



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

September 18, 2024

BNA®

Call to Order

September 18, 2024

Public Comment

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

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

No Requests for Public Comment Received by Tuesday, September 17, at 1:00 am

Approval of Minutes

August 21, 2024, Joint Meeting of the MNAA Board of Commissioners & MPC Board of Directors

Chair's Report

Nancy B. Sullivan, P.E., Board Chair

President's Report

Douglas E. Kreulen, A.A.E.

President and CEO



Southwest seats have doubled in Nashville over the past 10 years

Southwest Airlines Announces New Air Service

- August 22, 2024
- Palm Beach (PBI)
 - Daily, beginning March 6, 2025
- Indianapolis (IND)
 - Daily, beginning March 6, 2025
- Cabo San Lucas (SJD)
 - Saturday, beginning March 8, 2025
- Punta Cana (PUJ)
 - Saturday, beginning March 8, 2025



Appointments to Embry-Riddle College of Business Dean's Advisory Council

- August 30, 2024
- Adam Bouchard, VP, Operations
- Matthew Earnhardt, AVP, Operations



**Roman Keselman, AVP,
Real Estate**



**Austin Fay, Director,
Airside Operations**

Welcome, New Leadership

- Roman Keselman
- Austin Fay



Terminal Lobby/IAF Recognized with National Award of Merit by Design-Build Institute of America (DBIA)

- September 3, 2024
- Merit Winners will be recognized, and additional winners announced, at DBIA's Design-Build Conference & Expo Awards Ceremony Nov. 7, 2024 in Dallas, TX



K9 Power

Thank you, Department of Public Safety

- September 5, 2024
- Recognized by US Department of Justice in apprehending a suspect who landed at BNA with possession of over 50 pounds of fentanyl-laced pills



September 11, 2001 Remembrance Ceremony

- September 11, 2024



Inaugural Winnipeg Flight

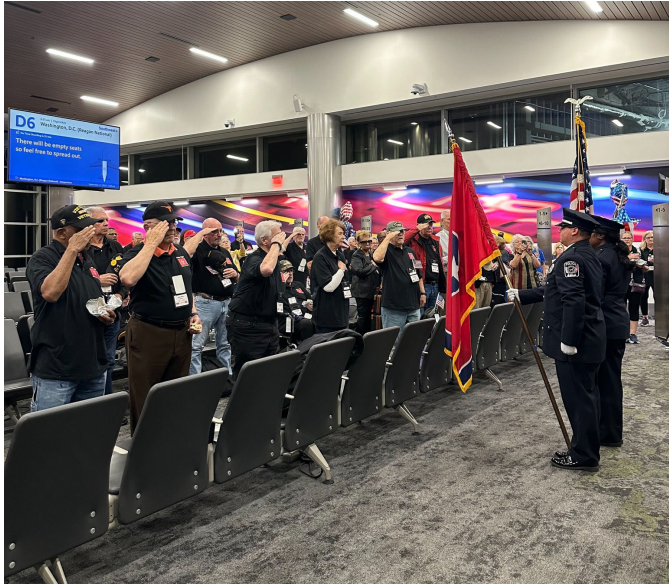
- September 16, 2024
- WestJet 2x weekly to Winnipeg
- BNA now serves six Canadian cities nonstop
 - Toronto
 - Montreal
 - Vancouver
 - Calgary
 - Edmonton





Congratulations Commissioner Glover, 2024 National HBCU Week Conference

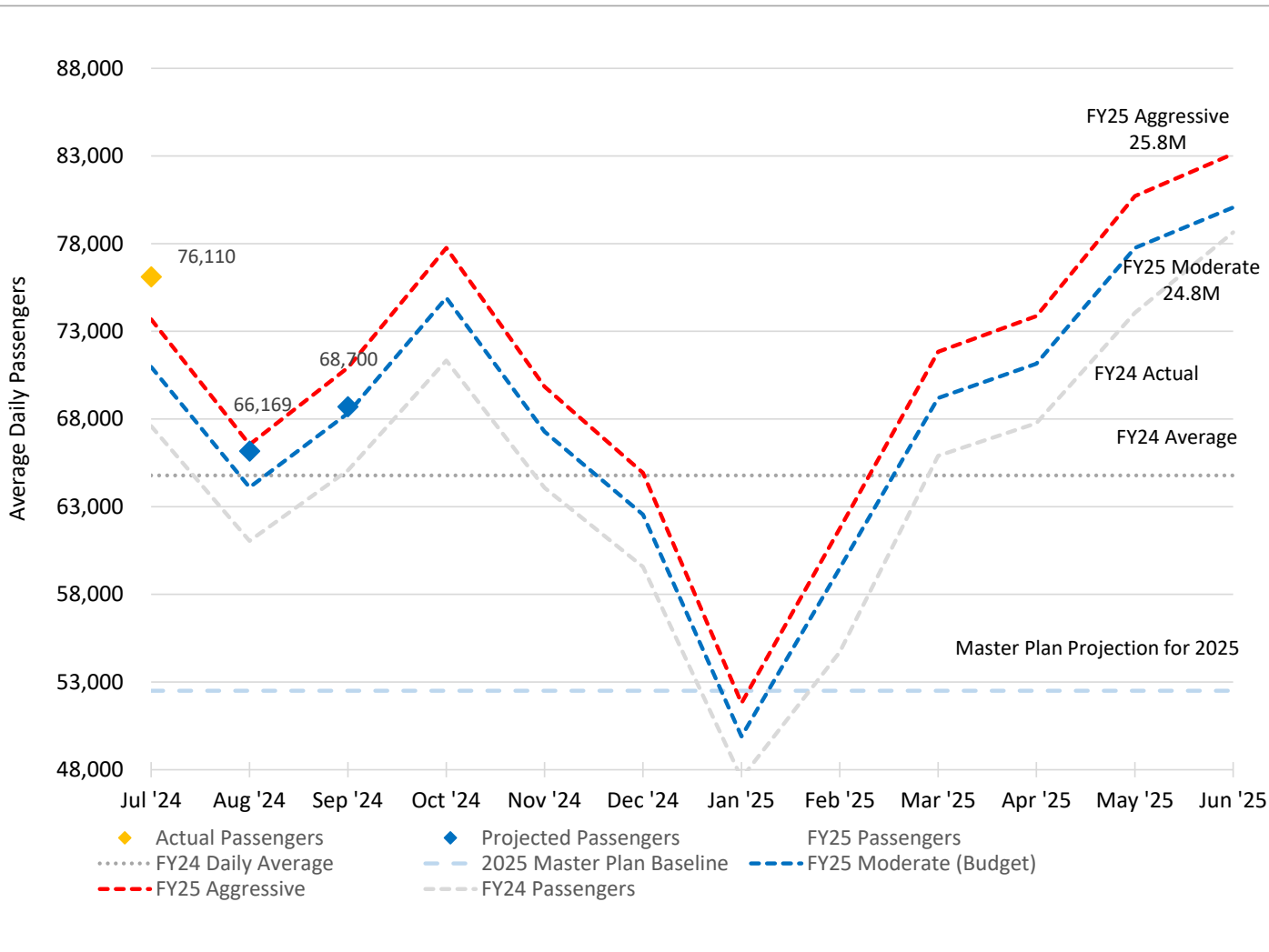
- September 17, 2024



Honor Flight

- September 17, 2024

FY25 BNA Passengers



- FY25 Forecast: 5%, 7%, 9%
 - Projected 25.3M
- September FY25 Projected*
 - 2.1M total passengers
 - 68,700 daily passengers
- FY25 YTD
 - 6.4M total passengers
 - 70,300 daily passengers

*September projections based on TSA data through September 16, 2024

Operations

- Approvals
 - 1) Maintenance & Service Contract for BNA Conveyance (Elevators/Escalators)
 - 2) Construction Contract for Concourse A Ramp Paving
 - 3) Task Order for Design for TSA Improvements to T/W Alpha North
 - 4) Task Order for Terminal Ramp Reconstruction (FY25-FY27)
- Information
 - 1) BNA Development Update
 - 2) JWN Development Update

Finance

- Approvals
 - 1) Customer Facility Charge (“CFC”) Increase, Resolution #2024-08 - *tentative*
 - 2) Amended & Restated Note Purchase Agreement with Bank of America
 - 3) Human Capital Management System
 - 4) 10th Amendment to Fraport Concessions Agreement - *tentative*
 - 5) 2nd Amendment to Paradies Concessions Agreement - *tentative*
- Information - None

Management

- Approval – FY25 CEO KPIs – *tentative*
- Information – FY24 Employee Performance Results

Committee 30-day Outlook

- October 9 & 16, 2024
- Board Retreat – Oct 16, 2024
 - 9:00 – Board Meeting
 - 10:15 – Group Photo
 - 10:30 – Administrative Updates
 - 11:30 – Lunch
 - 12:15 – 3:00 - Retreat

Operations

- Approvals
 - 1) TDOT Initiative to Widen Exit 216A – *tentative*
 - 2) Baggage Handling System Improvements CGMP2 (facilities construction & BHS equipment) – *tentative*
 - 3) 2nd FBO at JWN
 - 4) On-Call Contract for Snow & Ice Removal
 - 5) Contract for Ramp Control Services
- Information
 - 1) Terminal II Siting Study (Update 7 of 9)
 - 2) BNA Development Update
 - 3) JWN Development Update

Finance

- Approvals - None
- Information
 - 1) BNA Concessions Program Quarterly Update & Sales Report
 - 2) Quarterly Retirement/OPEB/Treasury Investment Reports

Management

- Information – FY24 MNAA External Audit Update
- Information – FY24 PCI Audit Update

Committee 60-day Outlook

- November 13 & 20, 2024

Items for Approval

September 18, 2024

- Construction Contract for Curbside Ticket Counter Weather Protection (Operations)

Item for Approval

Puneet Vedi, AIA, C.M., LEED GA
VP, Airport Capital Development

Construction Task Order for Curbside Ticket Counter Weather Protection

Project Description: Manufacture and install 7 weather-proof enclosures around existing ticketing kiosks on the exterior departures level of the terminal building.

Contractor: Utopia Building Group, LLC

Approved Task Order Contract: \$3,000,000 NTE / year

Total Task Order Cost: \$1,500,000 NTE

Schedule: Task Order Start: September 2024
Task Order Completion: June 2025

Task Order SMWBE: 44.6% WBE, 2.1% MBE

Funding Source:



Committee Review: Operations Committee voted 3 to 0 to recommend approval on September 11, 2024.

Staff Recommendation: Board of Commissioners authorize the proposed Task Order through the Job Order Contract with Utopia Building Group for \$1,500,000 NTE.

- Construction Manager at Risk Contract for Concourse A Reconstruction (Operations)

Item for Approval

Traci Holton, PE, C.M.
VP, New Horizon

Construction Manager at Risk (CMAR) Contract for Concourse A Reconstruction

Project Description: Demo and rebuilding of new 16-gate Concourse A and related infrastructure including landside extension of North Ticketing and North Baggage Claim

Contractor: Hensel Phelps Construction Co.

Total Contract Cost:

CGMP 1	\$32,861,879 (Preconstruction)
CGMP 2	TBD (Enabling, Demolition)
CGMP 3	TBD (Utilities, Structure & Equipment)
CGMP 4	TBD (Envelope & MEP systems)
CGMP 5	TBD (Finishes, Furniture)
<hr/>	
Estimated GMP	\$650,200,000

Schedule: Contract Start: October 2024
Contract Completion: July 2028

SMWBE Participation: 14.36% MBE, 4.33% WBE, 4% SBE (target)

Funding Source:  100% MNAA

Committee Review: Operations Committee voted 3 to 0 to recommend approval on September 11, 2024.

Staff Recommendation: Board of Commissioners accept the proposal by Hensel Phelps for the CMAR contract for Concourse A Reconstruction and authorize the Chair and President and CEO to execute CGMP #1 for \$32,861,879.



- First Amendment to Paradies Lease and Concession Agreement (Finance)

Item for Approval

Eric Johnson, CCIM, C.M.
SVP and Chief Revenue Officer

First Amendment to Paradies Lease & Concession Agreement

Background:

- MNAA (the Authority) has a Lease and Concession Agreement (Agreement) with Paradies-Lagardere@Nashville, LLC (Paradies), to develop and operate a concessions program in the Satellite Concourse. The term of the agreement started on October 19, 2023, and expires on October 18, 2033.
- Airline activity in the Satellite Concourse has not yet reached levels forecasted by Paradies in the first year of the Agreement.

Proposed Amendment:

- To provide relief for Paradies and its ACDBE partners until airline activity reaches 90% of Paradies' expected levels, staff is recommending a temporary adjustment to the Minimum Annual Guarantee (MAG) for the period Jan 1, 2024 - Dec 31, 2025.

	<u>Current MAG</u>	<u>Temporary MAG</u>	<u>Reduction</u>
2024	\$ 2,400,000	\$ 1,775,805	\$ 624,195
2025	\$ 2,472,000	\$ 2,067,494	<u>\$ 404,506</u>
			\$ 1,028,701

- Paradies will pay the temporary adjusted MAG until the earlier of the second consecutive month after which enplanements reach 90% of Paradies' forecast, or December 31, 2025.

Committee Review: Finance Committee voted 2 to 0 to recommend approval on September 11, 2024.

Staff Recommendation: Board of Commissioners approve the First Amendment to the Paradies Agreement and authorize the Chair and President & CEO to execute the Amendment.

- FY24 CEO Performance Evaluation (Management)

Item for Approval

Nancy B. Sullivan, P.E.
Board Chair

- **CEO Performance Summary:**
 - Operating Revenue
 - Exceeded expenses by \$144,218,655
 - FY24 Treasury Investments:
 - Earned \$52.6M, positive trend for past 7 years
 - NAE Fund (cash reserve):
 - FY24 deposit = \$121,176,303 (total fund = \$430M)
 - Overall airport satisfaction:
 - 92%, with positive trend for past 4 years
 - FY24 Strategic Goals & Objectives Score:
 - 86.4%
- **Committee Review:**
 - Management Committee voted 3 to 0 to recommend approval of 104.5% award of eligible bonus on September 11, 2024.
- **Chair’s Recommendation:**
 - Board of Commissioners approve CEO’s FY24 Performance and award of performance bonus, per contract.

FY24 CEO Performance Evaluation

- Management Committee voted 3 to 0 to award performance bonus, per contract, for FY24.
- Slide 25 shows results of the FY24 CEO Performance Evaluation reviewed by the Management Committee.

FY24 CEO Performance Evaluation KPIs

KPI Evaluation Criteria	90% Eligibility	100% Eligibility	110%+ Eligibility	Actual	Results
Financial (50%)				Financial	
Operating Income (BNA+JWN+MPC) (25%)				<u>MNAA FY24 Income Statement*</u>	
Operating Revenue	Meets budget: \$302.4M	5% over budget: \$317.5M	10% over budget: \$332.6M	\$303,258,105	90%
Operating Expense	Meets budget: \$178.0M	5% under budget: \$169.1M	10% under budget: \$160.2M	\$159,039,450	110%
Fiscal Responsibility / Strength (25%)					
Senior Debt Coverage	1.25	1.3 - 1.5	Greater than 1.5	April 2024 Budget Approval – 11.8	110%
Sr/Subordinate Debt Coverage	1.1	1.2 - 1.25	Greater than 1.25	April 2024 Budget Approval – 6.95	110%
Days Cash on Hand	500 days (OS)	550 - 650 day (Policy)	Greater than 650 days	April 2024 Budget Approval – 896	110%
Pension Funding	80% - 89%	90% - 100%	Greater than 100%	June 2024 USI FYE Report – 95%	100%
OPEB Funding	80% - 89%	90% - 100%	Greater than 100%	June 2024 USI FYE Report – 169%	110%
Operational (50%)				Operational	
Overall Airport Satisfaction (25%)				<u>June 2024 Survey</u>	
	80% - 84% top 2 box	85% - 90% top 2 box	Greater than 90% top 2 box	92%	110%
Strategic Goals (25%)				<u>June 2024 Final Results</u>	
Invest in BNA/JWN	Meets expectations: 70% - 79%	Exceeds expectations: 80% - 90%	Outstanding: Greater than 90%	86.4%	100%
Plan for the Future					
Prepare for the Unexpected					
				Total	104.5%

CFO Input

CSO Input

Information Items

September 18, 2024

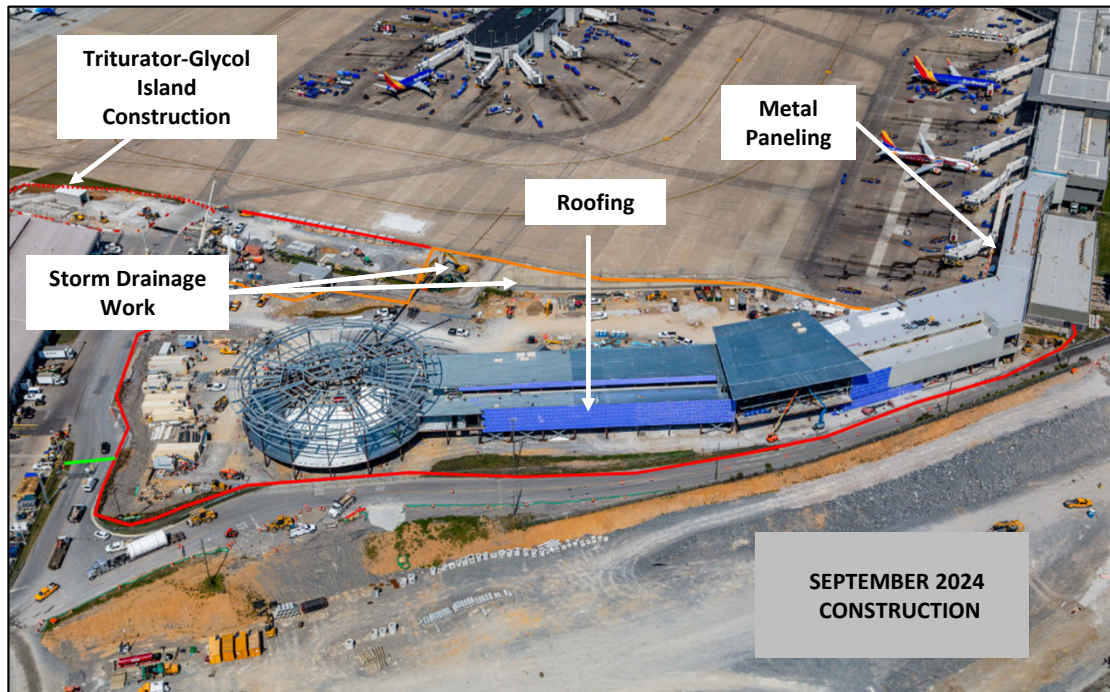
- BNA Development Update (Operations)
- JWN Development Update (Operations)
- FY24 Air Service Incentive Plan Update (Finance)

Information Items

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

BNA Development Update

- Concourse D Extension
 - Completion July 2, 2025
 - 286 Days to Opening
- Terminal Access Roadway Improvements (TARI)
 - Completion Sep 29, 2025
 - Excavation Progress
 - 244,000 CY of 555,000 CY
 - Utility Progress
 - Storm 65% complete
 - Sewer 85% complete



JWN Development Update



Solicitation of 2nd FBO Schedule

- ✓ Release RFP July 17, 2024
- ✓ Pre-proposal Meeting & Site Visit August 8, 2024
 - 36 attendees
 - 20 potential bidders
- Proposals Due September 27, 2024 *(3-week extension)*
- Board Approval November 20, 2024
- Contract Award November 20, 2024
- Contract Start November 25, 2024

FY24 Air Service Incentive Plan Update

- FY24 Airline Incentive Activity**

– British Airways – London (LHR)	\$ 861,783
– Flair Airlines – Edmonton (YEG)	\$ 6,185
– Air Canada – Montreal (YUL)	\$ 14,807
– WestJet* – Vancouver (YVR)	<u>\$ 20,832</u>
– Total FY24 Incentive Fees	\$ 903,607



- NAE Airline Incentive Account Balance**

– July 1, 2023 Opening Balance:	\$ 7,685,817
– FY24 Incentive Fees	(\$ 903,607)
– Prior Period (6/22) Adjustments	(\$ 4,525)
– Transfers	\$ 2,000,000
– Interest reimbursed to revenue fund	<u>(\$ 87,094)</u>
– June 30, 2024 Ending Balance:	\$ 8,690,590



**The only active incentive as of July 1, 2024 is the WestJet incentive for the Vancouver route (expires May 18, 2025). All other incentives have expired.*



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

Meeting Adjourned

Staff Reports

September 18, 2024

Provided for Information Only

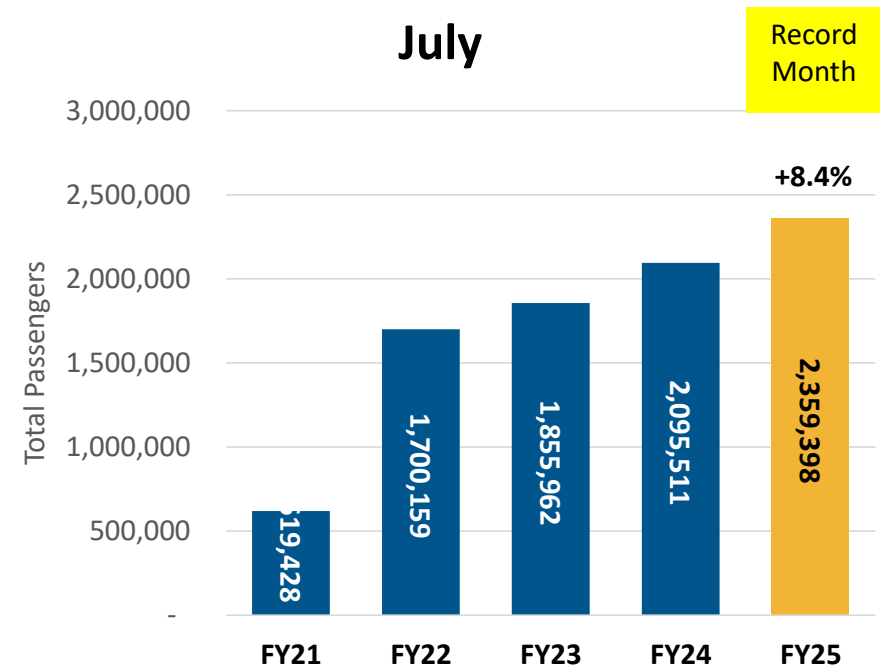
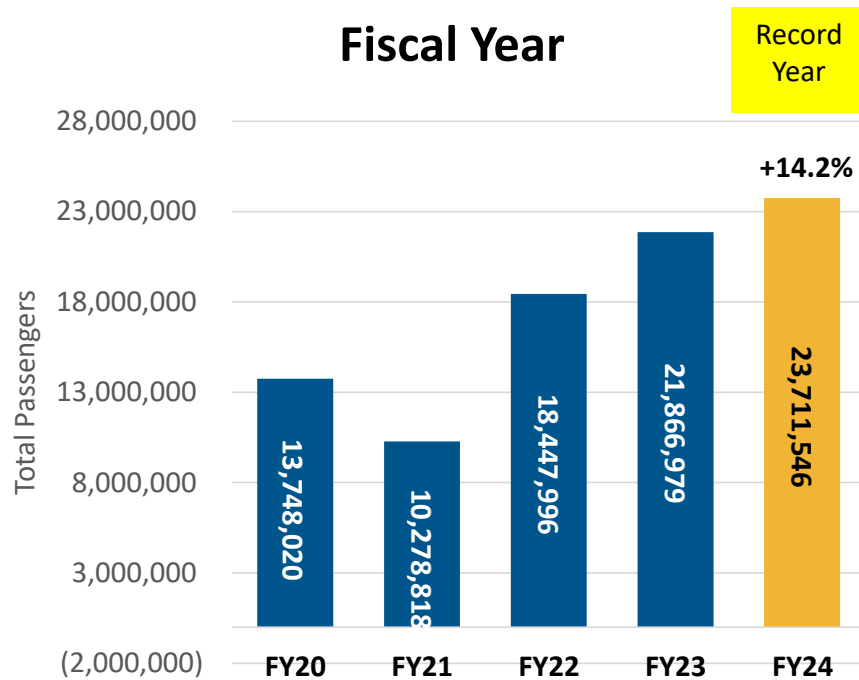
Operations Report

Adam Floyd, C.M.

SVP, Chief Operating Officer

BNA Total Passengers

To be updated

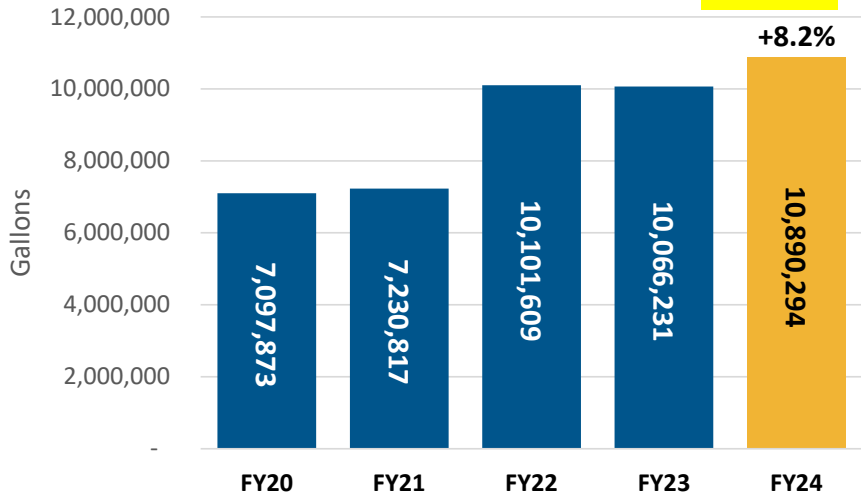


BNA Fuel Sales

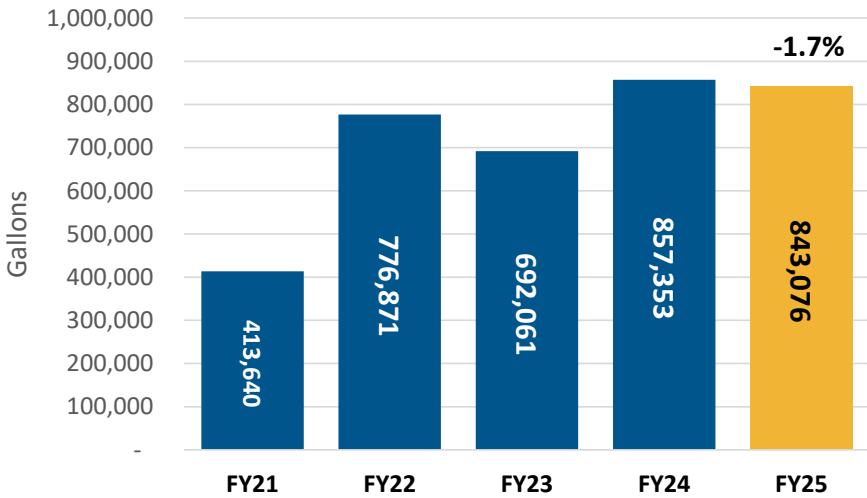
To be updated

Fiscal Year

Record Year



July

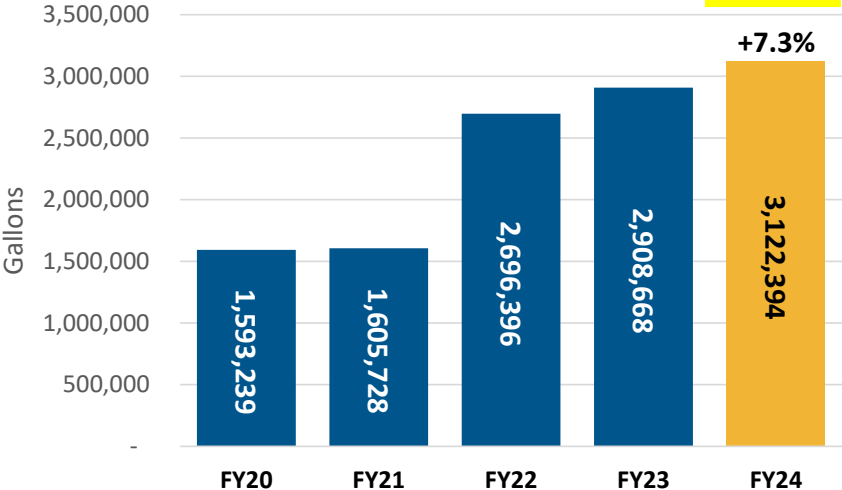


JWN Fuel Sales

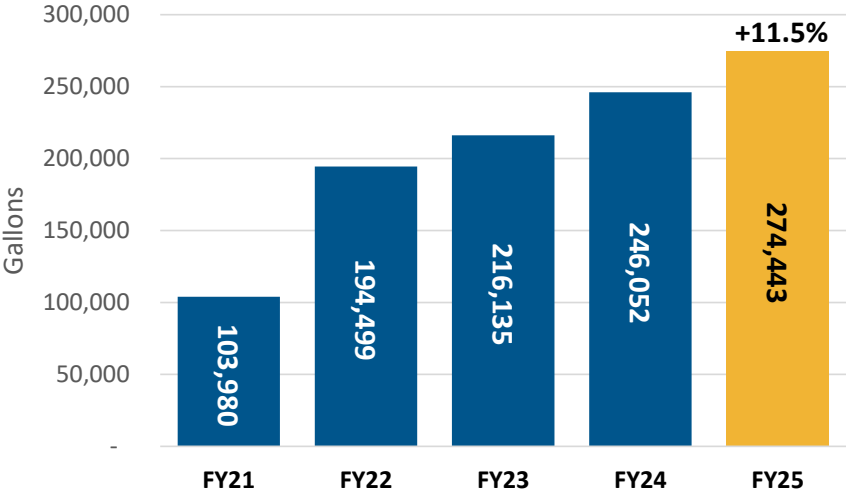
To be updated

Fiscal Year

Record Year



July



Development Report

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

EVP, Chief Development Officer

Vision 1.0 Program Budget Update: September 2024

Project Name	Current Budget	Estimate at Completion (EAC)	Budget Variance	Project Contingency: Original/Balance
VISION PROJECTS	\$ 1,224,563,416	\$ 1,216,826,883	\$ 7,736,533	\$121,290,987 / \$0
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	\$ 89,691,467	\$ 7,736,533	\$2,700,000 / \$0
Terminal Lobby & IAF	\$ 480,436,795	\$ 480,436,795		\$54,865,228 / \$0
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	\$ -	\$1,408,000 / \$1,053,501
ART	\$ 5,112,550	\$ 5,112,550	\$ -	
PROGRAM CONTINGENCY	\$ 12,941,682	\$ 20,678,215	\$ (7,736,533)	
Total	\$ 1,305,008,000	\$ 1,305,008,000	\$ -	\$122,698,987 / \$1,053,501

Total Contingency Remaining = \$20.7M program + \$1.1M project ~ \$21.8M

Vision 2.0 Program Budget Update: September 2024

Project Name	Current Budget	Estimate at Completion (EAC)	Budget Variance	Project Contingency: Original/Balance
VISION 2.0 PROJECTS	\$ 229,500,000	\$ 206,626,829	\$ 22,873,171	\$12,392,941 / \$1,440,000
Satellite Concourse	\$ 134,500,000	\$ 129,399,586	\$ 5,100,414	\$8,952,941 / \$0
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	\$ 31,227,243	\$ 17,772,757	\$2,000,000 / \$0
Concourse A Ramp Paving	\$ 31,000,000	\$ 31,000,000	\$ -	\$1,440,000 / \$1,440,000
PROGRAM CONTINGENCY	\$ -	\$ 22,873,171	\$ (22,873,171)	
Total	\$ 229,500,000	\$ 229,500,000	\$ -	\$12,392,941 / \$1,440,000

Total Contingency Remaining = \$22.9M program + \$1.4M project ~ \$24.3M

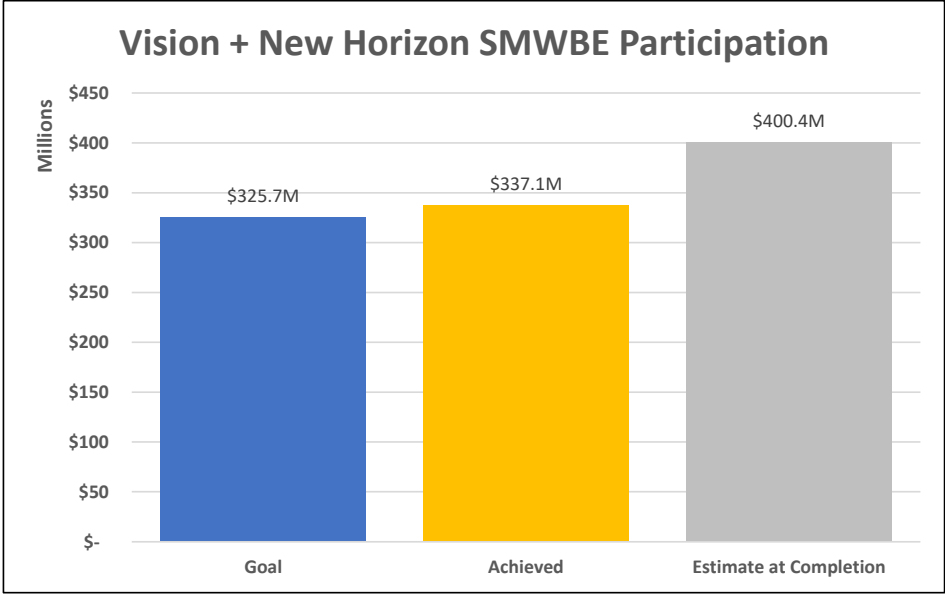
New Horizon I Program Budget Update: September 2024

Project Name	Current Budget	Estimate at Completion (EAC)	Budget Variance	Project Contingency: Original/Balance
New Horizon I Projects (Airside)	\$ 1,541,000,000	\$ 1,541,000,000	\$ -	\$140,350,615 / \$140,350,615
Baggage Handling System Improvements	\$ 243,000,000	\$ 243,000,000	\$ -	\$22,090,909 / \$22,090,909
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
Central Ramp Expansion	\$ 156,000,000	\$ 156,000,000	\$ -	\$14,181,818 / \$14,181,818
ART	\$ 4,000,000	\$ 4,000,000	\$ -	
PROGRAM CONTINGENCY	\$ 75,000,000	\$ 75,000,000	\$ -	
Total	\$ 1,620,000,000	\$ 1,620,000,000	\$ -	\$140,350,615 / \$140,350,615

Total Contingency Remaining = \$75M program + \$140M project ~ \$215M

SMWBE Participation – BNA Vision & New Horizon – July 2024

To be updated



	Vision 1 & 2	New Horizon	Total
Contract Amount	\$1,380M	\$309.3M	\$1,689M
Goal	\$273.4M	\$52.3M	\$325.7M
Achieved	\$330.8M	\$6.3M	\$337.1M
Estimate at Completion	\$339.6M	\$60.9M	\$400.4M

Includes MBE, WBE, SBE & DBE

Source: Vision Project Controls – Pending validation by BDD

Finance Report

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

- *FY24 year-end financials will be provided September/October 2024*

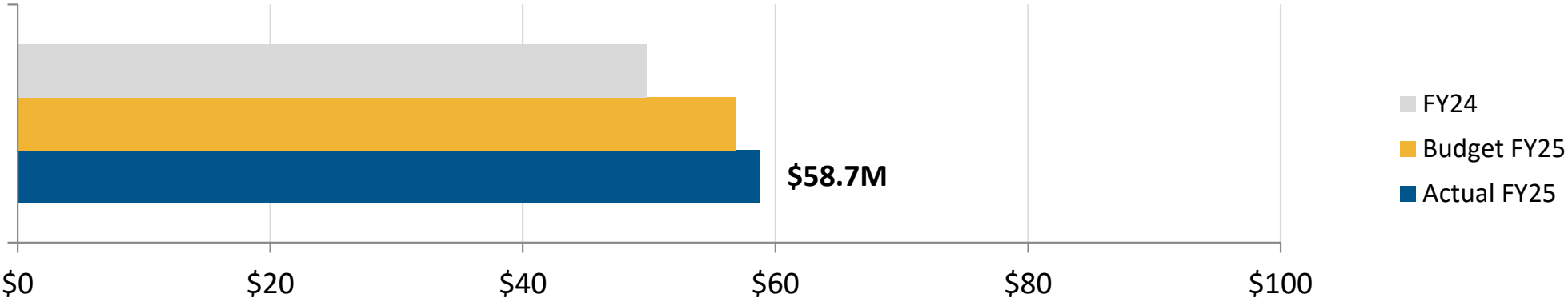
- February 15: FY24 Engagement Letter entered into Tennessee Comptroller of Treasury's Division of Local Government Contract and Report System ("CARS")
- March 24: Executed FY23 Engagement with Plante & Moran
- June 24 - 28: Interim Fieldwork (off-site)
- August 7: Plante Moran/Board Chair Audit Review (virtual)
- August 19 - 30: Fieldwork (on-site)
- August 28: Plante Moran/CEO Audit Review (virtual)
- September 30: Draft Financial Statements and footnotes to Metro Nashville
- October 15 - 31: Finalize Audit and Annual Consolidated Financial Report ("ACFR")
- November 13: Results to Management Committee

FY24 External Audit Update

- FY24 year-end financials will be provided in October/November

BNA – Revenues and Expenses YTD August 2024

Operating Revenues (\$ millions)

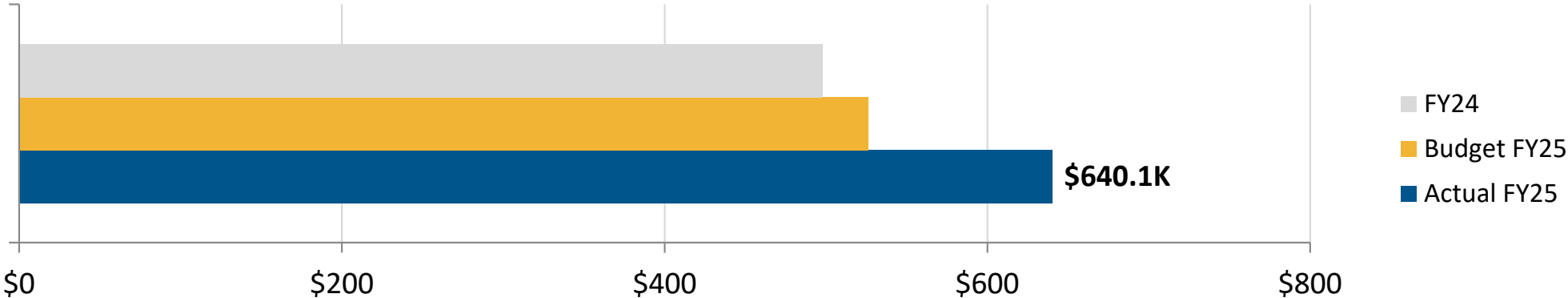


Operating Expenses (\$ millions)

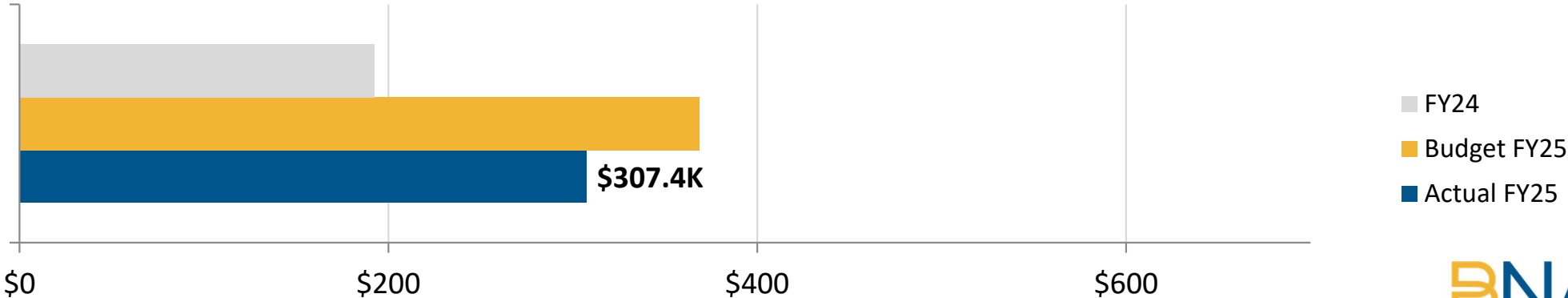


JWN – Revenues and Expenses YTD August 2024

Operating Revenues (\$ thousands)

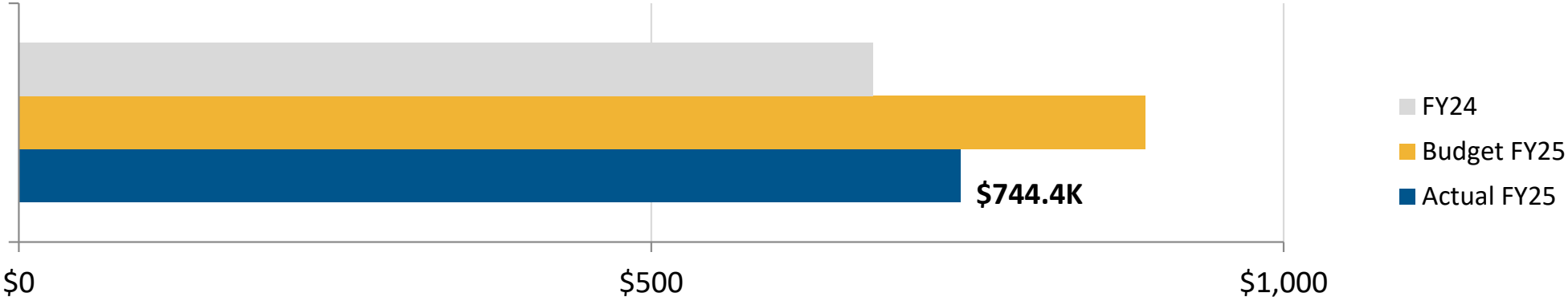


Operating Expenses (\$ thousands)

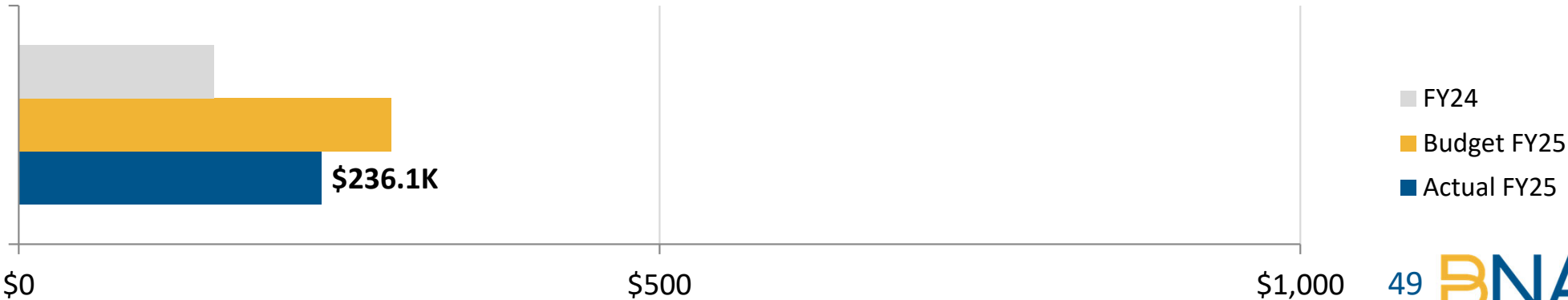


MPC – Revenues and Expenses YTD August 2024

Operating Revenues (\$ thousands)



Operating Expenses (\$ thousands)



Commercial Development Report

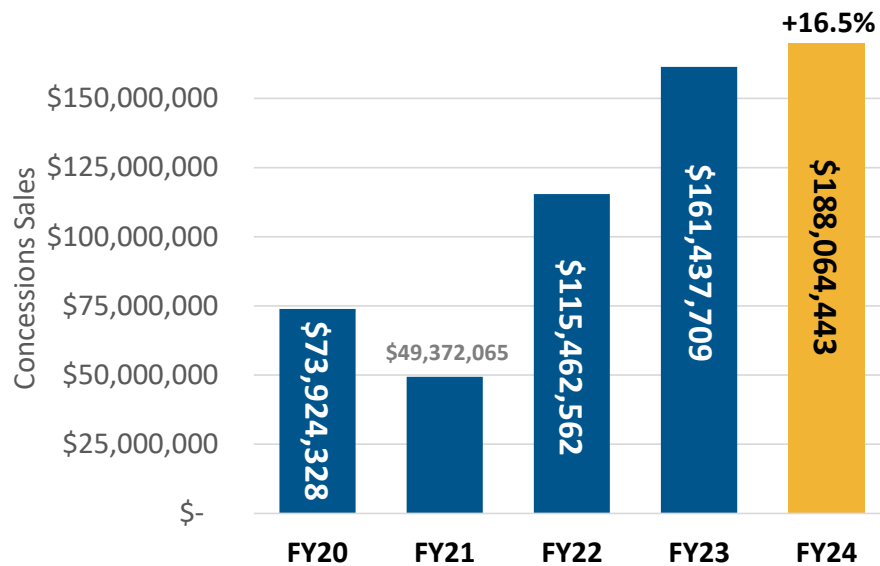
Eric Johnson, CCIM, CM

SVP, Chief Revenue Officer

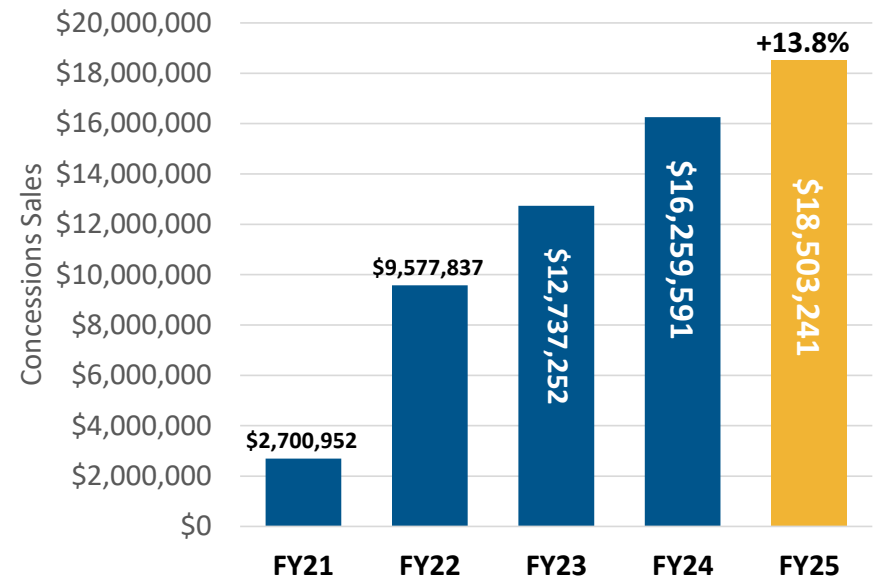
Concession Sales

To be updated

Fiscal Year



July



Sales per Enplaned Passenger

July 2023: \$15.75

July 2024: \$15.82

*includes Fraport & Paradies