

IV. Chair's Report

Chair Farnsworth had no Chair's Report.

V. Items for Approval

President Kreulen complimented Ms. Marge Basrai, EVP and Chief Financial Officer, and the finance team for their hard work in preparing the budgets for presentation today. President Kreulen discussed BNA recovery scenarios and enplanement trends.

A. Approval of FY22 O&M and Capital Budget – BNA – MNAA Resolution Nos. 2021-03 and 2021-04

Ms. Basrai first presented the FY22 O&M budget for BNA. Staff requested that the FAP Committee recommend to the Board of Commissioners that it approve the proposed operating budget for Nashville International Airport (BNA) for fiscal year 2022 (FY22) and authorize the Chair and President & CEO to execute MNAA Resolution No. 2021-03.

Staff provided the FAP Committee a staff analysis of the proposed operating budget for BNA for FY22 and a copy of MNAA Resolution No. 2021-03 prior to the meeting.

President Kreulen gave Ms. Basrai and finance staff financial requirements to achieve for the FY21 budget, which were carried into the FY22 budget. Ms. Basrai discussed CARES and CRRSA funding and the application of those funds. Ms. Basrai then reported on debt service coverage, landing fees, and cost per enplanement.

Ms. Basrai went on to explain 3 scenarios used to forecast annual passengers and enplanements and the reasoning behind the scenario staff chose as a basis for the FY22 budget. The 5.5M enplanement scenario was selected to prepare the FY22 budget.

Ms. Basrai gave a detailed breakdown of the operating revenues, operating expenses, and other model revenue and expenses. Based on the financial projections, MNAA will not need to access any of its reserves in FY22. Ms. Basrai went on to compare revenue and expenses of the FY21 budget and the FY22 budget and explained which line items increased or decreased and variances for such. MNAA will consistently monitor revenues, expenses, passenger totals, and various forecasts to assess impact on budgeted amounts. If changes to the budget need to be made, a budget amendment will be brought to the Board for approval.

Proposed FY22 Operating Budget – BNA (\$000)

Operating Revenue	\$ 127,217
Operating Expense	\$ (99,612)
Net Non-Operating Income (Expense)	\$ <u>12,620</u>
Income before Depreciation & Grants	\$ 40,225

After questions and discussions, Commissioner Doerge made a motion to approve the proposed operating budget for BNA for FY22 and authorize the Chair and President & CEO to execute MNAA Resolution No. 2021-03.

Commissioner Joslin seconded the motion. Ms. Edwards took a roll call vote and the motion passed by vote of 3 to 0.

Ms. Basrai presented the FY22 BNA Capital Improvements Budget and FY22 Capital Improvement Plan. Staff requested that the FAP Committee recommend to the Board of Commissioners that it:

- approve the proposed FY22-FY26 BNA Capital Improvement Plan, and
- approve the proposed FY22 BNA Capital Improvements Budget, and
- 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, and to designate the President & CEO, or delegate, as the authorized representative of the Authority, and,
- authorize the Chair and President & CEO to execute MNAA Resolution No. 2021-04

Staff provided the FAP Committee a staff analysis of the proposed Capital Improvements budget and the FY22-26 Capital Improvement Plan for BNA for FY22 and a copy of MNAA Resolution No. 2021-04 prior to the meeting.

Staff annually presents a five-year capital improvements plan and the forthcoming year capital improvements budget for approval pursuant to the 3rd Amended and Restated Bylaws of the Board of Commissioners.

Ms. Basrai discussed major projects for FY22 and the proposed capital improvements plan for FY22-FY26. The projects and costs presented for FY23-FY26 are a planning tool and are only estimates at this time. They will be updated annually and presented to the Board.

The proposed FY22 BNA Capital Improvements Budget is \$172,141,000. All projects are contingent upon the approval and availability of the various funding sources.

There being no questions, Commissioner Doerge made a motion to approve as presented. Commissioner Joslin seconded the motion. Ms. Edwards took a roll call vote and the motion passed by vote of 3 to 0.

B. Approval of FY22 O&M and Capital Budget – JWN – MNAA Resolution Nos. 2021-05 and 2021-06

Staff requested that the FAP Committee recommend to the Board of Commissioners that it approve the proposed operating budget for John C. Tune Airport (JWN) for FY22 and authorize the Chair and President & CEO to execute MNAA Resolution No. 2021-05.

Staff provided the FAP Committee a staff analysis of the JWN O&M Budget and a copy of MNAA Resolution No. 2021-05 prior to the meeting.

Ms. Basrai discussed the proposed Operating Budget for FY22 and explained variances in revenue and expenses from FY21. Ms. Basrai reported on CARES funds and CRRSA funds for FY22. Expenses were greater than revenues and that will be funded by the anticipated insurance proceeds/FEMA funds for business interruption and/or reimbursement of certain operating expenses incurred from the tornado in March 2020.

Proposed FY22 Operating Budget – JWN

Operating Revenue	\$ 525,000
Operating Expense	\$ (836,000)
Non-Operating Income	<u>\$ 58,000</u>
Loss before Depreciation, Grants And Transfers from MNAA	\$ (253,000)

After questions regarding insurance, Commissioner Doerge made a motion to approve the proposed operating budget for JWN for FY22 and authorize the Chair and President & CEO to execute MNAA Resolution No. 2021-05. Commissioner Joslin seconded the motion. Ms. Edwards took a roll call vote and the motion passed by vote of 3 to 0.

Ms. Basrai then presented the FY22 JWN Capital Improvements Budget and FY22-26 Capital Improvement Plan. Staff requested that the FAP Committee recommend to the Board of Commissioners that it:

- approve the proposed FY22-FY26 JWN Capital Improvements Plan, and
- approve the proposed FY22 JWN Capital Improvement Budget, and
- 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, and to designate the President & CEO, or delegate, as the authorized representative of the Authority, and
- authorize the Chair and President & CEO to execute MNAA Resolution No. 2021-06

Staff provided the FAP Committee a staff analysis of the FY22 JWN Capital Improvements Budget and FY22-26 Capital Improvement Plan and a copy of MNAA Resolution No. 2021-06.

The Capital Improvements Budget for FY22 (FY22 JWN CIP Budget) consists of one project, phase 2 of the redevelopment of JWN. Phase 2 includes 52 T-Hangars, 12-Plane Ports and a maintenance building.

Ms. Basrai discussed the proposed Capital Improvement Plan for FY22-26. All projects are contingent upon the approval and availability of the various funding sources. The projects and costs for FY23-FY26 are a planning tool and are only estimates at this time. They will be updated annually and presented to the Board.

The proposed FY22 JWN Capital Improvements Budget is \$28,890,917.

Commissioner Doerge made a motion to approve as presented. Commissioner Joslin seconded the motion. Ms. Edwards took a roll call vote and the motion passed by vote of 3 to 0.

C. Approval of FY22 O&M and Capital Budget – MPC – MPC Resolution Nos. 2021-01 and 2021-02

Staff requested that the MPC FAP Committee recommend to the Board of Directors that it approve the proposed operating budget for MPC for FY22 and authorize the Chair and President & CEO to execute MPC Resolution No. 2021-01.

Staff provided the MPC FAP Committee a staff analysis of the proposed operating budget for MPC for FY22 and a copy of MPC Resolution No. 2021-01 prior to the meeting.

Ms. Basrai discussed the proposed FY22 budget and explained variances in revenue and expenses from FY21.

Proposed FY22 Operating Budget – MPC

Operating Revenue	\$ 3,246,000
Operating Expense	\$ (1,279,000)
Non-Operating Income	\$ <u>4,300</u>
Income before Depreciation	\$ 1,971,300

After questions regarding the TDOT hangar, Director Doerge made a motion to approve the proposed operating budget for MPC for FY22 and authorize the Chair and President & CEO to execute MPC Resolution No. 2021-01. Director Joslin seconded the motion. Ms. Edwards took a roll call vote and the motion passed by vote of 3 to 0.

Ms. Basrai then presented the MPC FY22 Special Projects Budget. Staff requested that the MPC FAP Committee recommend to the Board of Directors that it:

- approve the proposed FY22-FY26 MPC Special Projects Plan (FY22-FY26 MPC Capital Improvements Plan), and
- approve the proposed FY22 MPC Special Projects Budget (FY22 MPC Capital Improvements Budget), and
- 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, and to designate the President & CEO, or delegate, as the authorized representative of the corporation, and
- authorize the Chair and President & CEO to execute MPC Resolution No. 2021-02

Staff provided the MPC FAP Committee a staff analysis of the proposed FY22 MPC Special Projects Budget and FY22-26 Special Projects Plan and a copy of MPC Resolution No. 2021-02.

Given the impact of COVID-19 and the unknown path of recovery, the FY21 Special Projects Budget for MPC was approved at \$0. This year the CIP resumes with four projects.

All projects are contingent upon the identification and approval of a funding source. The projects and costs for FY22-FY26 are a planning tool and are only estimates at this time. They will be updated annually and presented to the Board. Currently there are no identified funding sources for any projects on the Special Projects Plan.

The proposed FY22 MPC Special Projects Budget is \$1,715,000.

After questions and discussions regarding the International Plaza, Director Doerge made a motion to approve as presented. Director Joslin seconded the motion. Ms. Edwards took a roll call vote and the motion passed by vote of 3 to 0.

After the vote was taken, Commissioner Granbery inquired as to the number of positions that needed to be filled. President Kreulen stated he would need to get that information from Ms. Gale LaRoche, VP Administrative Officer, and bring that information back to the Committee.

D. Approval of Parking Facilities Contract

Ms. Margaret Martin, VP Commercial Development, briefed the Committee on this item. Staff requested that the FAP Committee recommend to the Board of Commissioners that it approve the contract with LAZ Parking (LAZ) to manage the Parking Facilities at BNA and authorize the Chair and President and CEO to execute the contract.

Staff provided the FAP Committee a staff analysis of the contract prior to the meeting.

Ms. Martin gave a brief background on the Request for Proposals (RFP). 4 proposals were received, all deemed responsive and responsible. After interviews, LAZ was selected as the most qualified respondent. In April 2021, MNAA determined that due to material changes to the scope of the required valet services, the valet portion of the RFP would be canceled, and an emergency procurement would be conducted. The approval before the Committee today was for the parking facilities contract only.

Ms. Martin introduced Ms. Kendra Petty, EVP for the Airports Division at LAZ, and Stewart Vieth, Senior Director of the Airports Division. The representatives were in a different conference room due to the COVID-19 restrictions in place for gathering size.

The selection committee determined the LAZ team to be the most qualified based on customer experience, its operations plan, reporting capabilities, effective approach to obtain ACDBE participation, innovation, and experience.

MNAA staff conducted 8 reference checks with similar operations currently utilizing LAZ and confirmed that LAZ has been “responsive and supportive” at all locations. All of those surveyed indicated that they had a seamless or very easy transition when LAZ took over from the prior vendor. Each reference spoke to staffing and management as the top strengths of the LAZ operation, describing them as “extremely professional to work with.” All airports indicated that they would recommend LAZ and two (2) have renewed their contracts with LAZ.

Ms. Martin discussed the management fee and operating expenses. The contract term is for 3 years, with 2 separate one-year options to extend the term at MNAA’s sole discretion. The agreement will be effective upon execution and approval by the Board. The commencement date for services will be July 1, 2021. MNAA’s ACDBE required participation goal was 8.2%. LAZ committed to 13.4%.

After questions and discussions, Commissioner Doerge made a motion to approve the contract with LAZ Parking (LAZ) to manage the Parking Facilities at BNA and authorize the Chair and President and CEO to execute the

contract. Commissioner Joslin seconded the motion. Ms. Edwards took a roll call vote and the motion passed by vote of 3 to 0.

E. Approval of Amendment to the Delta Letter of Agreement for SkyClub Expansion

Ms. Linda Macey, AVP, Revenue Development, briefed the Committee on this item. Staff requested that the FAP Committee recommend to the Board of Commissioners that it approve the amendment to the Delta SkyClub Letter of Agreement (LOA) and authorize the Chair and President and CEO to execute the amendment.

Staff provided the FAP Committee a staff analysis of the amendment to the Delta LOA for SkyClub Expansion and a copy of the LOA amendment prior to the meeting.

Ms. Macey gave a brief background of the LOA. Delta requested an amendment as a result of the pandemic. The terms of the amendment were brought before that FAP Committee at its March 10, 2021 meeting. The FAP Committee directed staff to re-negotiate the terms of the amendment. MNAA had re-negotiated the terms of the amendment and Ms. Macey presented those terms.

After questions about the bond financing, Commissioner Doerge made a motion to approve the re-negotiated amendment to the Delta SkyClub LOA and authorize the Chair and President and CEO to execute the amendment. Commissioner Joslin seconded the motion. Ms. Edwards took a roll call vote and the motion passed by vote of 3 to 0.

VI. Information Items

A. BNA Concessions Program Update

Ms. Macey updated the Committee on the status of the FACT fund account and discussed the status of concepts to be opened. Staff is currently reviewing future requirements for 2022 and 2023.

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

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

B. Valet Services Contract Update

President Kreulen briefed the Committee on this item. Due to material changes to the scope of the required valet services, the initial solicitation was canceled, and a Request for Information (RFI) is currently on the street. President Kreulen provided a procurement timeline for valet services.

After questions and discussions, President Kreulen concluded his presentation.

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 10:38 a.m.



William H. Freeman, Board Secretary