

Minutes of the Joint Meeting of the
MNAA Board of Commissioners
and MPC Board of Directors



Date: August 18, 2021

Place: Nashville Airport Boardroom

Time: 1:00 p.m.

Board Members Present:

Bill Freeman, Chairman; Nancy Sullivan, Vice Chair; Joycelyn Stevenson, Secretary; Andrew Byrd, Bobby Joslin, Jimmy Granbery, Dr. Glenda Glover

Board Members Absent:

None

Others Present:

Doug Kreulen, Cindy Barnett, Lisa Lankford and Sabrina Troy

I. Call to Order

Vice Chair Freeman called the MNAA Board of Commissioners and MPC Board of Directors meetings to order at 1:00 p.m., pursuant to the Public Notice dated August 13, 2021.

II. Approval of Minutes

Vice Chair Freeman called for a motion to approve the Minutes of the July 21, 2021 Joint Meeting of the MNAA Board of Commissioners and MPC Board of Directors. A motion was made by Commissioner Joslin and seconded by Commissioner Sullivan. The motion carried by vote of 7 to 0.

IV. Chair's Report

Vice Chair Freeman commended Commissioner Joslin for his leadership and service to the MNAA Board. He thanked Commissioner Joslin for everything that he does.

Vice Chair Freeman stated that he and the Board are recognizing three members for their outstanding service and turned it over to President Kreulen for presentation. President Kreulen advised that Commissioner Farnsworth and Commissioner Doerge recently left the Board as of August 16, 2021 and Commissioner Smith's term expired on August 17, 2021 and we are very lucky to have Dr. Glover replace Christy Smith. With these recent changes, we will recognize them for their outstanding service in September or October.

Vice Chair Freeman advised that he had the honor of working with Dr. Glover on her foundation board for 16 years and he had served on the Tennessee State University (TSU) board for four years and he

has a long history of watching her lead complex organizations and accomplish great things. He stated that she will be a tremendous asset to this Board, to this city and to this airport. Additionally, Commissioner Glover ran an airport for a number of years and has experience with all the issues that we have to deal with. Vice Chair Freeman expressed his excitement to have Dr. Glover on this Board and wanted everyone to acknowledge her.

Vice Chair Freeman then announced the acknowledgement of two additional superstars, Trey Harwell, former Board Chair, long-time Board member, and great friend. He then turned the meeting over to President Kreulen to move forward with the acknowledgement. President Kreulen mentioned that his first name changed from Trey to Commissioner then to Chairman. He also stated that the Board had been very supportive in preparing a resolution that documents his service to MNAA and Chairman Freeman will present it to Chairman Harwell and thank him for his service. President Kreulen presented Mr. Harwell additional items of commemoration and the room acknowledged it. Mr. Harwell thanked the Board and advised that it had been an honor and privilege to serve this airport and our city and he has made some very close friends throughout his 8 years of service.

Vice Chair Freeman stated that we had another special guest today, former Commissioner Kevin Crumbo. President Kreulen thanked Mr. Crumbo for his service, his direction and expertise on our financial security and all that he had done for the Board.

Vice Chair Freeman explained that we had a downsizing of the Board due to the U.S. Census where we lost two very important Board members, Chairman Farnsworth and Secretary Doerge, and now have two officer seats that need to be filled.

Approval of Board Officers

Commissioner Joslin then made the first motion to elect Vice Chair Freeman as Board Chairman and was seconded by Vice Chair Freeman. Next, Commissioner Joslin moved to elect Commissioner Sullivan as Board Vice Chair and Commissioner Stevenson as Board Secretary. The motion was seconded by Vice Chair Freeman.

These terms will expire on June 30, 2022.

Commissioner Joslin made a motion to approve Board officers as presented at the Board meeting and Vice Chair Freeman seconded the motion. The motion carried by vote of 7 to 0.

V. President's Report

President Kreulen reported on the recent press release from Contour Airlines non-stop service to Indianapolis, Indiana starting on October 12, 2021. He also advised that he attended the Nashvillian of the Year banquet on July 29, 2021 where Agenia Clark, President and CEO of the Girl Scouts of Middle Tennessee, was honored for her business leadership, community involvement and philanthropic spirit.

President Kreulen elaborated on the 2021 National Aviation Merit Award we received from Design-Build Institute of America (DBIA) for the design/build of Concourse D, commending Hensel Phelps; Fentress Architects; Magnusson Klemencic Associates Specialty Contractors; GNS Mechanical Systems, Isec, JCI, Langan Nashville Machine; and Wolfe and Travis. President Kreulen stated he was very proud of the program and thanked Ms. Traci Holton.

President Kreulen advised that we met Alex Walsh, Olympic Silver Medalist, upon her arrival from Tokyo to celebrate her achievement. He also elaborated on the Department of Public Safety (DPS) on how they are always engaged in the local community events. Officer Comp, Officer Eady, and Officer Drown participated in the National Crime Out Against Crime on August 4, 2021.

Additionally, President Kreulen stated that he is very happy with the promotion of Stacey Nickens, AVP, Corporate Communications, to serve as airport spokesperson where she will oversee internal and external communications, community relations, special events and campaigns, and the Arts at the Airport program. President Kreulen stated that he was very proud to serve with her.

Governmental Relations Update

On July 28, 2021, President Kreulen attended the State of Williamson County with Mayor Rogers Anderson. Williamson County is the largest contributor of passengers to Nashville International Airport second to Davidson County, and 516 people move into Williamson county each month. Those additional residents underscore the need for more air service to accommodate the passengers. On August 4, 2021, MNAA hosted Congressman Jim Cooper for an airport tour discussing PFC's, Federal AIP and State Funding Model. Also on August 4, 2021, President Kreulen met with Butch Eley, Commissioner of Finance & Administration. Commissioner Eley and the governor have been instrumental in securing funding for airports throughout the state. The Governor, the legislators, Commissioner Eley and Commissioner Bright are working on overhauling the Transportation Equity Fund to assist Tennessee airports due to our economic outputs.

Airline Use & Lease Agreement Update

President Kreulen reported that Marge Basrai, CFO, is leading our negotiations with the airlines with the kick-off meeting held on July 29, 2021 to develop a new use and lease agreement. In 2015, we went from a residual airline agreement to a compensatory agreement. We are in preliminary discussions and managing our future. Our current agreement expires on June 30, 2022. Another meeting is scheduled in the very near future.

Enplanement Update

President Kreulen advised the Board that our passenger numbers are currently above the FY22 moderate recovery projection. We are also above our FY19 levels and just at the number of passengers that our Master Plan 2022 baseline forecast said we should be, assuming there was no pandemic. July FY22 performed at 840,374 enplanements, which is 17% over July FY19. President Kreulen stated that we are on the right path to recovery with 30k to 40k passengers above what we experienced prior to the pandemic.

President Kreulen elaborated on the next 120-day board approvals needed and will keep the commissioners aware of what is upcoming.

Events Scheduled

- JWN Air Traffic Control Tower Opening (September 1 @ 7:00 am)
- JWN Air Traffic Control Tower Celebration (September 8 @ 1:00 pm)
- Hotel Groundbreaking (September 15 @ 11:00 am)
- Golf Tournament (October 14)
- CEO/Board Retreat (October 20, NALC)

VI. Approval Items

A. New Cargo Tenant Lease Agreement for Air Cargo Building

President Kreulen introduced Josh Powell, C.M., Director, Air Service Development. Mr. Powell briefed the Board on the space lease and rental abatement for LGSTX Services, Inc. and requested that the Board authorize the Chairman and President and CEO to execute the lease. In preparation for this space lease, MNAA executed an early access agreement to allow tenant investment in the build-out of 4 suites. The tenant is completing approximately \$1.5M improvements to the warehouse, office and parking areas, with 50% abatement for that investment – abatement for up to \$750,000 @ \$150,000/year for 5 years (50% of total cost of improvements). This work benefits the Authority by making substantial improvements to the facility which the airport would not otherwise be able to complete for this tenant in this amount of time. The new tenant and related cargo operations will

produce significant revenue for the Airport Authority through rent and operational revenue throughout the 5-year term of the agreement with one 2-year mutual option. This agreement consists of warehouse and office space which totals 39,157 square feet which equates to a total of \$458,356 for the first year with a 2.5% annual escalation. Mr. Powell stated that this item was presented to the FAP Committee on August 11 and we are recommending this to the Board.

Chairman Freeman advised that the GAOPE Committee unanimously voted to recommend approval and asked for a motion to approve. Commissioner Joslin made a motion to approve and Vice Chair Sullivan seconded the motion. Further discussion included Commissioner Granbery asking if this was a gross or a triple net lease and Mr. Powell advised that it was a triple net as the tenant is responsible for all of the utilities as well as all the maintenance inside the building. The only maintenance that MNAA is responsible for is the shell and roof of the building. The motion carried by vote of 7 to 0.

B. Fraport Sublease with TRNA Nashville, LLC

President Kreulen introduced Paslay Management Group (PMG) concessions leadership, Margaret McKeough, President, PMG Advisory services, Martha Hernandez, Associate Principal and Colleen Von Hoene, Associate Principal, advising that he and the staff are appreciative for what they have done for MNAA and we look forward to their leadership moving forward and thanked them for joining our team.

President Kreulen turned it over to Martha Hernandez. Ms. Hernandez requested that the Board of Commissioners approve the Fraport sublease with TNRA LLC. The term of the Master Lease and Concession Agreement with Fraport expires January 2029 and because the sublease extends beyond the 2029 expiration date MNAA must become a party to the sublease. The sublease includes two locations for the Tennessee Tribune and has an ACDBE goal of 40%. This item was presented to the FAP Committee and staff requests Board approval of the sublease between Fraport, TRNA Nashville, LLC and MNAA.

Chairman Freeman asked for a motion and Commissioner Glover moved to approve and Commissioner Joslin seconded and the motion carried by vote of 7 to 0.

C. Fraport Sublease with Ole Red Nashville Airport, LLC

Ms. Hernandez then asked for approval of the sublease between Fraport Tennessee 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, and as it extends beyond January 2029, MNAA must become a party to the sublease. Staff presented this to the FAP Committee on August 11, 2021 with full approval and recommendation for Board approval. This sublease has an ACDBE goal of 0%. MNAA has the option to approve an extension to term from 1-5 years at our sole discretion. Ryman Hospitality will manage

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

Commissioner Byrd moved for approval and Vice Chair Sullivan seconded the motion. The motion carried by vote of 7 to 0.

D. Satellite Concourse Additional Funding

President Kreulen introduced Ms. Traci Holton, VP, Chief Engineer and Deputy COO, who briefed the item. This request is for \$3.5M in additional funding for an additional 4,500 square feet required to meet an optimal LOS for larger aircraft that increases average holdroom from 2,566 to 3,140 square feet. This will provide optimal conditions for both concessions and holdroom. This will also enhance the wayfinding and signage for travelers. Ms. Holton advised that passengers will enter into C-Concourse (C6) to find the bus gate and it is most intuitive to sign the satellite as a C-gate. The satellite concourse gates will be numbered C4 – C12, which will be accessed at the current C6 holdroom location. The design will include installation of interactive directories for concession opportunities, bus ride times/locations/durations and marquee signage required to ensure visibility, ease of use and wayfinding for the best customer experience. Project contingency did not change with this item. This will change it from a \$89M project to a \$92.5M project.

Ms. Holton presented to the BNA Vision Committee on August 11, 2021 and asked the Board of Commissioners that it authorize an increase to the Satellite Concourse project budget in the amount of \$3,500,000.

Commissioner Joslin advised approval was made by the BNA Vision Committee and he brought it to the full Board as a motion for approval. Commissioner Granbery seconded the motion. The motion carried by vote of 7 to 0.

VI. Informational Items

A. JWN Redevelopment Update

President Kreulen advised that C2 and E3 footers and slabs are being constructed while fabrication of the hangars continue. President Kreulen thanked Jeff Roach, AVP, Executive Director JWN, for running the lottery and getting us to this point. He referenced the chart showing the number of applicants for each hangar size.

Hangar Size	Building	Lottery List	Results
42' t-hangar	40	52	Shortfall of 12 units
48' t-hangar	38	11	27 units available
60' x 60' box hangar	12	12	Full occupancy

The twelve applicants over will be offered a 48' hangar at \$110 more per month, then with the remaining fifteen 48' hangars tenants could choose to move to a new hangar therefore leaving additional 42' hangars. We are accommodating everyone and still have hangars remaining.

Commissioner Granbery asked about altering a bank of 48' hangars to 42' hangars but Ms. Holton advised that all materials had been ordered and that was not an option. Commissioner Granbery stated that it looked like 42' hangars were more popular. President Kreulen advised that we rebuilt based on the surveys taken from the JWN tenants. President Kreulen also advised that no tenants are able to modify the hangars like they have previously.

B. BNA Concessions Program Update

Paslay Management Group (PMG) is onsite for concessions leadership, and President Kreulen introduced Margaret McKeough, President, PMG Advisory services; Martha Hernandez, Associate Principal and Colleen Von Hoene, Associate Principal. They have created a stoplight chart 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 concessioners 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 professionals that are working towards a December 31, 2021 goal.

President and CEO Kreulen stated that in 2019 we were at 52 businesses down to 8 businesses due to the pandemic and we're building it back to 90. By December 31, 2021, we will have 41 to 46 of those locations open. Our team with PMG and our staff are diligently planning what happens in 2022 and 2023.

C. Quarterly Retirement/OPEB/Treasury Investment Reports

Mr. Kreulen stated that Sharon Sepik, Director Treasury, gave us a great update on our treasury accounts. We continue to outperform the benchmarks on our Retirement Plan and OPEB Plan, and both are funded at over 100%. All of our cash accounts are currently invested at 99.1% in the market.

D. Retirement Plan Administrative Services Contract (Voya)

President Kreulen advised that Gale LaRoche, VP Administration, had made a presentation to the FAP Committee regarding 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. MNAA had not competitively solicited the management of our plan for 20 years and after an RFP the Retirement Plan administration has been awarded to Voya Financial. 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 starts January 1, 2022 when we will transition from ICMA to VOYA.

E. Hotel Update

President Kreulen advised that on August 2, 2021 he and Ms. Marge Basrai, EVP and CFO, had a great meeting with Chartwell Hospitality and a good call on August 17 to advise that Chartwell is evaluating four proposals for the construction of a Hilton branded hotel on property.

F. Internal/External Audit Update

President and CEO Kreulen stated that Lisa Lankford, VP and Special Assistant to the President, provided information on our Red Flag reporting stating that we have closed the one open Red Flag report that we had, and our audit findings continue to be manageable at 28 down from 800 several years ago. We also have an external audit starting soon and Marge Basrai, EVP and CFO and Kristen Deuben, VP Finance and Deputy CFO, will monitor in hopes that it will be completed by late September 2021.

Chairman Freeman asked that President Kreulen elaborate on previous management's procedures that maintained \$250M in cash for many years with no investment and President Kreulen advised that we went from 0% invested in 2019 to 99.1% invested currently.

VII. Adjourn

There being no further business brought before the Board, Chairman Freeman made a motion to adjourn. Commissioner Granbery seconded the motion. The motion carried with a vote of 7 to 0, and the meeting adjourned at 1:43 p.m.


Joycelyn Stevenson, Board Secretary