

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



Date: November 17, 2021

Place: Nashville Airport – Tennessee 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:

Others Present:

Doug Kreulen, Neale Bedrock, Cindy Barnett, Lisa Lankford, Ginger Cork, and Sabrina Troy

I. Call to Order

Chairman Freeman called the MNAA Board of Commissioners and MPC Board of Directors meeting to order at 1:00 p.m., pursuant to the Public Notice dated November 12, 2021.

II. Approval of Minutes

Chairman Freeman called for a motion to approve the Minutes of the October 20, 2021 Joint Meeting of the MNAA Board of Commissioners and MPC Board of Directors and the Minutes of the October 20, 2021 MNAA Board Retreat. A motion was made by Commissioner Joslin and seconded by Secretary Stevenson to approve all minutes. The motion carried by vote of 7 to 0.

IV. Chair's Report

Chairman Freeman did not have a Chair's report.

V. President's Report

Doug Kreulen, President and CEO, thanked Sabrina Troy for her time as Staff Secretary to the Board and her time at MNAA. He introduced Ginger Cork, Executive Assistant to the President, who will serve as Staff Secretary to the Board. President Kreulen also introduced and welcomed Matt Jennings, Vice President, Fraport USA, Nashville. Mr. Jennings introduced other Fraport guests to include Mr. Mike Mullaney, CEO, Fraport USA, and from Fraport AG offices in Germany, Mr. Holger Schaefer, Mr. Balint Szentivanyi, Mr. Karl Heinz-Dietrich and Ms. Manto Charitos.

President Kreulen congratulated Commissioner Granbery on being named Nashville Business Journal's 2021 Power 100 Heavy Hitters.

President Kreulen congratulated Ms. Traci Holton, Chief Engineer and Deputy COO, for receiving the 2021 Design Build Institute of America National Award of Excellence in Aviation for her work on Concourse D and our ticketing wing. Ms. Holton was also congratulated for being appointed to serve on the Board of Directors for the Association of General Contractors of America, Middle Tennessee Branch.

President Kreulen reported that JE Dunn was awarded the Eagle Award from the Associated Builders & Contractors, Greater Tennessee Chapter 2021 Excellence in Construction, for their work on the John C. Tune Air Traffic Control Tower.

President Kreulen congratulated DPS Officers and K-9 Officer Havoc for receiving the Middle Tennessee Officer of the Year Award from the State of Tennessee Narcotics Officers Association, Middle District of Tennessee and for also receiving the Award of Recognition for his Community impact on Narcotics Enforcement as well as recognition for the largest fentanyl seizure in the State of Tennessee in 2021. President Kreulen also congratulated 6 officers who recently graduated from the Blount County Sheriff's Office Regional Training Academy.

President Kreulen congratulated Ms. Marge Basrai, EVP, Chief Financial Officer, on receiving the Finance Professional of the Year from ACI-NA 2021.

President Kreulen was pleased to report MNAA employees gave a total of \$40,235 in donations to United Way of Greater Nashville, Make a Difference Campaign. This is the highest giving total we have achieved in the last 5 years. 57 different organizations will benefit in this campaign.

British Airways will resume service to BNA 3 days a week starting on December 9, 2021. British Airways' original launch was May 18, 2018 and they ceased operations on March 17, 2020 due to the pandemic. This marks 632 days since the last British Airways Flight.

President Kreulen provided the upcoming 30 / 60-day approval and information items, as well as events planned for the December 2021 and January 2022 Committee and Board meetings. He also presented the CY2022 Committee & Board Calendar which also outlines 2022 Conference Opportunities. Special attention was made to the calendar invite coming from a new email address, which is "MNAA Executive Office".

President Kreulen briefed the Board on FY22 BNA enplanements. November is averaging 25,547 daily enplanements, and the fiscal year is expected to finish at a record level. Commissioner Glover asked if the chart is showing that we are projecting down for December, and President Kreulen explained these are normal historical passenger trends at Nashville. Summer does well, there is a peak for Fall Break, and then as the holidays and winter come in, there is less travel. After the first of the year, levels rise back to the summer highs. Commissioner Glover also asked if we benchmark with the other airports are we in line with the other peer airports. President Kreulen reported BNA is way above its peers. Prior to the pandemic BNA was the 31st biggest airport in the United States. During the pandemic, with the loss of international flights, BNA range from #15 to #25. Data from last year that the FAA published shows BNA about #27 or #28. BNA is in the top 30 in the United States now, well above its peers, and passing Portland and Honolulu, which used to be right above BNA. Once international travel opens, it will be a close competition.

VI. Approval Items

A. Arts at the Airport Foundation Board Appointments

President Kreulen introduced Ms. Stacey Nickens, AVP, Corporate Communications, who briefed the Board on this item.

Ms. Nickens requested that the Board of Commissioners appoint Teri Alea and Monchiere' Holmes-Jones to the Arts at the Airport Foundation Board of Directors, effective January 1, 2021, with term ending December 31, 2022.

Commissioner Glover made a motion to approve as presented and Secretary Stevenson seconded the motion. The motion passed by vote of 7 to 0.

B. Satellite Concourse CGMP 2 of 3

Ms. Traci Holton, VP, Engineering and Deputy COO, briefed the Board on this item. She requested the Board of Commissioners authorize the Chair and President and CEO to execute CGMP 2 of 3 for the Satellite Concourse to Holder Construction Group for \$22,507,603 NTE. CGMP 2 consists of utility infrastructure, hydrant fueling, structural steel and structural precast and the remaining general requirements and general conditions. There is no change to the SMWBE commitment or the schedule. The contractor is Holder Construction Group, LLC out of Atlanta, Georgia.

Total Contract Cost:

CGMP #1 (PreCon, Design)	\$12,653,688
CGMP #2 (Infrastructure)	\$22,507,603 NTE
CGMP #3	\$ TBD
Estimated GMP	\$78,000,000

Commissioner Byrd made a motion to approve, and Secretary Stevenson seconded the motion. The motion passed by vote of 7 to 0.

C. TARI Acceptance of Telecomm Provider Infrastructure Fees

Ms. Holton briefed the Committee on this item. She requested that the Board of Commissioners authorize the Chair and President and CEO to execute licenses and receive fees associated with telecommunication service relocations in an amount up to \$2,848,222. The license fees are for the telecommunication companies that will have to relocate as part of the TARI Project. The consolidated duct bank will be constructed to not be impacted by future project construction. The exclusive use license fee consists of construction cost and property access fee, and it is a onetime charge not to exceed \$2.85M. Ms. Holton presented a breakdown of the fees for each company, including AT&T, Comcast, Century Link and Verizon.

Commissioner Glover made a motion to approve, and Secretary Stevenson seconded the motion. The motion passed by vote of 7 to 0.

D. Beyond Vision Program Concept and Schedule

President Kreulen thanked Commissioner Joslin for the emphasis and focus he put on long range strategic planning when he was chair, and he thanked Chairman Freeman for his focus on the future of Nashville. President Kreulen briefed the Board on the Beyond Vision Program. This program addresses 2 challenges: 1) Baggage Handling System (BHS) Deficiencies and 2) Gate Shortfalls. The proposed program meets BHS requirements through 2037 and gate requirements through 2041. From 2021 to 2041 enplanements are projected to increase from 7.7M to 15.1M, gate needs are projected to increase from 43 to 69 and operations are projected to increase from 534 to 900.

The 2-phase plan first extends Concourse D, with the 5 gates serving as an empty chair for construction of a new Concourse A. This plan requires temporary relocation of air freight functions, until a new Air Freight building can be constructed after the Donelson Pike relocation. After the 5 additional gates in Concourse D open, airlines would be moved off Concourse A and it would enter construction. The new

Concourse A would have 16 gates, resulting in a total of 69 gates, which would accommodate future growth and allow airlines additional expansion opportunities through 2041.

President Kreulen presented a timeline throughout the course of the program development which includes significant investment in our BHS, extending Concourse D, building a new air Freight Building, and building a new Concourse A.

President Kreulen requested that the Board of Commissioners approve the proposed concept and schedule for the Beyond Vision Program and authorize the President and CEO to develop a plan, not to exceed \$1M in development costs, for the proposed concept to further expand the Nashville International Airport.

Chairman Freeman thanked Commissioner Joslin for his involvement in this process for the past 13 years and asked him to present the motion to approve. Commissioner Joslin discussed how BNA is setting the pace for the city of Nashville and that he is proud to be a part of this Vision. Commissioner Joslin made a motion to approve as presented and Commissioner Granbery seconded the motion. The motion carried by vote of 7 to 0.

E. Amendment 10 to Paslay Management Group (PMG) Contract

Marge Basrai, EVP, Chief Financial Officer, briefed the Board on this item. On July 2021, MNAA asked PMG to assess the concessions program and provide support to ensure Fraport remained on track with concession openings. These are billed under the existing Executive Advisory services in the current contract. In October 2021, based on PMG's performance and improvements made to the program overall, MNAA outsourced the internal management of the concessions program to PMG.

Up to four PMG staff will be used to manage the concessions program -- two staff dedicated at 100% and two staff dedicated at 50%. The total increase to the contract through August 2023 is \$3,850,000 (Contract Year 6: \$1,870,000, Contract Year 7: \$1,980,000). All costs are not-to-exceed amounts and time is billed hourly as needed. With these changes, PMG's overall contract authorization is increased from \$10.4M to \$14.3M.

Prior to this amendment, funding was all bonds because it was through the Vision program. The portion now that is going to be supporting concession management will be funded through O&M.

Ms. Basrai recommended that the Board of Commissioners authorize the Chairman and President and CEO to execute Amendment #10 to the PMG contract, modifying the total NTE by \$3.85M.

Commissioner Byrd made a motion to approve as presented and Commissioner Granbery seconded the motion. The motion carried by a 7 to 0 vote.

F. Short Term Credit Facility - 2nd Amendment to Note Purchase Agreement (NPA) with Bank of America, N.A. (BofA)

Ms. Basrai briefed the Board on this item. On January 7, 2019, MNAA entered into a NPA with BofA to help start the financing of capital. On November 26, 2019, MNAA entered into the 1st Amendment with BofA, which increased the commitment to \$400M. In September 2021, with the initial maturity date of the NPA of January 7, 2022, staff started negotiating the terms for the remaining two years of the 5-year commitment.

Summary of terms for Second Amendment:

- \$300M available commitment
- Maturity date of January 7, 2024
- Tax-Exempt rate of 80% of BSBY + 42 bps
- Taxable rate of BSBY + 52 bps
- Commitment Fee:
 - o Available Commitment > 50% = 20 bps (0.20%)
 - o Available Commitment < 50% = 0 bps (0.00%)
- Accordion feature from the 1st Amendment removed

Ms. Basrai stated there were two resolutions related to the NPA amendment:

1) MNAA Resolution No. 2021-14, Initial Resolution

- Allows MNAA to use the credit facility (up to \$300 million) to finance a portion of the cost of the Authority's CIP
- Required by TN State Law and notifies the public of MNAA's plans to incur additional debt. This will be published in accordance with State Law following its adoption by the Board

2) MNAA Resolution No. 2021-15, Authorizing Resolution

- Authorizes the President and CEO to execute the Second Amendment to the NPA with the changes just discussed.

Ms. Basrai requested that the Board of Commissioners approve Resolutions 2021-14 and 2021-15 and authorize the President and CEO to execute the Second Amendment to the NPA.

Commissioner Byrd made a motion to approve as presented and Commissioner Joslin seconded the motion. The motion carried by a 7 to 0 vote.

G. Colonial Pipeline Settlement Terms

President Kreulen briefed the Board on this item. MNAA would agree to pay \$4.7M NTE for past costs related to the line strike. Colonial will relocate a portion of its pipeline on a schedule estimated to take 15 months. MNAA and Colonial will enter into appropriate agreements with TDEC to resolve any environmental issues. At the conclusion of relocation, MNAA and Colonial will update the Easement Agreement between the parties to accurately reflect pipeline location.

President Kreulen thanked Neale Bedrock, EVP, General Counsel and Chief Compliance Officer, Ted Morrissey, AVP and Assistant General Counsel, and Paul Davidson, Attorney with Waller Lansden, for all the hard worked they have done on this project.

President Kreulen requested that the Board of Commissioners approve the term sheet negotiated between MNAA and Colonial Pipeline Corporation; authorize the General Counsel to draft a settlement agreement consistent with the negotiated term sheet; and authorize the Chair and President and CEO to execute the settlement agreement.

Commissioner Joslin inquired about a timeline for relocation. Ms. Holton advised that TDOT is preparing a bid letting for the March 22 time period for their work. Once that is executed, we will have a better schedule. As of now we have done everything we can do, and we are waiting on TDOT to finish their work, before we can do anything else.

Commissioner Joslin made a motion to approve as presented and Secretary Stevenson seconded the motion. The motion carried by a 7 to 0 vote.

VI. Informational Items

A. Board Retreat Action Item Update

President Kreulen briefed the Board on the status of the action items from the October 20 Board retreat.

B. JWN Redevelopment Update

President Kreulen provided an update on the JWN Construction schedule. Phase 1 hangars (5 buildings) are now scheduled to open December 21, 2021, Phase 2 hangars (5 buildings) are scheduled to open January 17, 2022 and the remaining Phase 2 hangars (6 buildings) and Phase 3 are scheduled to open April 23, 2022. There was a delay in the schedule for both Phase 1 and Phase 2 that was primarily due to supply chain issues.

Commissioner Joslin asked about paving of the grassy area shown on the slide. President Kreulen stated that he is working with Ms. Holton and her team on the cost and design. Commissioner Joslin requested

staff accelerate this to accommodate its customers. After questions and discussion, President Kreulen committed to make this an information item at a future Committee meeting.

Commissioner Granbery asked about the AWOS and Mr. Robert Ramsey, EVP and Chief Operating Officer, stated they are working with the FAA on the approvals. It is getting very close and FAA has asked for additional information related to cost estimates on some less viable alternatives so they could have that as part of their process to clear that out. President Kreulen stated this could be a \$600K issue if we don't get permission to move it out of the way.

C. Customer Experience Update

President Kreulen appreciated and thanked Fraport for their visit and commitment to Customer Service and presented a chart that provided an overview of ratings for BNA's Customer Experience program. Those ratings were off during the pandemic however over the last couple months the concessions ratings are going back up with us opening more and we expect this trend to continue with the openings we will have by December 31, 2021. President Kreulen added that Fraport is working on 5 concepts in the 2022 plan that will open either this year or the first part of next year.

D. BNA Concessions Program Update

President Kreulen briefed the Board that 22 of the 30 locations for 2021 are open with the 8 remaining being under construction. Recent openings for October and November are Fugitives, Bar-b-Cutie Smoke House, Yazoo Brewing and Tennessee Tribune. The Tennessee Tribune will have a ribbon cutting and reception on Friday, November 19, 2021.

E. Quarterly Retirement, OPEB and Treasury Investment Reports

President Kreulen updated the Board on the presentation given by Ms. Sharon Sepik, Director, Treasury at the November 10 Finance Committee Meeting. For the quarter ending September 30, 2021, 99% of the total available funds of \$815.5MM were invested, and the investment portfolio was in compliance and meeting policy objectives. The quarterly cash and investments were \$1,664,746. As of June 30, 2021, the retirement plan is 106% funded and the OPEB plan is 159% funded.

F. Internal Audit Update

President Kreulen updated the Board on Internal Auditing and thanked Ms. Lisa Lankford, VP, Strategic Advisor to the President, for her work in running this department and for Vice Chair Sullivan for their time. Open Audit findings still remain relatively low at 37 open. President Kreulen recognized Mr. KC Hampton's leadership in Information Technology, and stated we were awarded the Record of Compliance (ROC) for Payment Card Industry (PCI) Data Security Standard (DSS) based on results from the 2nd annual compliance assessment performance by CompliancePoint October 4 – October 31, 2021.

G. FY21 External Audit Update

President Kreulen updated the Board on the External Audit Update from the Finance Committee Meeting on November 10, 2021. There were three FY21 independent audits performed – Financial Statement Audit, Single Audit and Passenger Facility (PFC) Compliance Audit. All received an unmodified opinion by Plant Moran on October 26, 2021. President Kreulen thanked Ms. Basrai, Ms. Deuben and the Finance Team on all their hard work.

Prior to adjourning the meeting, Commissioner Joslin asked to address the guests from Fraport. He stated his concerns for the deadlines missed and hoped they could get back on track.

VII. Adjourn

There being no further business brought before the Board, Chairman Freeman asked for a motion to adjourn. Commissioner Byrd motioned and 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