

# Agenda of the Joint Meeting of the MNAA Board of Commissioners and MPC Board of Directors



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Date/Time: Wednesday, October 16, 2024, at 9:00 a.m.  
Place: Nashville International Airport – Tennessee Board Room  
Board Members: Nancy Sullivan, Chair  
Jimmy Granbery, Vice Chair  
Andrew Byrd, Secretary  
Bobby Joslin  
Joycelyn Stevenson  
Dr. Glenda Glover  
Glenn Farner

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I. CALL TO ORDER

II. PUBLIC COMMENTS

Three requests for public comment were received.

1. Ari Partrich, Vanderbilt Student      Agenda item #6, Human Capital Management System
2. Mustafa Enver, None      Agenda item #6, Human Capital Management System
3. Aron Thomas Boehle, Vanderbilt Student      Agenda item #6, Human Capital Management System

III. APPROVAL OF MINUTES

September 11, 2024 Minutes of the Joint Meeting of the MNAA Board of Commissioners & MPC Board of Directors

IV. CHAIR’S REPORT

V. PRESIDENT’S REPORT

VI. ITEMS FOR APPROVAL

1. Maintenance and Service Contract for BNA Conveyance (Elevators/Escalators) (Operations)
2. Construction Contract for Concourse A Ramp Paving (Operations)
3. Task Order for Design of Taxiway Safety Area (“TSA”) Improvements to T/W Alpha North (Operations)
4. Task Order for Terminal Ramp Reconstruction (FY25-FY27) (Operations)
5. Amended and Restated Note Purchase Agreement with Bank of America, MNAA Resolution 2024-09 and MNAA Resolution 2024-10 (Finance)
6. Contract for Human Capital Management System (Finance)
7. FY25 CEO Key Performance Indicators (KPIs) (Management)

Agenda of the MNAA Board of Commissioners and MPC Board of Directors

VII. INFORMATION ITEMS

1. BNA Development Update (Operations)
2. JWN Development Update (Operations)
3. FY24 Employee Performance Results (Management)

VIII. ADJOURN

# Minutes of the Meeting of the MNAA Board of Commissioners and MPC Board of Directors



Date: September 18, 2024

Location: Metropolitan Nashville Airport Authority  
Tennessee Boardroom

Time: 1:00 p.m.

Board Members Present: Nancy Sullivan, Chair; Jimmy Granbery, Vice Chair; Andrew Byrd, Secretary, Bobby Joslin, Joycelyn Stevenson, Glenda Glover, and Glenn Farner

Board Members Absent: None

MNAA Staff & Guests Present: Doug Kreulen, Cindy Barnett, Lisa Lankford, Trish Saxman, Marge Basrai, Neale Bedrock, John Cooper, Austin Fay, Adam Floyd, Traci Holton, Eric Johnson, Roman Keselman, Carrie Logan, Rachel Moore, Ted Morrissey, Stacey Nickens, Josh Powell, Brandi Porter, Robert Ramsey, Davita Taylor, Puneet Vedi, and Colleen Von Hoene

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## I. CALL TO ORDER

In accordance with the 3<sup>rd</sup> Amended and Restated Bylaws of the MNAA Board of Commissioners, Section 2.4, Chair Sullivan called the MNAA Board of Commissioners and MPC Board of Directors Meeting to order at 1:00 p.m., pursuant to Public Notice dated September 6, 2024.

## II. PUBLIC COMMENTS

Chair Sullivan stated there were no public comment requests received.

## III. APPROVAL OF MINUTES

Chair Sullivan called for a motion to approve the Minutes of the August 21, 2024 Joint Meeting of the MNAA Board of Commissioners and MPC Board of Directors. A motion to approve was made by Secretary Byrd and seconded by Commissioner Farner.

Chair Sullivan asked Ms. Saxman for a roll call:

Chair Sullivan – Yes

Vice Chair Granbery – Yes

Secretary Byrd – Yes

Commissioner Joslin – Yes

Commissioner Stevenson – Yes

Commissioner Glover – Yes

Commissioner Farner – Yes

The motion passed with a vote of 7 to 0.

IV. CHAIR'S REPORT

Chair Sullivan stated she did not have a Chair's report but would like to thank President Kreulen and the MNAA Staff for their continued successful operations of BNA and that everything is going very well and outstanding.

V. PRESIDENT'S REPORT

President Kreulen reported Southwest Airlines announced new air service on August 22, 2024 to Palm Beach, Indianapolis, Cabo San Lucas and Punta Cana. BNA is number 8 in the Southwest Airlines market, and we are one of the few Southwest Airlines stations that are receiving additional flights. BNA is happy to continue partnering with Southwest Airlines. He stated a call with Southwest Airlines is scheduled for next week to get additional updates.

President Kreulen announced two appointments to Embry-Riddle College of Business Dean's Advisory Council, Adam Bouchard, VP, Operations and Matthew Earnhardt, AVP, Operations. They will be working with an aviation school to help correlate the curriculum for students in aviation management. The University engages in extensive research and consulting that addresses the needs of aviation, aerospace and related industries. Thank you, Adam and Matthew, for your leadership.

President Kreulen welcomed two new members of the MNAA leadership team, Roman Keselman, AVP, Real Estate, and Austin Fay, Director, Airside Operations. Both have already started assisting teams with improving the airport.

President Kreulen announced that the Terminal Lobby / IAF was recognized with the National Award of Merit by Design-Build Institute of America (DBIA). The merit winners will be recognized in Dallas Texas at the Design Build Conference and Expo Awards Ceremony on November 7, 2024.

President Kreulen reported that the BNA Department of Public Safety was recognized by the US Department of Justice in apprehending a suspect who landed at BNA with possession of over 50 pounds of fentanyl-laced pills.

President Kreulen stated that BNA held a Remembrance Ceremony on September 11, 2024 commemorating the September 11, 2001, 23<sup>rd</sup> anniversary. MNAA's Honor Guard participated jointly with TSA's Honor Guard, and next the airport will run the planning for the event. He noted how beautiful our facility looks with the officers dressed in uniforms and displaying the flags of Tennessee and USA. BNA took a moment of silence at the time of the impact to the First World Trade Center. It was a nice way to commemorate that day.

President Kreulen stated on September 16, 2024 BNA had the inaugural Winnipeg Flight and commemorated it with a celebration. BNA now serves six Canadian cities nonstop, including Toronto, Montreal, Vancouver, Calgary and Edmonton.

President Kreulen congratulated Commissioner Glover for presenting at the 2024 National HBCU Week Conference during the week of September 15-19, 2024, and showed a photograph of Commissioner Glover and President Biden at the conference.

President Kreulen reported on September 17, 2024 BNA hosted an Honor Flight celebration with 27 veterans before their trip to Washington, DC. There were 23 Vietnam War veterans, and 3 Korean War veterans. He thanked Southwest Airlines for sponsoring the flight and several concessions teams, Chick-fil-A and Starbucks, for providing refreshments. Everyone is welcome to come out and celebrate and be humbled by those that have served and listen to some of the greatest stories of their experiences in the Vietnam or Korean wars.

President Kreulen stated passenger growth continues, and the FY25 forecast scenarios are 5%, 7% and 9% with projected 25.3M annual passengers. Overall, we continue to see strong growth with 70,000 people a day going through BNA. If this continues for the rest of this fiscal year, MNAA will set another record for FY25.

President Kreulen presented the Committee 30-day Outlook for October which will have 4 items for approval. The October Board includes the Board Retreat from 9:00 a.m. – 3:00 p.m. The Board

Retreat will inform the Board what BNA will look like and discuss New Horizon I and New Horizon II, Terminal II campus projects, and Terminal II development. President Kreulen complimented the MNAA Staff for all their hard work preparing for the Retreat. The Committee 60-Day Outlook for November has 6 approvals and will be another busy meeting.

President Kreulen concluded the President's update.

VI. ITEMS FOR APPROVAL

1. Construction Contract for Curbside Ticket Counter Weather Protection (Operations)

President Kreulen introduced Mr. Puneet Vedi, VP, Airport Capital Development, to brief the Committee on the Construction Task Order for Curbside Ticket Counter Weather Protection. Mr. Vedi stated this construction task order is to manufacture and install 7 weather-proof enclosures around existing ticketing kiosks on the exterior departure level of the terminal building. After receiving no bids as of June 20, 2024, the MNAA Staff decided to utilize the Job Order Contract task order with Utopia that proposes a not to exceed value of \$1,500,000 task order. The anticipated task order start date is September 2024 with completion date of June 2025. The SMWBE goal for the Job Order Contract was 24% MBE and/or WBE and Utopia will meet/exceed this goal at 44.6 WBE % and 2.1% MBE.

Mr. Vedi recommended that the Board of Commissioners authorize the proposed Task Order through Job Order Contract with Utopia Building Group for \$1,500,000 NTE.

Chair Granbery stated the Operations Committee voted 3 to 0 to recommend approval on September 11, 2024. He recommended that the Board of Commissioners accept the proposed Task Order through the Job Order Contract.

Vice Chair Granbery made a motion to approve, and Commissioner Joslin seconded the motion.

Chair Sullivan asked Ms. Saxman for a roll call:

Chair Sullivan – Yes

Vice Chair Granbery – Yes

Secretary Byrd – Yes

Commissioner Joslin – Yes

Commissioner Stevenson – Yes

Commissioner Glover – Yes

Commissioner Farner – Yes

The motion passed with a vote of 7 to 0.

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

President Kreulen introduced Ms. Traci Holton, VP, New Horizon, to brief the Board on the Construction Manager at Risk (“CMAR”) Contract for Concourse A Reconstruction. Ms. Holton stated this is the CMAR Contract for Concourse A Reconstruction, and for Component Guaranteed Maximum Price (“CGMP”) number 1. MNAA advertised a Request for Proposal (“RFP”) in June 2024 and received 2 proposals, Hensel Phelps and JE Dunn. Hensel Phelps was the highest rated firm for the project. The CGMP 1 value is \$32,861,879 for preconstruction phase services. The SMWBE participation level set for this project is 14.36% MBE, 4.33% WBE, and 4% SBE target, and Hensel Phelps committed to meeting that goal. At the Committee Meeting on September 11, 2024, Vice Chair Granbery had a question regarding contingency within the contract; there is \$10M in owner’s contingency, \$0 in CMAR for CGMP 1, so as CGMPs come on they will add.

Ms. Holton requested that the 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.

Vice Chair Granbery stated the Operations Committee voted 3 to 0 and made a motion to approve and Commissioner Joslin seconded the motion.

Commissioner Farner asked if the at risk means that the price is guaranteed and if the scope changes the at-risk is on the contractor. Ms. Holton replied not exactly, but it is progressive, so we will be going through and once MNAA gets to Guaranteed Maximum Price (“GMP”) then the risk is on the contractor. MNAA will be negotiating cost, scope, and schedule throughout the whole project and when we get to GMP, then that is when they become at risk and manage the contract at that point. Commissioner Farner asked what defines it as a construction manager at risk. Ms. Holton replied they are the builder of the project and the

construction manager, and at GMP is when they become more at risk. They are at risk for each CGMP and are fully at risk for scheduling costs at the end. It is the same thing we have done on our progressive design builds to date, the only difference is that with CMAR they have contact with the designer instead of the builder having the contract with the designer.

Commissioner Farner asked what CGMP stands for. Ms. Holton replied Component Guaranteed Maximum Price, MNAA anticipates 6 CGMPs for various scopes to get to the final GMP price. Vice Chair Granbery asked how MNAA got to the \$650M. Ms. Holton replied that MNAA had a contractor and consultant perform a cost estimate at 10% design, and that made the project budget at \$855M. We broke that out based on the soft costs and the \$650M was the anticipated value. Commissioner Glover asked if it is more front loaded. Ms. Holton replied for the CGMP, no, it will vary. These are going to be spread out and ebb and flow, and we do not have an exact amount for each of the future CGMP's, but will bring each of them back to the Board for approval. Commissioner Glover asked if the Board is approving it in concept today. Ms. Holton replied we are asking for approval for the pre-construction phase (CGMP 1) for Hensel Phelps at \$32M. Secretary Byrd stated Hensel Phelps is the general contractor for Concourse D. Vice Chair Granbery replied the construction manager, not the general contractor. Ms. Holton replied that is correct.. Secretary Byrd asked if that means they are building it. Ms. Holton replied they are still the construction manager, design-build is the name of the contract, they serve more as a construction manager. Secretary Byrd asked if they have a history with MNAA. Ms. Holton replied yes, Hensel Phelps did Concourse D and the Grand Lobby and IAF, and the Concourse D Extension project is what is underway right now.

President Kreulen stated it is the 4<sup>th</sup> largest project here at BNA.

Secretary Byrd asked if the 2<sup>nd</sup> largest bidder was \$4M higher. President Kreulen replied there was a significant difference in scoring and there was a price difference. Ms. Holton agreed stating this is qualification and price-based, Hensel Phelps had a more comprehensive and detailed approach to building this project as well as the CGMP 1 cost was lower. President Kreulen stated the scores were Hensel Phelps at 800 and J.E. Dunn was under 700 and the price was \$4M less for this first phase. Commissioner Glover asked if the SMWBE participation shown is for CGMP 1 only. Ms. Holton replied the goal of what Hensel Phelps committed to is for the entire contract of \$650M and they have committed to meeting it. Commissioner



Farner asked if any of the components as a construction manager at risk could be self-performed. Ms. Holton replied they will do minimal self-perform duties, a lot of times on these they may do doors, and things like that, nothing heavy.

Chair Sullivan asked Ms. Saxman for a roll call:

Chair Sullivan – Yes

Vice Chair Granbery – Yes

Secretary Byrd – Yes

Commissioner Joslin – Yes

Commissioner Stevenson – Yes

Commissioner Glover – Yes

Commissioner Farner – Yes

The motion passed with a vote of 7 to 0.

President Kreulen stated before we transition to the next approval, we had some questions at the committee regarding the SMWBE participation. The SMWBE participation is for the entire program and based on the \$650M, probably \$130M minimum to meet that goal would be small minority and women-owned businesses. Commissioner Glover stated some of those could be duplicated. Ms. Holton replied if they are a minority they fall under MBE. Ms. Davita Taylor, VP, Procurement and Business Diversity, replied correct, they are not duplicate. If you are an ethnic female, you are listed under the MBE category and are not duplicate for that exact reason, you do not want to have someone be able to double count. Ethnic females fall under the MBE category and Caucasian females fall under WBE. The 4% SBE is the target because that is generally what MNAA has been able to accomplish for small businesses' participation on some of these large projects, so that is a target for them to try to hit and the other ones are commitments. Commissioner Glover stated this is pitiful, 4% of \$650M. Ms. Taylor replied these are based on what the market calls for and the demand that is out in the market for the people to do the work and it is about the capacity of who is available for those particular divisions.

3. First Amendment to Paradies Lease and Concession Agreement (Finance)

President Kreulen introduced Eric Johnson, SVP, Chief Revenue Officer, to brief the Committee on the First Amendment to the Paradies Lease and Concession Agreement. Mr.

Johnson stated for background MNAA has a Lease and Concession 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. The airline activity in the Satellite Concourse has not reached levels forecasted by Paradies in the first year of the Agreement. In order to provide relief to Paradies and its ACDBE partners until airline activity reaches 90% of Paradies' expected levels, MNAA Staff is recommending a temporary adjustment to the Minimum Annual Guarantee ("MAG") for the period January 1, 2024 - December 31, 2025. Mr. Johnson presented a chart showing the current contract MAG levels, the proposed temporary MAG and the impact of the reduction. 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.

Mr. Johnson requested that the Board of Commissioners approve the First Amendment to the Paradies Agreement and authorize the Chair and President & CEO to execute the Amendment.

Secretary Byrd stated the Finance Committee voted 2 to 0 to recommend approval on September 11, 2024. He recommended that the Board of Commissioners accept the proposed amendment. Secretary Byrd made a motion to approve, and Commissioner Glover seconded the motion.

Chair Sullivan asked Ms. Saxman for a roll call:

Chair Sullivan – Yes

Vice Chair Granbery – Yes

Secretary Byrd – Yes

Commissioner Joslin – Yes

Commissioner Stevenson – Yes

Commissioner Glover – Yes

Commissioner Farner – Yes

The motion passed with a vote of 7 to 0.

4. FY24 CEO Performance Evaluation (Management)

Chair Sullivan stated the FY24 CEO Performance Evaluation summary was presented to the Management Committee on September 11, 2024, as well as the August Management Committee. She asked if anyone had any questions.

Chair Sullivan stated the Management Committee voted 3 to 0 to recommend approval of 104.5% award of eligible bonus on September 11, 2024. Chair Sullivan made a motion to approve and Vice Chair Granbery seconded the motion.

Chair Sullivan stated as compared to what was previously presented the total changed a couple of percentage points because operating revenue and operating expenses were finalized for the year and added 2% to the total. President Kreulen replied that is correct, overall MNAA exceeded revenue by \$144M and the deposit to the NAE cash reserve this year will be \$121M. Secretary Byrd asked if there was a motion to continue to visit the KPIs for next year so the Board can define how the KPIs will be implemented. Chair Sullivan replied yes, that will be next month. President Kreulen stated he has met with Chair Sullivan and his Executive Team and will come up with some proposals for the Board to consider in October and wrap it up in November at the latest. Secretary Byrd stated whatever you think Madam Chair.

Chair Sullivan recommend the Board of Commissioners approve CEO's FY24 Performance and award of performance bonus per contract at 104.5% eligibility.

Chair Sullivan asked Ms. Saxman for a roll call:

Chair Sullivan – Yes

Vice Chair Granbery – Yes

Secretary Byrd – Yes

Commissioner Joslin – Yes

Commissioner Stevenson – Yes

Commissioner Glover – Yes

Commissioner Farner – Yes

The motion passed with a vote of 7 to 0.

Chair Sullivan thanked President Kreulen.

President Kreulen stated that he would like for the two new members, Roman Keselman and Austin Fay, of our management team to stand up for a minute. He stated he would like to give them a round of applause.

I. INFORMATION ITEMS

1. BNA Development Update (Operations)

President Kreulen presented photographs of the Concourse D extension construction progress, showing the record node and the poured concrete. The completion date is July 2, 2025, 286 days to opening. MNAA is happy with the progress Hensel Phelps is making. President Kreulen presented another photograph showing Jones Bros. removing the old Donelson Pike and how much earth is being moved. Terminal Access Roadway Improvements (TARI) completion is September 29, 2025. In terms of development, Concourse D extension and roadwork are moving along.

2. JWN Development Update (Operations)

President Kreulen presented a panoramic photograph of the JWN North Development area with the parcels identified. President Kreulen pointed out that Jet Access and Jet Right are working on 7460s to get those approved moving forward. V3 hangar is in progress and MNAA is waiting for September 27, 2024, to get our proposals in on our next FBO. JWN has a lot of activity and we do have a slide to outline those priorities at the Board Retreat in October.

3. Air Service Incentive Plan Update (Finance)

President Kreulen stated the NAE Airline Incentive Account is at \$8,690,590. MNAA puts \$2M in that account per year and are well positioned for what is next. The only active incentive right now is with WestJet in the amount of \$20,832. MNAA hopes in the next few weeks and months to make some international announcements to Europe and other areas. Vice Chair Granbery asked if WestJet to Winnipeg did not require an incentive. Mr. Josh Powell, AVP, Airline Affairs, replied, WestJet flight frequency did not hit the threshold per our Incentive Policy. President Kreulen stated we now go to 6 of the 7 largest cities in Canada. Vice Chair Granbery asked if WestJet saw an increase if they would come back to MNAA for an incentive. Mr. Powell replied yes, if they hit the threshold, they would be eligible for an incentive at that point. The North American incentive is not as robust as the Transatlantic one, so it would not make a big impact. President Kreulen

stated it is \$40K - \$60K in marketing and helps some. President Kreulen stated as soon as we get more information we will present to the Board.

Commissioner Glover asked when the nonstop service to Indianapolis starts. President Kreulen replied in March.

Vice Chair Granbery asked back on the activity for October/November, you had the CEO KPIs tentative in red, and if it would be discussed at the October Committee or November Committee meeting. President Kreulen replied as soon as he gets a couple of options, and if the Board wants to talk about it in October, we will remove it as tentative, and if the Board wants several other options, then probably present it in November.

Chair Sullivan stated she believes the Board will be ready in October. President Kreulen stated if it is the basic no change, it will be ready in October. There may be changes for the passenger and employee surveys and then the best plan to prepare we have columns of strategic items and that was rated at 25%. The Board asked if staff could put in a little more effort on those columns, so MNAA Staff and he will figure it out and come back with some concrete options for the Board. Secretary Byrd stated he thinks it is a good idea, if you have KPIs and keep the bonus based on specifics, it is probably a good idea to be as specific as possible because when he went through the materials there were 50 different KPI objectives he was looking at and he was trying to figure out which ones apply and how does he address them. President Kreulen replied several years ago, we had 50, then 40 and now we are down to 20 strategic goals and trying to focus our attention on that. What we have done in that category, where we have 25% of it, we put all of those together and gave ourselves a score of 86.4%. We could give a score by strategic column. Secretary Byrd stated the Board can decide on how to handle that information and get ready to allocate the bonus – do we allocate them all or give specific allocations to each one. He does not suggest 20 different KPIs, as that is what we are incentivizing. Vice Chair Granbery stated he thinks it is important and does not want to rush it, he would like to table it for now. Chair Sullivan stated we are close for now. President Kreulen stated yes, we have some thoughts, and we need to be able to answer your questions and give to the Board. We will provide options to the Board and give time to answer questions and do one more flex. Chair Sullivan would like it in October Committee and would like to get a draft within the first part of the month. Commissioner Stevenson stated once it is sent out in October if the Board has any questions, they can contact

President Kreulen directly to discuss. Vice Chair Granbery stated that is not much time. President Kreulen stated he owes the Board that information.

President Kreulen concluded the presentation of the informational items.

I. ADJOURN

There being no further business brought before the Board, Vice Chair Granbery made the motion to adjourn, and Commissioner Stevenson seconded the motion, which carried by a vote of 7 to 0. Chair Sullivan adjourned the meeting at 1:35 p.m.

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Andrew Byrd, Board Secretary

# STAFF ANALYSIS

## Board of Commissioners

Date: October 16, 2024

Facility: Nashville International Airport

Subject: Maintenance and Service Contract for BNA Conveyance (Elevators/Escalators)

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### I. Recommendation

Staff requests that the Board of Commissioners:

- 1) Accept the proposal submitted by KONE for the BNA Conveyance Maintenance and Service Contract, and
- 2) Authorize the Chair and President and CEO to execute the Contract for the amount contained herein.

### II. Analysis

#### A. Background

MNAA currently has a total of 68 conveyance units: 46 elevators, 22 escalators including units coming off of warranty in late October. With the expansion of D Concourse, there will be 1 powerwalk and 2 additional elevators. The A Concourse renovation will add 4 powerwalks and 4 additional elevators. The BNA Conveyance Maintenance and Service Contract will provide maintenance and services for an anticipated 79 conveyance units.

In October and November 2023, Maintenance Staff reached out to the following six (6) airports to understand their elevator / escalator provided maintenance services: (1) Memphis, Tennessee (Unit total: 64 / 17 escalators, 25 elevators and 22 power walks) (2) Jacksonville, Florida (Unit total: 48 / 25 elevators, 17 escalators, 6 powerwalks) (3) Raleigh-Durham (Unit total: 89 / 56 elevators, 17 escalators, 16 powerwalks) (4) LaGuardia Airport (Unit total: 70 / 36 escalators, 2 powerwalks, 32 elevators) (5) Newark Terminal B (Unit total: 103 / 40 escalators, 2 powerwalks, 61 elevators) (6) Ft. Lauderdale Airport ( 100+ combination of elevators, escalators, powerwalks).

After reviewing the information collected, the Maintenance Services Team found that airports with 24/7/365 service coverage reported a 99% unit efficiency rate and minimal downtime; response time within 10 – 15 minutes vs. 30 minutes plus for emergency/entrapments and 1.5 – 2 hours for unit shutdown for contracts with service coverage hours Monday-Friday, 8am – 5pm.

MNAA previously had two (2) separate elevator and escalator service contracts with two (2) different vendors. Since the conclusion of the escalator services contract on January 31, 2024, MNAA has been utilizing the TN State Contract to procure escalator maintenance services from the same vendor currently under contract for elevator maintenance services.

Efficiency analysis:

- From January 1, 2023 through December 12, 2023, the Maintenance Services Team had to call for service and repairs 679 times for elevators and 1,161 times for escalators totaling \$931,624.08. Contract service hours were provided Monday – Friday, 7 a.m. to 5 p.m. on an **on-call basis**, with a response time of 2 – 3 hours from placement of service call and overtime when operationally necessary. **Efficiency rating of 75%.**
  
- From January 1, 2024 to date, the Maintenance Services Team has had to call for services and repairs 227 times for elevators and 278 times for escalators, totaling approximately \$661,570. The increase in repair costs seen this calendar year is attributable to the required repairs discovered during the initial equipment assessment period at the commencement of the new Escalator Contract (effective March 1, 2024).
  - From January 1, 2024 to June 30, 2024, Contract service hours were provided Monday – Friday, 7 a.m. to 5 p.m. on an **on-call basis**, with a response time of 2 – 3 hours from placement of service call and overtime when operationally necessary. **Efficiency rate of 84%.**
  - Since July 1, 2024, Contract services are provided Monday – Friday, 7 a.m. to 3:30 p.m., with an **assigned on-site technician** and overtime on an approved basis, when operationally necessary. **Efficiency rate of 95%.**
  
- Response times to elevator entrapments are not consistent due to units under warranty with different vendors. On occasion, assistance has been sought from Metro Fire when vendor response is estimated at more than 30 minutes or there is a safety concern for the entrapped passengers. Entrapment calls vary between passenger and freight elevators due to exceeding weight capacity limitations, elevator part malfunctions, and user error.

On May 6, 2024, MNAA team members held a meeting establishing the path forward for the maintenance services provided on Conveyance Units. Staff developed this scope of work based on discussions and documentation provided by the above listed six (6) outside airports.

On June 24, 2024, an Invitation to Bid for the BNA Conveyance Maintenance and Service Contract was published.

On July 26, 2024, a mandatory pre-bid meeting was held. The timeline for the solicitation was as follows:

- August 19, 2024, the final addendum was issued to vendors
- September 4, 2024, final bids received in B2G (3)
- September 24, 2024, shortlist interviews (not required)
- September 26, 2024, intent to award to Procurement Administrator after evaluation criteria was scored based on the following scoring criteria:
  - Ability to meet the requirements outlined in the RFP's scope of services = 35 Points
  - Qualifications/Experience = 25 Points
  - Cost of proposed services = 30 Points
  - Responsiveness to the RFP = 5 Points
  - Project approach = 5 Points
  - SMWBE = 0 points



- September 30, 2024, Anticipated Contract Award
- November 1, 2024, Contract commencement

Three bids were received on September 4, 2024. Bids were evaluated based on the scoring criteria, and award to Kone was recommended based on the scores.

Kone	248
Elevated Facility Services	212
Schindler	209

**B. Impact/Findings**

Duration of Contract:	Three years, plus three one- year options
Contract Completion Date:	October 31, 2030 (with options)
..	\$2,436,000
..	2,484,000
..	_____
# # .. .. . . . . .	
.. (Option Year 1)	.....\$2,580,000
.. (Option Year 2)	..... 2,628,000
.. (Option Year 3)	_____
# # .. .. . . . . .	
Funding Source:	Operations and Maintenance (O&M)

**C. Strategic Priorities**

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

**D. Options/Alternatives**

1. Do Nothing: The “Do Nothing” option will result in the inability to provide the main focus point of BNA to go without services that are needed and will ultimately impact the overall customer experience and lower efficiency rates.

2. Use the current service provider: This approach will maintain the current quasi on-call/on-site service Contracts with (1) delayed response times to restore conveyance units to operational status when outages occur outside of contracted hours, (2) provide for an increase of overall budget costs for overtime service requests to restore vital units to operational status, (3) shut down of units during business hours for required preventive maintenance, (4) affect unit efficiency rates and (5) maintain the inconsistency of response times to elevator entrapment calls between contracted and warrantied units.

### **III. Committee Review**

This item was presented to the Operations Committee on October 9, 2024. The Operations Committee voted 2 to 0 to recommend approval to the Board of Commissioners.

# STAFF ANALYSIS

## Board of Commissioners

Date: October 16, 2024  
Facility: Nashville International Airport (BNA)  
Subject: Construction Contract for Concourse A Ramp Expansion Paving  
Project No. 2101

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### I. Recommendation

Staff requests that the Board of Commissioners:

- 1) Accept the proposal by Hi-Way Paving, Inc. for the Concourse A Ramp Expansion Phase 2 - Paving project at Nashville International Airport (BNA) and;
- 2) authorize the Chair and President and CEO to execute the construction contract for \$20,507,508.

### II. Analysis

#### A. Background

The expansion of Concourse A requires additional ramp space for taxilanes for aircraft maneuvering in and around the proposed concourse. The Concourse A Ramp Expansion Phase 1 – Site Preparation project was completed in 2024 and provided clearing and grubbing, removal of existing buildings, stream encapsulation, utilities and fill placement for the required apron expansion. Phase 2 will provide surface drainage, concrete apron pavement, lighting and fencing to complete the ramp expansion for the new Concourse A.

A Request for Proposals was advertised on July 15, 2024, and July 18, 2024. On August 15, 2024, two (2) proposals were received. One (1) firm was deemed non-responsive for failure to meet the SMWBE participation level established for the contract or to provide acceptable good-faith efforts. The proposal from Hi-Way Paving, Inc. was evaluated using the following criteria:

- A. Mandatory Requirements
- B. Experience and Project Approach
- C. Schedule
- D. Price
- E. SMWBE Participation

MNAA has evaluated and determined it to be responsive and responsible and recommend award to Hi-Way Paving, Inc.

The SMWBE participation level established by MNAA for this contract is 10.45% MBE and 8.00% WBE. Hi-Way Paving, Inc. was able to obtain 10.50% MBE and 8.04% WBE by utilizing SB Johnson Construction, Alley Land and Fencing, LLC, Gibco Construction, LLC, OnTrac Security, LLC, and E3 Construction Company, Inc..

**B. Impact/Findings**

MNAA SMWBE Goal:	10.45% MBE and 8.00% WBE
Contractor SMWBE Participation:	10.50% MBE and 8.04% WBE
Anticipated Contract Start Date:	October 2024
Duration of Contract:	270 Calendar Days
Contract Completion Date:	July 2025
Contract Cost:	\$20,507,508
Funding Source:	100% MNAA

**C. Strategic Priorities**

- Plan for the future

**D. Options/Alternatives**

**Do Nothing:** The Do Nothing option will result in insufficient terminal apron pavement to accommodate the future Concourse A Expansion.

**III. Committee Review**

This item was presented to the Operations Committee on October 9, 2024. The Operations Committee voted 10 to 0 to recommend approval to the Board of Commissioners.

# STAFF ANALYSIS

## Board of Commissioners

Date: October 16, 2024  
Facility: Nashville International Airport (BNA)  
Subject: Part 139 RSA/TSA Improvements, Phase 2 (T/W Alpha North) Design Task Order  
Project No. 2409B

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### I. Recommendation

Staff requests that the Board of Commissioners:

- 1) Accept the Task Order proposal by Garver for the design of the Part 139 RSA/TSA Improvements, Phase 2 (T/W Alpha North) at BNA and;
- 2) authorize the proposed Task Order through the Engineering On-Call Contract for \$1,286,605.

### II. Analysis

#### A. Background

The Part 139 RSA/TSA Improvements projects are intended to upgrade airfield geometry to ADG V/TDG VI standards throughout the Nashville International Airport. This includes improvements to taxiway widths, taxiway paved shoulder widths, and taxiway safety areas in locations previously determined to be deficient to the FAA Part 139 standards. Engineering and Operations identified Taxiway Alpha North as having these deficiencies and determined that it was the preferred location on the airfield to make the required improvements. To facilitate this construction effort, design plans and specifications are needed to prepare an Issued for Bid (IFB) package, to be advertised and opened at a future date.

On August 16, 2023, the Airport Authority Board approved the Engineering On-Call Contract to Garver for three (3) years (a one year term with two one-year renewals) with a Not to Exceed limit of \$5,000,000 per year. Specific design tasks were to be issued against this On-Call Contract via Task Orders.

On September 10, 2024, Garver submitted a Scope of Work and Fee Proposal in the amount of \$1,286,604.90. Services included in this Scope of Work were geotechnical investigation, design, bidding services, and construction support services for the project. This fee proposal has been reviewed by Engineering staff and Project Controls staff and it has been agreed that it is fair compensation for the Scope of Work proposed. Once approved, a Task Order will be issued to Garver so that design work may begin.

The SMWBE participation level established for the Engineering On-Call Contract was 10% MBE and/or WBE. For Year 2 of the Engineering On-Call Contract, Garver has currently committed to 14.34% SMWBE participation on all current Task Orders. Garver remains committed to meeting or exceeding the annual SMWBE participation goal for this contract.

#### **B. Impact/Findings**

MNAA SMWBE Goal (On-Call Contract):	10% MBE and/or WBE
Year 2 SMWBE Participation Committed Via Task Orders to Date:	14.34% MBE and/or WBE
Anticipated Task Order Start Date:	October 2024
Duration of Task Order:	360 Calendar Days (includes Construction Administration Services)
Contract Completion Date:	October 2025
Approved On-Call Contract Cost:	NTE \$5,000,000 per year
Task Order Cost:	\$1,286,604.90
Funding Source:	100% MNAA

#### **C. Strategic Priorities**

- Invest in BNA
- Plan for the future

#### **D. Options/Alternatives**

**Do Nothing:** The “Do Nothing” option will result in the continued FAA Part 139 deficiency and inability for Category V aircraft to utilize Taxiway Alpha North safely.

### **III. Committee Review**

This item was presented to the Operations Committee on October 9, 2024. The Operations Committee voted to 0 to recommend approval to the Board of Commissioners.

## STAFF ANALYSIS

### Board of Commissioners

Date: October 16, 2024  
Facility: Nashville International Airport (BNA)  
Subject: Terminal Ramp Reconstruction (FY24 – FY26) Design Task Order  
Project No. 2505

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#### I. Recommendation

Staff requests that the Board of Commissioners:

- 1) Accept the Task Order proposal by Garver for the design of the Terminal Ramp Reconstruction (FY24 – FY26) at BNA and;
- 2) authorize the proposed Task Order through the Engineering On-Call Contract for \$872,000 NTE.

#### II. Analysis

##### A. Background

In the past ten years, both the type and volume of aircraft operating at the Nashville International Airport has increased dramatically. The terminal apron was neither designed nor constructed to accommodate these increased operations. Significant damage to the terminal apron has been regularly observed and noted by Operations and Maintenance in this time period and it was determined a more in-depth investigation into the strength and condition was needed. In 2023, a focused terminal apron pavement analysis was conducted as part of the 2023 Airfield Pavement Condition Index Study. The results of this study identified both surface and structural damage to the pavement, which would require both major repairs and full-depth, full-strength reconstruction of a majority of the terminal apron. To facilitate a construction effort to make these repairs and reconstruction, design plans and specification are needed to prepare an Issued to Bid (IFB) package, to be advertised and opened at a future date.

On August 16, 2023, the Airport Authority Board approved the Engineering On-Call Contract to Garver for three (3) years (a one-year term with two one-year renewals) with a Not to Exceed limit of \$5,000,000 per year. Specific design tasks were to be issued against this On-Call Contract via Task Orders.

On September 30, 2024, Garver submitted a Scope of Work and Fee Proposal in an amount Not to Exceed \$872,000.00. Services include design, bidding assistance, and construction support for the project. This fee proposal has been reviewed by Engineering, Project Controls staff and it has been agreed that it is fair compensation for the Scope of Work proposed. Once approved, a Task Order will

be issued to Garver for the agreed upon amount so that design work may begin.

The SMWBE participation level established for the Engineering On-Call Contract was 10% MBE and/or WBE. For Year 2 of the Engineering On-Call Contract, Garver has currently committed to 14.34% SMWBE participation on all current Task Orders. Garver remains committed to meeting or exceeding the annual SMWBE participation goal for this contract.

**B. Impact/Findings**

MNAA SMWBE Goal (On-Call Contract):	10% MBE and/or WBE
Year 2 SMWBE Participation Committed Via Task Orders to Date:	14.34% MBE and/or WBE
Anticipated Task Order Start Date:	October 2024
Duration of Task Order:	300 Calendar Days
Contract Completion Date:	August 2025
Approved On-Call Contract Cost:	\$5,00,000 per year NTE
Task Order Cost:	\$872,000 NTE
Funding Source:	100% MNAA

**C. Strategic Priorities**

- Invest in BNA
- Plan for the future

**D. Options/Alternatives**

**Do Nothing:** The “Do Nothing” option will result in the continued deterioration of the terminal apron, increasing the risk of structural failure and debris material likely to cause aircraft damage.

**III. Committee Review**

This item was presented to the Operations Committee on October 9, 2024. The Operations Committee voted 1 to 0 to recommend approval to the Board of Commissioners.



## STAFF ANALYSIS

### Board of Commissioners

Date: October 16, 2024

Facility: MNAA

Subject: Amended and Restated Note Purchase Agreement with Bank of America, N.A.

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#### I. Recommendation

Staff requests that the Board of Commissioners:

- 1) approve MNAA Resolution No. 2024-09, Initial Resolution, pertaining to an additional issuance under the Authority's Amended and Restated Note Purchase Agreement to finance a portion of the Authority's Capital Improvement Program not to exceed \$400 million; and
- 2) approve MNAA Resolution No. 2024-10, Authorizing Resolution, pertaining to the Amended and Restated Note Purchase Agreement to finance a portion of the Authority's Capital Improvement Program, to consolidate the Authority's Note Purchase Agreements with Bank of America N.A. into a single document, and establish an initial available commitment of \$200 million; and
- 3) authorize the President and CEO to execute the Amended and Restated Note Purchase Agreement with Bank of America, N.A.

#### II. Analysis

##### A. **Background**

On January 7, 2019, the Authority entered into a Note Purchase Agreement ("NPA") with Bank of America, N.A. ("BofA") in the aggregate amount of not to exceed \$300 million. The NPA provides short-term cash flow funding for the Authority's capital projects during the early stages of construction. The funds drawn on the NPA are expected to be refinanced through the issuance of long-term revenue bonds. Prior to execution and delivery of the NPA, the Authority approved the issuance of up to \$300 million in revenue notes under the NPA and held a public hearing in connection with this approval. The high-level terms of the NPA were as follows:

- Commitment to make advances of \$300 million
- Variable rate interest rate based on LIBOR or its successor index
- Commitment term of 5 years – commitment terminates on the second anniversary date of the agreement (or each anniversary date thereafter) unless the Authority requests and is granted a waiver by BofA
- Initial maturity date of notes is 3 years
- Second lien on net revenues of the Authority behind senior lien bondholders
- Interest only for up to 3 years, principal of advances will be taken out with long-term bonds

- 15 bps or 0.15% commitment fee until 50% (\$150 million) is drawn

Since this time, MNAA has entered into three amendments to the NPA with BofA:

- I. On November 26, 2019, the Authority entered into the First Amendment of the NPA with BofA. Prior to execution and delivery of the amendment, the Authority approved the issuance of up to \$500 million in revenue notes under the NPA and held a public hearing in connection with this approval.

The amendment included the following:

- Increased the aggregate not to exceed commitment amount by \$100 million resulting in a NPA in an aggregate amount of not to exceed \$400 million
- Added an accordion feature such that the Authority only pays a commitment fee on the base amount of \$100 million plus any additional commitment amount, as such amount changes from time to time, resulting in reduced fees charged on any unused portion of the NPA
- Added a trigger to further subordinate the pledge of net airport revenues securing the NPA to certain other obligations of the Authority, including any Subordinate Airport Revenue Bonds that the Authority may issue from time to time

- II. On December 1, 2021, MNAA and BofA entered into the Second Amendment to the NPA based on the negotiated terms for the remaining two years of the overall 5-year commitment on the NPA. Prior to the execution of the Second Amendment to the NPA, the Board of Commissioners also authorized additional borrowing on the NPA at an amount not to exceed \$300,000,000. The adjusted terms for the Second Amendment were as follows:

- Available commitment was reduced by \$100 million to an aggregate amount not to exceed \$300 million
- The accordion feature added in the First Amendment was removed to ensure capital was available when needed
- The new maturity date of the NPA was January 7, 2024
- Unused commitment fee increased to 20bps based on the unused portion of \$150 million. (50% of available commitment)
- With the LIBOR publication ceasing on June 30, 2023 and due to current market conditions, the interest rates and indices were updated as noted below:

Tax-Exempt Interest Rate	80% of BSBY + 42 bps (0.42%)
Taxable Interest Rate	BSBY + 52 bps (0.52%)

- III. Reported to the Board in December 2023: In September 2023, with the maturity date of January 7, 2024 approaching, and the five-year commitment term from BofA ending, MNAA began discussions with its Financial Advisors, PFM, on a new short-term credit facility. Given current market conditions (limited commercial banks willing to lend at the \$300M+ without other business relationships) and the valuable relationship MNAA has had with BofA over the past five years, the recommendation from PFM was to enter into negotiations directly with BofA for a new credit facility.

MNAA began negotiating with BofA on a new NPA, however, Bond Counsel (Hawkins Delafield & Wood) indicated this new NPA would be treated as a new issuance of debt and the preparation of the documents required to enter into this agreement would be time consuming. Therefore, BofA and the Authority agreed to an extension of the maturity of the notes and the commitment expiration date for a period not to exceed one year (all other terms remain the same). This extension allowed MNAA and BofA to finalize negotiations and prepare all the legal documents for a new NPA. The extension of the maturity of the notes and the commitment expiration date was written into the Third Amendment to the NPA, which was approved by the Board and entered into on December 20, 2023. Per Bond Counsel, no new spending authorization or TEFRA hearing was required for this amendment.

In August 2024, MNAA completed negotiations with BofA on the new Amended and Restated Credit Facility for a three-year period. PFM compared the proposed pricing and terms to those of similar type short-term financing programs recently entered into (airports, higher education, and state entities). From their view, the BofA proposed pricing and terms for the three-year period are comparable and/or favorable to other short-term financing programs and recommend proceeding with a renewal for a three-year term with BofA.

The table below compares the current NPA terms against the new negotiated NPA terms:

Terms	Current NPA	New Negotiated NPA
Available Commitment ①	\$300,000,000	\$400,000,000
Maturity Date/Mandatory Tender Date	November 15, 2024	November 5, 2027
Initial Commitment Amount ②	\$300,000,000	\$200,000,000
Accordion Feature ②	N/A	Request increases to Commitment Amount in increments up to \$400M
Tax-Exempt Interest Rate ③	80% of BSBY + 42 bps (0.42%) Rate as of 9/23/24: 4.328%	80% of Daily SOFR + 57 bps (0.57%) Rate as of 9/23/24: 4.434%
Taxable Interest Rate ③	BSBY + 52 bps (0.52%) Rate as of 9/23/24: 5.405%	Daily SOFR + 85 bps (0.85%) Rate as of 9/23/24: 5.68%
Commitment Fee ④	Avail Commitment < 50% drawn = 20 bps (0.20%) Avail Commitment > 50% drawn = 0 bps (0.00%)	Commitment Amt < 50% drawn = 31 bps (0.31%) Commitment Amt > 50% drawn = 0 bps (0.00%)

A few items to note on the above terms:

- ① BofA increased the available commitment to \$400 million (subject to requests for increases over the Initial Commitment Amount).
- ② Accordion feature added back to facility. Authority pays a commitment fee on the unused base amount of the Initial Commitment (\$200 million) plus any additional commitment amount added, as such amount changes from time to time, resulting in

reduced fees charged on any unused portion of the NPA. MNAA can request increases to the Commitment Amount in increments up to \$400 million.

- ③ The applicable index for the interest rate will now be based on the Daily SOFR (Secured Overnight Financing Rate). The BSBY (Bloomberg Short-Term Bank Yield Index) index ceases on November 15, 2024. Interest rate is slightly higher due to new banking regulations in early 2024.
- ④ Commitment fee increased 11 bps, which is more reflective of the current market. However, the accordion feature of the new NPA will help minimize fees paid on the unused portion.

**B. Impact/Findings**

To summarize, MNAA staff is requesting the Finance Committee recommend to the Board of Commissioners that it approve MNAA Resolution 2024-09, MNAA Resolution 2024-10, and authorize the President and CEO to execute the Amended and Restated NPA with BofA. The terms of the Amended and Restated NPA will be as follows:

Terms	New Negotiated NPA
Available Commitment	\$400,000,000
Maturity Date/Mandatory Tender Date	November 5, 2027
Initial Commitment Amount Day of Closing	\$200,000,000
Accordion Feature	Request increases to Commitment Amount in increments up to \$400M
Tax-Exempt Interest Rate	80% of Daily SOFR + 57 bps (0.57%)
Taxable Interest Rate	Daily SOFR + 85 bps (0.85%)
Commitment Fee	Commitment Amt < 50% drawn = 31 bps (0.31%) Commitment Amt > 50% drawn = 0 bps (0.00%)

MNAA staff also consulted with Bond Counsel and PFM to determine if a new TEFRA hearing would be required.

- TEFRA Hearing: The last TEFRA hearing on debt issuance was held on October 28, 2022. This TEFRA hearing is valid for 3 years through December 7, 2025. The amount of debt published in the hearing was \$1.25 billion. The existing TEFRA hearing allows for enough capacity considered with the NPA (\$400 million), therefore a new authorization will not be required for this amendment. Depending on project cash flows, a new TEFRA hearing may be needed prior to December 7, 2025.

### **C. Strategic Priorities**

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

### **D. Options/Alternatives**

If the new NPA is not approved, the ability to use the credit facility for upcoming construction payments would be unavailable. MNAA would need to cash fund construction projects until a new NPA is in place or a new bond issue is completed.

### **III. Committee Review**

This item was presented to the Finance Committee on October 9, 2024. The Finance Committee voted 3 to 0 to recommend approval to the Board of Commissioners.

## MNAA RESOLUTION NO. 2024-09

**AN INITIAL RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE METROPOLITAN NASHVILLE AIRPORT AUTHORITY PERTAINING TO THE AUTHORITY’S AMENDED AND RESTATED NOTE PURCHASE AGREEMENT TO PROVIDE FOR BORROWINGS THEREUNDER TO FINANCE A PORTION OF THE COST OF THE AUTHORITY’S CAPITAL IMPROVEMENT PROGRAM AT NASHVILLE INTERNATIONAL AIRPORT AND JOHN C. TUNE AIRPORT**

BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE METROPOLITAN NASHVILLE AIRPORT AUTHORITY:

SECTION 1 Note Purchase Agreement. In order to provide funds to finance a portion of the cost of the Metropolitan Nashville Airport Authority (the “Authority”) capital improvement program, including land acquisition and the acquisition, construction, rehabilitation, replacement, repair, renovation, improvement and reconstruction of terminal, airfield, parking, hangar, roadway, and other airport structures and facilities and the acquisition of airport equipment and other facilities and improvements as may be necessary and appropriate for the operation of such airport facilities at the Nashville International Airport or John C. Tune Airport, the Authority will amend its Amended and Restated Note Purchase Agreement with Bank of America, N.A. and authorize borrowing thereunder in a total amount not to exceed \$400,000,000 (the “Loan”).

SECTION 2 Maximum Rate. The Loan will bear interest at a variable rate of interest per annum not to exceed the maximum rate permitted under applicable law.

SECTION 3 Loan Payable from Available Revenues of the Authority. The Loan will be payable by the Authority from available revenues of the Authority collected or received by the Authority.

SECTION 4 Publication of Resolution. This resolution shall be published in full once in a newspaper of general circulation in the Nashville and Davidson County, Tennessee area.

SECTION 5 Effectiveness of Resolution. This resolution shall take effect immediately.

Approved this 16<sup>th</sup> day of October, 2024.

RECOMMENDED:

ADOPTED:

\_\_\_\_\_  
Douglas E. Kreulen, President & CEO

\_\_\_\_\_  
Nancy B. Sullivan, P.E., Chair

APPROVED AS TO FORM AND LEGALITY:

ATTEST:

\_\_\_\_\_  
Neale R. Bedrock, EVP, General Counsel & CCO

\_\_\_\_\_  
Andrew W. Byrd, Secretary

## MNAA RESOLUTION 2024-10

**A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE METROPOLITAN NASHVILLE AIRPORT AUTHORITY PROVIDING AUTHORIZATION FOR AN AMENDED AND RESTATED NOTE PURCHASE AGREEMENT WITH BANK OF AMERICA, N.A. TO CONSOLIDATE THE AUTHORITY'S NOTE PURCHASE AGREEMENTS WITH THE BANK INTO A SINGLE DOCUMENT, ESTABLISH AN INITIAL AVAILABLE COMMITMENT THEREUNDER AND TO INCLUDE CERTAIN OTHER PROVISIONS THEREIN, ISSUANCE OF ADDITIONAL NOTES THEREUNDER AND EXECUTION AND DELIVERY OF LOAN DOCUMENTS IN CONNECTION THEREWITH**

BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE METROPOLITAN NASHVILLE AIRPORT AUTHORITY (THE "AUTHORITY") AS FOLLOWS:

SECTION 1 Findings and Determinations. It is hereby found and determined by the Board of Commissioners of the Authority that:

(a) The Authority intends to pay, on a temporary basis, either from its own funds or the proceeds of a credit facility evidenced by a note purchase agreement and one or more promissory notes to be applied in order to provide a plan of financing to finance a portion of the costs of the Authority's capital improvement program, including land acquisition and the acquisition, construction, rehabilitation, replacement, repair, renovation, improvement and reconstruction of terminal, airfield, parking, hangar, roadway and other airport structures and facilities and the acquisition of airport equipment and other facilities and improvements as may be necessary and appropriate for the operation of such airport facilities at the Nashville International Airport or John C. Tune Airport. These costs are reasonably expected and intended to be reimbursed from the proceeds of the Authority's revenue bonds in an amount not to exceed \$400,000,000.

(b) The Authority has previously entered into the Note Purchase Agreement (as amended, the "Note Purchase Agreement"), dated January 7, 2019, as amended by the First Amendment to Note Purchase Agreement (the "First Amendment"), dated as of November 26, 2019, the Second Amendment to Note Purchase Agreement (the "Second Amendment"), dated as of December 1, 2021 and the Third Amendment to Note Purchase Agreement (the "Third Amendment"), dated as of December 20, 2023, each with Bank of America, N.A. (the "Bank") (Note Purchase Agreement as amended by the First Amendment, Second Amendment and Third Amendment are referred to collectively as the "Existing Note Purchase Agreement") for the purpose of financing a portion of the cost of the Authority's capital improvement program, including land acquisition and the acquisition, construction, rehabilitation, replacement, repair, renovation, improvement and reconstruction of terminal, airfield, parking, hanger, roadway, and other airport structures and facilities and the acquisition of airport equipment and other facilities and improvements as may be necessary and appropriate for the operation of such airport facilities at the Nashville International Airport or John C. Tune Airport, with borrowings thereunder to be payable by the Authority from available revenues of the Authority collected or received by the Authority.

(c) The Authority now wishes to amend and restate the Existing Note Purchase Agreement (as so amended and restated the "Amended and Restated Note Purchase Agreement") to consolidate the relevant provisions of the Note Purchase Agreement, First Amendment, Second Amendment and Third Amendment into a single document, to establish an initial Available Commitment thereunder in an amount of \$200,000,000 (the "Initial Available Commitment") for the purposes set forth in (a) and (b) above, and to make certain other changes to the Note Purchase Agreement, including

changing the applicable interest rate index and adding an accordion feature such that the Authority only pays a commitment fee on the Initial Commitment Amount or any increase (to a maximum Commitment Amount not to exceed \$400,000,000) in or reduction of Initial Commitment Amount, as such amount is changed from time to time in accordance with the provisions of the Amended and Restated Note Purchase Agreement. Capitalized terms not otherwise defined in this resolution shall have the meanings set forth in the Amended and Restated Note Purchase Agreement.

(d) The Amended and Restated Note Purchase Agreement also authorizes the Authority to issue Additional Notes under the Amended and Restated Note Purchase Agreement upon adoption of an Additional Note Resolution.

(e) The Authority wishes to issue Additional Notes under the Amended and Restated Note Purchase Agreement in an amount not to exceed \$400,000,000 for the purposes set forth in (a) and (b) above and hereby declares this resolution to be an Additional Note Resolution.

(f) The Authority authorizes the terms of the additional borrowings under the Amended and Restated Note Purchase Agreement as set forth in (c) and (e) above.

(g) The maturity of any Additional Notes shall be the earlier of (i) three years from the date of issuance and (ii) the Commitment Expiration Date.

(h) The Authority authorizes its authorized officers to enter into the Amended and Restated Note Purchase Agreement with, and issue one or more Notes, including Additional Notes, to, the Bank and to execute and deliver such other documents and certificates as contemplated thereby and as may be required by the Bank (the "Loan Documents").

NOW, THEREFORE, BE IT RESOLVED, that the form, term and provisions of, and the performance of the transactions contemplated by the Loan Documents be, and they hereby are, authorized, approved and adopted in all respects; and

FURTHER RESOLVED, that any of the officers of the Authority ("Authorized Officers") at the time in office be, and each hereby is authorized, directed and empowered, for and on behalf of and in the name of the Authority to make, execute and deliver the Loan Documents and to take such actions under the Loan Documents as such Authorized Officers deems necessary or desirable in the interest of the Authority including, but not limited to, decreasing or, subject to the limitations set forth in this resolution, increasing the Available Commitment and issuing Additional Notes in accordance with the terms hereof and the Loan Documents, together with any and all amendments, supplements, modifications, extensions, restatements, renewals, replacements and any additional agreements, documents and instruments relating to the foregoing and all such agreements, documents and instruments shall contain such terms, conditions and waivers as such Authorized Officers deem necessary or desirable in the interest of the Authority, and the execution of any such agreement, document or instrument by any such Authorized Officers shall be conclusive proof of the approval of all of the terms and conditions thereof for and on behalf of the Authority; and

FURTHER RESOLVED, that the Authority and its Authorized Officers are authorized and directed, in the name and on behalf of the Authority, to make, execute and deliver, or cause to be made, executed and delivered, and to file, or cause to be filed, with any governmental agency or authority, any agreement, instrument, notice, report, instruction, certificate, financing statement and other document, and to do or cause to be done all such other acts or things, in the name and on behalf of the Authority, as any such



officer deems necessary or desirable to consummate the transactions contemplated by, and to carry out the intent of, each of the foregoing resolutions (the signature of such officers to be conclusive evidence of approval thereof); and

FURTHER RESOLVED, that any acts of the Authorized Officers and of any person or persons designated and authorized to act by an Authorized Officer which acts would have been authorized by the foregoing resolutions except that such acts were taken prior to the adoption of such resolutions, are hereby severally ratified, confirmed, approved and adopted as acts of the Authority.

SECTION 2 Effectiveness of the Resolution. This resolution shall take effect upon its adoption.

Approved this 16<sup>th</sup> day of October, 2024.

**RECOMMENDED:**

**ADOPTED:**

\_\_\_\_\_  
Douglas E. Kreulen, President & CEO

\_\_\_\_\_  
Nancy B. Sullivan, P.E., Chair

**APPROVED AS TO FORM AND LEGALITY:**

**ATTEST:**

\_\_\_\_\_  
Neale R. Bedrock, EVP, General Counsel & CCO

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Andrew W. Byrd, Secretary

# STAFF ANALYSIS

## Board of Commissioners

Date: October 16, 2024  
Facility: MNAA  
Subject: Human Capital Management System

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### I. Recommendation

Staff requests that the Board of Commissioners:

- Accept the proposal and contract budget for a replacement to the current Human Capital Management System (Human Resources and Payroll System), and
- Authorize the Chair and President and CEO to execute the contract with ADP for Workforce Now for \$2,300,000 NTE.

### II. Analysis

#### A. Background

MNAA has been on the UKG Human Resources and Payroll System (“UKG”) for over 20 years. While updates have come over that period of time, the system is not meeting the needs of the Authority’s enterprise approach to caring for employee’s payroll and HR matters. With the advent of more integrated options, we believe it is now most opportune to pursue a solution that alleviates ancillary and disjointed systems. The current system is not supporting the needs of our employees in numerous areas from performance management to learning to benefits administration. Additionally, the UKG contracts expire in 2026, making it the appropriate time to make a change.

A Request for Information (“RFI”) was issued in the Fall 2023, with 4 respondents that met minimum criteria. Based on the RFI results, it was initially agreed that the team would put out a Request for Proposal (“RFP”). Prior to going to a full RFP, staff identified ADP and Workday (both RFI respondents) on Cooperative Agreements and to be best in value. Staff reviewed both respondents to determine if they could meet our requirements to reduce the time needed to do a full RFP. Both respondents were brought in for a formal demo with personnel from Human Resources, Information Technology, and Finance, with oversight by Procurement. Both vendors were deemed to meet most of the requirements, however, the group believed ADP best fit our needs.

The cost for UKG and the ancillary systems (Plan source, Brainier and Onbase) are expected to be approximately \$2M over the next 5 years. The proposal from ADP with implementation expects to be around \$2.3M over the same period of time. This accounts for growth of MNAA staff over the 5-year period as well.

**B. Impact/Findings**

MNAA SMWBE Participation Level:	0%
Contractor SMWBE Participation Level:	0%
Anticipated Contract Start Date:	January 31, 2026
Duration of Contract:	5 years
Contract Completion Date:	December 2030
Contract Cost:	Implementation: \$100,000
	Year 1 : \$385,000
	Year 2 : 402,000
	Year 3 : 443,000
	Year 4 : 468,000
	<u>Year 5 : 495,000</u>
	Total: \$2,293,000
Funding Source:	O&M - Information Technology

**C. Strategic Priorities**

- Invest in BNA/JWN
- Plan for the Future

**D. Options/Alternatives**

- **UKG**
  - Could continue with UKG
  - UKG is signaling they plan to change their platform focus on payroll and timekeeping
  - Will become unsupported in the next couple of years
- **Workday**
  - High implementation costs
  - 3 systems for payroll and financial reporting
- **Full RFP**
  - Would not be able to complete until February or March and it would put a January 1, 2026, launch at risk
  - Risk missing UKG contract termination timelines

**III. Committee Review**

This item was presented to the Finance Committee on October 9, 2024. The Finance Committee voted 3 to 0 to recommend approval to the Board of Commissioners.

# STAFF ANALYSIS

## Board of Commissioners

Date: October 16, 2024  
Facility: Metropolitan Nashville Airport Authority (MNA)  
Subject: FY25 CEO Key Performance Indicators (KPIs)

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### I. Recommendation

The Management Committee recommends the Board of Commissioners:

- 1) Review and evaluate the FY25 CEO Key Performance Indicators (KPIs), and
- 2) Approve the FY25 CEO 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 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 to 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, and submitted updated FY25 KPIs to the Management Committee on September 11, 2024. The Management Committee recommended the President submit alternative FY25 KPIs for review at the October 9, 2024 meeting, including more specificity on the Operational KPIs. The President and CEO provided alternative KPIs (5 options) to the Board of Commissioners on October 6, 2024. At the request of members of the Management Committee, the version presented on September 11, 2024 is recommended and was presented by the Chair at the October 9, 2024 Management Committee meeting.

## **B. Impact/Findings**

Consistent with the FY23 and FY24 KPIs, the FY25 KPIs are based on 50% financial criteria and 50% operational criteria, and include rating criteria for 90%, 100% and greater than 100% eligibility. Average employee satisfaction has been added as an operational criteria. Criteria includes:

- Financial (50%) (no change)
  - Operating Income (25%)
  - Fiscal Responsibility/Strength (25%)
- Operational (50%) (updated)
  - Overall Airport Satisfaction (15%)
  - Average Employee Satisfaction (10%)
  - Strategic Goals & Objectives (25%)

## **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.

## **III. Committee Review**

This item was presented to the Management Committee on October 9, 2024. The Management Committee voted 2 to 0 to recommend approval to the Board of Commissioners.

**Attachment 1:** FY25 CEO KPIs

# Attachment 1

## FY25 CEO Key Performance Indicators (KPIs) October 9, 2024



KPI Evaluation Criteria	90% Eligibility	100% Eligibility	110%+ Eligibility
<b>Financial (50%)</b>			
<b><u>Operating Income (BNA+JWN+MPC) (25%)</u></b>			
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
<b><u>Fiscal Responsibility / Strength (25%)</u></b>			
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%
<b>Operational (50%)</b>			
<b><u>Overall Airport Satisfaction (15%)</u></b>	80% - 84% top 2 box	85% - 90% top 2 box	Greater than 90% top 2 box
<b><u>Average Employee Satisfaction (10%)</u></b>	3.0 - 3.5 rating	3.6 - 4.0 rating	Greater than 4.0 rating
<b><u>Strategic Goals (25%)</u></b>	Meets expectations:	Exceeds expectations:	Outstanding:
Invest in BNA/JWN	70% - 79%	80% - 90%	Greater than 90%
Plan for the Future			
Prepare for the Unexpected			
<p><i>Revenue and Expense budgets for BNA, JWN and MPC approved by Board April 2024</i></p> <p><i>Pension Funding based on 3-yr smoothed actuarial basis; OPEB funding based on market basis</i></p> <p><i>Customer Satisfaction survey conducted by independent consultant</i></p> <p><i>Employee Satisfaction survey to be conducted by independent consultant, March 2025</i></p>			