

Minutes of the Joint Meeting of MNAA and MPC  
Finance/Administration/Properties Committees



---

Date: July 10, 2019                      Place: Nashville International Airport Board Room  
Nashville, Tennessee

Time: 9:00 a.m.

Committee Members Present: Amanda Farnsworth, Chair; Bill Freeman, Vice Chair;  
Bobby Joslin; and John Doerge

Committee Members Absent: None

Others Present: Jimmy Granbery; Jamari Brown; Dexter Samuels, Board  
Chair; Doug Kreulen; Cindy Barnett; Angela Edwards

---

I. Call to Order

Chair Farnsworth called the meeting of the MNAA and MPC Finance, Administration, and Properties (FAP) Committee to order at 9:00 a.m., pursuant to Public Notice dated July 5, 2019.

II. Approval of Minutes

Chair Farnsworth called for a motion to approve the Minutes of the June 12, 2019 FAP Committee meeting. A motion was made by Commissioner Freeman and seconded by Commissioner Doerge. The motion carried by vote of 3 to 0. Commissioner Joslin joined the meeting after the vote.

III. Chair's Report

Chair Farnsworth had no Chair's Report.

IV. Items for Approval

None

V. Information Items

A. Fraport Transition Update

Ms. Margaret Martin, VP, Chief Development Officer, reported the Mystery Shop RFP was released by Fraport. Mystery Shop is a program where Fraport finds a firm that will mystery shop a location to check for things such as street pricing, hours of operation, customer service, and several other things. Monthly meetings scheduled with new and current concessions operators are ongoing for the next several months. MNAA staff is invited to attend to make presentations to clarify things where there might be some confusion. In the upcoming July meeting, MNAA's diversity team will be covering ACDBE requirements. Fraport launched their customer service initiative called "Wings." The first winner was Lauren Anderson from Nashville Nails.

Lease negotiations are continuing. Fraport is finalizing subleases for ATM and vending as well as food and beverage and retail. MNAA has received two concept designs which are under review with Engineering for locations that are scheduled to open at the end of April 2020.

The Fraport contract with the airport is a ten year agreement that expires in 2029. Some of the tenants that are opening later, for example, the locations in the Grand Hall which would not open until 2023, are telling Fraport they need more time on their lease to amortize their costs to build out a location and start the business. Fraport has come to MNAA staff and asked if MNAA would become a party to these certain subleases so that when the Fraport lease with MNAA ends, the sublease will attorn to the airport to step into Fraport's role to continue the remainder of that sublease to the tenant. MNAA staff thinks this is a good thing for the tenants and the airport. This does not tie the airport to continue with Fraport past the original ten year term if MNAA decides it does not want to do that.

Staff hopes to come back to the Board in August to walk through the details and how to proceed forward with the locations that have this request. There are approximately fifteen tenants that may have this request. The next Executive Review is scheduled for July which will take place with Ms. Martin, President Kreulen and the executive leadership at Fraport. These meetings are held monthly to ensure the projects are staying on track.

Commissioner Doerge inquired as to what would happen to those subleases if MNAA chooses to renew their agreement with Fraport. Ms. Martin stated the subleases would become a sublease between MNAA and the operator at the end of agreement with Fraport in 2029. If MNAA chooses a different concessions operator, those subleases would transfer to the new operator. President Kreulen stated he thought it was important for MNAA to approve those subleases. At this time, MNAA is not extending the term with Fraport until MNAA sees first class performance in bringing the first group of tenants in. This will not only impact the tenants in the Grand Hall but also the restaurants that are

going into Concourse D. Concourse D will open later in 2020 and they will not get a full ten years to amortize their costs if the lease is cut short. President Kreulen stated if the subleases revert to the airport, the airport would have no problem managing the subleases or most likely the airport would transfer the subleases to whoever MNAA might choose after the Fraport agreement ends.

President Kreulen stated the full ten year issue is what is holding up a lot of the subleases for Concourse D and the Grand Hall. Commissioner Joslin stated this was a no-brainer. President Kreulen stated since there is no July Board meeting, staff would like to go with the FAP Committee's support and start working on the subleases to accommodate this request. Chair Farnsworth stated a business cannot operate for five years and expect to amortize its cost. Commissioner Joslin inquired as to the big operators such as HMS Host, Delaware North and Hudson expressing any concerns dealing with Fraport and the agreement. Ms. Martin replied no, that had not been an issue. President Kreulen stated he has had conference calls with Delaware North and their lobbyist in town. The major issues are the lease term which has been discussed, and there are some convoluted partnerships going on and MNAA needs to understand who is really going to be running the businesses in the airport. The airport wants to be able to tell the Board exactly what percentage is minority and how much is local. President Kreulen stated it is permitted for people to come in and partner with a local business to get in the airport but what concerns MNAA most is who is really operating the business. Commissioner Joslin stated this is important because the Board was sold on keeping the operations local and locals running the business. President Kreulen stated MNAA is intending to honor the original agreement of meeting the minority and local operators' numbers as promised.

This item was presented for information purposes only with no action required.

**B. Information Technology Master Plan**

Ms. Marge Basrai, VP, Chief Financial Officer, briefed the Committee on this item. Based on the results of the 2018 PCI audit, two main goals were identified going forward. Those were to obtain and maintain PCI compliance and develop an overall Information Technology Master Plan. Staff have been working on obtaining PCI compliance and have made significant progress on that. That status will be reviewed more in the Audit and Compliance meeting today. The next step is to develop an overall plan for IT. An RFQ will be issued in August 2019 seeking an independent objective needs assessment of the IT department. The firm selected will do reviews and analysis of multiple areas in IT as well as deliver a written report and recommendations to MNAA staff. The results of that assessment will be used to create the Information Technology Master Plan, including information technology governance

such as how decisions revolving around IT strategies and initiatives are made, the staffing model, evaluating the current IT department and assessing if MNAA has the right skills to meet the needs of the Authority and what makes sense for outsourcing versus insourcing. The assessment will report on the strengths and weaknesses of the IT organization structure and how it relates to optimizing service delivery. Network Security and Cybersecurity will be looked at as part of the organizational structure assessment and provide guidance on how to structure and staff that at the Authority. MNAA will look at its current IT practices and make recommendations to ensure MNAA is using the best practices in the industry. Cost savings and efficiency opportunities will be evaluated. Based on discussion with companies that do this type of work, the contract value of the assessment will be approximately \$100K to \$150K. Once awarded, the assessment should take approximately ninety to one hundred eighty days to complete with reports following soon after that.

This item was presented for information purposes only with no action required.

VI. Adjourn

There being no further business brought before the FAP Committee, Chair Farnsworth adjourned the meeting at 9:17 a.m.



---

Amanda C. Farnsworth, Board Secretary