

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



Date: August 11, 2021 Place: Nashville International Airport Board Room
Time: 9:30 a.m.
Committee Members Present: Amanda C. Farnsworth, Chairman; Bill Freeman, Vice Chair; John Doerge and Bobby Joslin
Committee Members Absent: None
Others Present: Andrew Byrd; Jimmy Granbery; Nancy Sullivan; Doug Kreulen; Cindy Barnett; Lisa Lankford and Sabrina Troy

I. Call to Order

Chairman Farnsworth called the meeting of the MNA and MPC Finance, Administration, and Properties (FAP) Committee to order at 9:32 a.m., pursuant to Public Notice dated August 6, 2021.

II. Approval of Minutes

Chairman Farnsworth called for a motion to approve the Minutes of the July 14, 2021 FAP Committee meeting. Commissioner Joslin made a motion and Vice Chair Freeman seconded the motion. The motion carried by vote of 4 to 0.

III. Chairman's Report

Chairman Farnsworth had no Chair's Report.

IV. Items for Approval

A. New Cargo Tenant Lease Agreement for Air Cargo Building

President Kreulen introduced Josh Powell, Director, Airline Affairs & Air Service Development. Mr. Powell briefed the committee on the space lease and rental abatement for LGSTX Services, Inc. and requested that the Committee recommend that the Board approve the lease and authorize the Chairman and President and CEO to execute the lease. The proposed Cargo lease agreement is for 39,157 sq ft office/warehouse space and 67,518 square feet exclusive vehicle parking area and will support 2x daily cargo flights. In preparation for the proposed lease, three existing tenants were relocated on property to allow the buildout.

The tenant is completing \$1.5M improvements to warehouse, office and parking areas; staff recommends a 50% abatement in rent for up to \$750,000 @ \$150,000/year for 5 years (50% of total cost of improvements).

Vice Chair Freeman made a motion to approve the New Cargo Tenant Lease Agreement for Air Cargo Building, and Commissioner Joslin seconded the motion. The motion carried by vote of 4 to 0.

B. Sublease Agreements by/between Fraport and TRNA Nashville, LLC

The term of the Master Lease and Concession Agreement in place with Fraport, Tennessee is February 1, 2019 – January 31, 2029. If terms extend beyond January 31, 2029, MNAA must become a party to the sublease so that all rights and obligations of the sublease attorn to MNAA at the expiration of Fraport's Lease and Concession Agreement. The sublease includes Tennessee Tribune and has an ACDBE goal of 40%. Staff requests the FAP Committee recommend to the Board of Commissioners that it approve the sublease between Fraport, TRNA Nashville, LLC and MNAA, so that all rights and obligations attorn to MNAA at the expiration of Fraport's Lease and Concession Agreement; and authorize the Chair and President & CEO to execute the sublease.

Vice Chair Freeman made a motion to approve the sublease agreements by/between Fraport and TRNA Nashville, LLC, so that all rights and obligations attorn to MNAA at the expiration of Fraport's Lease and Concession Agreement. Commissioner Doerge seconded the motion. The motion carried by vote of 4 to 0.

C. Sublease Agreements by/between Fraport and Ole Red Nashville, LLC

The term of the Master Lease and Concession Agreement in place with Fraport, Tennessee is February 1, 2019 – January 31, 2029. If terms extend beyond January 31, 2029, MNAA must become a party to the sublease so that all rights and obligations of the sublease attorn to MNAA at the expiration of Fraport's Lease and Concession Agreement. Staff requests the FAP Committee recommend to the Board of Commissioners that it approve the sublease between Fraport, Ole Red Nashville Airport, LLC and MNAA, so that all rights and obligations attorn to MNAA at the expiration of Fraport's Lease and Concession Agreement. This sublease has an ACDBE goal of 0%. The request for approval is contingent on coming to terms that are acceptable to all parties before August 18th Board Meeting. The final negotiations deal with sales guarantees. MNAA has the option to approve an extension to term from 1-5 years at MNAA's sole discretion.

Ryman Hospitality will manage Ole Red and we are proud that this is the inaugural Ryman Hospitality restaurant that has been placed in any airport.

Secretary Doerge made a motion to approve the sublease and Vice Chair Freeman seconded the motion. The motion carried by vote of 4 to 0.

V. Information Items

A. BNA Concessions Program Update

Paslay Management Group (PMG) is onsite for concessions leadership with Margaret McKeough, President, PMG Advisory services; Martha Hernandez, Associate Principal and Colleen Von Hoene, Associate Principal. They have created a stoplight chart to providing information on the 12 locations opened for business, information on the 9 locations currently in construction, and information on the 9 locations at risk of not opening by December 31, 2021. Six of 9 concessionaires are still working on design with no permits. On August 9, 2021, President & CEO Kreulen met with Fraport USA/AG executives and they understand our score card and our desire for moving forward. Fraport should make every possible effort to expedite the completion of design & construction of the 9 locations at risk. President Kreulen commended PMG and the expertise of these ladies that are working towards a December 31, 2021 goal.

MNAA is preparing a draft 5th Amendment with a goal of presenting to committee for review on September 8, 2021 and Board approval on September 15, 2021.

This item was provided for informational purposes only with no action required.

B. Quarterly Retirement/OPEB/Treasury Investment Reports

Sharon Sepik, MNAA Director Treasury, advised as of June 30, 2021, the Retirement Plan was 106% funded with an increase in market value of \$12.8M or 116% over the June 30, 2020 market value. The OPEB Plan was 159% funded as of June 30, 2021, with an increase in market value of \$9.6M or 128% over June 30, 2020 market value and both plans out-performed the benchmarks.

During the 4Q21, investment funds were \$830.2M or 99.1% of total available funds. The fourth quarter earnings were lower than the previous year because the decline in market rates and MNAA had \$185M less available funds. Also during 4Q21, staff worked on placing money market funds into a commercial paper ladder to pick-up additional yields. Demand Deposit Account (DDA) cash remained low at 0.9% of total available funds outperforming the internal goal of 8% maximum of total available funds in DDA funds.

This item was provided for informational purposes only with no action required.

C. Retirement Plan Administrative Services Contract (Voya)

The Retirement Administrative Services for the administration of MNAA's Section 401(a) Profit Sharing Plan #107861; Section 401(a) Profit Sharing Plan #107401 and 457 Deferred Compensation Plan #302576 will be managed by Voya Financial.

Ms. LaRoche introduced the committee to Joe Harrell, Vice President Institutional Clients, from Voya Financial and Zach Karas, Principal, from Retirement Plan Advisors (RPA). Both will work in partnership to provide services to our plan. VOYA Financial will be the fiduciary for our participants and RPA will be consultant and fiduciary for the plan itself. The term is 3 years with two 1-year renewal options; the contract start date is January 1, 2022. MNAA received 6 proposals and 3 were shortlisted for interviews.

The key strengths of the companies selected are readiness to serve as a fiduciary agent to the Authority; strong support as a plan sponsor; local representation; deep expertise in the management of public sector retirement plans and listing on Fortune 500.

Costs associated with this contract are covered as part of the fees charged to participating employees.

This item was provided for informational purposes only with no action required.

VI. Adjourn

With a motion from Vice Chair Freeman and a second from Commissioner Joslin and there being no further business brought before the FAP Committee, Chairman Farnsworth adjourned the meeting at 9:54 a.m.


Joycelyn Stevenson, Board Secretary