



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

November 20, 2024



Call to Order

November 20, 2024

Public Comment

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

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

No Requests for Public Comment Received by Tuesday, November 19, at 1:00 am

Approval of Minutes

October 16, 2024 Joint Meeting of the MNAA Board of Commissioners & MPC Board of Directors
July 17, 2024 Minutes of the MNAA Board of Commissioners Workshop

Chair's Report

Nancy B. Sullivan, P.E.

Board Chair

President's Report

Douglas E. Kreulen, A.A.E.

President and CEO



Condolences, Freeman Family

- Board of Commissioners
 - 1/19/2016 – 3/26/2024
 - Chair, Secretary
 - Chair of Management, GAOPE & FAP Committees
 - Member of Audit, Diversity & Executive Steering Committees





British Airways Aircraft Change (Winter Months)

- October 25, 2024
- Boeing 787-8 (214 seats)



Southwest Expands Summer Schedule (June 5 – August 4, 2025)

- Announced October 31, 2024
- 3 new markets (seasonal)
 - San Francisco, CA (SFO), daily
 - Seattle, WA (SEA), daily
 - Portland, OR (PDX), Saturday
- Increased departures, representing year-over-year growth for the period of +9.5%
 - 170 departures – Mon, Wed, Fri
 - 163 departures – Tues, Thurs
 - 159 departures – Sat
 - 174 departures - Sun
- Cancun air service remains daily, and Cabo and Punta Cana schedule extended (Saturdays Only)
- 4 red-eye flights (SFO, SEA, LAX and LAS)



Air Canada Expands Air Service

- Announced November 6, 2024
- Adding seasonal service to Vancouver International Airport (YVR), beginning May 1, 2025
 - 3 times weekly
 - Provides easy connections via Vancouver to destinations in Japan and Korea
- Increasing service to Montreal-Trudeau International Airport (YUL) to twice daily beginning summer 2025, up from four times weekly during the summer of 2024



Icelandair Accelerates Reykjavik Service

- Announced November 13, 2024
- Inaugural flight to Reykjavik (KEF) launching on Thursday, April 10, 2025
 - 5 weeks earlier than original date of May 16, 2025
- Flight will operate Monday, Wednesday, Friday and Sunday until the end of October 2025



Allegiant Air Adds New Route

- Announced November 19, 2024
- Shreveport, LA (SHV)
- 2x weekly
- First Flight May 22, 2025



Frontier Airlines Adds New Route

- Announced November 19, 2024
- Orlando, FL (MCO)
- 3x weekly
- First Flight March 7, 2025

Halloween Celebrations, October 31, 2024

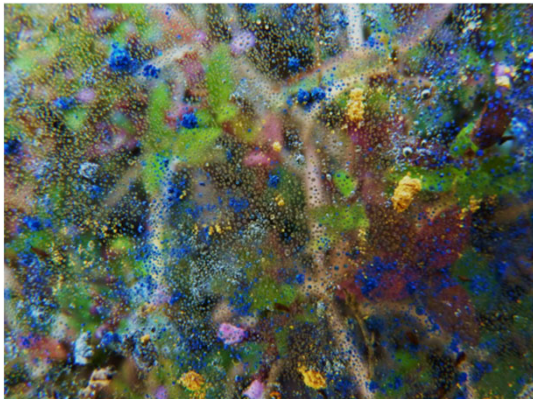


- Payment Card Industry (PCI) Data Security Standard (DSS) Compliance Assessment
 - Security standard for organizations that handle branded payment cards
 - Applies to companies of any size that store, process or transmit cardholder data
- MNAA 1st became PCI DSS compliant in FY19
- **New PCI DSS 4.0 Requirements that increased testing inside and outside the Authority's credit card environment**
- Assessment performed by Plante Moran June 2024 – October 2024
 - Validated Secure System Configurations
 - Validated PCI Scope and Segmentation
 - Standardized Policies and Procedures
 - Clean Vulnerability Scans
 - Passing Penetration Test
- **Assessment resulted in a compliant Attestation of Compliance (AOC)**

FY25 Payment Card Industry (PCI) Audit Update



Flying Solo Series Fall/Winter Showcase – Nov 4, 2024 – Feb 28, 2025



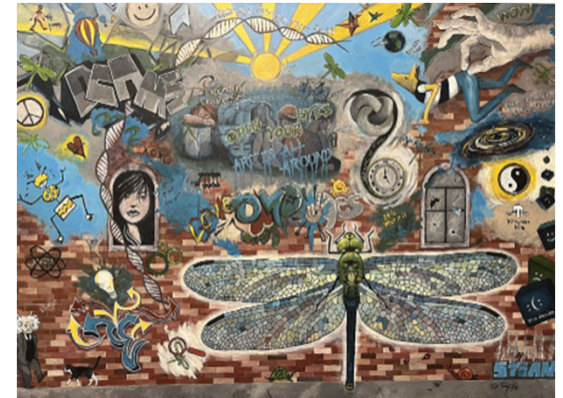
Alan Finch
"Epiphany" (digital photography and mixed media)
Level 1, IAF Exit Waiting Area



Jennifer Luna
"Transcending the Surface" (wood block prints)
Level 1, IAF Exit Waiting Area



Wansoo Kim
"Within Me" (ceramic sculpture)
Concourse A, across from Gate 2



Ginny Togrye
"The Science of Creativity" (mixed media)
Concourse D, near Gates 3 and 5



Barbara B. Bullard
"Full Transparency" (watercolor paintings)
Level 1, IAF Exit Waiting Area



Anna Togrye
"Impressions of Nature" (sculpture)
Concourse D, near Gate 2



BNA +  Metro Makes a
Difference
Giving Campaign

\$54,159.36
Employee Donations

In conjunction with



United Way
of Greater Nashville

Metro Makes A Difference Giving Campaign

- November 5, 2024
- MNAA employees donated \$54,159.36
 - 46% increase over 2023
 - Exceeded goal of \$40,000
- 2024 Chair
 - Alyssa Kontos, Brand Manager, Corporate Communications

- Senior Airport Revenue Bonds : **AA- / Stable**
- Subordinate Lien Airport Revenue Bonds: **A+ / Stable**
- The ratings reflect:
 - Strength of Nashville International Airport, which serves an economically strong air service area
 - Rapidly growing enplanements and a sizable origin and destination market
 - Maintains ample debt service coverage and liquidity
 - Authority has effectively managed its comprehensive capital plan to date
 - Authority’s high credit quality stems from an Air Trade Area (ATA) that continues to exhibit strong growth

Kroll Affirms Airport Revenue Bond Ratings

- November 6, 2024



- Senior Airport Revenue Bonds : **A1 / Stable**
- Subordinate Lien Airport Revenue Bonds: **A2 / Stable**
- The ratings reflect:
 - Sustained demand for O&D and leisure travel, underpinned by strong service area
 - Total debt service coverage on Moody's net revenues will decline from the currently high levels due to the issuance of additional debt to fund the capital plan, but will still remain strong, ranging between 1.8x - 2x for the next five years
 - Liquidity will remain robust during construction

Moody's Updates Credit Analysis

- November 18, 2024

MOODY'S
RATINGS

- MNAA closed on the Amended and Restated NPA with Bank of America on October 30, 2024
- After issuance of debt, a governmental entity is required to file a “State Debt Report” on that issuance of debt
- The two State Debt Reports were filed on October 30th
 - One for Taxable Notes and one for Tax Exempt Notes
- These reports must be included in a Board Package within 45 days of closing on the debt, and must be presented at a public meeting of the body
 - Included in Board Package distributed November 15th

State Debt Reports

Report On Debt Obligation
Receipt Date: 10/30/2024

Entity and Debt Information

Entity Name Metropolitan Nashville Airport Authority		
Entity Address 140 BNA Park Drive, Suite 520 Nashville, Tennessee 37214		
Debt Issue Name AMENDED AND RESTATED NOTE PURCHASE AGREEMENT (Not to Exceed \$400M)		
Debt Issue Face Amount \$400,000,000.00		
Face Amount Premium or Discount? N/A		
Tax Status Taxable		
Interest Type Variable with Index and Basis Points	Index Type Basis Points Daily SOFR B5	
Debt Obligation Bond		
Moody's Rating Unrated	Standard & Poor's Rating Unrated	Fitch Rating Unrated
Other Rating Agency Name N/A	Other Rating Agency Rating N/A	
Security Revenue		
Type of Sale Per Authorizing Document Negotiated Sale		
Dated Date 10/30/2024	Issue/Closing Date 10/30/2024	Final Maturity Date 10/28/2027



Design Build Institute of America Recognition

- November 7, 2024
- Terminal Lobby/International Arrivals Facility
- Best in Virtual Design Construction
 - Selected among 64 projects across 10 categories
- National Award of Excellence in Aviation
- National Award of Merit



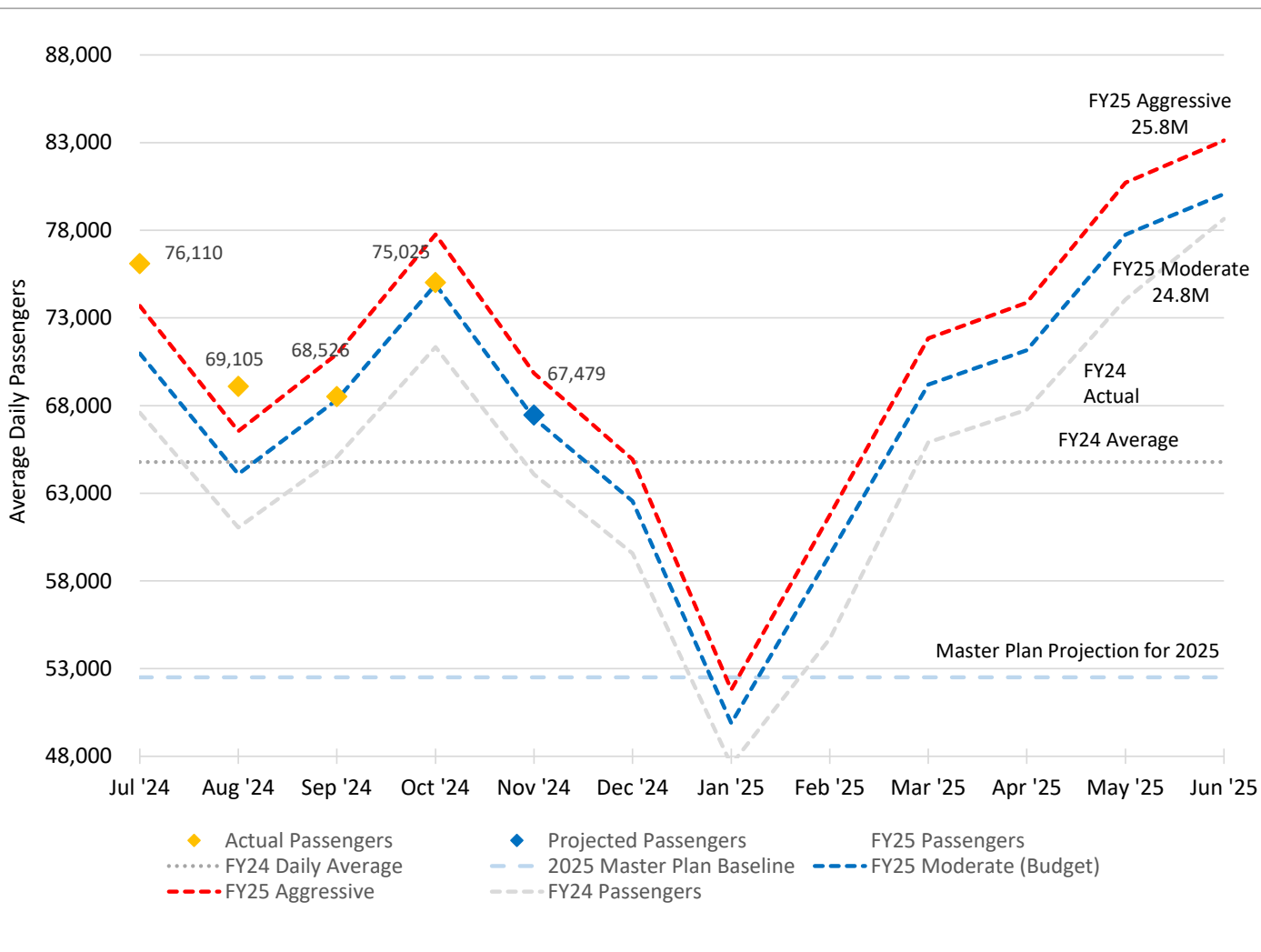
Rachel Johnson, Director,
Business Diversity Development

Business Diversity Development Director (Promotion)

- November 11, 2024

FY25 BNA Passengers

- FY25 Forecast: 5%, 7%, 9%
 - Projected 25.3M
- November FY25 Projected*
 - 2M total passengers
 - 67,470 daily passengers
- YTD October FY25 (+8%)
 - 10.9M total passengers
 - 71,291 daily passengers



*November projections based on TSA data through November 18, 2024

Operations

- Approvals
 - 1) On-Call Architectural Task Order for Central Ramp Independent Cost Estimating – *tentative*
 - 2) Job Order Contract Task Order for GTC Reconfiguration – *tentative*
 - 3) New Horizon II Program Scope and Budget – *tentative*
- Information
 - 1) BNA Development Update
 - 2) JWN Development Update

Finance

- Approvals
 - 1) Contract for Common Use Platform Software and Hardware
 - 2) 10th Amendment to Fraport Lease & Concession Agreement
 - 3) 2nd Amendment to Paradies Lease & Concession Agreement
- Information – None

Management - TBD

Committee 30-day Outlook

- December 11 & 18, 2024

Operations

- Approvals
 - 1) Contract for Landscaping
 - 2) On-Call Contract for Tree Clearing, Grubbing and Grading
- Information
 - 1) Terminal II Siting Study (Update 7 of 8) – *tentative*
 - 2) BNA Development Update
 - 3) JWN Development

Finance

- Approvals
 - 1) Cell Carrier License Agreements for DAS
- Information
 - 1) Procurement Policy Annual Review

Management - TBD

Committee 60-day Outlook

- January 8 & 15, 2025

Items for Approval

November 20, 2024

- Baggage Handling System (BHS) CGMP 2 - Facilities Construction (Operations)
- Amendment 1 to Professional Services Contract for Terminal Access Roadway Improvements (TARI) (Operations)

Items for Approval

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

Baggage Handling System (BHS) CGMP 2 - Facilities Construction

Project Description: Expand the outbound baggage handling system to increase capacity and meet future enplanement projections; CGMP2 includes construction of 22,000 sq ft building expansion, adjustment of 3 aircraft parking positions including fuel hydrant relocation, 1 new passenger boarding bridge and striping, general requirements and general conditions.

Contractor: Messer Construction

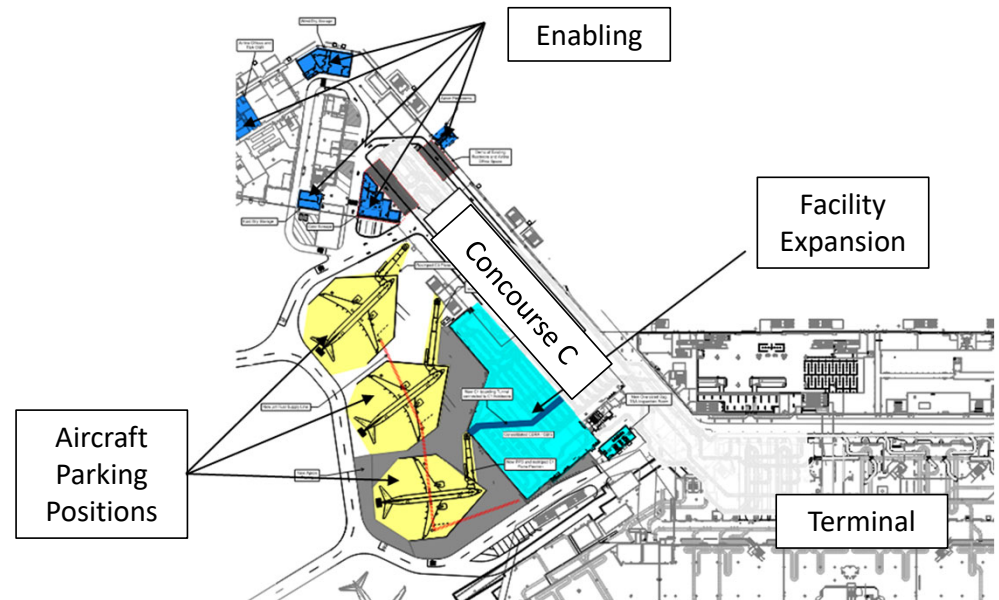
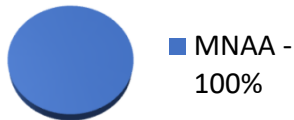
Contract Cost:

CGMP 1 (Design)	\$ 8,773,255
CGMP 2 (Facilities Construction)	\$ 90,000,000
CGMP 3	TBD
BHS Total Budget (GMP TBD)	\$223,000,000

Schedule: Contract Start December 2022
Contract End December 2028

SMWBE Commitment: 4.94% MBE and/or WBE

Funding Sources:



Committee Review: Operations Committee voted 3 to 0 to recommend approval on November 13, 2024.

Staff Recommendation: Board of Commissioners authorize the Chair and President & CEO to execute CGMP2 for facilities construction related to the BHS Expansion contract with Messer Construction for \$90M.

Amendment 1 to Professional Services Contract for Terminal Access Roadway Improvements (TARI)

Project Description: Design and construction services for TARI Phase 2 and 3; Amendment 1 provides design of additional 7th lane on the northeast portion of Terminal Drive which includes widening the bridge over Fly Nashville Way; and 10% bridging document and cost estimate for TARI and Garage & Rental Complex, which will be used to procure a progressive design-build team.

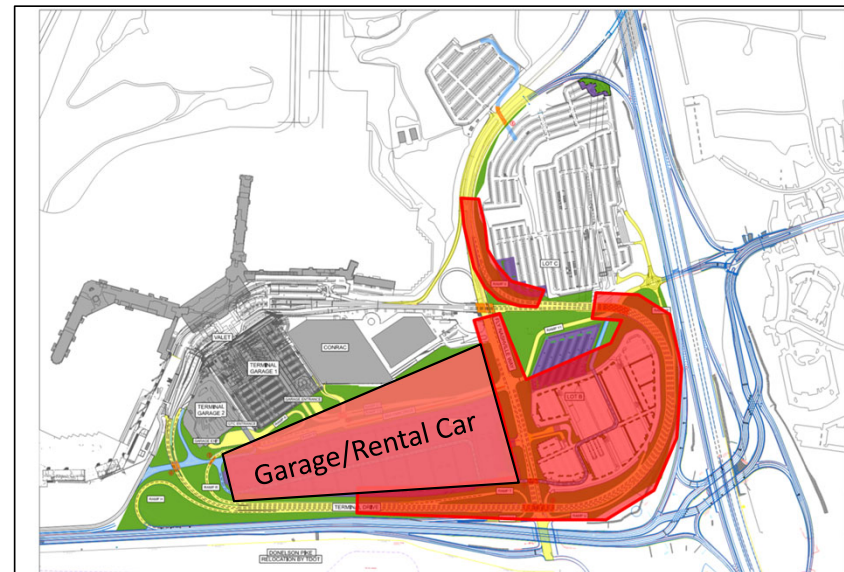
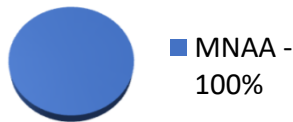
Contractor: Atkins North America, Inc.

Contract Cost:	Initial Contract	\$3,500,000
	Amendment 1	\$2,500,000
	Total Amended Contract	\$6,000,000

Schedule: Contract Start January 2023
Contract End May 2028

SMWBE Commitment: 10.17% MBE and WBE

Funding Sources:



Committee Review: Operations Committee voted 3 to 0 to recommend approval on November 13, 2024.

Staff Recommendation: Board of Commissioners authorize the Chair and President and CEO to execute Amendment 1 to the professional services contract with Atkins in the amount of \$2,500,000.

- On-Call Contract for Snow & Ice Removal (Operations)

Item for Approval

Adam Floyd, C.M.
SVP, Chief Operating Officer

On-Call Contract for Snow & Ice Clearing and Removal

Project Description: On-Call Snow and Ice Clearing and Removal Services for support areas utilized by the public, airport employees and airline personnel

Contractor: Grade-A Construction

Schedule: Start Date: December 1, 2024
Contract Duration: Three years with two 1-year options

<u>Contract Cost:</u>	Year 1 – FY25	\$1.5M per event; \$3M NTE annual
	Year 2 – FY26	\$1.5M per event; \$3M NTE annual
	Year 3 – FY27	\$1.5M per event; \$3M NTE annual
	Year 4 – FY28 (<i>Option Year 1</i>)	\$1.5M per event; \$3M NTE annual
	Year 5 – FY29 (<i>Option Year 2</i>)	\$1.5M per event; \$3M NTE annual
	Estimated Contract (<i>with options</i>)	\$15,000,000 NTE

SMWBE Commitment: 8.02% MBE

Funding Source: Operations and Maintenance (O&M)

Committee Review: Operations Committee voted 3 to 0 to recommend approval on November 13, 2024.

Staff Recommendation: Staff recommends the Board of Commissioners:

- 1) Accept the proposal submitted by Grade-A for On-Call Ice and Snow Clearing and Removal, and
- 2) Authorize the Chair and President and CEO to execute the proposed contract for \$3M NTE annually.



- Contract for Ramp Control Services (Operations)

Item for Approval

Adam Bouchard, C.M., FRAeS
VP, Operations

Contract for Ramp Control Services


Project Description: Service Agreement with Robinson Aviation, Inc., to provide ramp control services at BNA. The Service Agreement provides for all equipment, maintenance, and operating costs associated with providing ramp control services at least 18-hours a day to ensure the safe and efficient movement of aircraft across the terminal complex.

Contractor: Robinson Aviation, Inc.

Schedule: Start Date: January 1, 2025
Contract Duration: 2 years, with no renewal options
NOTE: To be competitively solicited during year 2

Contract Cost:

Year 1 – 2025	\$ 3,151,142
Year 2 – 2026	\$ 2,568,180
Total Cost NTE:	\$ 5,719,322

Funding Source:  MNAA O&M & Capital, allocated to the Airlines through the Rates & Charges Model



Committee Review: Operations Committee voted 3 to 0 to recommend approval on November 13, 2024.

Staff Recommendation: Board of Commissioners accept the service agreement with Robinson Aviation, Inc., and authorize the Chair and President and CEO to execute the proposed contract in the amount of \$5,719,322.

- On-Call Contract for Airfield Pavement Repair Services (Operations)
- Amendment to On-Call Contract for Low Voltage - Years 4 and 5 (Operations)
- Amendment to On-Call General Construction Services Contract (Job Order Contract) - Year 2 (Operations)
- Task Order for Administration Building Modifications (Operations)

Items for Approval

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

On-Call Contract for Airfield Pavement Repair Services

Project Description: On-Call Contract to provide emergency repairs and scheduled rehabilitation on airfield pavement.

Contractor: Hi-Way Paving, Inc.

Contract Value: \$10,000,000 NTE/year
1 year with four 1-year renewal options

Schedule: Year 1 – 11/20/24 – 11/19/25: \$10,000,000 NTE
Year 2 – 11/20/25 – 11/19/26: \$10,000,000 NTE (*optional*)
Year 3 – 11/20/26 – 11/19/27: \$10,000,000 NTE (*optional*)
Year 4 – 11/20/27 – 11/19/28: \$10,000,000 NTE (*optional*)
Year 5 – 11/20/28 – 11/19/29: \$10,000,000 NTE (*optional*)
Total (5 years) \$50,000,000 NTE

SMWBE Commitment: 11.36% MBE and/or WBE

Funding Sources:



■ 100% MNAA (Determined on task-by-task basis)



Committee Review: Operations Committee voted 3 to 0 to recommend approval on November 13, 2024.

Staff Recommendation: Board of Commissioners accept the proposal from Hi-Way Paving, Inc. and authorize the Chair and President and CEO to execute the On-Call Contract for Airfield Pavement Repair Services for \$10,000,000 NTE per year.

Amendment to On-Call Contract for Low Voltage - Years 4 and 5

Project Description: On-call contract for low voltage communication and power services to maintain the various power, lighting and communications systems throughout BNA, JWN and MPC; Amendment increases NTE annual contract limit from \$750,000 to \$2,000,000 for Years 4 & 5.

Contractor: Simino Electric, LLC

Current Contract Value: \$750,000 NTE annually; \$3.75M NTE total: 1 year + four 1-year renewal options

<u>Amended Contract Value:</u>	Year 1 – 2/26/21 – 2/26/22:	\$ 385,000 Actual
	Year 2 – 2/26/22 – 2/26/23:	\$ 342,000 Actual
	Year 3 – 2/26/23 – 2/26/24:	\$ 634,000 Actual
	Year 4 – 2/26/24 – 2/26/25:	\$2,000,000 NTE
	Year 5 – 2/26/25 – 2/26/26:	\$2,000,000 NTE
	Total (5 years)	\$5,361,000 NTE



SMWBE Commitment: 4.3% MBE

Funding Sources:  100% MNAA (Determined on task-by-task basis)

Committee Review: Operations Committee voted 3 to 0 to recommend approval on November 13, 2024.

Staff Recommendation: Board of Commissioners authorize the Chair and President and CEO to amend the On-Call Low Voltage Contract with Simino Electric, LLC year 4 & year 5 limit from \$750,000 to \$2,000,000 NTE, for a total 5-year amount of \$5,361,000 NTE.

Amendment to On-Call General Construction Services Contract (Job Order Contract) - Year 2

Project Description: On call general construction services for maintenance, repair, alteration, renovation, remediation or minor construction of facilities; Amendment increases NTE annual limit from \$3,000,000 to \$5,000,000 for Year 2.

Contractor: Utopia Building Group, LLC

Current Contract Value: \$3M NTE annually; \$15M NTE total: 1 year + four 1-year renewal options

Amended Contract Value:

Year 1 – 3/20/23 – 3/30/24:	\$ 777,000 Actual
Year 2 – 3/20/24 – 3/30/25:	\$ 5,000,000 NTE
Year 3 – 3/20/25 – 3/30/26:	\$ 3,000,000 NTE (optional)
Year 4 – 3/20/25 – 3/30/26:	\$ 3,000,000 NTE (optional)
Year 5 – 3/20/25 – 3/30/26:	\$ 3,000,000 NTE (optional)
Total (5 years)	\$14,777,000 NTE

JOC SMWBE Commitment: 24.0% MBE and/or WBE (unchanged)

Funding Sources:



■ 100% MNAA (Determined on task-by-task basis)



Committee Review: Operations Committee voted 3 to 0 to recommend approval on November 13, 2024.

Staff Recommendation: Board of Commissioners authorize the Chair and President and CEO to amend of the Job Order Contract with Utopia Year 2 limit from \$3,000,000 to \$5,000,000 NTE, for a total 5-year contract amount of \$14,777,000 NTE.

Task Order for Administration Building Modifications

Project Description: Build-out to add additional cubicles, offices, and conference rooms to the Administration Building, utilizing the Job Order Contract.

Contractor: Utopia Building Group, LLC

On-Call Contract Value: \$5,000,000 NTE (Year 2)

Total Task Order Cost: \$1,000,000 NTE (\$3.2M of \$5M NTE committed)

Schedule: Task Order Start: November 2024
Task Order End: May 2025

JOC SMWBE Commitment: 24.0% MBE and/or WBE

Funding Sources:



Committee Review: Operations Committee voted 3 to 0 to recommend approval on November 13, 2024.

Staff Recommendation: Board of Commissioners authorize the proposed Task Order through the Job Order Contract with Utopia for an amount Not to Exceed \$1,000,000.

- Customer Facility Charge (“CFC”) Increase (Finance)
 - MNAA Resolution 2024-08

Item for Approval

Marge Basrai, CPA, CGMA, C.M.
EVP, Chief Financial Officer

Background

- In November 2007, the Board authorized the imposition of a Customer Facility Charge (“CFC”) on the customers of on-airport car rental companies effective January 1, 2008:
 - Rate was \$4.00 per transaction day and raised to \$4.50 per transaction day on November 18, 2009
 - CFCs are used to pay or reimburse the Authority for the costs associated with the planning, design, construction, financing, and operation and maintenance of the Consolidated Rental Car Facility (“CONRAC Facility”)
 - Car rental companies collect the CFCs from customers and remit to MNAA monthly
- In January 2010, MNAA issued \$66.3M in Special Facility Revenue Bonds Series 2010 to finance the construction of the CONRAC Facility
- In May 2018, MNAA issued \$27.4M in Direct Placement CONRAC Refunding Series 2018 Bonds to SunTrust Bank (refunded the Series 2010 Bonds)
 - CFCs are pledged for the payment of and as collateral for the Bonds
 - Outstanding amount on the bonds as of October 31, 2024, was \$14.6M, which mature on July 1, 2028

New Garage and Rental Car Complex – CFC Analysis

- MNAA is in the planning stages of a new Garage and Rental Car Complex
 - Preliminary estimates for a new CONRAC is between \$564M-\$663M
- MNAA tasked Landrum & Brown to conduct a preliminary CONRAC Affordability Analysis
- The following assumptions were made:
 - Three Traffic Projections:
 - Conservative – 3% annual enplanement growth
 - Baseline – annual growth of 590,000 enplanements (declining growth rate)
 - Moderate – 7% annual enplanement growth
 - CFC Rate remains at \$4.50 per transaction day
 - Need to generate enough CFCs to pay all Expenses and Debt on current and future CONRAC Facility

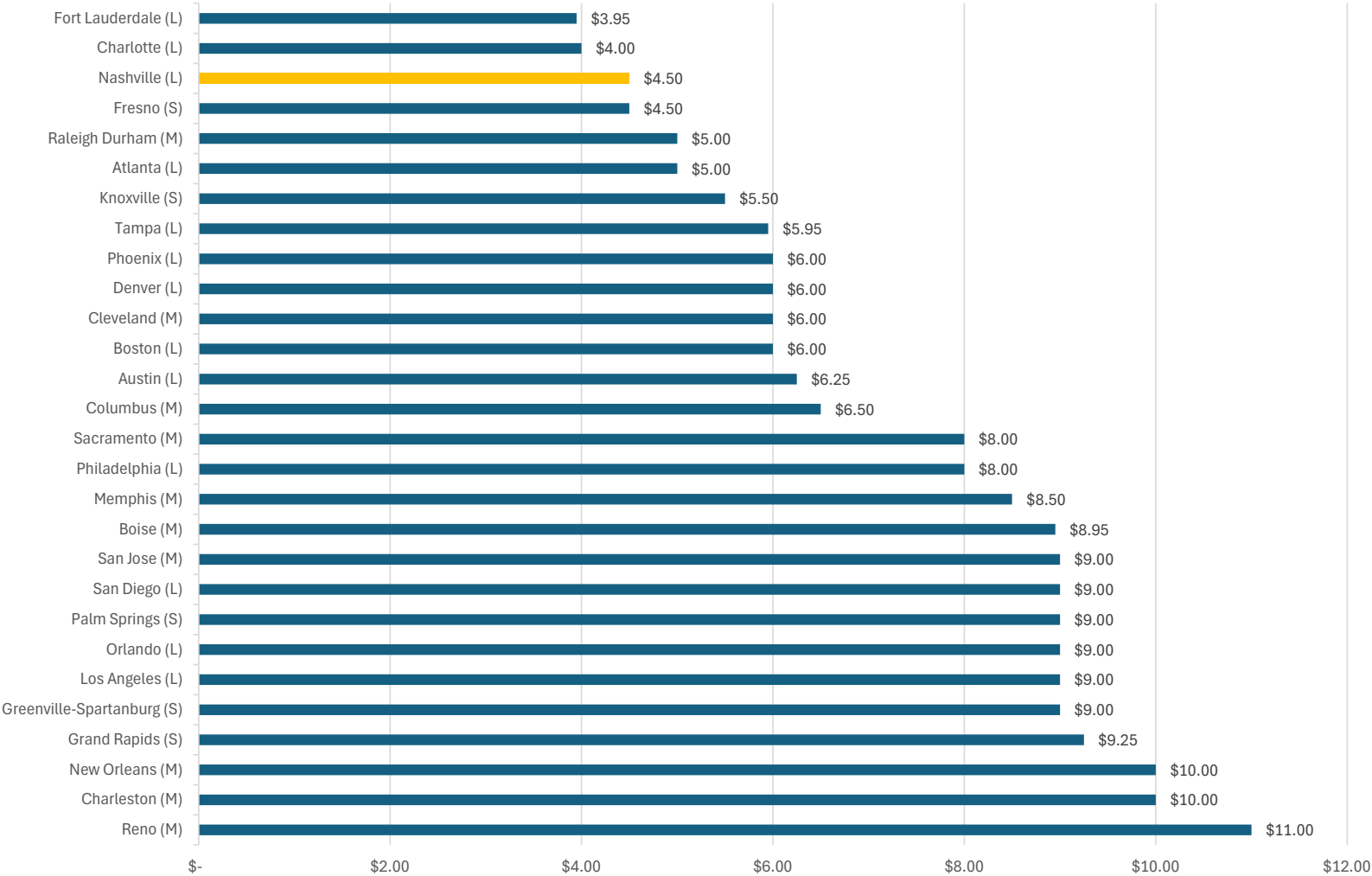
New Garage and Rental Car Complex – CFC Analysis

- Based on the assumptions, the total CFC Project funding available would be as follows:

Air Traffic Scenario	CFC Rate	Project Costs from Financing	Project Costs from CFC Cash	Total CFC Project Funding Available
Conservative	\$4.50	\$99.4M	\$89.3M	\$188.7M
Baseline	\$4.50	\$107.8M	\$92.6M	\$200.4M
Moderate	\$4.50	\$120.6M	\$98.6M	\$219.2M

- The funding availability range (\$188.7M - \$219.2M) is significantly under the projected estimates for the new CONRAC Facility (\$564M - \$663M)
- An increase in the CFC rate is necessary to afford a new CONRAC Facility

CFC Rate at Select Airports



CFC Rates at Select Airports

- Provided by BofA Securities
- Rates effective for 2025
- BNA is at low end of range
- \$9-\$11 CFC rate is reasonable given current market

New Garage and Rental Car Complex – CFC Analysis

- MNAA asked Landrum & Brown to run a new affordability analysis using a \$10.00 CFC rate effective January 1, 2025 (all other assumptions remain the same):

Air Traffic Scenario	CFC Rate	Project Costs from Financing	Project Costs from CFC Cash	Total CFC Project Funding Available
Conservative	\$10.00	\$230.2M	\$167.0M	\$397.2M
Baseline	\$10.00	\$249.0M	\$173.9M	\$422.9M
Moderate	\$10.00	\$280.2M	\$183.1M	\$463.3M

- The funding availability range (\$397.2M - \$463.3M) is over \$200M more than the previous analysis, however, it is still less than the projected estimates for the new CONRAC Facility (\$564M - \$663M)
- MNAA may need to increase the CFC rate above \$10.00 in the future, however it is still early in the planning process and more information is needed to make that determination
- MNAA and Landrum & Brown believe it is prudent to act timely and start the \$10.00 CFC rate per transaction day as soon as possible

Staff requests the Board of Commissioners:

- Approve MNAA Resolution No. 2024-08 to amend MNAA Resolution No. 2009-14 by increasing the Customer Facility Charge currently imposed on customers of on-airport car rental companies from \$4.50 per transaction day to \$10.00 per transaction day to fund costs associated with the current and future CONRAC Facility, effective on date of adoption

Staff Recommendation

- Finance Committee voted 3 to 0 to recommend approval on November 13, 2024

- Lease Agreement for JWN 2nd FBO Development
 - Atlantic Aviation Nashville LLC

Item for Approval

Adam C. Wolf C.M., ACE
AVP, John C. Tune Airport Manager

2nd John C. Tune Fixed Base Operator – Proposal

Atlantic Aviation Nashville LLC

- **Term:** 3-year construction term, 30-year initial term, and one 5-year renewal option
 - Triple Net Lease
 - Rent on Effective Date
- **Development Proposal:**
 - Overall Capital Investment at JWN is ~\$66.7M
 - **Phase 1 - \$35.6M (November 2027)**
 - New 7,500 sq ft terminal
 - New fuel farm – 60k gallon Jet A; 10k gallon AVGAS with self-serve fueling
 - New 38K sq ft hangar with 3800 sq/ft office space
 - New aircraft ramp/parking area
 - **Phase 2 - ~\$31.1M**
 - Demolition of old terminal & fuel farm
 - Construction of two additional 30K sq ft hangars with 3K sq ft office space
- **Service:**
 - 24-hours / day; 365-days/year
 - Aircraft fueling, aircraft handling, aircraft storage, aircraft servicing, aircraft maintenance, crew transportation, disabled aircraft removal, passenger screening / handling, etc.
 - Penalties; \$500/day service deficiencies, \$1000/day failure to comply with applicable regulations

2nd JWN FBO: Atlantic Aviation Nashville LLC – Financials

Financial Impact:

- Develops all parcels identified in the RFP which maximizes MNAA's revenue
- Annual Base Rent of **\$381K in Construction Term Year 1** increasing to **\$1.3M in Year 1 (Nov 2027 – Nov 2028)**
- Supplemental Rent of \$2M in 2027
- In 2028 JWN estimates collecting **\$5.6M** (Base Rent + Supplemental Rent)
 - Base Rent of \$1.8M with 3% annual escalation and 10-year Fair Market Value (FMV) reset
 - Supplemental Rent of \$3.8M with 3% annual escalation
- Overall revenue estimate to JWN of **\$315.6 million** over the term of the lease
 - **Total Base Rent** over 38-year term = **\$83.9M**
 - **Total Supplemental Rent** over 38-year term = **\$231.7M**

2nd JWN FBO: Atlantic Aviation – Staff Recommendation

Committee Review: Finance Committee voted 3 to 0 to recommend approval on November 13, 2024.

Staff Recommendation: Staff requests that the Board of Commissioners:

- Approve the terms negotiated between MNA and Atlantic Aviation for the 2nd FBO at John C. Tune Airport; and
- Authorize the Chair and President & CEO to execute a lease agreement between MNA and Atlantic Aviation that is consistent with these terms, as well as materially consistent with the RFP and Atlantic Aviation Nashville LLC’s proposal.



- Icelandair Incentive Agreement – Reykjavik (Finance)
- Aer Lingus Incentive Agreement - Dublin (Finance)

Items for Approval

Josh Powell, A.A.E.
AVP, Airline & Government Relations

Icelandair Air Service Incentive Agreement (Reykjavik)

Icelandair Service:

- **April 10, 2025**: Service to Reykjavik, 4x weekly initially (New Date)

Air Service Incentive Plan (ASIP) – Policy #61-001

- Per the Board of Commissioners approved ASIP, effective February 21, 2024, new scheduled seasonal Trans-Oceanic service, allows for three years of landing and facility fee abatement and marketing funds.
 - Year 1: 100% landing fee and facility fee abatement; \$400,000 marketing funds
 - Years 2-3: 100% landing fee and facility fee abatement; \$300,000 marketing funds / year

Proposed Incentive / Letter of Agreement (LOA) Terms:

- Term: 3 years from start of service (April 10, 2025 – April 9, 2028)
- Total estimated incentive value based on initial planned 4 flights/week = \$1,945,219
 - \$945,219 in landing fee and facility fee abatement
 - \$1,000,000 in marketing funds
- Incentive variable based upon actual flight activity
 - Max amount = \$2,654,134 (7 flights/week); Mid-range = \$2,300,000 Recommended
 - Any amount exceeding \$2,300,000 requires additional Board approval

- **Committee Review**: Finance Committee voted 3 to 0 to recommend approval on November 13, 2024.
- **Staff Recommendation**: Staff requests the Board of Commissioners:
 - Approve funding for the proposed marketing incentives and landing fee abatements, up to \$2,300,000.
 - Authorize the Chair and President & CEO to execute the Letter of Agreement (LOA) by and between MNA and Icelandair outlining the specific terms of the proposed incentive.



Staff Recommendation

NOTE:

- ASIP is funded through the NAE Incentive Account at \$2M / year. Balance as of 9/30/2024 - \$9.1M
- Other active Board approved incentives:
 - WestJet (Vancouver) – Max \$140,000 remaining; expires 5/18/2025

Aer Lingus Air Service Incentive Agreement (Dublin)

Aer Lingus Service:

- April 12, 2025: Service to Dublin, 4x weekly initially

Air Service Incentive Plan (ASIP) – Policy #61-001

- Per the Board of Commissioners approved ASIP, effective February 21, 2024, new scheduled year-round Trans-Oceanic service, allows for two years of landing and facility fee abatement and marketing funds.
 - Years 1-2: 100% landing fee and facility fee abatement; \$500,000 marketing funds / year
- Additionally, in recognition of the flight's ability to pre-clear U.S. Customs in Dublin, staff is requesting an additional \$500,000 in marketing funds (\$250,000 per year) to recognize the additional cost to Aer Lingus of customs fees in Dublin that would otherwise be abated as part of the incentive if they utilized the FIS (Customs) facilities at BNA.

Proposed Incentive / Letter of Agreement (LOA) Terms:

- Term: 2 years from start of service (April 12, 2025 – April 11, 2027)
- Total estimated incentive value based on initial planned 4 flights/week = \$2,405,916
 - \$905,916 in landing fee and facility fee abatement
 - \$1,500,000 in marketing funds
- Incentive variable based upon actual flight activity
 - Max amount = \$3,085,353 (7 flights/week); Mid-range = \$2,750,000 Recommended
 - Any amount exceeding \$2,750,000 requires additional Board approval

- **Committee Review:** Finance Committee voted 3 to 0 to recommend approval on November 13, 2024.
- **Staff Recommendation:** Staff requests the Board of Commissioners:
 - Approve funding for the proposed marketing incentives and landing fee abatements, up to \$2,750,000.
 - Authorize the Chair and President & CEO to execute the Letter of Agreement (LOA) by and between MNAA and Aer Lingus outlining the specific terms of the proposed incentive.



Staff Recommendation

NOTE:

- ASIP is funded through the NAE Incentive Account at \$2M / year. Balance as of 9/30/2024 - \$9.1M
- Other active Board approved incentives:
 - WestJet (Vancouver) – Max \$140,000 remaining; expires 5/18/2025

Information Items

November 20, 2024

- BNA Development Update (Operations)
- JWN Development Update (Operations)
- BNA Concessions Program Update (Finance)
 - Quarterly Sales Report, 2024 CYTD Q3
 - Concourse D Extension Update
- Quarterly Retirement/OPEB/Treasury Investment Reports (Finance)
- FY24 External Audit Update (Management)
 - Executive Summary
 - Required Communications
 - Other Informational Items

Information Items

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

NOTE: Detailed Information Items will be provided at Committee meetings, and brief summaries will be provided at Board meetings

BNA Development

- Concourse D Extension
 - Concessions Turnover Mar 4, 2025
 - Completion July 2, 2025 – 224 days
- Concourse A Ramp Paving
 - Notice to Proceed Oct 24, 2024
 - Phase 1.1 completion Apr 22, 2025
 - Substantial completion July 21, 2025
- Roadways / Curbside
 - Taxi/Limo move to South Wing Lot complete
 - Bridge Demo January 2025

JWN Development

- North Development
 - V3 (parcels 4 & 5) opened October 31, 2024
 - MNPD (parcel 10) grading continues (75% complete; working on Metro Water approval)
 - DN LLC (parcel 1) – Received FAA 7460 Determination
- Record fuel sales
 - October 2024 = 356,670 gallons (+18.4%)
 - October FYTD 2024 = 1,171,505 gallons (+6.8%)

BNA & JWN Development Updates

- 2024 CYTD Q3 Sales are up 13.9% over 2023 CYTD Q3
 - Enplanements were up 8.6%
- Fraport Sales: \$142.1M
 - Sales/Enplanement: \$15.54
- Paradies (Satellite Concourse) Sales: \$6.4M
 - Sales/Enplanement: \$7.70
- Status of new Concourse D Extension locations
 - 8 new concession locations (5 Food & Beverage, 3 Retail)
 - All locations met 30% design approval deadline
 - All locations have been submitted to Metro Code
 - 7 locations approved for permit

BNA Concessions Program Update

Retirement Plan

- **FY25-Q1 Market Value: \$88.3M (+\$3.5M)**
- Gross Return
 - FY25 Q1: 5.71%
 - Net of fees 5.65%; Composite benchmark 6.07%*

Other Post Employment Benefits (OPEB)

- **FY25-Q1 Market Value \$45.4M (+\$2.2M)**
- Gross Return
 - FY25 Q4: 5.74%
 - Net of fees 5.69%; Composite benchmark 6.26%*

Treasury

- **Total available funds: \$1.230B**
- **Funds invested: 99.6%**
- Investment portfolio in compliance and meeting policy objectives
- 1Q25 combined yield: 4.39%
- Total cash & investment earnings
 - 1Q25: \$14,425,453
 - 1Q24: \$12,439,216
 - 1Q25 had \$5.5M more available funds than 1Q24

Quarterly Retirement/ OPEB & Treasury Investment Reports

- Quarter ending Sep 30, 2024

- **Financial Statement Audit**
 - **Unmodified (clean) opinion**
 - No internal control deficiencies identified
 - First year under new Airline Use and Lease Agreement
 - Implementation of Statements on Auditing Standards Nos. 143 & 145
- **Federal Expenditures Audit**
 - **Unmodified (clean) opinion**
 - No internal control deficiencies or non-compliance matters identified
 - One major program – Airport Improvement Program – \$51M of expenditures during FY2024
- **Passenger Facility Charge (PFC) Audit**
 - **Unmodified (clean) opinion**
 - No internal control deficiencies or non-compliance matters identified
 - During FY2024, \$42.7M PFC's collected and \$21.5M PFC's expended
- **Required Communications**
 - Included in Pre-Audit and Post-Audit Letters

FY24 External Audit Update

- Presented by Plante Moran at Management Committee
 - Ali Hajazi, Partner
 - Veronica Tuazon, CPA, Senior Manager



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

Meeting Adjourned

Staff Reports

November 20, 2024

Provided for Information Only

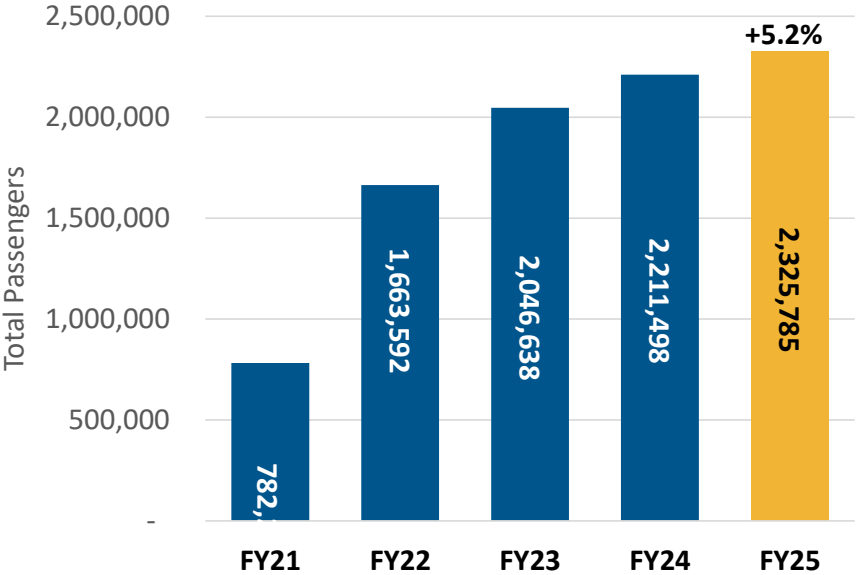
Operations Report

Adam Floyd, C.M.

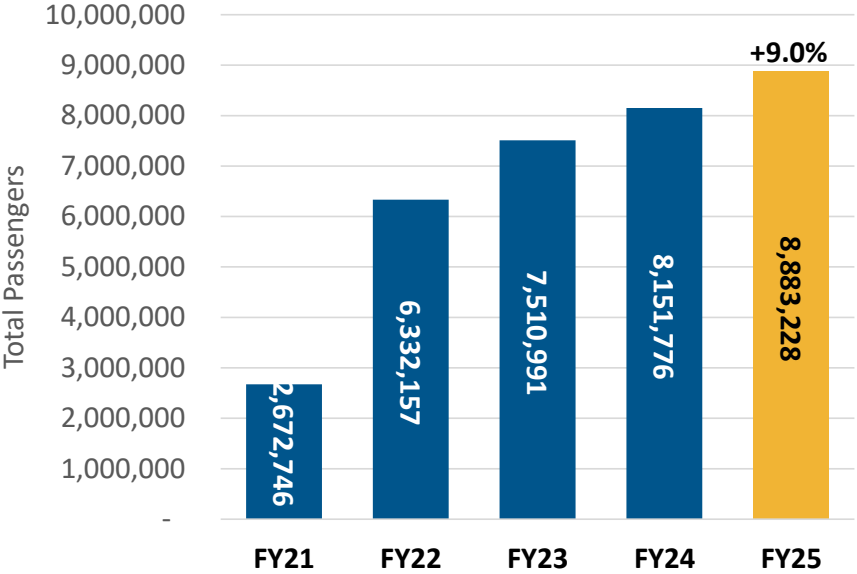
SVP, Chief Operating Officer

BNA Total Passengers

October

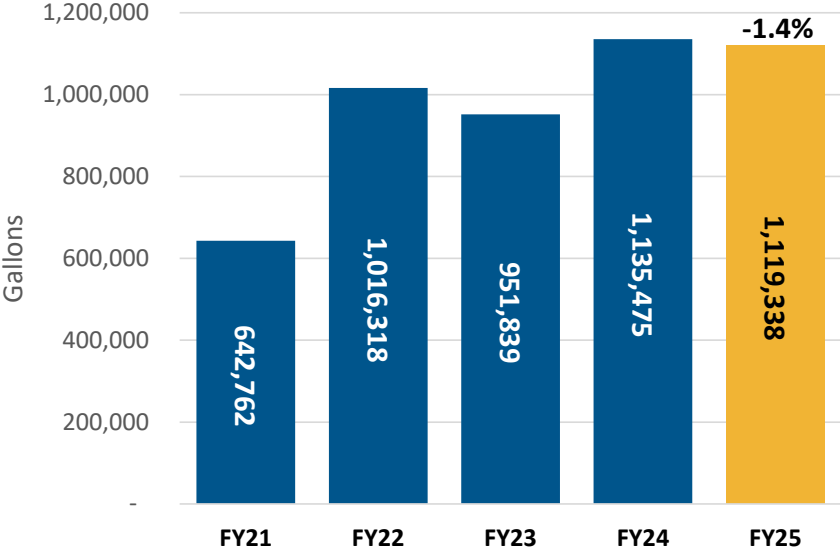


October FYTD

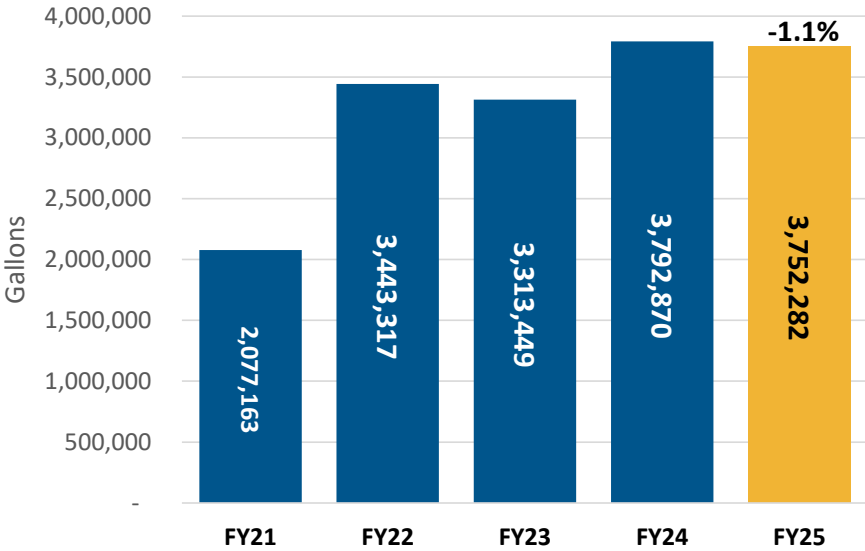


BNA Fuel Sales

October



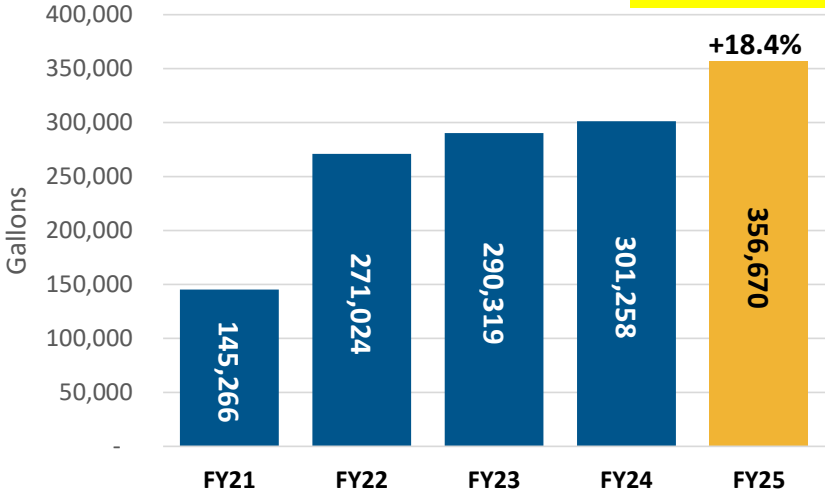
October FYTD



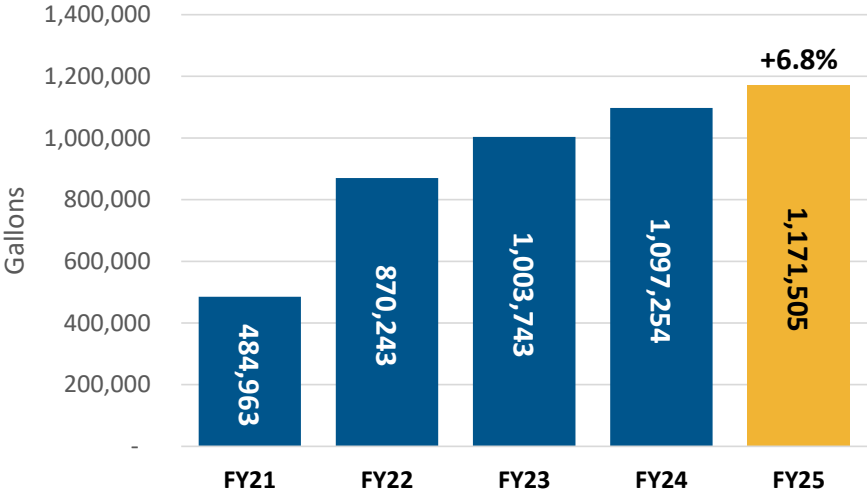
JWN Fuel Sales

October

Record Month



October FYTD



Development Report

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

EVP, Chief Development Officer

Vision 1.0 Program Budget Update: October 2024

Project Name	Current Budget	Estimate at Completion (EAC)	Budget Variance	Project Contingency: Original/Balance
VISION PROJECTS	\$ 1,224,563,416	\$ 1,216,858,731	\$ 7,704,685	\$121,290,987 / \$0
Parking and Transportation Center	\$ 112,565,500	\$ 112,565,500	\$ -	\$5,100,000 / \$0
Concourse D & Terminal Wings	\$ 287,637,753	\$ 287,637,753	\$ -	\$33,964,557 / \$0
Garage C & Airport Administration Building	\$ 180,995,368	\$ 180,995,368	\$ -	\$20,341,202 / \$0
Garage B	\$ 97,428,000	\$ 89,723,315	\$ 7,704,685	\$2,700,000 / \$0
Terminal Lobby & IAF	\$ 480,436,795	\$ 480,436,795		\$54,865,228 / \$0
Terminal Access Roadway Improvements Ph 1	\$ 65,500,000	\$ 65,500,000	\$ -	\$4,320,000 / \$0
VISION ENABLING PROJECTS	\$ 62,390,352	\$ 62,390,351	\$ -	\$1,408,000 / \$1,047,696
ART	\$ 5,112,550	\$ 5,112,550	\$ -	
PROGRAM CONTINGENCY	\$ 12,941,682	\$ 20,646,367	\$ (7,704,685)	
Total	\$ 1,305,008,000	\$ 1,305,008,000	\$ -	\$122,698,987 / \$1,047,696

Total Contingency Remaining = \$20.7M program + \$1M project ~ \$21.7M

Vision 2.0 Program Budget Update: October 2024

Project Name	Current Budget	Estimate at Completion (EAC)	Budget Variance	Project Contingency: Original/Balance
VISION 2.0 PROJECTS	\$ 229,500,000	\$ 206,631,440	\$ 22,868,560	\$12,392,941 / \$1,440,000
Satellite Concourse	\$ 134,500,000	\$ 129,404,197	\$ 5,095,803	\$8,952,941 / \$0
Runway 2L/20R Extension EA/Preliminary Design/Property Acquisition	\$ 15,000,000	\$ 15,000,000	\$ -	\$0 / \$0
Concourse A Site Prep / Fill / EA	\$ 49,000,000	\$ 31,227,243	\$ 17,772,757	\$2,000,000 / \$0
Concourse A Ramp Paving	\$ 31,000,000	\$ 31,000,000	\$ -	\$1,440,000 / \$1,440,000
PROGRAM CONTINGENCY	\$ -	\$ 22,868,560	\$ (22,868,560)	
Total	\$ 229,500,000	\$ 229,500,000	\$ -	\$12,392,941 / \$1,440,000

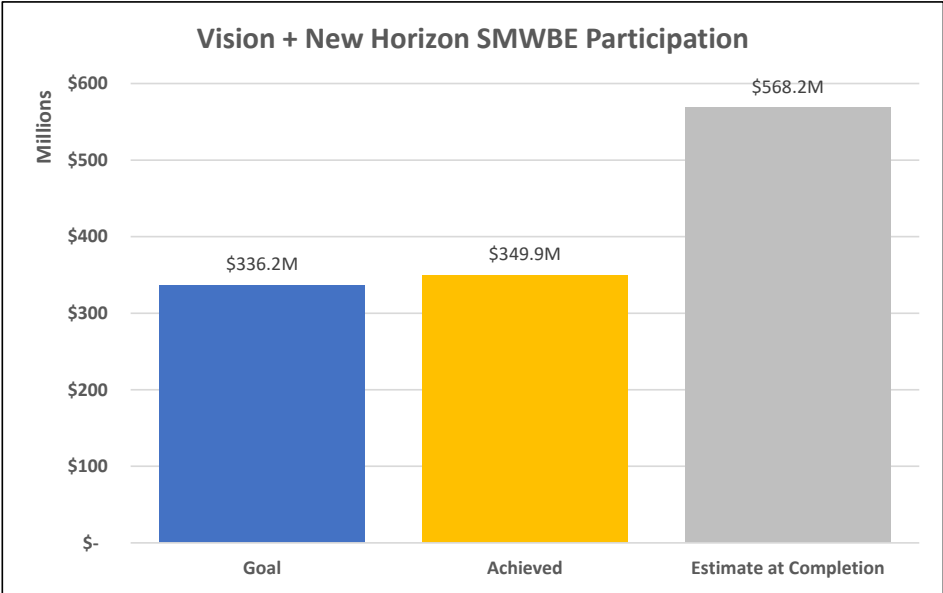
Total Contingency Remaining = \$22.9M program + \$1.4M project ~ \$24.3M

New Horizon I Program Budget Update: October 2024

Project Name	Current Budget	Estimate at Completion (EAC)	Budget Variance	Project Contingency: Original/Balance
New Horizon I Projects (Airside)	\$ 1,541,000,000	\$ 1,541,000,000	\$ -	\$140,350,615 / \$140,350,615
Baggage Handling System Improvements	\$ 243,000,000	\$ 243,000,000	\$ -	\$22,090,909 / \$22,090,909
Concourse D Extension	\$ 287,000,000	\$ 287,000,000	\$ -	\$26,138,432 / \$26,138,432
Concourse A Expansion	\$ 855,000,000	\$ 855,000,000	\$ -	\$77,939,456 / \$77,939,456
Central Ramp Expansion	\$ 156,000,000	\$ 156,000,000	\$ -	\$14,181,818 / \$14,181,818
ART	\$ 4,000,000	\$ 4,000,000	\$ -	
PROGRAM CONTINGENCY	\$ 75,000,000	\$ 75,000,000	\$ -	
Total	\$ 1,620,000,000	\$ 1,620,000,000	\$ -	\$140,350,615 / \$140,350,615

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

SMWBE Participation – BNA Vision & New Horizon – October 2024



Includes MBE, WBE, SBE & DBE

	Vision	New Horizon	Total
Contract Amount	\$1,380M	\$370.9M	\$1,751M
Goal	\$272.7M	\$63.5M	\$336.2M
Achieved	\$337.5M	\$12.4M	\$349.9M
Estimate at Completion	\$336.6M	\$231.6M	\$568.2M

Source: Vision Project Controls – Pending validation by BDD

Finance Report

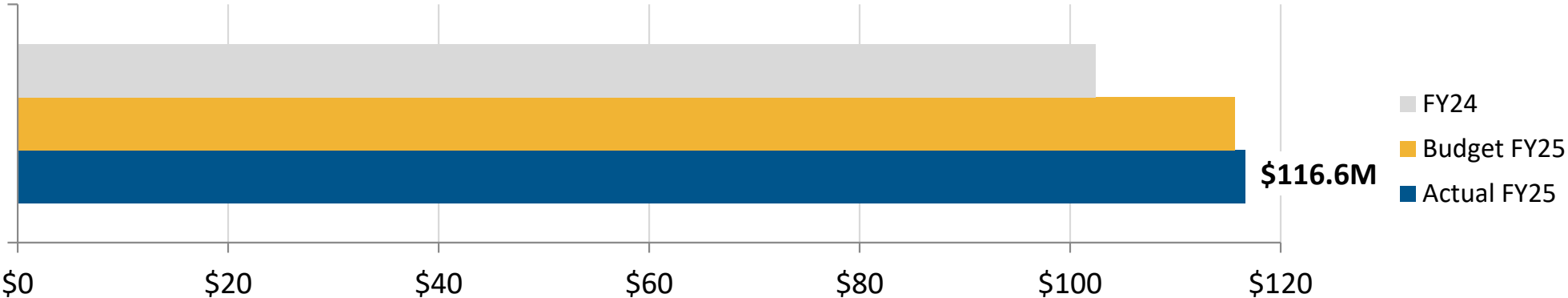
Marge Basrai, CPA, CGMA, CM
EVP, Chief Financial Officer

Finance Report

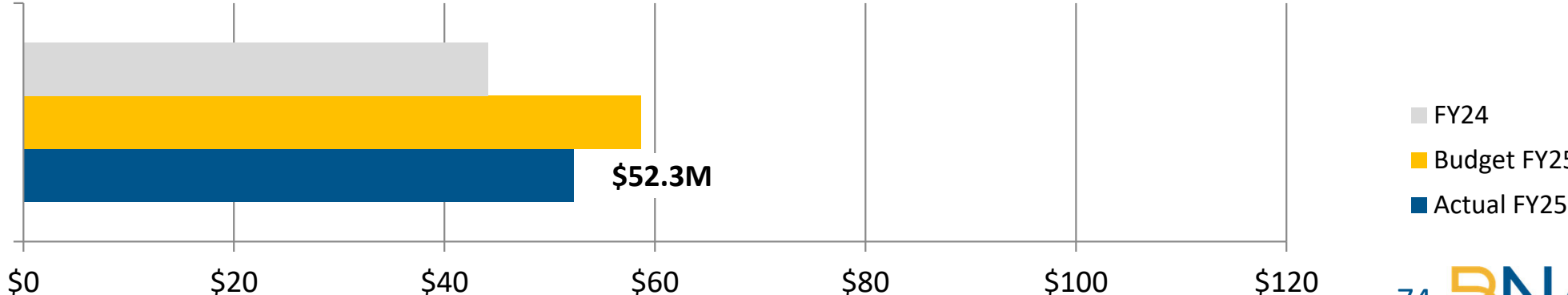
Marge Basrai, CPA, CGMA, CM
EVP, Chief Financial Officer

BNA – Revenues and Expenses YTD October 2024

Operating Revenues (\$ millions)

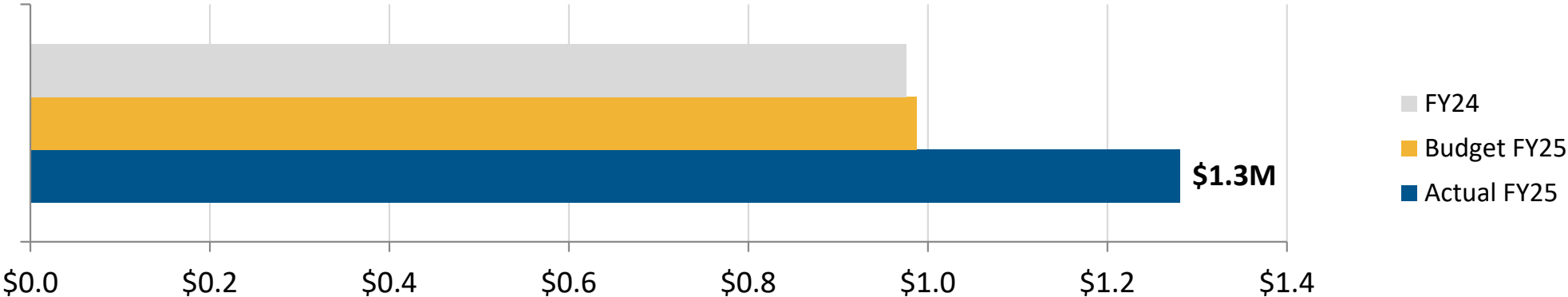


Operating Expenses (\$ millions)

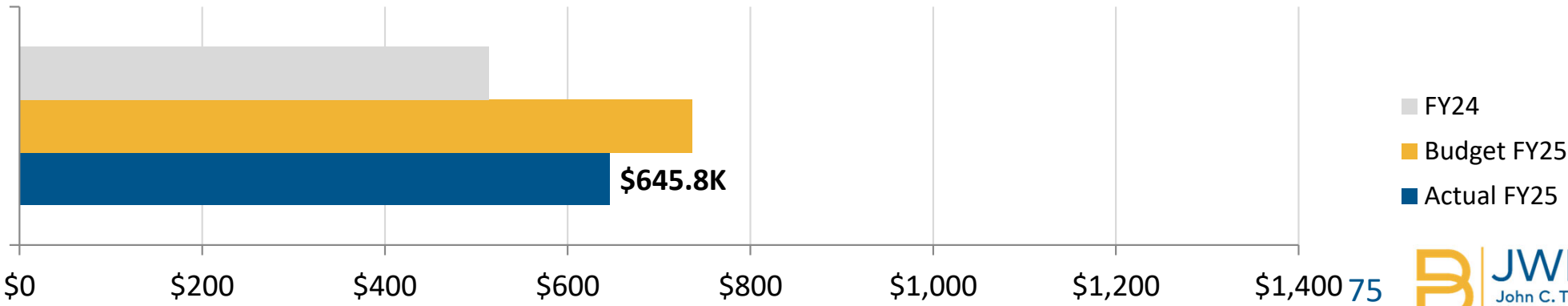


JWN – Revenues and Expenses YTD October 2024

Operating Revenues (\$ millions)

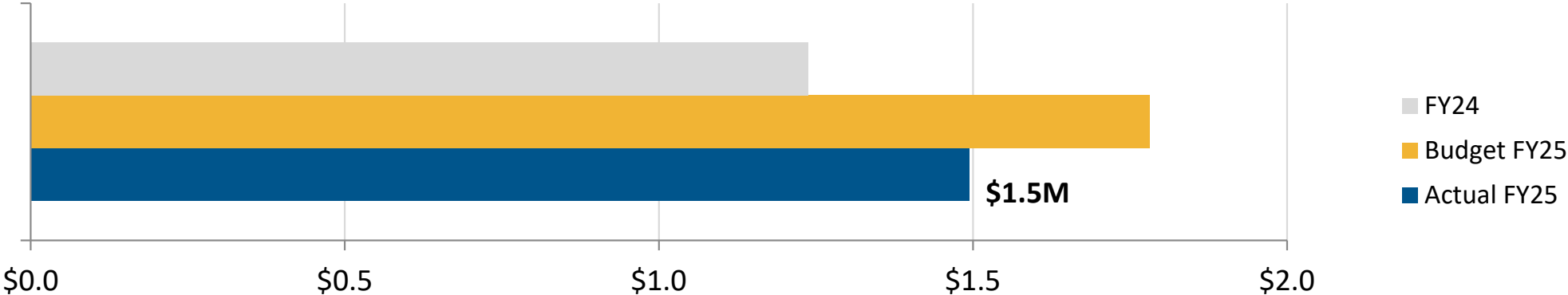


Operating Expenses (\$ thousands)

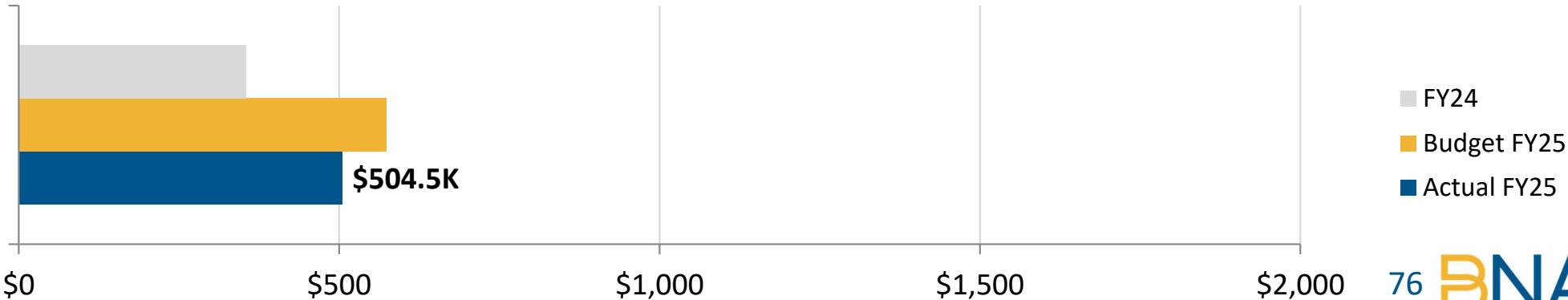


MPC – Revenues and Expenses YTD October 2024

Operating Revenues (\$ millions)



Operating Expenses (\$ thousands)



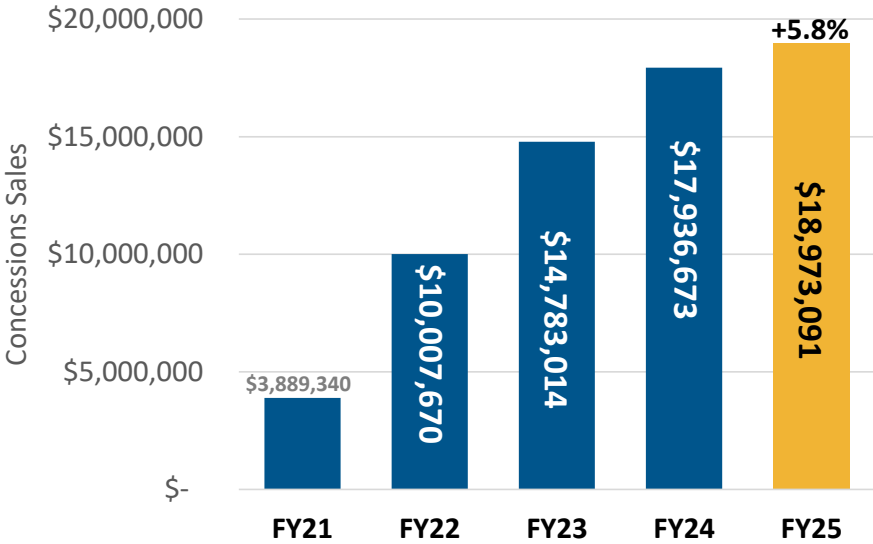
Commercial Development Report

Eric Johnson, CCIM, CM

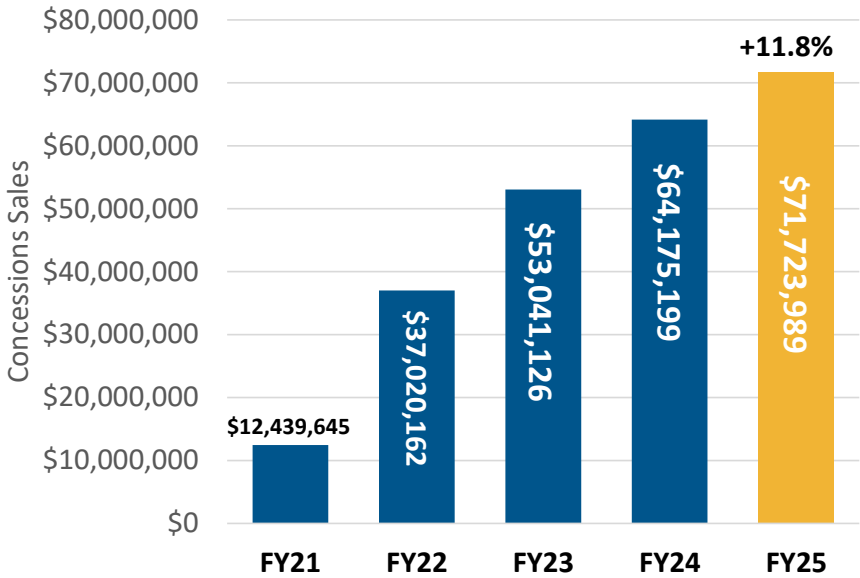
SVP, Chief Revenue Officer

Concession Sales

October



October FYTD



Sales per Enplaned Passenger

October 2023: \$16.25
 October 2024: \$16.39

*includes Fraport & Paradies