



Memphis Shelby-County Airport Authority
Business Diversity Development (BDD)

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BUSINESS DIVERSITY DEVELOPMENT (BDD)

ANNUAL REPORT FISCAL YEAR 2017

Accelerating growth by increasing inclusion and
diversifying our suppliers and partners

MESSAGE FROM THE PRESIDENT & CEO

Memphis International Airport (MEM) is one of the most widely recognized economic engines in the Mid-South. As such, the Memphis-Shelby County Airport Authority's (MSCAA's) core values and the path to its future are critical, which is why we are so proud to share the milestones and future growth of our Business Diversity Development programs with you in this report.

Because it is a vital part of MSCAA's DNA, our diversity programs continues to evolve. One of the key initiatives is to ensure that the programs are a benefit to those we serve. Part of that process began with the renaming of the office from Contract Compliance to Business Diversity Development. The mission is to create partnerships with our community and assist in the development of the business capacity of minority, women-owned, and small businesses.

This report identifies major areas of success in our efforts to level the playing field for minority, women-owned, and small businesses. You will also learn about the launch of our new online portal which helps streamline the reporting process and our upcoming plans to add a new online certification process to minimize the amount of time it takes to get certified.

The Memphis-Shelby County Airport Authority is proud of our accomplishments in leading the charge of minority participation at the airport; as such we will continue our quest to raise the bar as we strive to provide a "positively MEMorable" experience for all who do business with us.

Scott A. Brockman, A.A.E.
President & CEO

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| SUMMARY

The Memphis-Shelby County Airport Authority (MSCAA) Business Diversity Development (BDD) assists minority, women-owned, and small businesses by providing certification, education, training and outreach services.

BDD also establishes goals for minority participation for MSCAA contracts. This annual report details the milestones of the past fiscal year and lays the groundwork for the airport's future BDD initiatives. The report also features examples of successful partnerships between minority and women-owned companies and MSCAA, and

reveals new initiatives to improve our programs.

We are proud of our growing community partnerships with the City of Memphis Office of Business Diversity and Compliance, Shelby County Government's Equal Opportunity Compliance Office and other organizations dedicated to growing business diversity. MSCAA realizes that it plays a significant role in developing the business capacity for the many minority, women-owned, and small businesses in our community.

In Fiscal Year 2017, MSCAA launched B2GNow, a new online portal, to help streamline reporting requirements. The system enables vendors to manage their own records and submit contract payment details online.

BDD has seen a substantial increase in the number of companies approved for certification. At the same time, BDD has decreased the length of time needed to process new applications and renewals. By January 2018, MSCAA will add a new online process that will further decrease certification times.

For federal and non-federal projects, Disadvantaged/Minority/Women Business Enterprises (D/M/WBEs) were awarded 27% of the \$46 million total spent in the areas of construction, professional services and goods and

services contracts. Of these contracts, 95% were awarded to local businesses.

The first-ever MEM Exchange Forum represented a huge milestone for our BDD efforts in 2017, drawing more than 400 attendees. The forum provided an excellent match-making setting for minority, women-owned and small businesses to connect with some of MSCAA's prime contractors and service providers.

BDD continues to expand our network of community partners who support our efforts to level the playing field for minority, women-owned and small businesses. Moving forward, MSCAA is committed to continual growth in its business diversity efforts, as well as ongoing improvement of its diversity programs.

| THE TEAM



SCOTT BROCKMAN
PRESIDENT & CEO



CHRISTY KINARD
GENERAL COUNSEL



JOE CLAIBORNE
SENIOR MANAGER OF BDD



REGINA ARMSTRONG
DBE PROGRAM
ADMINISTRATOR



STEPHANIE JEFFRIES
DBE PROGRAM
ADMINISTRATOR



ANTHONY WHITLOW
CERTIFICATION
SPECIALIST



PATRICK WOODS
CONTRACT
COMPLIANCE
COORDINATOR





BDD GOALS

1. To provide an environment that promotes equal access and maximized business opportunities to D/M/WBE firms seeking to provide goods and services to the MSCAA
2. Increase the visibility of the Business Diversity Development (BDD) office among small and diverse businesses and other agency stakeholders
3. To provide technical and developmental assistance to D/M/WBE firms in order to promote their stability and growth
4. Increase the efficiency of the administrative functions of the BDD office and improve monitoring and tracking of all airport projects
5. To serve the entire community through the process of inclusion, and create and implement initiatives that promote the enhanced economic, business and educational concerns of the community

FEDERAL PROGRAMS

Disadvantaged Business Enterprise (DBE) Program

MSCAA currently operates a Disadvantaged Business Enterprise Program that is regulated and administered by the Federal Aviation Administration (FAA), as authorized by 49 CFR, Part 26. Under this program, there are two separate plans: a construction plan, required by 49 CFR, Part 26; and a concession plan, required by 49 CFR, Part 23, Subpart F.

Airport Concessions Disadvantaged Business Enterprise (ACDBE) Program

MSCAA has established an Airport Concession Disadvantaged Business Enterprise Program in accordance with the regulations of the U.S. Department of Transportation (DOT), 49 CFR Part 23. Memphis International Airport is a primary airport that receives federal funds authorized for airport development and has signed grant assurances that it will comply with 49 CFR Part 23.

It is the policy of MSCAA to ensure that ACDBEs, as defined in 49 CFR Section 23.3, have an equal opportunity to receive and participate in concessions opportunities at MSCAA's airports.

NON-FEDERAL PROGRAMS

Business Diversity Development (BDD) Program

The Business Diversity Development Program is designed to encourage disadvantaged, minority and/or women-owned businesses to participate in requests for bids from MSCAA. The program was created in response to a disparity study, which was commissioned by the Memphis-Shelby County Intergovernmental Consortium. The consortium consisted of eight other governmental agencies and the Greater Memphis Chamber. The study was completed in October 1994 and determined that disparity existed between majority firms and D/M/WBEs.

Small Business Participation (SBP) Program

The Small Business Participation Program is designed to encourage small businesses, without regard to race or gender of the business owner, to participate in requests for bids from MSCAA.



WHAT WE DO

GOAL SETTING

- Calculate the overall FAA participation goals for MSCAA
- Calculate project goals and determine the appropriate percentage of D/M/WBE participation

MONITORING & ENFORCEMENT

- Monitor whether DBE/ACDBE/SBE firms listed on a project are performing the work specified in the contract
- Monitor DBE projects and contract payments
- Mediate non-contractual issues between primes and subs

CERTIFICATION

Certify local companies as DBEs, ACDBEs and SBEs

ADMINISTRATION

- Outreach
- Financial management

| GOAL SETTING

MSCAA is a recipient of federal and state grants that contribute primarily to capital improvement project costs. As a recipient of federal funds for Airport Improvement Projects (AIP), we are required by the FAA (Federal Aviation Administration) to set overall goals for DBE and ACDBE participation, which includes separate goals for car rental and non-car rental concessions. These goals are determined primarily by historical spend data, future project lists, and the disparity study.

Current Goals

MSCAA's overall DBE goal for FY 2017 – FY 2019 is 26.81%. During this three-year goal period, MSCAA expects approximately \$219,930,700 in federally funded contracts. Therefore, at least \$58,963,421 will be spent with DBEs during this goal period.

• DBE	FY 2017 – 2019	26.81%
• ACDBE (Non Car Rental)	FY 2015 – 2017	27.50%
• ACDBE (Car Rental)	FY 2015 – 2017	1.00%

The following ACDBE goals have been submitted to the FAA for approval:

• ACDBE (Non Car Rental)	FY 2018 – 2020	21.00%
• ACDBE (Car Rental)	FY 2018 – 2020	3.00%

Methodology for Setting ACDBE (Car Rental) Goal

The BDD took the following unconventional steps for setting newly submitted ACDBE (Car Rental) goal:

- Collected the detailed expenditures of each car rental company
- Assigned NAICS codes to each expenditure category, by percent of totals to determine "weighting."
- Utilized the DBE/ACDBE availability tables derived from MSCAA's Disparity Study for the analysis of relative availability.
- Worked with each car rental company to calculate a baseline ACBDE goal .
- Discussed adjusting step two of the goal with car rental companies.

| MONITORING & ENFORCEMENT

Business Diversity Development specifically monitors the compliance of DBEs/ACDBEs and prime contractors/vendors. DBB verifies that work committed to DBEs/ACDBEs at contract award is actually performed by the DBEs/ACDBEs by monitoring the work onsite. DBB reviews all contracts, leases, joint venture agreements, or other related agreements to ensure inclusion of all required contract provisions and the firm's commitment to DBEs/ACDBE participation levels.

If it is determined that a problem exists, BDD, in conjunction with the appropriate MSCAA representatives, works with the contractor/vendor to resolve the issue.

| CERTIFICATIONS

NEW DBE
CERTIFICATIONS

35

ANNUAL UPDATE &
INTERSTATE APPLICATIONS

75

ON-SITE VISITS

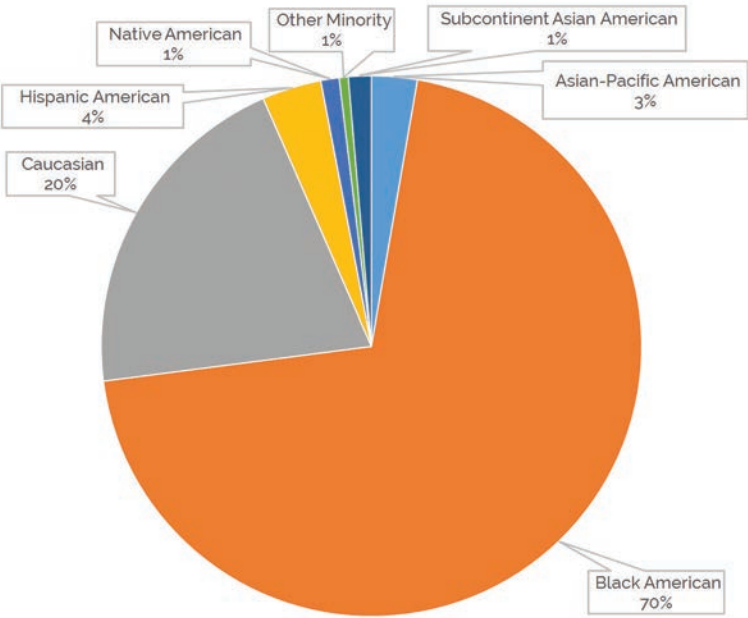
49

DECERTIFICATIONS

18

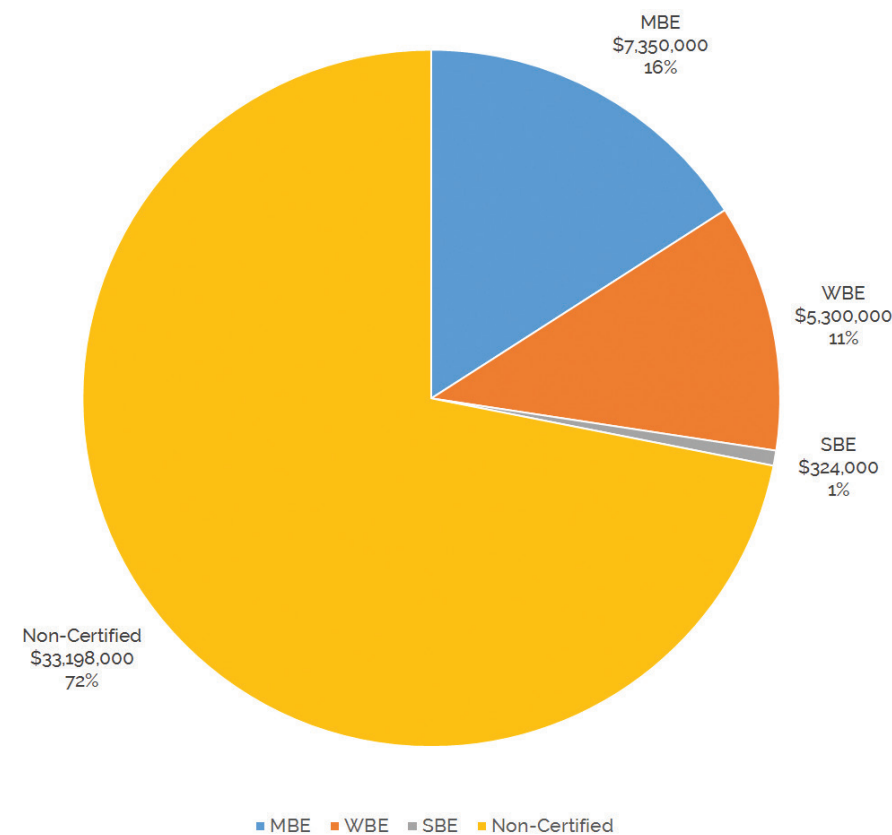
| DATABASE REPORTS

BDD's current database consists of 366 DBE, ACDBE, and SBE files. As a member of the Tennessee Uniform Certification Program (TNUCP), MSCAA has access to more than 1100 certified companies with national ties.



FIRM ETHNICITY	NO. FIRMS	PERCENTAGE
ASIAN-PACIFIC AMERICAN	10	2.7%
BLACK AMERICAN	257	70.2%
CAUCASIAN	75	20.5%
HISPANIC AMERICAN	13	3.6%
NATIVE AMERICAN	4	1.1%
OTHER MINORITY	2	0.5%
SUBCONTINENT ASIAN AMERICAN	5	1.4%

| OUR SPEND



Program Achievements

- Of the \$33,198,000 in Non-DBE spend, 55% (\$18, 206,000) was spent in the local community.
- 60% (\$30,485,000.00) of the total dollars reported was spent in the local community.

| FY17 SPEND

	Q1	Q2	Q3	Q4	TOTAL
	JUL 16-SEP 16	OCT 16-DEC 16	JAN 17-MAR 17	APR 17-JUN 17	
TOTAL DOLLARS EXPENDED	\$10,461,939.78	\$13,629,808.86	\$12,890,449.69	\$23,166,544.55	\$60,148,742.88
INELIGIBLE EXPENSES	\$2,938,488.00	\$2,705,315.39	\$3,022,931.68	\$5,306,856.59	\$13,973,591.66
TOTAL DOLLARS REPORTED	\$7,523,451.78	\$10,924,493.47	\$9,867,518.01	\$17,859,687.96	\$46,175,151.22
DBE (Disadvantaged Bus. Enterprise)	\$1,802,311.60	\$2,821,109.18	\$3,154,575.39	\$4,874,825.91	\$12,652,822.08
TOTAL DBE PERCENTAGE	24%	26%	32%	27%	27%
MBE (Minority Owned Business)	\$1,273,292.30	\$2,132,342.44	\$1,772,446.95	\$2,172,411.35	\$7,350,493.04
TOTAL MBE PERCENTAGE	17%	20%	18%	12%	16%
WBE (Women Owned Business)	\$529,019.30	\$688,766.74	\$1,382,128.44	\$2,702,414.56	\$5,302,329.04
TOTAL WBE PERCENTAGE	7%	6%	14%	15%	11%
SBE (Small Business Enterprise)	\$86,865.00	\$111,718.00	\$91,975.00	\$33,848.00	\$324,406.00
TOTAL SBE PERCENTAGE	1%	1%	0.9%	0.2%	1%
TOTAL CONTRACT DOLLARS (D/M/W/SBE Direct Pay / PO's / Subcontracts / Service Contracts)					\$12,977,228.08
D/M/W/SBE LOCAL SPEND	\$1,721,578.60	\$2,798,377.18	\$3,028,545.39	\$4,730,110.91	\$12,278,612.08 94.62%
D/M/W/SBE NON-LOCAL SPEND	\$167,598.00	\$134,450.00	\$218,005.00	\$178,563.00	\$698,616.00 5.38%

| OUTREACH HIGHLIGHTS

Rental Car Rally

On February 2, 2017, BDD sponsored a Rental Car Rally, which gave rental car companies and minority business owners in the Memphis metro area a chance to meet and make connections for future business opportunities. In order to help rental car agencies achieve the ACDBE goal, BDD invited certified and non-certified minority business owners to participate. The goal was to provide a large group of prospective business owners who can assist rental car companies in achieving ACDBE (Car Rental) goals.

Economic Development Forum

BDD participated in MMBC's 10th Annual Economic Forum from June 27 – 29, 2017. Major corporations, public sector agencies, minority and women-owned businesses, community partners and other community stakeholders convened at the forum for networking opportunities, access to supplier diversity, procurement opportunities and economic inclusion best practices.

Business Diversity Development Workshops

Local disadvantaged, minority and women-owned businesses were able to learn more about doing business at Memphis International Airport (MEM) on March 29, 2017, when MSCAA hosted a business diversity development workshop.

In addition to learning more about upcoming business opportunities at MEM, business owners were able to get more information about becoming a prime contractor with MSCAA, as well as obtaining bonding and capital funding assistance. MSCAA representatives were on hand to assist with answering questions and providing more registration information for MSCAA's BDD programs.

Several other workshops were held throughout the year focusing on the following subjects:

- Destroying Barriers
- Taxi Cab Service
- Rental Cars
- Pest Control
- Roofing
- Ground Maintenance
- Diversity Program Training for MSCAA Employees

MEM Exchange Forum

On Friday, May 12, 2017, MSCAA hosted the MEM Exchange Forum at The Guest House at Graceland. The event was designed to introduce contractors to approximately \$500,000,000 in upcoming contract opportunities. During the forum, MSCAA's development staff and design team members provided in-depth information regarding various projects, such as the approximately \$214 million B Concourse modernization. In addition to providing guidance for doing business with MSCAA, the forum was also geared toward increasing partnerships with local, minority, and women-owned businesses and providing networking opportunities for attendees to meet local and DBE contractors to assist in forming potential bidding teams.



Business Diversity Development & Properties Division Taxi Service Luncheon

In keeping with the guiding principles of MSCAA to "maintain a culture of integrity and collaboration" and "maintain our position as a leader in diversity and inclusion," MSCAA hosted a meet and greet luncheon for taxi cab owners on September 26, 2017.

This meeting gave taxi cab owners and their representatives an opportunity to meet with MSCAA's Director of Properties, the Sr. Manager of Business Diversity Development and the DBE Program Administrators. Taxi owners were able to voice their concerns about airport ground transportation at MEM. BDD staff had the opportunity to discuss the advantages of being ACDBE-certified and the federal requirements for the certification process.

OPPORTUNITIES FOR D/M/WBE GROWTH

MSCAA's Business Diversity Development office continues to work hard to identify areas of potential growth for local minority, small and women-owned businesses. The following areas have been identified as those with greater growth potential for such businesses:

- Pavement Joint Resealing
- Fuel Management
- Fuel Supply
- Fuel Facility Management
- Professional Services
- Legal Services
- Financial Management
- Shelter Market Program
- New Prime Contracts
- Sub to Prime

| SUCCESS STORIES

A&B Construction



Business with MSCAA: *Over the last three years, A & B Construction Co. has been awarded seven airport construction contracts, as prime contractors, totaling over \$4.6 million dollars.*

Brandy Bonner Aden, President

Brandy has worked with A & B Construction Company, Inc. since 1994. Brandy received a Bachelor of Science degree from Christian Brothers University with an emphasis in Information Technology Management. She is a certified Construction Industry Technician through Clemson University, and a Construction Document Specialist through Clemson University. Brandy holds an Unlimited General Contractors License for Tennessee, Mississippi, Arkansas and Louisiana. Brandy currently is a client liaison, estimator and project manager, and her experience includes both onsite and office responsibilities.

Heather Page, Vice President

Heather joined A & B Construction Co., Inc. in 2012. She brings more than 16 years of sales experience to her current role. Heather received a Bachelor of

Science degree with an emphasis in Information Technology Management from Christian Brothers University. Her responsibilities include overseeing the daily operations and visiting all job sites to verify all work is completed according to specification to ensure client satisfaction.

“Our family built this company on the principles of ethical business practices, uncompromising standards of safety and quality, and strong leadership. Our clients know we stand behind our performance and professionalism on each project, and you can trust us to do the same for you. We believe in creating an outstanding product at a competitive price and nurturing high standards of skill and integrity in our team members. We are dedicated to the safety of our staff and our clients. We believe in sustainable and eco-friendly construction because it is the right thing to do for future generations and it makes good business sense for our clients.

We are a licensed construction and remodeling contractor in Tennessee, Mississippi, Arkansas and Louisiana, and work on construction projects within 100 miles of Memphis. We handle large and small jobs, from ground up construction to remodels, tailoring our services to meet client needs.

We want customers for life, and we do everything we can to exceed each customer's expectations on every project. We warrant all of our work and we guarantee 100% satisfaction. Additionally, we promise a 24-hour response on all emergency requests, because we know you can't open for business if your building is damaged.” – Brandy Bonner Aden

Certifications

Woman-owned Business Enterprise (WBE)	DOT Certified
Diversity Business Enterprise (DBE)	Disadvantaged Business Enterprise (DBE)
Small Business Enterprise	Shelby County, Tennessee, Locally Owned
Tennessee Drug-Free Company	Small Business

| SUCCESS STORIES

Gordon James Financial Solutions



Business with MSCAA: *Gordon James Financial*

Solutions is not currently working on an airport contract,

however, they partner with BDD to help businesses

secure financing for projects.

Gordon James Financial Solutions is managed by Keith L. Dillihunt, a former commercial lender with more than 15 years of lending experience.

Dillihunt began his career in banking as a credit analyst, studying under commercial lenders in the Memphis market underwriting and analyzing potential loans for the largest bank in the Memphis. Eventually, Keith was given his own portfolio. "We all begin selling to our friends first," said Dillihunt.

It was then that he experienced one of his most memorable regrets. A middle school friend had just completed dental school and had an opportunity to buy an established dental practice. However, he was saddled with student loans, bruised personal credit and had no business experience. The loan had to be declined per bank guidelines.

"Bank guidelines created high hurdles for start-up businesses, which must stay within the bank's preferred industries and follow personal credit standards at all times. Very rarely would banks approve a line of credit to a business based strictly on accounts receivables. We had very few options for some of the deals we believed in."

After several years of lending in the Memphis market, Keith rose to the ranks of Senior Vice President and manager of the Business Banking Department. Even with additional lending authority and influence, he was still hampered when trying to help a business that was "growing too fast" for the bank.

"Factoring was a possible solution, but we bankers were never told about it. Those that knew about it looked down their noses on factoring."

Keith eventually left banking to work with government financing and tax abatement programs. It was around this time that he discovered what he believed was the final piece in providing true financial help to his clients. So in 2016, Keith formed Gordon James Financial Solutions to help all of those small businesses that struggled with bank requirements.

"At Gordon James, we take the time to find out everything about the client and then offer viable solutions. Sometimes it's factoring, sometimes it's a commercial loan, sometimes it's something else."

| SUCCESS STORIES

DOWCO Construction

Solid education, commitment, creative planning, and quality workmanship paved the way for a perfect mix in the concrete business.

DOWCO won the contract for the primary ground concrete at FedEx Forum. The contract included curbs, gutters, drive inlets, sidewalks, light pole bases, steps into the building, handicap ramps, and the plaza concrete. DOWCO was recently awarded a \$1.4 Million subcontract on our Glycol Management Program Bridges and Site Construction project.

White joined the Mid-South Minority Business Council to become a Certified DBE, which allowed him to expand his resources and contacts and helped him to grow his business. DOWCO maintains its DBE certification through MSCAA's Business Diversity Development office.

White loves the challenges his general contracting business brings and the flexibility required. He credits his wife, Sheila, with keeping him focused on long-term goals when he's had a frustrating day.

Pete Mitchell & Associates



Business with MSCAA: *Pete Mitchell & Associates was awarded a subcontract totaling approximately \$1 Million dollars through Willis and Associates on our Owner Controlled Insurance Program (OCIP).*

Pete Mitchell & Associates are committed to being responsive to their client's total insurance needs in an accurate and timely manner. They strive to provide the highest quality automobile, home, business, life and health products available from the insurance marketplace today.

They recognize that our business can rise or fall, based on our knowledge, effort and commitment to excellence. They focus on building lasting relationships with clients, so that as society advances, and risks change, we can provide solutions to all their insurance needs. They are a professional organization dedicated to providing insurance protection at the most reasonable price to as many people possible. They offer value to our clients by providing them responsive service through knowledgeable, customer-oriented insurance specialists. They focus on treating the public fairly and honestly, and being a respected member of the community.

Pete Mitchell and Associates, Inc. is an independent insurance agency located at 4216 Millbranch Rd. in Memphis, Tennessee. The Agency was established in 1975 as an agency providing student accident insurance to school systems in Memphis and surrounding areas. Pete Mitchell started the agency with a small office and one secretary; it is now staffed with employees experienced in all areas of insurance representing over 100 insurance companies.



| OTHER DBE/SBE VENDORS

VENDOR	TOTAL PAID FY17	CATEGORY	LOCATION
\$1,000,000 & Above			
* A&B CONSTRUCTION CO., INC.	\$2,243,300.00	WBE / DBE	LOCAL
* HORRELL-SELF TUCKER JOINT VENTURE	\$1,002,132.00	MBE / DBE	LOCAL

\$500,000 – \$999,999			
* AIRFIELD, ETC., INC.	\$910,384.00	WBE / DBE	LOCAL
SKB FACILITIES & MAINTENANCE	\$787,749.04	MBE / DBE	LOCAL
TOP NOTCH SECURITY	\$641,443.88	MBE / DBE	LOCAL
* FUEL FACILITY MANAGEMENT, INC.	\$563,108.00	WBE / DBE	NON-LOCAL

\$250,000 – \$499,999			
SUMMERFIELD ASSOCIATES, INC.	\$376,405.00	WBE / DBE	LOCAL
* RED ROVER COMPANY MEMPHIS, LLC	\$335,538.00	WBE / DBE	LOCAL
* ASKEW NIXON FERGUSON ARCHITECTS, INC.	\$324,406.00	SBE	LOCAL
* BEAN AND PRINCE CONTRACTORS, INC.	\$279,320.00	MBE / DBE	LOCAL

* PRIME CONTRACTOR

| COMMUNITY PARTNERS

