

Joint Meeting of the MNAA and MPC Finance, Diversity & Workforce Development (“Finance”) Committees

April 12, 2023

Call to Order

April 12, 2023

Approval of Minutes

Joint Meeting of MNAA and MPC Finance, Diversity & Workforce Development Committees
March 8, 2023

Chair's Report

Andrew Byrd

Finance Committee Chair

Items for Approval

April 12, 2023

- Professional Services Contract for Public Relations Services

Item for Approval

Stacey Nickens

AVP, Corporate Communications

Professional Services Contract for Public Relations Services

Project Description:

Perform public relations, marketing and advertising services at the Nashville International Airport (BNA), John C. Tune Airport (JWN) and MNAAC Properties Corporation (MPC)

Contractor: Finn Partners, Inc.

Contract Cost: \$438,000 annually

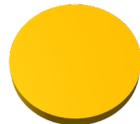
Term: Three years, with two 1-year renewal options

Schedule:

Contract Start July 1, 2023

Contract End June 30, 2026 (2028 w/renewal options)

Funding Source:



■ 100% MNAAC



Staff Recommendation: Recommend to the Board of Commissioners to approve the contract for public relations services and authorize the Chair and President and CEO to execute professional services contract to Finn Partners, Inc. for \$438,000 annually

- WestJet Air Service Incentive Agreement (Vancouver)

Item for Approval

Josh Powell, C.M.

Director, Airline Affairs and Air
Service Development

WestJet Air Service Incentive Agreement (Vancouver)

WestJet Service:

- Currently serves Toronto (YYZ) 3x weekly; Calgary (YYC) 4x weekly
- May 19, 2023: Service to Vancouver, 2x weekly to start

Air Service Incentive Plan (ASIP)

- For new scheduled seasonal service to Canada, at the required minimum of 2x weekly, the ASIP allows for two years of landing fee abatement and marketing funds
 - Year 1: 75% abatement; \$75,000 marketing funds
 - Year 2: 50% abatement; \$25,000 marketing funds

Proposed Incentive / Letter of Agreement (LOA) Terms:

- Term: 2 years from start of service (May 19, 2023 – May 18, 2025)
- Total estimated incentive value based on initial planned 2 flights/week = \$168,300
 - \$68,300 in landing fee abatement
 - \$100,000 in marketing funds
- Incentive variable based upon actual flight activity
 - Max amount = \$339,000 (7 flights/week); Mid-range = \$254,000 Recommended
 - Any amount exceeding \$254,000 requires additional Board approval

- Staff recommends the Board of Commissioners:
 - Approve funding for the proposed marketing incentives and landing fee abatements, up to \$254K.
 - Authorize the Chair and President & CEO to execute the Letter of Agreement (LOA) by and between MNAA and WestJet outlining the specific terms of the proposed incentive.

Staff Recommendation

NOTE:

- ASIP is funded through the NAE Incentive Account, which has a balance of \$7.25M (3/24/2023)
- Other Board approved incentives:
 - British Airways (London) – Up to \$2M (12/9/21 – 12/8/23)
 - Flair Airlines (Edmonton) – Up to \$255K (4/12/22 – 4/11/24)
 - Air Canada (Montreal) - Up to \$371K; 6/2/2022 – 6/1/2024

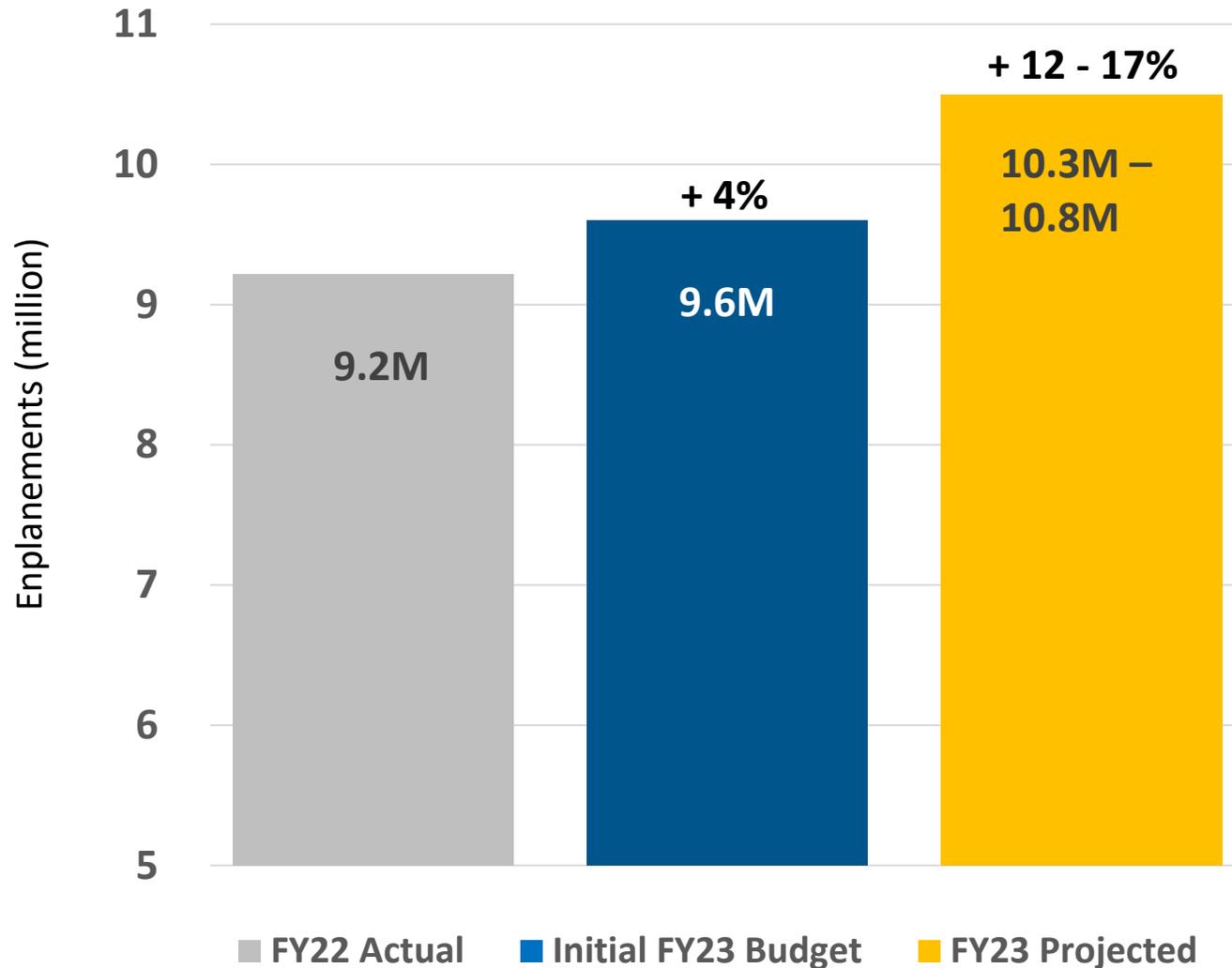
- FY23 O&M Budget Adjustments
 - BNA O&M, MNAA Resolution 2023-06
 - JWN O&M, MNAA Resolution 2023-07
- Signatory Airline Use and Lease Agreement (AULA)
- FY24 O&M and Capital Budgets
 - BNA O&M, MNAA Resolution 2023-02
 - BNA Capital, MNAA Resolution 2023-03
 - JWN O&M, MNAA Resolution 2023-04
 - JWN Capital, MNAA Resolution 2023-05
 - MPC O&M, MPC Resolution 2023-01
 - MPC Capital, MPC Resolution 2023-02

Items for Approval

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

FY23 Amended Budget Intro and Approval

BNA FY23 Enplanement Projections



FY23 O&M Budget Update

- Approved in April 2022, based on 9.6M enplanements
 - 5% over FY22 projection of 9.1 - 9.2M
- FY23 projected to end at 10.3 - 10.8M enplanements
 - 12 - 17% over FY22
 - New record set every month of FY23

FY23 Budget Adjustments - BNA

- Based on new enplanement forecast for FY23:
 - Reviewed operating expenses with various departments. Adjusted the following:
 - Parking related expenses and utilities
 - As of 3/31/23, revenues are above budget. Adjusted the following:
 - Parking revenue and Passenger Facility Charges (PFC's)
- Reevaluated the use of federal relief grants:

<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>

- At 6/30/23: \$37,923,765 of relief grants will be available for FY24 and FY25.

- Debt Service Coverage

Minimum (Board) Coverage Requirements (Net Revenues Only)

- Senior 1.5 (legal requirement 1.25)
- Senior/Subordinate 1.25 (legal requirement 1.10)

	Approved	Amended
- Senior	8.09	11.96
- Senior/Subordinate	2.95	4.85

- | Landing Fee | Approved | Amended |
|-------------|----------|---------|
| | \$2.83 | \$2.83 |

- | Cost per Enplanement (CPE) | Approved | Amended |
|----------------------------|----------|---------|
| | \$6.93 | \$6.46 |

FY23 BNA Amended Budget Summary Metrics

Amended FY23 BNA O&M Budget

Operating Revenue:

- Parking revenue increased \$18.7M

Approved Budget FY23 ('000)	Amended Budget FY23 ('000)	Variance ('000)
\$207,366	\$226,017	\$18,651

Operating Expenses:

- Parking lot operations increased \$3.1M
- Shuttle bus services increased \$1.8M
- Credit card fees (parking) increased \$800K
- Utilities increased \$1.8M

Approved Budget FY23 (\$000)	Amended Budget FY23 (\$000)	Variance (\$000)
\$132,316	\$139,839	\$7,523

Net Non-Operating Income (Expense):

- Increased use of Federal relief grants by \$10M
- Passenger Facility Charges (PFCs) increased \$2.6M

Approved Budget FY23 ('000)	Amended Budget FY23 ('000)	Variance ('000)
(\$7,374)	\$5,262	\$12,636

Amended FY23 BNA O&M Budget

Staff Recommendation:

Staff requests the Finance Committee recommend to the Board of Commissioners that it:

- 1) approve the proposed amended FY23 BNA operating budget and
- 2) authorize the Chair and President & CEO to execute **MNAA Resolution No. 2023-06**.

Total Operating Revenue:

\$226,017,000

Total Operating Expense:

\$139,839,000

Income before Depreciation & Grants:

\$91,440,000

Budget Period:

July 1, 2022 – June 30, 2023

BNA Summary (\$000)	Approved Budget FY23	Amended Budget FY23
Non-Airline Revenue	\$142,711	\$161,362
Signatory Airline Revenue	\$64,655	\$64,655
Total Operating Revenue	\$207,366	\$226,017
Operating Expense	(\$132,316)	(\$139,839)
Net Non-Operating Income (Expense)	(\$7,374)	\$5,262
Income before Depreciation & Grants	\$67,676	\$91,440

Amended FY23 JWN O&M Budget

Operating Revenue:

- Hangar rent increased \$62K
- Reimbursable services increased \$38K
- Fuel flowage fees increased \$21K

Approved Budget FY23	Amended Budget FY23	Variance
\$1,681,000	\$1,802,000	\$121,000

Operating Expenses:

- Janitorial services increased \$26K
- Electrical supplies increased \$17K
- Utilities increased \$85K

Approved Budget FY23	Amended Budget FY23	Variance
\$1,848,000	\$1,976,000	\$128,000

Non-operating revenue:

- Increased use of federal relief funds - \$94K

Approved Budget FY23	Amended Budget FY23	Variance
\$167,000	\$261,000	\$94,000

FY23 JWN Amended O&M Budget

Staff Recommendation:

Staff requests the Finance Committee recommend to the Board of Commissioners that it:

- 1) approve the proposed amended FY23 JWN operating budget and
- 2) authorize the Chair and President & CEO to execute **MNAA Resolution No. 2023-07**.

Total Operating Revenue:

\$1,802,000

Total Operating Expense:

\$1,976,000

Income before Depreciation, Grants and Transfers from MNAA:

\$87,000

Budget Period:

July 1, 2022 – June 30, 2023

JWN Summary	Approved Budget FY23	Amended Budget FY23
Operating Revenue	\$1,681,000	\$1,802,000
Operating Expense	(\$1,848,000)	(\$1,976,000)
Non-Operating Revenue	\$167,000	\$261,000
Income before Depreciation, Grants and Transfers from MNAA	\$0	\$87,000

Airline Use and Lease Agreement (AULA)



Dan Benzon
President, Benzon Aviation Consulting



Jeff Schulthess
Vice President, Landrum & Brown

Airline Use & Lease Agreement Financial Team

MNAA Goals & Objectives for Airline Use & Lease Agreement (AULA)

- **Capital Program**

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

- **Operational**

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

- **Financial**

- 8) Maintain adequate debt service coverage
- 9) Maintain adequate liquidity
- 10) Maintain competitive airline costs
- 11) Maximize non-airline revenue opportunities

Airline Use and Lease Agreement (AULA) Timeline

- Sep – Dec 2021 ✓ Negotiated 1-year extension to current AULA (expires June 30, 2023)
- Jan – Sep 2022 ✓ Resumed negotiations of new AULA
- Sep – Oct 2022 ✓ Reached agreement on material elements of a new AULA
 - Oct 17, 2022: Southwest signed Memorandum of Understanding on material terms
 - Oct 19, 2022: Board approved these terms for preparation of FY24 Budget/Official Statement
- Nov – Dec 2022 ✓ Additional Airline Negotiation meetings (Non-material terms; 1st draft of new agreement)
- January 11, 2023 ✓ Negotiations completed with Airlines
 - ✓ Final Legal reviews and Airline comments received
- March 2023 ✓ Final AULA document sent to Airlines for signature

Airline Use and Lease Agreement (AULA) Timeline

Timeline

- March - April 2023 • Airlines to return executed lease agreements (anticipate some will take longer)
- April 19, 2023 • Board approval of new AULA
- May – June 2023 • Any remaining executed AULAs to be received by MNAA
- July 1, 2023 • Implement FY24 airline rates and charges per the new AULA

Airline	% Landed Weight	AULA Sent	AULA Executed
Southwest	50.9%	2/28	3/27
American	14.8%	3/10	
Delta	12.2%	3/8	3/13
United	7.8%	3/14	
Spirit	3.2%	3/14	
Allegiant	3.6%	3/14	
JetBlue	2.4%	3/14	
Frontier	1.3%	3/14	
Alaska	0.9%	3/14	
Federal Express	2.7%	3/13	
Signatory Landed Wt.	100%	100%	63.1%

Key Business Terms – Current AULA vs. New AULA

Item	Business Term – Current AULA	Business Term – New AULA
Term	7 years (FY16-FY23)	8 years (FY24-FY31) with one 2-year mutual option. If Concourse A opening is delayed, the two-year option is automatically extended to FY33.
Minimum Signatory Airline Commitment	<u>Passenger carriers</u> : Leases at least one preferential gate and ticket counter <u>Cargo carriers</u> : Leases at least one cargo bay	<u>Passenger carriers</u> : Must pay at least 1% of the total rates, charges, and fees paid by all Signatory Airlines <u>Cargo carriers</u> : Must pay at least 1% of annual landing fees paid by all Signatory Airlines
Landing Fee Methodology	Residual	Residual
Terminal Rate Methodology	Fixed Rate per square foot: <ul style="list-style-type: none"> \$90 FY16 & FY17; \$100.55 FY18 2.5% escalation each FY after FY18 	Commercial compensatory with 50% airline rented space minimum if debt service coverage requirements of 1.50x and 1.25x are not met
Satellite Concourse Terminal Rate	N/A	2.5% discount from main terminal rate

Key Business Terms – Current AULA vs. New AULA

Item	Business Terms – Current AULA	Business Terms – New AULA
Debt Service Coverage	N/A	Rolling debt service coverage in all rate calculations for airline cost centers
Revenue Sharing	<u>In-Terminal Concession Revenue Share:</u> FY16 – 70%, FY17 – 60%, FY18-FY23 – 50% <u>Rental Car Concession Revenue Share:</u> FY16-FY17 – 20%, FY18-FY23 – 0%	Provided from available In-Terminal concessions based on the weighting of three set factors: a) Net Remaining Revenues (20%), b) In-Terminal concessions (50% - 25%), c) Amount Per Enplaned Passenger (\$1 - \$0.50)
O&M Reserve Fund	2 months of estimated O&M expenses established over 5 years	Increase from 2 to 3 months over four years
R&R Reserve Fund	\$5M established over 5 years	Increase from \$5M to \$10M over four years
Amortization (Cash funded projects)	N/A	<ul style="list-style-type: none"> Included in rates (except landing fee) up to \$1M annually (with 3% annual escalator) \$50M floor of MNAA cash on defined capital projects (increases to \$75M if 11M enplanements by FY27)

Key Business Terms – Current AULA vs. New AULA

Item	Business Terms – Current AULA	Business Terms – New AULA
Reliever Airport Contribution	\$410,000 in FY17 with ~ 2.5% escalator each subsequent fiscal year	\$500,000 in FY24 with a 3% escalator each subsequent fiscal year
Capital Improvements – Majority-in-Interest (MII) Review	<ul style="list-style-type: none"> • Airfield Only • Positive MII • Exemptions – Projects < \$50,000 	<ul style="list-style-type: none"> • Airfield Only • Negative MII • Exemptions – Projects < \$2,000,000
Gate Utilization – Preferential Use Gate	<ul style="list-style-type: none"> • 4 daily turns (FY17-FY22) • 5.75 daily turns for 1 year extension (FY23) 	6 daily turns or 900 aircraft scheduled seats
At Risk Gate	N/A	<ul style="list-style-type: none"> • Certain preferential gates can be leased “at risk” by an airline • Can be taken back by MNAA at 30-day notice
Reserved Common Use Gates	N/A	Authority will reserve an estimated five gates for common use

Summary and Staff Recommendation

- New AULA meets MNAA's key goals and objectives:
 - A. Allows implementation of BNA Vision, New Horizon, and other major projects to meet operational demand
 - B. Increased aircraft gate utilization to use our assets more efficiently
 - C. Maintains flexibility to accommodate changing needs/business models of all airlines serving BNA
 - D. Maintains strong financial metrics – debt service coverage, liquidity
- **Staff Recommendation:**

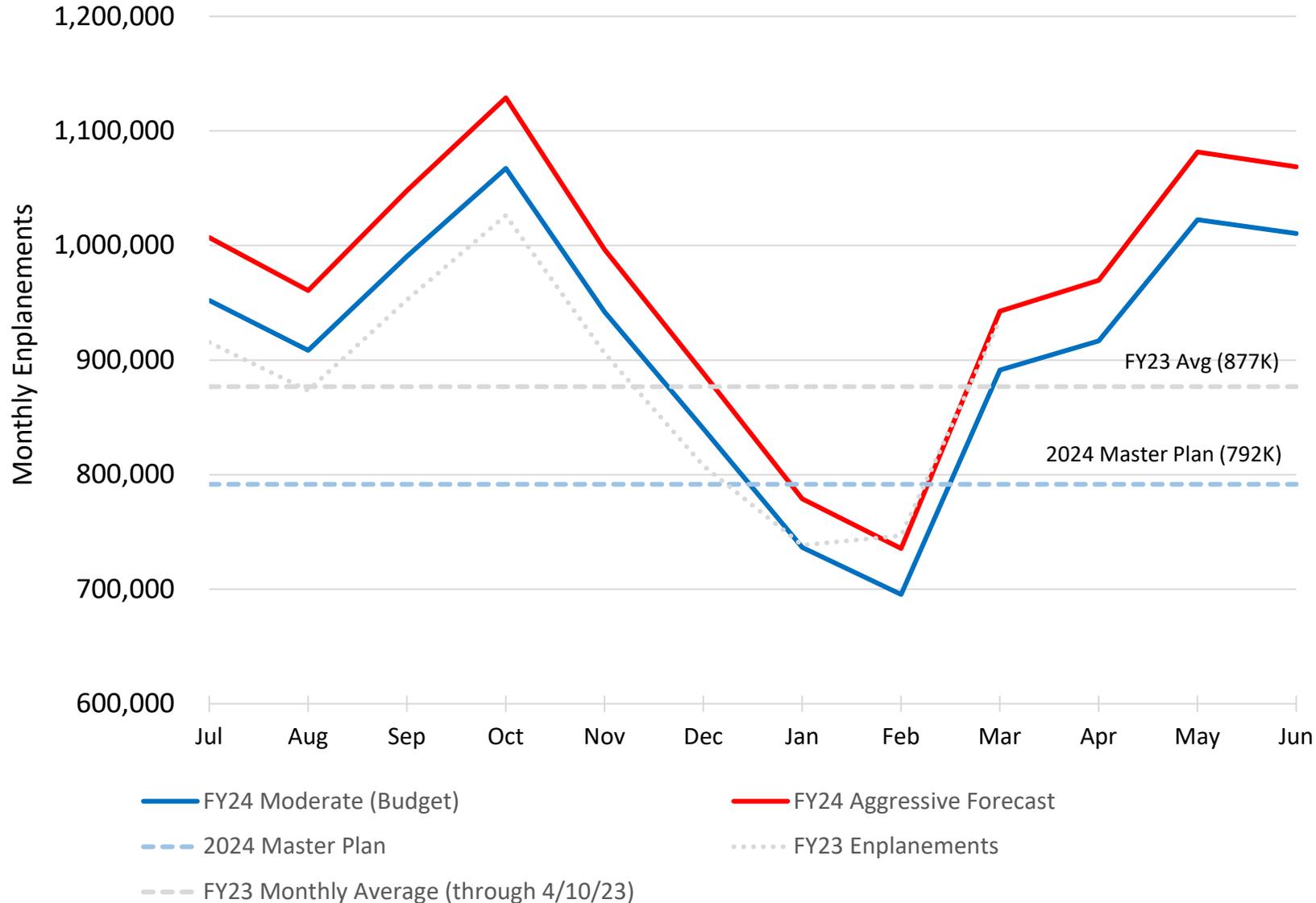
Staff requests the Finance Committee recommend to the Board of Commissioners that it:

 - 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

FY24 Budget Intro & Approval

BNA FY24 Enplanement Forecasts

FY24 Monthly Enplanement Projections



- FY24 Forecasts:
 - Moderate 10.97M
 - Strategic 11.29M
 - Aggressive 11.61M
- FY24 Budget (Moderate):
 - 10.97M enplanements

- Financial Team must accomplish the following:
 - Ensure we can make all required debt service payments
 - Meet both Board required debt service coverage and days cash on hand metrics to maintain our credit ratings
 - Minimize financial impact to our business partners to enhance future air service
 - Stay within the Official Statement’s operating expense guideline for projected enplanement levels: \$165.3 million

CEO Guidance for FY24 Budget Preparation

FY24 BNA Budget Summary

	<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>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>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>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>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>31,369,043</u>	<u>31,369,043</u>
Remaining Funds as of 6/30/24	-	-	6,554,722	6,554,722

- Use of Federal Relief Funds – Operating Expense and Debt Service
- \$126,452,218 Total Award
 - \$31.4M planned use in FY24
 - Balance of \$6.6M at 6/30/24 to be used in FY25

- **Debt Service Coverage**

Minimum (Board) Coverage Requirements (Net Revenues Only)

- Senior 1.5 (legal requirement 1.25)
- Senior/Subordinate 1.25 (legal requirement 1.10)

	FY2023	FY2024
- Senior	11.96	9.99
- Senior/Subordinate	4.85	6.40

- Landing Fee

	FY2023	FY2024
	\$2.83	\$2.88

- Cost per Enplanement (CPE)

	FY2023	FY2024
	\$6.46	\$8.94

- Days Cash on Hand

Board Requirements 550-650 days
 Days Cash on Hand 3/31/22 829 days*

* Calculated using 4 main reserve funds only (NAE, Revenue Fund, O&M Fund, R&R Fund)

FY24 BNA Budget Summary Metrics

- FY24 BNA O&M Budget, **MNAA Resolution #2023-02**
- FY24 BNA Capital Improvements Budget & FY24-28 Capital Improvements Plan, **MNAA Resolution #2023-03**
- FY24 JWN O&M Budget, **MNAA Resolution #2023-04**
- FY24 JWN Capital Improvements Budget & FY24-28 Capital Improvements Plan, **MNAA Resolution #2023-05**
- FY24 MPC O&M Budget, **MPC Resolution #2023-01**
- FY24 MPC Special Projects Budget & FY24-28 Special Projects Plan, **MPC Resolution #2023-02**

Items for Approval

FY24 BNA O&M Budget

Operating Revenue:

- Increased \$56.3M

Budget FY23 ('000)	Budget FY24 ('000)	Variance ('000)
\$226,017	\$282,308	\$56,291

I. Non-Airline Revenue:

- Parking increased \$8.5M:
 - Higher enplanements
 - Parking rate increase 3/1/23
 - Additional capacity from third garage opening in April
- Concessions increased \$13.6M: (higher enplanements)
 - Food & Retail concessions \$5.2M
 - Rental car concessions \$4.6M
 - TNC (Uber and Lyft) \$2.4M
- Space Rent increased \$3.0M:
 - Higher non-signatory per use fees, increased rental rates, and new space being leased

Budget FY23 ('000)	Budget FY24 ('000)	Variance ('000)
\$161,362	\$185,757	\$24,395

FY24 BNA O&M Budget

Operating Revenue (continued):

II. Signatory Airline Revenue:

- Terminal space rent increased \$17M:
 - increase in the rate under the new terminal cost methodology in the AULA
 - increase in leased space, which includes the Satellite Concourse scheduled to open in October.
- Baggage fees increased \$8.7M
 - increase in terminal rental rates which are allocated to the baggage area
 - Allocated costs now allowed in the new AULA
- Landing fees increased \$7.7M:
 - Rate increase from \$2.83 to \$2.88
 - Higher forecasted landed weights

Budget FY23 ('000)	Budget FY24 ('000)	Variance ('000)
\$64,655	\$96,551	\$31,896

FY24 BNA O&M Budget

Operating Expenses:

- Salaries & benefits increased \$5M:
 - 57 new positions and cost of living adjustment
- Contractual services increased \$17.5M:
 - Shuttle bus services \$7.2M
 - New electric shuttle services to Satellite Concourse
 - Janitorial services \$3.9M
 - Contract escalation
 - New service for Grand Hall, new Garage, Satellite Concourse
 - Security services \$1.2M
 - Additional hours for ground traffic officers
 - Credit card fees \$1.5M
 - Increase in parking revenue
 - Software contracts \$1.1M
 - Increases in cost and quantity of various contracts

Budget FY23 (\$000)	Budget FY24 (\$000)	Variance (\$000)
\$139,839	\$165,870	\$26,031

FY24 BNA O&M Budget

Operating Expenses (continued):

- Material and Supplies increased \$2.8M:
 - Minor equipment, radios, uniforms for employees \$1.5M
 - Baggage system and jet bridge supplies \$400K
 - Janitorial supplies \$250K
 - Building maintenance supplies \$400K
- Utilities increased \$1M:
 - Higher rates and additional usage related to openings of Grand Hall, new Garage, and Satellite Concourse

Budget FY23 (\$000)	Budget FY24 (\$000)	Variance (\$000)
\$139,839	\$165,870	\$26,031

FY24 BNA O&M Budget

Net Non-Operating Income/(Expense):

- Interest income increased \$9.4M:
 - Additional cash received from bond issue in Dec. 2022
 - Higher interest rates
- Increase in passenger facility charges of \$2.5M; customer facility charges of \$1.2M:
 - Additional enplaned passengers
- Grant receipts increased \$4.3M
 - Increase in use of CARES/CRRSA/ARPA funds in FY24
- Bond issuance costs decreased \$4M
 - No bond issuance anticipated in FY24
- Interest expense increased \$9.8M:
 - Full year of interest expense from 2022 bond issuance

Budget FY23 ('000)	Budget FY24 ('000)	Variance ('000)
\$5,262	\$17,030	\$11,768

FY24 BNA O&M Budget

Recommendation:

Staff requests the Finance Committee recommend to the Board of Commissioners that it:

- 1) approve the proposed FY24 BNA operating budget and
- 2) authorize the Chair and President & CEO to execute **MNAA Resolution No. 2023-02.**

Total Operating Revenue:

\$282,308,000

Total Operating Expense:

\$165,870,000

Income before Depreciation & Grants:

\$133,468,000

Budget Period:

July 1, 2023 – June 30, 2024

BNA Summary (\$000)	Budget FY23	Budget FY24
Non-Airline Revenue	\$161,362	\$185,757
Signatory Airline Revenue	\$64,655	\$96,551
Total Operating Revenue	\$226,017	\$282,308
Operating Expense	(\$139,839)	(\$165,870)
Net Non-Operating Income	\$5,262	\$17,030
Income before Depreciation & Grants	\$91,440	\$133,468

FY24 BNA Capital Improvement Budget & FY24-FY28 Capital Improvement Plan

Recommendation:

Staff requests the Finance Committee recommend to the Board of Commissioners that it:

- 1) approve the proposed FY24-FY28 BNA Capital Improvement Plan, and
- 2) approve the proposed FY24 BNA Capital Improvement Budget, and
- 3) authorize MNAA to accept all grant(s) from the Federal Aviation Administration (FAA) and from the State of Tennessee, and designate the President & CEO, or designee, as the authorized representative of the Authority, and
- 4) authorize the Chair and President & CEO to execute **MNAA Resolution No. 2023-03.**

Total FY24 CIP Budget:

\$188,565,000

Budget Period:

July 1, 2023 – June 30, 2024

BNA Summary (\$000)	FY24	FY25	FY26	FY27	FY28	Total
Terminal & Landside	\$71,450	\$881,860	\$31,000	\$207,500	\$500	\$1,192,310
Vehicles & Equipment	\$6,915	\$9,465	\$1,280	\$735	\$735	\$19,130
Airside Improvements	\$110,200	\$90,815	\$124,007	\$70,268	\$36,063	\$431,354
Total	\$188,565	\$982,140	\$156,287	\$278,503	\$37,298	\$1,642,794

FY24 JWN O&M Budget

Operating Revenue:

- Land rental increased \$456K
 - Execution of 5 of 10 new North Development leases
- Hangar rent increased \$159K
 - Rent increase effective 7/1/23
- Reimbursable expenses decreased - \$33K

Budget FY23	Budget FY24	Variance
\$1,802,000	\$2,384,000	\$582,000

Operating Expenses:

- Salaries & benefits increased \$261K
- Contractual services decreased \$130K:
 - Removal of one-time expenses and office trailers
- Materials & supplies decreased \$13K
- Utilities increased \$66K
- Other operating expenses increased \$143K:
 - Property insurance, fuel, BNA administrative overhead allocation

Budget FY23	Budget FY24	Variance
\$1,976,000	\$2,303,000	\$327,000

FY24 JWN O&M Budget

Non-operating revenue:

- Federal relief grant receipts decreased \$205K
 - All JWN relief funds will be used by end of FY23
- State grant revenue increased \$19K
 - Anticipated state grant for equipment

Budget FY23	Budget FY24	Variance
\$261,000	\$76,000	(\$185,000)

FY24 JWN O&M Budget

Recommendation:

Staff requests the Finance Committee recommend to the Board of Commissioners that it:

- 1) approve the proposed FY24 JWN operating budget and
- 2) authorize the Chair and President & CEO to execute **MNAA Resolution No. 2023-04.**

Total Operating Revenue:

\$2,384,000

Total Operating Expense:

\$2,303,000

Income before Depreciation, Grants and Transfers from MNAA:

\$157,000

Budget Period:

July 1, 2023 – June 30, 2024

JWN Summary	Budget FY23	Budget FY24
Operating Revenue	\$1,802,000	\$2,384,000
Operating Expense	(\$1,976,000)	(\$2,303,000)
Non-Operating Revenue	\$261,000	\$76,000
Income before Depreciation, Grants and Transfers from MNAA	\$87,000	\$157,000

FY24 JWN Capital Improvement Budget & FY24-FY28 Capital Improvement Plan

Recommendation:

Staff requests the Finance Committee recommend to the Board of Commissioners that it:

- 1) approve the proposed FY24-FY28 JWN Capital Improvement Plan, and
- 2) approve the proposed FY24 JWN Capital Improvement Budget, and
- 3) authorize MNAA to accept all grant(s) from the Federal Aviation Administration (FAA) and from the State of Tennessee, and designate the President & CEO, or designee, as the authorized representative of the Authority, and
- 4) authorize the Chair and President & CEO to execute **MNAA Resolution No. 2023-05**.

Total FY24 CIP Budget:

\$42,415,000

Budget Period:

July 1, 2023 – June 30, 2024

JWN Summary (\$000)	FY24	FY25	FY26	FY27	FY28	Total
Terminal & Landside	\$350	\$454	\$0	\$0	\$6,700	\$7,504
Vehicles & Equipment	\$65	\$65	\$0	\$27	\$40	\$197
Airside Improvements	\$42,000	\$3,060	\$2,235	\$3,135	\$0	\$50,429
Total	\$42,415	\$3,579	\$2,235	\$3,162	\$6,740	\$58,130

FY24 MPC O&M Budget

Operating Revenue:

- Increase in rent per lease agreements and the transfer of Air Freight tenants to the Multi-Purpose Building

Budget FY23	Budget FY24	Variance
\$3,467,000	\$3,711,000	\$244,000

Operating Expenses:

- Increase in contractual services \$374K:
 - Janitorial services and tenant improvements
- Materials and supplies increased \$19K
- Utilities increased \$174K
- Other operating expenses increased \$14K

Budget FY23	Budget FY24	Variance
\$1,447,000	\$2,028,000	\$581,000

Non-Operating Income:

- Interest income increased due to higher interest rates

Budget FY23	Budget FY24	Variance
\$132,000	\$258,000	\$126,000

FY24 MPC O&M Budget

Recommendation:

Staff requests the MPC Finance Committee recommend to the MPC Board of Directors:

- 1) approve the proposed FY24 MPC operating budget and
- 2) authorize the Chair and President & CEO to execute **MPC Resolution No. 2023-01**.

Total Operating Revenue:

\$3,711,000

Total Operating Expense:

\$2,028,000

Income before Depreciation:

\$1,941,000

Budget Period:

July 1, 2023 – June 30, 2024

MPC Summary	Budget FY23	Budget FY24
Operating Revenue	\$3,467,000	\$3,711,000
Operating Expense	(\$1,447,000)	(\$2,028,000)
Non-Operating Income	\$132,000	\$258,000
Non-Operating Expense	\$0	\$0
Income before Depreciation	\$2,152,000	\$1,941,000

FY24 MPC Special Projects Budget & FY24-FY28 MPC Special Projects Plan

Recommendation:

Staff requests the MPC Finance Committee recommend to the MPC Board of Directors that it:

- 1) approve the proposed FY24-FY28 MPC Special Projects Plan, and
- 2) approve the proposed FY24 MPC Special Projects Budget, and
- 3) authorize MNAA to accept all grant(s) from the Federal Aviation Administration (FAA) and from the State of Tennessee, and designate the President & CEO, or designee, as the authorized representative of the Authority, and
- 4) authorize the Chair and President & CEO to execute **MPC Resolution No. 2023-02**.

Total FY24 CIP Budget:

\$1,550,000

Budget Period:

July 1, 2023 – June 30, 2024

MPC Summary (\$000)	FY24	FY25	FY26	FY27	FY28	Total
Total	\$1,550	\$1,027	\$0	\$0	\$0	\$2,577

- FY24 BNA O&M Budget, **MNAA Resolution #2023-02**
- FY24 BNA Capital Improvements Budget & FY24-28 Capital Improvements Plan, **MNAA Resolution #2023-03**
- FY24 JWN O&M Budget, **MNAA Resolution #2023-04**
- FY24 JWN Capital Improvements Budget & FY24-28 Capital Improvements Plan, **MNAA Resolution #2023-05**
- FY24 MPC O&M Budget, **MPC Resolution #2023-01**
- FY24 MPC Special Projects Budget & FY24-28 Special Projects Plan, **MPC Resolution #2023-02**

Items for Approval

Information Items

April 12, 2023

- BNA Concessions Program Update

Information Item

Colleen Von Hoene
Associate Principal, Paslay Group

Fraport Terminal Concessions Program

- 15 locations scheduled to open in September 2023
 - 14 have been approved to Code
- Approval of Amendment 8 to Fraport Lease and Amendment 1 to CRDC Sublease has been moved to May 2023

Paradies Satellite Concourse Concessions Program

- 7 locations scheduled to open October 2023
 - Final construction drawings for all 7 locations under review

Concessions Activity 2023 Locations



Joint Meeting of the MNAA and MPC Finance, Diversity & Workforce ("Finance") Committees

Meeting Adjourned