

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



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Date: January 15, 2020 Place: Nashville International Airport Board Room  
Nashville, Tennessee

Time: 9:20 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; Nancy Sullivan; Christy Smith; Board  
Chair Dexter Samuels; Doug Kreulen; Cindy Barnett; and  
Angela Edwards

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I. Call to Order

Chair Farnsworth called the meeting of the MNA and MPC Finance, Administration, and Properties (FAP) Committee to order at 9:36 a.m., pursuant to Public Notice dated January 10, 2020.

II. Approval of Minutes

Chair Farnsworth called for a motion to approve the Minutes of the December 11, 2019 FAP Committee meeting. A motion was made by Commissioner Freeman and seconded by Commissioner Joslin. The motion carried by vote of 4 to 0.

III. Chair's Report

Chair Farnsworth had no Chair's Report.

IV. Items for Approval

None

V. Information Items

A. Series 2019 Bond Proceeds Update

Chair Farnsworth complimented Ms. Marge Basrai, VP, Chief Financial Officer, for her work on the 2019 Bond issuance and thanked her for a job well done.

Ms. Basrai briefed the Committee on this item. After paying off the Note Purchase Agreement (NPA) with Bank of America, MNAA received a net deposit of \$828.5M on December 17, 2019 for bond proceeds on the 2019 A&B Bonds, which were immediately invested in the following:

\$58M (consisting of Construction and Cost of Issuance funds) was deposited into a Money Market Mutual Fund managed by MNAA; and

\$770.5M (consisting of Construction Funds, Debt Service Reserves, and Capitalized Interest Funds) was sent to PFM Asset Management for investing 75% in various Treasuries, 21% in Commercial Paper, and 4% in Money Market Mutual Funds.

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

B. Tennessee State Reports Update

The Committee was given a copy of four State Reports on Debt Obligations that will be filed January 23, 2020 prior to the meeting.

Ms. Basrai briefed the Committee on this item. Two of the State Reports were in connection with the bonds issuance closed in December 2019 for the 2019A Non-AMT Bonds and the 2019B AMT Bonds.

The NPA with Bank of America was paid off on December 17, 2019 when the bond issuance was closed. MNAA can now start to use the additional \$400M on the NPA again and must file this debt with the State. There are two forms for the use of the new \$400M NPA; one for tax exempt draws and one for taxable draws. This is required to be shared with the Board per State statute.

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

C. Fraport Agreement Overview & Transition Update

Ms. Linda Macey, AVP, Revenue Development, briefed the Committee on this item. Ms. Macey provided an overview of the Fraport Agreement (Agreement) in response to a request from Commissioners in November 2019 to provide information on the terms of the Agreement.

Ms. Macey presented a chart of Fraport Revenue for food, beverage, services, news and gifts beginning February 2019 to November 2019 which compared 60% gross monthly revenue to the Minimum Annual Guarantee (MAG).

Ms. Macey went on to report on the Fraport transition and presented a slide in response to a request in December 2019 from the Commissioners for a breakdown of food and beverage. Ms. Macey's slide included a breakdown for all categories available; food and beverage, specialty retail, news and gifts, and service. The categories and number of locations are in line with industry standards.

Ms. Macey gave an overview of projected openings for January 2020, February 2020, March 2020, and April 2020.

Ms. Macey presented slides for Fraport Lease Plans/Locations for Concourse A, Concourse B, Concourse C, Concourse D, Bag Claim Level, and the Grand Hall. These are concepts and could change per Exhibit G to the Agreement.

Questions and discussions ensued regarding financial penalties for non-compliance, the MAG and customer service, and the number of kiosks to supplement closures. Chair Samuels stated he would like to see negotiations between BNA and Fraport on other ways BNA could benefit instead of issuing fines for non-compliance.

Chair Samuels inquired as to the drop-dead date of July 16, 2020 for Concourse D opening as it will be turned over to Southwest Airlines. President Kreulen stated BNA would like to have a celebration for Concourse D opening. The Governor and the head of Southwest Airlines, Gary Kelly, are lined up to attend. President Kreulen stated Southwest Airlines still wants to have a celebration even if all the concepts are not open and operational in Concourse D by July 16, 2020. Southwest's main concern is getting the gates open and in use by July 20, 2020.

President Kreulen stated he wanted to be sure the Board members were on board to have a celebration even if all concepts are not open. Vice Chair Freeman stated he would absolutely be on board and BNA has a lot of good news to share and staff does a great job with public events. The huge news is the Southwest press conference. President Kreulen stated he must know for sure by the end of February whether BNA is on task to open Concourse D and have the celebration. Commissioner Farnsworth stated she thought Vice Chair Freeman made a good point and she agreed that if a couple of the locations are not opened and operational, it would not be an issue. Vice Chair Freeman stated to be sure the locations not open are dry walled off with nice graphics.

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 10:04 a.m.

  
Amanda C. Farnsworth, Board Secretary