Price (GMP) for the Mobile Equipment Maintenance Building project at Nashville International Airport Progressive Design-Build contract with Brasfield & Gorrie (B&G). Ms. Edwards took a roll call vote. The motion carried by vote of 10 to 0.

F. Approval to Submit BNA Master Plan/Airport Layout Plan to FAA

Staff provided the Board a staff analysis of the BNA Master Plan/Airport Layout Plan (the Plan) to FAA prior to the meeting. Staff requested that the Board of Commissioners approve submission of the BNA Airport Master Plan (AMP) Update and Airport Layout Plan (ALP) to the FAA.

President Kreulen briefed the Board on this item. The Plan identifies plans MNAA has for the airport within the next twenty years regarding airside improvements, terminal improvements, landside improvements, and long-range south development. Both plans must be submitted to the FAA, and the ALP requires FAA approval. President Kreulen discussed each project being submitted under the four areas above.

Chair Samuels asked if the members of the Board had all received a copy of the Plan. President Kreulen stated they had been provided to Commissioners as the sections were completed, and the Plan was available on the website. Staff will resend the link to the Board of Commissioners.

Committee Review:

Commissioner Freeman reported this item was presented to the General Aviation/Operations/Planning/Engineering Committee on March 11, 2020. The GAOPE Committee voted 3 to 0 to recommend approval to the Board of Commissioners.

Chair Samuels took Commissioner Freeman's statement as a motion and Commissioner Joslin seconded the motion to approve submission of the BNA Airport Master Plan (AMP) Update and Airport Layout Plan (ALP) to the FAA. Ms. Edwards took a roll call vote. The motion carried by vote of 10 to 0.

G. Approval of Amendment to Payment for Work Product Agreement

Staff provided the Board a staff analysis of the Amendment to Payment for Work Product Agreement prior to the meeting. Staff requested that the Board of Commissioners amend the Payment for Work Product Agreement for the hotel and garage development project.

President Kreulen briefed the Board on this item. When the Board approved this payment for work product, the amount for the unsuccessful respondent was to be paid for as part of the total project cost of the ultimately successful respondent. Based on feedback from the two respondents during the course of the collaborative dialogue meetings, MNAA staff is requesting that the payment for work

product agreement be amended such that MNAA would make the \$750,000 payment to the unsuccessful respondent rather than that payment being made by the successful respondent.

Committee Review:

Commissioner Joslin reported this item was presented to the BNA Vision Committee on March 11, 2020. The BNA Vision Committee voted 2 to 0 to recommend approval to the Board of Commissioners.

Chair Samuels took Commissioner Joslin's statement as a motion and Commissioner Sullivan seconded the motion to amend the Payment for Work Product Agreement for the hotel and garage development project. Commissioner Joslin stated for the record, this would not cost MNAA any money at this point but could cost a lot of money if the Board decides not to issue the Request for Proposals (RFP). Ms. Edwards took a roll call vote. Commissioner Granbery recused himself from the vote. The motion carried by vote of 9 to 0.

H. Approval to Issue Hotel RFP

Staff provided the Board a staff analysis of the Issuance of the Hotel Request for Proposals prior to the meeting. Staff requested that the Board of Commissioners approve the release of the request for proposals for the hotel and garage development.

President Kreulen briefed the Board on this item. President Kreulen gave a brief history of this project, key terms of the RFP, the key terms of the lease, and a detailed timeline. President Kreulen mentioned there will be plenty of opportunities for the Board to revisit this project should COVID-19 have any effect.

Committee Review:

Commissioner Joslin reported this item was presented to the BNA Vision Committee on March 11, 2020. The BNA Vision Committee voted 2 to 0 to recommend approval to the Board of Commissioners.

Chair Samuels took Commissioner Joslin's statement as a motion and Commissioner Farnsworth seconded the motion to approve the release of the request for proposals for the hotel and garage development. After questions and discussions, Ms. Edwards took a roll call vote. Commissioner Granbery recused himself from the vote. The motion carried by vote of 9 to 0.

I. Approval of BNA Vision 2.0 Conceptual Plan for the Environmental Assessment

Staff provided the Board a staff analysis of the BNA Vision 2.0 Conceptual Plan for the Environmental Assessment prior to the meeting. Staff requested that the Board of Commissioners approve the BNA Vision 2.0 conceptual plan for the environmental assessment.

President Kreulen briefed the Board on this item. The BNA Vision Committee has gone through several options for future development. A conceptual plan must be submitted to the firm conducting the Environmental Assessment (EA). The conceptual plan includes the expanded Concourse A and a Satellite Concourse, resulting in a total of 65 gates. The schedule is estimated at 24 months for the Satellite Concourse and 4.5 years for Concourse A, at an estimated cost of \$790M. Chair Samuels asked if the EA would include a future new terminal, and President Kreulen explained it would not. At the March 11, 2020 meeting of the BNA Vision Committee, the Committee members voted unanimously to approve the proposed scope for BNA Vision 2.0 and Authorize staff to proceed with planning for BNA Vision 2.0. President Kreulen stated this plan is conceptual and staff will obtain Board approval at each step of Vision 2.0.

Committee Review:

Commissioner Joslin reported this item was presented to the BNA Vision Committee on March 11, 2020. The BNA Vision Committee voted 3 to 0 to recommend approval to the Board of Commissioners.

Chair Samuels took Commissioner Joslin's statement as a motion and Commissioner Freeman seconded the motion to approve the BNA Vision 2.0 conceptual plan for the environmental assessment. After questions and discussions, Ms. Edwards took a roll call vote. The motion carried by vote of 10 to 0.

J. Approval of Committee Assignments

Chair Samuels recommended on behalf of the Management Committee that Commissioner Crumbo be assigned to the FAP Committee and the BNA Vision Committee. Commissioner Joslin made a motion and Commissioner Freeman seconded the motion to approve the assignment of Commissioner Crumbo to the FAP Committee and the BNA Vision Committee. Ms. Edwards took a roll call vote. The motion carried by vote of 10 to 0. Chair Samuels congratulated Commissioner Crumbo on his appointments.

VIII. Adjourn

There being no further business brought before the Board, Chair Samuels thanked the Commissioners for their participation and thanked President Kreulen and his staff for doing an outstanding job of gathering such valuable information in such short time. Chair Samuels adjourned the meeting at 2:29 p.m.


Amanda C. Farnsworth, Board Secretary