

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



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Date: May 20, 2020

Place: Nashville International Airport / Electronic Meeting

Time: 1:00 p.m.

Board Members Present:

A. Dexter Samuels, Chair; Trey Harwell, Vice Chair; Amanda Farnsworth, Secretary; John Doerge; Bill Freeman; Bobby Joslin; Nancy Sullivan; Jimmy Granbery; Christy Smith; and Kevin Crumbo

Board Members Absent:

None

Others Present:

Doug Kreulen, Cindy Barnett, and Angela Edwards

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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 May 15, 2020.

II. Roll Call and Open Meetings Act Announcement

Ms. Angela Edwards, Staff Secretary, 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, as amended by Executive Order No. 34, signed by Governor Bill Lee on May 6, 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. All members were present.

III. Approval of Minutes

Upon motion made by Commissioner Joslin and seconded by Vice Chair Harwell, the Board voted to approve the Minutes of the April 15, 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 had no Chair's Report.

V. President's Report

President Kreulen stated Mayor Cooper had executed Executive Order No. 4, as amended, and staff sent a policy letter to all airport employees and Commissioners were provided a copy. Employees were also given instructions on how to take care of their masks. Each employee was given two masks and there are more in stock. The airport is complying with all instructions coming from the federal government.

The Airports Council International and the International Association of Airports released new guidelines for opening airports to make travelers feel safer. BNA is following these guidelines.

President Kreulen thanked Board Counsel, Cindy Barnett, and Commissioner Harwell for their work in helping the airport with business decisions ahead. Feedback has been received from other Commissioners regarding things going on within their business environments that might be applicable to the airport.

Dr. Slovis, head of Emergency Medicine at Vanderbilt, helped the airport with its CDC approved pandemic plan. The airport also has its own certified industrial hygienist, Dr. Boothe, supporting all of BNA's engineering efforts. BNA is now using the standards coming out of the Transportation Research Board to make things cleaner and safer for employees and passengers.

President Kreulen presented a power point slide regarding the HEROES Act which is a House Resolution sponsored by Speaker Pelosi. President Kreulen gave a brief overview of aviation-related provisions contained in the Resolution.

President Kreulen gave an update on enplanement performance. In April 2020, 1,000 enplanements were projected per day for a monthly total of 30K. The actual number of enplanements for April was 31,510. May 2020 enplanement projections were 2,500 per day for a total of 77,500 for the month.

Numbers are trending to reach a little over 79,000 for the month of May 2020. Staff will continue to track enplanements and report to the Board each month.

After questions and discussions, President Kreulen moved on to the items for approval.

VI. Items for Approval

A. Approval of Design-Build Contract for Terminal Access Roadway Improvements (TARI)

Ms. Traci Holton, AVP, Chief Engineer, briefed the Board on this item. Staff requested that the Board of Commissioners approve the proposal by Superior Construction Company Southeast, LLC for the Progressive Design-Build Contract for the Terminal Access Roadway Improvements (TARI) project at Nashville International Airport (BNA) and authorize the Chair and President and CEO to execute the Component Guaranteed Maximum Price #1, (CGMP1).

Staff provided the Board a staff analysis of the Design-Build Contract for Terminal Access Roadway Improvements (TARI) and CGMP 1 of 6 prior to the meeting.

Ms. Holton reported the scope of the project includes realignment of existing roadways and the construction of new roadways to provide permanent access to I-40 and Donelson Pike as part of the proposed Donelson Pike Relocation to be completed by TDOT. A Request for Proposals was advertised in January 2020 and on January 25, 2020 proposals were received from Kiewit Infrastructure South Company (Kiewit) and Superior Construction Company Southeast, LLC (Superior). The selection committee conducted interviews with both candidates and selected Superior to be the best selection for this project. CGMP #1 will cost approximately \$18.4M. This project is expected to take approximately 1600 calendar days to complete with a contract completion date of December 31, 2024. The project is heavily dependent upon TDOT's relocation of Donelson Pike. Ms. Holton gave a breakdown of construction costs.

Committee Review:

Commissioner Joslin reported this item was presented to the BNA Vision Committee on May 13, 2020. The BNA Vision Committee voted 4 to 0 to recommend approval to the Board of Commissioners.

Chair Samuels took Commissioner Joslin's statement as a motion and Commissioner Granbery seconded the motion to approve the proposal by Superior Construction Company Southeast, LLC for the Progressive Design-Build Contract for the Terminal Access Roadway Improvements (TARI) project

at Nashville International Airport (BNA) and authorize the Chair and President and CEO to execute the Component Guaranteed Maximum Price #1, (CGMP1). Ms. Edwards took a roll call vote and the motion carried by vote of 10 to 0.

B. Approval of Construction Contract for JWN Air Traffic Control Tower

Ms. Holton briefed the Board on this item. Staff requested that the Board of Commissioners accept the proposal by J. E. Dunn Construction Company (JE Dunn) for the Air Traffic Control Tower (ATCT) at John C. Tune Airport (JWN) and authorize the Chair and President and CEO to execute the construction contract.

Staff provided the Board a staff analysis of the Construction Contract for JWN Air Traffic Control Tower prior to the meeting.

Ms. Holton gave a brief history of the project. JE Dunn was the winner of the contract and the final proposal was in the amount of \$8.742M. The SMWBE participation level set by MNAA for this project was 2.15% MBE and/or WBE. JE Dunn was able to obtain 2.18% MBE and WBE. The duration of the contract is approximately 392 calendar days to be completed July 2021. There will be a commissioning component to this project, so staff hopes to have an operational tower by September 2021. The funding sources for this project are: 42% Economic Development Grant; 5% JWN Tennessee Equity Fund; 4.5% Airlines; and 48.5% BNA Tennessee Equity Fund.

Since last week's Committee meeting, staff had received comments from the Federal Aviation Administration on the Environmental Assessment and were able to publicly advertise. There is a 30-day process for comment.

Committee Review:

Commissioner Freeman reported this item was presented to the General Aviation/Operations/Planning & Engineering (GAOPE) Committee on May 13, 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 accept the proposal by JE Dunn for the Air Traffic Control Tower at John C. Tune Airport and authorize the Chair and President and CEO to execute the construction contract.

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

C. Approval of FY21 BNA O&M Budget – MNAA Resolution No. 2020-01

Ms. Marge Basrai, VP, Chief Financial Officer, briefed the Board on this item.

Ms. Basrai stated she went into great detail at the Committee meeting last week regarding all 6 budgets for approval. Therefore, she stated she would give more of a summary of each budget today. Ms. Basrai pointed out that the Resolution numbers for BNA and JWN were updated since Committee meetings because MNAA Resolution No. 2020-01 had been used previously for the JWN tower to be located on the west side. That item was not brought to the Board for approval, therefore, MNAA Resolution No. 2020-01 was voided and will be used for the BNA O&M Budget.

Staff requested that the Board of Commissioners approve the proposed operating budget for Nashville International Airport (BNA) for fiscal year 2021 (FY21) and authorize the Chair and President and CEO to execute MNAA Resolution No. 2020-01.

Staff provided the Board a staff analysis of the proposed operating budget for BNA for FY21 and a copy of MNAA Resolution No. 2020-01 prior to the meeting.

Ms. Basrai reported the FY21 budget was prepared using an enplanement forecast of 5.6M (baseline). FY21 budgeted operating revenue is \$160,405M and operating expense is \$119,332M. Budgeted operating revenue decreased by \$41M due to a decline in parking, concessions, and rental car revenue. Operating expenses were reduced by \$16.1M in salary and benefits, contractual services, and other expenses. Net non-operating income (expense) decreased \$29M. Interest income increased along with CARES funds to offset the decrease in passenger facility charges and customer facility charges.

Committee Review:

Commissioner Farnsworth reported this item was presented to the Finance/Administration/Properties (FAP) Committee May 13, 2020. The FAP Committee voted 4 to 0 to recommend approval to the Board of Commissioners.

Chair Samuels took Commissioner Farnsworth's statement as a motion and Commissioner Joslin seconded the motion to approve the proposed operating budget for BNA for FY21 and authorize the

Chair and President and CEO to execute MNA Resolution No. 2020-01. Ms. Edwards took a roll call vote and the motion carried by vote of 10 to 0.

D. Approval of FY21 BNA Capital Budget – MNA Resolution No. 2020-02

Ms. Basrai briefed the Board on this item. Staff requested that the Board of Commissioners approve the proposed FY21-FY25 BNA Capital Improvements Plan, approve the proposed FY21 BNA Capital Improvements Budget, authorize MNA to accept the grant(s) from the Federal Aviation Administration (FAA) for Federally funded projects and from the State of Tennessee for state funded projects, designate the President & CEO, or designee, as the authorized representative of the Authority, and authorize the Chair and President & CEO to execute MNA Resolution No. 2020-02.

Staff provided the Board a staff analysis of the proposed FY21 Capital Improvements Budget and FY21-FY25 Capital Improvements Plan for BNA and a copy of MNA Resolution No. 2020-02 prior to the meeting.

Ms. Basrai stated the 5-year plan is \$1.3B but the focus was on FY21 CIP Budget. Given the current economic environment, the Capital Improvements Budget for FY21 (FY21 BNA CIP Budget) has been reduced significantly to \$15M. Major projects for FY21 include: 1) A Concourse Ramp Expansion (Design); 2) Baggage Handling Modifications Phase I; and 3) Concourse B, C, & AB Apex Terrazzo and Carpet. The projects for the remaining four years are estimates and will be updated next year based on the economy.

Committee Review:

Commissioner Farnsworth reported this item was presented to the FAP Committee May 13, 2020. The FAP Committee voted 4 to 0 to recommend approval to the Board of Commissioners.

Chair Samuels took Commissioner Farnsworth's statement as a motion and Commissioner Joslin seconded the motion to approve the proposed FY21-FY25 BNA Capital Improvements Plan, and approve the proposed FY21 BNA Capital Improvements Budget, to authorize MNA to accept the grant(s) from the Federal Aviation Administration (FAA) for Federally funded projects and from the State of Tennessee for state funded projects, to designate the President & CEO, or designee, as the authorized representative of the Authority, and authorize the Chair and President & CEO to execute MNA Resolution No. 2020-02. Ms. Edwards took a roll call vote and the motion carried by vote of 10 to 0.

E. Approval of FY21 JWN O&M Budget – MNAA Resolution No. 2020-03

Ms. Basrai briefed the Board on this item. Staff requested that the Board of Commissioners approve the proposed operating budget for John C. Tune Airport (JWN) for FY21 and authorize the Chair and President & CEO to execute MNAA Resolution No. 2020-03.

Staff provided the Board a staff analysis of the operating budget for JWN for FY21 and a copy of MNAA Resolution No. 2020-03 prior to the meeting.

FY21 budgeted operating revenue is \$946,000 and operating expense is \$572,000. Budgeted operating revenue decreased by \$374K due to the destruction incurred from the tornado. Budgeted operating expenses increased by \$177K for additional consulting services anticipated for JWN development. Interest income decreased due to the lower interest rates in the current economy. The loss from expenses being greater than revenues will be paid for by MNAA.

Committee Review:

Commissioner Farnsworth reported this item was presented to the FAP Committee May 13, 2020. The FAP Committee voted 4 to 0 to recommend approval to the Board of Commissioners.

Chair Samuels took Commissioner Farnsworth's statement as a motion and Commissioner Joslin seconded the motion to approve the proposed operating budget for John C. Tune Airport (JWN) for FY21 and authorize the Chair and President & CEO to execute MNAA Resolution No. 2020-03. Ms. Edwards took a roll call vote and the motion carried by vote of 10 to 0.

F. Approval of FY21 JWN Capital Budget – MNAA Resolution No. 2020-04

Ms. Basrai briefed the Board on this item. Staff requested that the Board of Commissioners approve the proposed FY21-FY25 JWN Capital Improvements Plan, approve the proposed FY21 JWN Capital Improvements Budget, authorize MNAA to accept the grant(s) from the Federal Aviation Administration (FAA) for Federally funded projects and from the State of Tennessee for state funded projects, designate the President & CEO, or designee, as the authorized representative of the Authority, and authorize the Chair and President & CEO to execute MNAA Resolution No. 2020-04.

Staff provided the Board a staff analysis of the proposed FY21-FY25 JWN Capital Improvements Plan, the proposed FY21 JWN Capital Improvements Budget, and a copy of MNAA Resolution No. 2020-04 prior to the meeting.

The 5-year Capital Improvement Plan for FY21-FY25 is \$29.9M. Given the impact of the recent tornado that caused damage at JWN, and the current economy, the Capital Improvements Budget for FY21 (FY21 JWN CIP Budget) consists of one project for \$10.1M which is the Air Traffic Control Tower and Access Road. MNAA will be working with a consultant to create a land development plan for JWN. Once the plan is completed and the amount of insurance proceeds from the tornado are known, the staff will recommend an amendment to the FY21 JWN CIP Budget if needed.

Committee Review:

Commissioner Farnsworth reported this item was presented to the FAP Committee May 13, 2020. The FAP Committee voted 4 to 0 to recommend approval to the Board of Commissioners.

Chair Samuels took Commissioner Farnsworth's statement as a motion and Vice Chair Harwell seconded the motion to approve the proposed FY21 JWN Capital Improvements Budget, to authorize MNAA to accept the grant(s) from the Federal Aviation Administration (FAA) for Federally funded projects and from the State of Tennessee for state funded projects, to designate the President & CEO, or designee, as the authorized representative of the Authority, and to authorize the Chair and President & CEO to execute MNAA Resolution No. 2020-04. Ms. Edwards took a roll call vote and the motion carried by vote of 10 to 0.

G. Approval of FY21 MPC O&M Budget – MPC Resolution No. 2020-01

Ms. Basrai briefed the Board on this item. Staff requested that the MPC Board of Directors approve the proposed operating budget for MNAA Properties Corporation (MPC) for FY21 and authorize the Chair and President & CEO to execute MPC Resolution No. 2020-01.

Staff provided the Board a staff analysis of the proposed operating budget for MPC for FY21 and a copy of MPC Resolution No. 2020-01 prior to the meeting.

FY21 budgeted operating revenue is \$3,290K and operating expense is \$2,843K. Budgeted operating revenue decreased by \$447K. Budgeted operating expense decreased by \$325K. Interest income was reduced due to the lower interest rates in the current economy and interest expense is expected to decrease due to the intercompany loan being paid off in FY21.

Committee Review:

Director Farnsworth reported this item was presented to the FAP Committee May 13, 2020. The FAP

Committee voted 4 to 0 to recommend approval to the Board of Directors.

Chair Samuels took Director Farnsworth's statement as a motion and Director Joslin seconded the motion to approve the proposed operating budget for MNAA Properties Corporation (MPC) for FY21 and authorize the Chair and President & CEO to execute MPC Resolution No. 2020-01. Ms. Edwards took a roll call vote and the motion carried by vote of 10 to 0.

H. Approval of FY21 MPC Capital Budget – MPC Resolution No. 2020-02

Ms. Basrai briefed the Board on this item. Staff requested that the MPC Board of Directors approve the proposed FY21-FY25 MPC Special Projects Plan (FY21-FY25 MPC Capital Improvements Plan), approve the proposed FY21 MPC Special Projects Budget (FY21 MPC Capital Improvements Budget), authorize MPC to accept the grant(s) from the Federal Aviation Administration (FAA) for Federally funded projects and from the State of Tennessee for state funded projects, designate the President & CEO, or designee, as the authorized representative of the Corporation, and authorize the Chair and President & CEO to execute MPC Resolution No. 2020-02.

Staff provided the Board a staff analysis of the proposed FY21-FY25 MPC Special Projects Plan (FY21-FY25 MPC Capital Improvements Plan), the proposed FY21 MPC Special Projects Budget (FY21 MPC Capital Improvements Budget), and a copy of MPC Resolution No. 2020-02 prior to the meeting.

The 5-year plan is \$7.2M. Given the current economic environment, the MPC Capital Improvements Budget for FY21 is \$0. The projects for the remaining four years are for planning purposes only. They will be updated annually and presented to the Board, based on the economic recovery.

Committee Review:

Director Farnsworth reported this item was presented to the FAP Committee May 13, 2020. The FAP Committee voted 4 to 0 to recommend approval to the Board of Directors.

Chair Samuels took Director Farnsworth's statement as a motion and Director Joslin seconded the motion to approve the proposed FY21-FY25 MPC Special Projects Plan (FY21-FY25 MPC Capital Improvements Plan), to approve the proposed FY21 MPC Special Projects Budget (FY21 MPC Capital Improvements Budget), to authorize MPC to accept the grant(s) from the Federal Aviation Administration (FAA) for Federally funded projects and from the State of Tennessee for state funded projects, to designate the President & CEO, or designee, as the authorized representative of the

Corporation, and to authorize the Chair and President & CEO to execute MPC Resolution No. 2020-02.

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

I. Approval of FY21 Corporate Insurance Policies Renewal

Mr. Edward McDonald, AVP, Risk Management briefed the Board on this item. Staff requested the Board of Commissioners authorize the renewal of the Authority's FY21 Corporate Insurance policies by the President & CEO.

Staff provided the Board with a staff analysis of the FY21 Corporate Insurance Policies Renewal prior to the meeting.

Willis Towers Watson (Willis) and partner, Alexander & Associates, provide broker services for the insurance program. Insurance rates are primarily determined by market conditions, risk exposures, and enterprise risk profile. The current global market is firm; rates are less negotiable. MNAA risk exposures are standard resulting in minimal rate influence. MNAA risk profile for Property Insurance includes two major claims due to the March tornado and the pandemic. MNAA's Worker's Compensation profile is excellent with 0.69 Mod Rate and MNAA received a reimbursement of \$45,619.

Policies projecting a global market increase in excess of 20% are Property, Aviation General Liability, Directors & Officers. The expiring premiums for FY19-20 renewal are approximately \$1.4M with the Broker receiving approximately 16% of that amount which is a commission-based fee. The projected premiums for FY21 renewal are \$1.8M. MNAA is currently marketing the Broker Services and concentrating on a fixed fee basis instead of the commission-based fee. The RFP went out for advertisement this past Monday.

Committee Review:

Commissioner Farnsworth reported this item was presented to the FAP Committee May 13, 2020. The FAP Committee voted 4 to 0 to recommend approval to the Board of Commissioners.

Chair Samuels took Commissioner Farnsworth's statement as a motion and Vice Chair Harwell seconded the motion to authorize the renewal of the Authority's FY21 Corporate Insurance policies by the President & CEO. After questions and discussions, Ms. Edwards took a roll call vote and the motion carried by vote of 9 to 0. Commissioner Smith did not participate in the vote.

Chair Samuels stated any additional discussion can be taken up at the next FAP meeting.

J. Approval of BNA Concessions Contract 3<sup>rd</sup> Amendment (Monthly MAG Calculation)

Ms. Margaret Martin, VP, Chief Development Officer briefed the Board on this item. Staff requested that the Board of Commissioners amend the Lease and Concession Agreement between MNAA and Fraport Tennessee, Inc., for the BNA concession program.

Staff provided the Board a staff analysis of the BNA Concessions Contract 3rd Amendment (Monthly MAG Calculation) prior to the meeting.

Ms. Martin explained that currently the Agreement provides for a comparison of actual enplanements per year to the projected enplanements per year, and if the actual enplanements are less than projected enplanements by more than 10%, MNAA owes Fraport a credit for that year against the next due Minimum Annual Guarantee (MAG). Fraport has requested that this comparison be done monthly for a period of time instead of annually in order to reduce the MAG more immediately than would occur if there were an end of year credit due. CY2020 abatement is required at enplanements < 6.8M. Current enplanement projections from MNAA indicate that MNAA would owe Fraport a credit of approximately \$4.5M at the end of the CY20 lease year due to significantly decreased enplanements.

Current enplanement projections for CY21 indicate that after several months of decreased enplanements, enplanement levels should increase such that a MAG abatement would not occur. Transitioning the reconciliation to a monthly comparison does not have a financial impact to MNAA, as an additional annual reconciliation would occur at the end of CY2020 and CY2021.

Since actual enplanements are not known until approximately 45 days after the MAG payment is due, MNAA will project monthly enplanements based on the best data available. At the end of each lease year (12/31/2020 & 12/31/2021), MNAA will compare actual enplanements to contract projections as currently contemplated by the agreement, and issue a credit or invoice to Fraport, as applicable.

BNA concession sales have dropped, which directly impacts ability of the concession operators to pay rent.

- February 2020: \$7M
- March 2020: \$4.1M
- April 2020: \$289K

Benefits to MNAA of 3<sup>rd</sup> Amendment:

- Supports concession operators to try to preserve the BNA Concessions Program during pandemic
- Reduces concession operator's monthly payment by the same percentage the Fraport MAG is reduced
- Avoids MNAA paying substantial end of year credit

The adjustment of this calculation from annual to monthly will provide immediate financial relief to both Fraport and its BNA sub-tenants as Fraport is required to provide the same abatement to sub-tenants and has no negative financial impact to MNAA.

After questions and discussions, Ms. Martin concluded her presentation.

Committee Review:

Commissioner Farnsworth reported this item was presented to the FAP Committee May 13, 2020. The FAP Committee voted 4 to 0 to recommend approval to the Board of Commissioners.

Chair Samuels took Commissioner Farnsworth's statement as a motion and Vice Chair Harwell seconded the motion to amend the Lease and Concession Agreement between MNAA and Fraport Tennessee, Inc., for the BNA concession program. Ms. Edwards took a roll call vote and the motion carried by vote of 10 to 0.

Commissioner Joslin exited the meeting at this time.

K. Approval of Board Officer Elections

Chair Samuels announced that the Management Committee met last week and had a healthy and robust discussion regarding the election of Board Officers for the next fiscal year. Chair Samuels presented the slate of officers as recommended by the Management Committee as follows:

Commissioner Bill Freeman, Secretary

Commissioner Amanda Farnsworth, Vice Chair

Commissioner Trey Harwell, Board Chair

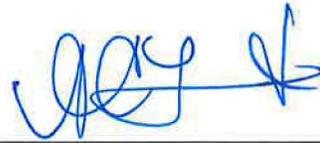
Chair Samuels stated the terms of the new officers would begin on July 1, 2020 and took the Management Committee's recommendation as a motion. The motion was seconded by Commissioner Granbery to elect Commissioner Bill Freeman, Secretary; Commissioner Amanda Farnsworth, Vice

Chair; and Commissioner Trey Harwell, Board Chair. Ms. Edwards took a roll call vote and the motion carried by vote of 8 to 0 with Commissioner Crumbo abstaining.

Commissioner Joslin rejoined the meeting after the vote.

VIII. Adjourn

There being no further business brought before the Board, Chair Samuels thanked the Commissioners for their participation and adjourned the meeting at 2:00 p.m.



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Amanda C. Farnsworth, Board Secretary