



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

July 19, 2023



Call to Order

July 19, 2023

Public Comment

Tennessee Code Annotated, Title 8, Chapter 44, Part 1

MNAA Policy ID: 33-007, Public Comment Policy, effective July 13, 2023

No Public Comment Requests Received

Approval of Minutes

- June 21, 2023, Joint Meeting of the MNAA Board of Commissioners and MPC Board of Directors
- July 6, 2023, Special Meeting of the MNAA Board of Commissioners

Chair's Report

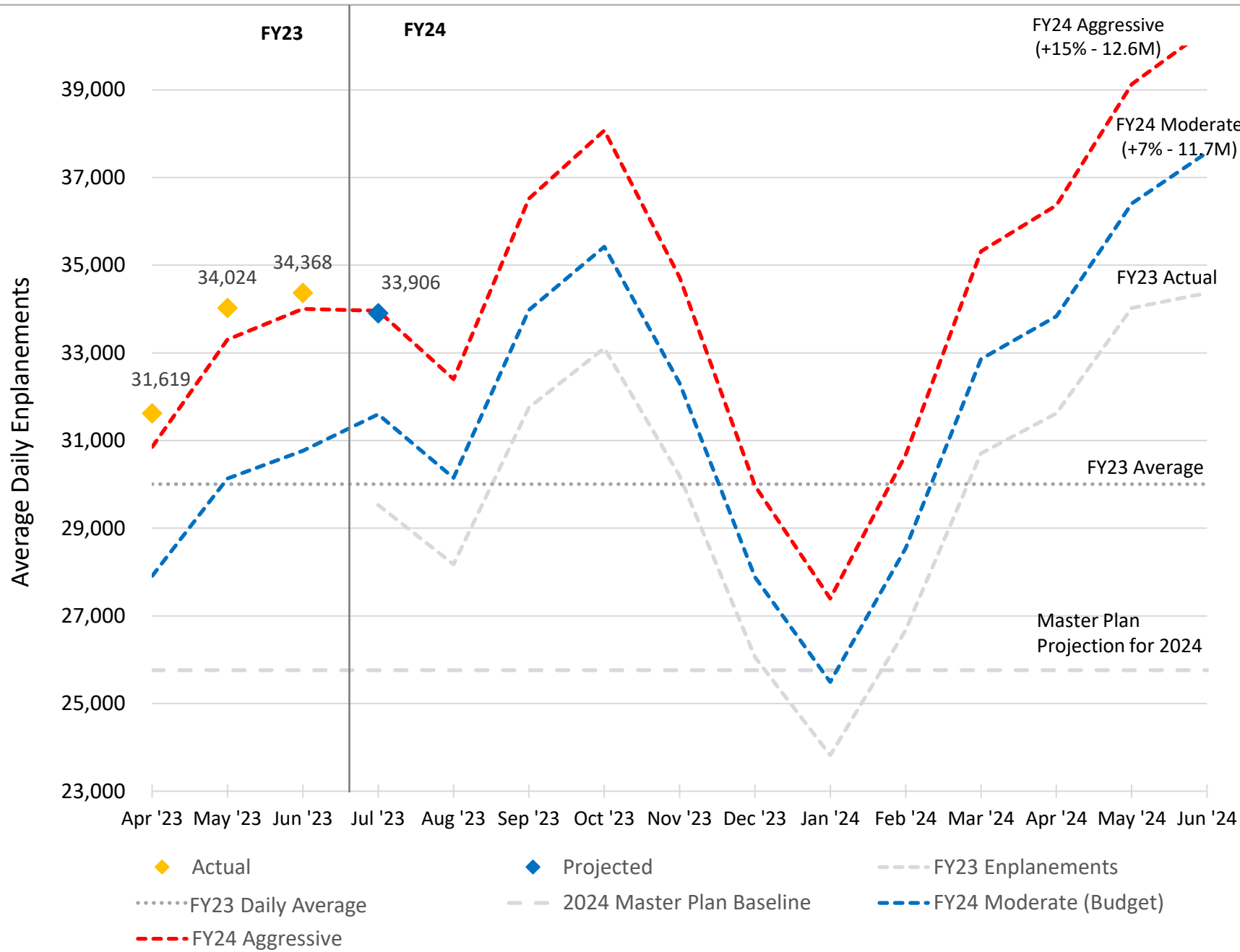
Jimmy Granbery, Board Chair

President's Report

Douglas E. Kreulen, A.A.E.

President and CEO

FY24 BNA Enplanements



*July projections based on TSA data through July 17, 2023

- FY23 Year-End
 - 10,952,899 enplanements
 - 21,899,979 passengers
 - 60,000 daily passengers
 - 18.7% over FY22 (*new record*)
- FY24 Forecast: 7%, 11%, 15%
- July FY24 projected (+15%)
 - 1,051,000 enplanements
 - 2,102,000 passengers
 - 33,906 daily passengers
 - 15% over FY23

BNA[®]

Nashville
International
Airport[®]

This is 2023 at Nashville International Airport[®]



Allegiant Announces New Nonstop Service to Ft. Lauderdale

- Press Release July 14, 2023
- Begins November 16, 2023
 - Twice weekly: Sunday & Thursday

Operations

- Approvals (5)
 - Construction Contract for Bravo/Kilo Intersection
 - Professional Services Contract for Terminal 2 Siting Study
 - Professional Services Contract for Commercial Trash Recycled Materials & Electronics Disposal
 - Telecom License Agreement (Crown Castle)
 - Amendment to Professional Services Contract for Janitorial Satellite Concourse
- Information (2)
 - BNA and JWN Development Updates

Finance

- Approvals (2)
 - JWN North Development LOI/Lease Terms – Parcel 1
 - Amendment to Fraport Subleases (Titans and Music City) *(tentative)*
- Information (2)
 - BNA Concessions Program Update
 - Quarterly Retirement/OPEB/Treasury Investment Reports

Management

- No agenda items

Committee 30-day Outlook

- August 9 and 16, 2023

NOTE:

- Commissioner McWhorter unavailable for August Committee & Board Meetings

Operations

- Approvals (4)
 - Construction Contract for B&C Concourse Upgrades
 - Professional Services (Design) Contract for Concourse A
 - Professional Services Contract for Staff Augmentation
 - Construction Contract for JWN Terminal Parking Lot Expansion
- Information (2)
 - BNA and JWN Development Updates

Finance

- No Approvals
- Information (1)
 - BNA Concessions Program Update

Management

- Approval (1)
 - CEO FY23 Performance Evaluation

Committee 60-day Outlook

- September 13 & 20

Save the Date:

- September 25: Marketplace & IAF Reception

Items for Approval

July 19, 2023

- Professional Services Contract for Executive Program Management (Operations)

Item for Approval

Traci Holton, P.E., C.M.
VP, Chief Engineer

Professional Services Contract for Executive Program Management

Description: Executive Program Management Services for airport planning and capital improvement projects at BNA.

- Provides additional staff and expertise
- Assists and advises MNAA in developing overall program strategy from project sequencing, phasing, delivery methods, SMWBE project packaging, internal & external communications, project controls and determination of necessary skill sets & staffing levels.

Contractor: Paslay Group (PG)

Total Contract Cost:

Annual Cost	\$ 6,500,000 NTE
Total Contract w/six renewal options	\$45,500,000 NTE

Contract Duration: One year with six, one-year renewals

Contract Start Date: August 2023

Funding Sources:



Committee Review: Operations Committee voted 4 to 0 to recommend approval on July 12, 2023

Staff Recommendation: Board of Commissioners accept the Statement of Qualifications by Paslay Group to provide executive program management services and authorize the Chair and President & CEO to execute the contract for \$6.5M NTE annually



Information Items

July 19, 2023

- BNA Development Update (Operations)
- JWN North Development Update (Operations)
- BNA Concessions Program Update (Finance)
- Airline Use & Lease Agreement Update (Finance)
- FY24 Operating and CIP Budget Update (Finance)
- Retirement/OPEB/Treasury Quarterly Update (Finance)
- FY24 Strategic Goals & Objectives (Management)
- CEO Performance Evaluation (Management)
 - FY23 Inputs
 - FY24 KPI's

Information Items

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

BNA Development Update

- **Save the Date**
 - Sep 25, 2023: International Arrivals Facility & Marketplace Reception
 - Oct 19, 2023: Satellite Concourse Reception
- **Dormakaba Security Exit Breach Control**
 - Jul 11, 2023: 2 lanes north side
 - Aug 13, 2023: 4 lanes north side; 5 lanes south side complete
- **Discrete Widening**
 - Current Activities: Utility & digital sign relocations
 - Aug 2023: Utility relocation
 - Nov 2023: Overhead sign structures, excavation & grading
 - Dec 2023: Paving
 - Jan 2024: Substantial completion



JWN Development Update

- **Contour Hangar Reconstruction**

- Current Activities: Repairing 3 slabs/foundations, removing hangar door tracks, saw cutting anchor bolts
- Oct 2023 – May 2024: Hangar Erection & Build-out
- May – Jul 2024: Inspections/Punchlist
- Jul 2024: Substantial Completion

- **JWN North Development Progress**

- Current Activities: Blasting, mass grading, retaining wall excavation, sanitary sewer installation
- Aug - Sep 2023: Utilities & Paving
- Oct 2023: Substantial Completion

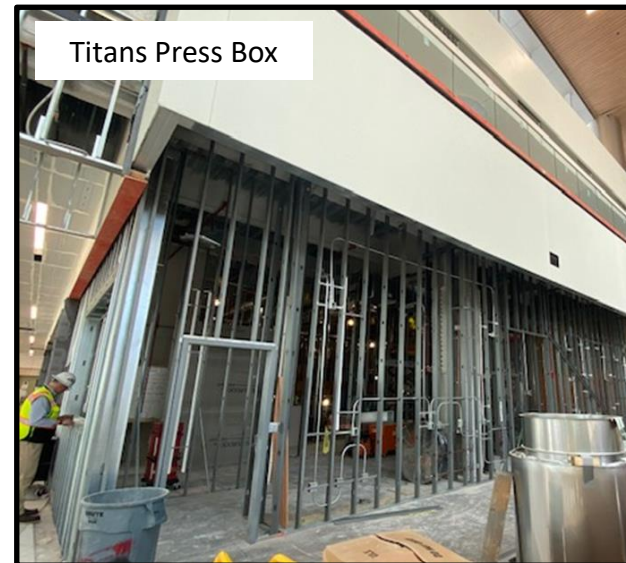
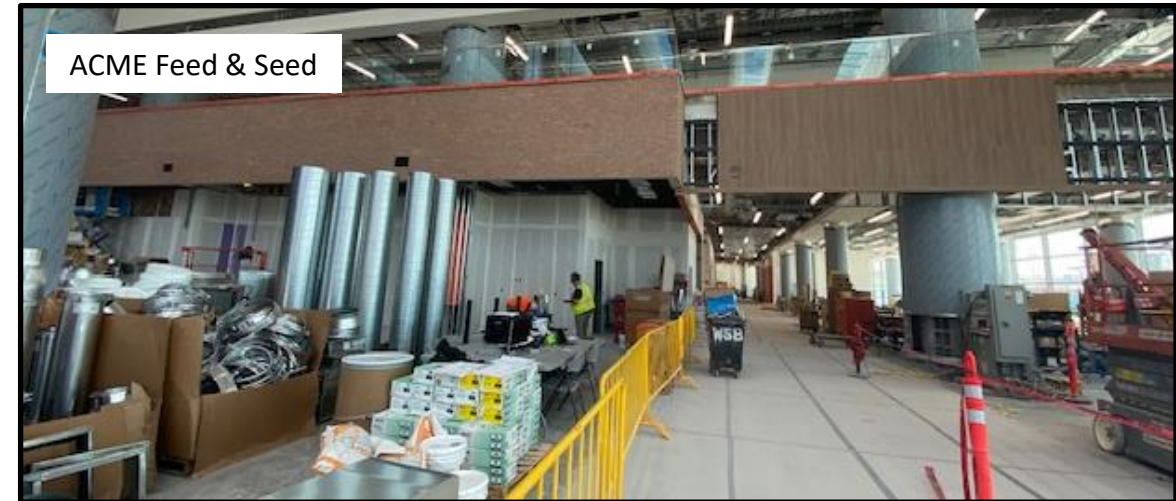
- **JWN North Lease Progress**

- Leases executed for Parcels 2 – 10
- Aug 2023: LOI Lease terms to Board for Parcel 1



BNA Concessions Program Update

- **Terminal Concessions Program (Fraport)**
 - 15 locations scheduled to open Sep 25, 2023 met Construction Start deadline of Jun 1, 2023
- **Satellite Concourse Concessions Program (Paradies)**
 - 7 locations scheduled to open Oct 20, 2023 have been turned over to Paradies for construction
 - 6 of 7 locations received permits
 - 5 of 7 locations started construction Jul 10



Airline Use & Lease Agreement (AULA) Update

Signatory Airline	% Landed Weight	AULA Executed
Southwest	50.9%	✓
American	14.8%	*
Delta	12.2%	✓
United	7.8%	*
Spirit	3.2%	*
Allegiant	3.6%	✓
JetBlue	2.4%	*
Frontier	1.3%	✓
Alaska	0.9%	✓
Federal Express	2.7%	✓
Landed Wt.	100%	71.6%

**Received signed Execution Extension Letters*

- AULA implemented July 1, 2023
 - FY24 budget based on new airline rates & charges
- Extension Letters granted to:
 - United, Spirit, JetBlue – July 31st
 - American – August 31st

BNA Summary	Budget FY23	Budget FY24	CIP FY24
Total Operating Revenue	\$226,017,000	\$282,308,000	
Operating Expense	(\$139,839,000)	(\$165,870,000)	\$188,565,000

JWN Summary	Budget FY23	Budget FY24	CIP FY24
Operating Revenue	\$1,802,000	\$2,384,000	
Operating Expense	(\$1,976,000)	(\$2,303,000)	\$42,415,000

MPC Summary	Budget FY23	Budget FY24	CIP FY24
Operating Revenue	\$3,467,000	\$3,711,000	
Operating Expense	(\$1,447,000)	(\$2,028,000)	\$1,550,000

FY24 BNA O&M & Capital Budgets

- July 1, 2023 – June 30, 2024
- Approved by Board
– April 19, 2023

- **Retirement Plan**

- FY23-Q3 Market Value: \$77.3M (+\$2.6M)
- 102% funded

- **OPEB Plan**

- FY23-Q3 Market Value: \$38.3M (+\$1.6M)
- 113% funded

- **Treasury Investments**

- FY23-Q3 Available Funds: \$1.226B (99.4% invested)
- FY23-Q3 Earnings: \$8,274,769 (3.90% yield)

Quarterly Retirement, OPEB & Treasury Investment Updates

- Quarter ending March 31, 2023
- Retirement Plan
 - Closed Plan
 - 287 participants
 - 43 active
 - 53 deferred vested
 - 191 retired
- Investment portfolio in compliance with policy objectives

FY24 Strategic Goals & Objectives



Invest in BNA/JWN

Plan for the Future

Prepare for the Unexpected

1. Airline Use & Lease Agreement

- Obtain approval (either AULA or AOA) of all airlines and implement requirements in new Agreement

2. Financial Commitments

- Ensure MNAA is following obligations in the Official Statement and Debt Management Policy
- Hire a consultant with expertise in hotel lease management and performance to ensure compliance prior to December 2023 opening
- Renew Short Term Credit Facility by January 2024 and prepare for FY25 Bond Offering

3. BNA Concessions Program

- Open 15 locations in the Grand Hall by September 25, 2023
- Open 7 locations in the satellite concourse by October 20, 2023
- Implement program to allow non-ticketed passengers to shop and dine in the concourses prior to December 2023

4. Staffing and Employee Satisfaction

- Complete hiring of all prioritized FY24 positions
- Achieve and maintain 95% staffing level by December 31, 2023
- Solicit contractor and conduct 2023 Employee and Augmented Staff Surveys by October 2022, and respond to results

5. Data Driven Business Decisions

- Establish plan for improving data driven decisions and process controls, including CEO briefings
- Implement plan to respond to evaluation of insourcing/outsourcing of janitorial, shuttle, parking/valet, landscaping, and overall maintenance contracts

6. Procurement & Contracts

- Implement new credit card program to support corporate credit card/p-card policy by December 2023
- Complete comprehensive review of Procurement Policy, including benchmarking trips to large hub airports
- Implement Contract Management Program in Procurement to improve contract compliance and monitoring
- Implement Project Management Tracking Program to improve Financial reporting, tasks and special project schedules & compliance
- Implement improvements to real estate management, including consultant to review proposals and provide brokerage services

7. BNA Vision and New Horizon

- Open Marketplace and International Arrivals Facility (IAF) (September 25, 2023)
- Open Satellite Concourse and Shuttle Station (October 20, 2023)
- Complete TARI Phase I Road-Widening (December 2023)
- Open hotel (December 31, 2023)
- Complete design and begin construction of Baggage Handling System Improvements
- Complete relocation of tenants to Multi-Purpose Building & demo Air Freight Building
- R/W 2L Proposed Extension
 - Award contract for Environmental Impact Statement (EIS)
 - Award contract for Uniform Relocation Act (URA) requirements, appraisals, surveys and environment assessments

8. Permit Boundaries

- Implement BNA and JWN Permit Boundaries with Metro Codes/Planning

9. Tune Taking Off

- Complete leases & construction of North Development area by November 30, 2023
- Ensure FBO tenant rebuilds Hangars 1, 2 and 3
- Develop and release RFP for 2nd FBO

10. Complete Strategic Studies with coordinated long-range phasing plans for implementation

- Finalize Curbside and Roadway Access Plan for 35M passengers
- Finalize Future Parking/Garage(s) Plan
- Develop Plan for Opening Virtual Tower and Additional RON/Deice Pads
- Begin Environmental Impact Statement for Runway Extension
- Identify Future Rental Car Facility Location and Sizing
- Identify Site and Program for ARFF Station(s)
- Publish Plan to Expand Fuel Farm Capacity
- Initiate Multi-Concourse Terminal Siting Study for 70M passengers
- Complete Logistics/Transportation Study for Future Warehousing & Distribution

11. International Air Service

- Continue to pursue Europe and Asia air service

12. State/Federal Government Affairs

- Update BNA/JWN Economic Impact to demonstrate airports value to Middle TN and quantify benefit of funding; Coordinate with State
- Obtain approval of the 5-year State Funding Proposal in coordination with TAACA

13. Board Management Policy Updates

- Implement Board Transition Plan
- Publish Board approved enhancements to Corporate Governance (Ethics/Bylaws)

14. Business Diversity Leadership

- Complete actions in response to five 2021 Disparity Study findings, including B2G enhancements
- Publish certified SMWBE, DBE and ACDBE Performance for community distribution
- Develop & publish CEO approved Business Plan to enhance Diversity and Inclusion

15. 24/7 Operations

- Evaluate options/contingency plans for ensuring 24/7 elevator and escalator continuous operation
- Enhance Terrazzo and Restroom Cleaning

16. Succession Planning

- FY24 Performance Management Program
 - Improve evaluation system to better measure performance and reward high performance
 - Procure and implement system for managing Performance Management process
- Organizational Development
 - Develop comprehensive plan for organizational development, including talent acquisition, onboarding, individual development and succession planning
- Evaluate and implement improvements to recognition of exceptional performers and specialty/shift differential pay

17. Building & Property Appraisals

- Develop and implement program to get appraisals done on building and infrastructure to ensure we reflect total insurable value for property insurance

18. 2nd Water Line to Airport (TARI)

- Begin construction of the redundant water feed (complete October 2024)

19. Airfield Design Standards

- Develop and publish CEO approved Airfield Engineering Design and Compliance Standards Manual

20. Internal Department Business Continuity Plans

- Implement internal procurement processes to ensure business continuity in times of emergencies
- Implement plans for critical business finance processes in case of outages

Issued: June 26, 2023

FY24 Strategic Goals & Objectives

- Future challenges will be reviewed at October 18th Board Retreat
- FY24 passengers (24.4M) > 2037 Master Plan (23.8M)
- New Horizon (2022-2028) provides capacity for 35M passengers
- Terminal II Siting Study will be August Board approval item
- Master Plan Update planned for FY25 CIP

CEO Performance Evaluation

- FY23 Inputs
 - KPI's approved by Board August 17, 2022
 - Preliminary #'s to Management Committee on July 12, 2023
 - Exceeding financial goals
 - Exceeding customer satisfaction goal
 - 89% strategic goals (FY23 final – meet)
 - Final inputs to Management September 13, 2023
- FY24 KPI's
 - Board approval planned for September 20, 2023



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

Meeting Adjourned

Staff Reports

July 19, 2023

Provided for Information Only

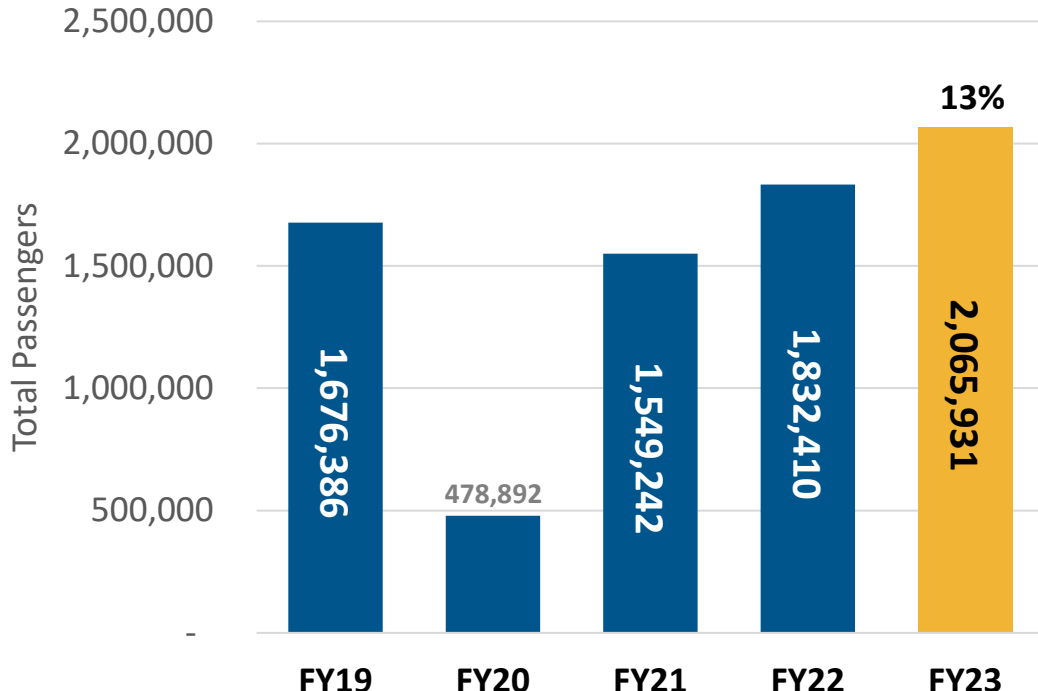
Operations Report

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

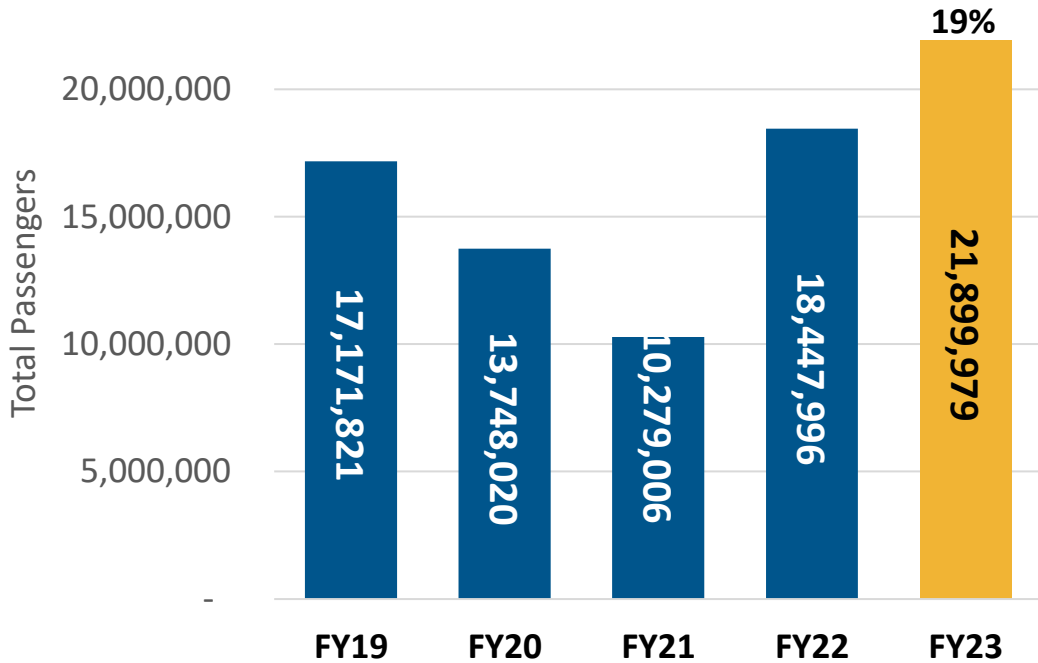
EVP, Chief Operating Officer

BNA Total Passengers

June

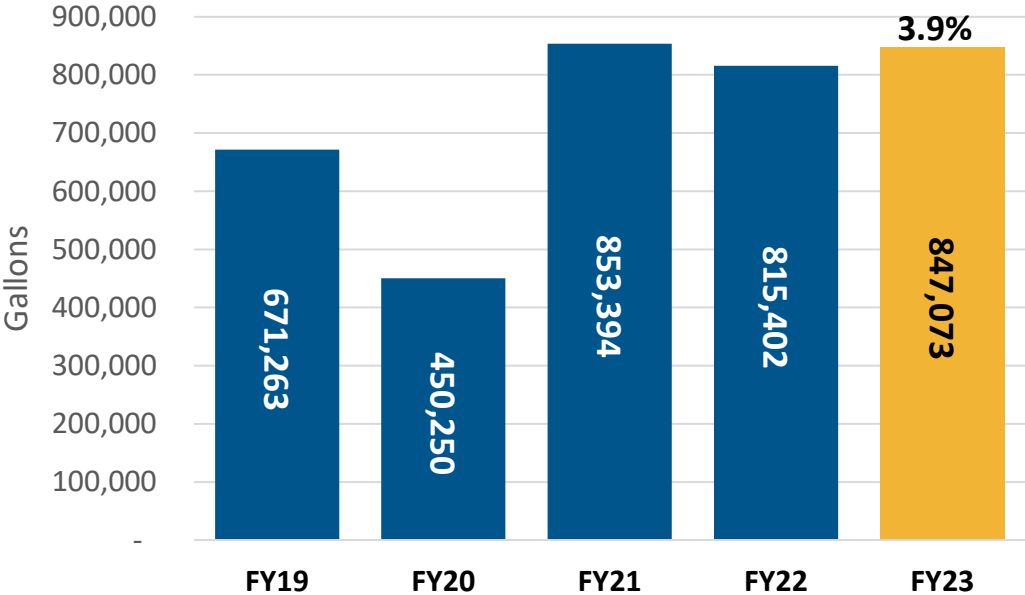


Fiscal Year-to-Date June

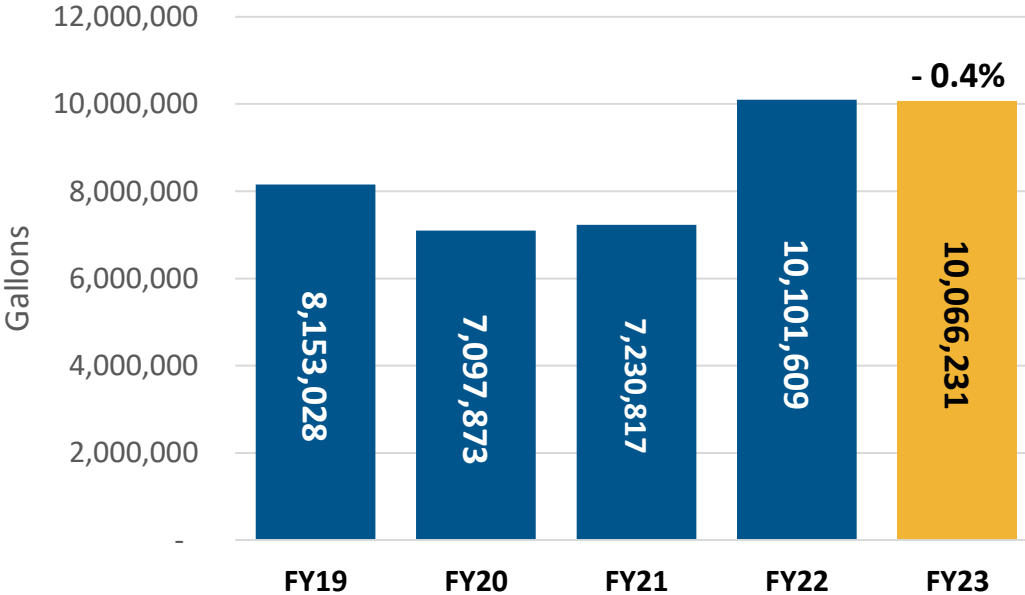


BNA Fuel Sales

June

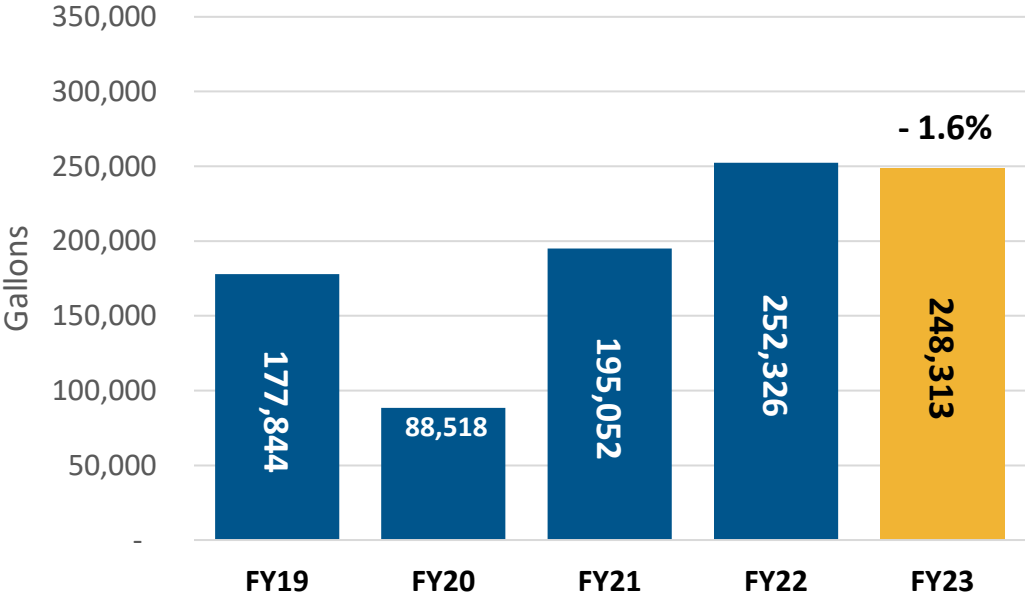


Fiscal Year-to-Date June

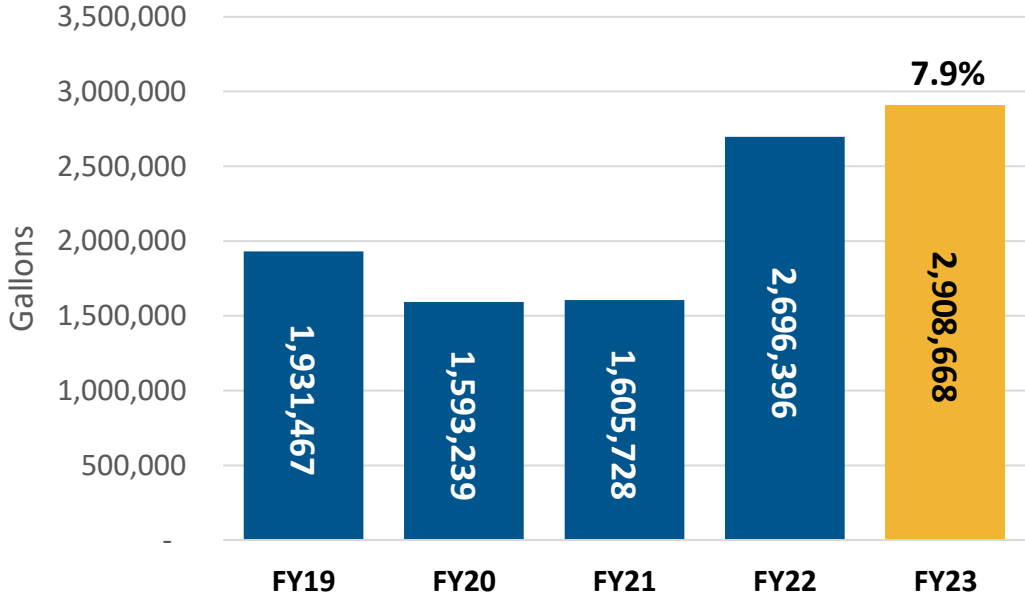


JWN Fuel Sales

June



Fiscal Year-to-Date June



Vision 1.0 Program Budget Update: July 2023

Project Name	Current Budget	Estimate at Completion (EAC)	Budget Variance	Budget Reserve: Original/Balance
VISION PROJECTS	\$ 1,224,563,416	\$ 1,224,563,416	\$ -	\$121,290,987 / \$4,200,000
Parking and Transportation Center	\$ 112,565,500	\$ 112,565,500	\$ -	\$5,100,000 / \$0
Concourse D & Terminal Wings	\$ 287,637,753	\$ 287,637,753	\$ -	\$33,964,557 / \$0
Garage C & Airport Administration Building	\$ 180,995,368	\$ 180,995,368	\$ -	\$20,341,202 / \$0
Garage B	\$ 97,428,000	\$ 97,428,000	\$ -	\$2,700,000 / \$2,700,000
Terminal Lobby & IAF	\$ 480,436,795	\$ 480,436,795	\$ -	\$54,865,228 / \$1,500,000
Terminal Access Roadway Improvements Ph 1	\$ 65,500,000	\$ 65,500,000	\$ -	\$4,320,000 / \$0
VISION ENABLING PROJECTS	\$ 62,390,352	\$ 62,390,351	\$ 1	\$1,408,000 / \$396,695
ART	\$ 5,112,550	\$ 5,112,550	\$ -	
PROGRAM CONTINGENCY	\$ 12,941,682*	\$ 12,941,682	\$ -	
Total	\$ 1,305,008,000	\$ 1,305,008,000	\$ 1	\$122,698,987 / \$4,596,695

Total Contingency Remaining = \$12.9M program + \$4.6M project ~ \$17.5M

Vision 2.0 Program Budget Update: July 2023

Project Name	Current Budget	Estimate at Completion (EAC)	Budget Variance	Budget Reserve: Original/Balance
VISION 2.0 PROJECTS	\$ 229,500,000	\$ 229,500,000	\$ -	\$12,392,941 / \$6,492,941
Satellite Concourse	\$ 134,500,000	\$ 134,500,000	\$ -	\$8,952,941 / \$3,052,941
Runway 2L/20R Extension EA/Preliminary Design/Property Acquisition	\$ 15,000,000	\$ 15,000,000	\$ -	\$0 / \$0
Concourse A Site Prep / Fill / EA	\$ 49,000,000	\$ 49,000,000	\$ -	\$2,000,000 / \$2,000,000
Concourse A Ramp Paving	\$ 31,000,000	\$ 31,000,000	\$ -	\$1,440,000 / \$1,440,000
Total	\$ 229,500,000	\$ 229,500,000	\$ -	\$12,392,941 / \$6,492,941

New Horizon Program Budget Update: July 2023

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

Finance Report

Marge Basrai, CPA, CGMA, CM

EVP, Chief Financial Officer

FY23 year-end financials will be provided September 2022

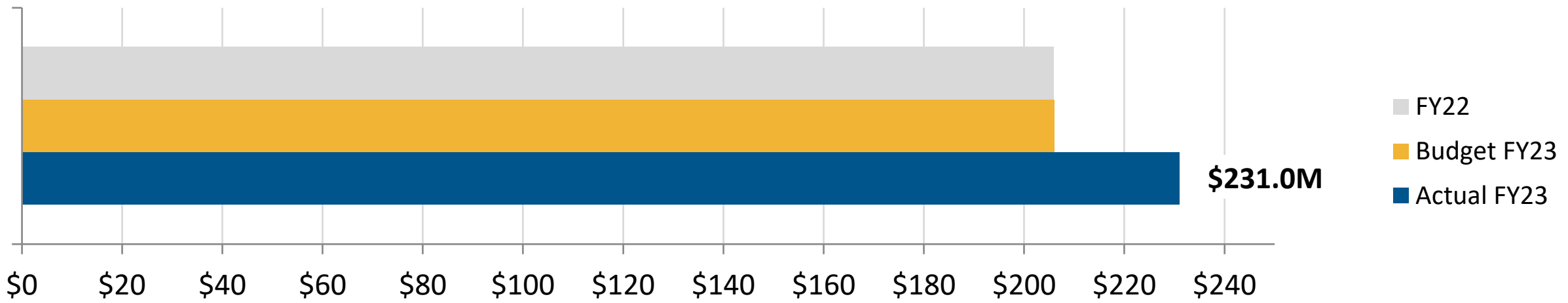
- March 24: Executed FY23 Engagement with Plante & Moran
- June 30: Executed audit with Comptroller of Treasury's Division of Local Government Contract and Report System (CARS)
- July 10: Began Interim Fieldwork (off-site)
- August 21 – September 1: Year-End Fieldwork (on-site)
- September 30: Draft Financial Statements to Metro Nashville
- October 31: Final Financial Statements to Metro Nashville
- **November 8: Results to Management Committee**
- December 31: ACFR to Government Finance Officers Association

FY23 External Audit Update

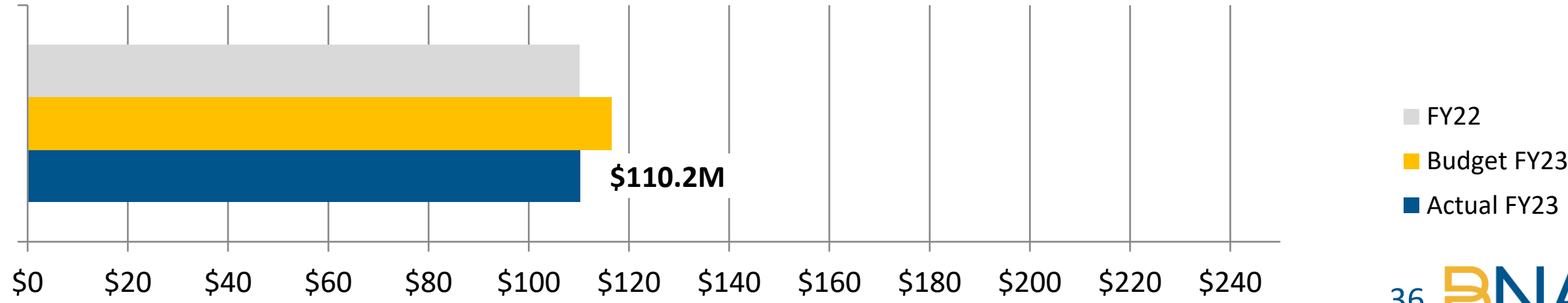
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BNA – Revenues and Expenses YTD May 2023

Operating Revenues (\$ millions)

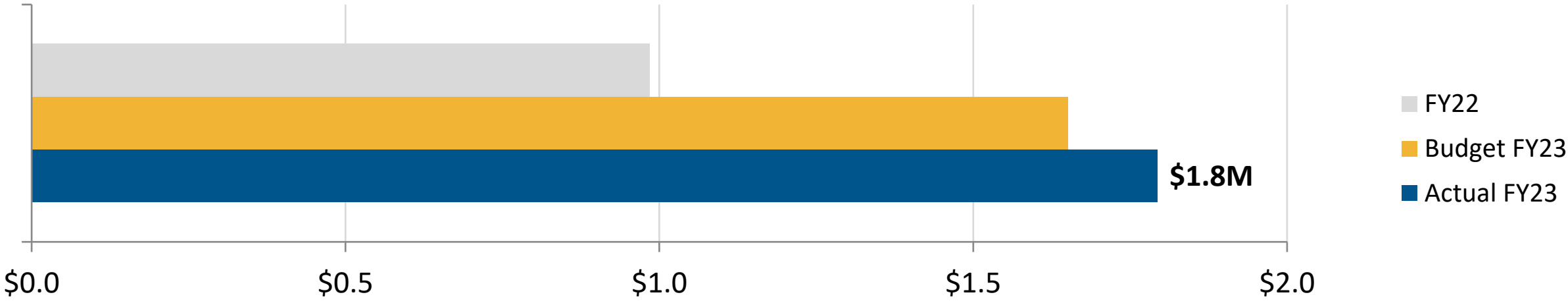


Operating Expenses (\$ millions)

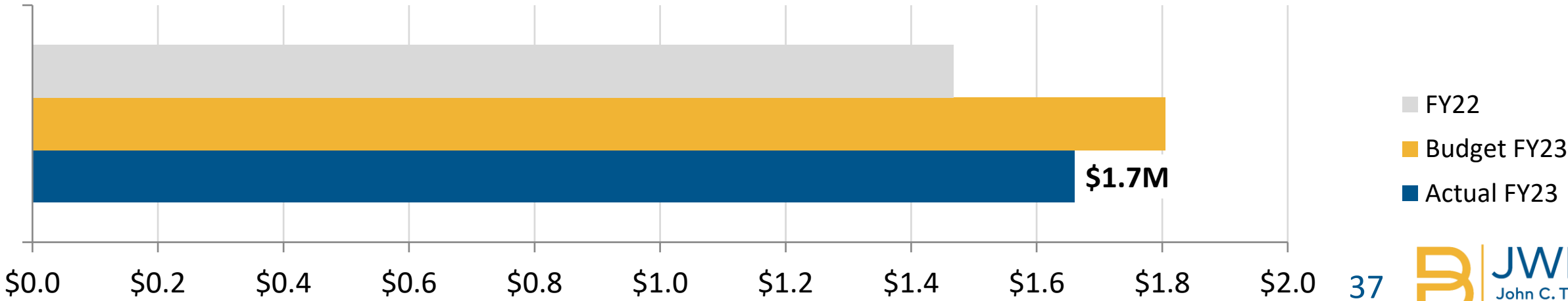


JWN – Revenues and Expenses YTD May 2023

Operating Revenues (\$ millions)

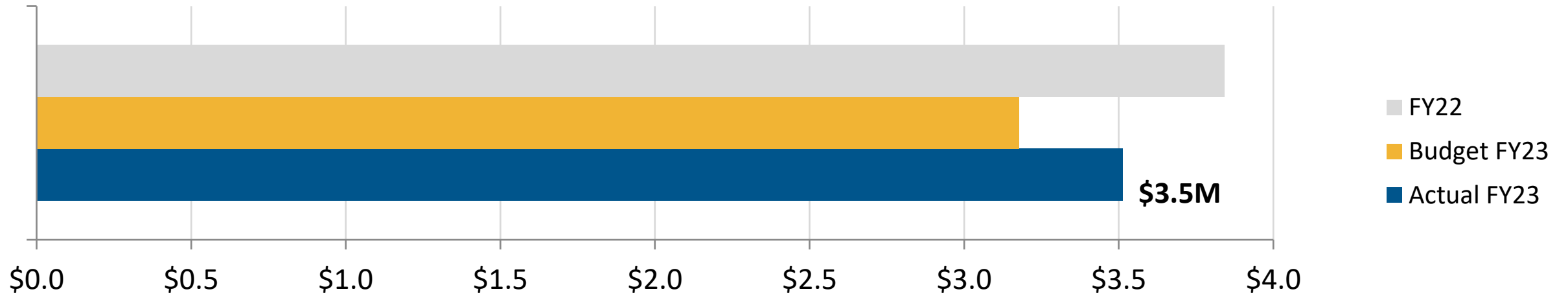


Operating Expenses (\$ millions)



MPC – Revenues and Expenses YTD May 2023

Operating Revenues (\$ millions)



Operating Expenses (\$ millions)

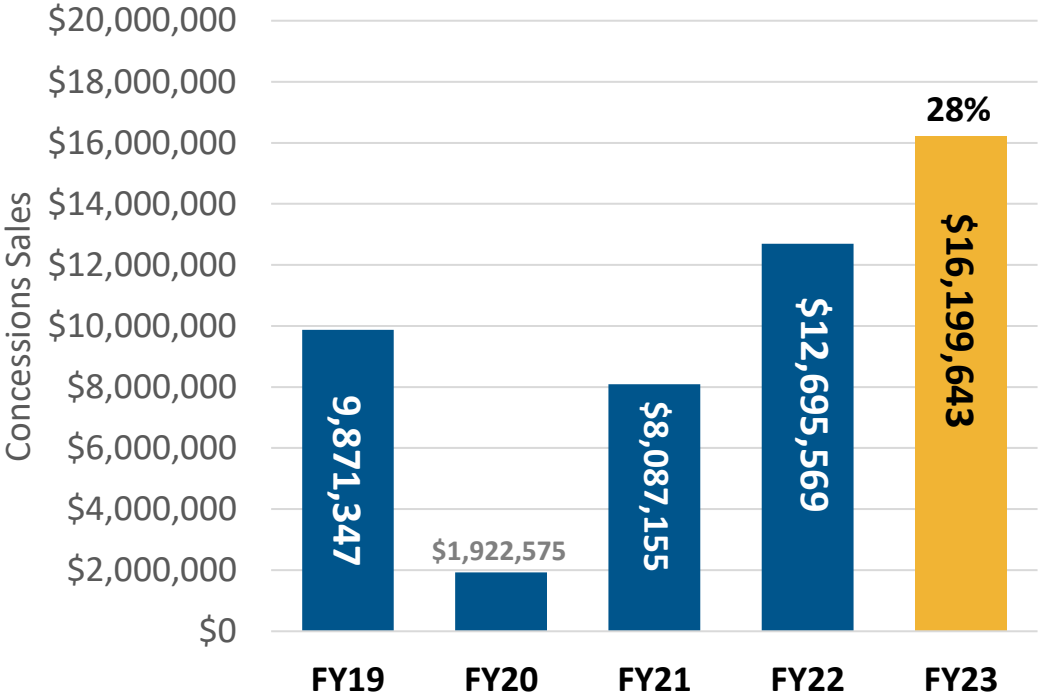


Commercial Development Report

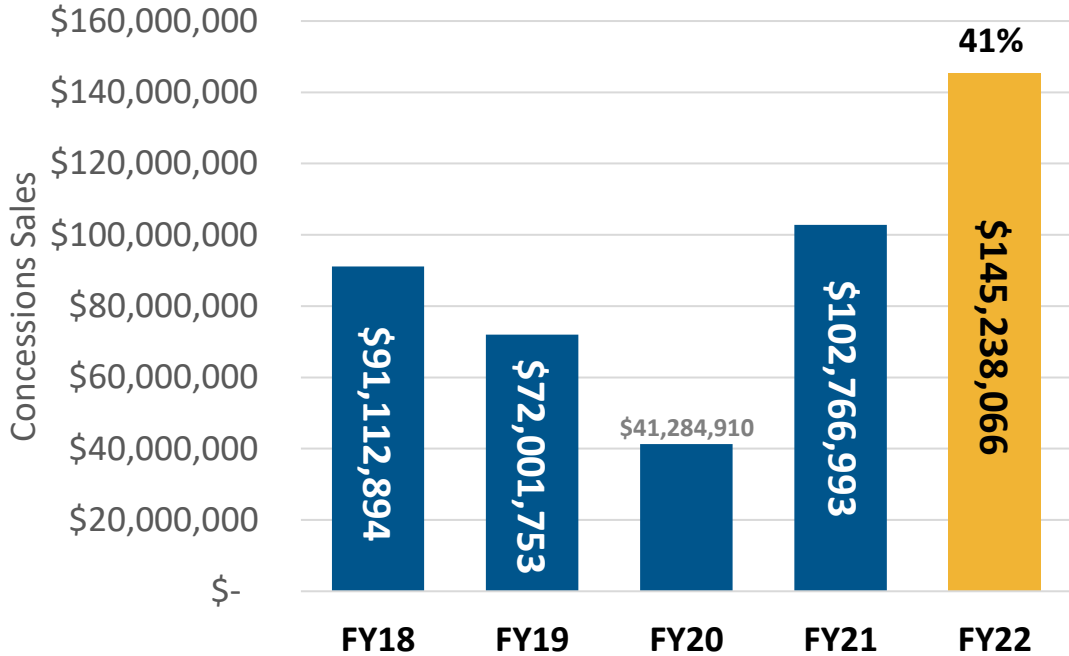
Marge Basrai, CPA, CGMA, CM
EVP, Chief Financial Officer

Concession Sales

June



Fiscal Year to Date - June



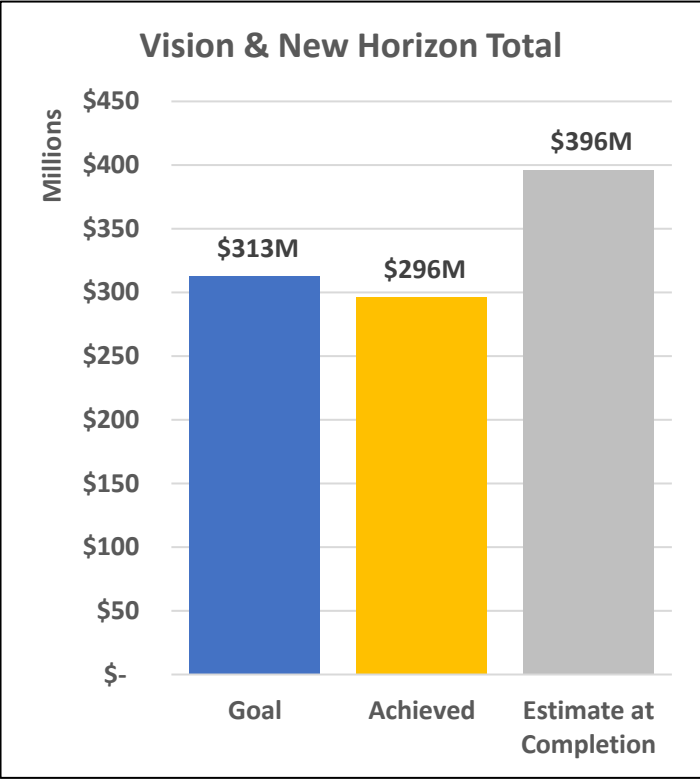
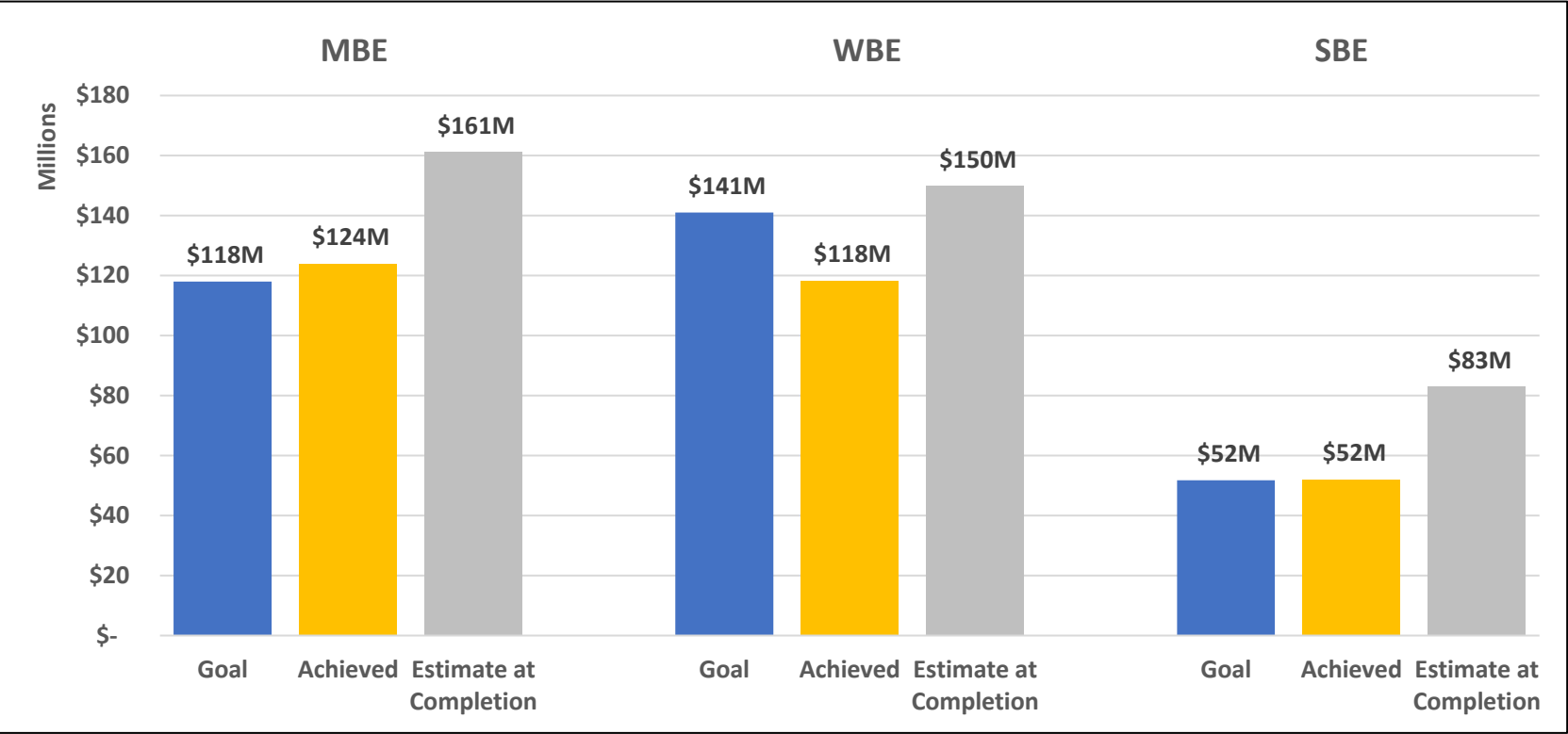
Sales per Enplaned Passenger
June 2022: \$13.86, June 2023: \$15.71

SMWBE Participation BNA Vision & New Horizon

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

EVP, Chief Operating Officer

SMWBE Participation – BNA Vision & New Horizon



Includes MBE, WBE, SBE & DBE

Source: Vision Project Controls – July 2023