

Minutes of the Joint Meeting of the MNAA and MPC Operations, Engineering & Strategic Planning Committees



Date: January 11, 2023

Location: Metropolitan Nashville Airport Authority
Tennessee Boardroom

Time: 9:00 a.m.

Committee Members Present:

Bobby Joslin, Chair; and Nancy Sullivan, Vice Chair

Committee Members Absent:

Dr. Glenda Glover

Others Present: Jocelyn Stevenson, Bill Freeman, Andrew Byrd, Doug Kreulen, Neale Bedrock, Lisa Lankford, Rachel Moore and Trish Saxman

I. CALL TO ORDER

Chair Joslin called the Joint Meeting of the MNAA and MPC Operations, Engineering & Strategic Planning (Operations) Committee to order at 9:00 A.M. pursuant to Public Notice dated January 6, 2023.

II. APPROVAL OF MINUTES

Chair Joslin asked for a motion to approve the Minutes from the December 7, 2022 Operations Committee meeting. Vice Chair Sullivan made a motion and Chair Joslin seconded the motion. The motion carried by vote of 2 to 0.

III. CHAIR'S REPORT

Chair Joslin had no Chair's report.

IV. PRESIDENT'S REMARKS

V. ITEMS FOR APPROVAL

1. International Arrivals Facility Mural

President Kreulen introduced Stacey Nickens, AVP, Corporate Communications, to brief the Committee on the International Arrivals Facility (IAF) Mural and the Arts at the Airport New & Reappointed Board Members. Ms. Nickens stated that the IAF Mural is titled Music City Ethos, the

artist is Eric “Mobe” Bass, the cost is \$60,060, and is scheduled to be installed in August 2023. Installation will take approximately two weeks and the funding source is 100% MNAA Public Art Budget. Ms. Nickens recommended the Operations Committee accept the recommendation of the Arts at the Airport (“AaA”) Foundation Board Public Art Selection Committee and the President & CEO to commission Eric Bass to create a site-specific mural entitled “Music City Ethos” to be installed in 3 areas in the IAF Lobby, and authorize the President and CEO to execute the 1% Public Art Contract.

Commissioner Freeman inquired if Eric Bass is a Nashville artist. Ms. Nickens replied yes. Commissioner Stevenson asked what direction is given to the artist by MNAA. Ms. Nickens replied that it is a long process, the artists have to follow certain guidelines and go through a detailed process. President Kreulen provided details - the AaA Board developed a solicitation, the AaA Board received 43 nominations and whittled it down to 3 finalists. Those finalists were interviewed and now staff is recommending the Board approve their selection of the artist. Commissioner Freeman stated the members of the AaA Board are top notch. President Kreulen agreed and pointed out that the IAF has three panels as on the rendering. President Kreulen stated when the passengers arrive on an international flight, they will come down an escalator in the middle, directly under the main floor of the airport, and the windows are there to allow light to pass through. This piece will entertain passengers while they collect their bags and go through customs and border protection. This part of the airport will open in late September and we will provide the Committee with a tour of this area once it is on the walls.

Commissioner Granbery inquired as to the size of the panels. Ms. Holton stated they are approximately 30 feet and will get the exact dimensions. Later in the meeting, Ms. Holton shared with the Committee that the panels are approximately 25 feet wide and 13 feet 8 inches tall, and not 30 feet, with the middle one being closer to 29 feet wide.

Chair Joslin asked about the substrate. Ms. Holton stated they will be on the drywall, and it is below ground. President Kreulen stated the lights are transient lights/sky light which allows a lot of natural light to pass through and this is the area that was dug out of the rock. Commissioner Byrd asked if the only passengers who are able to view the art are those passengers flying in on international flights. President Kreulen confirmed yes, along with passengers are returning from an international flight.

Chair Joslin asked for a motion to approve as presented. Vice Chair Sullivan made a motion and Chair Joslin seconded the motion. The motion passed with a vote of 2 to 0.

2. Arts at the Airport New and Reappointed Board Members

Ms. Nickens briefed the Committee on the appointment of two new Board members and reappointment of three Board members to the AaA Board. Ms. Nickens stated that the two new member nominees are Sara Lee Burd and Shayna Snider. Ms. Burd is a project archivist and previously the Executive Editor of Nashville Arts Magazine, and Ms. Snider is art teacher at Hume-Fogg school. The three reappointment nominees are Michael McBride, who has served on the Board for 12 years and is an instructor of art at TSU; Jorge Arrieta is an artist opening Chauvet Arts in March of 2020 and has served for 3 years; and Dr. Paulette Coleman has served the longest, 14 years and is a social justice activist.

Ms. Nickens recommended the Operations Committee approve the appointment of Sara Lee Burd and Shayna Snider and approve the reappointment of Michael McBride, Jorge Arrieta and Dr. Paulette Coleman to the AaA Foundation Board, effective January 1, 2023, with term ending December 31, 2025.

Commissioner Stevenson inquired how vacancies are filled with the AaA and Ms. Nickens replied typically by recommendations from the AaA Board. Commissioner Freeman stated that Ms. Burd's bio is very impressive, and there is some real talent on the AaA Board.

Chair Joslin asked for a motion to approve as presented. Vice Chair Sullivan made a motion and Chair Joslin seconded the motion. The motion passed with a vote of 2 to 0.

3. Construction Contract for Make-up Unit 1 & 2 Carousel Replacement

President Kreulen introduced Traci Holton, VP, Deputy COO & Chief Engineer, to brief the Committee on several items for approval. Ms. Holton presented the first approval item, the Construction Contract for Make-up Units (MU) 1 and 2 Carousel Replacement. These carousels are where outbound baggage goes and the airlines take them off the carousels and put them on flights. There are two reasons for this: 1) the current ones have met their use of life and need replacement, and 2) as we replace them, we are also going to enlarge and reconfigure to better suit Southwest's needs. These are both

currently used by Southwest Airlines, our primary carrier. MNAA originally bid this project in September, and received two bids in October which were both deemed non-responsive because of failure to properly complete their contractor's licensing form required Tennessee state law. MNAA readvertised as an Invitation to Bid (ITB) in November and received three bids in December, of which two were deemed non-responsive for not filling out their contractor's licensing form properly. MNAA has one remaining responsive bid, G&S Mechanical for \$2,789,690. The SMWB goal for this project was 3.91% MBE and/or WBE. G&S Mechanical committed to achieving 4.12% MBE by utilizing John Curry Electronic. The bids were reviewed by Vic Thompson, the airport consultant, and deemed responsive and responsible. It is a 420-calendar day project.

Ms. Holton requested the Operations Committee recommend to the Board of Commissioners that it accept the Bid and authorize the Chair and President and CEO to execute the contract with G&S Mechanical for \$2,789,690.

Chair Joslin inquired if G&S Mechanical is local to which Ms. Holton replied, no, and added that she would find out where they are based. Relative to the non-responsive bids, Commissioner Freeman asked how many omissions their had paperwork have.. Ms. Holton replied they had their prime license, but one failed to have their electrical license, and one failed to have their plumbing license, both of which are required. Vice Chair Sullivan asked if it was the case that the documents were just not filled out properly of if the bidder did not meet the requirements. Ms. Holton replied that they did not meet the requirements proscribed by the law for all subcontractors. Anything over \$25,000 for electrical, plumbing, geothermal, heating, cooling and ventilation requires licensing, and we believe there will be more than \$25,000 worth of that work on this project. Chair Joslin asked about the estimate of the engineer of record. Ms. Holton replied the engineer's estimate was \$4.5M and 12.5% lower than our construction budget, so we are well within our construction budget. Commissioner Byrd asked where this physically runs and where it is located in the airport. Ms. Holton replied under C Concourse, roughly between Gates C4 and the food court.

President Kreulen explained when you fly Southwest and check a bag, you will see your bag go behind the wall, then it goes down and under the flooring you are walking on, and it runs on the roof and dumps out of those big carousels, which is where Southwest picks up the bags and takes it to its destination. Once the bag runs along the floor/roof, they run along conveyors until they get to the checked baggage inspection area where TSA computers screen the bags and if they pass the TSA

computers, it then travels to the big carousel and the airlines distribute the bags. Commissioner Byrd asked how the airlines get them off the carousels. President Kreulen replied it is done manually, and as the Commissioners are aware, over the next 6 years, the Board approved \$125M project to improve the speed of the baggage handling system. When we get to that part of the stage, your bag tag will arrive and it will sort by the flight that you are departing on, the baggage system by then will be smart enough to sort the bags by flights. Right now, all bags dump at those carousels and are physically pulled off and sorted and put on baggage carts and they know which carts go to which airlines.

Chair Joslin asked for a motion to approve as presented. Vice Chair Sullivan made a motion and Chair Joslin seconded the motion. The motion passed with a vote of 2 to 0.

4. Professional Services Contract for Terminal Area Roadway Improvements (TARI) Phases 2 & 3

Ms. Holton briefed the Committee on the Professional Services Contract for TARI – Phases 2 & 3. This project divides the previously approved 100% design documents into two separate bid packages according to the planned sequence of construction. MNAA was unable to come to scope and fee terms with prior contractor, RS&H. MNAA issued a Request for Qualifications in October for firms to take over and own the 100% design, validate it, become Engineer of Record, and divide that 100% design into two separate packages that will help us with the sequence of construction in Phases 2 & 3. MNAA received two Statements of Qualifications (“SOQs”) in November and evaluated them on key personnel professional qualifications and experience, approach to becoming Engineer of Record, approach to divide construction documents into two bid packages and SMWBE participation. Atkins North America, Inc. and Barge Design Solutions, Inc. were the firms evaluated. Atkins was the highest valued SOQ - they had a good grasp on the projects and (based on best understanding of needs of project and more efficient means of completing the scope of services) and did not have a lot of schedule to go back and reevaluate and take over as Engineer of Record. SMWBE goal participation level set for the project is 5.77% MBE and/or WBE and Atkins committed to the 5.77% utilizing Booker Engineering, Civil Infrastructure Associates and Athena (previously KS Ware). The schedule will be dependent on TDOT’s contract, and our anticipated completion is a 1,961-day contract that will start upon Board approval and complete May of 2028. We hope to beat that schedule, but that the worst case scenario. We are still negotiating and are at \$3.5M NTE.

Commissioner Stevenson inquired who previously had this contract, and if this is lower than that engineer. Ms. Holton stated yes, by a lot, and it was RS&H. Commissioner Byrd asked if this is a selection of the Engineer of Record or the general contractor. Ms. Holton stated it is the Engineer of Record. President Kreulen stated they will design Phases 2 & 3 for us as our Engineer of Record, and then MNAA will solicit bids to do the work that we need for each of those packages. Ms. Holton stated they also provide support throughout those construction projects. Commissioner Granbery asked about the area that TDOT is building, parallel to Donelson Pike on the East side, and how much further the lift will be. Ms. Holton stated it about a 10-12-foot lift.

Commissioner Byrd asked if it will be completed in 2028. Ms. Holton stated MNAA will be completed in 2028, and TDOT has two sections to build, the Southern portion and a temporary tie-in, and that completion, according to their contract with Superior is October 31, 2023. The traffic will shift to a partial hold on Donelson Pike and a temporary connection which allows MNAA to do our Phase 2 which is about a year and a half of work, then TDOT has until May of 2026 to complete the rest, then we can complete in another year of work to 2028. By contract TDOT has until May 2026 to complete the rest, then we can go do another year and half of work. Superior's current schedule shows they will be done end of 2024, or early 2025 but by contract they have until May 2026. Commissioner Byrd asked if Superior is the road contractor and our contractor has been selected.. Ms. Holton stated Superior is TDOT's contractor for Donelson Pike. President Kreulen stated they will most likely bid for it, but haven't been selected yet, and this is a great example of what is in the papers about Commissioner Eley and TDOT wanting to find ways to incentivize them to get done faster. Although the contract says 2026, they could be done two years ahead of schedule and MNAA can then start ours and finish two years earlier.

Commissioner Byrd asked if their funding for this is out of the general TDOT funding stream. President Kreulen stated yes, along with Improve Act money plus federal dollars that they received. Commissioner Byrd asked if MNAA funding will come out of Bond issuances. President Kreulen stated that when this first started it was about \$150M for them to do theirs and about \$150M for us to complete ours, but that was before the recession so that amount may be slightly higher. Commissioner Granbery stated theirs is currently bid so what is their original number and is it still on target to the original budget? Ms. Holton stated their estimate was \$100M and their bids were \$135M-\$140M. President Kreulen stated that when we were starting, we both believed each party was going to put in about that much money. The delays caused by the of the Colonial Pipeline issue

is driving our costs higher and we will not know for sure until we get to the bid part. Commissioner Byrd stated there is a lot of demand for heavy construction.

Ms. Holton requested that the Operations Committee recommend to the Board of Commissioners that it accept the SOQ and authorize the Chair and President and CEO to execute the contract with Atkins for \$3,500,000 NTE.

Chair Joslin asked for a motion to approve as presented. Vice Chair Sullivan made a motion and Chair Joslin seconded the motion. The motion passed with a vote of 2 to 0.

5. Custodial Services Contract for Grand Lobby and International Arrivals Facility

President Kreulen introduced Daniel B. Brown, AVP, Maintenance, Environmental and Safety. Mr. Brown presented the Custodial Services for Grand Lobby & International Arrivals Facility (IAF), a contract to perform and provide all labor, tools, transportation, services, and equipment necessary and reasonably essential to perform custodial services for 180K sq. ft. in the Grand Lobby and IAF. MNAA published an Invitation to Bid on December 19, 2022, held a pre-bid meeting on December 27, 2022, and received bids on January 6, 2023 with one responsive bidder. MNAA negotiated with that bidder on January 9, 2023. The SMWBE goal is 18.11% and anticipated contract start date of January 24, 2023. Funding is MNAA O&M.

Mr. Brown requested that the Operations Committee recommend to the Board of Commissioners that it accept the proposal by BestWay Services, Inc. for the Custodial Cleaning Services for Grand Lobby and IAF and authorize the Chair and President and CEO to execute the contract with BestWay Services for \$2.2M plus two 1-year options.

Chair Joslin asked if BestWay currently has a contract with MNAA. Mr. Brown replied yes, small pieces of the airport now. President Kreulen stated that BestWay used to have a larger role, as a sub to Service Management Systems ("SMS") at the time, and this will be a good size contract with a good company. Chair Joslin asked about SMS's status with MNAA. President Kreulen stated that SMS served out their full contract, and that we did have some challenges with them. Commissioner Byrd asked whether MNAA happy with the quality of work BestWay is doing. President Kreulen stated that he is acquainted with the owner, Al Betts, and that he is committed. He is an Army veteran that created his own business and will do a good job. The biggest challenge Mr. Brown has had is with the

current custodial provider, who we do not believe has the capability to take on the center hall which led us to bid this out. Separately we will go back in and subtract that from that contract as we go. One of our normal highest rated areas in the airport is the cleanliness of the facilities and restrooms, and that is the standard that Mr. Brown is trying to maintain. Commissioner Stevenson asked about subtracting out from the other contract, and if we would not be too much above budget. President Kreulen stated correct, other than inflation. Mr. Brown stated we have a little more than 1.5 years left and the Premier's current contract rate is \$1.14/sf and BestWay proposed \$.93/sf, so they are saving us money.

Vice Chair Sullivan asked whether the custodial providers give their personnel training on how to interact with passengers. President Kreulen stated they do, but one of the things that Mr. Brown has added is quality assurance and we are stepping up our ability for contract management oversight because we are a 24-hour operation. With customer experience those are the pinch points we are trying to improve as we move forward. Commissioner Granbery asked if our required level of cleanliness is the same as during the height of the Covid-19 pandemic. President Kreulen stated we are still implementing Covid protocols, which satisfied Commissioner Granbery.

Chair Joslin asked for a motion to approve as presented. Vice Chair Sullivan made a motion and Chair Joslin seconded the motion. The motion passed with a vote of 2 to 0.

VI. INFORMATION ITEMS

1. BNA Development Update

Ms. Holton updated the Committee on BNA Development. Ms. Holton reported that we are on track for the Grand Lobby Preview on January 19, 2023, and opening of the checkpoint and main concourse areas on January 24, 2023. Ms. Holton presented updated pictures of the escalators, the artwork that has been completed, ceiling that is almost done, the huge screens that are done and the Garden on the Wall that has been completed and it really enhances the space, and all of the TSA checkpoint security screening system that are installed. To date we have 158 RSVPs for January 19, 2023 event and January 24, 2023 is the grand opening. The Hilton BNA Topping Out event will be on January 27, 2023. The large video screens are being tested with a lot of content. Commissioner Byrd asked if we going to do any national publicity. President Kreulen stated not on January 19, 2023, but embargoing it until January 24, 2023. Commissioner Byrd asked if we are going to get any video presentations and

commented that newspapers are always looking for videos to run. President Kreulen stated yes, we have two videos available. Ms. Nickens added that our press kits are embargoed, and we have video of everything in the Grand Lobby as well as a recorded message from President Kreulen.

2. JWN & BNA Development Update (Real Estate)

President Kreulen introduced Carrie R. Logan, Associate General Counsel, who gave an update on BNA & JWN Real Estate Development. Ms. Logan stated JWN Parcel 1 is still in negotiations with tenant and anticipates approval in February. Parcels 2-5 will be two approval items in the next meeting. Three proposals were received for Parcels 6-9 that are currently under review. Parcel 10 was approved by Metro Council in January and the engineering department anticipates issuing a Request for Qualifications for design services January 23, 2023. Commissioner Granbery asked if the proposals for Parcels 6-9 is for all four parcels or just for three parcels. Ms. Logan responded that it varies, there are 2 proposals for 2 parcels and 1 proposal for 5 parcels. Commissioner Granbery asked if the 1 proposal for 5 parcels was an over-reach. President Kreulen stated at the time they submitted; the 5th parcel was yet not secured by Metro. Commissioner Byrd asked if there is a downside to that much concentration for us. President Kreulen stated no, it is an area that we have for the longest time been wanting to develop. We had previously discussed with Commissioners on other pieces of property that we had on BNA, and we have had land banking with some contractors. The people that we end up getting these leases will have a mandatory requirement to start paying rent and then build within a certain time period. We do not want people to land bank. Commissioner Granbery stated he hasn't seen the proposals, but if someone takes all four of them, and builds one big continuous building, it would be more square footage on the same amount of property, which might be an advantage. President Kreulen stated yes, they did not make that proposal, but they also were not competitive on their price and their term was not good enough.

President Kreulen updated the Committee on the JWN Hangar Rent Model, referencing the Board approved business model (Direct Costs plus Operating Costs plus ROI equals Total Rent) approved in February 2021. Rates were set in February of 2021 for the hangars that were not destroyed by the tornado, and July 2021 we set the rate for all of the new hangars. President Kreulen stated the Board and Committee decided once we set these rates, to let it run until we finish all the construction and get everyone moved in. It has now been two years since these rates were set, and if we adjust it by CPI for 2021 through November 2022 would be a 14.1% increase. We are not ready to propose that

to the Committee at this time because we are still evaluating our operating costs and think they are more efficient than CPI would indicate.

Commissioner Granbery asked if the CPI escalation is in the lease and also the potential to uptick the rate based on O&M. President Kreulen stated that is correct and that is the biggest challenge, it really is a three-person team of Finance, Operations, and Legal to make sure we are doing it all in accordance with the lease. They have gone back and keep driving into the O&M, and that is why I think we are seeing a little bit of improvement versus just a straight CPI. We are using the formula as it was intended, and we are really happy with what we have done. The lease states we would provide 90 days' notice prior an increase, which would be April, so we will talk with the Committee about it in February and then we will prepare the letters to go out to the tenants that have one of those hundred hangars for the rate for July 1, 2023 through June 30, 2024. Commissioner Byrd asked if these are otherwise available hangars at JWN, not the 10 we have been talking about. President Kreulen stated yes, the 10 are on the Northern half and these 100 hangars are located on the Southern side of the control tower. We built them, they are all rented to this point, and it has been two years since we have adjusted the rent, so we are about to do this again. President Kreulen stated Chair Joslin and Commissioners were asking about a couple of topics that we will go into the Executive Session in the Operations Committee next month. One relates to BNA operational challenges and also some possible litigation possibly with one of our tenants out at JWN.

Chair Joslin thanked the members for attending. Chair Joslin stated that deep discussions at the Committee meetings regarding items allows for smoother and shorter Board meetings. Chair Joslin remarked that in the past, Board meetings lasted 3-4 hours.

VII. ADJOURN

There being no further business brought before the Operations Committee, Chair Joslin adjourned the meeting at 9:41 A.M.



Andrew W. Byrd, Board Secretary