

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



Date/Time: Wednesday, October 9, 2024, at 9:40 a.m.

Place: Nashville International Airport – Tennessee Board Room

Finance Committee Members: Andrew Byrd, Committee Chair
Dr. Glenda Glover, Committee Vice Chair
Glenn Farner

I. CALL TO ORDER

II. PUBLIC COMMENTS

No requests for public comment received to date. Deadline is October 7, 2024 at 9:00 p.m.

III. APPROVAL OF MINUTES

September 11, 2024 Minutes of the Joint Meeting of the MNAA and MPC Finance, Diversity & Workforce Development Committees

IV. CHAIR'S REPORT

V. ITEMS FOR APPROVAL

1. Amended and Restated Note Purchase Agreement with Bank of America, MNAA Resolution 2024-09 and MNAA Resolution 2024-10
2. Contract for Human Capital Management System

VI. INFORMATION ITEMS

1. None

VII. ADJOURN

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



Date: September 11, 2024

Location: Metropolitan Nashville Airport Authority
Tennessee Boardroom

Time: 9:41 a.m.

Committee Members Present:

Andrew Byrd, Committee Chair, and Glenn Farner

Committee Members Absent:

Glenda Glover, Committee Vice Chair

Other Board Members Present:

Nancy Sullivan, Jimmy Granbery, Bobby Joslin, and
Joycelyn Stevenson

MNAA Staff & Guests Present:

Doug Kreulen, Cindy Barnett, Lisa Lankford, Trish Saxman
Marge Basrai, Neale Bedrock, John Cooper, Kristen Deuben,
Adam Floyd, Traci Holton, Eric Johnson, Roman Keselman,
Carrie Logan, Rachel Moore, Ted Morrissey, Stacey Nickens,
Josh Powell, Robert Ramsey, Davita Taylor, Puneet VEDI,
and Colleen Von Hoene

I. CALL TO ORDER

Chair Byrd called the Joint Meeting of the MNAA and MPC Finance, Diversity & Workforce Development (“Finance”) Committees to order at 9:41 a.m. pursuant to Public Notice dated September 6, 2024.

II. PUBLIC COMMENT

Chair Byrd stated there were no public comment requests received.

III. APPROVAL OF MINUTES

Chair Byrd asked for a motion to approve the August 14, 2024 Minutes of the Joint Meeting of the MNAA & MPC Finance Committees. Commissioner Farner made a motion and Chair Byrd seconded the motion.

Chair Byrd asked Ms. Saxman for a roll call:

Chair Byrd – Yes

Commissioner Farner – Yes

The motion passed with a vote of 2 to 0.

IV. CHAIR'S REPORT

Chair Byrd stated he is pleased to have Ms. Cindy Barnett on board and thanked her for attending.

V. ITEMS FOR APPROVAL

1. First Amendment to Paradies Lease and Concession Agreement

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. Airline activity in the Satellite Concourse has not yet 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, staff is recommending a temporary adjustment to the Minimum Annual Guarantee ("MAG") for the period Jan 1, 2024 - Dec 31, 2025. The adjustment is expected to reduce Paradies \$2.4M MAG by approximately \$624,195 in 2024 and \$404,506 in 2025. 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 the Finance Committee recommend to the Board of Commissioners that it approve the First Amendment to the Paradies Agreement and authorize the Chair and President & CEO to execute the Amendment.

Chair Byrd asked what the rationale is for this, and what the motivation is and why are we making this adjustment. Mr. Johnson stated when Paradies went through the process of bidding on this, BNA did not know how many passengers were going to be at that concourse. Paradies' estimate of the passenger enplanements was very close to our internal forecast but through a number of changes

that have occurred out there, we have just not hit the passenger levels. Chair Byrd asked if this is the Satellite Concourse. Mr. Johnson replied yes. The Paradies contract only allows an adjustment if the total passengers for the airport drop below a certain level which does not necessarily help the Satellite Concourse when it has been affected by operational changes with our ultra-low cost carriers. So, they have been struggling to meet their expectation of what they are going to be doing business wise and that is the reason for this request. President Kreulen stated he would like to add that when the pandemic happened, we made some adjustments to Fraport because the passenger volume fell off beyond anyone's control at the airport or the concessionaires. MNAA modeled the traffic we thought was going to go through the Satellite Concourse based on the forecast of the growth Allegiant, Spirit and other airlines had advertised to us. Those airlines did mention the goals that they wanted to do in terms of the number of flights. MNAA thinks it is a fair analogy that what we provide for one concessionaire, Fraport, that we treat Paradies the same way, by giving them the adjusted MAG with the same trigger to turn it off once they hit the 90%. Half of their business is run by one company out of Atlanta and half are small minority and women owned firms. They are struggling to make the sales they need to make to pay for the construction and operate the restaurants. We can say no and they close, or we can try to help them get over a slower time in the forecast. He believes it is to our benefit, as there are beautiful restaurants out there, to give them a break for a time period without overall impacting our operations. President Kreulen stated for 2024 the current MAG is \$2.4M, which is \$200K a month. Commissioner Byrd asked what MAG stands for. President Kreulen replied Minimum Annual Guarantee. They have to pay us a minimum to operate out there, so instead of them paying us \$200K a month, they will pay \$175K per month, so we are cutting a little bit of a break on the rent. Commissioner Byrd asked if that is per year. President Kreulen replied that is per month and they have been paying it so they have not breached their contract and we want to help them out. We do not want those businesses to close and then we do not have food or drinks there. Commissioner Byrd asked if we know if they pass these benefits to their tenants. Commissioner Joslin asked if MNAA fined them \$1M for opening late. President Kreulen stated the \$1M is still in dispute, and he will get that amount for the Board meeting. The legal team and concessions have been working on this. Commissioner Byrd asked if this same issue is affecting other restaurants through the airport. Mr. Johnson replied some of the sales on Concourse A and Concourse B have been below where they were last year, but this is the only area that is really being impacted by operations. President Kreulen stated since they have been opened we are at plus 80% right now and continue to knock it out, but we are not knocking it out in terms of the passengers in the Satellite Concourse.

Concourse A, Concourse B, Concourse C and Concourse D are busy and if the passenger volume does not drop as a whole we do not give them a break. MNAA clearly sees that they are not pushing, we do not have the air service to push the passengers through the Satellite Concourse right now. Chair Byrd asked which airlines are at Satellite Concourse. President Kreulen replied there are 8 gates out there, Contour, Spirit, and Allegiant. Mr. Josh Powell, AVP, Airline and Government Relations, stated there are 5 gates that are leased and 3 are common use. Spirit and Allegiant are the two main tenants. Chair Byrd asked if all gates are occupied and moving passengers. President Kreulen stated yes, on a regular basis, all 8 of those gates are being used and in fact Jet Blue is now going out there so where we have the ability to push additional flights out there that would be great, but one time Allegiant and Spirit each wanted half of the gates, but they have not brought the flights to turn or get more gates, it is a balancing act. Chair Byrd stated yet our customer satisfaction survey states that passengers are happy with the Satellite Concourse. President Kreulen stated the only thing that passengers are upset about occasionally are shuttle bus times or the electric shuttle buses are not running the air conditioner on full on hot days. Commissioner Farner asked how the reduction is calculated, proportional to the decline in the numbers. Mr. Johnson stated MNAA models the same relief effort that we did with the Fraport program so we went back and reviewed the methodology that we used for that and applied it to the Satellite Concourse. President Kreulen stated for example, let's say that we anticipate 2M passengers going through but we are only doing 70% of that, so 1.4M, so that is how it was modeled and we are giving them the relief with this minimum guarantee and once it goes back to 90, then we are back to the full amount. Commissioner Farner asked if it was in the original agreement. President Kreulen replied no, to treat Paradies the same as Fraport, we used the same model so that they could not argue that we were not being fair between the two companies. Commissioner Joslin stated he believes it is important as long as the tenant is going to benefit from this reduction. Chair Byrd stated and we are sure that there will be a passthrough of these savings.

Mr. Johnson recommended that the Finance Committee recommend to the Board of Commissioners that it approve the First Amendment to the Paradies Agreement and authorize the Chair and President & CEO to execute the Amendment.

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

Chair Byrd asked Ms. Saxman for a roll call:

Chair Byrd – Yes

Commissioner Farner – Yes

The motion passed with a vote of 2 to 0.

VI. INFORMATION ITEMS

1. FY24 Air Service Incentive Plan Update

President Kreulen introduced Mr. Josh Powell, AVP, Arline & Government Relations, to brief the Committee on the FY24 Air Service Incentive Plan Update. Mr. Powell stated the Air Service Incentive Plan is funded at \$2M per year. That Incentive Plan is governed by MNAA Policy 61-001, Air Service Incentive Plan, effective February 21, 2024. Mr. Powell provided a chart showing the breakdown by carriers that received the incentive and which routes. The largest being British Airways London route, as well as the Flair Airlines Edmonton route, Air Canda Montreal route and the WestJet Vancouver route, with the total FY24 Incentive Fees expended from that account at \$903,607. It is important to note that the only one of these incentive agreements that is still active is the WestJet Vancouver route which expires on May 18, 2025. The opening balance was \$7,685,817, and with the removal of incentive fees, prior period adjustments, transfers and deposit into account and the interest, leaves our ending balance as of June 30, 2024 at \$8,690,590.

Commissioner Joslin asked if we need to be doing more to get more airlines in here, and if there is a shortfall here at the satellite, if we can we give more incentive to get them across the finish line. Mr. Powell replied that the MNAA incentive policy is controlled by FAA as far as what we are allowed to do and we have a very attractive incentive policy compared to our peers and even though the Satellite Concourse is not growing at the pace in which we want, our growth at the airport is far exceeding not only the industry average but our peer airport average as well. We do have a very attractive plan for attracting more service. There are some micro things going on over which carriers are winning and losing. Overall, we are doing very well. President Kreulen stated we have a small incentive for domestic, and carriers have to give us cities that we are not already going to, and on the international side we have several packages out there that we hope to hear back on in the very near future. President Kreulen asked Mr. Powell what he would say the annual burn would be for an international

flight, just an average. Mr. Powell replied we have a couple different tiers in our incentive packages but our Transoceanic is our largest one and that would be any flights to Europe or Asia and that is our largest package and an annual burn rate for one of those is approximately \$1.25M to \$1.75M per year depending on the jet. The account balance of the \$8.7M is a healthy balance for us to be able to support what we are trying to achieve on the international front. President Kreulen asked if that \$1.25M to \$1.75M would be year around daily. Mr. Powell responded that range encompasses from seasonal less than daily to year round daily, so it covers the full gambit of what that looks like. Mr. Powell also reminded the Commissioners any international incentive package that we would enter into would come to the Board on an individual basis even though the policy is already approved, so we are able to review that package and approve at that time. President Kreulen stated if someone does select us and there is an announcement at some point, following that announcement we will bring back to the Finance Committee and Board a legal document that authorizes us to expend at a certain rate. Right now, we are sitting at \$8M+, you could land 4 and not worry about the money at this point, we could win a couple of them and not have a financial challenge to be able to support that.

Commissioner Granbery asked if the \$1.5M incentive is supplemented from the State and Metro. President Kreulen replied the \$1.5M is MNAA and the reason it is set up as it is, we manage this money and have to show the FAA how we manage it. Anything the city or state does is on top of that and we do not manage that money and we are not allowed to intermix it. It is a team work partnership. Chair Byrd asked who orchestrates the efforts to recruit international airlines, and if it is the states or us. President Kreulen replied we have air service consultants, two of them on the hook, and we get quarterly updates, between domestic and international. Mr. Powell is our primary lead in air service department and goes to air service conferences and introduces ourselves to airlines and try to sell them on either domestic or international service and once it warms up where we think we are in the finalist category then we reach out to the city and state and let them know that we think we have an opportunity to get X and see if they are willing to also put in. President Kreulen stated the Mayor and state leadership are helping us on our recruiting pitches once we get in the finals.

President Kreulen concluded the presentation of the informational items.

VII. ADJOURN

There being no further business brought before the Finance Committee, Chair Byrd adjourned the meeting at 10:02 a.m.

Andrew W. Byrd, Board Secretary

STAFF ANALYSIS

Finance Committee

Date: October 9, 2024

Facility: MNAA

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

I. Recommendation

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

- 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.

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, dated November 5, 2024, 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 16th 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 16th 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

STAFF ANALYSIS

Finance Committee

Date: October 9, 2024
Facility: MNAA
Subject: Human Capital Management System

I. Recommendation

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

- 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 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