



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

September 11, 2024

BNA®

Call to Order

September 11, 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 Public Comment Requests Received by Monday, September 9, 2024, 9:00 pm

Approval of Minutes

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

August 14, 2024

Chair's Report

Nancy Sullivan, P.E.

Management Committee Chair

Items for Approval

September 11, 2024

- FY24 CEO Performance Evaluation
- FY25 CEO Key Performance Indicators (KPIs)

Items for Approval

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

- **CEO Employment Agreement**

- Board of Commissioners, at their sole discretion,
 - May increase salary based on annual compensation survey,
 - Will determine eligibility for target bonus payout level, based on CEO's ability to meet or exceed targeted expectations applicable to his position, in accordance with and subject to the terms of any applicable performance-based metrics, compensation plan or program

- **Background**

- September 20, 2023: Board approved FY24 CEO KPIs
- August 14 & 21, 2024: CEO presented summary of FY24 performance provided binder to Board of Commissioners including:
 - FY24 Key Performance Indicator Results (see next slide)
 - 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

FY24 CEO Performance Evaluation

- Ref: CEO Employment Agreement, Effective 9/20/23

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

*Operating Revenue & Expense updated 9/10/24 per MNAA FY24 Income Statement – revised total from 102.0% to 104.5%

- **Performance Summary**

- Operating Revenue
 - Increased ~ \$50M, annually for past 3 years
 - Revenue exceeds expenses by \$144M
- FY24 Treasury Investments
 - Earned \$52.6M, positive trend for past 7 years
- NAE Fund (cash reserve)
 - FY24 deposit = \$121,176,303 (total fund = \$430M) (previously reported projected deposit of \$56.5M based on mid-year projection)
- Overall airport satisfaction
 - 92%, with positive trend for past 4 years
- 7 areas showed significant improvement in satisfaction
- FY24 Strategic Goals & Objectives Score = 86.4%

- **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

FY24 CEO Performance Evaluation

- **Background**

- July 2022: Board requested CEO develop KPIs for determination of CEO's bonus
- August 17, 2022: Board approved FY23 KPIs
- September 20, 2023: Board approved FY24 KPIs
- August 14 & 21, 2024: CEO proposed standard FY25 KPIs to the Management Committee and the Board (updated FY25 revenue/expenses)
- September 6, 2024: CEO provided modified FY25 KPIs to the Management Committee and Board (added average employee satisfaction score)

- **Recommendation**

- Management Committee recommend to the Board of Commissioners to:
 - Review and evaluate the standard and modified FY25 CEO Key Performance Indicators (KPIs), and
 - Approve the standard or modified FY25 CEO KPIs

FY25 CEO Key Performance Indicators

- Standard and modified FY25 CEO KPIs shown on following 2 slides

FY25 CEO Key Performance Indicators

- KPIs proposed at August Management Committee Meeting

KPI Evaluation Criteria	90% Eligibility	100% Eligibility	110%+ Eligibility
Financial (50%)			
Operating Income (BNA+JWN+MPC) (25%)			
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
Fiscal Responsibility / Strength (25%)			
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%)			
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			

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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 (15%)	80% - 84% top 2 box	85% - 90% top 2 box	Greater than 90% top 2 box
Average Employee Satisfaction (10%)	3.0 - 3.5 rating	3.6 - 4.0 rating	Greater than 4.0 rating
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			

FY25 CEO Key Performance Indicators

- Alternate KPIs submitted in September Management Committee packet

Information Items

September 11, 2024 - None



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

Meeting Adjourned