

REGULAR MEETING OF THE BOARD OF COMMISSIONERS, MEMPHIS-SHELBY
COUNTY AIRPORT AUTHORITY (MSCAA) April 12, 2018

CALL TO ORDER

APPROVAL OF BOARD MEETING MINUTES *March 15, 2018*

RECOGNITION OF VISITORS, OTHERS

Resolutions for Approval This Month

1. Approval of Amendment for Auditor Contract Extension – Dixon Hughes Goodman, LLP
2. Approval of Amendment No. 12 – Lease and Concessions Agreement for Food Cart Service – HMSHost/Anton Airfood, Inc.
3. Approval of Amendment No. 11 – FedEx Composite Lease Agreement
4. Approval of Lease Agreement with Federal Express Corporation at 3130 Tchulahoma Road
5. Approval of Construction Contract - 3130 Tchulahoma Warehouse Modifications -- A&B Construction Company, Inc.

Division Reports

TREASURER and PROPERTIES REPORTS

Forrest Artz, Vice President of Finance and Administration/CFO

OPERATIONS REPORT

Terry Blue, Vice President of Operations

INFORMATION ITEMS

NEXT BOARD MEETING – May 17, 2018

RESOLUTION

WHEREAS, by Resolution 13-4630, adopted April 19, 2013, by the Board of Commissioners of the Memphis-Shelby County Airport Authority, approval was granted for award of a contract with Dixon Hughes Goodman LLP (DHG) for independent auditing services for a period of five (5) years with an option to agree to additional periods; and,

WHEREAS, the scope of services consists generally of conducting the annual audit of the Memphis-Shelby County Airport Authority's financial statements, preparation of the Letter of Recommendation, or Management Letter, compliance audits of procedures and controls, attendance at scheduled meetings as requested, timely review of Comprehensive Annual Financial Report (CAFR) for submission to the Government Finance Officers Association, additional work and agreed upon procedures as requested; and,

WHEREAS, management desires to extend the agreement for an additional one (1) year until April 30, 2019 to include the audit of fiscal year 2018; and,

WHEREAS, DHG has proposed a not-to-exceed maximum fee of \$137,500 for the base audit and hourly rates for other services; and,

WHEREAS, Airport management recommends approval for the one year extension to DHG;

NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners of the Memphis-Shelby County Airport Authority, that the President and CEO or his designee, is hereby authorized to execute an amendment with Dixon Hughes

Goodman, LLP as herein described, with costs to be paid from the Authority's Annual Operating Funds or any other funds as identified by the CFO.

04-12-18

RESOLUTION

WHEREAS, in 2004, the Memphis-Shelby County Airport Authority (“Authority”) Board of Commissioners authorized the President and CEO to enter into a Lease and Concession Agreement (“Agreement”) dated April 15, 2004 with HMSHost/Anton Airfood Inc. (“Concessionaire”) for the development and operation of food and beverage concessions at the Memphis International Airport; and,

WHEREAS, the Authority and Concessionaire thereafter amended the Agreement pursuant to a First Amendment dated April 1, 2005, a Second Amendment dated May 1, 2007, a Third Amendment dated May 24, 2010, a Fourth Amendment dated March 19, 2012, a Fifth Amendment dated June 3, 2013, a Sixth Amendment dated March 14, 2014, a Seventh Amendment dated May 18, 2015, an Eighth Amendment dated May 28, 2015, a Ninth Amendment dated September 12, 2016, a Tenth Amendment dated January 10, 2017, and an Eleventh Amendment dated August 7, 2017, collectively referred to herein as the Agreement; and,

WHEREAS, the Authority and Concessionaire previously agreed by the Seventh Amendment, dated May 18, 2015, that using food carts to provide food and drink concessions in the more remote areas of the Airport will improve customer service; and

WHEREAS, the Authority desires to authorize Concessionaire to operate the food cart in the following locations for the sole purpose of offering food and drink selections to passengers:

1. B-A Connector in front of The Lumbermen’s Club of Memphis Wall
2. C Concourse next to Cinnabon Kiosk near Gate C10
3. C Concourse Blank Wall Next to Gate C8

4. C Concourse across from Starbucks by Gate C16
5. Public spaces on the landside of airport property
6. Additional selected locations approved in advance by the Authority

WHEREAS, the Agreement will otherwise remain in full force and effect and shall apply equally to the food cart services and operation of the restaurants operated under the Agreement with HMSHost/Anton Airfood, Inc.; and,

WHEREAS, Airport Management recommends that the food cart operation in these areas be hereby approved in this Twelfth Amendment to increase customer service during the Concourse B Modernization Project; and,

NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners of the Memphis-Shelby County Airport Authority, that the President and CEO or his designee is hereby authorized to enter into the Twelfth Amendment to the Lease and Concession Agreement with HMSHost/Anton Airfood, Inc. for the purpose of modifying the Agreement as stated herein.

04-12-18

RESOLUTION

WHEREAS, the Memphis-Shelby County Airport Authority (“Authority”) Board of Commissioners, by Resolution No. 06-4386 adopted December 19, 2006, approved the execution of a new lease with Federal Express Corporation (“FedEx”) entitled Composite Lease Agreement, effective January 1, 2007; and,

WHEREAS, the Composite Lease Agreement has a base term of thirty (30) years with two (2) ten-year renewal options; and,

WHEREAS, the Composite Lease Agreement was modified by a First Amendment effective September 1, 2008; Second Amendment effective June 1, 2009; Third Amendment effective July 1, 2009; Fourth Amendment effective December 15, 2011; Fifth Amendment effective January 1, 2013; Sixth Amendment effective July 1, 2014; Seventh Amendment effective April 1, 2016; Eighth Amendment effective April 1, 2017; Ninth Amendment effective March 16, 2017; and Tenth Amendment effective May 1, 2018; collectively referred to herein as the Composite Lease Agreement; and,

WHEREAS, the Authority and FedEx desire to amend the Composite Lease Agreement to add approximately 885,880 square feet of unimproved ground (also known as the Golden Triangle ramp area) as “Parcel 34” to be used as aircraft parking to accommodate FedEx’s aircraft fleet and related operations; and,

WHEREAS, an amendment entitled Eleventh Amendment to the Composite Lease Agreement has been prepared to document the addition of Parcel 34 effective on or about May 1, 2019 with rent commencing on the date of beneficial occupancy by FedEx; and,

WHEREAS, Airport Management recommends approval;

NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners of the Memphis-Shelby County Airport Authority, that the President and CEO or his designee is hereby authorized to execute the Eleventh Amendment to the Composite Lease Agreement with Federal Express Corporation as referenced herein.

04-12-18

RESOLUTION

WHEREAS, the Memphis-Shelby County Airport Authority ("Authority") owns and operates certain real property located at 3130 Tchulahoma Road in Memphis, TN ("Property"); and,

WHEREAS, Federal Express Corporation ("Tenant") desires to lease for a ten-year period (Initial Term) from the Authority approximately 110,450 square feet of space within the Property, which is more particularly shown on Exhibit A to the lease for the Property ("Lease Agreement"); and,

WHEREAS, the Authority will complete certain Property improvements, at the Authority's sole cost and expense, which is more particularly described on Exhibit C to the Lease Agreement; and,

WHEREAS, the Initial Term will commence upon execution of the Lease Agreement; and,

WHEREAS, the Authority has authorized Tenant, at Tenant's sole cost and expense, to make certain improvements, which are more particularly shown on Exhibit B to the Lease Agreement; and,

WHEREAS, the base annual rent will be \$303,738 for the first five years of the Initial Term, and \$312,574 for the final five years of the Initial Term, commencing upon substantial completion of the Authority's Property improvements; and,

WHEREAS, upon completion of the Initial Term, without any default, the Tenant will have the option to extend the term of the Lease Agreement for three (3) consecutive five-year terms ("Renewal Term"); and,

WHEREAS, the rental rates will increase for each Renewal Term thereafter by an amount equal to the lesser of three percent (3%) or the percentage increase of the Consumer Price Index for the prior five-year period; and,

WHEREAS, the Tenant will also pay Annual Improvement Rent in equal monthly installments payable on or before the first day of each month throughout the term of the Initial Term; and,

WHEREAS, Annual Improvement Rent shall equal the annual amortization of the total cost of the improvements to the Property, which is more particularly shown on Exhibit C to the Lease Agreement, over an amortization period of 10 years at an imputed interest rate of four percent (4%); and,

WHEREAS, Airport Management recommends approval;

NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners of the Memphis-Shelby County Airport Authority, that the President and CEO is hereby authorized to enter into a Lease Agreement with Federal Express Corporation as set forth herein above.

04-12-18

RESOLUTION

WHEREAS, pursuant to public advertisement, bids were received as follows:

REQUEST FOR BIDS
3130 TCHULAHOMA WAREHOUSE MODIFICATIONS – CONSTRUCTION
MSCAA PROJECT NO. 14-1379-21-01
MEMPHIS INTERNATIONAL AIRPORT
Received March 27, 2018

| BIDDER | BID AMOUNT |
|--|----------------|
| A&B Construction Company, Inc.* | \$1,881,310.00 |
| Carroll's Roofing & Construction Company, LLC* | \$2,892,142.00 |
| F&F Construction Company, Inc.*# | \$2,239,650.00 |
| Grinder & Haizlip Construction Company** | \$2,865,558.00 |
| Information Security & Training, LLC** | \$2,405,054.60 |

**local*

#non-responsive

and,

WHEREAS, the Bids included improvements to the warehouse at 3130 Tchluahoma Road such as roof replacement, interior wall additions, HVAC, exterior LED lighting upgrades, overhead door modifications, fire suppression, security fencing and site drainage repairs, among other things; and,

WHEREAS, the Bids were evaluated according to established criteria; and,

WHEREAS, A&B Construction Company, Inc. was the lowest responsive, responsible bidder; and,

WHEREAS, a number of the improvements included within the proposed contract have been budgeted for by the Authority to make the facility leasable and other improvements, while completed by the Authority under this contract, are specific tenant

improvements and will be reimbursed by the Lessee through an Annual Improvement Rental charge (see prior Agenda item # 4) over a ten (10) year amortization period which equals the Initial Lease Term; and

WHEREAS, Airport Management's Capital Program Executive Staff, by action taken on April 6, 2018, recommends award of the contract for construction services to A&B Construction Company, Inc., for a total fee of \$1,881,310.00; and,

WHEREAS, in furtherance of its Disadvantaged Business Enterprise (DBE) Program, the Airport Authority established a DBE goal of 26% for the full term of this contract;

WHEREAS, A&B Construction is a local, certified DBE contractor and will self-perform approximately 24.5% of the requirement and subcontract the remaining 1 ½ % with another local, certified DBE; and,

NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners of the Memphis-Shelby County Airport Authority, that the President and CEO or his designee is hereby authorized to execute a contract with A&B Construction Company, Inc., as herein described, cost to be paid from 2017 Capital Outlay Carryforward and 2018 Capital Outlay Funds, Roof Replacement 3130 Tchulahoma Road, and other sources identified by the CFO.

04/12/18