



# Joint Meeting of MNAA Board of Commissioners and MPC Board of Directors

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January 18, 2023



# Call to Order

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January 18, 2023

# Approval of Minutes

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December 14, 2022, Joint Meeting of the MNAA Board of Commissioners and MPC Board of Directors

# Vice Chair's Report

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Joycelyn Stevenson, Vice Chair



# Thank you for your Service as Chairman

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- Board of Commissioners 1/19/16 – present
  - Chairman: Aug 2021 – Dec 2022
  - Vice Chair: Jul 2021 – Aug 2021
  - Secretary: Jul 2020 – Jun 2021

# President's Report

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Douglas E. Kreulen, A.A.E.

President and CEO



# Welcome, Burke Nihill

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President and CEO, Tennessee Titans



# Tennessee Law Enforcement Training Academy (TLETA) Class #1972

- December 22, 2022
- Officer Warren
- Officer Hoffman



# Delta Announces Additional and New Air Service

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- January 4, 2023
- Additional Service to Salt Lake City (SLC), Seattle-Tacoma (SEA) and Los Angeles (LAX) beginning spring and summer 2023
- New Service to Washington DC (DCA) beginning fall 2023
  - 3x daily

# Frontier Launches New Service to Phoenix

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- January 5, 2023
- Phoenix Sky Harbor (PHX)
- Introductory fare \$49

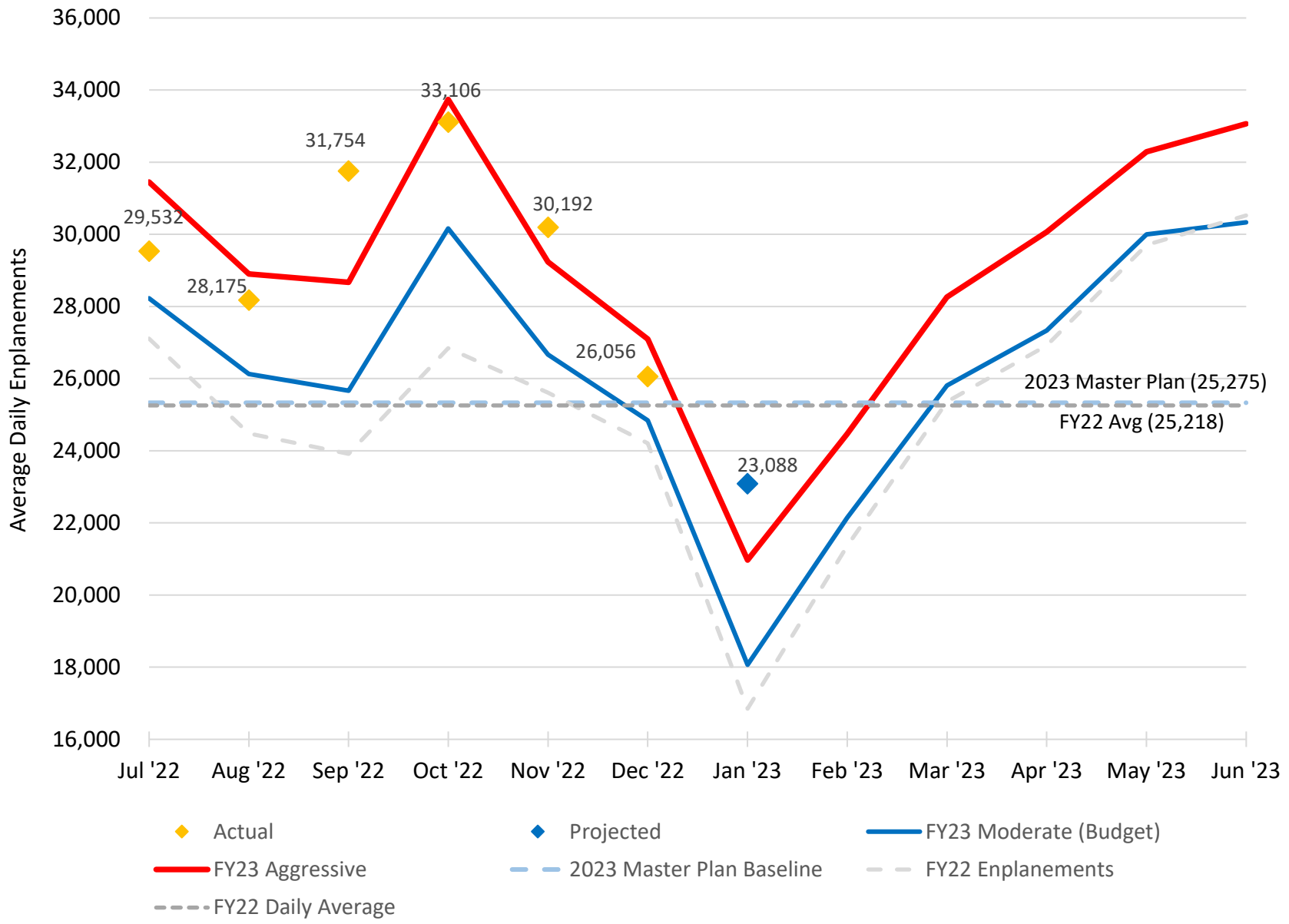


# Welcome, K-9 Hector

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- January 17, 2023
- Officer Robbins and K-9 Hector completed 12-week training program in Lackland, TX

# FY23 BNA Enplanements



- January FY23 Projection
  - 715,000 enplanements
  - 37% over FY22
  - 22% over FY19
- FY23 YTD January Projection
  - 6.2M enplanements
  - 19% over FY22
  - 28% over FY19
- Calendar Year 2022 = 10M
  - New Record +10% over CY19

\*Jan projection based on TSA data through January 16, 2023  
 FY23 Budget = 9.6M enplanements

## Operations

- Approvals (3)
  - On Call General Construction Services (Job Order Contract)
  - Change Order to Civil Construction Project for JWN North Development
  - New Horizon Owner-Controlled Insurance Program (OCIP) Policy
- Information (3)
  - BNA Development Update
  - JWN Development Update and Hangar Rent Model
  - Executive Session

## Finance

- Approval (1)
  - JWN North Development Lease (Parcel 1)
- Information (3)
  - Quarterly Retirement/OPEB/Treasury Investment Reports
  - BNA Concessions Program Update
  - Airline Use & Lease Agreement Calendar

## Management

- Information (2): Ethics Policy Matrix and Bylaws Recommendations

# Committee 30-day Outlook

- February 8 & 15, 2023
- Board Guest Speaker:
  - Clifton Harris, President & CEO, Urban League of Middle Tennessee
- Additional Event:
  - Executive & Senior Staff Retreat February 9 & 10, 2023

## Operations

- Approvals (4)
  - Concourse D Extension CGMP 2 of 3
  - Professional Services Contract for New Horizon Commissioning Agent
  - Metro Nashville Long-Term Maintenance Agreement (TARI)
  - Construction Contract for Hangar Lane Reconstruction
- Information (4)
  - BNA Westside Development Notice of Availability (NOA) - *tentative*
  - BNA Development Update
  - BNA Strategic Plan – Key Processors Update
  - JWN Development Update

## Finance

- Approvals (6)
  - Amendment 8 to Fraport Lease & Concession Agreement- *tentative*
  - Amendment 1 to Sublease Agreement for Consolidated Receiving & Distribution Center (CRDC) - *tentative*
  - Amendment to Fraport Subleases (Titans, Music City) – *tentative*
  - OPEB/Retirement Funding Policy
  - JWN North Development LOI's – Parcels 6-7 and Parcels 8-9
- Information (3)
  - BNA Concessions Program Update
  - Procurement Policy Update
  - Airline Use & Lease Agreement Update- *tentative*

## Management

- Information (2): Ethics Policy Matrix & Bylaws Recommendations - Board Feedback

# Committee 60-day Outlook

- March 8 & 15, 2023
- Board Guest Speaker:
  - Marcus Whitney, Co-Founder & Partner, Jumpstart Health Investors

- January 25, 2023
  - Meeting with Governor Lee (TAACA)
  - Senate Transportation Committee (TAACA)
- February 7, 2023
  - Nashville Business Breakfast (Lipscomb University)
- February 7, 2023
  - Urban League 55th Annual Equal Opportunity Day (EOD) Luncheon

# Additional CEO Updates

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# Items for Approval

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January 18, 2023



- Board Officer Election (Management)

## Item for Approval

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Joycelyn Stevenson  
Vice Chair, Board

- January 11, 2023 Management Committee Nominations
  - Chair: Joycelyn Stevenson
  - Vice Chair: Jimmy Granbery
  - Secretary: Andrew Byrd

## Board Officer Election

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- Term Expires June 30, 2024

- International Arrivals Facility (IAF) Mural (Operations)
- Arts at the Airport New & Reappointed Board Members (Operations)

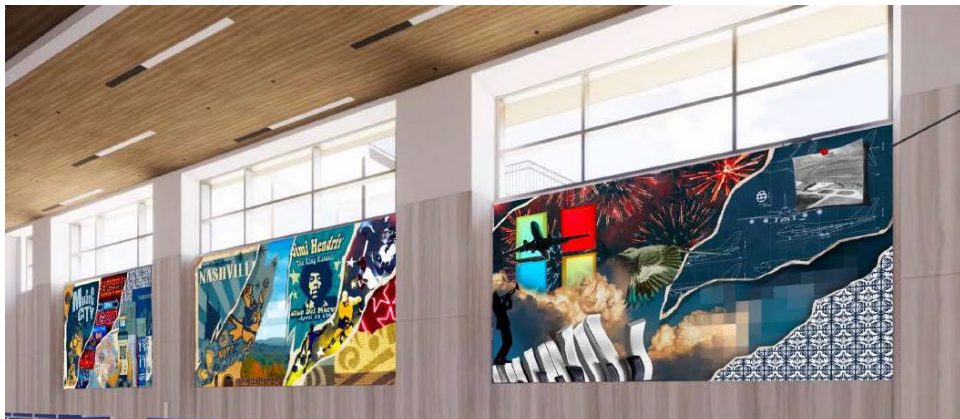
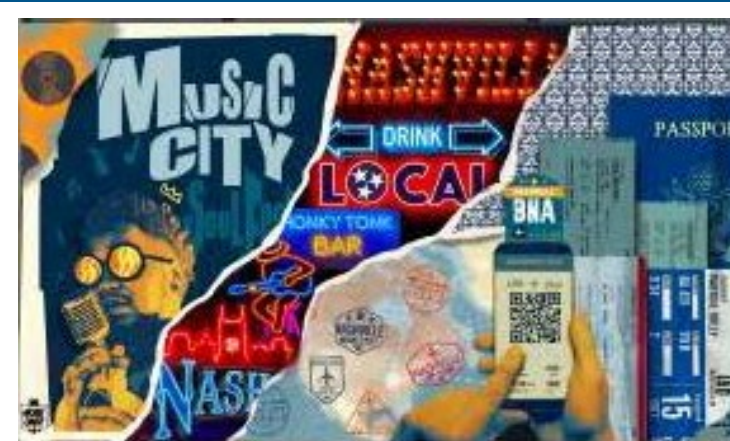
# Items for Approval

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Stacey Nickens

AVP, Corporate Communications

# International Arrivals Facility (IAF) Mural



**Artist:** Eric "Mobe" Bass

**Contract Cost:** \$60,060

**Schedule:** January 2023 – September 2023

**Funding Source:** 100% MNA (1% Public Art budget)

**Staff Recommendation:** Staff requests the Board of Commissioners:

- 1) 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
- 2) Authorize the President and CEO to execute the 1% Public Art Contract.

# Arts at the Airport (AaA) New & Reappointed Board Members

**Project Description:** Appointment of two members and reappointment of three members to the Arts at the Airport (AaA) Foundation Board of Directors, filling two vacancies previously held by Danielle McDaniel and Brian Tibbs



**Sara Lee Burd**  
Nominee



**Shayna Snider**  
Nominee



**Michael McBride**  
Jan. 2010 - present



**Jorge Arrieta**  
Jan. 2020 - present



**Dr. Paulette Coleman**  
Nov. 2008 - present

**Staff Recommendation:** Staff requests the Board of Commissioners:

- 1) Approve the appointment of Sara Lee Burd and Shayna Snider to the Arts at the Airport (AaA) Foundation Board, effective January 1, 2023, with term ending December 31, 2025; and
- 2) 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.

- Construction Contract for Make-up Units (MU) 1 and 2 Carousel Replacement (Operations)
- Professional Services Contract for Terminal Area Roadway Improvements (TARI) Phase 2 and Phase 3 (Operations)

## Items for Approval

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Traci Holton, P.E., C.M.

VP, Deputy COO & Chief Engineer

# Construction Contract for Make-Up Units 1 & 2 Carousel Replacement

## Project Description:

Replace make-up units 1 & 2 with larger and reoriented carousels to better facilitate operational efficiencies and future growth.

## Contractor:

G&S Mechanical USA

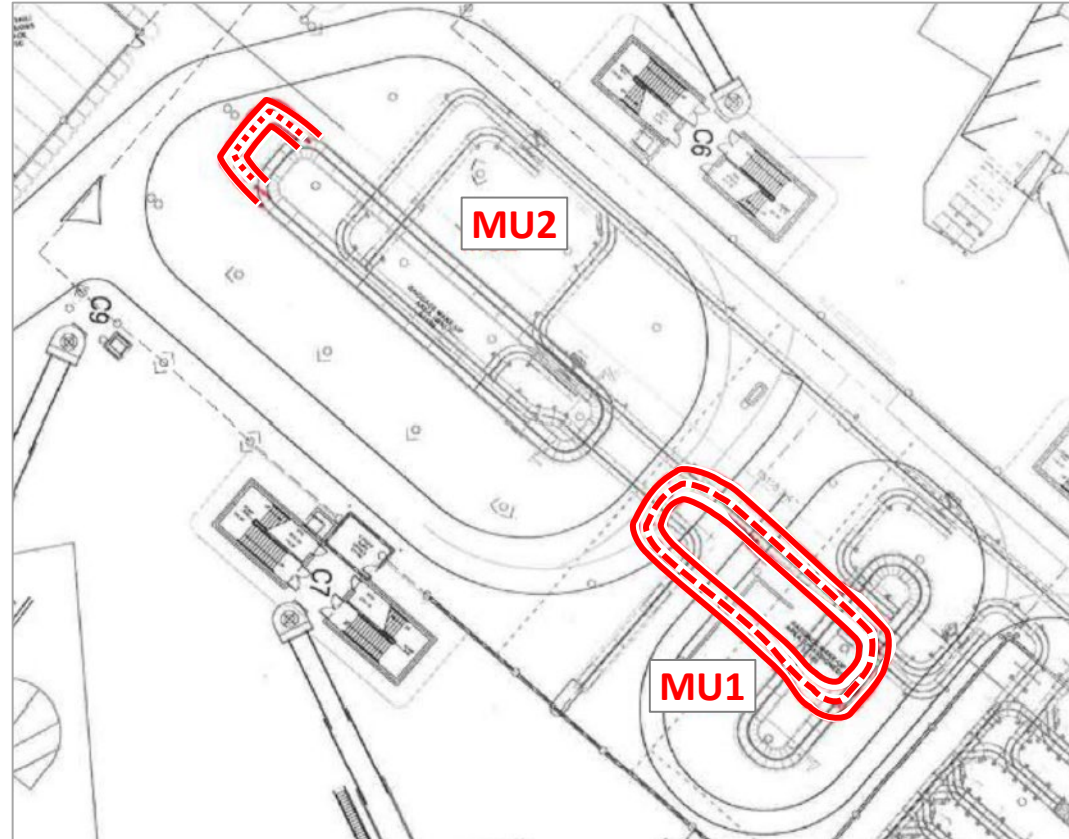
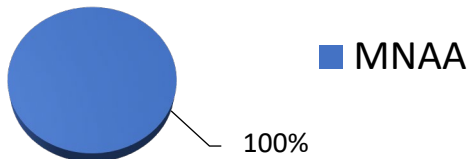
## Total Contract Cost:

\$2,789,690

## Schedule:

Contract Start Feb 2023  
Contract End May 2024

## Funding Sources:



**Staff Recommendation:** Board of Commissioners accept the Bid and authorize the Chair and President and CEO to execute the contract with G&S Mechanical for \$2,789,690.

# Professional Services Contract for TARI – Phases 2 & 3

## Project Description:

Divide 100% construction documents into two separate bid packages according to the planned sequence of construction.

## Contractor:

Atkins North America, Inc.

## Total Contract Cost:

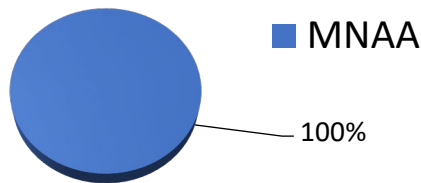
\$3,500,000 NTE

## Schedule:

Contract Start      January 2023

Contract End        May 2028

## Funding Sources:



## Staff Recommendation:

Board of Commissioners accept the Statement of Qualifications and authorize the Chair and President and CEO to execute the contract with Atkins for \$3,500,000 NTE.



- Custodial Services Contract for Grand Lobby and International Arrivals Facility (IAF) (Operations)

## Item for Approval

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Daniel B. Brown, C.M., CSSBB, MAS  
AVP, Maintenance, Environmental  
and Safety

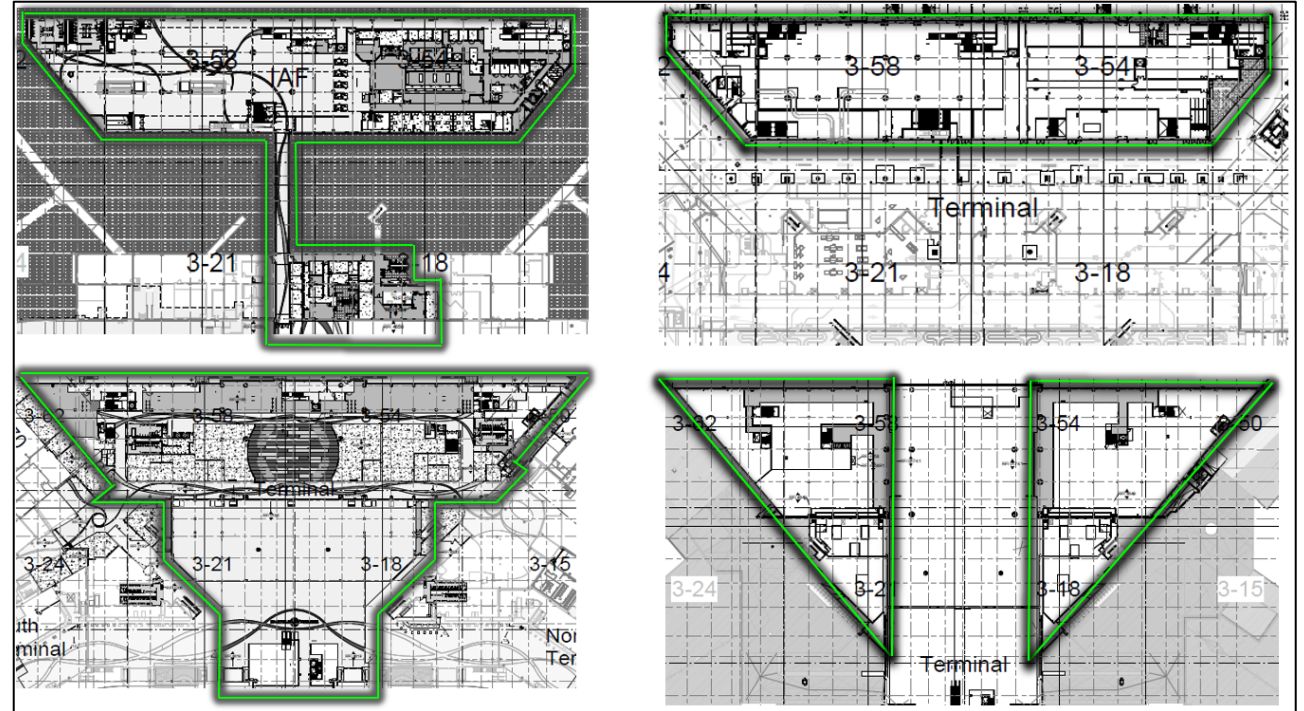
# Custodial Services for Grand Lobby & International Arrivals Facility (IAF)

- **Project Description:** Contractor 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.

- **Contractor:** Bestway Services, Inc.
- **Schedule:** Start Date: January 24, 2022  
Duration:  
One year plus two 1-year options

- **Contract Cost:**

SMWBE Goal:	18.11%
Contract Cost Year 1	\$2,216,528
Contract Cost Year 2 (Option)	\$2,280,324
<u>Contract Cost Year 3 (Option)</u>	<u>\$2,348,734</u>
Contract Cost 3 years:	\$6,845,586



- **Funding Source:** O&M (Current custodial contract will be amended in February 2023)
- **Staff Recommendation:** Staff requests the Board of Commissioners:
  - Accept the proposal by Bestway Services, Inc. for Custodial Cleaning Services for Grand Lobby and IAF
  - Authorize the Chair and President & CEO to execute the proposed contract for \$2.2M plus two 1-year options

- JWN North Development Leases (Finance)
  - Parcels 2 and 3: Lawrence Hangar LLC (Gaylon Lawrence) Lease Terms
  - Parcels 4 and 5: V3 Realty LLC Lease Terms

## Items for Approval

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Carrie R. Logan, C.M.

Associate General Counsel

# Lawrence Hangar LLC Lease Terms (Parcels 2 and 3)

## Key Lease Terms:

- **Effective Date:** Rent commences on the effective date, 2/1/23 – 3/15/23 (TBD)
- **Term:** 2-year construction term, 30-year initial term, one 5-year renewal option (total potential 37 years)
- **Base Rent:** \$3.05/sf; 3% annual escalation; FMRV adjustments in year 10 and 20 of initial term
  - Max 110% increase over prior year; No rent decrease
  - Monthly fuel flowage; current rate \$0.06/gallon
- **Improvements:** Minimum \$5M for fuel storage & hangar facility
  - ~ 20K – 30K sf hangar, with adjacent vehicle parking
- **Lease Type:** Triple Net Lease; Property Condition and Pavement Condition Assessments every 5 years
- Tenant has right to lease to affiliate or successor organization with notice to MNAA
  - MNAA receives 20% of gross transaction value if 10+ years remaining, 15% if less than 10 years remaining, and 10% if less than 5 years remaining
- Tenant has right to sublease with written approval by MNAA; If approved, revenue share is 50% of excess of Tenant's base rent

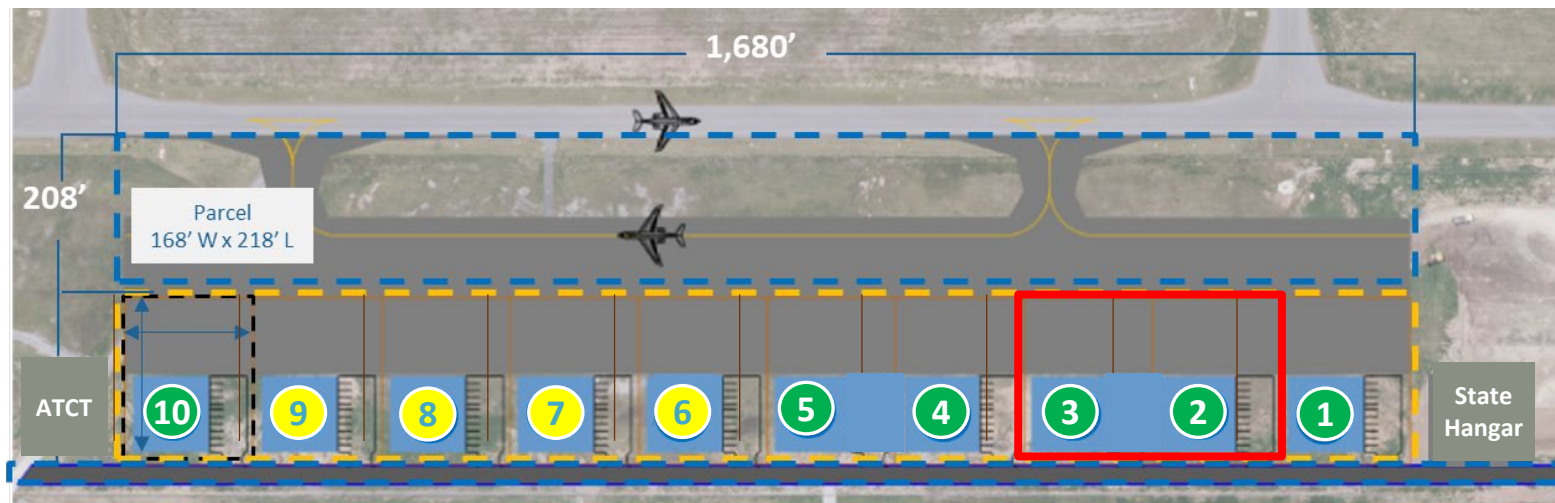
# Lawrence Hangar LLC Lease Terms (Parcels 2 and 3)

## Impact:

- Immediate revenue source of \$223,406.40 in year one
- New asset that will vest in 32-37 years

## Staff Recommendation:

- Staff requests Board of Commissioners:
  - Approve the terms negotiated between MNAA and Lawrence Hangar LLC; and
  - Authorize the Chair and President and CEO to execute a lease agreement consistent with these terms.



# V3 Realty LLC Lease Terms (Parcels 4 and 5)

## Key Lease Terms:

- **Effective Date:** Rent commences on the effective date, 2/1/23 – 3/15/23 (TBD)
- **Term:** 2-year construction term, 30-year initial term, one 5-year renewal option (total potential 37 years)
- **Base Rent:** \$2.00/sf; 3% annual escalation; FMRV adjustments in year 10 and 20 of initial term
  - Max 110% increase over prior year; No rent decrease
  - Monthly fuel flowage; current rate \$0.06/gallon
- **Improvements:** Minimum \$5M for fuel storage & hangar facility
  - ~ 25K – 30K sf hangar, with adjacent vehicle parking
- **Lease Type:** Triple Net Lease; Property Condition and Pavement Condition Assessments every 5 years
- Tenant has right to lease to affiliate or successor organization with notice to MNAA
  - MNAA receives 20% of gross transaction value minus unamortized capital if 10+ years remaining, 15% if less than 10 years remaining, and 10% if less than 5 years remaining
- Tenant has right to sublease with written approval by MNAA; If approved, revenue share is 50% of excess of Tenant's base rent

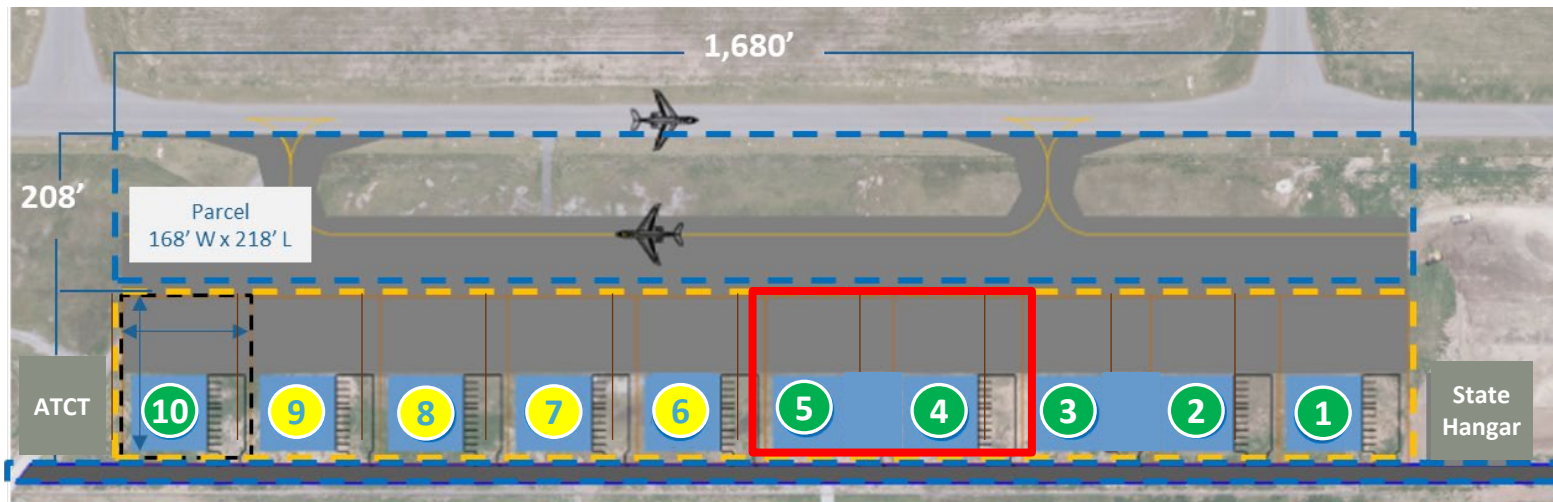
# V3 Realty LLC Lease Terms (Parcels 4 and 5)

## Impact:

- Immediate revenue source of \$146,496.00 in year one
- New asset that will vest in 32-37 years

## Staff Recommendation:

- Staff requests the Board of Commissioners:
  - Approve the terms negotiated between MNAA and V3 Realty LLC; and
  - Authorize the Chair and President and CEO to execute a lease agreement consistent with these terms.



# Information Items

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January 18, 2023



- BNA Development Update (Vision) (Operations)
- JWN North Development Update (Operations)
- JWN Hangar Rent Model (Operations)
- BNA Concessions Program Update (Finance)
- Ethics Policy and Bylaws Status Update (Management)

## Information Item

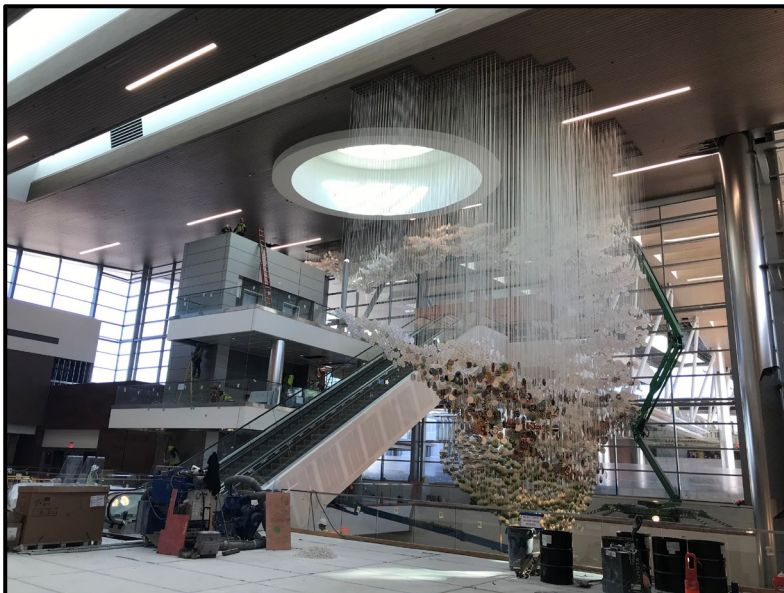
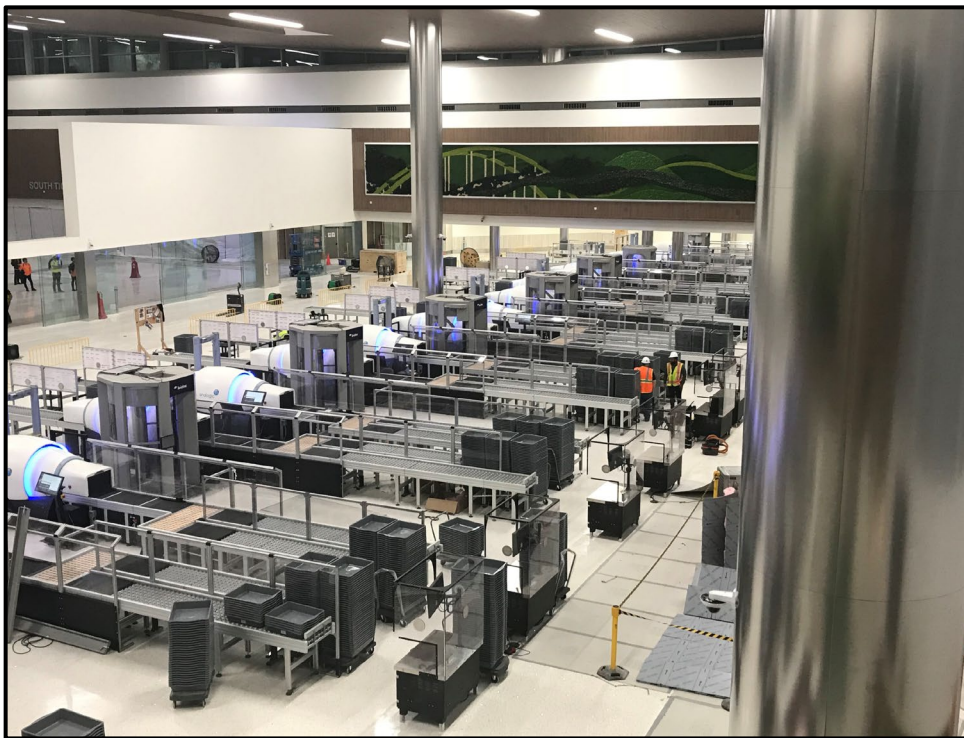
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Douglas E. Kreulen, A.A.E.  
President and CEO

# BNA Development Update

## Upcoming Events:

- Jan 19: BNA Vision Celebration/  
Reception
  - 188 RSVPs to date
- Jan 24: BNA Vision Checkpoint  
Reopens
  - 6 days
- Jan 27: Hilton BNA Topping Out



# JWN Development Update

## Parcels 1-5

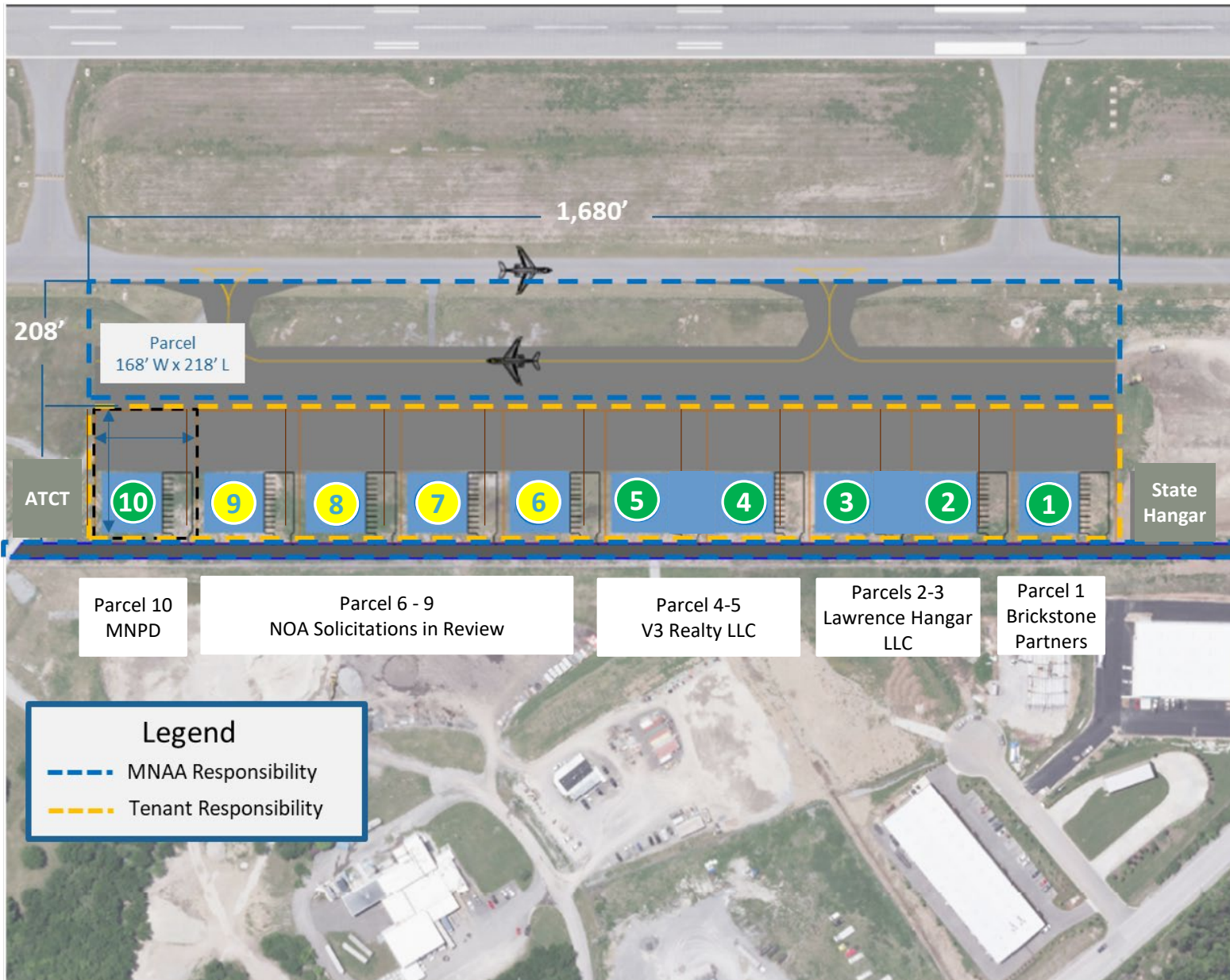
- Parcel 1: Approval planned for February
- Parcels 2-5: January Committee recommended approval

## Parcels 6-9

- 3 proposals received and in review
- Approval of 2 for the 4 parcels LOI's planned for March

## Parcel 10

- Approved by Metro Council in January
- RFQ for design advertises January 23<sup>rd</sup>



- February 2021: Board approved business model
  - Direct Costs + Operating Costs + ROI = Total Rent
  - Annual review of operating expenditures and CPI-U escalation
- Hangar rents established
  - February 2021
    - Pre-tornado T-hangars: \$525 - \$630/month, \$0.38 - \$0.46/sq ft
  - July 2021
    - 42' T hangar: \$640/month, \$0.61/sq ft
    - 48' T-hangar: \$750/month, \$0.52/sq ft
    - Box hangar: \$2,100/month, \$0.58/sq ft
    - Planeport: \$375/month, \$0.26/sq ft
- Staff is finalizing analysis of operating expenditures, and preliminary results are consistent with CPI-U (July 1, 2021 – June 30, 2023)
  - 2021 CPI-U: 7.0%
  - 2022 CPI-U: 6.5%

} 13.5%
- April 2022: Tenants will be notified of new rent effective July 1, 2023

# JWN Hangar Rent Model

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- 2022 Locations
  - 19 of 19 locations open
- 2023 Locations
  - 12 locations scheduled to open January 24, 2023
  - 15 locations scheduled to open September 2023
    - 15 have completed 30% design review
    - 9 are approved to codes
- Satellite Locations
  - 7 locations completed 30% design

# BNA Concessions Program Update

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# BNA Concessions Program: Completed January 2023 Locations



Pharmacy Burger



the ATRIUM

NASHVILLE



Parnassus Books



lily palmer



DRAPER JAMES



In Tune

- All 2022 locations are open, however five 2022 locations failed to open by the contractual Opening Performance Date, which is an Event of Default
- To resolve the default, MNAA requires that Fraport provide flexibility to accommodate the Authority's projected growth:
  - MPC Sub-lease:
    - Concur with Authority's interpretation of CRDC revenue share provision and calculation
    - Allow other Airport tenants to use CRDC at the same rate as Fraport's tenants
    - Add termination for convenience of CRDC sublease to allow for future replacement of Multipurpose Building
  - Lease and Concession Agreement:
    - Increase Authority revenue to 70%

## BNA Concessions Program Update

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- January 23, 2023: Response due from Fraport
- March 2023: Amendments to Board

- Jenner & Block preparing recommendations
  - Ethics Policy Matrix
  - Bylaws Recommendations
- February 2023: Staff will provide recommendations to Management Committee
- March 2023: Management Committee will provide feedback
- April 2023: Approval of updated documents:
  - Ethics Policy
  - 4th Amended and Restated Bylaws

# Ethics Policy & Bylaws Status Update

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# Joint Meeting of MNAA Board of Commissioners and MPC Board of Directors

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Meeting Adjourned

# Staff Reports

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January 18, 2023

Provided for Information Only

# Operations Report

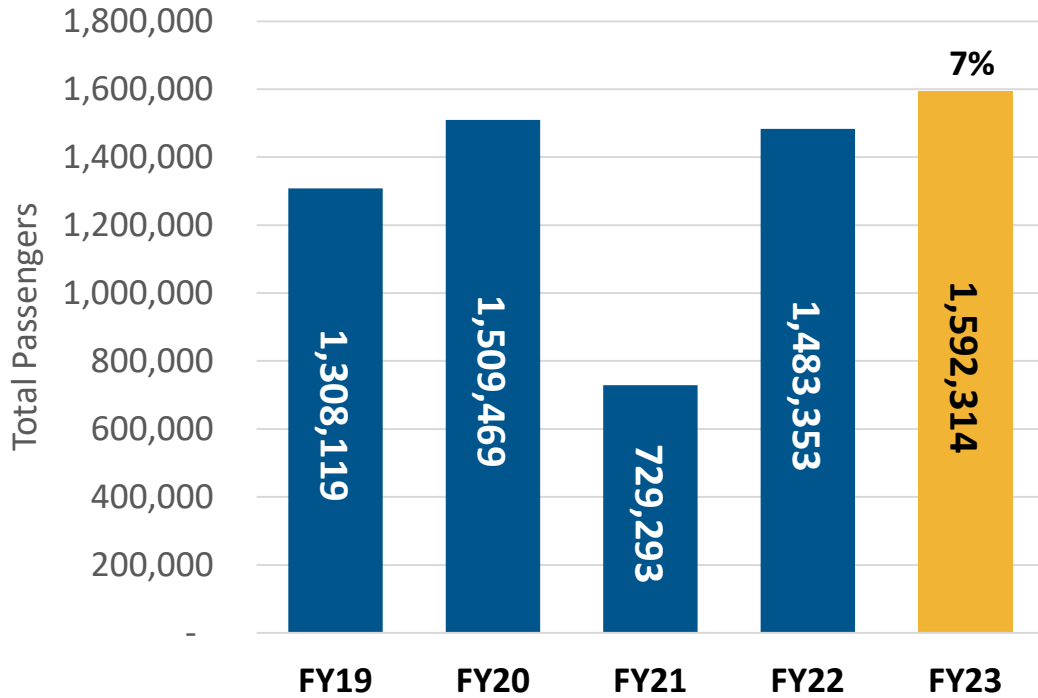
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Robert Ramsey, P.E., A.A.E., I.A.P.

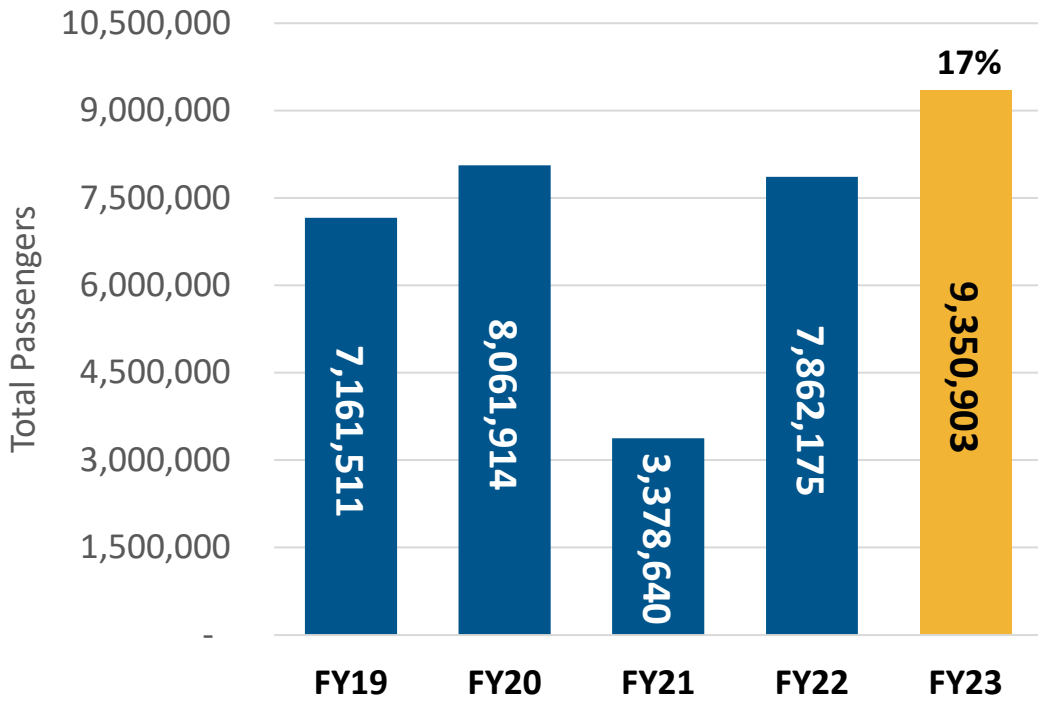
EVP, Chief Operating Officer

# BNA Total Passengers

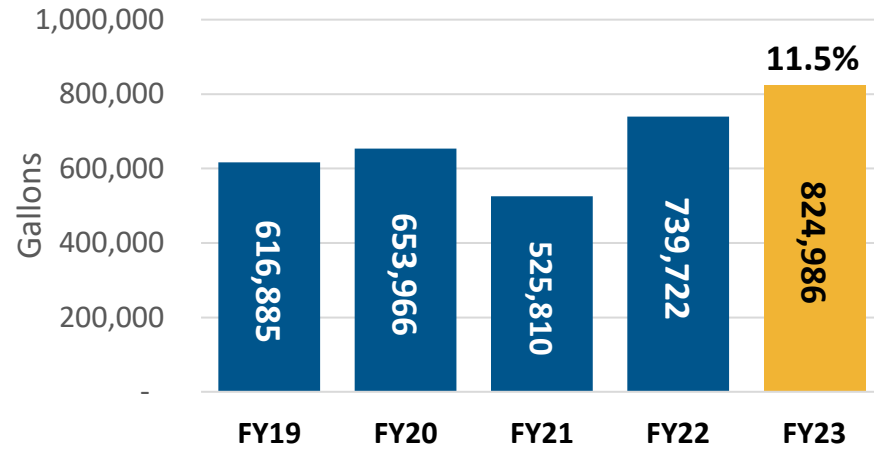
## December



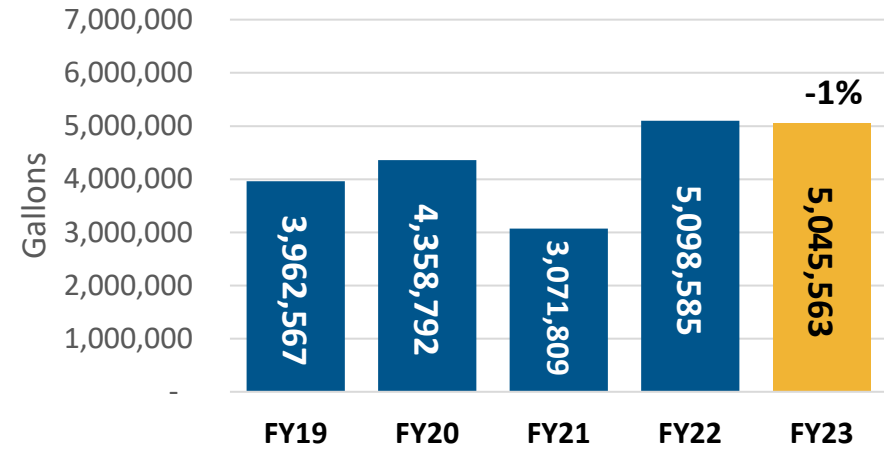
## Fiscal Year-to-Date December



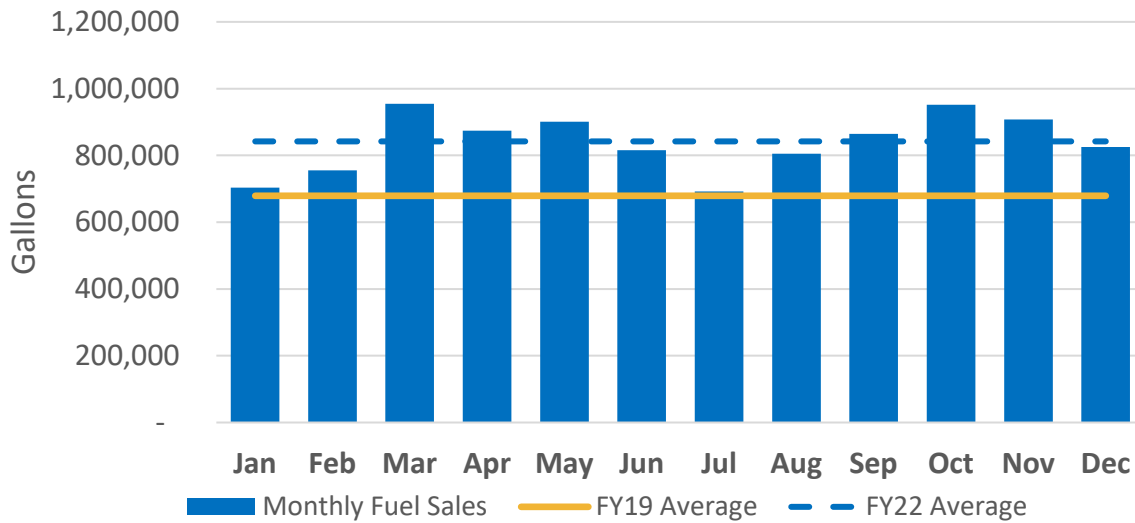
### BNA Monthly Fuel Sales - December



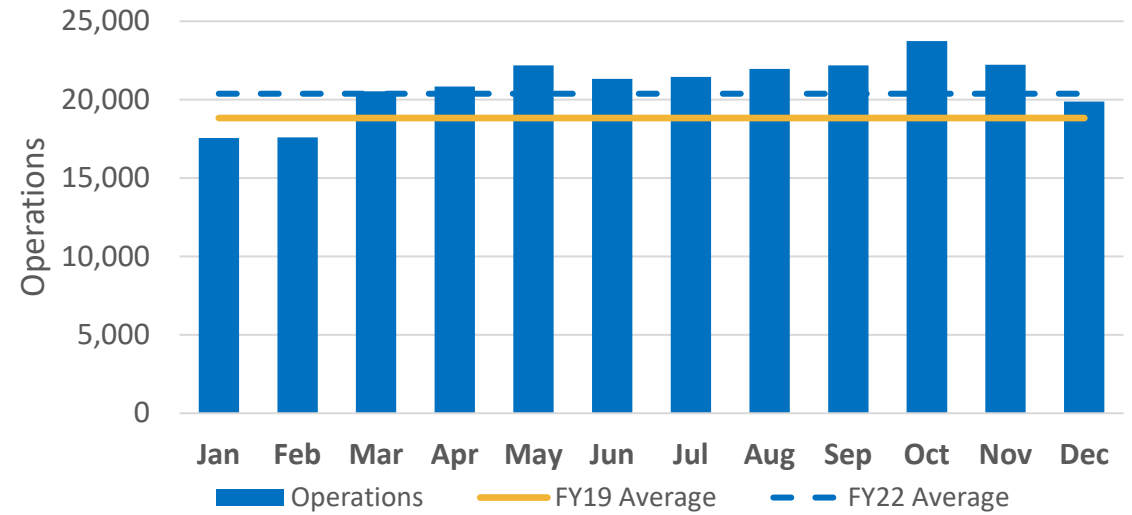
### BNA FYTD Fuel Sales - December



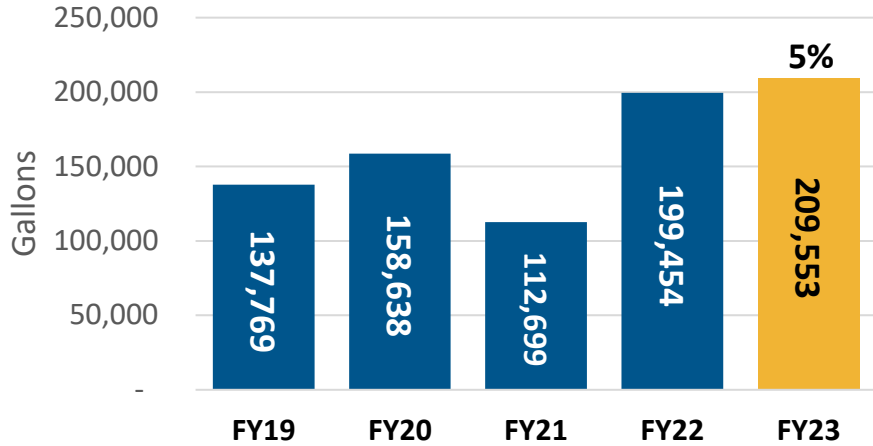
### BNA Monthly Fuel Sales



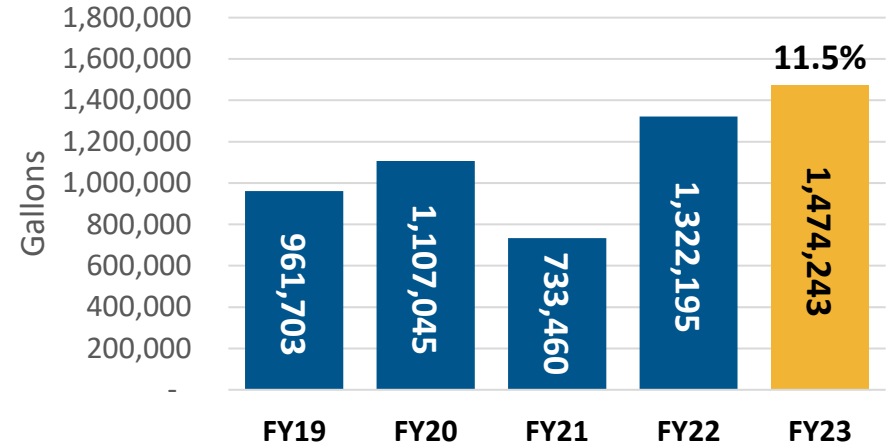
### BNA Monthly Operations



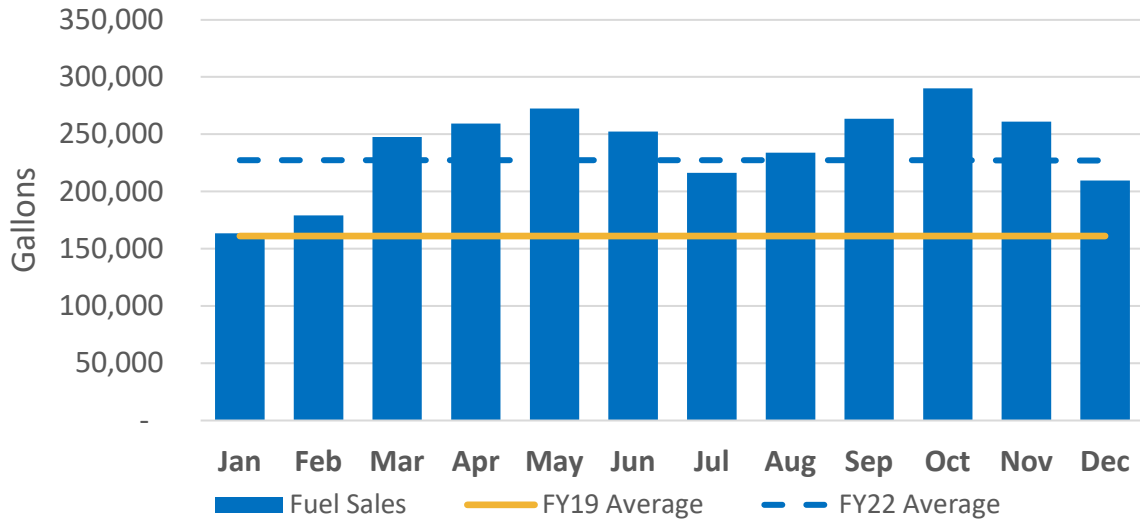
### JWN Monthly Fuel Sales - December



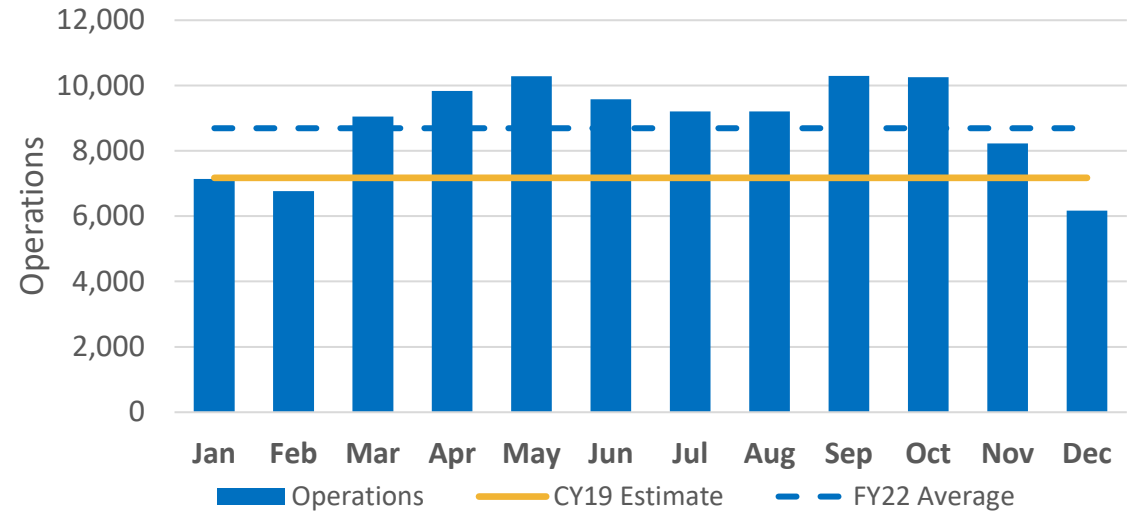
### JWN FYTD Fuel Sales - December



### JWN Monthly Fuel Sales



### JWN Monthly Operations



# Vision 1.0 Program Budget Update: January 2023

Project Name	Current Budget	Estimate at Completion (EAC)	Budget Variance	Budget Reserve: Original/Balance
<b>VISION PROJECTS</b>	\$ 1,215,960,295	\$ 1,209,850,695	\$ 6,109,600	\$121,290,987 / \$13,700,000
Parking and Transportation Center	\$ 112,565,500	\$ 112,565,500	\$ -	\$5,100,000 / \$0
Concourse D & Terminal Wings	\$ 292,600,000	\$ 288,781,988	\$ 3,818,012	\$33,964,557 / \$0
Garage C & Airport Administration Building	\$ 183,930,000	\$ 181,638,412	\$ 2,291,588	\$20,341,202 / \$0
Garage B	\$ 97,428,000	\$ 97,428,000	\$ -	\$2,700,000 / \$2,700,000
Terminal Lobby & IAF	\$ 480,436,795	\$ 480,436,795	\$ -	\$54,865,228 / \$10,000,000
Terminal Access Roadway Improvements Ph 1	\$ 49,000,000	\$ 49,000,000	\$ -	\$4,320,000 / \$1,000,000
<b>VISION ENABLING PROJECTS</b>	\$ 62,390,352	\$ 62,390,352	\$ -	\$1,408,000 / \$396,695
ART	\$ 5,112,550	\$ 5,112,550	\$ -	
<b>PROGRAM CONTINGENCY</b>	\$ 21,544,803	\$ 27,654,403	\$ (6,109,600)	
<b>Total</b>	\$ 1,305,008,000	\$ 1,305,008,000	\$ -	\$122,698,987 / \$14,096,695

**Total Contingency Remaining = \$27.7M program + \$14.1M project ~ \$41.8M**

# Vision 2.0 Program Budget Update: January 2023

Project Name	Current Budget	Estimate at Completion (EAC)	Budget Variance	Budget Reserve: Original/Balance
<b>VISION 2.0 PROJECTS</b>	\$ 229,500,000	\$ 229,500,000	\$ -	\$12,392,941 / \$7,492,941
Satellite Concourse	\$ 134,500,000	\$ 134,500,000	\$ -	\$8,952,941 / \$4,052,941
Runway 2L/20R Extension EA/Preliminary Design/Property Acquisition	\$ 15,000,000	\$ 15,000,000	\$ -	\$0 / \$0
Concourse A Site Prep / Fill / EA	\$ 49,000,000	\$ 49,000,000	\$ -	\$2,000,000 / \$2,000,000
Concourse A Ramp Paving	\$ 31,000,000	\$ 31,000,000	\$ -	\$1,440,000 / \$1,440,000
<b>Total</b>	<b>\$ 229,500,000</b>	<b>\$ 229,500,000</b>	<b>\$ -</b>	<b>\$12,392,941 / \$7,492,941</b>



# New Horizon Program Budget Update: January 2023

Project Name	Current Budget	Estimate at Completion (EAC)	Budget Variance	Budget Reserve: Original/Balance
New Horizon Projects	\$ 1,458,500,000	\$ 1,458,500,000	\$ -	\$117,671,573 / \$117,671,573
Baggage Handling System Improvements	\$ 125,000,000	\$ 125,000,000	\$ -	\$11,329,600 / \$11,329,600
Concourse D Extension	\$ 287,000,000	\$ 287,000,000	\$ -	\$26,138,432 / \$26,138,432
Concourse A Expansion	\$ 855,000,000	\$ 855,000,000	\$ -	\$77,939,456 / \$77,939,456
Future Air Freight Building	\$ 25,000,000	\$ 25,000,000		\$2,264,085 / \$2,264,085
Terminal Access Roadway Improvements Ph 2 & 3	\$ 166,500,000	\$ 166,500,000		\$ -
ART	\$ 4,000,000	\$ 4,000,000	\$ -	
PROGRAM CONTINGENCY	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 1,462,500,000</b>	<b>\$ 1,462,500,000</b>		<b>\$117,671,573 / \$117,671,573</b>

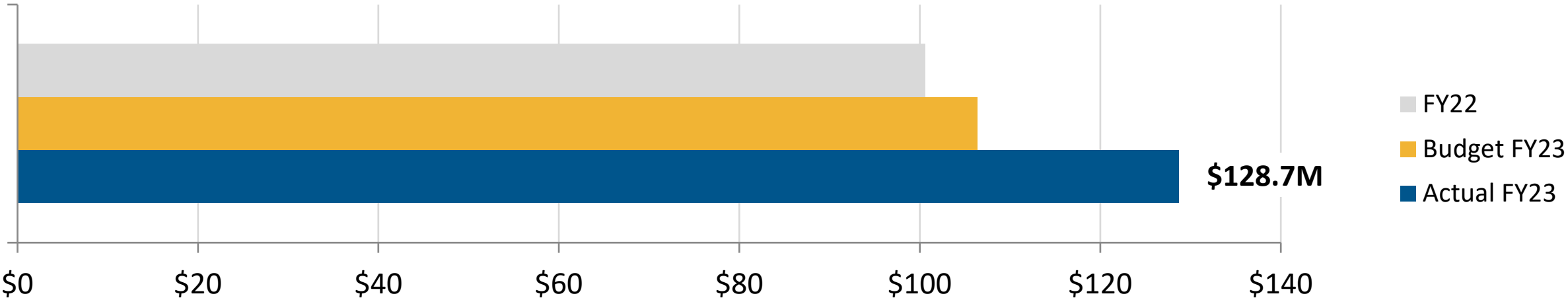
# Finance Report

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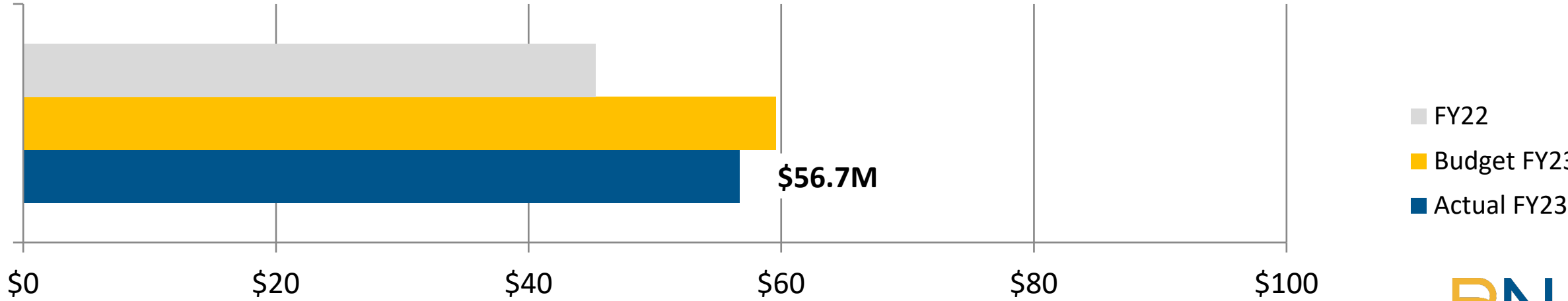
Marge Basrai, CPA, CGMA, CM  
EVP, Chief Financial Officer

# BNA – Revenues and Expenses YTD December 2022

### Operating Revenues (\$ millions)

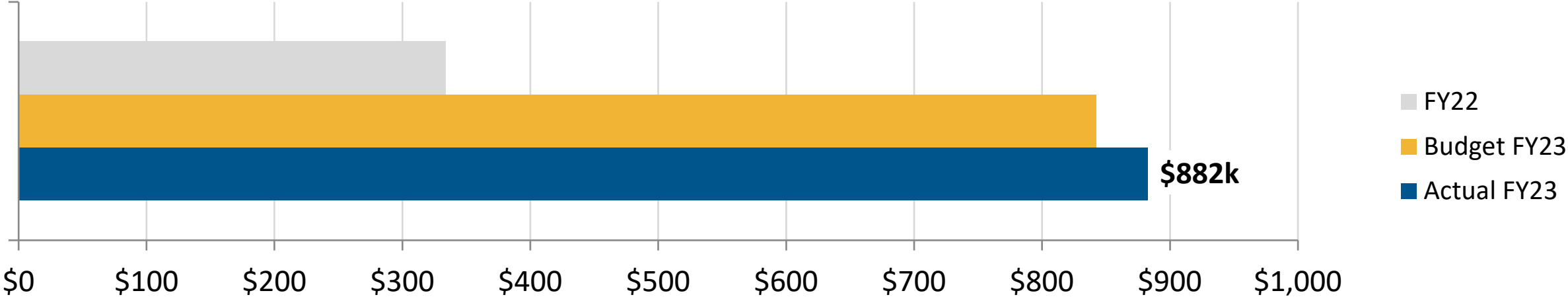


### Operating Expenses (\$ millions)

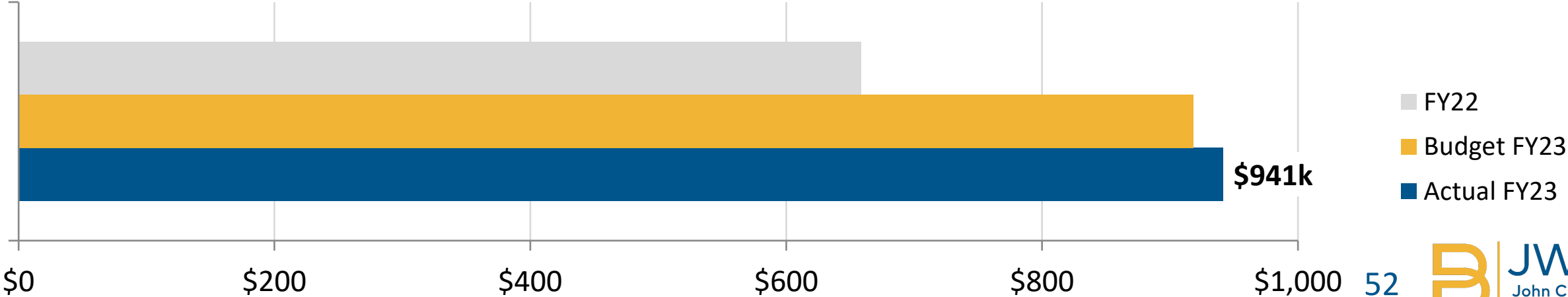


# JWN – Revenues and Expenses YTD December 2022

### Operating Revenues (\$ 000s)

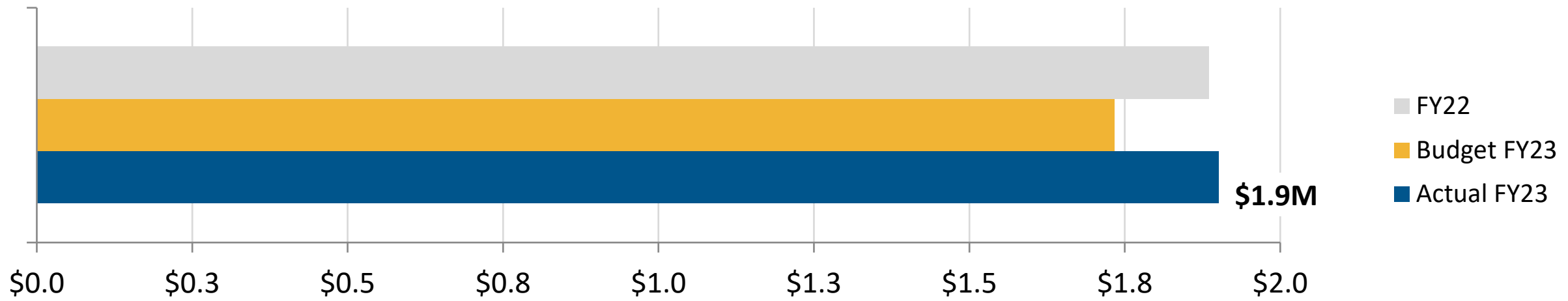


### Operating Expenses (\$ 000s)

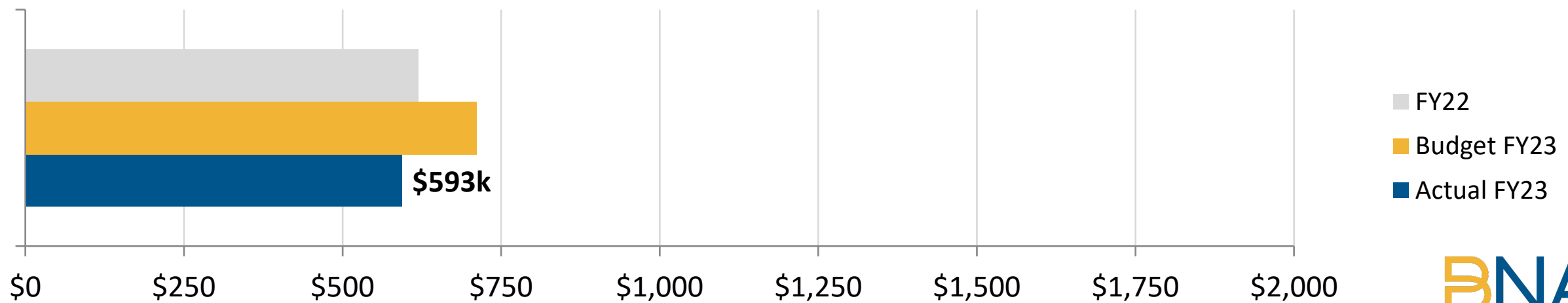


# MPC – Revenues and Expenses YTD December 2022

### Operating Revenues (\$ millions)



### Operating Expenses (\$ 000s)



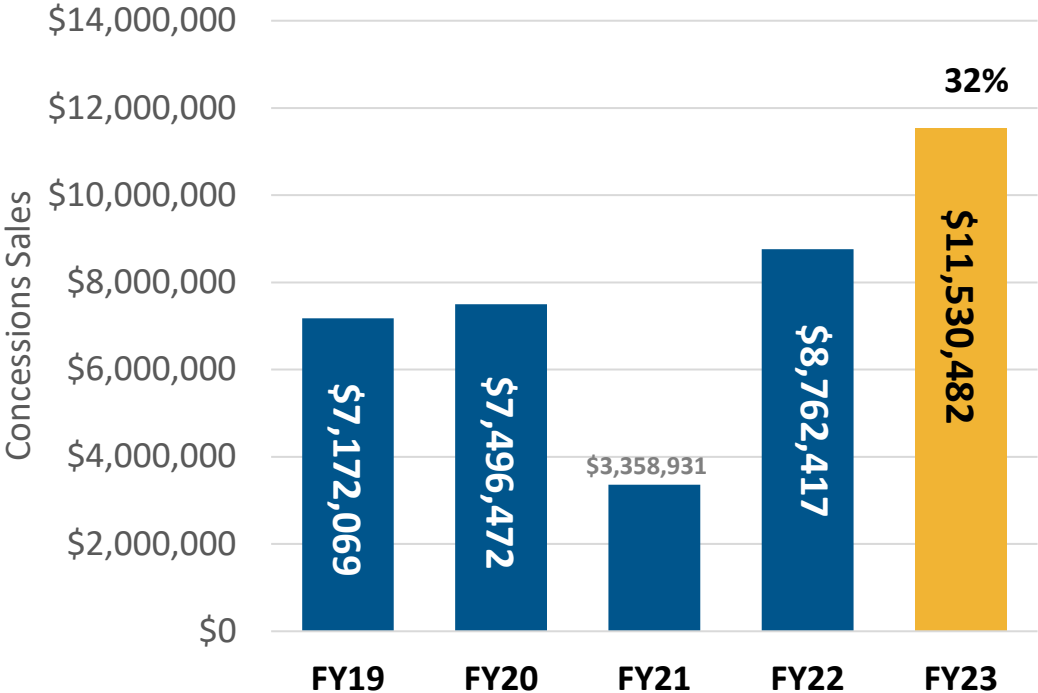
# Commercial Development Report

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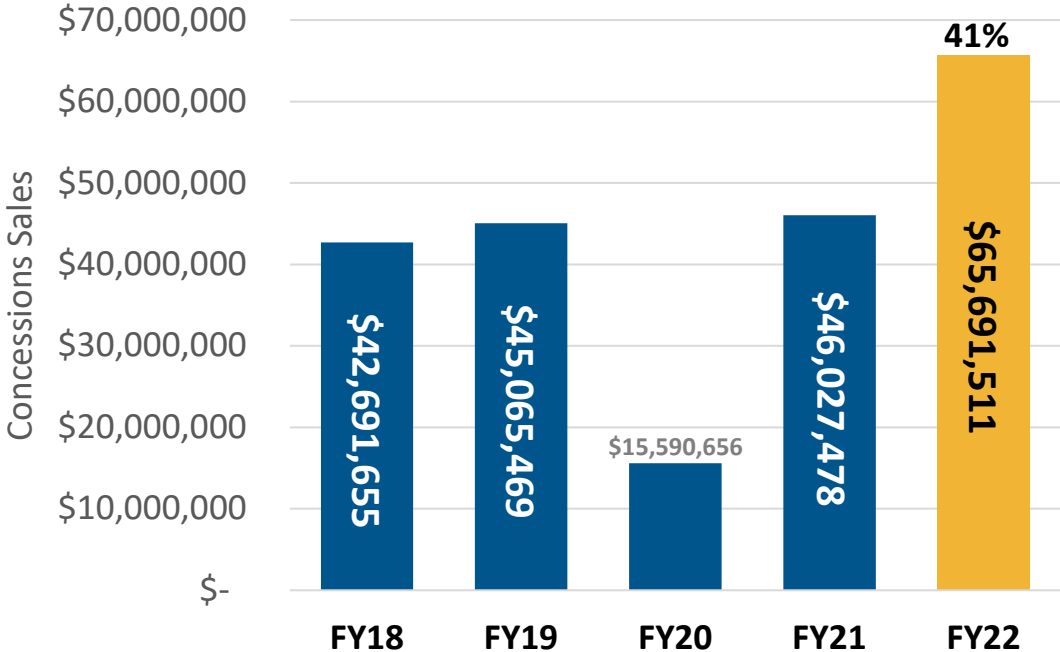
Marge Basrai, CPA, CGMA, CM  
EVP, Chief Financial Officer

# Concession Sales

## December



## Fiscal Year to Date - December



**Sales per Enplaned Passenger**  
**December 2021: \$11.68, December 2022: \$14.27**

# Business Diversity Development Report

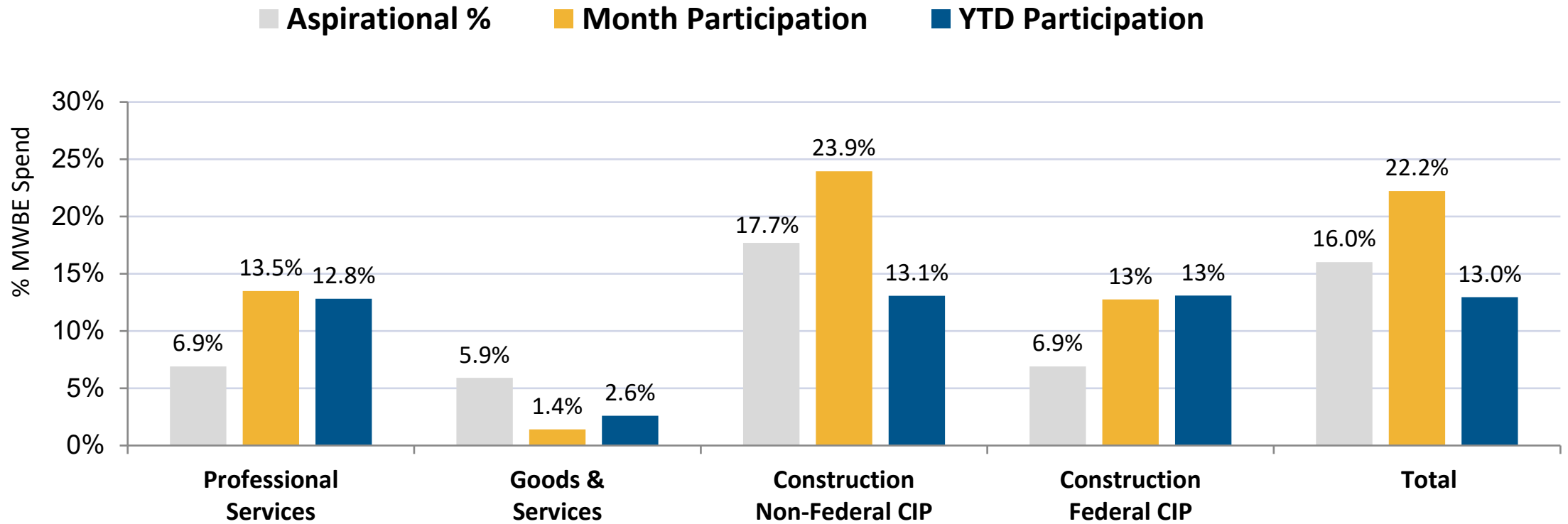
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Davita Taylor

VP, Procurement & Business Diversity



# MWBE Participation September 2022



August MWBE Expenditures	\$608,525	\$4,232	\$6,347,646	\$3,059	\$6,963,462
August Total Expenditures	\$4,512,387	\$302,677	\$26,503,886	\$23,995	\$31,342,945
FY23 MWBE Expenditures	\$1,729,509	\$19,614	\$10,130,259	\$3,153	\$11,882,535
FY23 Total Expenditures	\$13,501,409	\$759,474	\$77,461,560	\$24,089	\$91,746,532

New Aspirational Goals from 2021 Disparity Study implemented July 2022  
 Construction Related Professional Services now included with Construction Non-Federal

October - December data  
 pending AX Upgrade