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

BNA Nashville International Airport

Date: August 19, 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 1:00 p.m., pursuant to the Public Notice dated August 14, 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.

Due to the Open Meetings Act Announcement being published in the Agenda, Chair Harwell waived the reading of 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

Chair Harwell called for a motion to approve the following Minutes:

- Minutes of the July 22, 2020 Joint Meeting of the MNAA Board of Commissioners and MPC Board of Directors.
- Minutes of the July 15, 2020 General Aviation/Operations/Planning & Engineering (GAOPE) Committee Meeting
- Minutes of the July 15, 2020 Financial/Administration/Properties (FAP) Committee Meeting
- Minutes of the July 15, 2020 BNA Vision Committee Meeting
- Minutes of the March 11, 2020 Audit & Compliance Committee Meeting

Upon motion made by Commissioner Granbery and seconded by Commissioner Sullivan, the Board voted to approve the aforementioned Minutes. Ms. Edwards took a roll call vote and the motion carried by vote of 10 to 0.

IV. Chair's Report

Chair Harwell had no Chair's Report but thanked President Kreulen, staff, and the members of the Board of Commissioners for their hard work.

V. President's Report

President Kreulen stated this meeting was being held in accordance with Governor Lee's Executive Orders, as amended.

On September 1, 2020, the airport will be divided into two terminals and will be separated for approximately 3 years as the center portion of the airport is constructed. Advertisements will begin in the next couple of days to inform passengers of this change.

President Kreulen presented a slide of enplanements comparing performance to budget and InterVISTAS forecast. July enplanements exceeded the budget. Enplanements have leveled off since Nashville went back into Phase 2 due to the COVID-19 pandemic. Currently, there are approximately 9,300 enplanements per day. The budget was based on a daily average of approximately 15K.

President Kreulen reported that Boutique Air has received a central air service grant and will resume its air service from BNA to Muscle Shoals, Alabama on August 23, 2020. There will be two flights per day, Sunday through Friday, and one flight on Saturday.

President Kreulen gave an update on international air service. In 2018, staff approved an incentive package for British Airways (BA) until May 2021. BA stopped its service to Nashville in March 2020. Remaining incentives have an estimated value of approximately $579K. MNAA staff had been in discussions with BA and reported MNAA could provide the remaining incentive up to $500K to start service back to Nashville.

Additionally, MNAA (with approval from the Board of Commissioners) had decided to waive the $5 fee per passenger for International Arrivals Building/Foreign Inspection Station fees until June 30, 2022 which will save the airlines money. MNAA staff is currently drafting an updated Air Service Incentive Policy and will submit it to the Board for review and discussions in the October 2020 time period. The current policy is reaching its expiration.

After questions and discussions, President Kreulen concluded his President's Report.

VI. Items for Approval

A. Approval of Baggage Handling System (BHS) Design Contract Amendment 1

President Kreulen briefed the Board on this item. Staff requested that the Board of Commissioners approve Amendment 1 to the contract for Baggage Handling System Short Term Improvements at Nashville International Airport (BNA) with Vic Thompson Company (VTC) and authorize the Chair and President and CEO to execute the amendment to the professional services contract.

Staff provided the Board a staff analysis of the BHS Design Contract Amendment 1 prior to the meeting.

President Kreulen stated there was no GAOPE Committee meeting this month, however, he did speak to Commissioner Freeman, GAOPE Committee Chair, regarding this item. The amendment is to implement short-term recommendations identified in the BHS Master Plan to improve overall system performance. The original contract cost was approximately $390,967.00. Amendment 1 cost is approximately $160K bringing the total contract cost to approximately $551K. This amendment was being presented to the Board for approval based on the additional costs causing the annual contract cost to exceed the $500K threshold requiring Board approval. Funding sources are 91% airport facility fund and 9% baggage fees.

Chair Harwell opened to floor to GAOPE Committee Chair, Bill Freeman for comments.

Committee Review

Committee Chair Freeman stated there was no GAOPE Committee this month, however, he discussed the amendment with President Kreulen who had given a thorough explanation of the amendment prior

to the Board meeting. Committee Chair Freeman then made a motion and Commissioner Smith seconded the motion to approve Amendment 1 to the contract for BHS Short Term Improvements at BNA with VTC and authorize the Chair and President and CEO to execute the amendment to the professional services contract. Ms. Edwards took a roll call vote and the motion carried by vote of 10 to 0.

VII. Informational Items

A. John C. Tune Airport (JWN) Redevelopment Plan Update

President Kreulen stated Aeroplex had collected more than 200 responses from the tenant and stakeholder survey. This information will be shared with the Board members once it is finalized. Aeroplex had also identified comparable airports and market analysis was underway. Facility requirements development from the tornado damage was underway and Aeroplex was also working on draft alternatives to meet the facility requirements. The GAOPE Committee will receive an update at the September 9, 2020 meeting.

President Kreulen then presented a slide of comparable airports selected by Aeroplex and the selection criteria used. MNAA staff had reviewed the list of airports and determined the airports were comparable to JWN. Aeroplex will discuss what has been done at the peer airports and present alternatives to the Commissioners for discussion.

B. BNA Concessions Program Update

President Kreulen gave an update on concession sales. As with passenger enplanements, concessions sales have also leveled off. Sales per enplanement were down from this time last year and 27 concepts were currently open.

After questions and discussions, President Kreulen concluded his update on this item.

C. Commercial Insurance Brokerage and Consulting Services Update

President Kreulen reported the Commercial Insurance Brokerage and Consulting Services had not been solicited since October of 2012. A request for qualifications was released in May 2020. Seven proposals were received. Three firms were interviewed. The solicitation team selected Marsh USA, Inc. (Marsh) in July 2020. MNAA staff was engaged with Marsh in negotiations and will report back to the Board with final contract cost.

D. Quarterly Retirement/OPEB Investment Report

President Kreulen announced as of June 30, 2020 the retirement plan was 104% funded and the OPEB plan was 106% funded. Full contributions were made for FY20 as those funds had been included in the budget. The overfunding will save MNAA approximately $10M in the current survival budget. MNAA will not have to make a full contribution for FY21.

E. Quarterly Treasury Investment Report

President Kreulen communicated funds were 99.4% invested as of June 30, 2020. For the 4th quarter of FY20 investment earnings were almost $5M compared to the 4th quarter of FY19 investment earnings of approximately $1.8M. President Kreulen thanked the Commissioners for their support and encouragement to get funds invested.

48 bank accounts had been closed since March 2019 which had saved over $13K in banking fees for FY20 versus FY19. The internal investment policy allows for 8% of available funds in cash. Cash in Demand Deposit Accounts for the 4th quarter of FY20 was 0.57% of total available funds.

F. BNA Vision Program Update

President Kreulen presented four slides containing information regarding the BNA Vision Program Budget Update. Four budget movements were presented for information as follows:

- FY21 Board approved Capital Improvements Program transferred to Terminal Lobby/IAF project
- Redundant power and water line scope added to Terminal Access Roadway Improvements (TARI) project
- Parking/GTC and Vision Enabling project surplus added to program contingency
- Terminal Lobby/IAF project overage drawn from program contingency

After questions and detailed discussions on each project, President Kreulen stated staff will come back to the Committee and Board next month with the adjustments presentation and concluded his presentation on the BNA Vision Program Budget Update.

G. Fraud Reporting Update

President Kreulen discussed a recent red flag report. Due to this incident, the Ethics and Conflicts of Interest Policy was updated with language clarification, and the scope was expanded to business

partners. The Procurement Policy was also updated to reflect the Ethics and Conflicts of Interest Policy. The red flag reporting phone number had also been added to the website.

H. Internal Audit Update

President Kreulen presented an update on the FY20 Internal Audit Plan. Six internal audits were conducted with 5 completed and 1 still in process. 28 concession financial reviews were completed. President Kreulen reported on the internal audit findings and presented a graph of open findings for each quarter beginning 3rd quarter of FY18 through the 4th quarter of FY20. Open internal audit findings continue to decline.

The FY21 Internal Audit Plan was presented. President Kreulen then presented a timeline of tasks that will be completed by the external auditors, Plante Moran, through December 31, 2020.

I. Public Safety Update

Due to the pandemic, the Federal Aviation Administration (FAA) did not conduct an on-site inspection of BNA. Instead, they conducted a virtual surveillance certification from June 25, 2020 through June 29, 2020. The inspection revealed the airport is being operated in compliance with 14 CFR Part 139, the Airport Certification Manual, and the Airport Operating Certificate. The TSA audit report will be presented in November of 2020.

J. Retirement Committee Appointments

President Kreulen reported he had appointed Ms. Gale LaRoche, Chief Administrative Officer, to the Retirement Committee due to an employee's departure from MNAA.

VIII. Adjourn

There being no further business brought before the Board, Chair Harwell thanked the Commissioners for their participation and adjourned the meeting at 1:47 p.m.

Angela Edwards
William H. Freeman, Board Secretary
with permission