

Agenda of the MNAA Management, Audit & Compliance Committee



Date/Time: Wednesday, September 11, 2024, at 10:00 a.m.

Place: Nashville International Airport – Tennessee Board Room

Management Committee Members: Nancy Sullivan, Committee Chair
Joycelyn Stevenson, Committee Vice Chair,
Jimmy Granbery

- I. CALL TO ORDER
- II. PUBLIC COMMENTS
No requests for public comment received to date. Deadline is September 9, 2024 at 9:00 p.m.
- III. APPROVAL OF MINUTES
August 14, 2024 Minutes of the MNAA Management, Audit & Compliance Committee Meeting
- IV. CHAIR'S REPORT
- V. ITEMS FOR APPROVAL
 1. FY24 CEO Performance Evaluation
 2. FY25 CEO Key Performance Indicators (KPIs)
- VI. INFORMATION ITEMS
None.
- VII. ADJOURN

Minutes of the MNAA Management, Audit & Compliance Committee



Date: August 14, 2024

Location: Metropolitan Nashville Airport Authority
Tennessee Boardroom

Time: 10:25 a.m.

Committee Members Present:

Nancy Sullivan, Committee Chair; Joycelyn Stevenson,
Committee Vice Chair; and Jimmy Granbery

Committee Members Absent:

None

Others Board Members Present:

Andrew Byrd, Glenda Glover

MNAA Staff & Guests Present:

Doug Kreulen, Neale Bedrock, Lisa Lankford, Trish Saxman,
Marge Basrai, John Cooper, Adam Floyd Eric Johnson, Rachel
Moore and Robert Ramsey

I. CALL TO ORDER

Chair Sullivan called the meeting of the MNAA Management Committee to order at 10:25 a.m. pursuant to Public Notice dated August 9, 2024.

II. PUBLIC COMMENTS

Chair Sullivan stated there were no public comment requests received.

III. APPROVAL OF MINUTES

Chair Sullivan asked for a motion to approve the July 10, 2024 Minutes of the Management, Audit & Compliance Committee meeting. Commissioner Granbery made a motion and Vice Chair Stevenson seconded the motion.

Chair Sullivan asked Ms. Saxman for a roll call:

Chair Sullivan – Yes

Vice Chair Stevenson – Yes

Commissioner Granbery – Yes

The motion was passed with a vote of 3 to 0.

IV. BOARD CHAIR'S STATUS REPORT

Chair Sullivan stated she is honored to be Chair of the Management Committee and looks forward to serving on this Committee.

V. ITEMS FOR APPROVAL

1. None

VI. INFORMATION ITEMS

1. FY24 CEO Performance Key Performance Indicators (KPIs)

President Kreulen stated the Commissioners each received a binder that has all of the supporting data related to the slides he will be presenting. Each binder has a four page summary, and the Commissioners can each take the binders home with them for review between now and the September Board meeting. Commissioner Glover asked if this should be done in an Executive Session. President Kreulen replied no, it does not have anything to do with litigation and all of this information is open to public records. Chair Sullivan stated this is for information and evaluation of the CEO Performance and will be considered for approval in September. Commissioner Glover asked if the performance evaluation should be done in Executive Session. Mr. Neale Bedrock, General Counsel, replied no, per Tennessee law, the Executive Session is limited to discussions with internal or external counsel including litigation.

President Kreulen stated the FY24 CEO Key Performance Indicators (KPIs) have been used for last 2 years when the Board wanted a more objective standard and established these KPIs. The KPIs are the metrics the Board judges the CEO's performance on. The scores the Board came up with to track the CEO's performance are 50% financial and 50% operational. The CFO, Ms. Marge Basrai, and CSO, Ms. Lisa Lankford, provide the data and the Board gets to interpret the outcome. The Finance team is still closing out the fiscal year, including calculating the airline true-up, so final financial numbers for revenue and expenses are not available. This is our best projection of where the scores will end up. MNAA will meet the Board approved revenue budget of \$302M, and as of right now it could be several million dollars or more. MNAA will be under the Board approved expense budget of \$178M, but do not have the final number today. In terms of the other financial metrics that the Board chose, MNAA is strong on debt service coverage, days cash on hand, pension funding, and then OPEB funding is well over 100%. Operationally the airport satisfaction survey is at 92% for overall passenger satisfaction. The overall goals and objectives t were rated at 86.4%.

President Kreulen stated he would like to give additional background on the KPIs so you can see the growth of what we have been able to build here. Commissioner Byrd asked the 90% - 100% eligibility, what exactly do they reflect for bonus. President Kreulen stated right now his score shows that he will be eligible for 102% of the bonus, and the contract language states the bonus is at the Board's sole discretion. So, the Board can choose whatever it wants, and the Board approved KPIs provide the scores. Commissioner Byrd asked if it is the average of each of the scores. President Kreulen replied yes, based on the weight with the top half being worth certain points and the bottom half worth the other points. President Kreulen stated his tenure here and what MNAA has been able to do and what the Board has asked him to do for MNAA. He started as CEO at Christmas in 2017, and as you can see the revenue continues to grow especially coming out of the pandemic, and MNAA has been raising revenue almost \$50M a year. Over the 7 year period, MNAA has been adding \$40M of revenue every year. MNAA added \$40M of revenue in 2023, \$47M this year, and to hit next year's budget, the Board's goal is to raise another \$48M. Commissioner Byrd stated the revenue includes parking, landing fees and concessions. President Kreulen replied yes.

President Kreulen presented a chart showing revenue and expenses since FY17. The slope is a little greater on the revenue side rather than the expense side, which is part of the Finance team's 10-year model. President Kreulen presented a chart showing the NAE Fund (Cash Reserve) balances since FY16 and stated the historical perspective is in 2017, MNAA had \$28M cash on hand and when we get into this year, we have \$310M in our reserve account. In just the budget alone for next year we estimate that we could add another \$56M at the end of 2025. The odds are it may be more than that as long as we do not have sort of recession. Commissioner Glover stated that is great. Commissioner Byrd asked if the cash reserve is out of any bond reserves. Ms. Basrai replied yes. Commissioner Byrd asked if this is free cash. Ms. Basrai replied yes. Commissioner Glover asked what kind of liquid security it is in. President Kreulen stated 99.6% of all funds that are not used in day-to-day operations are invested in multiple types of investments. Commissioner Glover asked if most of it is liquid. Ms. Basrai stated you can get to all of our cash, and some is in different treasuries.

President Kreulen stated we want to work internally because the rating agencies are going to be asking the Finance team the same question regarding cash on hand. MNAA intends to use some of it to pay for some projects and not have to bond it out. We now know what New Horizon I looks like, and for New Horizon II, the Finance team may use some of the cash. Staff are researching it and we do not have a recommendation yet from the Finance team, but we are now getting financially strong enough to pay for some of these large projects ourselves without having to borrow the money. Commissioner Byrd asked if

the bond agencies are looking for 650 days cash on hand and noted MNAA has almost 2 years. Commissioner Glover stated that is excellent. President Kreulen stated 500 days cash on hand is in our official statement, and the Board came up with a policy of 550 – 650 days cash on hand as a target several years ago. Based on the KPIs approved by the Board, the CEO would only get 90% eligibility with the OS criteria, and 100% eligibility for 550 – 650 days cash on hand, and 110%+ eligibility for greater than 650 days cash on hand. Commissioner Glover stated that is too good. Commissioner Byrd asked what the operating expenses are. Ms. Basrai replied approximately \$175M. President Kreulen stated the Board budget for this year is \$178M and next year is \$195M. Commissioner Byrd asked if it includes our interest payments. Ms. Basrai replied it does not because that is not in operating expenses. Commissioner Byrd stated we would have \$310M in year 2024, so we basically have 2 years' worth of operating cash. Commissioner Glover stated it is 2.5 years and we could operate with nothing else for those years. President Kreulen stated next year's operating expenses are budgeted at \$195,704,000 so we could run this airport for a couple of years.

President Kreulen presented a slide and showing investment earnings the money over the years. The results of the last quarter were almost \$14M and MNAA made \$52.6M in FY24. Commissioner Granbery stated you made 125% of your operating expenses. President Kreulen stated that is with \$1.2B in assets invested. Commissioner Byrd stated that includes short term treasury basically, which is a 4.5% rate of return which is good but will not stay that way. President Kreulen stated as one matures, learns and grows in any position, he now really understands the hostility of the 2017 time period where we had no money saved and 0% invested. We are now 99.6% invested and the target to achieve that is to stay above 97% – 99% invested.

President Kreulen presented the Retirement Plan and OPEB Funding slide stating MNAA is 95% funded in the Retirement Plan and 169% funded in OPEB. Financially the results are very strong.

President Kreulen provided a chart of the Overall Airport Satisfaction survey and stated he is very proud. Pre-pandemic ratings were not this high due to our concession and retail programs. Coming out of the pandemic MNAA has been increasing over the last four years, and we are at 92% overall satisfaction. President Kreulen presented a slide showing FY23 vs. FY24 satisfaction throughout the customer journey. The majority of the ratings in FY24 are above FY23 performance and several are highlighted as significant improvement. This survey is conducted by an independent contractor, who is doing statistical analysis to identify significant shifts and changes in demographics. We are focused on the customers and making

significant improvements. The security rating is at 90%, which is directly related to TSA and how fast passengers go through security. President Kreulen noted that this information is included in the binder provided to each of the Commissioners, with details regarding the number of passengers that went through in under 10 minutes, in 11.5 minutes, and as long as 20 minutes. The Staff does not have a lot of control over that item, it is Federal work and TSA is undermanned. The Operations team does a great job of working with TSA, and when we have big days, TSA has to bring others to increase manpower, like for the spring and fall breaks. TSA does pull from other commercial airports in Tennessee (Chattanooga, Knoxville, Memphis) to keep up.

President Kreulen stated this is why any help the Board can get from the State or Federal level to help MNAA improve our manpower would be great. Commissioner Glover stated she finds it interesting that the terminal facility is the highest scored area, the overall airport experience is 92%, and check in which is where many airports get the most complaints, and it is number 2 on this survey. That says a lot about how we are managing the airport. President Kreulen stated it is new and pretty simple, and if you do not need to check bags, you can go on through and it makes it easier for passengers to push through. Commissioner Glover mentioned the food and beverage and shopping is the lowest rated. President Kreulen stated that is a significant improvement, we have been in the 40s and 60s in prior years and keep going up. It really hurt everyone during the pandemic. Commissioner Glover asked what the difference is between the gate area and check in. President Kreulen replied check in is pre-security check in and gate area is where you are sitting at your gate ready to board. President Kreulen stated the Operations team has preventive maintenance checklists now to go in and check all sockets and charges, there is never enough spaces to charge passengers items and if they do not work, they complain. Commissioner Glover stated she is one of those, if she cannot connect, she sends an email.

President Kreulen stated you can put a charger on every panel and people have multiple devices and all are being used. Commissioner Granbery stated he knows there has been trouble with Customs and asked if that has improved any at all. A friend came in from Canada and he was able to stop in Kansas City instead of coming directly to Nashville because BNA is one of the only big level city that does not have direct customs. President Kreulen asked if that was on a corporate jet. Commissioner Granbery replied yes. President Kreulen stated Customs and Border Protection (“CBP”) are struggling to get it manned. The Operations team is working on it as well.

Commissioner Granbery asked what passenger number the International Arrivals Facility (“IAF”) is designed for. President Kreulen replied 800 an hour, with the ability to expand to 1,200 an hour. Today we are doing 277 in an hour on the British Airways flight. The reason we are getting this information to the Congressional members that represent Tennessee and Washington DC is that we expect to land some international flights in the near future. And when that happens if they are all here on the ground at the same time, that will be bad. We have to find a solution to the CBP issues in the next 6 months. When an international announcement is made, it basically means the airline will start to sell tickets and 6 months later the first flight goes. The airline that picks us wants to make sure that they are going to be successful in Nashville and when that happens, we will need to double down on all efforts to get Customs running. Commissioner Granbery asked if there is any crossover between TSA and Customs. President Keulen replied no, they are separate. As of now there were 2 people on administrative leave in Customs that are supposed to be replaced now, and there are 6 more positions that are coming in the next couple of months to begin training. Commissioner Byrd asked if we could get some bullet points to circulate to various commissioners on what our need is. President Kreulen replied yes, and MNAA will share the letters that we have sent to DC.

President Kreulen presented a slide of the Airport Satisfaction showing the breakdown on Airport Satisfaction shows that we areas are making significant improvement. Commissioner Granbery stated it is impressive to note that the 80% on traffic flow and airport roadways is not nearly as bad as reflected in the newspapers.

President Kreulen stated when you look at the FY24 Strategic Goals & Objectives there are a lot of big items listed as Key Accomplishments (86.4%) such as executed the Airline Use & Lease Agreement (“AULA”) with all signatory airlines and Airline Operating Agreements with all non-signatory airlines; opened the Marketplace, IAF, Satellite Concourse, Hotel and 24 concessions locations; began Concourse D Extension and 2nd water line construction, Concourse A design and Terminal II/CONRAC siting study; executed 6 leases for 10 JWN parcels & completed MNAA construction of ramp, road, water, and power for JWN North Development area; met or exceeded all financial obligations; hired 100% of FY24 priority positions and 55 employees earned AAAE Certified Member (C.M.) accreditation.

President Kreulen stated the FY24 CEOKPIs are the metrics the Board established to judge his performance on. The CFO and CSO provide the data and the Board gets to interpret what the results are. The next steps are the Board of Commissioners will review and evaluate results presented Board of Commissioners, and

at their sole discretion will determine the bonus to award CEO, based on 1) CEO's ability to meet or exceed targeted expectations applicable to his position, and 2) in accordance with and subject to the terms of any applicable performance-based metrics, compensation plan or program. Board approval planned for September 18, 2024.

2. FY25 Strategic Goals

President Kreulen stated the FY25 Strategic Goals developed by Executive and Senior Staff and have been assigned to all employees throughout the Airport Authority. Staff are already working to accomplish the goals.

3. FY25 CEO Key Performance Indicators ("KPIs")

President Kreulen presented the proposed FY25 CEO KPIs. Operating expenses are \$199.8M, which includes BNA, JWN and MPC. Operating revenue is budgeted at \$350M across the 3 entities. As mentioned before, the CEO and Staff have to increase revenue by \$48M to achieve 95% eligibility. It is a goal that the Finance team and CEO feel comfortable that they will be able to achieve and will be the 4th year in a row. Vice Chair Stevenson stated that regarding FY25 KPIs, you mentioned a few years ago the Board determined that they wanted to change that from subjective to more objective. She asked if the Board or Management Committee wanted to discuss or talk about it, if it has to be approved by next month or if it is possible if the Board wants more information to figure out a new date. President Kreulen replied it can be an ongoing discussion, and it could be in September or at the October Board Retreat, or even in November. The biggest challenge would be that the ship is already sailing on all of those objectives for the staff. If the Board makes a radical change that is not known until January, there are only 6 months before the reporting period closes. He sees pros and cons either way. Vice Chair Stevenson stated yes, she just wanted to figure out how much time the Board has.

4. CEO Compensation Benchmarking

President Kreulen stated the CEO Employment Agreement states the CEO has to provide the Board with two documents on an annual basis, one now and one at the end of the year. The one document due now is a compensation study. In the Contract for the CEO, the CEO is not eligible for a Cost of Living Adjustment ("COLA"), so the Board must decide if they want to adjust the salary. MNAA has an outside agency that comes in and provides the Board with data from other airports and businesses. The study, which is included in the binder provided to the Commissioners, shows the CEO's salary is slightly more than the average airport and lower than the highest. It is calculated at the 87th percentile. When you look at

nonairport industries in Nashville that generate over \$350M in revenue per year, the average CEO salary is \$845K, the high is \$1.1M. The CEO's salary is in the lower quartile, at the 24th percentile. President Kreulen state he is not advocating anything in terms of the salary being adjusted or changed, and it is up to the Board to review.

Commissioner Byrd asked what is the maximum bonus. President Kreulen replied it is 40% of base salary and on the formula that you saw was at 102%. The Board could theoretically go above that or even about that or less than that. Commissioner Byrd stated it is at the discretion of the Board. President Kreulen stated yes, and it is in the binder the Board received, it is at your sole discretion. Commissioner Byrd stated he thinks it is fascinating to see the consumer satisfaction surveys and the experiences of passengers, and it is very useful information. Chair Sullivan stated the data looks good. President Kreulen stated the Staff is doing a great job, the airport is doing great, MNAA is financially strong, and we have a lot of challenges out in front of us but overall, he is very proud.

President Kreulen concluded the presentation of the informational items.

ADJOURN

There being no further business brought before the Management Committee, Chair Sullivan adjourned the meeting at 11:02 a.m.

Andrew W. Byrd, Board Secretary

STAFF ANALYSIS

Management Committee

Date: September 11, 2024
Facility: Metropolitan Nashville Airport Authority (MNA)
Subject: CEO FY24 Performance Evaluation

I. Recommendation

The President and CEO requests that the Management Committee recommend to the Board of Commissioners that it:

- 1) Review and evaluate the CEO's FY24 Performance, and;
- 2) Determine, at their sole discretion, the CEO's FY24 performance and award to the CEO.

II. Analysis

A. Background

The President and CEO's employment agreement, effective September 20, 2023, Section 3, Compensation, states:

(a) Base Salary. The Executive will receive an annual base salary of \$600,000 (the "Base Salary," as modified pursuant to the next sentence), effective September 1, 2023, payable in accordance with the Company's customary payroll practices (including, but not limited, to practices regarding timing and withholding) as may be in effect from time to time during the term of this Agreement. Annually, the Executive will provide the Board with a survey of CEO salaries at the top 30 airports in the United States. Based on that survey, the Executive's Base Salary may be increased by the Board in its sole discretion, and may be decreased, including as part of a temporary, uniform reduction in salary for all executive officers of the Company that is undertaken in the Board's reasonable business judgment, based on the Company's financial performance or a reasonably anticipated economic downturn. The Executive will not be entitled to a Cost-of-Living Adjustment (COLA).

(b) Bonuses. The Executive will be eligible for an annual cash bonus at a target payout level of 40% of Base Salary per fiscal year (the "Target Bonus," as modified pursuant to the next sentence), based upon the Executive's ability to meet or exceed the targeted expectations applicable to his position, as the Board in its sole discretion determines and in accordance with and subject to the terms of any applicable performance based metrics, compensation plan or program. The Executive's Target Bonus amount may be increased by the Board in its sole discretion. For partial fiscal years of service, any annual bonus that the Executive may receive will be pro-rated based on the number of days the Executive was employed during such fiscal year. Notwithstanding the

forgoing, the Executive must remain continuously employed through the bonus payment date to be eligible to receive an annual bonus for a given fiscal year. The Target Bonus shall be payable in the fiscal year following the fiscal year in which the performance objectives for such Target Bonus are measured, but no later than October 15 of such following fiscal year. For the avoidance of doubt, the Special Cash Incentive (defined below) is not an annual bonus.

The Board approved FY24 KPIs on September 20, 2023.

The Board of Commissioners were provided a binder at the August 14, 2024 Management Committee containing:

- FY24 Key Performance Indicator Results (shown in Attachment 1)
- FY25 Budget Board Approval
- USI Consulting Group Pension/OPEB Valuation Report
- Principal Asset Management June 30, 2024 Client Report
- Bracey Associates, LLC BNA June 2024 Customer Satisfaction Report
- FY24 Strategic Goals & Objectives Accomplishments
- ADK Consulting & Executive Search CEO Compensation Study Report

B. Impact/Findings

The President and CEO presented the FY24 KPI results, along with a summary of the associated reports, demonstrating financial and operational performance. The KPI results are included in attachment 1. The overall score 102.00% eligibility.

Operating Revenue and Expense results are pending year-end close.

C. Strategic Priorities

- Invest in BNA/JWN
- Plan for the Future
- Prepare for the Unexpected

D. Options/Alternatives

The Board of Commissioners may establish alternate criteria for determining the CEO's performance.

Attachment 1: CEO FY24 Key Performance Indicators (KPIs) results

Attachment 1

CEO FY24 Key Performance Indicators (KPIs) Performance Inputs Presented to Management Committee & Board of Commissioners August 14, 2024 & August 21, 2024



KPI Evaluation Criteria	90% Eligibility	100% Eligibility	110%+ Eligibility	Actual	Results
Financial (50%)				Financial	
Operating Income (BNA+JWN+MPC) (25%)				<u>Pending Year-End Close</u>	
Operating Revenue	Meets budget: \$302.4M	5% over budget: \$317.5M	10% over budget: \$332.6M	8/12/24 Finance > \$302.4M	90%
Operating Expense	Meets budget: \$178.0M	5% under budget: \$169.1M	10% under budget: \$160.2M	8/12/24 Finance < \$178M	90%
Fiscal Responsibility / Strength (25%)					
Senior Debt Coverage	1.25	1.3 - 1.5	Greater than 1.5	4/10/24 Board - 11.8	110%
Sr/Subordinate Debt Coverage	1.1	1.2 - 1.25	Greater than 1.25	4/10/24 Board - 6.95	110%
Days Cash on Hand	500 days (OS)	550 - 650 day (Policy)	Greater than 650 days	4/10/24 Board - 896	110%
Pension Funding	80% - 89%	90% - 100%	Greater than 100%	6/30/24 USI Actual - 95%	100%
OPEB Funding	80% - 89%	90% - 100%	Greater than 100%	6/30/24 USI Actual - 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	102.00%

CFO Input

CSO Input

- Initial Board approval September 20, 2023; Updated with amended budget approved by Board March 20, 2024
- Revenue and Expense budgets for BNA, JWN and MPC approved by Board April 2023; Amended March 2024
- Pension/OPEB required funding increased 10% over FY23 for each eligibility category (Pension - 3-yr smoothed actuarial basis; OPEB - market basis)
- Customer Satisfaction survey conducted by Bracey Associates, an independent consultant

STAFF ANALYSIS

Management Committee

Date: September 11, 2024
Facility: Metropolitan Nashville Airport Authority (MNAА)
Subject: CEO FY25 Key Performance Indicators (KPIs)

I. Recommendation

The President and CEO requests that the Management Committee recommend to the Board of Commissioners that it:

- 1) Review and evaluate the proposed and alternate CEO FY25 Key Performance Indicators (KPIs), and
- 2) Approve the proposed or alternate CEO FY25 KPIs.

II. Analysis

A. **Background**

On December 13, 2017, the Board approved the President and CEO's initial employment agreement for a 3-year term from December 1, 2017 – November 30, 2020. On February 25, 2020, a 1-year extension was approved, expiring December 1, 2021. On December 22, 2020, a 1 ½-year extension was approved, expiring June 30, 2023.

At the request of the Board, Jenner & Block LLP was retained in May 2022 to create review prior benchmark studies and create a draft employment agreement. On July 20, 2022, the Board approved the employment agreement, effective July 1, 2022. The new agreement added more protection for the Authority and provided the Board with more control and flexibility. It defines the President and CEO's target bonus, based upon his ability to meet or exceed the targeted expectations applicable to his position, as the Board in its sole discretion determines and in accordance with and subject to the terms of any applicable performance-based metrics, compensation plan or program. The Board approved an amendment to the employment agreement on September 20, 2023, with updates term and compensation.

At the request of the Board, the CEO proposed FY23 KPIs for determination of the CEO's bonus, which the Board approved on August 17, 2022. The Board approved FY24 KPIs on September 20, 2023. The President and CEO presented proposed FY25 KPIs to the Management Committee and the Board on August 14 and 21, 2024.

B. Impact/Findings

The proposed FY25 KPIs are consistent with structure of the FY23 and FY24 KPIs, based on 50% financial criteria and 50% operational criteria, and include rating criteria for 90%, 100% and greater than 100% eligibility. Criteria includes:

- Financial (50%)
 - Operating Income (25%)
 - Fiscal Responsibility/Strength (25%)
- Operational (50%)
 - Overall Airport Satisfaction (25%)
 - Strategic Goals (25%)

The alternate FY25 KPIs include an additional criteria for Employee Satisfaction, based on the survey to be conducted by an independent contractor in March 2025. Criteria includes:

- Financial (50%)
 - Operating Income (25%)
 - Fiscal Responsibility/Strength (25%)
- Operational (50%)
 - Overall Airport Satisfaction (15%)
 - Average Employee Satisfaction (10%)
 - Strategic Goals (25%)

For reference, the FY24 employee survey, conducted in August 2023, resulted in an average satisfaction of 3.8, and an average President and CEO satisfaction of 4.0.

C. Strategic Priorities

- Invest in BNA/JWN
- Plan for the Future
- Prepare for the Unexpected

D. Options/Alternatives

The Management Committee could request the President & CEO or Board submit revised KPIs.

Attachment 1: Proposed CEO FY25 Key Performance Indicators, Submitted to Management Committee and Board of Commissioners August 14 and 21, 2024

Attachment 2: Alternate CEO FY25 Key Performance Indicators

Attachment 1

CEO FY25 Key Performance Indicators (KPIs) Initial Proposal to Management Committee & Board of Commissioners August 14 & August 21, 2024

KPI Evaluation Criteria	90% Eligibility	100% Eligibility	110%+ Eligibility
Financial (50%)			
<u>Operating Income (BNA+JWN+MPC) (25%)</u>			
Operating Revenue	Meets budget: \$350.0M	5% over budget: \$367.5M	10% over budget: \$385.0M
Operating Expense	Meets budget: \$199.8M	5% under budget: \$189.8M	10% under budget: \$179.8M
<u>Fiscal Responsibility / Strength (25%)</u>			
Senior Debt Coverage	1.25	1.3 - 1.5	Greater than 1.5
Sr/Subordinate Debt Coverage	1.1	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>			
Invest in BNA/JWN	Meets expectations: 70% - 79%	Exceeds expectations: 80% - 90%	Outstanding: Greater than 90%
Plan for the Future			
Prepare for the Unexpected			

- Revenue and Expense budgets for BNA, JWN and MPC approved by Board April 2024
- Pension Funding based on 3-yr smoothed actuarial basis; OPEB funding based on market basis
- Customer Satisfaction survey conducted by Bracey Associates, an independent consultant

Attachment 2

CEO FY25 Key Performance Indicators (KPIs) Alternate Proposal to Board of Commissioners September 11, 2024

KPI Evaluation Criteria	90% Eligibility	100% Eligibility	110%+ Eligibility
Financial (50%)			
<u>Operating Income (BNA+JWN+MPC) (25%)</u>			
Operating Revenue	Meets budget: \$350.0M	5% over budget: \$367.5M	10% over budget: \$385.0M
Operating Expense	Meets budget: \$199.8M	5% under budget: \$189.8M	10% under budget: \$179.8M
<u>Fiscal Responsibility / Strength (25%)</u>			
Senior Debt Coverage	1.25	1.3 - 1.5	Greater than 1.5
Sr/Subordinate Debt Coverage	1.1	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 (15%)</u>	80% - 84% top 2 box	85% - 90% top 2 box	Greater than 90% top 2 box
<u>Average Employee Satisfaction (10%)</u>	3.0 - 3.5 rating	3.6 - 4.0 rating	Greater than 4.0 rating
<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			

- Revenue and Expense budgets for BNA, JWN and MPC approved by Board April 2024
- Pension Funding based on 3-yr smoothed actuarial basis; OPEB funding based on market basis
- Customer Satisfaction survey conducted by Bracey Associates, an independent consultant
- Employee Satisfaction survey to be conducted by independent consultant, March 2025