

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



Date: March 8, 2023

Location: Metropolitan Nashville Airport Authority
Tennessee Boardroom

Time: 9:00 a.m.

Committee Members Present:

Bobby Joslin, Chair; and Nancy Sullivan, Vice Chair, Dr. Glenda Glover

Committee Members Absent:

None

Others Present:

Joycelyn Stevenson, Jimmy Granbery, Andrew Byrd,
Bill Freeman, 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 March 3, 2023.

II. APPROVAL OF MINUTES

Chair Joslin asked for a motion to approve the minutes from the February 8, 2023 Operations Committee meeting. Vice Chair Sullivan made a motion and Chair Joslin seconded the motion. The motion carried by vote of 3 to 0.

III. CHAIR'S REPORT

Chair Joslin reported that it looks like we are going to have a robust year in aviation, it is all over the news. One complaint that he receives, however, is regarding the cleanliness of the bathrooms. Chair Joslin stated that this should be an easy problem to fix and will deal with that at the appropriate time. Also Chair Joslin replied that the Committee structure is set up to talk, debate, listen and ask questions and he would like for the discussions to stay more focused at Committee meetings rather than having protracted Board meetings.

IV. ITEMS FOR APPROVAL

1. Design Build Contract for Concourse D Extension CGMP 2 of 4

President Kreulen introduced Traci Holton, VP, Deputy COO & Chief Engineer, to brief the Committee on the Design Build Contract for Concourse D Extension CGMP 2 of 4. Ms. Holton stated this is a Hensel Phelps contract for site utilities, renovation of the Multipurpose Building as well as demolition of the Air Freight Building. The CGMP 2 contract cost is \$35.5M and there is no change to SMWBE participation or schedule.

Commissioner Byrd asked is this in line with what we were expecting. Ms. Holton replied yes, MNA is working toward a total contract cost of \$250M NTE. President Kreulen stated just to backup what Ms. Holton said, if we are going to extend Concourse D, utilities will need to be added as well as inground aircraft fueling system. The firm is in the design process now. The plans are to move everyone in the current Air Freight Building to the Multipurpose Building and that will set us up for the Number 3 CGMP to come in and build the final structure with the final opening scheduled for 2025. Commissioner Granbery asked if two additional gates could be added and Ms. Holton replied yes, but the cost is to be determined. President Kreulen stated the infrastructure will be there and there may be extra ramps needed to move jets in and out. Ms. Holton explained that a new Air Freight Building and also a Multipurpose Building would need to be added. Commissioner Granbery asked if that is in the works. Ms. Holton replied it is in planning from a master plan, big picture perspective.

Ms. Holton requested the Operations Committee recommend to the Board of Commissioners that it authorize the Chair and President and CEO to execute the proposed Amendment 1 for the Component Guaranteed Maximum (CGMP) Price #2 for enabling construction activities relate to the Concourse D Extension for \$35,540,905.

Chair Joslin asked for a motion to approve as presented. Commissioner Glover made a motion and Vice Chair Sullivan seconded the motion. The motion passed with a vote of 3 to 0.

2. Professional Services Contract for New Horizon Commissioning Agent

Ms. Holton briefed the Committee on the Professional Services Contract for New Horizon Commissioning Agent for Concourse A and Concourse D. Ms. Holton stated the Commissioning Agent does functional performance testing, testing the balance of the systems, equipment start-up, oversee personnel training and also review the design early on to hopefully get MNA more efficient systems and typically see savings of 3-5% on the project. In late December, MNA advertised a Request for

Qualifications “RFQ” and on January 27, 2023 received five Statement of Qualifications “SOQs”. One SOQ was deemed nonresponsive for failure to meet SMWBE participation level or acceptable good faith efforts. The four that remained were Burns & McDonnell, NV5, SSRcx and TLC Engineering Solutions. The evaluation committee reviewed those SOQs based on key personnel’s qualifications and qualifications of their subs, capability to perform all aspects of the task, approach to providing the services as described in the RFQ as well as SMWBE participation. SSRcx was the highest rated firm based on their teams’ experience, being located in Nashville and approach to tackling the services for the project. The SMWBE participation level set by MNAA for this project was 6.40% MBE and/or WBE, SSRcx was able to obtain 5.40% WBE by partnering with Win Engineering. This will be 2306 calendar days project based on completion of Concourse A plus the warranty period of Concourse A which gets us to July 2029. The contract cost is \$3.5M NTE.

Chair Joslin inquired how will the contract be billed - monthly, quarterly or by the job. Ms. Holton replied they will be billed monthly and stated that MNAA has not negotiated the fees yet or finalized the scope. Vice Chair Sullivan inquired if there is a scope of exact equipment. Ms. Holton replied not to that level of detail -- they review all of the drawings and all of the submittals. She noted that moving walkways are also in this scope. President Kreulen asked if Ms. Holton mentioned if they were the ones that did the previous Vision. Ms. Holton replied yes, they did the previous Vision. Chair Joslin stated they are a very well-respected firm.

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

Chair Joslin asked for a motion to approve as presented. Vice Chair Sullivan made a motion and Commissioner Glover seconded the motion. The motion passed with a vote of 3 to 0.

3. Construction Contract for Hangar Lane Reconstruction

Ms. Holton briefed the Committee on the Construction Contract for Hangar Lane Reconstruction. Ms. Holton stated this is going to be Full Depth Reclamation (“FDR”) and asphalt surface for approximately one mile of Hangar Lane and the adjacent shuttle lot. MNAA bid this in three schedules, basically various lengths of Hangar Lane to make sure it fits within our budget and also to maximize the use of

that budget. The shuttle bus lot, where ABM services the shuttles today, and the parking lot definitely needs to be repaired. MNAA bid this to a Small Business Target Market in mid-January and on February 14, 2023 received two bids, both from WBEs, Crown Paving and Grade A Construction. Crown Paving was the low bidder on all three schedules. Schedule 1, which is the entire length of Hangar Lane - approximately a mile's worth, was within budget and below the engineer's estimate so we recommend proceeding with Schedule 1. This will be a 60-day contract.

Ms. Holton requested the Operations Committee recommend to the Board of Commissioners that it authorize the Chair and President and CEO to execute the construction contract to Crown Paving for \$1,724,062.

Chair Joslin asked where Crown Paving is located. Ms. Holton replied they are local and are also MNAA's on-call paving services contractor. Vice Chair Sullivan asked what the plans are to manage the traffic during this construction. Ms. Holton replied we plan to do the project in multiple phases to keep entrances open at all times and complete one lane at a time. President Kreulen stated this is a big deal to MNAA, but is not an I-40 project. Chair Joslin stated there is no continuity in the numbering of hangars on Hangar Lane. Commissioner Freeman agreed saying customers are having trouble getting through. Chair Joslin stated he and Commissioner Freeman could not find hangars the way they are numbered, and asked if it is possible to get the hangar numbers posted and sequential.

Chair Joslin asked for a motion to approve as presented. Vice Chair Sullivan made a motion and Commissioner Glover seconded the motion. The motion passed with a vote of 3 to 0.

4. Metro Nashville Long-Term Maintenance Agreement (TARI)

Ms. Holton briefed the Committee on the Metro Nashville Water services ("MWS") Long-Term Maintenance Agreement, and noted the request is to receive funds. Currently the airport only has one water main that feeds the terminal and for resiliency and redundancy we are putting in a second water main to the terminal building. It is truly redundant coming from a completely separate feed from MWS. In order to get the redundant water feed to the terminal building, we need to build a pump station. This will be an MWS line, owned and maintained by MWS, as well as the pump station. Because this line will tie into the existing pump station, this is an opportunity for MWS to receive additional capacity for their system, so they have requested to upsize the size of the pipe. A 16" is

what we have today and MWS would like us to put a 24" pipe, which is part of this approval today. MWS has agreed to pay for the increase in pipe size based on bids and we anticipate that to be \$1M. MNAA is also asking for approval to sign paperwork for the deed and easements.

Ms. Holton requested the Operations Committee recommend to the Board of Commissioners that it:

- Authorize the Chair and President and CEO to execute a Participation Agreement with MWS;
- Authorize the President and CEO to receive payment from Metro for the participating costs associated with the construction of MWS water infrastructure in an amount not less than \$1,000,000;
- Authorize the Chair and President and CEO to execute the necessary documents associated with the construction of MWS infrastructure, including easements and deeds.

Commissioner Freeman asked for an explanation of a betterment credit. Ms. Holton stated MNAA will get bids for a 16" pipe and 20" pipe and the difference of those bids is the betterment cost and is what MWS will pay to MNAA. MNAA will have to do a Participation Agreement with MWS which will outline all of this after we receive the bids. The \$1M comes out of their capital improvement which MWS has authorization to spend. Commissioner Granbery asked if MWS controlled the easement and if there are any future restrictions about things, we are thinking of doing where this can be an encumbrance. Ms. Holton replied it is not an easement they control; it only allows them access to maintain their line.

President Kreulen stated this fits into one of our strategic goals preparing for the unexpected so we now have redundant water running to be able to support the airport on two different feeds. A couple of years ago MNAA discovered there is one water line running to the airport. This puts in a second water line and gives us that redundancy. Over the last twelve months, the biggest problem was finding someone at MWS to approve the paying of the upscaling of that pipe and we have reached that point now and MWS is basically covering the delta and we are still installing everything else and that is MWS's fair share of the project. Commissioner Glover asked if this has gone to Council. Ms. Holton stated the Participation Agreement will go to Council, and we have to wait for the bid process so they can include all that information. President Kreulen stated MWS has expressed this should not be a problem because MWS has set aside fees in their capital budget to pay for these betterments in other properties around the city so they believe this will not be a big challenge.

Chair Joslin asked what type of interruption can be expected in the parking lot. Ms. Holton stated the hardest part will be right in front of the terminal, and MNAA is trying to complete before the hotel opens and trying to pre-order pipe now. Next it will come down the center of the street and we do not anticipate a lot of interruption there. President Kreulen stated that we do not want to open the hotel and then close the road in front of it, so we are asking Metro to push forward and put the pipe in now and try to complete ahead of time.

Chair Joslin asked for a motion to approve as presented. Commissioner Glover made a motion and Vice Chair Sullivan seconded the motion. The motion passed with a vote of 3 to 0.

5. New Horizon Owner Controlled Insurance Program (OCIP) and Builder's Risk Insurance Coverage

President Kreulen introduced Kristen Deuben, VP, Deputy Director, Finance, to brief the Committee on the New Horizon Owner Controlled Insurance Program ("OCIP"). Ms. Deuben stated the OCIP program is a third party liability insurance and contains coverage against contractual liability, personal injury liability and property damage. The OCIP coverage will be \$100M per occurrence in annual aggregate, which Marsh indicates is the benchmarking point for a program between \$1-\$3B of construction value. The Builder's risk policy protects owners and contractors in the event of physical loss of or damage to property. Builder's risk policies are purchased on a project specific basis and MNAA has determined that the threshold for Builder's risk projects to be covered will be non-airfield projects over \$2.5M. The OCIP program will be a rolling 5-year coverage. All construction projects will be included in the OCIP as it is believed that MNAA will get economies of scale and better SMWBE participation. Estimated premiums for the rolling OCIP program are estimated at 1% of contract values. MNAA estimated the 5-year project budget is approximately \$1,668,139,000, which at 1% equates to \$16,681,390. The Builder's Risk policies are project specific. MNAA is seeking approval for Concourse D Extension and the Baggage Handling System Projects for Builder's Risk policies as the construction phase is set to begin in the next couple of months. The estimated premiums for Builder's Risk are 0.4% of the contract value. The combined project value for the Concourse D Extension and Baggage Handling System is approximately \$373.1M, of which 0.4% equates to \$1,392,400. The Builder's Risk policies will be in effect during the construction phase of the projects and will also be covered during the warranty periods. Both policies will be paid from project budgets.

Ms. Deuben requested the Operations Committee recommend to the Board of Commissioners that it

- 1) Approve the OCIP program for New Horizon and other CIP projects at \$16,681,390 NTE and;
- 2) Approve the Builder's Risk policies for Concourse D Extension and Baggage Handling System Projects at \$1,492,400 NTE, and;
- 3) Authorize the Chair and President and CEO to execute the OCIP and Builder's Risk policies with Marsh.

Commissioner Byrd stated basically we are insuring the risks that are associated with the owner with respect to these building contracts that we are entering into over the next five years, to the tune of \$18M. President Kreulen stated that is the fee to cover building of \$1.6B so \$16M is what we end up paying. MNAA started OCIP with BNA Vision, and it was a recommendation of the past disparity studies to support some of the smaller contractors and business enterprises that could not afford insurance. By doing this it helps us with that kind of participation, and it has been successful for us in the \$100M increments. Ms. Deuben stated that if it goes over \$3B rolling OCIP then we will increase the coverage, but Marsh feels that with our program between \$1-3B, \$100M per occurrence in annual aggregate will be sufficient. Commissioner Byrd asked if this will cover claims that may be made against us over the next five years as we are building, and if it will be kind of an indemnity claim that they will be reimbursing us for those. Ms. Deuben replied this is a standard model based on contract value so it will fluctuate. Ms. Basrai stated once we get approval, we will take the program and have Marsh market it to insurance carriers to make sure we have the proper coverage and to ensure we get the best value. Commissioner Glover asked if these are estimates. President Kreulen stated yes, that is why you see the NTE. This comes from our professional broker believing what it should cost and now and when they will complete the coverage. Commissioner Granbery stated the most important thing is that we now control the insurance, and we control the Builder's Risk, and asked if MNAA will be named as an additional insured pursuant to the contracts so that we will have our own insurance. Commissioner Granbery stated we could require in the contracts to have Builder's Risk insurance, but then it is their contract and their insurance, and we would have to keep watching to make sure it stays in place. Vice Chair Sullivan agreed that it is good to have it, but was curious because she read in a report that we are going to relieve them of responsibility of having to carry this particular coverage. Ms. Deuben replied yes, we will make sure that we are adequately covered. President Kreulen stated we should be seeing that in our costs when we begin construction. Commissioner Byrd asked since our costs are built into the contracts that they are signing, when we are paying them, if we are also paying our Builder's Risk at the same time. Commissioner Granbery

stated it is built into the budget. President Kreulen stated when Ms. Holton and Mr. Ramsey present the budgets for those projects, the OCIP is paid out of that budget, so this is letting us get the program going and that \$18M now will be broken up into different projects and we are paying the Builder's Risk insurance out of those budgets. Commissioner Byrd asked if we pay the \$18M up front. Ms. Deuben replied we would pay annually as the projects are active, the timing of the general rule is we have a 5-year rolling OCIP program. Commissioner Freeman thanked Commissioner Byrd and the other members for the insight into these issues.

Chair Joslin asked for a motion to approve as presented. Vice Chair Sullivan made a motion and Commissioner Glover seconded the motion. The motion passed with a vote of 3 to 0.

Commissioner Granbery asked that before we leave this item, he wanted to know the budget for the water line regardless of how much MWS puts in. Ms. Holton replied approximately \$4.5M.

V. INFORMATION ITEMS

1. BNA Strategic Plan – Key Processors Update

President Kreulen stated that we have three programs we are planning now:

- 1) BNA Vision is 2017 to the end of this year, 2023, and the program is going as expected,
- 2) New Horizon is taking us from in design today, 2022, into 2028, and
- 3) Terminal 2 is what happens after 2028.

This year we will hit another record of 21+ million passengers and we are trying to plan for the infrastructure to handle 35 million passengers. Once we get beyond 35 million passengers, that is where we think we need the Terminal 2 and so we took it upon ourselves at the retreat to challenge the staff to look at all the key processes and verify whether or not we can make it to the 35 million passengers. Paslay Group facilitated the analysis. Mr. Kreulen presented a 2022 Gate Analysis showing today's capacity and where we will be in October of this year when the satellite opens with a total of 54 gates. New Horizon, which you approved conceptionally, is our plan to get us to 69 gates, including the extension of Concourse D and the doubling of a brand new Concourse A. To Commissioner Granbery's earlier comment, if we add those extra two gates, we could get to 71 gates. Terminal 2 is where the infrastructure starts to reach capacity. The chart shows where capacity will be, at varying levels of airline efficiency. Southwest is great with 8 - 10 turns, and other legacy carriers

are under 6 turns. All airlines are going to our new AULA agreement getting them to 6 or 6.5 turns a day. Staff has planned for 6 - 8 turns a day on every bridge. The year we hit 35 million passengers depends on the rate of growth. The last 10 years Nashville, even with the pandemic, have averaged 7+% growth per year. If we continue at that pace from 2022 up to 2032, we can be at 35 million passengers early. If it is at 7% now and slowly decreases down to 3%, we will get to 35 million passengers in 2038, and if everything slowed down and BNA grew like the national trend for airports at 3%, we could last until 2042. If it stays at 7% for the next 10 years, we are behind. To get ready for a new terminal we need about 10 years and by 2025 we need to begin the work on the new terminal. The budget that will be brought for approval in April 2023 will include starting the research into the next terminal.

If we look at the 10 processors chart that Paslay Group and staff created over the last few weeks and months, we are good on ticketing, checkpoint, check baggage, bag claim (12) and gates (69). Baggage makeup will need some work. We realize terminal roadways have a problem today and are working on that. When we finish the roadways, the new 2 mile, 6 lane oval we are putting in we will be able to get to 35 million passengers. Curbside out front and CONRAC are at their maximum capacity right now and we have studies going on. The staff has a goal that every critical area of the airport we have to prove to ourselves and prove to Commissioners that we can at least make it to the 35 million passenger mark. Commissioner Byrd asked what CONRAC is, and President Kreulen stated it is the Consolidated Rental Car facilities. It was built a couple of years back and due to Nashville's astronomical growth it filled up many years ahead of its expected life. We are studying all of that to get us to 35 million passengers. We have 6 studies underway, and we will have 4 more that will be undertaken in FY24. That has been a goal of the Commission for many years, to get out there to the future, so we are studying to get to 35 million passengers, but it could be as early as 2032.

2. JWN North Development Update

President Kreulen introduced Carrie R. Logan, Associate General Counsel, who gave an update on BNA & JWN Real Estate Development. Ms. Logan stated that on JWN North Development for Parcel 1 we have started negotiations with a potential new tenant and have a meeting scheduled for March 22, 2023 and are working out the details for that. On Parcels 2-3 the lease is progressing to meet the March 22, 2023 deadline for fully executing the lease. On Parcels 4-5 the lease is executed. The approval of key lease terms will be in the March Finance Committee today on Parcels 6-9. On Parcel

10 the engineering team received two SOQs on February 23, 2023 and is scheduled for Board approval in April. President Kreulen thanked Ms. Logan and the legal team for what they have accomplished. The Commissioners asked for development of the Northside, so from our control tower at JWN on the left to the Governor's State hangar on the right, we turned that parcel of land into 10 development options. President Kreulen acknowledged Ms. Logan's accomplishments on 9 of the 10 parcels. We are reaching out to the Tennessee Highway Patrol and the Tennessee Bureau of Investigation for some synergy with the State again. They have expressed interest after seeing what we did for MNP. This will be an impressive sight to see over the next couple of years when all of these are filled with hangars, ramps, jets and helicopters. Commissioner Granbery asked on Parcel 10, if there is an off ramp for Metro if the price comes in too high, and President Kreulen stated yes.

VI. ADJOURN

There being no further business brought before the Operations Committee, Chair Joslin adjourned the meeting at 9:40 A.M.



Andrew W. Byrd, Board Secretary