

Agenda of the Joint Meeting of the MNAA Board of Commissioners and MPC Board of Directors



Date/Time: Wednesday, April 19, 2023, at 1:00 p.m.
Place: Nashville International Airport – Tennessee Board Room
Board Members: Joycelyn Stevenson, Esq., Chair
Jimmy Granbery, Vice Chair
Andrew Byrd, Secretary
Bobby Joslin
Bill Freeman
Nancy Sullivan, P.E.
Dr. Glenda Glover

I. CALL TO ORDER

II. APPROVAL OF MINUTES

[March 15, 2023 Minutes of the Joint Meeting of the MNAA Board of Commissioners & MPC Board of Directors](#)

[April 7, 2023 Minutes of the Special Meeting of the MNAA Board of Commissioners & MPC Board of Directors](#)

III. CHAIR'S REPORT

IV. PRESIDENT'S REPORT

V. ITEMS FOR APPROVAL

1. [Professional Services Contract for JWN Metropolitan Nashville Police Department Hangar Development \(CIP 2392\) \(Operations\)](#)
2. [Professional Services Contract for Public Relations Services \(Finance\)](#)
3. [WestJet Incentive Agreement – Vancouver \(Finance\)](#)
4. [Adjustment to FY23 O&M Budget – BNA, MNAA Resolution 2023-06 \(Finance\)](#)
5. [Adjustment to FY23 O&M Budget – JWN, MNAA Resolution 2023-07 \(Finance\)](#)
6. [Airline Use & Lease Agreement \(Finance\)](#)
7. [FY24 O&M Budget – BNA, MNAA Resolution 2023-02 \(Finance\)](#)
8. [FY24 Capital Budget – BNA, MNAA Resolution 2023-03 \(Finance\)](#)
9. [FY24 O&M Budget – JWN, MNAA Resolution 2023-04 \(Finance\)](#)
10. [FY24 Capital Budget – JWN, MNAA Resolution 2023-05 \(Finance\)](#)

Agenda of the MNAA Board of Commissioners and MPC Board of Directors

11. FY24 O&M Budget – MPC, MPC Resolution 2023-01 (Finance)

12. FY24 Capital Budget – MPC, MPC Resolution 2023-02 (Finance)

I. INFORMATION ITEMS

1. BNA Development Update (Operations)

2. JWN Development Update (Operations)

3. BNA Concessions Program Update (Finance)

II. ADJOURN

Minutes of the Joint Meeting of the MNAA Board of Commissioners and MPC Board of Directors



Date: March 15, 2023

Location: Metropolitan Nashville Airport Authority
Tennessee Boardroom

Time: 1:00 PM

Board Members Present: Joycelyn Stevenson, Esq, Chair; Jimmy Granbery, Vice Chair; Andrew Byrd, Secretary; Bobby Joslin; Bill Freeman; Nancy Sullivan; and Dr. Glenda Glover

Board Members Absent:

Others Present: Doug Kreulen, Neale Bedrock, Lisa Lankford, Trish Saxman and Rachel Moore

I. CALL TO ORDER

In accordance with the 3rd Amended and Restated Bylaws of the MNAA Board of Commissioners, Section 2.3, Chair Stevenson called the MNAA Board of Commissioners and MPC Board of Directors meeting to order at 1:00 PM, pursuant to Public Notice dated March 10, 2023.

II. APPROVAL OF MINUTES

Vice Chair Stevenson called for a motion to approve the Minutes of the February 15, 2023 Joint Meeting of the MNAA Board of Commissioners and MPC Board of Directors. A motion to approve was made by Vice Chair Granbery and seconded by Secretary Byrd. The motion carried by vote of 7 to 0.

III. CHAIRMAN'S REPORT

Chair Stevenson thanked the Board and stated their expertise is invaluable. Chair Stevenson stated that she enjoys the work that they are doing together at the airport and that the Board has really important current and future projects. She also thanked President Kreulen and his team for all of the future planning and all the projects they are managing at present, and said that their efforts are remarkable. Chair Stevenson went on to say that she appreciates working in the airport office twice a month, and stated it was amazing watching from the sidelines all that goes into the workings of the airport. Chair Stevenson stated that as someone who has

served on several Boards and as an Officer and Board member of this Board, she realizes how much work it really is and thanked all Board members for all they do.

IV. PRESIDENT'S REPORT

Doug Kreulen, President and CEO, introduced Marcus Whitney, Nashville Convention & Visitors Corporation's Chair of the Finance Committee; Founding Partner of Jumpstart Health Investors; Co-founder and minority owner of Nashville Soccer Club; author of #1 best-selling book "Create and Orchestrate"; master champion of Jiu Jitsu; husband; and father.

Mr. Whitney thanked President Kreulen and the Board for having him. He thanked the Commissioners for their service on the Board. Mr. Whitney stated that he moved to Nashville in 2000 and began his career in the city in the hospitality industry. He relayed that he got to know this community, through serving the community and what he learned very quickly was that Nashville was a place where you can meet people who would open up to you and want to know your story to help you.

Mr. Whitney acknowledged the incredible role Nashville and the community played in this achievements. He also recognized the role BNA specifically played as his career developed from waiting tables, to teaching himself how to code, to becoming a programmer and eventually becoming an entrepreneur and getting into venture capital space and various investments. He shared that he did not do a lot of traveling until 2007 when he flew to Austin for the SXSW Digital Festival. Beginning in 2012, he began tracking his flights. Over the last 10 years, Mr. Whitney stated, he has taken 363 trips. He averages roughly 30 plus trips a year out of BNA and has seen a tremendous improvement at BNA and how important it is. The constant increased capacity of this institution and the way people feel Nashville the minute they get off the plane—they do not have to get to Broadway to know they have arrived. It is so significant. BNA has played a massive role in his life, everything for family emergencies, speaking engagements, closing deals, and honeymoons. BNA is an incredibly easy airport to get to if you live in Davidson County and is constantly expanding. Based on his experience, the things that he believes are by products of BNA's success, have turned into new opportunities to surprise and delight for both citizens and visitors.

Commissioner Glover asked what role physical fitness played in launching Jumpstart Health Investors. Mr. Whitney replied he would say it was the reverse, Jumpstart Health Investors had a really important role in his physical health. Mr. Whitney and his partner Vic Gatto, started Jumpstart Health Investors in 2014, which was a pivotal year for him personally and professionally. From 2014-2018, there was much dissidence between his

work as a health care investor and the choices that he was making in his personal life. Eventually, he made the decision to align his two worlds, starting with physical activity.

Mr. Whitney stated that between 2019 and now, he has had the most successful years of his life and credited his lifestyle choices. He stated that he tries to be a testament to what people can do when they decide they want to do something. He said he is not special, he is a college dropout, and does not have the credentials some say that he should have to be in the position that he is in. He commended his incredible parents who instilled him with work ethic and stated that it is also a great benefit to be in a city that provides support. As he was making the transition from a programmer into an entrepreneur, some wise people said one of the things you can do is serve on a nonprofit Board. So, it is no wonder that all of the people at the table are some of Nashville's most important people in the business community.

Mr. Whitney closed by saying that luck played a role in success and that he is always counting his blessings. President Kreulen said that is a great story and thanked Mr. Whitney for joining the Board meeting.

President Kreulen stated we were visited by Secretary Buttigieg on March 3, 2023 and that the visit was excellent. Secretary Buttigieg presented the MNAA with a \$7M grant to help begin some of the roadwork on Donelson Pike. President Kreulen thinks he enjoyed the visit even though it happened on a very windy day. He complimented Robert Ramsey, Chief Operating Officer, and his team for preparing for the visit and managing the Emergency Operations Center ("EOC") simultaneously. Chair Stevenson was here and was watching all the events, and it was a good day overall for the airport and a lot of friends came from downtown to celebrate with us.

BNA celebrated International Women's Day on March 8, 2023 and President. We have a great team of very powerful and smart women who run the airport and we are really proud of them.

President Kreulen stated in the pre-security area in the terminal, near the A/B Concourse, we have an art exhibit from Jason Myers, "From War to Words". He recommended that the Commissioners read some of the stories of these veterans, what they have done for our country in terms of fighting for our freedom and the challenges they faced. President Kreulen stated the veterans have given so much for our country and these veterans featured in the exhibit have very interesting stories.

President Kreulen stated on the growth side of BNA, we have exceeded projections. It is spring break and we are growing at a phenomenal trend. We are having a record year and no airport can match us. We will have gone from 18.4M passengers last year, to by June 30th up to 21M passengers or more. We are 21% larger than last year. Commissioner Glover asked when you say last year, if you mean over this time last year, or last year specifically. President Kreulen stated currently we are 21% bigger than we were on this given day last year. Last year we were the number 1 airport in the nation, at plus 7% coming out of a pandemic and now we are growing three times more. The growth validates the three big programs: Vision, New Horizon and Terminal 2. Secretary Byrd asked if there is any reason, we are not the most successful in the world. President Kreulen stated he could argue that we are. He acknowledged Steve Wood, the TSA Federal Security Director. America and Canada have really come back, Europe getting close, but the war in Ukraine is holding them back, and Asia is a little more cautious. Definitely the United States is hard to beat.

President Kreulen stated during the next 30 days, a lot is coming up. April is the month we have been looking forward to, our budgets for all three of our entities and the Airline Use and Lease Agreement will be recommended for approval. Huge things are coming this way, and April sets us up for starting FY24. May will be very busy with different types of construction contracts, including the demolition of the Genesco Building and the road projects. We closed the old cell phone lots and opened the new cell phone lot and getting ready to widen Exit 216A to make it two lanes once it hits our property.

President Kreulen reported that Davita Taylor, Vice President of Procurement and Business Diversity, and her business diversity team are doing an excellent job getting ready for Business Taking Off on March 31, 2023. It will be located at the Music City Center. We have outgrown two different hotels over the last couple of years, and 316 are registered today. We are making good progress and setting a new record. MNAA invites all of our contractors and all of our vendors to come out as well. Attendees will get to see all the possibilities they have the opportunity to bid for. We serve breakfast, deliver a presentation, and present several awards. President Kreulen asked the Commissioners to reach out to Trish Saxman, Executive Assistant and Board Secretary, if they are interested in attending.

There are two big conferences this year, which are important because next year they are coming to Nashville and we will be hosting them in 2024. The American Association of Airport Executives (“AAAE”) Conference and Exhibition, which will be held in Denver, Colorado and which will have well over 5,000 airport executives. We host the closing reception there because AAAE will be coming to Nashville in 2024. A couple of weeks later, the American Minority Advisory Council (“AMAC”) Business Diversity Conference will be in

San Antonio, Texas with approximately 3,000 attendees from all the airports in the US and minority vendors. This will be an opportunity to showcase Nashville as we also host the closing reception at AMAC and will be hosting the conferences in Nashville. Commissioner Granbery asked where the conferences will take place in Nashville. President Kreulen replied he believes both conferences will be in the Music City Center, and he is not sure of the hotel, but he will confirm. President Kreulen stated we hosted in 2018 for Airport Council International (“ACI”), which had over 5,000 attendees and at the Music City Center and multiple hotels. President Kreulen reminded Commissioners to let Ms. Saxman know if they wanted to attend either of these conferences.

President Kreulen stated on the West side of the airport, we have several different facilities that we are proud of. There is an Amazon fulfillment center, directly across from SkyWest. When we built SkyWest and the ramp, we also built a laydown pad for another future hangar, and the China Air distribution center building was demolished, so there is room for another large hangar. We have Federal Express in this area and a Maintenance, Repair and Operations (“MRO”) with Embraer with three large hangars where they do maintenance repairs and operations, like SkyWest is doing here. The State of Tennessee has been approached that there is some additional possibilities that a MRO will want to develop in this area and we are going to entertain those discussions and will come back to the Commissioners with any terms, leases or opportunities. Robert Ramsey, Executive Vice President & Chief Operating Officer and his team built the SkyWest and are excited. The SkyWest facility was funded by our very first bond when we built the first garage. We have been looking to lock someone in for about seven years and it now seems possible.

President Kreulen stated that legislation discussions would happen later; however, he shared that the House Government Operations Committee Meeting is scheduled for March 13, 2023 and the Tennessee Airports Conference will be held in Cool Springs from March 13-15, 2023. The Senate transportation Committee Meeting is later today. On March 21, 2023, we have a meeting set up with the Tennessee Department of Homeland Security (TDHS), who is very interested in building a hangar right next to the State hangar, which would be very good for us. TDHS would be a good long-term tenant to have out there. On April 6, 2023, the Nashville Soccer Club will be out for a tour.

V. ITEMS FOR APPROVAL

A. Design Build Contract for Concourse D Extension CGMP 2 of 4 (Operations)

President Kreulen introduced Traci Holton, VP, Deputy COO & Chief Engineer. Ms. Holton briefed the Board on the Design Build Contract for Concourse D Extension CGMP 2 of 4 project, which is a Hensel

Phelps contract for enabling work utilities, renovation of the multipurpose building to move tenants into and demolition of Air Freight Building. This was presented to the Operations Committee on March 8, 2023. Ms. Holton requested the Board of Commissioners authorize the Chair and President and CEO to execute the proposed Amendment 1 for the CGMP2 for enabling construction activities related to the Concourse D Extension for \$35,540,905.

Chair Joslin made a motion to approve as presented and Commissioner Sullivan seconded the motion. The motion passed with a vote of 7 to 0.

B. Professional Services Contract for New Horizon Commissioning Agent (Operations)

Ms. Holton briefed the Board on the Professional Services Contract for New Horizon Commissioning Agent for services for Concourse D Extension and Concourse A. It was procured through a Request for Qualifications (“RFQ”) with award recommended to SSRcx of Smitch Seckman Reid, Inc. It is being negotiated at \$3.5M NTE and was presented to the Operations Committee on March 8, 2023. Ms. Holton requested the Board of Commissioners authorize the Chair and President and CEO to execute the professional services contract with SSRcx in the amount not-to-exceed \$3,500,000.

Chair Joslin made a motion to approve as presented and Commissioner Sullivan seconded the motion. Vice Chair Granbery recused himself from the vote as SSRcx is his tenant. The motion passed with a vote of 6 to 0.

C. Construction Contract for Hangar Lane Reconstruction (Operations)

Ms. Holton briefed the Board on the Construction Contract for Reconstruction of Hangar Lane as well as the current shuttle lot. This was an Invitation to Bid (“ITB”) to a Small Business Target Market and we received two bids. Crown Paving was the low bidder and is a WBE. This was presented to the Operations Committee on March 8, 2023. Ms. Holton requested the Board of Commissioners authorize the Chair and President and CEO to execute the construction contract to Crown Paving for \$1,724,062.

Chair Joslin made a motion to approve as presented and Commissioner Glover seconded the motion. The motion passed with a vote of 7 to 0.

D. Metro Nashville Long-Term Maintenance Agreement (TARI) (Operations)

Ms. Holton briefed the Board on the Metro Nashville Long-Term Maintenance Agreement, which is to provide redundant water feed to the airport. In conjunction with Metro, we will build a pump station and a water line. Metro will own and maintain the water line and this requires participation agreements with Metro as well as long-term maintenance agreements, easement and today is requesting approval for CEO and Chair to execute the necessary documents as they are presented as we proceed. MNAA will also receive a credit. Metro has asked for a betterment credit to increase a 16" pipe to a 24" pipe and they will pay for that difference, estimated to be a minimum of \$1M and we are asking for permission to receive that money. This was presented to the Operations Committee on March 8, 2023.

Ms. Holton requested that the Board of Commissioners:

- Authorize the Chair and President and CEO to execute the Participation Agreements 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.

Vice Chair Granbery asked if total contract has been bid in another project. Ms. Holton replied, no, MNAA finalizing the design right now, and the total contract is estimated at \$6.5M. CGMP 3 of 3 for TARI is planned for May and will come back to Board for approval.

Commissioner Joslin made a motion to approve as presented and Vice Chair Granbery seconded the motion. The motion carried by a 7 to 0 vote.

E. New Horizon Owner Controlled Insurance (OCIP) Program and builder's Risk Insurance Coverage (Operations)

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 estimated premiums are 1% of contract value and the

estimated 5-year project budget is approximately \$1,668,139,000, which at 1% equates to \$16,681,390. The Builder's Risk Insurance protects owners and contractors in the event of direct physical loss or of damage to a project and the 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 approximately 0.4% of the contract value. The combined project budget is approximately \$373.1M, of which 0.4% equates to \$1,492,400.

Ms. Deuben requested that the Board of Commissioners

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

Commissioner Joslin made a motion to approve as presented and Commissioner Sullivan seconded the motion. The motion carried by a 7 to 0 vote.

- F. JWN North Development Lease Terms (Letter of Intent) ("LOI") – Parcels 6 & 7 – Jet Access Group (Finance)
- President Kreulen introduced Carrie R. Logan, Associate General Counsel. Ms. Logan stated there are two JWN North Development Lease Terms, and she briefed the Board on the first lease for Parcels 6 and 7, Jet Access Group. Ms. Logan then updated the Board regarding the additional corporate information for Jet Access Group that the Finance Committee requested during last week's Committee meeting. Jet Access Group's CEO is Quinn Ricker and they are headquartered in Greenfield, Indiana. Their closest locations are in Gallatin and Shelbyville, Tennessee. This Letter of Intent ("LOI") is for two parcels of land for a total of 1.68 acres. The rent commences upon execution, which will be on or before June 15, 2023. This will be an 18-month construction term, 30-year initial term, and one 5-year renewal option with a total potential of 36.5 years. The bid base rent is \$2.75/SF, 3% annual escalation, FMRV adjustments in year 10 and 20 of initial term. Jet Access Group anticipates a minimum of \$6M of capital investment for a hangar facility of at least 20,000SF. This is a Triple Net Lease with the assignment fees we have incorporated into other leases. This will be an immediate

revenue source of \$201,432 in year one and a new asset that will vest in 31.5-36.5 years. This was presented to the Finance Committee on March 8, 2023.

Ms. Logan requested that the Board of Commissioners that it:

- Approve the terms negotiated between MNAA and Jet Access Group via LOI; and
- Authorize the Chair and President and CEO to execute a lease agreement with Jet Access Group, or future special purpose entity, consistent with these terms.

Secretary Byrd made a motion to approve as presented. Vice Chair Granbery seconded the motion. The motion passed with a vote of 7 to 0.

G. JWN North Development Lease Terms (Letter of Intent) (“LOI”) – Parcels 8 & 9 – JetRight Properties (Finance)

Ms. Logan briefed the Board on the second lease with JetRight Properties LLC for Parcels 8 and 9. JetRight Properties LLC is part of JetRight Airspace Holdings and does have an entity in Nashville, JetRight Nashville, which subleases from Signature here at BNA. There are a number of associated entities to JetRight Properties LLC, some of which are headquartered in Nashville. It is two parcels of land for 1.68 acres, the rent commences on or before June 15, 2023 with an 18-month construction term, 30-year initial term, one 5-year renewal option with total potential of 36.5 years. The base rent was proposed at \$3.00/SF with 3% annual escalation, FMRV adjustments in year 10 and 20, a minimum of \$5M investment with a hangar of at least 20,000SF. This is a triple net lease and has assignment provisions. This will be a revenue impact in year one of approximately \$219,744 and a new asset that will vest in 31.5-36.5 years. This contract was presented at the Finance Committee on March 8, 2023.

Ms. Logan requested that the Board of Commissioners that it:

- Approve the terms negotiated between MNAA and JetRight Properties via LOI; and
- Authorize the Chair and President and CEO to execute a lease agreement with JetRight Properties, or future special purpose entity, consistent with these terms.

Secretary Byrd asked for a motion to approve as presented. Dr. Glover seconded the motion. The motion passed with a vote of 7 to 0.

President Kreulen referenced Parcel 1 that was previously discussed, and said we are working with Tennessee Bureau of Investigation and Tennessee Highway Patrol. We are working our way down on these hangars and now we are working to close out this last end.

VI. INFORMATION ITEMS

A. BNA Strategic Plan – Key Processor Update (Operations)

President Kreulen presented a chart showing three strategic programs running simultaneously. BNA Vision is getting us to 54 gates, New Horizon is getting us between 69 and 71 gates, and then the third program is the Terminal II project. All of these charts are based on how efficient we are with airline turns between 6 - 10 times a day, and trying to judge when we get to 35M passengers. President Kreulen presented a chart showing the key systems which ones most need to be worked on. We are in pretty good shape on 8 of the 10 processors we track and have a few more studies ahead of us. He presented a list of the six studies currently underway and four that we have planned for FY24 CIP, which will be in the April CIP approval.

B. JWN North Development Update (Operations)

President Kreulen stated the JWN North Development Update is one that we are proud of, it and noted that Parcels 6-9 are headed out towards leases and will get check marks.

C. FY23 O&M Budget Update (Finance)

President Kreulen reported that regarding the FY23 O&M Budget Update, this is the challenge that Ms. Basrai spoke about in the Finance Committee. MNA was at 9.2M enplanements, or 18.4M passengers in FY22, and staff budgeted to get to 9.6 M enplanements in FY23. Ms. Basrai, the Finance Team, and Ms. Lankford are reviewing and between now and April we will come out with what number we will adjust the FY23 budget to. BNA is ahead on revenues and underspent on most expenses, however some contract services are expected to come in over the current budget. JWN is over on revenue and a little over on expenses. We will bring BNA and possibly JWN FY23 amended budgets to the Board for approval in May.

D. Airline Use & Lease Agreement (AULA) Update (Finance)

President Kreulen stated all airlines have been sent the final AULA agreement and have agreed to the key terms. They know it is coming and their legal, insurance and operations teams all know and in favor of this document. Delta signed this agreement in 5 days. President Kreulen held up the Southwest packet and explained it has all the exhibits of what terminal space they plan to rent. This

will be coming to the Board for final approval in April, and we will show share of landed weight. Southwest is 53% of our market share but in terms of our land and weight they are 50.9%, which means American and Delta tend to fly bigger jets. Commissioner Glover asked how Southwest market share compares to our peer airports. President Kreulen replied we will take that as an action item and our air service team will do a quick analysis of the large hubs. Commissioner Glover asked if any of the airlines have exposure following the recent banking issues, and President Kreulen stated no one has communicated if they have exposure. Secretary Byrd expressed concern with 50% concentration with one big customer and inquired what would happen if they ran into financial issues. President Kreulen stated they are renting the space with the promise that they will pay rent regardless for the next 10 years. Ms. Basrai agreed, yes, it is for the term of the agreement, whatever they signed up to lease, it could be more, but cannot be less. President Kreulen stated when Ms. Basrai went to the Bond market, we are always forthright with them, we may have an agreement or we may go rates by ordinance. Under either of the two models, Nashville will be successful. The next time Ms. Basrai goes to the bond market, we have an agreement for 10 years, and it will not be a question about rates.

Commissioner Joslin stated years ago when American Airlines left Nashville, we were stuck with several gates that they would not relinquish so it is good that we will never let that happen again. President Kreulen stated American Airlines left in 1992 and in 2008 the airlines wanted to give us space back. Per the old agreement, they can keep it, and now if they do not meet the terms, we can give them a 30-day notice and then we can sell it or rent it out to someone else. Vice Chair Granbery asked if the landed weight percentages are equal to the number of passengers. President Kreulen stated the landed weight is diluted because American and Delta are also flying heavy jets, but passenger-wise, Southwest has more passengers on jets. Commissioner Byrd stated President Kreulen and team have done a great job on getting this done on this AULA.

E. Concessions Program Update (Finance)

President Kreulen reported 15 concessions locations are scheduled to open in September 2023, with 12 of those locations approved to Code and 3 locations proceeding to 95% drawings. Regarding the Satellite Concourse, 7 locations are scheduled to open October 2023 by Paradies. At the Finance Committee Meeting, there were some questions regarding how coffee shops are doing, and President Kreulen said he is glad that was asked. Starbucks is at \$244.6K, and 8th & Roast is at \$224.5K.

F. Ethics Policy Matrix Board Feedback (Management)

President Kreulen stated that at the Management Committee Meeting, the Committee gave homework assignments to Neale Bedrock, General Counsel and Chief Compliance Officer, to draft the recommended updated Ethics Policy and will provide those in the next month for review.

G. Bylaws Recommendations Board Feedback (Management)

President Kreulen stated a proposed draft of these will also be coming next month for review.

H. Executive Session

Chair Stevenson then asked for a motion to suspend the public portion of this meeting to enter into executive session to discuss Authority litigation. Following the executive session, she stated, the public portion of the meeting would resume. Commissioner Glover made a motion to enter executive session and Secretary Byrd seconded the motion.

The Committee entered into Executive Session at 1:54 PM and the Executive Session concluded at 2:48 PM.

At the end of the Executive Session, Chair Stevenson asked for a motion to exit the executive session and return to the public portion of the meeting. Secretary Byrd made a motion to exit executive session and Commissioner Glover seconded the motion.

VII. ADJOURN

There being no further business brought before the Board, Chair Stevenson thanked the Commissioners for their participation and made a motion to adjourn. Commissioner Byrd seconded the motion, which carried by a vote of 7 to 0. Chair Stevenson adjourned the meeting at 2:48 PM.

Andrew W. Byrd, Board Secretary

Minutes of the Special Meeting of the MNAA Board of Commissioners



Date: April 7, 2023

Location: Metropolitan Nashville Airport Authority
Tennessee Boardroom

Time: 10:00 AM

Board Members Present: Joycelyn Stevenson, Esq, Chair; Jimmy Granbery, Vice Chair; Andrew Byrd, Secretary; Bobby Joslin; Bill Freeman; Nancy Sullivan; and Dr. Glenda Glover

Board Members Absent:

Others Present: Doug Kreulen, Neale Bedrock, Lisa Lankford, Trish Saxman and Rachel Moore

I. CALL TO ORDER

In accordance with the 3rd Amended and Restated Bylaws of the MNAA Board of Commissioners, Section 2.3, Chair Stevenson called the Special Meeting of the MNAA Board of Commissioners to order at 10:00 AM, pursuant to Public Notice dated April 4, 2023.

Chair Stevenson asked for a moment of silence for the victims of Covenant School.

Chair Stevenson thanked all Board Members for attending the Special Meeting. Chair Stevenson also thanked President Kreulen and his team for scheduling and attending the Special Meeting. Chair Stevenson stated that the purpose of the meeting is to discuss the appointment of Commissioners to this Board and that there have been two Executive Sessions in the past several months where the Board has have talked with counsel regarding potential litigation related to the legislation. This will be the first public meeting where we will discuss it. Chair Stevenson stated she is very proud to serve on this Board as Chair and that the airport has operated for 53 years very effectively and efficiently and it has become one of the best airports in the world due in part to the hard work of the prior Boards, and all the hard work this Board is currently doing. Chair Stevenson acknowledged the staff and thanked them for the work that they do daily.

Chair Stevenson asked President Kreulen to give a brief overview of where we are with the legislation, the discussions to date, and the communications with the FAA. Chair Stevenson asked Mr. Bedrock, Executive Vice President, General Counsel & Chief Compliance, to go into executive session to discuss the potential litigation related to the legislation. Chair Stevenson said that after President Kreulen's remarks, she would then open the floor up to the full Board to ask questions or make comments. Chair Stevenson asked the Board to reserve questions related to potential litigation for Mr. Bedrock for executive session and asked for respectful dialogue. Chair Stevenson noted that there are 380 authorized positions here at this airport, that almost 400 people day in and day out are doing a lot of hard work, and 10K people carry badges allowing them to be here to provide services. Many lives are affected every day, she stated, from what the Commissioners decide here at this table and that is always at the top of her mind. Let us honor their hard work, Chair Stevenson said in closing her opening remarks, and all the work they have been doing to help navigate this meeting today and the executive session. Chair Stevenson then turned the floor over to President Kreulen.

II. INFORMATION ITEM

President Kreulen presented the information item and provided a handout of the timeline of activities. Since the legislation was filed on January 31, 2023, we have been meeting with lawmakers from both sides of the aisle throughout this entire process and we have also engaged the Board. February 8, 2023 was our first Executive Session at the Management Committee meeting, and we received our first Bond Counsel Opinion and the Airport Compliance Counsel Opinion on Legislation on February 10, 2023 and March 8, 2023, respectively. We had another Executive Session at the Management Committee meeting on March 15, 2023, and on March 20, 2023 received the External Auditor Review of Legislation. Today April 7, 2023, a Special Meeting of the Board has been called. President Kreulen stated since January 31, 2023, he has sent 11 different emails sent to the Commissioners updating them on where we are at with the legislation. President Kreulen stated that he did not take time to go through a call log, but spoke with the Commissioners many times over the last couple of months regarding the legislation. This has been a very busy two and a half months to this point trying to keep track of what the legislation is doing and what its impact will be. A number of different statements have gone on about who is supporting this, or who is against this, but the airport authority staff has been neutral. We brag about our 53 year history of success and regardless of who sits on the Board, current Board or new Board, afterwards, President Kreulen stated, he hoped that there is another 53 years of success for Nashville.

The legislators have drafted this legislation about the appointments, and we have had no opinion on the appointments. We started in 2022 with some land use issues that we wanted to take to the legislature. We

have a requirement by the FAA to put overlays over Nashville and John C. Tune Airports so we protect the airspace for the planes to arrive and depart. On any roads inside the airport authority's property, we want the ability to close the street or turn the road into a parking lot or whatever we need to do. The only comment that was made on the legislation to legislators that are proposing the bill is that you cannot eliminate one Board today and have the new Board start that same day. You need to have some sort of sunset provision so that is why you see the July date. That is in there so if they pass this then there is time for the new Board to go through orientation to assume their positions. If the Legislation does not pass it, then we continue to move forward. President Kreulen stated he wants the Board to have this legislative history, an overview of staff outreach, and a summary of Board engagement. The official statement that we provided to The Tennessean that we issued to them was after the March 31, 2023 FAA letter. This was sent electronically on April 3, 2023 and it basically says we are proud of our 53-year history, that we are not into the legislative side of the house and have served as an educational resource to all parties involved to provide insight into airport operations, and we are working to grow all of Tennessee's airports.

President Kreulen stated it has been an exhausting process to this point, we have been working hard and he believes we have done our best to communicate with Commissioners of the status and what we are doing either by these meetings or by the email updates from him.

President Kreulen then updated the Board on the Zoom call with the FAA. President Kreulen reminded the Board that Mr. Willis is the Director of Airport Compliance and Management Analysis at the FAA who sent the airport a letter on March 31, 2023 and basically extending his hand to say we would like to talk to the authority regarding the proposed bill. President Kreulen reached back out to Mr. Willis and stated we would be glad to have a call with him and his legal team. A Zoom call was set up for April 4, 2023. We spent 45 minutes speaking with him on April 4, 2023. Overall, Mr. Willis and his legal team asked us questions and following that meeting I wrote him a letter back to confirm what was said and to confirm what we think the process is going forward. Mr. Bedrock, our General Counsel, did the same thing with the legal counsel at FAA who had one request – to please send them a copy of the Bond Opinion that explained that the Bonds would not be impacted by the current legislation. Their lawyers have that and I reaffirmed the discussion with an April 5, 2023 letter back to Mr. Willis. President Kreulen provided the Board with a copy of that letter. Now the FAA has a much better understanding of the legislation and understand that as the legislation is currently written, it does not impact our Bonds, our sponsorships or our Federal obligations. The only request that the FAA has at this point is if the legislation passes, they would like the airport authority to develop a transition plan to go from one Board to the other. They asked on the phone call if we have a transition plan, and President Kreulen replied no, because

we are in the middle of this and MNAA does not need a transition plan because we have a Board. If the State of Tennessee passes legislation that would change who appoints the Board, MNAA would then have to provide the FAA with some documents showing how the future Board would come onboard and we would resume operations. Overall, it was a very good call with the FAA and they now have a very good understanding.

President Kreulen stated regarding the CEO/FAA call, Mr. Willis called him this morning around 8:36 am. President Kreulen asked if there is anything the FAA needs from the airport authority or any of us as of today and the answer was no. He reiterated again, that if the legislation is passed, we owe them a transition plan. Mr. Willis and his legal team are comfortable with where we are at this point. Mr. Willis made several comments in the first Zoom call that were important, that his sole focus is the business of the airport authority and as a staff member that is what we have been trying to do. With all of this going on, we continue to run the airport, keep paying the bills and do the right thing.

President Kreulen stated that on Tuesday, April 11, 2023 at 3:00 PM, the House Finance Committee will hold their next hearing. As the agenda looks today, the airport authority bill is the first item on the agenda and noted this has been the last Bill for the last several weeks. We do not know if it will be delayed or passed, but it is back on for the third time in the House Finance Committee and we will monitor to see what happens on Tuesday and report back that evening or at the Committee meeting. Commissioner Sullivan asked which Bill is that. President Kreulen replied, that is House Bill 1176, and that the Senate Bill 1326 has made it through the Senate Until the House Bill makes it through the House, there is nothing for the two different sides of the Government to resolve in a conference meeting. If it passes on Tuesday afternoon, it will go to calendar and rules, which means it gets scheduled for a floor vote and discussion. If it passes that then the House and Senate have to get together and discuss the number of appointments by elected officials. That is the status of the airport authority with regards to legislation and with regards to the FAA.

Chair Stevenson asked the Board if they had any questions or comments for President Kreulen and requested that the Board members wait to be recognized instead of crossing each other. Chair Stevenson recognized Vice Chair Granbery and then Secretary Byrd.

Vice Chair Granbery asked what the difference is between the Senate and House Bills. President responded that the Senate Bill is four two's: two appointments for the Governor, two appointments for the Speaker, two appointments for the Lieutenant Governor and two appointments for the Mayor of Nashville. The House Bill is three/three/three/one: three appointments for the Governor, three appointments for the Speaker,

three appointments for Lieutenant Governor and one non-voting appointment for the Mayor of Nashville. Secretary Byrd asked to introduce a Motion to be able to address this transfer and he would like to pass out his Resolution. Commissioner Joslin asked Chair Stevenson if the Board could halt going down that path, as they were still in the information stage. Commissioner Joslin stated that Secretary Byrd's Motion was premature. Chair Stevenson asked Secretary Byrd if he could wait until all Board members had an opportunity to ask President Kreulen questions before he presented his Resolution. Secretary Byrd stated he is very flexible, but would like to see it entered. Chair Stevenson asked if any other Board Member had a question for President Kreulen.

Commissioner Joslin stated that he did. Commissioner Joslin pointed out that the FAA letter stated that the proposed bill "could" impact governance and that has triggered all of this. He wondered if someone had contacted the FAA for purposes of slowing the proposed bill down. Commissioner Joslin stated that Secretary Byrd received the letter before any of the Board Members and that the letter should have been directed to the Chair or sent to the Board. Commissioner Joslin asked Secretary Byrd if Wally Dietz sent him the letter and Secretary Byrd confirmed that Mr. Dietz had, but not by mail. President Kreulen stated in reference to the letter, it came in Friday afternoon via email. Mr. Bedrock, Ms. Lankford and himself reviewed the letter, and drafted a response letter back to the FAA on Sunday, April 2, 2023. Then we requested a Zoom call which took place on April 4, 2023. The letter stated "could" and asked what the ramifications are, and they said let us clear it up in a Zoom call. On that call, the team went through FAA Grant Assurances, Airport Improvement Program ("AIP") applications, and all documents that President Kreulen has to sign as President and CEO to include the Bonds and that is where the FAA is comfortable that the authority's business model would not change. The Zoom call was very productive and the follow up email today reconfirmed what was said on the April 4, 2023 Zoom call. On the Zoom call, we found out from the FAA that the Mayor's General Counsel had previously made a trip to Washington DC to talk with them and some concerns were raised there. Both the FAA at Washington DC and the FAA at Memphis District Office in Tennessee that runs the Southeast airports have known about this legislation since early March time period. They have seen it in the media and know what is going on and may have had a visit by Metro staff, but now they talked with the experts that run the airport and are satisfied.

Commissioner Joslin questioned how The Tennessean got a copy of the FAA letter before the rest of the Board. Chair Stevenson asked Commissioner Joslin if he had any more questions, to which Commissioner Joslin replied no. Chair Stevenson asked Secretary Byrd to continue with his document. Secretary Byrd stated the document he has is a Resolution and he believes the Board of this organization needs to be involved directly in the policies

that are being pursued with respect to this legislation and the potential replacement of the entire Board by the State appointed Board and that Board would be able to be replaced at will as the legislation is currently drawn. Secretary Byrd stated that his Resolution is as follows:

“Whereas, the Board of Commissioners was surprised by the letter of March 31, 2023, from the Federal Aviation Administration, Office of Airport Compliance, to Doug Kreulen, our MNAA President and CEO; and

Whereas this puts the MNAA Board in a regrettable position to be told, apparently months late, that the issuer of our “airport operating certificate” will not approve any governance changes if it is not satisfied “well before” any state legislation is advanced; and

Whereas we, as responsible Board members, should have been told about this potential problem months ago. This is not an everyday problem but possibly a fundamental issue for the continued smooth operation of the airport since the FAA is the airport’s most important relationship; and

NOW, THEREFORE, the PREMISES being considered,

RESOLVED, that the Board of Commissioners ask for a delay in the consideration of the pending legislation of the Tennessee State Legislature, particularly House Bill 1176 and Senate Bill 1328, until the FAA can be adequately informed of such legislation and proper consultation take place between all parties.”

Secretary Byrd stated the State Legislature which is passing this legislation is not the MNAA, it is not our organization that is pursuing this. He said that the State Legislature and their representatives should be in touch with the FAA in order for there to be adequate consultation before there is a change in governance. With that, Secretary Byrd made a Motion to approve the Resolution that the Board of Commissioners seek a delay. Chair Stevenson asked Secretary Byrd to clarify if he is making a Motion to adopt the Resolution he has written. Chair Stevenson asked for a second and Commissioner Freeman seconded the Motion.

Commissioner Glover questioned the accuracy of the Resolution’s language, specifically, she stated, the Board was aware of the proposed bill on January 31, 2023. Secretary Byrd replied maybe Commissioner Glover did know about the bill, but he did not. Commissioner Glover stated that the FAA should be the entity to argue this if there is an issue and go to the General Assembly, and not the Board. She stated that she does not have a problem with a Resolution of the Board, but asked what would become of the Resolution.

Secretary Byrd replied that apparently there has been no contact between the State Legislature, the Attorney General, or anyone with the FAA and two individuals in the State Legislature are going to take over the appointment process of virtually the entire Board. Commissioner Glover stated that if we are going to have a Resolution, it should be palatable to the Board and it should be accurate. Commissioner Glover stated that if there is an issue, then that is a fight between the FAA and the General Assembly. Secretary Byrd stated and that is why we are requesting a delay of the State Legislature. Commissioner Glover inquired if FAA asked for that delay. Secretary Byrd replied, they did ask for that delay, they informed President Kreulen that they had not been consulted and should have been consulted and unless they are consulted, they will not approve this transfer.

Chair Stevenson thanked Secretary Byrd and asked Mr. Bedrock to interject if the Board was inching towards discussions related to litigation and needed to go into Executive Session. She then allowed Commissioner Joslin to speak.

Commissioner Joslin stated that MNAA engaged two outside law firms to review this legislation, and one handles the Charlotte lawsuit. Mr. Bedrock interrupted Commissioner Joslin, stating we are getting close to having to go into Executive Session. Commissioner Joslin continuing stated that the legal opinions that President Kreulen had obtained did not give the Board reason to believe that the proposed bill would jeopardize our funding. Secretary Byrd stated the FAA sent us a letter that basically said they have not adequately been consulted and want to be consulted before any of this legislation is adopted. Commissioner Joslin replied that they now have, to which Secretary Byrd stated by us, but not by the State. Commissioner Joslin stated he doesn't believe the State has any reason to go down that path. Secretary Byrd stated the State is basically assuming the governance of this Board going forward, they are going to be consolidated with the Metro Council Board and will have a direct control over capital expenditures, approval of the budget and the ability to replace any member of the Board as appointed by the three individuals that are involved. MNAA today is controlled by Metro, i.e., they appoint the Board members. Secretary Byrd reiterated his request that the Board ask for a delay in the legislation. Chair Byrd then made remarks regarding recent events taking place on the Hill. Chair Stevenson thanked Secretary Byrd for what he had to say and asked if Commissioner Joslin had any other comments. Commissioner Joslin expressed his displeasure with the Resolution. Secretary Byrd stated it is a policy determination. Chair Stevenson asked if anyone else had any questions or comments Vice Chair Granbery replied that he did and stated the following:

“Throughout MNAA’s history, Metro government, according to state statute, has appointed community and civic leaders to this Board. I am forever grateful to both Mayor Briley for my original appointment and to Mayor Cooper for my reappointment three years ago. My role as a Commissioner is to act according to our Bylaws to support President Kreulen and his wonderful team and not get into the middle of political debates. If I am fortunate to continue to serve the Authority beyond my current tenure, I will continue to give 110 percent regardless of who appoints me. This airport is one of the best in the nation and I am happy to play a small part in support of its management and success. It is enjoyable for me to brag about it when friends come through. However, I cannot vote for any resolution that is being generated by individuals and not fully vetted by President Kreulen and his legal team. Anything to the contrary is not good policy now or in the future.” Vice Chair Granbery stated he would like to put his statement in the minutes.

Chair Stevenson thanked Vice Chair Granbery and told Secretary Byrd that she appreciated his Resolution and comments. One of the reasons she asked President Kreulen to speak about the FAA today is because we received this letter and it is important to know what this letter means. Chair Stevenson asked President Kreulen how many people were on the FAA call. President Kreulen relayed that there were two FAA lawyers, the FAA’s Director of Compliance, himself, Mr. Bedrock, Carrie Logan, Associate General Counsel, Stacey Nickens, Assistant Vice President of Communications and Lisa Lankford, Vice President, Strategic Advisor to the President. Chair Stevenson stated she trusts people in MNAA management and does not have any doubts what President Kreulen told them earlier is true and accurate.

Chair Stevenson stated generally as a lawyer, getting something at 7:00 PM at night and being expected to vote on the next day with no vetting, is not something she does. Chair Stevenson agreed with Commissioner Glover that there are some things she does not agree with in the Resolution that need to be changed and does not believe it is necessary. If the FAA feels like it needs to jump in and get more information from the General Assembly, the FAA could have told President Kreulen that. She stated that she also understands Secretary Byrd’s point, that they do need to communicate, but she does not know that it is our responsibility to get in the middle of that. She stated that she was unsure of the effect the Resolution would have. Secretary Byrd again stated but they have sent a letter to President Kreulen and alerted us to this issue. Chair Stevenson replied yes, and there was a communication with them since that letter was sent. Now that we have talked with them multiple times, we know what those concerns are and the last information we received from them was, if it passes, let them know. Chair Stevenson said she is one vote out of 7. A lot goes into Resolutions and she wants to make sure if a Resolution goes forward it is supported by the entire Board.

Commissioner Glover stated that so the Board did not lose the spirit of what they are trying to do, she would like the Board to support something, but that it would need to be accurate. The Board discussed reframing the Resolution.

Chair Stevenson stated that we have a potential new Motion and an actual Motion that is pending, she told Secretary Byrd that he could withdraw his Motion if he wished. Mr. Bedrock stated we are getting close to the line of Executive Session and expressed concern about the accuracy of the characterizations of what the FAA policy is and what is in the FAA letter of March 31, 2023. The FAA simply asked questions about the operation of the authority and asked questions about potential litigation, which will be discussed during the Executive Session. As the legislation is currently written, Mr. Bedrock stated, he does not believe it triggers the FAA policy and he has not been privy to any conversation with any member of the FAA's legal team in which they have told him that it does. Secretary Byrd stated again that they have communicated with us in a letter. At that time Chair Stevenson said that the Board needed to enter Executive Session.

Commissioner Joslin asked if he could say one more thing before Executive Session, and Chair Stevenson granted his request. Commissioner Joslin reiterated that the FAA is satisfied at this time. Secretary Byrd stated that is true, but it is the State moving ahead.

Executive Session

Chair Stevenson then asked for a motion to suspend the public portion of this meeting and enter into Executive Session to discuss litigation. Following Executive Session, she stated the public portion of the meeting would resume. Vice Chair Granbery made a motion to enter Executive Session and Commissioner Glover seconded the motion.

The Board entered into Executive Session at 10:45 AM and the Executive Session concluded at 11:18 AM.

At the end of the Executive Session, Chair Stevenson asked for a motion to exit the Executive Session and return to the public portion of the meeting. Vice Chair Granbery made a motion to exit Executive Session and Commissioner Freeman seconded the motion.

When the public portion of the meeting resumed, Secretary Byrd stated that he would like to yield to Commissioner Sullivan and Commissioner Glover related to his Motion that was still pending. Commissioner Sullivan stated she would propose to amend the Motion as follows:

“It is a consensus of the Board of Commissioners of the Metropolitan Nashville Airport Authority that the General Assembly take the time to communicate with the FAA on House Bill 1176 and Senate Bill 1328 to address FAA concerns.”

Mr. Bedrock stated to confirm, Commissioner Sullivan has made a Motion to essentially replace the entire Resolution that Secretary Byrd presented and strike everything and replace it with the language above. Mr. Bedrock recommended that Secretary Byrd withdraw his Motion and Commissioner Sullivan make her Motion for a Resolution. Chair Stevenson agreed. Secretary Byrd withdrew his Motion. Commissioner Sullivan made her Motion as follows:

“It is a consensus of the Board of Commissioners of the Metropolitan Nashville Airport Authority that the General Assembly take the time to communicate with the FAA on House Bill 1176 and Senate Bill 1328 to address FAA concerns.” Secretary Byrd seconded the motion.

President Kreulen stated that the Senate Bill is 1326, not 1328. President Kreulen corrected the Motion as follows:

“It is a consensus of the Board of Commissioners of the Metropolitan Nashville Airport Authority that the General Assembly take the time to communicate with the FAA on House Bill 1176 and Senate Bill 1326 to address FAA concerns.”

President Kreulen stated there is no action for MNAA. The Board is requesting the General Assembly to communicate with the FAA and if the FAA does not have any concerns there is nothing that will happen.

Chair Stevenson asked if there are any other comments or questions. Vice Chair Granbery asked if President Kreulen and Mr. Bedrock were comfortable with the Motion and wondered whether what was requested in the Motion could be accomplished by a phone call. Secretary Byrd stated they work for us, we set the policies.

Chair Stevenson asked Mr. Bedrock, if there was anything from a legal standpoint that needed to be discussed before the vote, to which Mr. Bedrock replied, no. Chair Stevenson asked President Kreulen if he had any other comments. President Kreulen stated in regard to Vice Chair Granbery’s question, this Resolution by Secretary Byrd has been withdrawn and now the Board has a Motion by Commissioner Sullivan that the Board will vote on, but there is no action required by the Tennessee General Assembly or the FAA. It is just a Motion. Secretary Byrd stated it is an expression of direction that we want to pursue and a policy of the Board for the Board’s employees. President Kreulen asked what he was being directed to do. This Motion states that the Board wants the General Assembly to take time to communicate with the FAA. Vice Chair Granbery stated that is his concern, and questioned what exactly the Board was doing. President Kreulen stated he can call

the Sponsors and read this and they will say "Thank you Doug" He stated there is no win for him as President/CEO, or Mr. Bedrock, or the staff and we do not want to be in this position with the Commissioners on what action to take. Secretary Byrd directed President Kreulen to relay the Motion to the Bill's Sponsors. President Kreulen stated that can be done. Commissioner Joslin agreed, instructing President Kreulen to send the Bill's Sponsors a letter and copy the entire Board.

The Board was then ready to vote on the Motion. President Kreulen instructed Ms. Saxman to take the Board Members' vote by roll call. Ms. Saxman called Chair Stevenson, she replied yes, Vice Chair Granbery, yes, Secretary Byrd, yes, Commissioner Joslin, yes, Commissioner Freeman, yes, Commissioner Sullivan, yes and Commissioner Glover, yes. The Motion passed.

VII. ADJOURN

There being no further business brought before the Board, Chair Stevenson thanked the Commissioners for their participation and asked for a Motion to adjourn. Vice Chair Granbery made the motion to adjourn and Secretary Byrd seconded the motion, which carried by a vote of 7 to 0. Chair Stevenson adjourned the meeting at 11:37 AM.

Andrew W. Byrd, Board Secretary

STAFF ANALYSIS

Board of Commissioners

Date: April 19, 2023
Facility: John C. Tune Airport
Subject: Professional Services Contract for JWN Metropolitan Nashville Police Department Hangar Development (CIP 2392)

I. Recommendation

Staff requests that the Board of Commissioners:

- 1) accept the Statement of Qualifications by Lambe + Associates, LLC (Lambe) to provide professional services for the design of the Metropolitan Nashville Police Department Hangar Development (MNPDP Hangar) project at John C. Tune Airport (JWN); and
- 2) authorize the Chair and President and CEO to execute the professional services contract for \$1.5M NTE.

II. Analysis

A. Background

The project shall consist of the engineering and design of a corporate hangar facility for Metropolitan Nashville Police Department (MNPDP) helicopters. The hangar facility will be located on the northeast side of the airfield on existing parcel 10 (0.84 acres). The new hangar will be approximately 10,000sf and include office space, an aircraft parking apron and a vehicle parking lot.

On January 23, 2023, the MNA published a Request for Qualifications (RFQ).

On February 23, 2023, two (2) Statements of Qualifications were received: Lambe and TMPartners.

The selection committee evaluated the SOQs based on the criteria below:

- 1) Capability to perform all or most aspects of the project
- 2) Key personnel's professional qualifications and experience
- 3) Qualifications and experience of subconsultants
- 4) Project approach and understanding of the project's potential challenges
- 5) SMWBE participation

On March 9, 2023 the selection committee rated the respondents as follows:

Firm	Score	SMWBE Participation
Lambe	329	5.50% WBE and 8.50% MBE
TMPartners	281	6% WBE and 9% MBE

The selection committee determined Lambe to be the most qualified firm for the MNPDP Hangar project based upon responses to the evaluation criteria listed in the RFQ.

The SMWBE participation level established by MNAA for this project is 8.40% MBE and 5.13% WBE. Lambe was able to obtain 8.50% MBE and 5.50% WBE by partnering with Athena, Civil Infrastructure Associates, Connico, LLC, Specs and Details, and Logan Patri Engineering.

B. Impact/Findings

MNAA SMWBE Participation Level:	8.40% MBE and 5.13% WBE
Lambe’s SMWBE Participation:	8.50% MBE and 5.50% WBE
Anticipated Contract Start Date:	April 2023
Anticipated Duration of Contract:	600 days
Contract Completion Date:	November 2024
Contract Cost:	\$1,500,000 Not-To-Exceed
Funding Source:	JWN

C. Strategic Priorities

- Plan for the Future

D. Options/Alternatives

Do Nothing: The “Do Nothing” option will result in a loss of potential lease revenues for JWN.

III. Committee Review

This item was presented to the Operations Committee on April 12, 2023. The Operations Committee voted 3 to 0 to recommend approval to the Board of Commissioners.

STAFF ANALYSIS Board of Commissioners

Date: April 19, 2023
Facility: Nashville International Airport and John C. Tune Airport
Subject: Professional Services Contract for Public Relations Services

I. Recommendation

Staff requests that the Board of Commissioners:

- 1) approve the contract with Finn Partners, Inc. to provide Public Relations and Marketing Services; and
- 2) authorize the Chair and President and CEO to execute the professional services contract for \$438,000 annually.

II. Analysis

A. Background

As we continue to grow at an exponential rate, we need an agency to help us soar to new heights. The communications needs are extremely robust and multifaceted, including advertising, marketing, crisis communications and public relations.

MNAA has long utilized outside assistance for advertising, marketing and public relations services, among other related activities and functions. The recent history breaks down as follow:

- 2001-2007: Dye, Van Mol & Lawrence (Records for 2007 show firm was paid \$269,113)
- 2008-2012: McNeely, Pigott & Fox (contract: \$360,000 annually)
- 2013-2017: Seigenthaler (later DVL Seigenthaler) (contract: \$360,000 annually)
- 2018 – 2022: DVL Seigenthaler (later Finn Partners) (contract: \$400,000 annually)

The current contract for such services will expire on June 30, 2023.

MNAA published a Request for Proposal (RFP) for advertising, marketing and public relations services on January 11, 2023. Proposals were from five firms on February 10, 2023. Three proposals were deemed unresponsive by Business Development due to not meeting the participation goal and not having sufficient good faith efforts.

B. Scope of Work:

1. Develop and implement overall public relations and advertising strategies and plans to ensure that the Authority communicates with passengers, partners, employees, media, the aviation community, community stakeholders and the general public with accuracy, clarity and uniformity.
2. Monitor information requests from numerous sources, collect facts from within the Authority and prepare responses and talking points based thereon, arrange interviews with the media, and act as Authority spokesperson when specifically directed from time to time on a case-by-case basis by the President & CEO, Assistant Vice President of Corporate Communications, and Director of Corporate Communications. Consultant shall act in a timely and professional manner when circumstances develop that preclude prior consultation with the Authority but would indicate to a reasonably prudent individual engaged as a public relations consultant in other, same or similar businesses or enterprises as that of the Authority that a statement on the Authority's behalf is required or appropriate. In such event, all such statements shall only be made based upon established Authority policy or matters that are public record or knowledge or have previously been approved for release by the Authority.
3. Write news releases, media advisories, pitch compelling news stories, speeches, and presentations as requested by the Authority.
4. Cultivate and maintain aviation media relationships on the local, regional and national level. Maintain local media relationships to secure stories, opportunities and advancement of the BNA brand.
5. Serve as 24/7 backup for responding to media calls, as needed.
6. Provide crisis communications support as needed 24/7.
7. Identify, notify and provide guidance and strategic counsel to internal team during crisis or negative media coverage, to leverage local media relationships to help defuse potential issues, crisis, maintaining company's reputation and good name.
8. Provide media training to executive team members.
9. Provide timely reporting of media hits, quarterly reports and end of year reports.
10. Identify local community speaking opportunities for CEO to broaden awareness of BNA.
11. Provide creative services including concept development, design and production of advertisements for radio, television, print, online, social and other media outlets.
12. Consultant must have in-house creative capabilities.
13. Provide creative development of print and digital collateral pieces, such as social media graphics, newsletters, video annual reports or similar written compilations, as requested by the Authority.
14. Assist with videos as needed.

15. Provide support and strategic counsel to marketing and outreach efforts of the Business Diversity Development Program.
16. Attend periodic meetings with the President & CEO, Assistant Vice President of Corporate Communications, Corporate Communications Director at the Authority to review issues.
17. Assist the Authority with special events as directed by the Authority.
18. Perform such additional services as the Authority may from time to time require. The Authority may request creative services of Consultant, whereby Consultant will provide the Authority with an estimate of the total cost of any such service. Consultant agrees that it will not proceed to provide any such creative services unless Consultant receives advance written notice from the Authority. The Authority may request the Consultant to provide creative services from concept to electronic media format, whereby the Authority is granted the full right and privilege of reproducing the same in either print, written, or electronic media that includes, without limitation, radio, television, social or web.
19. Maintain weekly contact with the Assistant Vice President of Corporate Communications and/or Corporate Communications Director and his or her staff in person/phone/email for the purpose of establishing and maintaining a working relationship with the Authority staff and providing planning, counseling, writing, media contacts, and other similar services as are customarily performed by a public relations consultant in other, same or similar businesses or enterprises as that engaged in by the Authority.
20. Consultant shall accomplish the foregoing by providing: (A) an account team; (B) media relations services; (C) community relations services; (D) account management services; and (E) account service counsel, all of which are more particularly described in Consultant's proposal.

C. Evaluation

A three-member evaluation team evaluated the proposals on February 16, 2023, based on the following criteria:

1. Demonstrated ability to provide outlined services
2. (Past) Proven and demonstrated ability of the team members (subs) assigned to this project to work together on accomplishing goals and objectives
3. Experience and qualifications of the proposing firms' staff assigned - relevant to the area of services to be provided (i.e., years of experience, current client load, amount of time available for airport services, ability to respond immediately, specific project experience, understanding of services required, accolades, etc.)
4. Demonstrated ability to provide strategic approach to integrated marketing plan
5. Ability and willingness to meet SMWBE levels

6. Availability and quality of in-house creative services
7. Familiarity with and office located in Nashville
8. Proven and demonstrated ability to meet deadlines and stay within budget. Ability to complete project within budgets established by the Authority
9. Ability to present an efficient and thorough approach to project scope
10. References

One firm scored significantly higher than the other, based on the evaluation criteria and the ability to meet the requirements in the RFP. Final scores for each firm:

Organization	Final Score
Finn Partners, Inc.	250
Xenophon Strategies	113
Calvert Street Group	<i>n/a (deemed unresponsive by BDD)</i>
Kingdom Quality Communications	<i>n/a (deemed unresponsive by BDD)</i>
M-Squared Public Relations	<i>n/a (deemed unresponsive by BDD)</i>

D. Impact/Findings

MNAA SMWBE Participation Level: 23% MBE
 Contractor SMWBE Participation Level: 23% MBE (MPYER Marketing & Advertising)
 Anticipated Contract Start Date: July 1, 2023
 Duration of Contract: Three years with two one-year renewal options
 Contract Completion Date: June 30, 2026
 June 30, 2028 (with two 1-year renewal options)
 Contract Cost: \$438,000 annually
 Funding Source: 510030-011-09 (MNAA O&M)

E. Compilation of Work

- Over the course of each year, the MNAA communications team effectively leverages its resources and draws upon the skills, services and creative capacity of the Public Relations (PR) agency to assist in a diverse range of activities that reflects the breadth and fast pace of our communications needs. Based on the past, a compilation of work would include, but not be

limited to:

- **Advertising**
 - Copywriting for all creative – providing copywriting for all ads, radio, billboards, marketing materials, etc.;
 - Providing direction on creative, content, placements; working with carriers to help facilitate their local advertising efforts.

- **Marketing**
 - Working to support MNAA as it attracts new nonstop service to Nashville with media support, event support, coordination with carriers;
 - Content development, editing and management for Annual Report, newsletters (Legislative Report), department one pagers, etc.;
 - Development and support of various programs, such as Black History Month music series and First in Flight special event;
 - Ongoing support of programs like BNA Vision and New Horizon (activities, materials, messaging, events);
 - Social media support, including special events, e.g., disaster drills, new international flights etc.

- **Communications/Media & Public Relations**
 - Support MNAA's media relations needs – media pitching and follow up, coordination and facilitation at events – such as new airlines, air service and inaugural flights;
 - Media relations writing and editing – authoring op-eds, editing press materials, developing fact sheets;
 - Awards programs – drafting, editing entries to spotlight MNAA programs
 - Daily media tracking, aggregating and reporting;
 - Assistance as needed in working with events, outreach efforts, Nashville civic/business leaders and minority communities;
 - Strategic planning – working with MNAA leadership on strategic positioning of MNAA, developing appropriate messaging, events and strategy;
 - Variety of support during crisis issues, message development, counsel, on-site support, etc.;

- Partner with legal counsel to handle media relations activities;
- Regular consultation on internal communications matters, such as team-wide missives;
- Wide range of social media input and support.

F. Strategic Priorities

- Invest in BNA/JWN
- Plan for the Future
- Prepare for the Unexpected

G. Options/Alternatives

Reject the staff selection and reissue a Request for Proposal

III. Committee Review

This item was presented to the Finance Committee on April 12, 2023. The Finance Committee voted 3 to 0 to recommend approval to the Board of Commissioners.

STAFF ANALYSIS Board of Commissioners

Date: April 19, 2023
Facility: Nashville International Airport
Subject: WestJet Incentive Agreement - Vancouver

I. Recommendation

Staff requests that the Board of Commissioners:

- 1) approve the funding for the proposed marketing incentives and landing fee abatements, as provided by the Air Service Incentive Plan (ASIP), for the nonstop BNA – Vancouver International Airport (airport code - YVR) route operated by WestJet, with a not-to-exceed amount of \$254,000, and
- 2) authorize the Chair and President and CEO to execute the Letter of Agreement (LOA) by and between MNAA and WestJet outlining the specific terms of the proposed incentive with WestJet for their BNA-YVR route, to begin on May 19, 2023.

II. Analysis

A. Background

On November 16, 2022, the MNAA Board of Commissioners approved an updated Air Service Incentive Plan (“ASIP”, Policy #61-001), effective January 1, 2023, which outlines incentives for new routes, including routes resumed after a 24-month or more gap in service for new or incumbent airlines. This plan was designed to help MNAA stay competitive among peer airports in attracting new service to BNA.

WestJet will begin service on May 19th, 2023, with 2x weekly service to start, to Vancouver International Airport from BNA which meets the requirements of the ASIP. WestJet also operates non-stop service from BNA to both Toronto Pearson International Airport and Calgary International Airport.

For new scheduled seasonal service to Canada, at the required minimum of 2x weekly, the approved ASIP allows for two years of partial landing fee abatement [Year 1 - 75% abatement; Year 2 – 50% abatement] and up to \$100,000 in marketing funds [Year 1 - \$75,000; Year 2 - \$25,000].

The ASIP requires that all proposed marketing incentives and landing fee and facility abatements, outside of the Domestic Market Agreements, require approval of the Board of Commissioners.

B. Impact/Findings

Term: 2 years from the start of service; May 19, 2023 – May 18, 2025

Financial

Impact: Estimated financial value of the incentive over the two-year period for marketing and landing fee abatement is \$168,300 based on the initial planned 2x per week operation with a 737-Max8 aircraft - \$100,000 in marketing and \$68,300 in landing fee abatement. Actual incentives could vary based on the actual calculated landing fees in FY 2024/2025 as well as number of operations per week, not to exceed 7x per week.

Incentive range -- Minimum incentive \$168,300 @ 2x weekly, maximum incentive \$339,000 at 7x weekly.

Recommended incentive not-to-exceed \$254,000 (mid-range). Any amount exceeding \$254,000 requires additional approval by the MNAA Board of Commissioners.

Funding Source: The ASIP is funded through the NAE Airline Incentive Account. The balance, as of March 24, is \$7.25M.

Other Board approved active incentives:

British Airways (London) – Up to \$2M; 12/9/2021 – 12/8/2023

Flair Airlines (Edmonton) – Up to \$255k; 4/12/2022 – 4/11/2024

Air Canada (Montreal) – Up to \$371K; 6/2/2022 – 6/1/2024

C. Strategic Priorities

- Plan for the Future – International Air Service

D. Options/Alternatives

- Do not approve the funding for the WestJet Incentive. This could jeopardize the launch in Nashville. It also may impact future airlines / routes that would qualify for a potential incentive under the approved ASIP.

III. Committee Review

This item was presented to the Finance Committee on April 12, 2023. The Finance Committee voted 3 to 0 to recommend approval to the Board of Commissioners.

STAFF ANALYSIS

Board of Commissioners

Date: April 19, 2023
 Facility: Nashville International Airport (BNA)
 Subject: MNAA Resolution 2023-06
 FY23 BNA Amended Operating Budget

I. Recommendation

Staff requests that the Board of Commissioners:

- 1) approve the proposed Amended Operating Budget for Nashville International Airport (BNA) for fiscal year 2023 (FY23); and
- 2) authorize the Chair and President & CEO to execute MNAA Resolution No. 2023-06.

II. Analysis

A. Background

Pursuant to the 3rd and Amended & Restated Bylaws of the Board of Commissioners of MNAA (Bylaws), Section 4.3.2, the President & CEO must submit the operating budget to the Board for approval at least 60 days prior to the beginning of the fiscal year. Requests for additional appropriations shall be submitted to the Board for approval.

MNAA uses three enplanement forecasts to monitor growth at BNA: “Moderate Forecast”, “Strategic Forecast”, and an “Aggressive Forecast”. Enplanement numbers for the three forecasts were created in January 2022 for FY23 (see column titled “Original FY23” in table below). In April 2022, the Board of Commissioners approved the FY23 BNA Operating Budget based on 9.6 million enplanements which was the “Moderate Forecast”. After the budget was approved, BNA continued to monitor passenger enplanement levels and compared them against the forecast. Since enplanements were outpacing the forecast by a significant amount, MNAA revised the three forecasts in January 2023. See column titled “Amended FY23” in the table below for the new forecasted enplanements:

	Original FY23	Amended FY23
Moderate Forecast	9,600,000	10,300,000
Strategic Forecast	10,100,000	10,600,000
Aggressive Forecast	10,600,000	10,800,000

MNAA management determined that the updated “Moderate Forecast”, which estimates enplanements at approximately 10.3 million, would be the basis for the FY23 amended budget.

The following expense/revenue items were evaluated in order to update the FY23 budget:

- Finance identified several operating expenses that had or could potentially have significant variances to the approved FY23 operating budget. Finance met with multiple department heads to gain an understanding of these expenses and also discussed the potential for any other expense overages. Based on these evaluations and discussions, Finance determined that the only operating expenses that needed to be adjusted were related to parking/shuttles and utilities.
- As of February 2023, operating revenues were above budgeted revenues. Since the parking expenses were being adjusted for the increased enplanements, budgeted parking revenues were also increased to reflect the higher projected enplanement levels, the new parking rates that became effective on March 1, 2023, and for the opening of the third garage in April 2023. No additional operating revenues were adjusted.
- PFC revenue was adjusted due to the increase in enplanements.

Finance also re-evaluated the use of the relief grants (CARES/CRRSSA/ARPA). Based on projections for FY23- FY25, MNAA management revised the forecast for FY23 as follows:

<u>Use of Relief Grants</u>	Original Plan FY23	Amended Plan FY23	Variance
Apply to Debt Service	\$ 13,940,912	\$ 23,983,564	\$ 10,042,652
Apply to Offset Salary and/or Other Expenses	3,124,617	3,075,617	(49,000)
	<u>\$ 17,065,529</u>	<u>\$ 27,059,181</u>	<u>\$ 9,993,652</u>

The updated use of relief grants for FY23 is now \$27,059,181. This will leave \$37,923,765 relief grants to be used in FY24 and FY25.

The application of these funds was incorporated into the amended FY23 financial rate model. The financial rate model projections (original versus amended budget are shown below:

**Nashville International Airport
Revenue and Expenses (Rate Model Based)
For the year ending June 30, 2023**

	FY23 - Original 9.6M Enplanements	FY23 - Amended 10.3M Enplanements
Operating Revenues:		
Signatory Airlines	64,654,858	64,654,858
Parking	74,636,737	93,287,415
Concessions	47,457,166	47,457,166
Space Rental	14,144,852	14,144,852
Other	6,472,514	6,472,514
Total Operating Revenue	207,366,127	226,016,805
Operating Expenses:		
Salaries and Benefits	52,403,853	52,403,853
Contractual Services	58,951,017	64,658,992
Materials and Supplies	5,408,036	5,408,036
Utilities	6,230,377	8,045,389
Other	9,322,603	9,322,603
Total Operating Expenses	132,315,886	139,838,873
Other Rate Model Exp/Rev:		
Total Debt Service - Bonds	82,961,833	76,907,606
Less: Debt paid by Cap Int	(39,094,362)	(32,152,627)
Less: Debt paid by PFCs	(688,531)	(688,531)
Less: Debt paid by Federal Relief Grants	(13,940,912)	(23,983,564)
Less: Operating Exp paid by Federal Relief Grants	(3,124,617)	(3,075,617)
Short Term Credit Facility Interest Expense	1,288,272	1,288,272
Operations & Maintenance Fund	3,707,329	4,982,078
Renewal & Replacement Fund	-	-
Airline Facility Fund	8,700,876	8,700,876
Authority Facility Fund	6,567,124	6,567,124
NAE (Airline Incentive) Fund	2,000,000	2,000,000
Additional Pension/OPEB Contribution	-	-
Interest Income Transferred to Revenue Fund	(3,280,117)	(3,280,117)
Less: Budgeted Exp Excluded from Rate Model	(3,025,357)	(3,061,450)
Other Non Budgeted Rev Included in Rate Model	(1,722,129)	(1,842,659)
Total Net Other Expenses	40,349,409	32,361,391
Net Income (Deposit to NAE)	34,700,832	53,816,541

Using this new forecast, the GAAP (Generally Accepted Accounting Principles) based amended budget for FY23 was prepared. The summary is shown below:

BNA Summary (\$000)	APPROVED BUDGET 2023	AMENDED BUDGET 2023	
Non-Airline Revenue	\$ 142,711	\$ 161,362	①
Signatory Airline Revenue	64,655	64,655	
Total Operating Revenue	<u>207,366</u>	<u>226,017</u>	
Operating Expense	(132,316)	(139,839)	②
Net Non-Operating Income (Expense)	(7,374)	5,262	③
Income before Depreciation & Grants	<u>\$ 67,676</u>	<u>\$ 91,440</u>	

① Non-Airline revenue increased by \$18.7M, all of which is parking revenue. The main factors contributing to the increase: a) increase in enplaned passengers, b) price increase for all lots that went into effect March 1, 2023, and c) additional capacity with the third garage scheduled to open April 27, 2023.

② Operating Expense increased \$7.5M. Largest variances:

- Parking lot operations increased \$3.1M due to more demand (higher enplanements), along with higher valet labor costs for both hours and pay rates.
- Shuttle bus services increased \$1.8M due to additional routes needing to be driven due to construction delays.
- Utilities increased \$1.8M, due to higher electricity and natural gas rates, and an increase in usage.
- Credit card fees increased \$800K as a result of increased parking revenue.

③ Net Non-Operating Income increased \$12.6M. Largest variances:

- Passenger Facility Charges (PFCs) increased \$2.6M as a function of more passengers.
- Federal relief grants (CARES/CRRSSA/ARPA) increased \$10M due to an analysis of the current balance of the relief funds and future anticipated need for the funds. More use of the funds was budgeted in FY23.

B. Strategic Priorities

- Invest in MNAA
- Plan for the Future
- Prepare for the Unexpected

C. Options/Alternatives

Revise the FY23 Operating Budget by adding or reducing revenue and expense items.

III. Committee Review

This item was presented to the Finance Committee on April 12, 2023. The Finance Committee voted 3 to 0 to recommend approval to the Board of Commissioners.

MNAA RESOLUTION NO. 2023-06

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE METROPOLITAN NASHVILLE AIRPORT AUTHORITY AMENDING MNAA RESOLUTION 2022-05 AND APPROVING THE AMENDED OPERATING BUDGET FOR NASHVILLE INTERNATIONAL AIRPORT COVERING THE FISCAL YEAR BEGINNING JULY 1, 2022 AND ENDING JUNE 30, 2023.

WHEREAS, the President has submitted, for Board approval, an Amended Operating Budget for Nashville International Airport, covering fiscal year beginning July 1, 2022, and ending June 30, 2023, pursuant to Article IV, Section 4.3.2 of the Third Amended and Restated Bylaws of the Board of Commissioners.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE METROPOLITAN NASHVILLE AIRPORT AUTHORITY AS FOLLOWS:

Section 1. That the Board of Commissioners hereby amends MNAA Resolution No. 2022-05 by approving the Amended Operating Budget as presented, which has been made a part hereof as if copied verbatim herein as the Operating Budget for the Nashville International Airport for fiscal year 2023.

Section 2. This Resolution shall take effect from and after its adoption and be made a part of the Board of Commissioners official Minutes of Record.

RECOMMENDED:

ADOPTED:

Douglas E. Kreulen, President & CEO

Joycelyn A. Stevenson, Board Chair

APPROVED AS TO FORM AND LEGALITY:

ATTEST:

Neale R. Bedrock, EVP, General Counsel & CCO

Andrew W. Byrd, Board Secretary

This 19th day of April 2023.

STAFF ANALYSIS

Board of Commissioner

Date: April 19, 2023
 Facility: John C. Tune Airport (JWN)
 Subject: MNAA Resolution 2023-07
 FY23 JWN Amended Operating Budget

I. Recommendation

Staff requests that the Board of Commissioners:

- 1) approve the amended operating budget for John C. Tune Airport (JWN) for fiscal year 2023 (FY23); and
- 2) authorize the Chair and President & CEO to execute MNAA Resolution No. 2023-07.

II. Analysis

A. Background

Pursuant to the 3rd and Amended & Restated Bylaws of the Board of Commissioners of MNAA (Bylaws), Section 4.3.2, the President & CEO must submit the operating budget to the Board for approval at least 60 days prior to the beginning of the fiscal year. Requests for additional appropriations shall be submitted to the Board for approval.

The proposed amended Operating Budget for FY23 is summarized below:

	APPROVED BUDGET 2023	AMENDED BUDGET 2023	
JWN Summary			
Operating Revenue	\$ 1,681,000	\$ 1,802,000	①
Operating Expense	(1,848,000)	(1,976,000)	②
Non-Operating Revenue	167,000	261,000	③
Income before Depreciation, Grants, and Transfers from MNAA	\$ -	\$ 87,000	

① Budgeted operating revenue increased by \$121,000. Largest variances:

- Hangar rent increased by \$62,000 due to additional tiedown areas being leased for aircraft parking.
- Reimbursable Services increased by \$38,000, which consists of auto fuel reimbursements excluded from the original budget.
- Flowages fees increased by \$21,000 due to more aircraft operations overall after completion of the new hangars and air traffic control tower (ATCT).

② Budgeted operating expenses increased by \$128,000. Largest variances:

- Janitorial services increased by \$26,000 to cover cleaning of the new ATCT, which was previously not budgeted.
- Electrical supplies increased by \$17,000, due to repairs from a lightning strike.
- Utilities increased by \$85,000, resulting from increased electricity rates and usage.

③ Non-Operating revenue increased by \$94,000 for the anticipated use of additional relief grants.

B. Strategic Priorities

- Invest in MNAA
- Plan for the Future
- Prepare for the Unexpected

C. Options/Alternatives

Revise the FY23 Operating Budget by adding or reducing revenue and expense items.

III. Committee Review

This item was presented to the Finance Committee on April 12, 2023. The Finance Committee voted 3 to 0 to recommend approval to the Board of Commissioners.

MNAA RESOLUTION NO. 2023-07

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE METROPOLITAN NASHVILLE AIRPORT AUTHORITY AMENDING MNAA RESOLUTION 2022-07 AND APPROVING THE AMENDED OPERATING BUDGET FOR JOHN C. TUNE AIRPORT COVERING THE FISCAL YEAR BEGINNING JULY 1, 2022 AND ENDING JUNE 30, 2023.

WHEREAS, the President has submitted, for Board approval, an Amended Operating Budget for John C. Tune Airport, covering fiscal year beginning July 1, 2022, and ending June 30, 2023, pursuant to Article IV, Section 4.3.2 of the Third Amended and Restated Bylaws of the Board of Commissioners.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE METROPOLITAN NASHVILLE AIRPORT AUTHORITY AS FOLLOWS:

Section 1. That the Board of Commissioners hereby amends MNAA Resolution No. 2022-07 by approving the Amended Operating Budget as presented, which has been made a part hereof as if copied verbatim herein as the Operating Budget for the John C. Tune Airport for fiscal year 2023.

Section 2. This Resolution shall take effect from and after its adoption and be made a part of the Board of Commissioners official Minutes of Record.

RECOMMENDED:

ADOPTED:

Douglas E. Kreulen, President & CEO

Joycelyn A. Stevenson, Board Chair

APPROVED AS TO FORM AND LEGALITY:

ATTEST:

Neale R. Bedrock, EVP, General Counsel & CCO

Andrew W. Byrd, Board Secretary

This 19th day of April 2023.

STAFF ANALYSIS

Board of Commissioners

Date: April 19, 2023
Facility: Metropolitan Nashville Airport Authority
Subject: New Signatory Airline Use and Lease Agreement

I. Recommendation

Staff requests that the Board of Commissioners:

- 1) Approve the new Signatory Airline Use and Lease Agreement (“AULA”), and
- 2) Authorize the Chair and President and CEO to execute the AULA with each Signatory Airline.

II. Analysis

A. Background

The Metropolitan Nashville Airport Authority (MNA) has an AULA with nine (9) passenger air carriers and one (1) cargo carrier: Alaska, Allegiant, American, Delta, Frontier, JetBlue, Southwest, Spirit, United, and FedEx. The current AULA, originally entered into on July 1, 2015, was set to expire on June 30, 2022.

On July 29, 2021, MNA held a kick-off meeting with the ten signatory airlines of the Airline Airport Affairs Committee (“AAAC”) to begin negotiations on a new AULA. At this meeting, MNA stated their goals and objectives for the new AULA:

1) Capital Program:

- Finalize the implementation of BNA Vision 1.0
- Implement BNA Vision 2.0 and New Horizon (except runway extension)
- Implement other major projects identified to meet operational demand
- Continue ongoing repair and replace capital needs

2) Operational:

- Maximize aircraft gate utilization
- Match terminal rates with level of service (e.g., future Satellite Concourse gates vs. other gates)
- Maintain flexibility to accommodate changing needs/business models of all airlines serving BNA

3) Financial:

- Maintain adequate debt service coverage
- Maintain adequate liquidity

- Maintain competitive airline costs
- Maximize non-airline revenue opportunities

By September 2021, MNAA and the AAAC realized that the negotiations were moving very slowly and had concerns with the timing, since the current AULA was set to expire on June 30, 2022. The focus shifted to negotiating a 1-year extension to the current AULA. These negotiations were completed in December 2021. The extension has an expiration date of June 30, 2023 and was approved by the Board in March 2022.

In January 2022, negotiations on the new long-term AULA restarted. By the end of June, MNAA and the AAAC still had not reached an agreement. Given the upcoming deadlines for the FY24 budget and the issuance of bonds in November 2022, the CEO gave a directive to the staff and the AAAC that we needed agreement with the material terms of a new AULA by September 30th, or MNAA would adopt Rates By Ordinance (“RBO”). RBO is the rate-making methodology that legally can be used to assess annual rates and charges to the Airlines if an AULA does not exist.

By the end of September 2022, MNAA and the AAAC verbally agreed to the material terms of a new AULA. These terms met the Authority’s stated goals for a new AULA and resulted in stronger financial metrics than what was achievable under RBO. In October 2022, the CFO reviewed the material terms with the Board, who gave approval to the Finance department to use these terms to create the FY24 budgets and for the financial models in the 2022 Bond Official Statement.

Over the next several months, MNAA and the AAAC met to finish the negotiations on a few minor items and review the lease document that set all the negotiated terms in the new AULA. By March 15th, all members of the AAAC had received a final execution copy to start their internal approval process for signature. As of March 27th, we have received signed copies back from Delta and Southwest Airlines, which represents 63.1% of total signatory landed weight. The remaining agreements are expected to be received by June 30, 2023.

B. Impact/Findings

The key material terms that have been negotiated with the signatory airlines of the AAAC (and presented to the Board in October 2022) are as follows:

1) Term:

Base term: Eight years, commencing July 1, 2023 and expiring June 30, 2031.

Automatic term extension: If the date of beneficial occupancy for the Concourse A expansion does not occur by July 1, 2028, the term will automatically be extended by two years and expire on June 30, 2033.

Optional term extension: If the automatic extension is not triggered, the Authority and a Majority-in-Interest of the Signatory Airlines may agree upon a two-year extension as follows: a Majority-in-Interest may provide notice in writing to the Authority no earlier than January 1, 2029, and no later than April 1, 2029, of its disapproval of a two-year extension. If no such notice is provided, the Signatory Airlines shall be deemed to have approved a two-year extension, subject to approval by the Authority. The Authority will notify the Signatory Airlines in writing by June 30, 2029, of its decision to approve or disapprove the two-year extension.

2) **Minimum Signatory Airline Commitment:**

Passenger carriers: Each fiscal year, must pay rents, charges, and fees equal to at least 1% of the rates, charges and fees (net of any revenue sharing) paid by all Signatory Airlines that fiscal year. PFCs are excluded from these calculations.

Cargo carriers: Each fiscal year, must pay landing fees and non-terminal ramp parking charges equal to at least 1% of the annual landing fees paid by all Signatory Airlines for that fiscal year.

3) **Debt Service Coverage:**

Rolling debt service coverage will be incorporated into the rate calculations for all airline cost centers.

4) **Landing Fee Methodology:**

Residual Methodology. Materially unchanged from the current agreement except for the addition of rolling coverage.

5) **Terminal Rate Methodology:**

Methodology Overview: Commercial compensatory with a 50% percent airline rented space minimum if debt service coverage requirements noted below are not met as described below.

Terminal requirement: The terminal requirement will include the following items in proportion to the allocation to the terminal: O&M expenses, debt service (net of PFCs), rolling debt service coverage, amortization of capital costs (further described herein), O&M reserve fund, and R&R fund.

Coverage Requirement: Debt service coverage ratio of 1.50x for senior lien bond debt service and 1.25x for combined senior and subordinate bond debt service.

Airline terminal requirement: To derive the share of the terminal requirement recovered from the airlines, the terminal requirement is multiplied by the greater of (a) the airline rented space divided by total Rentable Space or (b) if the Coverage Requirement is not met and the airlines are not renting at least 50% of the total Rentable Space in the terminal, then the Authority may increase the airlines' share of the terminal requirement by the lesser of (i) the amount necessary to meet the Coverage Requirement or (ii) the amount necessary to make the airlines share of terminal requirement equal to 50%.

6) **Revenue Sharing Credits:**

Revenue Sharing Credits for Signatory Airlines that are Passenger Carriers will be provided from available in-Terminal concession revenues based on the weighting of three factors: Net Remaining Revenues, In-Terminal Concessions, and a fixed share per enplanement, as described below.

Definition of Net Remaining Revenues: Net Remaining Revenues are Total Revenues minus O&M expenses, net debt service (senior and subordinate), note purchase agreement costs, rolling debt service coverage fund deposit, O&M reserve fund deposit, R&R fund deposit, airfield capital expenditures through the AFIF, reliever airport contribution, and annual amortization in all cost centers except the airfield.

Weighting of the three factors: The total amount of revenue shared with Passenger Carriers in a given year will be derived by first establishing the value of each factor for that year in accordance with the table percentages below and then applying the twentieth (20th) percentile of those three calculated amounts.

	2024	2025	2026	2027	2028	2029+
Net Remaining Revenue	20%	20%	20%	20%	20%	20%
Share of in-Terminal Concessions	50%	45%	40%	35%	30%	25%
Revenue Share per Enplanement	\$1.00	\$0.90	\$0.80	\$0.70	\$0.60	\$0.50

Airline upside: In FY 2024, revenue sharing will be based on the 20th percentile of the three factors. Starting with FY2025, if enplaned passenger growth increases by more than 2.5% over the previous fiscal year, the percentile used in the revenue sharing calculation would increase by the percentage of annual enplaned passenger growth above 2.5%.

7) **O&M and R&R Reserve Funds:**

O&M Reserve Fund: Will increase from two months to three months of estimated fiscal year O&M expenses, phased in over a four-year period.

R&R Fund: Will increase from an aggregate amount of \$5 million to \$10 million, phased in over a four-year period.

8) **Amortization:**

Authority Right to Charge Amortization: Authority may amortize in the airline rate base any Authority cash-funded capital projects (in whole or part) in the terminal cost center, terminal ramp area cost center, baggage cost center, and passenger loading bridge cost center subject to the two provisions below:

Cash expenditures on Terminal projects: Authority may amortize Authority cash-funded capital projects in the terminal that may not be eligible or financially prudent for bond financing so long as the annual amount of amortization included in the rate base does not exceed \$1 million annually, subject to a 3% annual adjustment.

Cash expenditures in lieu of bond financing: The Authority must use at least \$50 million in Authority cash over the term to fund capital projects in airline cost centers (other than the airfield cost center). Provided, however, if enplanements meet or exceed 11 million annual passengers by FY 2027, the Authority's commitment over the term will increase to \$75 million. The Authority retains sole discretion as to which year(s) and project(s) to fund with Authority cash so long as the projects would otherwise have been funded with Senior or Subordinate bonds. The Authority shall have the right to

include amortization in the airline rate base as described above (which is not subject to the \$1 million annual limit above), and the amortization period will be equal to the useful life of the asset(s).

9) **Capital Project Process (ATR):**

An expanded airline technical representative process has been negotiated. The ATR may attend daily/weekly project meetings, a bi-weekly program/ATR coordination meeting, and a monthly airline technical committee meeting. If required, a monthly advisory meeting with the Chair of the AAAC will be scheduled. No supervisory or approval rights are provided to the airlines; however, inputs, collaboration, progress updates, budget reports and discussions on concerns will be acknowledged by the Authority to the airlines.

10) **Capital Improvement (MII):**

Cost center: Signatory Airlines will have Majority-in-Interest review rights for certain capital projects in the airfield cost center.

Majority-in-Interest: More than 50% in number of the Signatory Airlines and more than 75% of landing fees paid by all Signatory Airlines.

Negative MII: The form of the Majority-in-Interest review will be a disapproval.

Cost increases: Section 7.1.2 of the existing agreement will be modified to allow a Majority-in-Interest to disapprove an increase in cost to a previously approved Capital Improvement Project if the estimated Capital Costs increases by more than ten percent (10%) of the Authority's share (net of PFCs, federal and state grants, and other funding sources not impacting airline rates and charges) of Capital Costs.

Exemption modification: Section 7.1.3(c) of the existing agreement will be modified to exempt Capital Improvement Projects with Capital Costs of not greater than \$2 million of the Authority's share (net of PFCs, federal and state grants, and other funding sources not impacting airline rates and charges) of Capital Costs.

11) **Aircraft Gates:**

Reserved common use gates: Authority will reserve an estimated five common use gates.

Preferential Use Gate utilization requirement: 6 Turns (scheduled departures) per gate per day or 900 Departing Seats (scheduled) per gate per day averaged over an airline's total number of Preferential Use Gates.

At Risk Gate: The Authority may designate certain Preferential Use Gates as "At Risk". At Risk gates are subject to conversion to common use gates or another Signatory Airline's Preferential Use upon thirty (30) days' notice from Authority.

12) **Miscellaneous:**

- The Satellite Concourse terminal rate will be charged at a 2.5% discount from the main terminal rate.
- The Reliever Airport contribution will be \$500,000 starting in FY24 with a 3% escalator each year.

- The unimproved space rental rate will be \$4.25 per square foot (fixed for the term).
- There will continue to be no extraordinary coverage requirement of the Signatory Airlines.

C. Strategic Priorities

- Invest in BNA/JWN
- Plan for the Future
- Prepare for the Unexpected

D. Options/Alternatives

- Not approve this request which would require MNAA to immediately start the process of RBO, which can take 4-6 months to complete. It would also require the FY24 BNA budgets to be redone to agree to the rates we would be able to charge under RBO.

III. Committee Review

This item was presented to the Finance Committee on April 12, 2023. The Finance Committee voted 3 to 0 to recommend approval to the Board of Commissioners.

STAFF ANALYSIS

Board of Commisisoners

Date: April 19, 2023
Facility: Nashville International Airport (BNA)
Subject: MNAA Resolution 2023-02
FY24 BNA Operating Budget

I. Recommendation

Staff requests that the Board of Commissioners:

- 1) approve the proposed operating budget for Nashville International Airport (BNA) for fiscal year 2024 (FY24); and
- 2) authorize the Chair and President and CEO to execute MNAA Resolution No. 2023-02.

A. **Background**

Pursuant to the 3rd Amended & Restated Bylaws of the Board of Commissioners of MNAA (Bylaws), Section 4.3.2, the President & CEO must submit the operating budget to the Board for approval at least 60 days prior to the beginning of the fiscal year.

In December 2022, the MNAA CEO gave the CFO and Finance staff financial goals/requirements for developing the FY24 budget:

- Conservatively grow expense budgets to stay aligned with additional facilities and passenger growth.
- Ensure we make all required debt service payments without using reserve funds.
- Meet both Board required debt service coverage and days cash on hand metrics.
- Maintain our credit ratings to ensure future bond issuances are achieved at the best long-term interest rate for the authority.
- Minimize financial impact to our business partners to enhance future air service.
- To that end, stay within the Official Statement’s operating expense budget guideline for FY24 projected enplanement levels: \$158 million.

MNAA uses three enplanement forecasts to monitor growth at BNA: “Moderate Forecast”, “Strategic Forecast”, and an “Aggressive Forecast”. In April 2022, the Board of Commissioners approved the FY23 Operating Budget based on 9.6 million enplanements which was the “Moderate Forecast”. After the budget was approved, BNA continued to monitor passenger enplanement levels and compared them against the forecast. Since enplanements were outpacing the forecast by a significant amount, MNAA revised the three forecasts in January 2023. The amended enplanement forecasts for FY23 and FY24 are shown in the table below:

	Amended	
	FY23	FY24
Moderate Forecast	10,300,000	10,973,500
Strategic Forecast	10,600,000	11,290,200
Aggressive Forecast	10,800,000	11,606,600

MNAA management determined that the “Moderate Forecast”, which estimates the enplanements at approximately 10,973,500, would be the basis for the FY24 Operating Budget. This enplanement forecast was then compared to the 2022 Official Statement to determine the financial goals for the FY24 budget. The enplanement levels most resembled the FY25 forecast, so the operating expense target goal was updated to \$165.3M. While the enplanement levels more closely aligned with the FY25 forecast in the 2022 Official Statement, it was determined that some other items such as debt service were more aligned with the FY24 projections. Management concluded that the overall target should land between the FY24 and the FY25 financial projections.

Finance evaluated the use of the relief fund grants (CARES/CRRSSA/ARPA). Based on the FY23 amended BNA Operating Budget, there is \$37,923,765 of relief funds projected to be remaining on July 1, 2023. After reviewing the FY24 draft budget, Finance budgeted the use of \$31,369,043 for debt service in FY24. This will leave approximately \$6.6M relief grants to be used in FY25.

The application of these funds was incorporated into the FY24 financial rate model. The financial rate model projections are shown below:

**Nashville International Airport
Revenue and Expenses (Rate Model Based)
For the year ending June 30, 2024**

	FY24 10.97M Enplanements
Operating Revenues:	
Signatory Airlines	96,550,734
Parking	101,814,581
Concessions	60,992,158
Space Rental	17,156,652
Other	5,793,559
Total Operating Revenue	282,307,684
Operating Expenses:	
Salaries and Benefits	57,356,768
Contractual Services	82,181,933
Materials and Supplies	8,202,443
Utilities	9,083,730
Other	9,045,459
Total Operating Expenses	165,870,333
Other Rate Model Exp/Rev:	
Total Debt Service - Bonds	90,564,717
Less: Debt paid by Cap Int	(19,969,532)
Less: Debt paid by PFCs	(18,898,675)
Less: Debt paid by Federal Relief Grants	(31,369,043)
Less: Operating Exp paid by Federal Relief Grants	-
Short Term Credit Facility Interest Expense	2,972,768
Operations & Maintenance Fund	8,312,232
Renewal & Replacement Fund	1,250,000
Airline Facility Fund	13,466,535
Authority/Amortization Facility Fund	20,473,465
NAE (Airline Incentive) Fund	2,000,000
Additional Pension/OPEB Contribution	-
Interest Income Transferred to Revenue Fund	(8,781,100)
Less: Budgeted Exp Excluded from Rate Model	(2,540,975)
Other Non Budgeted Rev Included in Rate Model	(2,425,920)
Total Net Other Expenses	55,054,472
Net Income (Deposit to NAE)	61,382,879

The application of \$31.4M in relief funds to debt service in FY24 is shown above in the “Other Rate Model Exp/Rev” section as a reduction. Based on these financial projections, MNAA will not need to access any of its reserves in FY24.

Using this forecast, the GAAP (Generally Accepted Accounting Principles) based O&M budget for FY24 was prepared. The summary is shown below:

BNA Summary (\$000)	AMENDED		
	BUDGET	BUDGET	
	2023	2024	
Non-Airline Revenue	161,362	185,757	①
Signatory Airline Revenue	64,655	96,551	②
Total Operating Revenue	226,017	282,308	
Operating Expense	(139,839)	(165,870)	③
Net Non-Operating Income	5,262	17,030	④
Income before Depreciation & Grants	91,440	133,468	

① Budgeted non-airline revenue increased by \$24.4M. Largest variances:

- Parking revenue increased \$8.5M due to higher enplanements, increased rates previously implemented, and additional capacity from the third garage opening in April 2023.
- Concession revenue increased \$13.6M. Largest variances:
 - Food and Retail concessions increased by \$5.2M due to more passengers overall and new food & retail concessions opening in the Grand Hall and Satellite Concourse. The concessions at the Satellite Concourse will have a minimum annual guarantee (MAG) of \$2.4M.
 - Rental Car Revenue increased by \$4.6M due to an increase in the number of passengers renting cars.
 - TNC (Uber and Lyft) revenue increased by \$2.4M due to an increase in the number of passengers using ride share apps.
- Space rent increased \$3.0M due to higher non-signatory airline per use fees as a result of the new Airline Use & Lease Agreement (“AULA”), increased rental rates and a minimal amount of new space being leased.

② Budgeted signatory airline revenue increased by \$31.9M. Largest variances are:

- Main terminal rent increased \$17.0M due to an increase in the rate from \$116.55 to \$173.84 per square foot under the new methodology in the AULA; and an increase in leased space, including the Satellite Concourse which will open in October.
- Baggage fees increased \$8.7M to cover capital and maintenance costs of the baggage handling system. The majority of the increase is due to the increase in the terminal rental rates allocated to the baggage area, and other costs that can now be allocated to the various cost centers (i.e., O&M reserve and R&R contribution) that were not previously allowed under the prior agreement.

- Landing fees increased \$7.7M due to a rate increase from \$2.83 to \$2.88 and higher forecasted landed weights.

③ Operating expense increased \$26.0M. Largest variances:

- Total salaries/benefits increased \$5.0M, as a result of adding 57 new positions to support airport growth and implementation of a cost-of-living adjustment.
- Contractual services increased \$17.5M. Largest variances:
 - Shuttle bus services increased \$7.2M due to the new contract for landside shuttles and the new electric shuttle services to the Satellite Concourse.
 - Janitorial services increased \$3.9M due to established contract escalation and new service in the Terminal Lobby, Garage B, and the Satellite Concourse.
 - Security services increased \$1.2M due to the full year of the new contract and 112 additional hours for landside ground level traffic officers.
 - Credit card fees increased \$1.5M as a direct result of increased parking revenue.
 - Information Technology increased \$1.1M due to increases in cost and quantity of various software contracts.
- Materials and supplies increased \$2.8M. Largest variances:
 - Minor equipment, radios and uniforms for new and existing employees increased \$1.5M.
 - Baggage system and jet bridges materials/supplies increased \$400K due to increased operations.
 - Janitorial supplies increased \$250K due to the increase in passengers.
 - Various building maintenance supplies increased \$400K to maintain airport facilities.
- Utilities increased \$1.0M due to higher rates and additional usage related to the openings of Garage B, Grand Lobby, and the Satellite Concourse.

④ Net Non-Operating Income increased \$11.8 million. Largest variances are:

- Interest income increased \$9.4M due to the increase in cash balances in December 2022 from the bond issuance, and the anticipated increase in interest rates.
- Passenger facility charges and customer facility charges increased \$2.5M and \$1.2M, respectively, due to increase in enplaned passengers.
- Federal relief grants increased \$4.3M based off the anticipated use of federal relief grants for current and future needs.
- Bond issuance costs decreased \$4.0M as there is no anticipated bond issuance in FY24.
- Interest expense increased by \$9.8M due to having a full year of interest expense from the 2022 bonds (issued in December 2022) in FY24.

B. Strategic Priorities

- Invest in MNAA
- Plan for the Future
- Prepare for the Unexpected

C. Options/Alternatives

Revise the FY24 operating budget by adding or reducing revenue and expense items.

II. Committee Review

This item was presented to the Finance Committee on April 12, 2023. The Finance Committee voted 3 to 0 to recommend approval to the Board of Commissioners.

Attachments: 1) Use of Federal Relief Funds (BNA & JWN)

Attachment 1: Use of Federal Relief Funds

	<u>CARES</u>	<u>CRRSAA</u>	<u>ARPA</u>	<u>Total</u>
Total Award	\$ 54,963,454	\$ 15,113,525	\$ 56,375,239	\$ 126,452,218
Used for Op Exp FY20	2,925,517	-	-	2,925,517
Used for DS FY20	<u>3,383,901</u>	<u>-</u>	<u>-</u>	<u>3,383,901</u>
Remaining Funds as of 6/30/20	48,654,036	15,113,525	56,375,239	120,142,800
Used for Op Exp FY21	3,919,211	-	-	3,919,211
Used for DS FY21	<u>26,175,119</u>	<u>-</u>	<u>-</u>	<u>26,175,119</u>
Remaining Funds as of 6/30/21	18,559,706	15,113,525	56,375,239	90,048,470
Used for Op Exp FY22	2,026,935	-	-	2,026,935
Used for DS FY22	<u>16,532,771</u>	<u>6,505,818</u>	<u>-</u>	<u>23,038,589</u>
Remaining Funds as of 6/30/22	-	8,607,707	56,375,239	64,982,946
Used for Op Exp FY23	-	-	3,075,617	3,075,617
Used for DS FY23	<u>-</u>	<u>8,607,707</u>	<u>15,375,857</u>	<u>23,983,564</u>
Remaining Funds as of 6/30/23	-	-	37,923,765	37,923,765
Used for Op Exp FY24	-	-	-	-
Used for DS FY24	<u>-</u>	<u>-</u>	<u>31,369,043</u>	<u>31,369,043</u>
Remaining Funds as of 6/30/24	-	-	6,554,722	6,554,722

MNAA RESOLUTION NO. 2023-02

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE METROPOLITAN NASHVILLE AIRPORT AUTHORITY APPROVING THE OPERATING BUDGET FOR NASHVILLE INTERNATIONAL AIRPORT COVERING THE FISCAL YEAR BEGINNING JULY 1, 2023 AND ENDING JUNE 30, 2024.

WHEREAS, the President has submitted, for Board approval, the Operating Budget for Nashville International Airport, covering fiscal year beginning July 1, 2023, and ending June 30, 2024, pursuant to Article IV, Section 4.3.2 of the Third Amended and Restated Bylaws of the Board of Commissioners.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE METROPOLITAN NASHVILLE AIRPORT AUTHORITY AS FOLLOWS:

Section 1. That the Board of Commissioners hereby approves the Operating Budget as presented, which has been made a part hereof as if copied verbatim herein as the Operating Budget for the Nashville International Airport for fiscal year 2024.

Section 2. This Resolution shall take effect from and after its adoption and be made a part of the Board of Commissioners official Minutes of Record.

RECOMMENDED:

ADOPTED:

Douglas E. Kreulen, President & CEO

Joycelyn A. Stevenson, Board Chair

APPROVED AS TO FORM AND LEGALITY:

ATTEST:

Neale R. Bedrock, EVP, General Counsel & CCO

Andrew W. Byrd, Board Secretary

This 19th day of April 2023.

STAFF ANALYSIS

Board of Commissioners

Date: April 19, 2023
 Facility: Nashville International Airport (BNA)
 Subject: MNAA Resolution 2023-03
 FY24 BNA Capital Improvements Budget and FY24-28 BNA Capital Improvements Plan

I. Recommendation

Staff requests that the Board of Commissioners:

- 1) approve the proposed FY24-28 BNA Capital Improvements Plan; and
- 2) approve the proposed FY24 BNA Capital Improvements Budget; and
- 3) authorize MNAA to accept any 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 Authority; and
- 4) authorize the Chair and President & CEO to execute MNAA Resolution No. 2023-03.

II. Analysis

A. Background

Staff annually presents a five-year capital improvements plan and the forthcoming year capital improvements budget for approval by the Board of Commissioners.

Pursuant to the 3rd Amended & Restated Bylaws of the Board of Commissioners of MNAA (Bylaws), Section 4.3.3, a capital improvements budget shall be prepared annually for a 5-year period and submitted to the Board at least 60 days prior to the beginning of the Authority’s fiscal year.

The proposed Capital Improvements Plan for FY24-28 is summarized below:

BNA Summary:	2024	2025	2026	2027	2028	TOTAL
Terminal & Landside	\$ 71,450,000	\$ 881,860,000	\$ 31,000,000	\$ 207,500,000	\$ 500,000	\$ 1,192,310,000
Vehicles & Equipment	6,915,000	9,465,000	1,280,000	735,000	735,000	19,130,000
Airside Improvements	110,200,000	90,815,000	124,007,450	70,268,364	36,062,754	431,353,568
Total	\$ 188,565,000	\$ 982,140,000	\$ 156,287,450	\$ 278,503,364	\$ 37,297,754	\$ 1,642,793,568

Funding Allocation:	2024	2025	2026	2027	2028	TOTAL
MNAA Authority Fund	\$ 17,873,465	\$ 10,561,400	\$ 5,206,050	\$ 1,895,364	\$ 1,326,754	\$ 36,863,033
MNAA Amortization Fund	2,600,000	2,300,000	-	3,500,000	-	8,400,000
MNAA Airline Fund	13,466,535	18,123,600	27,521,400	13,458,000	5,536,000	78,105,535
Federal (Entitlement)	6,962,000	3,670,000	-	8,401,000	5,000,000	24,033,000
Federal (Discretionary)	6,407,000	10,000,000	32,746,124	15,000,000	17,500,000	81,653,124
Federal (BIL)	-	-	35,757,752	-	-	35,757,752
Bond Funded	138,956,000	937,050,000	54,621,124	35,899,000	7,500,000	1,174,026,124
Customer Facilities Charges	2,300,000	-	-	200,000,000	-	202,300,000
Other	-	435,000	435,000	350,000	435,000	1,655,000
Total	\$ 188,565,000	\$ 982,140,000	\$ 156,287,450	\$ 278,503,364	\$ 37,297,754	\$ 1,642,793,568

The FY24 Capital Improvements Budget includes the following major projects: 1) Apron Dual Taxilanes; 2) Concourse A Reconstruction & Expansion (Design only); 3) Phase 1 of the Part 139 Runway RSA/TSA Improvements.

All projects are contingent upon the approval and availability of the various funding sources. The projects programmed for FY24, and their anticipated funding sources, are shown in the attached Capital Improvements Plan. The projects, costs, and anticipated funding sources for FY25-28 are a planning tool and only estimates at this time. They will be updated annually and presented to the Board.

B. Strategic Priorities

- Invest in MNAA
- Plan for the Future
- Prepare for the Unexpected

C. Options/Alternatives

Revise the FY24 Capital Improvements Budget by adding or removing projects from the proposed capital budget.

Attachment: FY2024-2028 BNA Capital Improvements Plan

III. Committee Review

This item was presented to the Finance Committee on April 12, 2023. The Finance Committee voted 3 to 0 to recommend approval to the Board of Commissioners.

BNA Capital Improvements Plan
 Fiscal Years 2024 - 2028
 Nashville International Airport

Project Title	Total	Entitlement	Discretionary	BIL / NOFO	State	MNAA Authority Investment Fund	Amortization Fund	MNAA Airline Investment Fund	Bonds	Future Bonds/Credit Facility	OTHER (Baggage Fees, Seizure Funds, etc.)	CFC
FY 2024 Projects												
Curbside and Roadway Expansion and Improvements (Design)	5,000,000									5,000,000		
New Parking Bridging Documents	10,000,000									10,000,000		
CONRAC Study	500,000										500,000	\$ 500,000
2nd Terminal Siting Study	3,000,000					3,000,000						
Apron Dual Taxilanes	70,000,000	3,544,000								66,456,000		
Concourse A Reconstruction and Expansion (Design)	30,000,000									30,000,000		
CRDC Study	500,000					500,000						
Reconstruct Bravo/Kilo Intersection (Construction)	13,100,000	3,418,000	6,407,000							3,275,000		
Paint CONRAC Canopy	3,600,000										1,800,000	\$ 1,800,000
Part 139 Rwy RSA/TSA Improvements Phase 1 of 3	20,000,000									20,000,000		
Curbside Environmental Protection	2,000,000						2,000,000					
Intrusion Detection System	2,000,000									2,000,000		
Backup ACC Upgrade	1,000,000					1,000,000						
Distributed Antennae System (ERRCS) Phase 2	150,000					150,000						
LED Lights Upgrade for RW 13/31 and RW 2C/20C	300,000									300,000		
Lot C Light Replacement	200,000					200,000						
Mobile Equipment Additional Covered Storage	1,600,000					1,600,000						
PARCS Replacement	6,000,000					6,000,000						
Curbside Trench Drain Improvements	750,000					750,000						
CSF Switchgear	500,000					500,000						
Terminal Trash Compactor Expansion	600,000						600,000					
Deicing Treatment Engineering Study	1,000,000									1,000,000		
K9 Kennel in ARFF	550,000					550,000						
PCI Study	400,000									400,000		
CSF Build-Out (Enabling for A Concourse)	6,500,000									6,500,000		
Replace Total Containment Vessel for DPS' EOD Team	400,000					400,000						
Cargo Apron Slab Replacement (Phase 7 of 14)	1,500,000									1,500,000		
AIR/Airport Development Standards Manual	750,000					750,000						
Stormwater Study (i.e. MS4 LID Mitigation)	350,000					350,000						
TOC Analyzer Replacement	260,000									260,000		
Water Quality Meter Replacement	340,000									340,000		
JWN Match	500,000					500,000						
Annual Airfield Pavement Rehabilitation and Striping	1,500,000									1,500,000		
Landside PCI Study	200,000					200,000						
Vehicles												
New DPS' EOD Purchase of Unmanned Ground Vehicle or Remote Robotic Platform	260,000					228,540				31,460		
Multi-Function Sweeper (MEQ 6317)	1,100,000									1,100,000		
Multi-Function Sweeper (MEQ 6363)	1,100,000									1,100,000		
Airfield Sweeper (MEQ 6463)	450,000									450,000		
Airfield ENV, F350 4WD, Flatbed W/ Fuel Tank (MEQ 6581)	95,000									95,000		
Airfield ENV, F150 4X4 to replace 2008 CHEVY TAHOE, 4WD, 4 DOOR (MEQ 6492)	55,000									55,000		
Airfield Volvo Wheel Loader (MEQ6267)	265,000									265,000		
New Graco Linelazer	50,000					43,950				6,050		
Airfield Tractors (2) (MEQ 6534 & 6535)	260,000									260,000		
Airfield Mower Attachment (MEQ 7368)	25,000									25,000		
Airfield MX, 2011 TORO GROUNDMASTER 4110D, MOWER, 4WD (MEQ 6508)	130,000									130,000		
OPS,F150 4X4 to replace 2011 FORD ESCAPE, 4WD, 4DR (MEQ 6507)	55,000					48,345				6,655		
D&E, Ford Maverick to replace 2006 CHEVY TRAILBLAZER, 2WD, 4 DOOR (MEQ 6472)	30,000					26,370				3,630		
D&E, Ford Maverick to replace 2013 FORD F-150, CREW CAB, 4WD (MEQ 6532)	30,000					26,370				3,630		
New Golf Carts (5)	50,000					43,950				6,050		
MX, Ford F350 to replace 1999 CHEVY 3500, REG CAB, SERVICE BODY, 4WD (MEQ 6374)	85,000					74,715				10,285		
MX, Ford Maverick to replace 2000 CHEVY SILVERADO 1500, REG CAB, 2WD (MEQ 6418)	30,000					26,370				3,630		
MX F150 4X4 to replace 2006 CHEVY SILVERADO 1500, REG CAB, 4WD (MEQ 6473)	55,000					48,345				6,655		
6474)	55,000					48,345				6,655		
6486)	55,000					48,345				6,655		
6487)	55,000					48,345				6,655		
MX, 2012 KUBOTA RTV 1100 (MEQ 6526)	45,000					39,555				5,445		
OPS, 2012 KUBOTA RTV 1100 (MEQ 6525)	45,000					39,555				5,445		
New Five (5) DPS vehicles @ \$85k	435,000					382,365				52,635		
New Parking Garage Sweeper						250,000						
New Friction Tester with Vehicle (Airfield)	250,000									250,000		
TOTAL FY 2024 Projects	\$ 190,115,000	\$ 6,962,000	\$ 6,407,000	\$ -	\$ -	\$ 17,873,465	\$ 2,600,000	\$ 13,466,535	\$ -	\$ 138,956,000	\$ 2,300,000	\$ 2,300,000

BNA Capital Improvements Plan
 Fiscal Years 2024 - 2028
 Nashville International Airport

Project Title	Total	Entitlement	Discretionary	BIL / NOFO	State	MNAA Authority Investment Fund	Amortization Fund	MNAA Airline Investment Fund	Bonds	Future Bonds/Credit Facility	OTHER (Baggage Fees, Seizure Funds, etc.)	CFC
<u>FY 2025 Projects</u>												
Curbside Expansion and Improvements (Construction)	45,000,000		10,000,000							35,000,000		
Dual Taxiway T4 (Finalize with simulation, Design and Construction)	43,000,000	-								43,000,000		
2nd Terminal (Environmental, Programming and Engineering Study)	5,000,000					5,000,000						
Westside Development Engineering Study	500,000					500,000						
Concourse A Expansion	818,500,000									818,500,000		
Airport Master Plan	5,000,000					2,500,000		2,500,000				
Part 139 RSA/TSA Improvements Phase 2	17,000,000									17,000,000		
Workstation Refresh (1/3 of Systems)	360,000					360,000						
Deicing Treatment Modifications Phase 1 (Design + Construction)	14,650,000									14,650,000		
Concourse B and C Upgrades - Phase 2 Holdrooms	7,000,000									7,000,000		
Camera Replacement (Phase 1 of 3)	500,000					500,000						
BHS Ethernet & VFD Upgrade	1,900,000									1,900,000		
Snow Equipment Building	5,000,000							5,000,000				
Replace Stormwater Pipe (Phase 7 of 9)	2,000,000							2,000,000				
Cargo Apron Slab Replacement (Phase 8 of 14)	1,500,000							1,500,000				
Rehabilitate Taxiway S/S6/S7/T4 Intersection (Design + Construction)	4,900,000	3,670,000								1,230,000		
Terminal Apron Lighting Upgrade	750,000									750,000		
Baggage Diverters	400,000						400,000					
JWN Match	515,000					515,000						
Annual Airfield Pavement Striping Rehabilitation	3,000,000								3,000,000			
Data Monitoring for PBBs (46) (Input/Output operations per second IOPS)	1,100,000						1,100,000					
Annual Landside Pavement Rehabilitation	500,000					500,000						
Five (5) DPS vehicles @ \$85k	435,000										435,000	
Runway Rubber/Marking Removal Truck	700,000									700,000		
Ramp Sweeper	800,000						800,000					
Maintenance Kubota	145,000					127,600				17,400		
Maintenance 3/4 Ton Service Body Truck (MEQ 6487)	55,000					48,400				6,600		
Five (5) Ford Mavericks @ \$30k	150,000					132,000				18,000		
Maintenance Box Truck (MEQ 6519)	70,000					61,600				8,400		
D&E, replacing 2010 FORD WAGON E-350 XL SUPER DUTY	65,000					57,200				7,800		
Maintenance 3/4 Ton Service Body Truck (MEQ 6520)	50,000					44,000				6,000		
MX, replacing 2008 CHEVY SILVERADO 3500HD, CREW CAB, 4WD	90,000					79,200				10,800		
MX, replacing 2008 CHEVY SILVERADO 1500, REG CAB, 2WD	55,000					48,400				6,600		
MX, replacing 2009 CHEVY SILVERADO 1500 EXT CAB, 2WD / IT	55,000					48,400				6,600		
MX, 2012 KUBOTA RTV 1100	45,000					39,600				5,400		
Airfield De-Icer (MEQ 6255)	900,000									900,000		
Dump Truck & Snow Plow Attachment (MEQ 6356)	225,000									225,000		
Dump Truck & Snow Plow Attachment (MEQ 6357)	225,000									225,000		
TOTAL FY 2025 Projects	\$ 982,140,000	\$ 3,670,000	\$ 10,000,000	\$ -	\$ -	\$ 10,561,400	\$ 2,300,000	\$ 18,123,600	\$ -	\$ 937,050,000	\$ 435,000	\$ -

BNA Capital Improvements Plan
 Fiscal Years 2024 - 2028
 Nashville International Airport

Project Title	Total	Entitlement	Discretionary	BIL / NOFO	State	MNAA Authority Investment Fund	Amortization Fund	MNAA Airline Investment Fund	Bonds	Future Bonds/Credit Facility	OTHER (Baggage Fees, Seizure Funds, etc.)	CFC
<u>FY 2026 Projects</u>												
Reconstruct and Realign Taxiway T1 and T2 (Design + Construction)	37,500,000		10,246,124	17,878,876				9,375,000				
Rwy 2L/20R Extension (Design)	30,000,000		22,500,000							7,500,000		
Part 139 RSA/TSA Improvements Phase 3	15,000,000									15,000,000		
Deicing Treatment Modifications Phase 2	25,000,000			17,878,876						\$ 7,121,124		
Replace Stormwater Pipe (Phase 8 of 9)	2,000,000							2,000,000				
ARFF Roof Replacement	350,000					350,000						
Camera Replacement (Phase 2 of 3)	500,000					500,000						
Cargo Apron Slab Replacement (Phase 9 of 14)	1,500,000							1,500,000				
Switch Replacement	520,000					520,000						
PBX Upgrade of CS1000	180,000					180,000						
Data Center Primary & Firewall	800,000					800,000						
IT Infrastructure Deployment	1,500,000					1,500,000						
Txy B, B5, T1 - Acc Reconstruction and Intermediate	10,127,000							10,127,000				
New Air Freight Bldg./Multi-purpose Bldg.	25,000,000									25,000,000		
JWN Match	530,450					530,450						
Annual Airfield Pavement Striping Rehabilitation	4,000,000							4,000,000				
Annual Landside Pavement Rehabilitation--Gassaway	500,000					500,000						
Posi Track Loader (MEQ 6479)	125,000											
Five (5) DPS vehicles @ \$85k	435,000										435,000	
Airfield Paint Striping Vehicle	475,000							475,000				
Skid Steer with Attachments (MEQ 6493)	95,000					83,600		11,400				
Five (5) Ford Mavericks @ \$30k	150,000					132,000		18,000				
TOTAL FY 2026 Projects	\$ 156,287,450	\$ -	\$ 32,746,124	\$ 35,757,752	\$ -	\$ 5,206,050	\$ -	\$ 27,521,400	\$ -	\$ 54,621,124	\$ 435,000	\$ -
<u>FY 2027 Projects</u>												
Dual Taxiway T6 (Design + Construction)	27,500,000	3,930,500								23,569,500		
Runway 2L Extension Enabling Project: New PMO	11,800,000	4,470,500								\$ 7,329,500		
Runway 2L Extension Enabling Project: New ARFF Annex (Design + Construction)	20,000,000		15,000,000							5,000,000		
CONRAC Expansion	200,000,000											200,000,000
Convert Concourse C gates to Max 10	3,500,000						3,500,000					
Camera Replacement (Phase 3 of 3)	500,000					500,000						
Replace Stormwater Pipe (Construct Phase 9 of 9)	3,000,000							3,000,000				
Cargo Apron Slab Replacement (Phase 10 of 14)	1,500,000							1,500,000				
Txy A, A4, L - AC Reconstruction and Intermediate	4,922,000							4,922,000				
JWN Match	546,364					546,364						
Annual Airfield Pavement Striping Rehabilitation	4,000,000							4,000,000				
Annual Landside Pavement Rehabilitation	500,000					500,000						
Five (5) DPS vehicles @ \$85k	435,000					85,000					350,000	
Five (10) Ford Mavericks @ \$30k	300,000					264,000		36,000				
TOTAL FY 2027 Projects	\$ 278,503,364	\$ 8,401,000	\$ 15,000,000	\$ -	\$ -	\$ 1,895,364	\$ 3,500,000	\$ 13,458,000	\$ -	\$ 35,899,000	\$ 350,000	\$ 200,000,000

BNA Capital Improvements Plan
 Fiscal Years 2024 - 2028
 Nashville International Airport

Project Title	Total	Entitlement	Discretionary	BIL / NOFO	State	MNAA Authority Investment Fund	Amortization Fund	MNAA Airline Investment Fund	Bonds	Future Bonds/Credit Facility	OTHER (Baggage Fees, Seizure Funds, etc.)	CFC
FY 2028 Projects												
Rwy 2L/20R Extension (Construction Phase 1) [Site Prep/Utilities]	30,000,000	5,000,000	17,500,000							7,500,000		
Cargo Apron Slab Replacement (Phase 11 of 14)	1,500,000							1,500,000				
JWN Match	562,754					562,754						
Annual Airfield Pavement Striping Rehabilitation	4,000,000							4,000,000				
Annual Landside Pavement Rehabilitation	500,000					500,000						
Five (5) DPS vehicles @ \$85k	435,000										435,000	
Five (10) Ford Mavericks @ \$30k	300,000					264,000		36,000				
TOTAL FY 2028 Projects	\$ 37,297,754	\$ 5,000,000	\$ 17,500,000	\$ -	\$ -	\$ 1,326,754	\$ -	\$ 5,536,000	\$ -	\$ 7,500,000	\$ 435,000	\$ -
BNA Total 5 Year CIP	\$ 1,644,343,568	\$ 24,033,000	\$ 81,653,124	\$ 35,757,752	\$ -	\$ 36,863,033	\$ 8,400,000	\$ 78,105,535	\$ -	\$ 1,174,026,124	\$ 3,955,000	\$ 202,300,000

MNAA RESOLUTION NO. 2023-03

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE METROPOLITAN NASHVILLE AIRPORT AUTHORITY APPROVING THE CAPITAL IMPROVEMENTS PLAN FOR NASHVILLE INTERNATIONAL AIRPORT FOR FISCAL YEARS 2024 TO 2028, THE CAPITAL IMPROVEMENTS BUDGET FOR NASHVILLE INTERNATIONAL AIRPORT FOR FISCAL 2024 AND AUTHORIZING ACCEPTANCE OF THE GRANT(S) FROM THE FEDERAL AVIATION ADMINISTRATION FOR FEDERALLY FUNDED PROJECTS AND FROM THE STATE OF TENNESSEE FOR STATE FUNDED PROJECTS.

WHEREAS, the President has submitted, for Board approval, the attached Capital Improvements Plan for Nashville International Airport for five fiscal years beginning July 1, 2023, and ending June 30, 2028, pursuant to Article IV, Section 4.3.3 of the Third Amended and Restated Bylaws of the Board of Commissioners.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE METROPOLITAN NASHVILLE AIRPORT AUTHORITY AS FOLLOWS:

Section 1. That the Board of Commissioners hereby approves the attached FY24-FY28 Capital Improvements Plan and FY24 Capital Improvements Budget for fiscal year July 1, 2023 through June 30, 2024 for Nashville International Airport, which have been made a part hereof as if copied verbatim herein as the Capital Improvements Budget for the Nashville International Airport.

Section 2. That the Board of Commissioners authorizes acceptance of the grant(s) from the Federal Aviation Administration for federally funded projects and from the State of Tennessee for state funded projects.

Section 3. This Resolution shall take effect from and after its adoption and be made a part of the Board of Commissioners official Minutes of Record.

RECOMMENDED:

ADOPTED:

Douglas E. Kreulen, President & CEO

Joycelyn A. Stevenson, Board Chair

APPROVED AS TO FORM AND LEGALITY:

ATTEST:

Neale R. Bedrock, EVP, General Counsel & CCO

Andrew W. Byrd, Board Secretary

This 19th day of April 2023.

STAFF ANALYSIS

Board of Commissioners

Date: April 19, 2023
 Facility: John C. Tune Airport (JWN)
 Subject: MNAA Resolution 2023-04
 FY24 JWN Operating Budget

I. Recommendation

Staff requests that the Board of Commissioners:

- 1) approve the proposed operating budget for John C. Tune Airport (JWN) for fiscal year 2024 (FY24); and
- 2) authorize the Chair and President and CEO to execute MNAA Resolution No. 2023-04.

A. Background

Pursuant to the 3rd Amended & Restated Bylaws of the Board of Commissioners of MNAA (Bylaws), Section 4.3.2, the President & CEO must submit the operating budget to the Board for approval at least 60 days prior to the beginning of the fiscal year.

The proposed Operating Budget for FY24 is summarized below:

JWN Summary	AMENDED BUDGET 2023	BUDGET 2024	
Operating Revenue	\$ 1,802,000	\$ 2,384,000	①
Operating Expense	(1,976,000)	(2,303,000)	②
Non-Operating Revenue	261,000	76,000	③
Income before Depreciation, Grants, and Transfers from MNAA	\$ 87,000	\$ 157,000	

① Budgeted operating revenue increased \$582,000. Largest variances:

- Land rental increased \$456,000, owing to the execution of 5 of 10 North Development leases.
- Hangar rent increased \$159,000 due to the rise in hangar rents and additional tiedown areas being leased.

- Offset by a \$33,000 reduction of reimbursable expenses due to the removal of these expenses that were added to the FY23 amended Operating Budget.

② Budgeted operating expense increased \$327,000. Largest variances:

- Payroll expenses increased \$261,000 due to the addition of an operations director in FY23 (not in budget) and a cost-of-living adjustment for existing employees.
- Contractual services decreased \$130,000 due to a reduction of anticipated legal costs (\$100k), end of consultant overlay study (\$25k) and removal of temporary office trailers (\$15k).
- Materials & supplies decreased \$13,000 due to the removal of the lightning strike repair costs that were added to the FY23 amended Operating Budget.
- Utilities increased \$66,000 to accommodate for the new Admin Building and additional hangars, along with the sharp increase in electricity/gas rates.
- Other operating expenses increased \$143,000 due to the allocation of BNA administrative expenses (\$110k), property insurance to cover new buildings combined with a general increase in premium (\$23k), and higher vehicle fuel costs (\$13k).

③ Budgeted non-operating revenues decreased \$185,000. Largest variances:

- Relief grant receipts decreased from \$205,000 to \$0, since all funds awarded to Tune will be drawn down by the end of FY23.
- State & Federal O&M revenue increased \$19,000 for an anticipated additional state grant for equipment reimbursement.

B. Strategic Priorities

- Invest in MNAA
- Plan for the Future
- Prepare for the Unexpected

C. Options/Alternatives

Revise the FY24 Operating Budget by adding or reducing revenue and expense items.

II. Committee Review

This item was presented to the Finance Committee on April 12, 2023. The Finance Committee voted 3 to 0 to recommend approval to the Board of Commissioners.

MNAA RESOLUTION NO. 2023-04

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE METROPOLITAN NASHVILLE AIRPORT AUTHORITY APPROVING THE OPERATING BUDGET FOR JOHN C. TUNE AIRPORT COVERING THE FISCAL YEAR BEGINNING JULY 1, 2023 AND ENDING JUNE 30, 2024.

WHEREAS, the President has submitted, for Board approval, the Operating Budget for John C. Tune International Airport, covering fiscal year beginning July 1, 2023, and ending June 30, 2024, pursuant to Article IV, Section 4.3.2 of the Third Amended and Restated Bylaws of the Board of Commissioners.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE METROPOLITAN NASHVILLE AIRPORT AUTHORITY AS FOLLOWS:

Section 1. That the Board of Commissioners hereby approves the Operating Budget as presented, which has been made a part hereof as if copied verbatim herein as the Operating Budget for the John C. Tune Airport for fiscal year 2024.

Section 2. This Resolution shall take effect from and after its adoption and be made a part of the Board of Commissioners official Minutes of Record.

RECOMMENDED:

ADOPTED:

Douglas E. Kreulen, President & CEO

Joycelyn A. Stevenson, Board Chair

APPROVED AS TO FORM AND LEGALITY:

ATTEST:

Neale R. Bedrock, EVP, General Counsel & CCO

Andrew W. Byrd, Board Secretary

This 19th day of April 2023.

STAFF ANALYSIS

Board of Commissioners

Date: April 19, 2023
Facility: John C. Tune Airport (JWN)
Subject: MNAA Resolution 2023-05
FY24 JWN Capital Improvements Budget and FY24-28 JWN Capital Improvements Plan

I. Recommendation

Staff requests that the Board of Commissioners:

- 1) approve the proposed FY24-28 JWN Capital Improvements Plan; and
- 2) approve the proposed FY24 JWN Capital Improvements Budget; and
- 3) authorize MNAA to accept any 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 Authority; and
- 4) authorize the Chair and President & CEO to execute MNAA Resolution No. 2023-05.

II. Analysis

A. Background

Staff annually presents a five-year capital improvements plan and the forthcoming year capital improvements budget for approval by the Board of Commissioners.

Pursuant to the 3rd Amended & Restated Bylaws of the Board of Commissioners of MNAA (Bylaws), Section 4.3.3, a capital improvements budget shall be prepared annually for a 5-year period and submitted to the Board at least 60 days prior to the beginning of the Authority's fiscal year.

The proposed Capital Improvements Plan for FY24-28 is summarized below:

JWN Summary:	2024	2025	2026	2027	2028	TOTAL
Terminal & Landside	\$ 350,000	\$ 453,750	\$ -	\$ -	\$ 6,700,000	\$ 7,503,750
Vehicles & Equipment	65,000	65,000	-	27,000	40,000	197,000
Airside Improvements	42,000,000	3,060,000	2,234,667	3,134,667	-	50,429,334
Total	\$ 42,415,000	\$ 3,578,750	\$ 2,234,667	\$ 3,161,667	\$ 6,740,000	\$ 58,130,084
Funding Allocation:	2024	2025	2026	2027	2028	TOTAL
JWN Funding	\$ 42,000,000	\$ -	\$ -	\$ -	\$ -	\$ 42,000,000
MNAA Airline Fund	381,250	768,750	396,667	513,667	710,000	2,770,334
Federal Funds	-	960,000	1,838,000	1,988,000	150,000	4,936,000
State Funds	33,750	1,850,000	-	660,000	5,880,000	8,423,750
Total	\$ 42,415,000	\$ 3,578,750	\$ 2,234,667	\$ 3,161,667	\$ 6,740,000	\$ 58,130,084

All projects are contingent upon the approval and availability of the various funding sources. The projects programmed for FY24, and the anticipated funding sources, are shown in the attached Capital Improvements Plan. The MNAA Airline Fund represents funding for JWN provided under the new airline agreement. Federal funds include entitlement and discretionary funds, as well as the Bipartisan Infrastructure Bill (BIL), which is estimated annually at \$844,000 for four years. The BIL grants are allocated over a five year period with year one being allocated to the prior fiscal year. JWN also anticipates applying for BIL competitive funds for the RADAR system. State funds include the State Economic Community Development Funds and State of Tennessee Equity Funds. If any of the Federal or State funds are not available, Finance will identify other sources of funding, including bond funds, for capital projects.

The specific projects for each year are listed in the attached FY24-28 Capital Improvements Plan, with a total \$42,415,000 currently programmed for the FY24 Capital Improvements Budget. The projects and costs shown for FY25-28 are a planning tool and only estimates at this time. They will be updated annually and presented to the Board.

B. Strategic Priorities

- Invest in MNAA
- Plan for the Future
- Prepare for the Unexpected

C. Options/Alternatives

Revise the FY24 Capital Improvements Budget by adding or removing projects from the proposed capital budget.

Attachment: FY2024-2028 JWN Capital Improvements Plan

III. Committee Review

This item was presented to the Finance Committee on April 12, 2023. The Finance Committee voted 3 to 0 to recommend approval to the Board of Commissioners.

JWN Capital Improvement Plan
Fiscal Years 2024 - 2028
John C. Tune Airport

	Total Project Cost	AIP (D)	AIP (E)	BIL AIG (Allocated)	BIL Year	BIL AIG (Competitive)*	State ECD Fund	State TEF (JWN)	State Grounds Maintenance Equip	JWN	Airlines
FY 2024											
MNPD Hangar	21,000,000									21,000,000	
TBI Hangar	21,000,000									21,000,000	
Drainage Improvement on SW side	100,000										100,000
Tune Airport Drive Resurfacing	250,000										250,000
New Airfield Mower (104" self-propelled mower)	45,000								33,750		11,250
Gator LUV (MEQ 6499)	20,000										20,000
FY 2024 Total	42,415,000	-	-	-	-	-	-	-	33,750	42,000,000	381,250
FY 2025											
RADAR System for JWN ATCT	360,000					360,000					
Runway Pavement Rehabilitation (Major, 2" mill and overlay asphalt)	2,700,000		600,000					1,830,000			270,000
<i>Design</i>	<i>325,000</i>		<i>325,000</i>								
<i>Construction</i>	<i>2,375,000</i>		<i>275,000</i>					<i>1,830,000</i>			<i>270,000</i>
Tune Parking Lot Resurfacing	453,750										453,750
Replace 100 HO Tractor (MEQ 6480 - JD 6415)	65,000								20,000		45,000
FY 2025 Total	3,578,750	-	600,000	-	-	360,000	-	1,830,000	20,000	-	768,750
FY 2026											
Apron Pavement Rehab (Phase 1 of 2; Near Hangar 1, 2" mill and overlay)	2,234,667		150,000	1,688,000	FY23+FY24						396,667
<i>Design</i>	<i>300,000</i>		<i>150,000</i>								<i>150,000</i>
<i>Construction</i>	<i>1,934,667</i>			<i>1,688,000</i>							<i>246,667</i>
FY 2026 Total	2,234,667	-	150,000	1,688,000		-	-	-	-	-	396,667
FY 2027											
Taxiway Alpha Rehabilitation (2" mill and overlay)	900,000		150,000					660,000			90,000
<i>Design</i>	<i>150,000</i>		<i>150,000</i>								
<i>Construction</i>	<i>750,000</i>							<i>660,000</i>			<i>90,000</i>
New Front End Loader (84" for JD tractor)	7,000										7,000
Replace JC CX-15 Brush Hog Mower (MEQ 7377)	20,000										20,000
Apron Pavement Rehab (Phase 2 of 2; Near Fuel Farm, 2" mill and overlay)	2,234,667		150,000	1,688,000	FY25+FY26						396,667
<i>Design</i>	<i>300,000</i>		<i>150,000</i>								<i>150,000</i>
<i>Construction</i>	<i>1,934,667</i>			<i>1,688,000</i>							<i>246,667</i>
FY 2027 Total	3,161,667	-	300,000	1,688,000		-	-	660,000	-	-	513,667
FY 2028											
West Side Access Road and Utilities (For access to westside apron)	6,700,000		150,000				5,880,000				670,000
<i>Design</i>	<i>820,000</i>		<i>150,000</i>								<i>670,000</i>
<i>Construction</i>	<i>5,880,000</i>						<i>5,880,000</i>				
Scissor Lift (MEQ 7406 - 25' working height)	40,000										40,000
FY 2028 Total	6,740,000	-	150,000	-	-	-	5,880,000	-	-	-	710,000
JWN TOTAL	58,130,084	-	1,200,000	3,376,000		360,000	5,880,000	2,490,000	53,750	42,000,000	2,770,334

MNAA RESOLUTION NO. 2023-05

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE METROPOLITAN NASHVILLE AIRPORT AUTHORITY APPROVING THE CAPITAL IMPROVEMENTS PLAN FOR JOHN C. TUNE AIRPORT FOR FISCAL YEARS 2024 TO 2028, THE CAPITAL IMPROVEMENTS BUDGET FOR JOHN C. TUNE AIRPORT FOR FISCAL 2024 AND AUTHORIZING ACCEPTANCE OF THE GRANT(S) FROM THE FEDERAL AVIATION ADMINISTRATION FOR FEDERALLY FUNDED PROJECTS AND FROM THE STATE OF TENNESSEE FOR STATE FUNDED PROJECTS.

WHEREAS, the President has submitted, for Board approval, the attached Capital Improvements Plan for John C. Tune Airport for five fiscal years beginning July 1, 2023, and ending June 30, 2028, pursuant to Article IV, Section 4.3.3 of the Third Amended and Restated Bylaws of the Board of Commissioners.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE METROPOLITAN NASHVILLE AIRPORT AUTHORITY AS FOLLOWS:

Section 1. That the Board of Commissioners hereby approves the attached FY24-FY28 Capital Improvements Plan and FY24 Capital Improvements Budget for fiscal year July 1, 2023 through June 30, 2024 for John C. Tune Airport, which have been made a part hereof as if copied verbatim herein as the Capital Improvements Budget for the John C. Tune Airport.

Section 2. That the Board of Commissioners authorizes acceptance of the grant(s) from the Federal Aviation Administration for federally funded projects and from the State of Tennessee for state funded projects.

Section 3. This Resolution shall take effect from and after its adoption and be made a part of the Board of Commissioners official Minutes of Record.

RECOMMENDED:

ADOPTED:

Douglas E. Kreulen, President & CEO

Joycelyn A. Stevenson, Board Chair

APPROVED AS TO FORM AND LEGALITY:

ATTEST:

Neale R. Bedrock, EVP, General Counsel & CCO

Andrew W. Byrd, Board Secretary

This 19th day of April 2023.

STAFF ANALYSIS

Board of Commissioners

Date: April 19, 2023
 Facility: MNAA Properties Corporation (MPC)
 Subject: MPC Resolution 2023-01
 FY24 MPC Operating Budget

I. Recommendation

Staff requests that the Board of Commissioners:

- 1) approve the proposed operating budget for MNAA Properties Corporation (MPC) for fiscal year 2024 (FY24); and
- 2) authorize the Chair and President & CEO to execute MPC Resolution No. 2023-01.

II. Analysis

A. Background

Pursuant to the Amended & Restated Bylaws of the Board of Directors of MNAA Properties Corporation (Bylaws), Section 4.3.2, the President & CEO must submit the operating budget to the Board for approval at least 60 days prior to the beginning of the fiscal year.

The proposed operating budget for FY24 is summarized below:

MPC Summary	BUDGET 2023	BUDGET 2024	
Operating Revenue	\$ 3,467,000	\$ 3,711,000	①
Operating Expense	(1,447,000)	(2,028,000)	②
Non-Operating Revenue	132,000	258,000	③
Income before Depreciation	\$ 2,152,000	\$ 1,941,000	

MPC Budget by Subsidiary/Parent	International Plaza	Multi-Purpose Building	Global Tire	MPC Parent	TOTAL MPC BUDGET 2024
Operating Revenue	\$ 2,698,000	\$ 961,000	\$ 52,000		\$ 3,711,000
Operating Expense	(1,603,000)	(259,000)	-	(166,000)	(2,028,000)
Non-Operating Revenue	-	-	-	258,000	258,000
Income before Depreciation	\$ 1,095,000	\$ 702,000	\$ 52,000	\$ 92,000	\$ 1,941,000

① Budgeted operating revenue increased \$244,000: based off current lease agreements, the transfer of Air Freight Building tenants to the Multi-Purpose Building in December 2023, and the assumption that only 50% of expiring leases will renew.

② Budgeted operating expense increased by \$581,000. Largest variances:

- Total contractual services increased by \$374,000: a) janitorial services increased by \$250,000 due to a new vendor for the IPB who will provide higher quality service; and b) IPB commissions & tenant improvement expense increased by \$87,000 to cover thirteen expected tenant turnovers in FY24 and other building maintenance.
- Materials and supplies increased by \$19,000 due to an increase in janitorial and HVAC supplies.
- Total utilities increased by \$174,000 to account for a sharp rise in rates, along with higher usage from the additional Multi-Purpose Building tenants expected in December 2023.
- Other operating expenses increased by \$14,000:
 - a) property insurance increased \$29,000 based off MPC's share of anticipated premiums
 - b) decrease of \$15,000 due to a reclass of intercompany revenue (recorded in operating revenue in FY23) to intercompany expenses. This was made to mirror the accounting treatment of intercompany revenues/expenses more closely.

③ Interest income increased by \$126,000 due to increase in cash balances and an anticipated increase in interest rates.

B. Strategic Priorities

- Invest in MNAA
- Plan for the Future
- Prepare for the Unexpected

C. Options/Alternatives

Revise the FY24 Operating Budget by increasing or decreasing revenue and expense items.

III. Committee Review

This item was presented to the Finance Committee on April 12, 2023. The Finance Committee voted 3 to 0 to recommend approval to the Board of Commissioners.

MPC RESOLUTION NO. 2023-01

A RESOLUTION OF THE BOARD OF DIRECTORS OF MNAA PROPERTIES CORPORATION IN ITS CAPACITY AS SOLE MEMBER OF MPC HOLDINGS, LLC APPROVING THE OPERATING BUDGET FOR MPC HOLDINGS, LLC COVERING THE FISCAL YEAR 2024, BEGINNING JULY 1, 2023, AND ENDING JUNE 30, 2024.

WHEREAS, the President has submitted, for Board approval, the attached Operating Budget for MPC Holdings, LLC, Nashville, Tennessee, covering fiscal year beginning July 1, 2023, and ending June 30, 2024, pursuant to Article IV, Section 4.3.2 of the Amended and Restated Bylaws of the Board of Directors.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF MNAA PROPERTIES CORPORATION AS FOLLOWS:

Section 1. That the Board of Directors hereby approves the Operating Budget as presented, which has been made a part hereof as if copied verbatim herein as the Operating Budget for MNAA Properties Corporation for fiscal year 2024.

Section 2. This Resolution shall take effect from and after its adoption and be made a part of the Board of Directors official Minutes of Record.

RECOMMENDED:

ADOPTED:

Douglas E. Kreulen, President & CEO

Joycelyn A. Stevenson, Board Chair

APPROVED AS TO FORM AND LEGALITY:

ATTEST:

Neale R. Bedrock, EVP, General Counsel & CCO

Andrew W. Byrd, Board Secretary

This 19th day of April 2023.

STAFF ANALYSIS

Board of Commissioners

Date: April 19, 2023
Facility: MNAA Properties Corporation (MPC)
Subject: MPC Resolution 2023-02
FY24 MPC Special Projects Budget and FY24-28 Special Projects Plan

I. Recommendation

Staff requests that the Board of Commissioners:

- 1) approve the proposed FY24-28 MPC Special Projects Plan (FY24-28 Capital Improvements Plan); and
- 2) approve the proposed FY24 MPC Special Projects Budget (FY24 MPC Capital Improvements Budget); and
- 3) authorize MPC to accept any 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
- 4) authorize the Chair and President and CEO to execute MPC Resolution No. 2023-02.

II. Analysis

A. **Background**

Staff annually presents a five-year special projects plan (capital improvements plan) and the forthcoming year special projects budget (capital improvements budget) for approval by the Board of Directors.

Pursuant to the Amended & Restated Bylaws of the Board of Directors of MNAA Properties Corporation (Bylaws), Section 4.3.3, a budget for special projects (capital improvements project) shall be prepared and submitted to the Board for approval prior to the closing date of such capital improvements project.

The proposed Special Projects Plan for FY24-28 is summarized below:

MPC Summary:	2024	2025	2026	2027	2028	TOTAL
Total	\$ 1,550,193	\$ 1,027,000	\$ -	\$ -	\$ -	\$ 2,577,193

MNAA contracted with an outside consultant to perform an appraisal/evaluation of the International Plaza (“IP”) building to assess the value and the major CIP projects needed to keep the building in working condition. MNAA is in the process of evaluating this report as well as studying the west side of BNA for future development, which may include the IP building. While no decision has been made on the future of the IP building, the building is occupied by tenants and some projects are needed to ensure the building is safe and in general working order. Examples of this include the boiler and switchgear replacement. Both of these systems are well beyond their useful lives and if at any point they fail, then the building could possibly not be able to accommodate tenants.

All projects are contingent upon the identification and approval of a funding source. The projects programmed for FY24 are shown in the attached Special Projects Plan. The projects and costs shown for FY25-28 are a planning tool and are only estimates at this time. They will be updated annually and presented to the Board. Currently the only identified funding source for the projects on the FY24 Special Projects Plan is IP’s operating cash account, which is \$8.6M as of March 24, 2023.

B. Strategic Priorities

- Invest in MNAA
- Plan for the Future
- Prepare for the Unexpected

C. Options/Alternatives

Revise the FY24 MPC Special Projects Budget by adding/deleting projects from the proposed capital plan.

III. Committee Review

This item was presented to the Finance Committee on April 12, 2023. The Finance Committee voted 3 to 0 to recommend approval to the Board of Commissioners.

Attachment: FY2024 – 2028 MPC Special Projects Plan

MPC Capital Improvement Plan
Fiscal Years 2024 - 2028

Project #	Total Project Cost
FY 2024	
New IP: Replace Electrical Distribution Switchgear	1,035,000
New IP: Replace Fire Pump & Pad	60,000
New IP: Replace Boilers	150,000
New IP: Replace Cooling Tower Motor and Drift Eliminators	24,193
New IP: Roof Repairs	150,000
New IP: Replace all common area carpet	50,000
New IP - Replace all common area carpet (Phase 1: Floors 5 - 9)	31,000
New IP: Conduct Roof Condition Assessment Study	50,000
FY 2024 Total	1,550,193
FY 2025	
New IP: Roof Replacement	1,000,000
New IP: Replace all common area carpet (Phase 2: Floors 1 - 4)	27,000
FY 2025 Total	1,027,000
FY 2026	
FY 2026 Total	0
FY 2027	
FY 2027 Total	0
FY 2028	
FY 2028 Total	0
MPC TOTAL	\$ 2,577,193

Note: Analysis for Maintain vs. Sale vs. Demo being conducted

MPC RESOLUTION NO. 2023-02

A RESOLUTION OF THE BOARD OF DIRECTORS OF MNAA PROPERTIES CORPORATION IN ITS CAPACITY AS SOLE MEMBER OF MPC HOLDINGS, LLC APPROVING THE SPECIAL PROJECTS PLAN FOR FISCAL YEARS 2024 TO 2028, THE SPECIAL PROJECTS BUDGET FOR MNAA PROPERTIES CORPORATION FOR FISCAL YEAR 2024, AND AUTHORIZING ACCEPTANCE OF THE GRANT(S) FROM THE FEDERAL AVIATION ADMINISTRATION FOR FEDERALLY FUNDED PROJECTS AND FROM THE STATE OF TENNESSEE FOR STATE FUNDED PROJECTS.

WHEREAS, the President has submitted, for Board approval, the attached Special Projects Plan for MNAA Properties Corporation for five fiscal years beginning July 1, 2023, and ending June 30, 2028, pursuant to Article IV, Section 4.3.3 of the Amended and Restated Bylaws of the Board of Directors.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE MNAA PROPERTIES CORPORATION AS FOLLOWS:

Section 1. That the Board of Directors hereby approves the attached FY24-FY28 Special Projects Plan and FY24 Special Projects Budget for fiscal year July 1, 2023 through June 30, 2024 for the MNAA Properties Corporation, which have been made a part hereof as if copied verbatim herein as the Special Projects Budget for the MNAA Properties Corporation.

Section 2: That the Board of Directors also authorizes acceptance of the grant(s) from the Federal Aviation Administration for federally funded projects and from the State of Tennessee for State funded projects.

Section 3. This Resolution shall take effect from and after its adoption and be made a part of the Board of Directors official Minutes of Record.

RECOMMENDED:

ADOPTED:

Douglas E. Kreulen, President & CEO

Joycelyn A. Stevenson, Board Chair

APPROVED AS TO FORM AND LEGALITY:

ATTEST:

Neale R. Bedrock, EVP, General Counsel & CCO

Andrew W. Byrd, Board Secretary

This 19th day of April 2023.