



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

September 13, 2023



Call to Order

September 13, 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 by Monday, September 11, 2023 @ 9 pm

Approval of Minutes

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

August 9, 2023

Chair's Report

Jimmy Granbery

Management Committee Chair

Items for Approval

September 13, 2023

- CEO Employment Agreement

Item for Approval

Jimmy Granbery
Management Committee Chair

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)*

- Management Committee approve and recommend the following changes to the full Board:
 - 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.

Chair’s Recommendation

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

- CEO FY24 Performance Evaluation Key Performance Indicators (KPI's)

Item for Approval

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

CEO FY24 Performance Evaluation KPI's

- Staff recommends the Management Committee recommend to the Board of Commissioners that it approve the proposed FY24 CEO Key Performance Indicators (KPIs)

KPI Evaluation Criteria	90% Eligibility	100% Eligibility	110%+ Eligibility
Financial (50%)			
Operating Income (BNA+JWN+MPC) (25%)			
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
Fiscal Responsibility / Strength (25%)			
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%)			
Overall Airport Satisfaction (25%)	80% - 84% top 2 box	85% - 90% top 2 box	Greater than 90% top 2 box
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			

- FY24 KPI's presented as information item to Management Committee July 12, 2023
- Actual year-end results will be provided by:
 - Financial – Chief Financial Officer
 - Operational – Chief Strategy Officer

Information Items

September 13, 2023 - None



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Meeting Adjourned