

Minutes of the Joint Meeting of MNAA and MPC  
Finance/Administration/Properties Committees



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Date: July 15, 2020 Place: Nashville International Airport Board Room / Electronic Meeting

Time: 9:15 a.m.

Committee Members Present: Amanda Farnsworth, Chair; Bill Freeman, Vice Chair; Bobby Joslin; John Doerge; and Kevin Crumbo

Committee Members Absent: None

Others Present: Aubrey B. Harwell III, Board Chair; Nancy Sullivan; Christy Smith; Joycelyn Stevenson; Doug Kreulen; Cindy Barnett; Lisa Lankford; and Angela Edwards

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I. Call to Order

Chair Farnsworth called the meeting of the MNAA and MPC Finance, Administration, and Properties (FAP) Committee to order at 9:18 a.m., pursuant to Public Notice dated July 10, 2020.

II. Roll Call and Open Meetings Act Announcement

Ms. Angela Edwards, Staff Secretary, called roll of the members of the Joint Meeting of the MNAA and MPC Finance/ Administration/Properties Committees. All members were present.

Ms. Edwards read the Open Meetings Act Announcement as follows:

The Joint Meeting of the MNAA and MPC Finance/Administration/Properties Committees 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.

III. Approval of Minutes

Chair Farnsworth called for a motion to approve the Minutes of the June 10, 2020 FAP Committee meeting. A motion was made by Commissioner Freeman and seconded by Commissioner Joslin. Ms. Edwards took a roll call vote and the motion carried by vote of 5 to 0.

IV. Chair's Report

Chair Farnsworth had no Chair's Report.

V. Items for Approval

A. Approval of Amendment to Debt Management Policy, MNAA Resolution No. 2020-05

Ms. Marge Basrai, VP, Chief Financial Officer briefed the Committee on this item. Staff requested that the FAP Committee recommend to the Board of Commissioners that it approve the updates to MNAA's Debt Management Policy #41-008 to include credit maintenance provisions that reflect the Authority's additional internal goals related to debt service coverage and days cash on hand to memorialize the Authority's commitment to strive to maintain its financial strength and authorize the Chair and President and CEO to execute MNAA Resolution No. 2020-05.

Staff provided the FAP Committee a staff analysis for the updates to MNAA's Debt Management Policy #41-008 to include credit maintenance provisions that reflect the Authority's additional internal goals related to debt service coverage and days cash on hand, and a copy of MNAA Resolution No. 2020-05 prior to the meeting.

Ms. Basrai reported MNAA established a debt management policy ("Policy") as a tool to ensure that financial resources are adequate to meet long-term capital program and financial planning. The Policy has several objectives:

- Establish clear criteria and promote prudent financial management for issuance of all debt
- Maintain appropriate resources and funding capacity for present and future capital needs
- Protect and enhance MNAA's credit ratings

MNAA's credit ratings are viewed as strong. Two key credit metrics became more critical to rating agencies and investors due to recent events and business disruption from COVID-19. Those metrics were debt service coverage and liquidity. Ms. Basrai had been in contact with PFM, a financial advisor, and they recommended amending the Policy to add MNAA's internal goals for the two key credit metrics to protect and enhance MNAA's credit ratings. Ms. Basrai discussed in detail the key credit metrics (debt service coverage and liquidity) and the recommendations received by PFM.

Benefits to MNAA are as follows:

- Memorializes MNAA's commitment to strive to maintain its financial strength to protect and enhance credit rating
- Will provide CFO metrics to evaluate during budget cycle, throughout the fiscal year, and when evaluating financial affordability of new capital projects
- Goals maintain balance of managing MNAA's credit, while remaining a valuable business partner within the airport industry

After questions and discussions, Chair Farnsworth called for a motion to approve the updates to MNAA's Debt Management Policy #41-008 to include credit maintenance provisions that reflect the Authority's additional internal goals related to debt service coverage and days cash on hand and to authorize the Chair and President and CEO to execute MNAA Resolution No. 2020-05. A motion was made by Commissioner Doerge and seconded by Commissioner Freeman. Ms. Edwards took a roll call vote and the motion carried by vote of 5 to 0.

B. Approval of Acquisition of 57-acre Future Aeronautical Land

Mr. John Corbitt, AVP, Real Estate, briefed the Committee on this item. Staff requested that the FAP Committee recommend to the Board of Commissioners that it provide approval for the Commercial Development Department to purchase 57-acres of undeveloped property just east of runway 2R/20L for \$2.6 million.

Staff provided the FAP Committee a staff analysis for the purchase of 57-acres of undeveloped property just east of runway 2R/20L for \$2.6 million prior to the meeting.

Mr. Corbitt reported the subject property is 2 separate parcels, one 52-acre parcel and one 5-acre parcel. Both parcels are in the Airport Overlay and identified in the Airport Master Plan for future acquisition. An appraisal was performed in June 2020 and the fair market value was determined to be \$3.5M to \$4M. MNAA negotiated a purchase price of \$2.6M. The only contingencies to this purchase were clean title and survey.

Mr. Corbitt presented a map of the area to be purchased and surrounding areas including the future runway. The benefits of acquisition to MNAA are as follows:

- Location of the parcels is identified in the Airport Master Plan for future acquisition to facilitate future construction of a fourth parallel runway
- Parcels are contiguous to MNAA owned property

- Acquisition of the parcels today will provide significant cost savings to MNAA in the future due to property appreciation and valuation
- Currently there is significant commercial development occurring in that area, and future acquisition of an improved parcel would result in significantly higher cost to the Authority
- Acquisition cost negotiated by the Authority is well below current appraised value
- Acquisition will eventually contribute to the future growth of the Airport, Davidson County, and Middle Tennessee

Mr. Corbitt reported on the estimated timeline assuming FAP Committee and Board approval in July 2020 with a closing date of mid-August 2020.

After questions and discussions, Chair Farnsworth called for a motion to approve the purchase of 57-acres of undeveloped property just east of runway 2R/20L for \$2.6 million. A motion was made by Commissioner Freeman and seconded by Commissioner Crumbo. Ms. Edwards took a roll call vote and the motion carried by vote of 5 to 0.

## VI. Information Items

### A. Employee Insurance Benefits Brokerage and Consulting Services

Ms. Gale LaRoche, VP, Chief Administrative Officer, briefed the Committee on this item. MNAA's employee insurance benefits brokerage & consulting services have been provided by Hylant Group, Inc. since 2012. MNAA staff thought it was important to re-evaluate its insurance benefits brokerage and consulting services to ensure employees are receiving the best services at a reasonable cost.

On April 14, 2020, a Request for Proposals (RFP) was issued with 22 direct solicitations being sent out. On May 14, 2020 nine proposals were received for the following services:

- Medical, Dental, Vision, and Voluntary Benefits
- Short-Term and Long-Term Disability and Life Insurance
- Cafeteria, Flexible Spending Accounts, and Employee Assistance Program
- Consulting services (plan design, benefit program interface, spend & utilization analysis)

The solicitation team shortlisted 2 respondents, Mercer Health & Benefits, LLC (Mercer) and Willis Towers Watson. On June 19, 2020, the solicitation team selected Mercer. Mercer was selected for its reputation in the market as a leader for benefits brokerage services, industry leading employee benefits research, and significant experience in the benefits arena. Mercer has a very deep bench of

benefits and data experts to make sure MNAA has a benefits package that is competitive. Mercer will also assist MNAA in managing costs and risks.

The contract term is a 3-year duration with two 1-year renewal options. The cost is \$70K per year for years 1 through 3 and the price remains unchanged in optional years 4 and 5. MNAA staff anticipates the contract start date to be September 1, 2020.

After questions and discussions, Ms. LaRoche concluded her presentation. President Kreulen stated this service had not been solicited in a long time.

This item was provided for informational purposes only with no action required.

**B. BNA Concessions Program Update**

Ms. Linda Macey, AVP, Revenue Development, presented a chart of weekly concessions sales beginning April 12, 2020 through July 5, 2020. Sales had increased approximately 7% for the first week in July which is a 57% decrease since this time last year due to COVID-19. There are currently 25 concepts open.

Ms. Macey reported the concession walls have been constructed in Concourse D and presented pictures of 2 graphics for future concessionaires, 8<sup>th</sup> and Roast and Minute Suites. These two concepts are predicted to be the first ones to open in Concourse D. Minutes Suites is expected to start construction at the end of July 2020. Ms. Macey then presented pictures of other graphics in Concourse D for concepts to be opened in the future.

After questions and discussions, Ms. Macey concluded her presentation of the concessions program update.

This item was provided for informational purposes only with no action required.

**C. Parking Facilities and Valet Services - RFI/RFP Update**

Ms. Macey briefed the Committee on this item. Ms. Macey stated a Request for Information (RFI) had been issued to solicit industry feedback on areas identified as essential, most impactful and critical to future success, such as parking services, valet services, Parking Revenue Control System (PARCS), agreement structure and details, industry trends and technology, and customer service.

The evaluation and selection committee includes members from Commercial Development, Operations, Finance, Customer Experience, Business Diversity Development and Legal. A request for proposal (RFP) is planned for issuance in October 2020. Staff anticipates submitting the Committee's recommendation to the Board in February 2021. The current contract expires June 30, 2021. Ms. Macey presented a schedule of key dates for the parking facilities and valet services RFI/RFP.

Chair Farnsworth thanked Ms. Macey for the forethought and planning to give the Committee and Board time for evaluation and time to ask questions.

This item was provided for informational purposes only with no action required.

D. Procurement Policy (Annual Review)

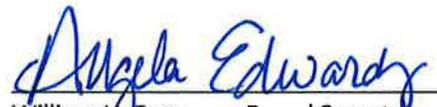
Ms. Davita Taylor, AVP, Procurement, briefed the Committee on this item. Ms. Taylor stated the annual review of the procurement policy is pursuant to the 3<sup>rd</sup> Amended and Restated Bylaws of the Board of Commissioners. Ms. Taylor reported the Committee and Board members received a copy of the procurement policy amendments prior to the meeting.

Most of the amendments to the February 2017 policy were definitions, regulatory, policy driven, and internal/organizational.

This item was provided for informational purposes only with no action required.

VII. Adjourn

There being no further business brought before the FAP Committee, Chair Farnsworth adjourned the meeting at 10:18 a.m.

  
William H. Freeman, Board Secretary - Staff Secretary  
w/ permission