Minutes of the MNAA Management, Audit & Compliance Committee

BNA Nashville International Airport

Date: May 14, 2025	Location: Metropolitan Nashville Airport Authority Tennessee Boardroom
Time: 10:04 a.m.	
Committee Members Present:	Nancy Sullivan, Committee Chair, and Jimmy Granbery
Committee Members Absent:	Joycelyn Stevenson, Committee Vice Chair
Other Board Members Present:	Andrew Byrd
MNAA Staff & Guests Present:	Doug Kreulen, Cindy Barnett, Lisa Lankford, Trish Saxman, Marge Basrai, John Cooper, Randy Dorsten, Adam Floyd, Eric Johnson, Carrie Logan, Rachel Moore, Brandi Porter, Josh Powell, and Robert Ramsey

I. CALL TO ORDER

Chair Sullivan called the meeting of the MNAA Management Committee to order at 10:04 a.m. pursuant to Public Notice dated May 9, 2025.

II. PUBLIC COMMENTS

Chair Sullivan stated there were no public comment requests received.

III. APPROVAL OF MINUTES

Chair Sullivan asked for a motion to approve the November 13, 2024 Minutes of the Management, Audit & Compliance Committee meeting. Vice Chair Stevenson made a motion and Commissioner Granbery seconded the motion.

Chair Sullivan asked Ms. Saxman for a roll call:

Chair Sullivan – Yes

Commissioner Granbery – Yes

The motion was passed with a vote of 2 to 0.

IV. CHAIR'S REPORT

Chair Sullivan had no Chair's report.

V. INFORMATION ITEMS

1. 2025 Affirmative Action Program (AAP) Update

President Kreulen introduced Randy Dorsten, AVP, Human Resources, to brief the Committee on the 2025 Affirmative Action Program (AAP) Update. Mr. Dorsten stated based on our federal contractor status, BNA has annually prepared three sets of AAP's: Minorities and Women AAP (EO 11246); Individuals with Disabilities (IWD's) AAP (Section 503); and Protected Veterans (VEVRAA) AAP (Vietnam Era Veterans' Readjustment Act of 1974). In 1965, EO 11246 was entered by President Johnson and was rescinded by EO 14173 entered on January 21, 2025. The EO 11246 intent was to provide equal employment opportunity & prohibit employment discrimination because of race, creed, color, or national origin and required contractors to take affirmative action and influenced the hiring of minorities and women through goal setting, not quotas. The implementation of EO 14173 eliminates the obligation for contractors to develop an AAP regarding race and gender; and going forward BNA will focus on the two sets of AAP's Individuals with Disabilities and Protected Veterans. Mr. Dorsten noted that EO 14173 does not change existing law but implies the current Administration may target organizations that promote DEI programs.

Mr. Dorsten reported BNA AAP key takeaways are no indicators for hiring, termination and promotions; BNA exceeded the 7% goal for individuals with disabilities by achieving 7.4%; excelled at hiring protected veterans with 16.4%; and women have achieved the highest level of promotions in Job Group 1A. We have one focus area to continue to develop minority service workers and male promotions. In summary, IWD utilization continues to do outreach and has shown good IWD hiring, and our veteran hiring is very strong. BNA will continue to host BNA campaigns to encourage the current workforce to identify disabilities. It is a stigma in the workforce, as people tend not to want to identify their disabilities when they apply for a job. Last August, MNAA went to the current workforce and asked them to identify, and afterwards, we did see an uptick in those numbers. We will continue our partnerships and outreach with various veteran groups like Operations Stand Down and MTSU Charlie and Hazel Daniels' Veterans' Center.

Commissioner Granbery asked how many veterans are employed at MNAA. President Kreulen replied 63. He stated in 2012 that there were 16 veterans, and over the years, more have been added. Commissioner Byrd stated that some of these steps we are taking are to comply with President Trump's Executive Order issued in January. President Kreulen asked for clarity. Commissioner Byrd stated that related to women and minorities. President Kreulen replied that on the Authority is trying

to be cautious and not getting into lawsuits regarding the 14173 order. He stated that all of the MNAA team have worked hard on this Affirmative Action Plan, and it has been an emphasis since Dr. Samuels was Chair of the Board and it has been impressed upon him as CEO to continue. We are now at the best we have ever been, and complimented the entire MNAA team. Commissioner Byrd asked if we are not changing our basic approach at this point. President Kreulen stated that for this slide, that is correct. Commissioner Byrd let President Kreulen know that he has done a great job.

VI. ITEMS FOR APPROVAL

1. MNAA 55th Anniversary – MNAA Resolution 2025-11

President Kreulen stated that on June 12, 2025, MNAA will celebrate its 55th Anniversary. In honor of the Anniversary, we present MNAA Resolution 2025-11, which was sent out to the Commissioners for their review. MNAA Staff recommends that the Management Committee recommend that the Board of Commissioners approve Resolution 2025-11. After the Board meeting next Wednesday, the Board of Commissioners will sign. In June we will celebrate with cupcakes and have the framed Resolution on display.

Commissioner Granbery asked for a list of all of the former MNAA Board of Commissioners. President Kreulen replied we have several frames located on the wall on the 5th floor here at the Administrative Building with all former Commissioners. He stated the MNAA Staff will send all Board members a list of all of the MNAA Commissioners.

Chair Sullivan asked Ms. Saxman for a roll call:

Chair Sullivan – Yes

Commissioner Granbery – Yes

The motion was passed with a vote of 2 to 0.

2. MNAA Disadvantaged Business Enterprise (DBE), Airport Concessions Disadvantaged Business Enterprise (ACDBE) and Small, Minority & Woman-Owned Business Enterprise (SMWBEE) Program

President Kreulen stated that every month the Board of Commissioners receives a 120-Day report that lists all of the upcoming projects for Board approval. On April 17, 2025, the FAA designated the current list of Required Federal Contract Provisions as "historical". On April 24, 2025, the Secretary of Transportation issued a letter "to clarify and reaffirm pertinent legal requirements to outline the Department's (DOT) expectations, and to provide a reminder of your responsibilities and the

consequences of noncompliance with Federal law and the terms of your financial assistance agreements . . . the DOT is prohibited from discriminating programs based on race, color, national origin, sex or religion in any of its programs or activities." Failure to cooperate will jeopardize continued receipt of Federal financial assistance from DOT. On April 25, 2025, the FAA issued notice of modification of Airport Improvement Program (AIP) grant assurances effective April 25, 2025, that prohibit programs based on race, color, national origin, sex, or religion. On April 28, 2025, the FAA published the 2025 Grant Agreement template, including certification that sponsors do not "operate any programs promoting diversity, equity & inclusion initiatives that violate applicable Federal anti-discrimination laws". On April 29, 2025, MNAA Legal Counsel, in coordination with outside Counsel, provided an opinion on options regarding DBE, ACDBE and SMWBE programs.

President Kreulen stated that is why the MNAA Staff pulled the two agreements for solicitation. MNAA does not have any good options. Here are some options regarding our DBE/ACDBE Program:

1) Retain program in its present form and forego federal grants for the time being. President Kreulen stated that it could be hundreds of millions of dollars and does not think that would be in the best interest of MNAA.
2) Retain program but without the presumptions and continue to seek federal grants. President Kreulen stated he is not sure how you do that. Carrie Logan, MNAA Deputy Legal Counsel, stated it would be collapsing small minority women-owned businesses all under the category of small. It would mean that all businesses, irrespective of race or gender would be in the same classification. President Kreulen stated you will see in a second where we are getting into a hybrid.
3) Retain program in its present form and continue to seek federal grants. President Kreulen stated that you would have to sign something saying you are not doing it, so you cannot do that. Commissioner Byrd asked what is the DBE/ACDBE program. President Kreulen replied that this was before the Executive Order, the Federal government said any program that receives Federal dollars must have a Disadvantaged Business Enterprise program. ACDBE is Airport Concessions Disadvantage Business Enterprise. DBE is construction, and ACDBE is food/beverage and retail.
4) Pause program and modify contracts pending approval. We have paused, but we have no template to modify as to how to do it right.
5) Pause program, cancel solicitations for contracts pending approval, and submit new solicitations. Those are the two that are being resolicited now. How do we move forward cautiously.

6) Suspend any new solicitations and defer (hoping for further guidance). As the Commissioners can see, contracts are coming forward at each Board meeting and every day that we do not complete those, we are not going to open on time and it will cost more money.

Options Regarding SMWBE Program

1) Justify a continuation of the program on grounds it is supported by the 2020 disparity study without the need to employ the presumptions. MNAA has disparity studies and could continue that program, but may get into issues down the road. Commissioner Byrd asked if it is a State program. President Kreulen replied no, MNAA has always had a SMWBE Program, and in the past it has been declared legally sufficient because we do a disparity study approximately every 5 years. The program was suspended at one time due to not having a disparity study, and resumed again in 2013 when one was produced, and again in 2019.

Chair Sullivan inquired if the MNAA SMWBE Program conflicts with the Federal program. President Kreulen replied that is what we are trying to figure out. As an example, the financial ramifications, BNA has FAA Open Grants of $3.9M and FAA Grants Planned of $117.9M. JWN has FAA Open Grants of $1.1M and FAA Grants Planned of $2.7M. Commissioner Byrd asked what the $119M is. President Kreulen replied that the $117.9M represents FAA grants that we have included in our funding plan in which we have not applied for yet. It includes $14M of FY25 AIG funds that have not been programmed yet to a particular project, and another estimated $21M not yet received. Commissioner Byrd asked if this would include the money for the new Air Traffic Control Tower. President Keulen replied that it would be a Federal managed program. Mr. Robert Ramsey, CDO, replied that it is all on the FAA. Chair Sullivan asked if the extension of the runway is also not included. President Kreulen replied yes, that is over $500M that we have not asked for yet.

President Kreulen stated that the MNAA Staff went through all these options that he just outlined and realized that there is some risk if we take different versions. MNAA has worked so hard for 8 plus years of building our programs up, and he is not sure how the community will react across the country on how we move forward.

President Kreulen stated that the MNAA Staff has reviewed the pros and cons of the options provided by Legal Counsel, and developed recommendations based on an understanding of available federal guidance documents, risk to the Authority, and impact to the community.

MNAA Staff recommends the Management Committee recommend that the Board of Commissioners authorize the President and CEO to revise the Federal DBE/ACDBE Program and set 0% goal for new federally funded projects; and revise the Local SMWBE Program to set aspirational goals, remove scoring criteria from aspirational goals, and accept contractor efforts to achieve aspirational goals.

Commissioner Joslin stated he likes the plan and that this will not stop contracts or create delays. He stated someone may come back and use the Federal guidelines for a lawsuit to stop the contract which will delay it. President Kreulen stated he pulled the custodial contract because one firm met everything and several firms submitted bids with zero participation. Under the new Executive Order, if it was awarded and we dismissed the two other firms, then they each may sue. There is an engineering firm that is suing on contracts for roadwork because they did not meet the goals and were not awarded the contracts. President Kreulen stated if he signs a grant stating he is complying with the Federal law and we do not change requirements then he is in violation. Commissioner Joslin asked if MNAA may potentially lose their Federal grants. President Kreulen replied yes.

Commissioner Granbery asked about Hensel Phelps, who is contracting Concourse A, and uses 10% on SMWBE numbers. President Kreulen stated let me go back to answer the Hensel Phelps, the contract amendments you approved today were contracts originally approved before the Executive Order and they had goals, so Hensel Phelps building the $850M Concourse A has a goal of almost 20%, and that was the previous rules. Commissioner Granbery asked if that was not the only reason they were selected. President Kreulen replied no, but they have a contract with those terms.

Commissioner Granbery said regarding JWN, on the Metro hangar, we were forced with that contractor because of a low bid, and asked if that was because of Metro. President Kreulen replied MNAA is much better at getting things done, so that is one of the reasons we wanted to control it. MNAA ran the solicitation for the hangar, we did all the work, designed it for Metro

and the only thing Metro, watching what we were doing, said so they can get the lease approved by Council is, we need to make this low bid. Yes, we wanted Barrons to meet the minority goals, but Metro also wanted it to be the lowest price. Commissioner Granbery asked if they threw out the capacity to make sure the contractor and subs were qualified. President Kreulen stated MNAA would have modified the solicitation (RFP) for price and performance. Commissioner Granbery stated that the subcontractor who did the earthwork that caused the problems bid really low. President Kreulen stated he understands why Metro asked us and we hoped that so and so would do their job better but in the end, Metro has to take it to the Council for approval. Commissioner Byrd asked what we do about it now. President Kreulen stated we set our normal goals because that is not Federal money, and there is a small minority and women-owned component to that, and they would have met it, but that was previous to the new Executive Order.

Commissioner Granbery stated he is happy to motion it forward to defer. Chair Sullivan stated she had a question; she works with TVA, and they are still making them report everything, so they are not going by these rules. Her company has millions of dollars of Federal work, and she is curious to see how they are handling it. She thinks it would be good to get some input from others, and she would be inclined to also defer to it. President Kreulen stated that the reason her company is probably still reporting is that those may have been signed before the Executive Order. President Kreulen stated MNAA is still asking companies to report their numbers, we have contracts with them, and they still have to report. Commissioner Joslin stated that if we keep this going, we are going to have a long list of stuff that is delayed. MNAA has to follow the Federal guidelines, and he does not believe we can sit on it.

Chair Sullivan stated that we do not make the rules, and if the Federal government holds the money, then we have to follow the rules. She stated it would be prudent to take a week. Commissioner Byrd asked Board Counsel, Cindy Barnett, if she had reviewed. She responded not yet. President Kreulen stated he plans to give her the legal documents for her review and Board opinion. Commissioner Joslin asked when Ted Morrissey, AVP, Associate Legal Counsel, would be back. President Kreulen replied that Mr. Morrissey will be back next week from the ACI Legal Affairs Conference. Commissioner Byrd stated that Vice Chair Stevenson and Commissioner Glover may have significant input. President Kreulen stated yes, Vice Chair Stevenson is also doing this for her law firm; she is the national leader for Littler.

Commissioner Byrd stated he thinks an Executive Session would be nice. Chair Sullivan replied that there is no litigation to discuss, so we may not need an Executive Session. President Kreulen replied we are not defending this and are trying to avoid it. Commissioner Byrd also asked if the threat is that if you sign these contracts, you may violate Federal law. President Kreulen stated that without Board support, he is not signing any contracts. The Airport Authority will end up defending him with whatever the decision is, and it will be based on the Board's vote.

Commissioner Granbery asked when the current custodial contract expires and whether there is an extension. President Kreulen replied in July. Mr. Adam Floyd, COO, stated that we are trying to align five separate contracts, one expires in March 2026, and we have one-year option extensions available and will align all up for March 2026. President Kreulen stated that if he modifies the contract, then MNAA is still legal, because we are modifying an existing contract. Commissioner Granbery stated that the other one pulled was the Rehabilitation of the taxiway, and asked how critical the repair is. That may be something that needs to be decided because the season is right to make those repairs. President Kreulen replied that in that one ramp area. Operations runs all the jets out that taxiway, and so now we will be wearing out the other taxiway. Then, some of the airlines may be delayed. Commissioner Granbery asked how much that contract is for. Mr. Ramsey stated $15M. Commissioner Granbery asked if it is Federal funds and if it could be funded out of other funds. President Kreulen replied yes, but if MNAA starts doing that, then you may never get refunded from the Federal government, because we did it on our own and did not want to comply with their rules. Commissioner Joslin asked if you rebid, what type of delay would that be. President Kreulen stated it is pretty easy to repackage and rebid, but it still takes a week or two. He believes we may get sued by both sides.

Chair Sullivan asked if there are any major lawsuits out right now regarding this. President Kreulen replied that one road paving company, Harper, stopped all contracts in multiple states by challenging the federal DBE program. Mr. Ramsey stated that the case is Mid-America Milling.

President Kreulen stated he asked the staff to leave so that we could have an open discussion, and the minutes will reflect this was a discussion. Chair Sullivan asked if MNAA staff could create a slide that shows the amount of money that is at risk and any contracts that are being delayed, and how it will be impacted. Chair Sullivan asked if the State has any legislation up. Counsel Barnett responded that she believes there are two pieces and asked Ms. Logan if there was part

of the analysis that would apply to airports. Ms. Logan responded that the only one she is aware of focuses on employment, and they will look to see if there is any regarding contracting. President Kreulen replied that he will meet with Board Counsel.

President Kreulen stated that it is agreed that there will not be a vote today.

There is one part that was mixed in the taxiway item, we need to move a wind cone that we have not moved as part of our inspection. We will find a contract way to get that moved to stay in compliance.

President Kreulen stated the next steps, assuming Board approval, the CEO will direct staff to rebid Construction Contract for Rehabilitate T/W S/S6/S7/T4 Intersection that was initially planned for May Board approval; Extend existing contracts for Custodial Services Solicitation planned for May Board has a SMWBE goal, with 2 firms eliminated for failure to demonstrate good faith efforts; Issue emergency procurement for Wind Cone Relocation Execute contracts in-process, with added statement regarding airport authority right to update contractual requirements to meet current or future legal requirements

And the next Steps for the CEO, following issuance of new federal guidance, is to communicate local SMWBE program revisions to the community and update the Procurement and Business Diversity Development Policies.

President Kreulen concluded the presentation of the informational items.

VII. ADJOURN

There being no further business brought before the Management Committee, Chair Sullivan adjourned the meeting at 10:56 a.m.

Andrew W. Byrd, Board Secretary