

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



Date/Time: Wednesday, July 10, 2024, at 10:00 a.m.

Place: Nashville International Airport – Tennessee Board Room

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

I. CALL TO ORDER

II. PUBLIC COMMENTS

No requests for public comment received to date. Deadline is July 8, 2024 at 9:00 p.m.

III. APPROVAL OF MINUTES

June 5, 2024 Minutes of the Joint Meeting of the MNAA and MPC Finance, Diversity & Workforce Development Committees

IV. CHAIR'S REPORT

V. ITEMS FOR APPROVAL

1. MNAA Rental Car Service Center Lease Terms/Agreement
2. Service Contract for Cellular Distributed Antenna System and Wi-Fi Monitoring, Management & Maintenance

VI. INFORMATION ITEMS

None

VII. ADJOURN

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



Date: June 5, 2024

Location: Metropolitan Nashville Airport Authority
Tennessee Boardroom

Time: 9:21 a.m.

Committee Members Present:

Andrew Byrd, Committee Chair; Jimmy Granbery

Committee Members Absent:

Glenda Glover, Committee Vice Chair

Others Board Members Present:

Bobby Joslin, and Nancy Sullivan

MNAA Staff & Guests Present:

Doug Kreulen, Neale Bedrock, Lisa Lankford, Trish Saxman
Marge Basrai, Kristy Bork, Kristen Deuben, Randy Dorsten
Adam Floyd, Ijeoma Ike, Eric Johnson, Carrie Logan, Rachel
Moore, Ted Morrissey, Stacey Nickens, Josh Powell, Robert
Ramsey, Davita Taylor, and Colleen Von Hoene

I. CALL TO ORDER

Chair Byrd called the Joint Meeting of the MNAA and MPC Finance, Diversity & Workforce Development (“Finance”) Committees to order at 9:21 a.m. pursuant to Public Notice dated May 31, 2024.

II. PUBLIC COMMENTS

Chair Byrd stated there were no public comment requests received.

III. APPROVAL OF MINUTES

Chair Byrd asked for a motion to approve the May 8, 2024 Minutes of the Joint Meeting of the MNAA & MPC Finance Committees. Commissioner Granbery made a motion and Chair Byrd seconded the motion.

Chair Byrd asked Ms. Saxman for a roll call:

Chair Byrd – Yes

Commissioner Granbery – Yes

The motion passed with a vote of 2 to 0.

IV. CHAIR'S REPORT

Chair Byrd had no Chair's report.

V. ITEMS FOR APPROVAL

1. FY25 Commercial Insurance Policies Renewal

President Kreulen introduced Kristen Deuben, VP, Finance, to update the Commissioners on the FY25 Commercial Insurance Policies Renewal. Ms. Deuben reported that all commercial insurance policies for renewal in FY25 are effective on a July 1, 2024 through July 1, 2025 cycle. This year MNAA's broker, Marsh, conducted targeted marketing on select lines of coverage as they performed extensive marketing in the previous year. The total Not to Exceed ("NTE") value for FY25 is \$5,338,848, which is a 4.8% increase from the prior year.

The key reasons for the 7.3% increase in property insurance are due the total insured value of assets which increased from \$2.51B to \$2.99B due to increase in replacement values on current assets, as well as the addition of the Grand Lobby/IAF and Satellite Concourse.

Ms. Deuben stated that the cost for worker's compensation coverage increased 27.2% due to projected wages increasing from \$39.4M to \$50M, in addition to experience modification factor increasing from 0.69 to 0.77 due to an increasing trend in average cost per claim. Automobile insurance costs increased 30.55% due to an increase in cost of vehicles and increase in the number of vehicles that need to be insured. Special crime, pollution legal liability and contractors' pollution liability coverages offset some of the increases since these are multi-year policies that were paid in advance in FY24.

Ms. Deuben requested the Finance Committee recommend to the Board of Commissioners that it approve the FY25 commercial insurance policies renewal at a NTE amount of \$5,338,848 and authorize the President and CEO to execute the FY25 policies.

Commissioner Joslin asked about the experience modification factor and if there was an increase in claims, and if these were large or small claims. Ms. Deuben replied there were a lot of small claims, some covering medical. President Kreulen stated staff would provide a breakdown for the Board meeting. For example, recently there was a police vehicle that was parked when the officer was directing traffic, and it was totaled by a car slamming into it. Commissioner Joslin stated he has the same issue at his office, paying small claims and they pay their own claims up to a certain amount and did not know if MNAA was paying any out of pocket. President Kreulen stated MNAA is trying to do the same thing.

Chair Byrd stated insurance has been something that is widely in the news and there have been a lot of increases. He thinks this is a remarkably small increase, and stated his office recently went through a program of reevaluating their insurance agent. Chair Byrd said he thinks Marsh is an excellent insurance broker but at the same time, sometimes it makes sense to shop broker and pricing. Ms. Deuben stated the airport moved to Marsh in FY21, we had a 3 year contract, with one 2-year renewal option, which was just exercised. Chair Byrd asked if it is two 1-year options or a 1 2-year renewal option. Ms. Deuben stated she would double check. Chair Byrd stated MNAA knows from their own experience how good a job Marsh is doing on any insurance claims that come up and at some point, we bumped Willis Towers Watson because they were not doing that good of a job, and he thinks occasionally it makes sense to get other potentials.

President Kreulen stated this is one of the challenges MNAA took on, the Board had raised similar concerns in the past, and Chair Byrd's question was great. MNAA had Willis Towers Watson forever and made a business decision for procurement to go back out and rebid. A competitive solicitation is planned again in 2026. Chair Byrd stated when his company's operational people got him to shop the various insurance agents that he was shocked about the results. President Kreulen stated we have gotten a better understanding of our policies since hiring a risk manager, and with all the enhancements to our insurance program over the last couple of years and going with a competitive broker. Commissioner Granbery stated Bob Davidson has been a big help. President Kreulen stated yes, Bob Davidson is still on contract with MNAA to evaluate all of our insurance policies to make sure we have the right business terms and coverages to protect the airport. President Kreulen stated he will get additional details for the Board meeting.

Commissioner Granbery asked if we could back to the slide with property insurance, and asked what the coverage number is and what percentage of the \$2.99B are assets at John C. Tune. President Kreulen replied John C. Tune is about 1/100th of what you see at BNA, and stated he would provide the actual number.

Chair Byrd asked for a motion to approve as presented. Commissioner Granbery made a motion and Chair Byrd seconded the motion.

Chair Byrd asked Ms. Saxman for a roll call:

Chair Byrd – Yes

Commissioner Granbery – Yes

The motion passed with a vote of 2 to 0.

VI. INFORMATION ITEMS

1. None.

VII. ADJOURN

There being no further business brought before the Finance Committee, Chair Byrd adjourned the meeting at 9:33 a.m.

Andrew W. Byrd, Board Secretary

STAFF ANALYSIS

Finance Committee

Date: July 10, 2024
Facility: Nashville International Airport
Subject: MNAA Rental Car Service Center Lease Terms/Agreement

I. Recommendation

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

- 1) accept the terms recommended for the Rental Car Service Site Lease Agreements
- 2) authorize the Chair and President and CEO to execute lease agreements between MNAA and each Rental Car Service Site

II. Analysis

A. Background

Ten rental car companies operate at Nashville International Airport under MNAA has concessions agreements, which stipulate terms for ticket counter space and CONRAC space. These were executed in 2011 for a 15 year term.

MNAA currently has rental car service site agreements for 5 parcels, representing 9 companies. These contracts were executed in 1987, for a 15-year term, with two extensions of five years each and have been on a month-to-month basis since 2012.

- Enterprise (3 companies)
- Hertz (3 companies)
- Avis (3 companies)

The last rental car service site facility agreement rental increase was in 2012. A Fair Market Value Assessment ("FMVA") was conducted by Airport Business Solutions ("ABS") in 2022, however it was not acted upon because the scope of the appraisal only included airport comparisons and did not encompass local market conditions. MNAA performed an internal analysis of local property values to better understand the current local Nashville market rates. In March 2024, ABS conducted another appraisal utilizing both airport and the local market rates, and the final appraisal was in line with the internal analysis.

MNAA staff has reviewed the current service site agreements and determined that new service site lease agreements are required with updated terms and conditions added. The current rental car service site facility agreements do not prohibit non-Airport Business, such as long-term storage of damaged vehicles; and the rental or sale of vehicles and subleasing to be conducted at the rental car service sites. This additional activity is not captured by the concession agreement, and as such the Authority does not gain from the activity. FAA Grant Assurances require a fee and

rental structure that makes the airport as self-sustaining as possible.

B. Fair Market Value Assessment Benchmarks

The FMVA assessment for the property ranged from:

- \$1.75 psf for land
- \$3.00 - \$5.00 psf for canopy and car wash areas
- \$6.50 - \$10.00 psf for building areas

Airport Benchmarks

- Piedmont Triad international (GSO)
- McGhee Tyson (TYS)
- Blue Grass (LEX)
- Raleigh-Durham International (RDU)
- Detroit Metropolitan (DTW)
- Birmingham Shuttlesworth International (BHM)
- Memphis International (MEM)
- Savannah-Hilton Head International (SAV)
- Louisville International (SDF)
- Minneapolis-St. Paul International (MSP)
- Tampa International (TPA)
- Pittsburg International (PIT)
- San Diego International (SAN)
- Washington Dulles International (IAD)

Local Property Benchmarks

- 2506 Elm Hill Pike
- 2842 Lebanon Pike
- 713 Ermac Drive
- 704-706 Ermac Drive
- 10 Bridgestone Park
- 101 Pitts Lane @ Old Hickory Blvd.
- 2535 Perimeter Place Drive
- 628 & 634 Ermac Drive
- 2331 Atrium Way

C. Lease Terms

Rates: Based on ABS FMV Assessment

3% annual escalation

Term: 5 years

Cancellation Clauses:

- 1) Operational Need (30-day written notice)
- 2) Convenience (180-day written notice)

Conditions: Non-Airport business cannot be conducted on premises

D. Impact/Findings

Lease Start Date: August 1, 2024, pending negotiations

Lease Termination Date: July 31, 2029, pending negotiations

Revenue:

	Today			Proposed			
	Area	Average Rate	Annual Revenue	Reallocated Area	Average Combined Rate	Annual Revenue	Increase
Avis/Budget/ Payless	349,000	\$0.41	\$ 143,200	178,000	\$1.79	\$ 318,376	\$175,176
Enterprise/ National/ Alamo	388,000	\$0.50	\$ 193,365	300,000	\$2.01	\$ 604,019	\$410,654
Hertz/Thrifty/ Dollar	305,000	\$0.48	\$ 146,750	215,000	\$2.03	\$ 435,427	\$288,677
	1,042,000	\$0.46	\$ 483,315	693,000	\$1.96	\$1,357,822	\$874,507

E. Strategic Priorities

- Invest in BNA
- Plan for the Future

F. Options/Alternatives

The Board of Commissioners could decline to accept the proposed terms, and request that MNAA staff revise the terms of the future rental car agreements. If the terms are approved by the Board of Commissioners and not approved by the rental car company(s), the space would be competitively solicited.

STAFF ANALYSIS

Finance Committee

Date: July 10, 2024

Facility: Nashville International Airport

Subject: Service Contract for Cellular Distributed Antenna System and Wi-Fi Monitoring, Management & Maintenance

I. Recommendation

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

- 1) Accept the proposal by Boldyn Networks US Services, LLC “Boldyn” for distributed cellular and Wi-Fi Monitoring, Management, Development, and Maintenance contract services.
- 2) Authorize the Chair, President, and CEO to execute the awarded contract for the amount contained herein.

II. Analysis

A. Background

Since 2010, MNAA has provided Cellular Distributed Antenna System (DAS) and Wi-Fi services for the public through a concessions contract with Concourse Communications Nashville, LLC “Boingo”. In February 2024, the MNAA Board of Commissioners was briefed on a proposed transition to an MNAA-owned business model that included direct license agreements with cellular carriers and a contracted service provider for infrastructure management and approved an extension of the Boingo agreement until no later than December 31, 2024 to transition these services to MNAA control and ownership.

This structure provides MNAA the following benefits:

- 1) Enables MNAA to control and coordinate expansion of DAS and Wi-Fi infrastructure with future MNAA facility development to meet passenger growth needs.
- 2) Estimated to increase MNAA gross revenue through direct contracts with cell carriers, eliminating sharing revenues with a third-party Concessionaire.
- 3) Capital contributions can be negotiated with cell carriers and used to fund future capital investment.

B. Solicitation Results

To provide service to monitor, manage, enhance, and maintain the MNAA infrastructure, a contract services Request for Proposal “RFP” was issued on March 8, 2024 resulting in the following:

- 9 competitive proposals (3 non-responsive/6 responsive)
 - Boldyn Networks US Services, LLC (Awarded 394 points)
 - Slice Wireless Solutions, Inc. (Awarded 330 points)
 - Internetwork Engineering (Awarded 286 points)
 - Boingo Wireless, Inc. (Awarded 264 points)
 - Communication Technology Services, LLC (Awarded 221 points)
 - Symphony Technology Solutions (Awarded 174 points)

Final interviews were conducted with Boldyn Networks US Services, LLC and Slice Wireless Solutions. The RFP was scored on a best value basis; evaluation criteria included:

- Experience and Qualifications
- Management Plan / Transition Plan
- Reporting Capabilities
- Bid Costs.

The scoring committee included representatives from MNA IT, Engineering, Customer Service, Concessions, and Business Development and Diversity, with Cell Site Capital and the Paslay Group providing technical and business advisory support.

The proposal by Boldyn was found superior by the evaluation committee and was recommended for award of the contract based on exhibiting comprehensive industry and airport experience, a strong and clear technical and operations plan, and direct customer service and service level standards that exceeded expectations. The Boldyn contract will provide the following core services:

- 24/7 Cellular DAS and Wi-Fi network monitoring, management, and maintenance
- Providing 24/7 customer call center for direct end-user customer support
- Supporting and implementing a smooth transition from the incumbent 3rd party to an MNA Airport-owned infrastructure model
- Assisting MNA with integrating existing infrastructure with capital expansion projects

C. Impact/Findings

MNA SMWBE Participation Level: Race and Gender Neutral (0%)

Anticipated Contract Start Date: July 18, 2024

Duration of Contract: Five (5) years with two (2) additional MNA 1-year options

Contract Completion Date: July 17, 2029 base term; July 17, 2031 with term options

Estimated Budget & Proposed Cost: The contract budget was estimated at \$2,022,890 over the seven (7) year term (\$264,000 annually; one cost with a 3% annual increase). Boldyn’s proposal cost is \$2,377,572; divided into contract years as follows:

Exhibit J Cost Proposal – Boldyn Networks US Services, LLC

Contract Year	Proposed Cost
Year 1 One Time Setup Cost	\$ 520,830
Year 1	\$ 242,317
Year 1 Subtotal	\$ 763,147
Year 2	\$ 249,586
Year 3	\$ 257,074
Year 4	\$ 264,786
Year 5	\$ 272,729
Year 1-5 Subtotal	\$ 1,807,322
Additional Option Year 1*	\$ 280,911
Additional Option Year 2*	\$ 289,339
Total	\$ 2,377,572

This cost proposal includes one-time, year 1 transition costs and the management of additional coverage areas in years 2 and 4 for the Concourse D Extension and new Concourse A terminal spaces.

Funding Source: MNAA Operating and Maintenance “O&M” Budget

D. Strategic Priorities

- Invest in BNA
- Plan for the Future

E. Options/Alternatives

1. Do Nothing: The “Do Nothing” option will result in the loss of cellular DAS and Wi-Fi service at BNA.
2. Rebid the contract: This will not leave time for an uninterrupted transition to a new contractor without renegotiating a second extension with the existing contract provider.