Agenda of the Joint Meeting of the MNAA and MPC Finance, Diversity & Workforce Development Committees

Nashville International Airport

Date/Time:	Wednesday, April 12, 2023, at 9:30 a.m.
Place:	Nashville International Airport – Tennessee Board Room
Finance Committee Members:	Andrew Byrd, Committee Chair Dr. Glenda Glover, Committee Vice Chair Jimmy Granbery

I. CALL TO ORDER

II. APPROVAL OF MINUTES

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

III. CHAIR'S REPORT

IV. ITEMS FOR APPROVAL

1. Professional Services Contract for Public Relations Services
2. WestJet Incentive Agreement – Vancouver
3. Adjustment to FY23 O&M Budget – BNA, MNAA Resolution 2023-06
4. Adjustment to FY23 O&M Budget – JWN, MNAA Resolution 2023-07
5. Airline Use & Lease Agreement
6. FY24 O&M Budget – BNA, MNAA Resolution 2023-02
7. FY24 Capital Budget – BNA, MNAA Resolution 2023-03
8. FY24 OM Budget – JWN, MNAA Resolution 2023-04
9. FY24 Capital Budget – JWN, MNAA Resolution 2023-05
10. FY24 O&M Budget – MPC, MPC Resolution 2023-01
11. FY24 Capital Budget – MPC, MPC Resolution 2023-02

V. INFORMATION ITEMS

1. BNA Concessions Program Update

VI. ADJOURN

Minutes of the Joint Meeting of the MNAA and MPC Finance, Diversity & Workforce Development Committees

BNA® Nashville International Airport®

Date: March 8, 2023

Location: Metropolitan Nashville Airport Authority
Tennessee Boardroom

Time: 9:41 a.m.

Committee Members Present: Andrew Byrd, Chair, Dr. Glenda Glover, Vice Chair, and Jimmy Granbery

Committee Members Absent:

Others Present: Joycelyn Stevenson, Bobby Joslin, Bill Freeman, Nancy Sullivan, Doug Kreulen, Neale Bedrock, Lisa Lankford, Rachel Moore, and Trish Saxman

---

I. CALL TO ORDER

Chair Byrd called the Joint Meeting of the MNAA and MPC Finance, Diversity & Workforce Development (Finance) Committee to order at 9:41 a.m. pursuant to Public Notice dated March 3, 2023.

II. APPROVAL OF MINUTES

Chair Byrd asked for a motion to approve the minutes of the February 8, 2023 Finance Committee Meeting and Commissioner Granbery made a motion and Vice Chair Glover seconded the motion. The motion carried by vote of 3 to 0.

III. CHAIR'S REPORT

Chair Byrd has no Chair's Report.

IV. ITEMS FOR APPROVAL

1. JWN North Development Lease Terms (Letter of Intent) ("LOI") – Parcels 6 & 7 – Jet Access Group

   President Kreulen introduced Carrie R. Logan, Associate General Counsel, who gave an update on two JWN North Development Lease Terms. Ms. Logan stated that, relative to Parcels 6 and 7, there is an LOI with Jet Access Group 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 over $200K in year one and a new asset that will vest in 31.5-36.5 years.

Ms. Logan requested that the Finance Committee recommend to 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.

Commissioner Granbery asked for a motion to approve as presented. Chair Byrd seconded the motion. The motion passed with a vote of 3 to 0.

Chair Byrd asked who the principals are behind Jet Access. Ms. Logan stated she will get that information for next week. She shared that Jet Access is an aviation corporation that develops hangars and provides hangar leasing opportunities. Chair Byrd asked if they represent individuals in our community or if they are a nationwide group. Ms. Logan replied they are a nationwide group. Chair Byrd asked how their financial suitability was determined. Ms. Logan responded that they submitted information, including letters from their banks, which was reviewed by the MNAA finance department and which demonstrated their ability to obtain the financing for the development. President Kreulen stated that our contractors submit financials to our finance team for their review. For any contractors that we are dealing with if it pertains to small, minority or women owned businesses, Ms. Taylor's business diversity team conducts a similar review. Commissioner Granbery pointed out that MNAA's collateral is the $20M hangar they are constructing on our property, which MNAA will own if they default.

Vice Chair Glover asked Ms. Logan to clarify the assignment rights. Ms. Logan explained that over the term of the lease, if they assign the lease, then MNAA receives a variable percentage of the gross transaction fee. MNAA intends to lease this entity for the next 31.5 to 36.5 years but if they do assign it in order to sell their lease and make money, we will receive a portion of that. Vice Chair Glover asked if the lease agreement expresses these terms when it is drafted. Ms. Logan replied yes.

President Kreulen stated that the FFA requires us to be self-sustaining and charge Fair Market Rental Value (FMRV), which we are reflecting in our contracts. He noted that is not how we used to do business. These are our standard terms, so if you want to develop hangars on our property with the option to assign it somewhere else down the road, then MNAA will ensure we make a profit as well. We want them to stay the whole lease. Chair Byrd asked if it is 20% of the net above the original lease or the gross transaction value paid in a lump sum or paid over the term of the lease. Ms. Logan stated if they assign it, it will be a lump sum. We have some that are the true gross transaction value and some that are phrased as the gross, minus the amortized value of the building.

2. JWN North Development Lease Terms (Letter of Intent) ("LOI") – Parcels 8 & 9 – JetRight Properties

Ms. Logan stated that JetRight Properties LLC has two parcels of land, Parcels 8 and 9, for a total of 1.68 acres. It has substantially the same terms as the Jet Access lease for the property description, effective date and terms. The base rent increased to $3.00/SF with the same remaining terms on the improvements they anticipate a minimum of $5M for a hangar of at least 20,000SF. This is a triple net lease with the same assignment provisions. This will be a revenue impact in year one of approximately $220K and a new asset that will vest in 31.5-36.5 years.

Ms. Logan requested that the Finance Committee recommend to 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.

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

Chair Byrd asked if the financials were reviewed as well. Ms. Logan replied yes. Commissioner Granbery stated as a point of clarification, a $20M hangar is a 20,000SF hangar at $5-$6M in value so that is our collateral. It would be a 20,000SF hangar that we would now own plus the land. In response to Chair Byrd's question, President Kreulen informed the Committee that JetRight is on BNA today. They created themselves here, bought some old hangars, reinvested and have some beautiful hangars next to Signature. JetRight has so much business they want another hangar to operate some of the charter jets out of JWN. It is someone who started a company here at BNA and now they are expanding themselves to also be at JWN.

V. INFORMATION ITEMS

1. FY23 O&M Budget Update

President Kreulen introduced Marge Basrai, EVP, Chief Financial Officer, who briefed the Committee on the FY23 O&M Budget Update. Ms. Basrai stated that the MNAA budget is built around the BNA FY23 enplanement projection established in mid-FY22 and approved in April 2022. We used the projection of 9.6M enplanements which is about 4-5% above FY22, however now FY23 is now projected to end at 10.5M enplanements, which is 14% over FY22. The budget is based on the moderate scenario—we have a moderate scenario, a strategic scenario, and an aggressive scenario. Actual enplanements are targeted between the moderate and the aggressive scenario, but we budget using moderate. The moderate scenario for FY23 would be 10.3M enplanements for a budget adjustment. Ms. Basrai presented a table as a reminder of what the Board approved for the FY23 budget for all three entities, and provided an update of financials at the end of January 2023. BNA's revenue is $27.2M above budget. All revenue is 14% above the prior year, and we only budgeted 4%. Parking, ground transportation, car rental and airline revenue make up $27.2M above budget. Right now, expenses for BNA are $1.5M under budget, but we are over budget in contract services and utilities. We are slightly under budget right now because of salaries with the vacancies that we have. MNAA anticipates that by the end of the year our overall expenses will be over the full $132M for BNA.

JWN's revenue is slightly $59K above budget, and the expenses are $14,800 over but have been decreasing over the past few months. MPC revenue is about $203K over and the expenses are $116K under budget. We anticipate returning to the Board in April to do a budget adjustment for BNA. We need more time to explore whether budget adjustments are required for JWN and MPC, which are both close to where our budget is.

Vice Chair Glover asked Ms. Basrai how she got down to 10.3M enplanements for the adjusted budget. Ms. Basrai replied when we look at our budget we target a range, and the range is anywhere from 10.3M up to 10.8M, and 10.3M is the lower estimate of the range. We are conservative in case there is some softening in the numbers from what we have seen the last 6-7 months, so we budget based on the lower range of 10.3M to 10.8M, targeting to hope to meet 10.6. Vice Chair Glover stated that the additional budget was 9.6M and revised to 10.5M enplanements. Ms. Basrai stated the budget will go up to 10.3M, hoping to reach 10.5M enplanements.

Vice Chair Glover asked if something else determines the budget, since the projected enplanements are 10.5M. Ms. Basrai stated yes, generally what we do is we show a moderate which is what we budget on. Vice Chair Glover asked if that is 9.6M. Ms. Basrai stated no, the 9.6 was the moderate budget approved in April 2022, however the enplanements started coming in way above what we thought it would be. President Kreulen stated we think we are going to get to 10.5M enplanements, and Ms. Basrai is stating that conservatively we are willing to budget to 10.3M enplanements. Vice Chair Glover stated that she understood but wondered why it was 10.5M on the prior chart and 10.3M on this chart, and trying to understand the difference of those two numbers. Ms. Basrai stated, yes, 10.5M is the estimate if everything stays the way it has been going for the next few months. We try to be a little more conservative when we are actually looking at that budget, trying to allow for a little bit of softening that could occur in those few months. Everyone keeps talking about a recession to hit at some point, but no one knows, so we tend to budget slightly less. The final budget will be based on approximately 10.3M enplanements, which will be coming in April. President Kreulen stated just as an example, last year we ended up with 18.4M passengers. If we build the original budget this year and go by that 4% it will take us to 19.2M passengers. Ms. Basrai wants to change that budget and say what if we get to 20.6M passengers. We think if the Fed rate hikes do not slow anything down, we will actually get to 21M passengers, but only wants to budget us for 20.6M right now. As it looks expenditure wise, if Ms. Basrai adjusts our budget to 10.3M enplanements which will be 20.6M passengers, we are going to be able to pay all our expenses and still have some money left over. It is not a revenue problem right now; it is all of those contract services to clean garages and restrooms and the things that came up in the previous meeting that are running over budget right now. We also have forty plus vacancies we are trying to fill.

Vice Chair Glover asked about JWN. President Kreulen stated JWN is over about $60K on revenue and their expenses are over a little bit as well He explained JWN is always a break-even airport and when we get these next ten leases going, JWN will go from breaking even to profitable. Vice Chair Glover asked if we are budgeting JWN to be over budget. Ms. Basrai replied those are the actuals right now through January and realizes we will need to do an adjustment for BNA and not sure if we will need to do an adjustment for JWN or MPC, we are doing more research to see if adjustments will be needed. Vice Chair Glover remarked on the profit for MPC. President Kreulen stated MPC has always made money, but the real money is at BNA and obviously all of that is going to debt services. Vice Chair Glover stated she realizes we are doing well, and asked how we prevent being over budget. Ms. Basrai stated that is just operating revenue and expenses, for JWN also has the non-operating revenue for some of the ARPA and CRRSA money that they receive and that generally brings you back into balance. President Kreulen stated regarding JWN when we developed a good business model for how we are charging hangar rents now and, in the future, it brought JWN to breaking even. Those 100 hangars we built after the March 2020 tornado are going to start showing up next year as at least breaking even, and those 10 new ones on the North side will be operating like a business and make money which can then be reinvested on the West side.

2. Airline Use & Lease Agreement (AULA) Update

Ms. Basrai updated the Committee on the Airline Use & Lease Agreement ("AULA"). MNAA is still on track. Execution copies for the new agreement were sent last week to the two airlines, and we have one more exhibit to put together and trying to get the rest of them out this week. Southwest and Delta have indicated that they have all their internal approvals ready to go and are ready to sign. That would represent about 64.4% of our traffic. We are on track to bring the Agreement to the Board for approval in April for a July 1, 2023 implementation of the new rates and charges. We do anticipate that all the airlines will sign this agreement, however, to get through all their internal processes it does take some time so it will be over the next several months to get all the signed agreements back. President Kreulen complemented Ms. Basrai and her team for their efforts to get all these documents ready, and stated that next month you will also see a chart that will show you the airlines by percentage of business. Southwest is 52% and Delta is around 13%, so 65% of the airlines are ready to sign. This lease agreement is better than the last one in 2015. Some of the airlines, due to internal routing, will not have an executed document back to us until June or July 2023, but they will give us a Letter of Intent saying they understand we will charge them on the Board approved terms. MNAA did this last time and did not have any hiccups. Commissioner Stevenson asked once we send the Letter of Intent, how long it takes to get the final agreement. President Kreulen stated we had the final agreement maybe two or three months into the fiscal year, but by September 15th, we had them all, but they signed a letter willing to pay the new rates. When MNAA set harder deadlines this time, airlines will have had this agreement for 90 days and we are hoping they will all be back by June 30, 2023. Ms. Basrai said American Airlines signatory authority only meets quarterly, and when they meet could fall into the new fiscal year, but we will have a Letter of Intent. Vice Chair Glover asked about American Airlines' market share? President Kreulen stated American Airlines 14%.

3. BNA Concessions Program Update

President Kreulen introduced Colleen Von Hoene, Associate Principal, Paslay Group, to brief the Committee on concessions activity. Ms. Von Hoene stated there are 15 locations scheduled to open in September 2023, of which 11 locations have been approved to Code, 1 location submitted 95% drawings in review and 3 locations are proceeding to 95% drawings and hope to come in the next few weeks. She is also planning to come back in April 2023 with the approval of Amendment 8 to the Fraport Lease Agreement and Amendment 1 to the CRDC Sublease Agreement. Paradies Satellite Concourse Concessions Program has 7 locations scheduled to open October 2023 with 95% drawings submitted February 24, 2023.

Regarding BNA Concessions Sales, from January 2022 the program ended up with nearly $138M in sales which equated to $13.75 per enplanement which is pretty common measurement for concessions programs. This is significantly higher than all of the prior year sales. The top performers with the highest average food and gift monthly sales are Tootsies, Ole Red, Southern Steak, Pyramids and Puckett's. The highest average news, gift and retail monthly sales top performers are Tennessee Trading Post, Evolve, West End News, District News and True to Tennessee.

Commissioner Granbery asked if the $13.75 is common, how it compares to other airports. Ms. Von Hoene replied we only have data from 2021, and will provide 2022 data when available. The sales per enplanement is the average industry measurement of concession sales. Vice Chair Glover asked what the expectation is for 2023? Ms. Von Hoene explained the chart does not include the 12 locations we just opened and does not include the 15 that will be online in 2023. Vice Chair Glover asked if January is available. Ms. Von Hoene replied in January, they were only open for about one week, and the February sales will give us a better sense of how the 12 concessions did. President Kreulen stated Ms. Von Hoene has done an excellent job helping us get organized and for those that know how difficult it was to make the decision in 2019 to implement this concessions program from master to developer model. From 2019 to November 2022, we estimated the contract based on $11 and then we had a pandemic in 2020. Seeing our recovery as number 1 in the nation and the top 50 over the last two years for recovery, this is exactly what we had hoped for. All 52 of those businesses that were here in 2019 closed and we have built 75 new businesses now, and we will be at almost 100 in October 2023. In a two-year period, we are really coming back and when those next groups open up, we do believe it will be record-setting for us. Ms. Von Hoene's team does the market analysis, but when you look at our benchmark and see other airports, we are now up there with the big guys so we really have a strong and getting stronger concessions program. When Chair Byrd asked the question at the last meeting, of which concessions are doing well, we can look at how many are selling almost $0.5M every month. Vice Chair Glover asked are if there any more concessions opportunities available. President Kreulen replied we do not know of anyone who is backing out of our current program. Right now, we are 100% committed, and the next opportunity will be for Concourse D and then Concourse A. In October of this year, when the satellite opens, we will be right at 100. Our forecast to get us to 35M and those 70 gates is north of 120 to 130 stores. Concourse D and Concourse A will get us to 130 stores inside the airport. Commissioner Granbery stated it would be good to see what the coffee shops' sales are throughout the airport on a monthly basis, and asked how many coffee shops we have now. Ms. Von Hoene responded there are 8 and will add another one to the Satellite concourse.

VI. ADJOURN

There being no further business brought before the Finance Committee, Chair Byrd adjourned the meeting at 10:13 a.m.

____

Andrew W. Byrd, Board Secretary

STAFF ANALYSIS
Finance Committee

Date: April 12, 2023

Facility: Nashville International Airport and John C. Tune Airport

Subject: Professional Services Contract for Public Relations Services

---

I. Recommendation

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

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	n/a *(deemed unresponsive by BDD)*
Kingdom Quality Communications	n/a *(deemed unresponsive by BDD)*
M-Squared Public Relations	n/a *(deemed unresponsive by BDD)*

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

STAFF ANALYSIS
Finance Committee

Date: April 12, 2023

Facility: Nashville International Airport

Subject: WestJet Incentive Agreement - Vancouver

I. Recommendation

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

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.

STAFF ANALYSIS
Finance Committee

Date: April 12, 2023

Facility: Nashville International Airport (BNA)

Subject: MNAA Resolution 2023-06
FY23 BNA Amended Operating Budget

I. Recommendation

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

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:

Use of Relief Grants	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)
	$ 17,065,529	$ 27,059,181	$ 9,993,652

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	207,366	226,017	
Operating Expense	(132,316)	(139,839)	②
Net Non-Operating Income (Expense)	(7,374)	5,262	③
Income before Depreciation & Grants	$ 67,676	$ 91,440	

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.

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
Finance Committee

Date: April 12, 2023

Facility: John C. Tune Airport (JWN)

Subject: MNAA Resolution 2023-07
FY23 JWN Amended Operating Budget

I. Recommendation

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

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:

JWN Summary	APPROVED BUDGET 2023	AMENDED BUDGET 2023	
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.

BNA | JWN® John C. Tune Airport®

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:

<u>Section 1.</u> 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.

<u>Section 2.</u> 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
Finance Committee

Date: April 12, 2023

Facility: Metropolitan Nashville Airport Authority

Subject: New Signatory Airline Use and Lease Agreement

I. Recommendation

Staff requests that 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.

II. Analysis

A. Background

The Metropolitan Nashville Airport Authority (MNAA) 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, MNAA 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, MNAA 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) **<u>Term:</u>**

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

<u>Automatic term extension</u>: 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.

<u>Optional term extension</u>: 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.

STAFF ANALYSIS

Finance Committee

Date: April 12, 2023

Facility: Nashville International Airport (BNA)

Subject: MNAA Resolution 2023-02
FY24 BNA Operating Budget

I. Recommendation

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

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 2023	BUDGET 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.

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
Finance Committee

Date: April 12, 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 Finance Committee recommend to the Board of Commissioners that it:

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

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 GROUNDSMASTER 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
FY 2025 Projects												
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
FY 2026 Projects												
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					110,000		15,000				
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**	**$ -**
FY 2027 Projects												
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**

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
Finance Committee

Date: April 12, 2023

Facility: John C. Tune Airport (JWN)

Subject: MNAA Resolution 2023-04
FY24 JWN Operating Budget

I. Recommendation

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

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.

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 19^{th} day of April 2023.

STAFF ANALYSIS
Finance Committee

Date: April 12, 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 Finance Committee recommend to the Board of Commissioners that it:

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

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
Design	*325,000*		*325,000*								
Construction	*2,375,000*		*275,000*					*1,830,000*			*270,000*
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
Design	*300,000*		*150,000*								*150,000*
Construction	*1,934,667*			*1,688,000*							*246,667*
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
Design	*150,000*		*150,000*								
Construction	*750,000*							*660,000*			*90,000*
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
Design	*300,000*		*150,000*								*150,000*
Construction	*1,934,667*			*1,688,000*							*246,667*
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
Design	*820,000*		*150,000*								*670,000*
Construction	*5,880,000*						*5,880,000*				
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
MPC Finance Committee

Date: April 12, 2023

Facility: MNAA Properties Corporation (MPC)

Subject: MPC Resolution 2023-01
FY24 MPC Operating Budget

I. Recommendation

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

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.

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
MPC Finance Committee

Date: April 12, 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 MPC Finance Committee recommend to the Board of Directors that it:

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.

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	
	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.