



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

December 13, 2023

Call to Order

December 13, 2023

Board Chair Status Report

- Adams and Reese LLP December 11, 2023, memo; received December 12, 2023
- July – October 2023 Management Committee Actions (2 items)

Public Comment

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

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

4 Public Comment Requests Received

- Jon Cooper, Holland & Knight
- Saul Solomon, Klein Solomon Mills
- George H. Cate III, Bradley Arant Boult Cummings LLP
- Jim Murphy, Bradley Arant Boult Cummings LLP

Public Comment

- All requested to speak on Agenda Item II
 - July – October 2023
Management Committee
Actions (2 Approval Items)

Approval of Minutes

1. October 11, 2023, Minutes of the Meeting of the MNAA Management, Audit & Compliance (“Management”) Committee
 - Adams and Reese LLP December 5, 2023, memo; received December 11, 2023
 - Adams and Reese LLP recommended specific motion and staff affidavits
2. November 8, 2023, Minutes of the Meeting of the MNAA Management, Audit & Compliance (“Management”) Committee

Chair's Report

Joycelyn Stevenson

Management Committee Chair

Items for Approval

December 13, 2023 - None

Information Items

December 13, 2023 - None



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

Meeting Adjourned

Items for Ratification

Supplemental Slides

Reviewed November 6, 2023 & November 8, 2023

- 1 CEO Employment Agreement (September)
- 2 CEO FY24 Performance Evaluation Key Performance Indicators (KPI's) (September)

July – October Board Actions (Management Committee)

① Background – CEO Employment Agreement

- Initial Agreement – Effective December 1, 2017
 - Replaced by current agreement
- Current Agreement - Effective July 1, 2022, to June 30, 2025
- FY2023 Annual review
 - CEO Performance review
 - August 9, 2023 (Management Committee)
 - August 16, 2023 (Board)
 - CEO Contract review
 - August 30, 2023 (Chair/CEO 1:1)

Chair's Recommendation

- Amend Term of Employment
 - Current: July 1, 2023 – June 30, 2025.
 - Proposed: July 1, 2023 – **December 31, 2026.**
- Change Terms
 - Extend Board notice of non-renewal from 6 months to 12 months prior to contract expiration; allows time for new CEO search.
 - Automatically extend contract by 12-months if written notice of non-renewal not provided by Board 12 months prior to expiration.
 - Revise special cash incentive. CEO eligible for additional 10% bonus if Concourse D Extension completed and Concourse A construction started by December 31, 2026.
- Adjust CEO Compensation Strategy
 - CEO no longer eligible for Cost-of-Living Adjustments (COLA).
 - CEO to provide annual benchmarking study of Large Hub Airport CEO compensation data to Management Committee by June 30, 2024.
 - CEO to provide Management Committee with a proposed Board roadmap outlining CEO succession plan by December 31, 2024.

CEO Employment Agreement

Adjust CEO Compensation Strategy – Large Hub Benchmarking

- CEO’s salary was increased by 5% COLA August 9, 2023 (effective July 1, 2023)
 - CEO’s base salary at the 33rd percentile of large hub airports
- Chair/Management Committee should review benchmark report annually to determine if any adjustments are warranted.

	Base Salary						Total Cash Compensation					
	P10	P25	P50	P75	P90	P99	P10	P25	P50	P75	P90	P99
Large Hubs	\$218,808	\$360,538	\$487,542	\$671,880	\$813,610	\$1,057,572	\$291,872	\$542,325	\$757,725	\$1,092,500	\$1,342,953	\$1,774,060
CEO Today		\$409,500 (P33)					\$421,500 - \$585,300 (P18 - P29)					
Chair’s Proposal			\$600,000 (P65)						\$612,000 - \$852,000 (P30 - P53)			

P25, P50 & P75 provided by Korn Ferry, November 2022; P10, P90 & P99 calculated based on normal distribution.
 CEO Total Cash Compensation = FY24 Base Salary + Car Allowance + FY24 Bonus (0 – 40% to be awarded in FY25)

Chair's Recommendation: Board of Commissioners approve the following, as presented to the Management Committee:

- Revisions to the CEO's employment contract:
 - Employment term (12/31/26);
 - Renewal/non-renewal terms (12 months);
 - Compensation strategy/benchmarking (annually);
 - Adjustment to 2026 special cash incentive; and
- Increase CEO's annual base salary to \$600,000, effective September 1, 2023
 - CEO ineligible for COLA
- Authorize Chair to execute amendment to existing CEO contract, consistent with above terms.

- **Review & Approval:** The Chair and the Management Committee recommended approval to the full Board on September 20, 2023. The Board of Commissioners voted 6 to 0 to approve.

CEO Employment Agreement

- Notes:
 - Total MNAA Salaries for 367 employees is: \$30,156,310
 - If approved, CEO Salary equates to 1.98% of total

② CEO FY24 Performance Evaluation KPI's

KPI Evaluation Criteria	90% Eligibility	100% Eligibility	110%+ Eligibility
Financial (50%)			
<u>Operating Income (BNA+JWN+MPC) (25%)</u>			
Operating Revenue	Meets budget: \$288.4M	5% over budget: \$302.8M	10% over budget: \$317.2M
Operating Expense	Meets budget: \$170.2M	5% under budget: \$161.7M	10% under budget: \$153.2M
<u>Fiscal Responsibility / Strength (25%)</u>			
Senior Debt Coverage	1.25%	1.3% - 1.5%	Greater than 1.5%
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%)			
<u>Overall Airport Satisfaction (25%)</u>	80% - 84% top 2 box	85% - 90% top 2 box	Greater than 90% top 2 box
<u>Strategic Goals (25%)</u>	Meets expectations:	Exceeds expectations:	Outstanding:
Invest in BNA/JWN	70% - 79%	80% - 90%	Greater than 90%
Plan for the Future			
Prepare for the Unexpected			

Review & Approval: Staff and the Management Committee recommended approval to the full Board on September 20, 2023. The Board of Commissioners voted 6 to 0 to approve the CEO FY24 Key Performance Indicators.