



Meeting of the MNAA Management, Audit & Compliance (“Management”) Committee

July 12, 2023

BNA

Call to Order

July 12, 2023

Chair's Report

Jimmy Granbery

Management Committee Chair

- Jimmy Granbery, Chair
- Masami Tyson, Vice Chair
- Bobby Joslin
- Jack Johnson

Management Committee

- July 6, 2023, Appointments

Items for Approval

July 12, 2023 – None

Information Items

July 12, 2023

- FY24 Strategic Goals & Objectives
- CEO FY23 Performance Evaluation Inputs
- CEO FY24 Performance Evaluation KPI's
- Executive Session

Information Items

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

FY24 Strategic Goals & Objectives



Invest in BNA/JWN

1. **Airline Use & Lease Agreement**
 - Obtain approval (either AULA or AOA) of all airlines and implement requirements in new Agreement
2. **Financial Commitments**
 - Ensure MNAAs 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

Plan for the Future

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)

Prepare for the Unexpected

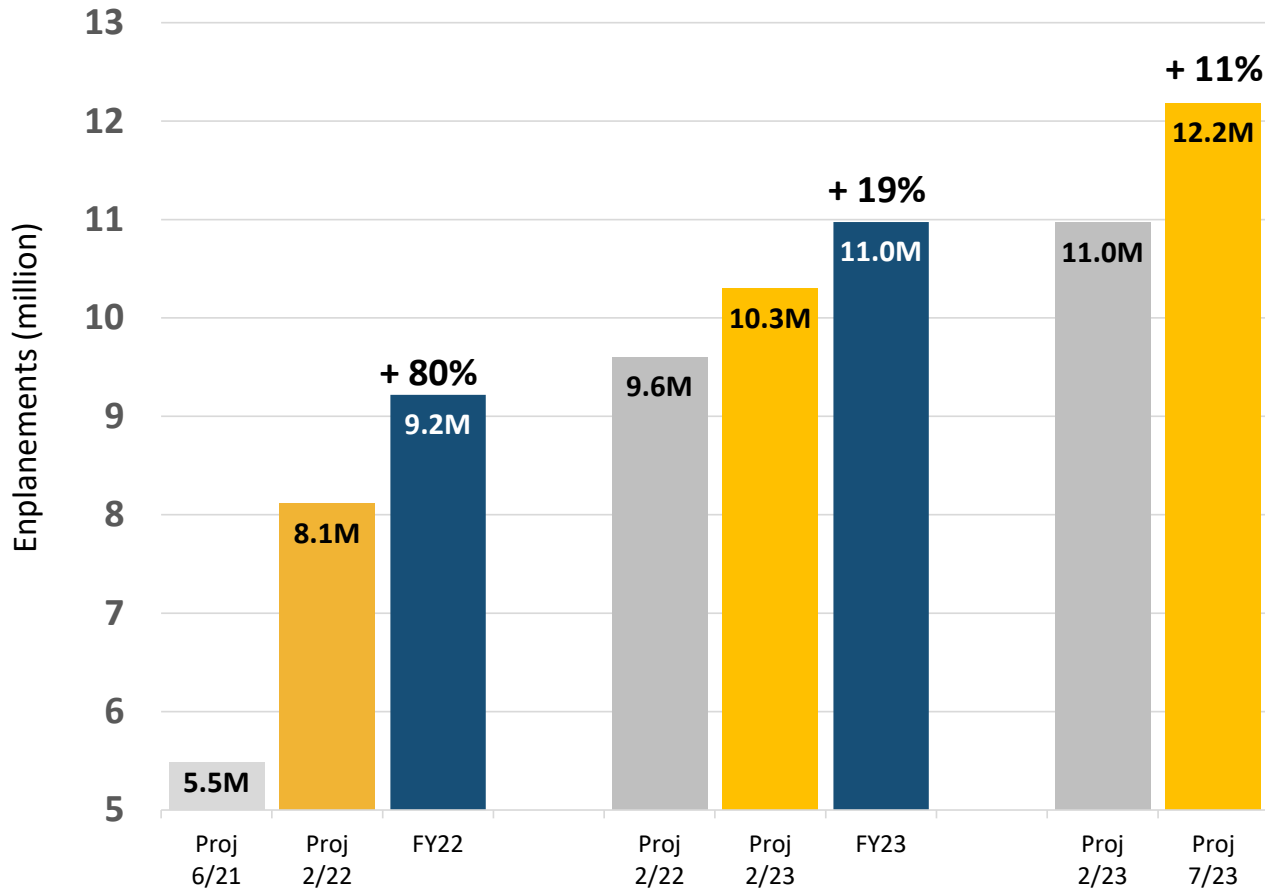
14. **Business Diversity Leadership**
 - Complete actions in response to five 2021 Disparity Study findings, including B2G enhancements
 - Publish certified SMWBE, DBE and ACDBE Performance for community distribution
 - Develop & publish CEO approved Business Plan to enhance Diversity and Inclusion
15. **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

- Stretch goals
- Develop/Review at Bi-annual Staff Retreats

BNA Enplanement Forecasts vs. Actual

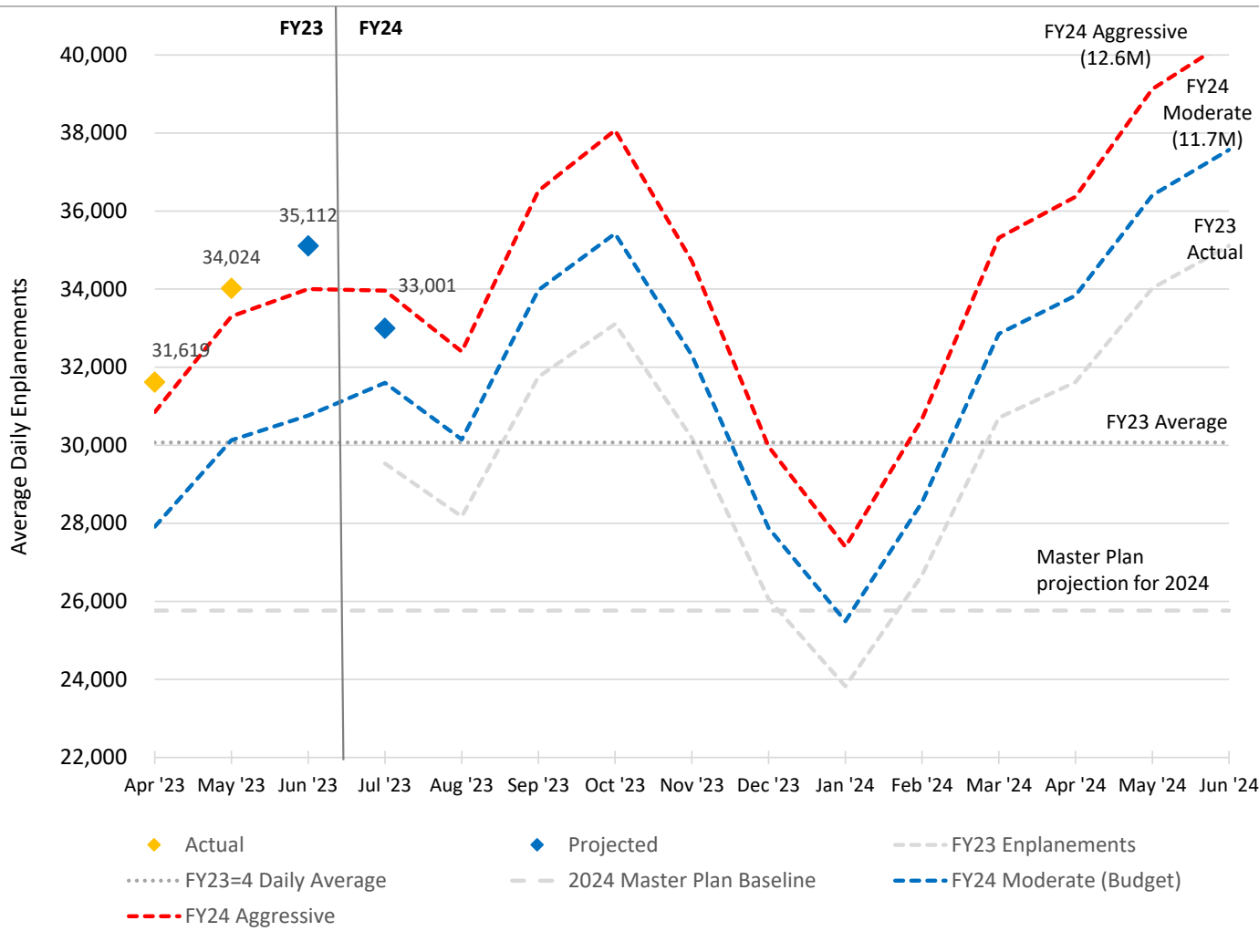


Enplanement Background

- 10-year growth: 10%
 - Including pandemic

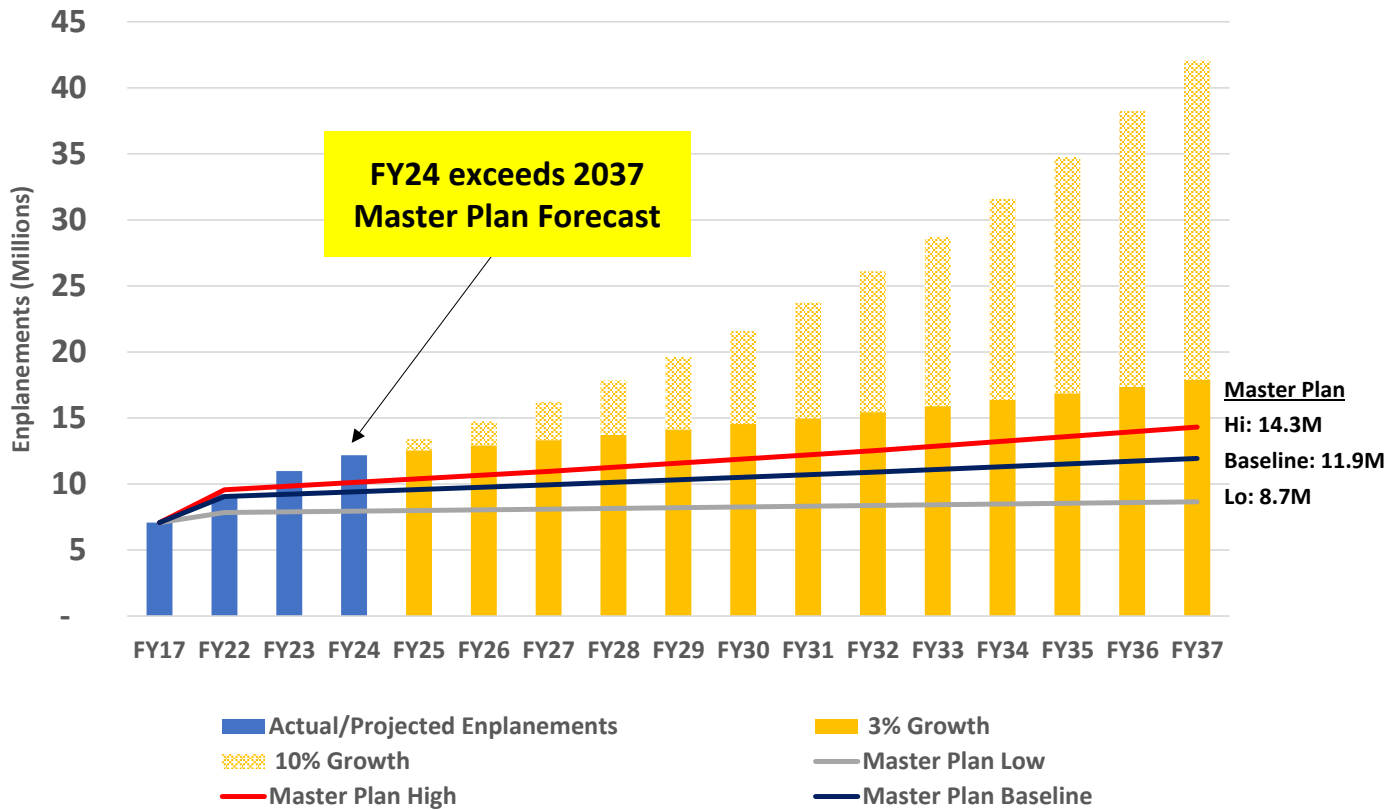
FY24 Enplanement Forecast

- Reviewed 3 models
 - 4% / 7% / 10%
 - ✓ **7% / 11% / 15%**
 - 10% / 15% / 20%
- Mid-year review planned



Based on TSA projections through July 8, 2023

2020 Master Plan vs. Actual/Projected Enplanements



Key Indicators

- To be reviewed at October 18th Board Retreat

- FY24 enplanements > 2037 Master Plan (11.9M enplanements)
 - 12.2M enplanements/year / 365 days = 33,424 enplanements/day
 - 33,424 enplanements + 33,424 deplanements = 66,848 passengers
- New Horizon (2022-2028) provides capacity for 17.5M enplanements
 - 17.5M enplanements/year / 365 days = 47,945 enplanements/day
 - 47,945 enplanements + 47,945 deplanements = 95,890 passengers
- Terminal II Siting Study will be August Board approval item
- Master Plan Update planned for FY25 CIP
 - Current strategic studies will inform future Board decisions & CIP

Future Challenge

- To be reviewed at October 18th Board Retreat

CEO FY23 Performance Evaluation Inputs

KPI Evaluation Criteria	90% Eligibility	100% Eligibility	110%+ Eligibility	Actual	Results	
Financial (50%)				Financial		
<u>Operating Income (BNA+JWN+MPC) (25%)</u>				<u>FYTD May 2023</u>		
Operating Revenue	Meets budget: \$231.3M	5% over budget: \$242.9M	10% over budget: \$254.4M	\$236,315,090	CFO Input	
Operating Expense	Meets budget: \$143.3M	5% under budget: \$136.1M	10% under budget: \$129.0M	\$113,196,703		
<u>Fiscal Responsibility / Strength (25%)</u>				<u>Estimated Mar 2023</u>		
Senior Debt Coverage	1.25%	1.3% - 1.5%	Greater than 1.5%	11.96%	CFO Input	
Sr/Subordinate Debt Coverage	1.10%	1.2% - 1.25%	Greater than 1.25%	4.85%		
Days Cash on Hand	500 days (OS)	550 - 650 day (Policy)	Greater than 650 days	829		
Pension Funding	70% - 79%	80% - 90%	Greater than 90%	94%		
OPEB Funding	70% - 79%	80% - 90%	Greater than 90%	118%		
Operational (50%)				Operational		
<u>Overall Airport Satisfaction (25%)</u>				<u>Survey Mar 2023</u>		
	80% - 84% top 2 box	85% - 90% top 2 box	Greater than 90% top 2 box	93%	CSO Input	
<u>Strategic Goals (25%)</u>				<u>Final June 2023</u>		
Invest in BNA/JWN	Meets expectations: 70% - 79%	Exceeds expectations: 80% - 90%	Outstanding: Greater than 90%	89%		100%
Plan for the Future Prepare for the Unexpected						
				Total		

KPI's approved by Board August 17, 2022

Final inputs to Board September 2023

CEO FY24 Performance Evaluation KPI's

KPI Evaluation Criteria	90% Eligibility	100% Eligibility	110%+ Eligibility	Actual	Results	
Financial (50%)				Financial		
Operating Income (BNA+JWN+MPC) (25%)						
Operating Revenue	Meets budget: \$288.4M	5% over budget: \$302.8M	10% over budget: \$317.2M		CFO Input	
Operating Expense	Meets budget: \$170.2M	5% under budget: \$161.7M	10% under budget: \$153.2M			
Fiscal Responsibility / Strength (25%)						
Senior Debt Coverage	1.25%	1.3% - 1.5%	Greater than 1.5%		CFO Input	
Sr/Subordinate Debt Coverage	1.10%	1.2% - 1.25%	Greater than 1.25%			
Days Cash on Hand	500 days (OS)	550 - 650 day (Policy)	Greater than 650 days			
Pension Funding	80% - 89%	90% - 100%	Greater than 100%			
OPEB Funding	80% - 89%	90% - 100%	Greater than 100%			
Operational (50%)				Operational		
Overall Airport Satisfaction (25%)						
	80% - 84% top 2 box	85% - 90% top 2 box	Greater than 90% top 2 box		CSO Input	
Strategic Goals (25%)						
Invest in BNA/JWN	Meets expectations: 70% - 79%	Exceeds expectations: 80% - 90%	Outstanding: Greater than 90%			
Plan for the Future Prepare for the Unexpected						
				Total		

KPI approval by Board planned for September 2023

Executive Session

July 12, 2023



Meeting of the MNAA Management, Audit & Compliance ("Management") Committee

Meeting Adjourned