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

BNA Nashville International Airport

Date: July 22, 2020	Place: Nashville International Airport / Electronic Meeting
Time: 1:00 p.m.	
Board Members Present:	Aubrey B. Harwell III, Board Chair; Amanda Farnsworth, Vice Chair; Bill Freeman, Secretary; John Doerge; Bobby Joslin; Nancy Sullivan; Jimmy Granbery; Christy Smith; Kevin Crumbo; and Joycelyn Stevenson
Board Members Absent:	None
Others Present:	Doug Kreulen; Cindy Barnett; Lisa Lankford; and Angela Edwards

I. Call to Order

Chair Harwell called the MNAA Board of Commissioners and MPC Board of Directors meetings to order at 1:02 p.m., pursuant to the Public Notice dated July 17, 2020.

II. Roll Call and Open Meetings Act Announcement

Ms. Angela Edwards, Staff Secretary, called roll of the members of the MNAA Board of Commissioners and MPC Board of Directors. All members were present, excluding Commissioner Crumbo.

Ms. Edwards read the Open Meetings Act Announcement as follows:

The Joint Meeting of the MNAA Board of Commissioners and MPC Board of Directors will be held in accordance with Executive Order No. 16, signed by Governor Bill Lee on March 20, 2020, as amended by Executive Order No. 34, signed by Governor Bill Lee on May 6, 2020, and as amended by Executive Order No. 51, signed by Governor Bill Lee on June 29, 2020, allowing a governing body to hold meetings by electronic or other means of communication without a quorum being physically present if the governing body determines that meeting by electronic means is necessary to prevent the spread of COVID-19 or other related epidemics to protect the health, safety and welfare of the public and members of the governing body. All votes taken during this meeting will be by roll call vote.

III. Approval of Minutes

Upon motion made by Vice Chair Farnsworth and seconded by Commissioner Granbery, the Board voted to approve the Minutes of the June 17, 2020 Joint Meeting of the MNAA Board of Commissioners and MPC Board of Directors. Ms. Edwards took a roll call vote and the motion carried by vote of 9 to 0.

Commissioner Crumbo joined the meeting at 1:08 p.m. after the vote was taken.

IV. Chair's Report

Chair Harwell thanked President Kreulen, staff, and Board members for their work the last couple of months and especially for the opening of Concourse D. Chair Harwell reported he had received very positive feedback regarding Concourse D.

V. President's Report

President Kreulen reported Concourse D is now open. It was part of a $292M project which covers not only Concourse D, but the new ticketing wings and the Central Utility Plant. President Kreulen thanked Ms. Traci Holton, AVP, Chief Engineer, and Mr. Robert Ramsey, SVP, Chief Operating Officer, and staff that helped in the 25 months of construction and over 1M man hours to build.

President Kreulen moved on to enplanements and presented a slide of enplanement performance to budget targets. April, May, June, and July had been good months. However, there is concern because Nashville has been impacted by the COVID-19 phase 2 rollback approximately 4 months earlier than forecasted. The budget was based on 12,899 average enplanements per day from August 2020 through the end of January 2021. Due to the phase 2 rollback, staff is conducting further analysis on how this may affect the budget.

President Kreulen stated the Management Committee met on July 15, 2020. In accordance with the 3rd Amended and Restated Bylaws, the Management Committee confirmed the Board Staff Officer Appointments. There were two changes to the Board Staff Officer Appointments since the previous policy letter. Those changes include the Auditor/Independent CPA to Plante Moran, and the General Counsel position is vacant.

President Kreulen gave a brief update on the John C. Tune Airport (JWN) redevelopment. Aeroplex was still in their initial scope of the tornado damage. The next update is scheduled for the August 12, 2020 General Aviation/Operations/Planning & Engineering (GAOPE) Committee meeting. The final study updates are scheduled for the October 14, 2020 GAOPE Committee meeting. Aeroplex will take an

additional 4 weeks from final update to evaluate the undeveloped areas. The final study update for this scope of work is scheduled for the November 11, 2020 GAOPE meeting.

Construction had started on the new control tower at JWN. Ms. Holton and Mr. Ramsey had aerial photographs taken and they are posted on social media. The aerial photographs will be taken periodically to document the progress on the construction of the tower.

VI. Items for Approval

A. Approval of Amendment to Debt Management Policy, MNAA Resolution No. 2020-05

Ms. Marge Basrai, VP, Chief Executive Officer, briefed the Board on this item. Staff requested that the Board of Commissioners approve the updates to MNAA's Debt Management Policy #41-008 to include credit maintenance provisions that reflect the Authority's additional internal goals related to debt service coverage and days cash on hand to memorialize the Authority's commitment to strive to maintain its financial strength and authorize the Chair and President and CEO to execute MNAA Resolution No. 2020-05.

Staff provided the Board a staff analysis of the Amendment to Debt Management Policy and a copy of MNAA Resolution No. 2020-05 prior to the meeting.

Ms. Basrai reported the Debt Management Policy was established to ensure financial resources are adequate to meet long-term capital programs and financial planning. Due to the recent business disruption from COVID-19, the rating agencies and investors are focused on two key credit metrics; debt service coverage and liquidity (days cash on hand).

Ms. Basrai had conversations with PFM, MNAA's financial advisors, regarding these metrics. PFM recommended that MNAA update its debt management policy to include its internal goals to maintain its credit ratings. PFM recommended a debt service coverage of 150% or greater for senior bonds and 125% or greater for all bonds (senior and subordinate combined).

The other key metric is liquidity. PFM recommended to MNAA that it maintain a range of 550 to 650 days cash on hand and to allow for the CFO to set an informal policy from time-to-time to have a higher level based on business climate, economic cycle, and planning.

The benefits of the amendment to the debt management policy are to memorialize MNAA's commitment to strive to maintain its financial strength in order to protect and enhance its credit ratings; the amendments will provide the CEO/CFO metrics to evaluate during budget cycle, throughout the fiscal year, and when evaluating financial affordability of new capital projects; and the goals will

maintain balance of managing MNAA's credit, while remaining a valuable business partner within the airport industry. The amendments will also be helpful in airline negotiations in the Fall of 2020. After questions and discussions, Ms. Basrai concluded her presentation.

Committee Review

Vice Chair Farnsworth reported this item was presented to the Finance, Administration, and Properties (FAP) Committee on July 15, 2020. The FAP Committee voted 5 to 0 to recommend approval to the Board of Commissioners.

Chair Harwell took Vice Chair Farnsworth's statement as a motion and Commissioner Doerge seconded the motion to approve the updates to MNAA's Debt Management Policy #41-008 to include credit maintenance provisions that reflect the Authority's additional internal goals related to debt service coverage and days cash on hand to memorialize the Authority's commitment to strive to maintain its financial strength, and authorize the Chair and President and CEO to execute MNAA Resolution No. 2020-05. Ms. Edwards took a roll call vote and the motion carried by vote of 10 to 0.

B. Approval of Acquisition of 57-acre Future Aeronautical Land

Mr. John Corbitt, AVP, Real Estate, briefed the Board on this item. Staff requested that the Board of Commissioners approve the purchase of 57-acres of property just east of runway 2R/20L for $2.6M.

Staff provided the Board a staff analysis of the purchase of 57-acres of property just east of runway 2R/20L for $2.6M prior to the meeting.

Mr. Corbitt stated the 57-acres of land is located at 2410 Pulley Road, just east of runway 2R/20L. The subject property is 2 separate parcels; one 52-acre parcel, and one 5-acre parcel. Both parcels are located in the Airport Overlay and identified in the Airport Master Plan for future acquisition. An appraisal was conducted on the subject property and the fair market value was determined to be between $3.5M and $4.0M. The purchase is contingent on a clean title, survey, and environmental assessment.

MNAA was successful in negotiating a purchase price of $2.6M with a quick close in August. The benefits of purchasing this property were to facilitate construction of the 4th parallel runway, the acquisition cost was well below the current appraised value, and it will contribute to future growth of the airport.

After questions and discussions, Mr. Corbitt concluded his presentation.

Committee Review

Vice Chair Farnsworth reported this item was presented to the FAP Committee on July 15, 2020. The

FAP Committee voted 5 to 0 to recommend approval to the Board of Commissioners.

Chair Harwell took Vice Chair Farnsworth's statement as a motion and Commissioner Granbery seconded the motion to approve the purchase of 57-acres of property just east of runway 2R/20L for $2.6M. Ms. Edwards took a roll call vote and the motion carried by vote of 10 to 0.

C. Approval of Amendment 7 to Paslay Management Group Contract

Ms. Holton briefed the Board on this item. Staff requested that the Board of Commissioners authorize the Chair and President & CEO to execute the 7th amendment to the Paslay Management Group (PMG) contract.

Staff provided a staff analysis of the 7th amendment to the PMG contract prior to the meeting.

Ms. Holton stated Amendment #7 covers the addition of the project manager for the Terminal Lobby and IAF project for years 5, 6 and 7, increasing the annual yearly amount of the PMG contract by $800,000 per year. The original project manager resigned in November 2019. To meet the challenges associated with the project's size and complexity, Design and Engineering (D&E) needed someone with substantial qualification and proven experience in management of similar, large airport expansion projects. PMG was able to provide a project manager meeting D&E's requirements and PMG's candidate was hired in January 2020. The overall contract authorization is increased from approximately $8M to approximately $10.4M.

Committee Review

Commissioner Joslin reported this item was presented to the BNA Vision Committee on July 15, 2020. The BNA Vision Committee voted 4 to 0 to recommend approval to the Board of Commissioners.

Chair Harwell took Commissioner Joslin's statement as a motion and Commissioner Granbery seconded the motion to authorize the Chair and President & CEO to execute the 7th amendment to the PMG contract. Ms. Edwards took a roll call vote and the motion carried by vote of 10 to 0.

D. Approval of MNAA Resolution No. 2020-06 Honoring A. Dexter Samuels, Ph.D.

President Kreulen reported he presented to the Management Committee on July 15, 2020, MNAA Resolution No. 2020-06 honoring A. Dexter Samuels, Ph.D., for the 13 years of service he had given to the Board of Commissioners. President Kreulen stated Resolution No. 2020-06 was brought before the Management Committee as an information item and he was now bringing this item to the full Board for approval.

Staff provided a copy of MNAA Resolution No. 2020-06 to the Board of Commissioners prior to the meeting.

Chair Harwell made a motion and Commissioner Smith seconded the motion to approve MNAA Resolution No. 2020-06 honoring A. Dexter Samuels, Ph.D.

Chair Harwell thanked President Kreulen and the Board for making this happen and hoped everyone could get together as soon as possible to present it to A. Dexter Samuels, Ph.D. Ms. Edwards took a roll call vote and the motion carried by vote of 10 to 0.

VII. Informational Items

A. Automated Weather Observing Systems (AWOS) Relocation at John C. Tune Airport

President Kreulen thanked Mr. Ramsey and his team for working on this project to relocate the AWOS at JWN. Staff had coordinated with the Federal Aviation Administration (FAA), Tennessee Department of Corrections (TDOC), and Tennessee Department of Transportation (TDOT) aeronautics to determine the best location for the AWOS.

President Kreulen presented a map of the area and the proposed location of the AWOS. Staff estimated the cost to be $620K over a 20-month period. President Kreulen stated the GAOPE Committee had endorsed staff's recommendation. Next steps are to find funding for the project and to learn the specific requirements to gain FAA approval.

After questions and discussions, President Kreulen moved on to the next item.

B. Employee Insurance Benefits Brokerage and Consulting Services

President Kreulen reported that Ms. Gale LaRoche, VP, Chief Administrative Officer, had put out a solicitation for employee insurance benefits brokerage and consulting services. MNAA's current provider had been providing services since 2012. There were 22 direct solicitations sent out. 9 proposals were received and the solicitation team selected Mercer Health & Benefits, LLC. The new contract will start September 1, 2020.

C. BNA Concessions Program Update

President Kreulen reported on concession sales and presented a slide showing sales for each week beginning April 12, 2020 through July 12, 2020. As enplanements rise, concessions sales were also rising. Enplanements have leveled off and that reflects in the concession sales for July 2020 due to COVID-19 and Metro's rollback to Phase 2.

D. Parking Facilities and Valet Services – RFI/RFP Update

President Kreulen reported the parking facilities and valet services contract will expire on June 30, 2021. Staff had issued a Request for Information (RFI). After the Request for Proposals (RFP) is issued, staff will come back to the Board with an update and seek Board approval in the February 2021 timeframe for the new contract to become effective July 2021.

E. Procurement Policy (Annual Review)

President Kreulen reported the key changes to the Policy were editorial changes, such as definitions and code of conduct, and additional regulatory guidance was added on micro-purchases and small purchases. The updated Procurement Policy had been issued and published for the entire airport to use.

President Kreulen stated the current Policy (and revisions) had been in effect for approximately 3 years. He also stated it might be helpful to have an outside expert do an industry wide review of the Policy within the next year.

F. CEO FY20 Evaluation

President Kreulen reported on the next steps for the CEO FY20 Evaluation.

G. FY21 Strategic Objectives

President Kreulen presented the FY21 Strategic Planning Calendar and FY21 Goals and Objectives. This information had been provided to the Management Committee at the July 15, 2020 meeting and the entire Board. Staff will give updates as things progress. President Kreulen stated the kickoff of the budget for the next fiscal year begins with recommendations from the Board at the Board Retreat in October 2020.

Chair Harwell asked that all Management Committee members submit their feedback for the CEO FY20 Evaluation to Board Counsel as quickly as possible for final tabulation.

VIII. Adjourn

There being no further business brought before the Board, Chair Harwell thanked the Commissioners for their participation and adjourned the meeting at 1:38 p.m.

Angela Edwards - Staff Secretary

William H. Freeman, Board Secretary

w/ permission