

**Minutes of the Joint Meeting of MNAA and MPC
Finance, Diversity & Workforce Development Committees**



Date: February 9, 2022 Place: Nashville International Airport Board Room
Time: 9:30 a.m.
Committee Members Present: Andrew Byrd, Vice Chair; Joycelyn Stevenson; and Glenda Glover
Committee Members Absent: Jimmy Granbery, Chairman
Others Present: Nancy Sullivan; Doug Kreulen; Lisa Lankford, Neale Bedrock and Ginger Cork

I. Call to Order

Vice-Chair Byrd called the Joint Meeting of the MNAA and MPC Finance, Diversity & Workforce Development (Finance) Committees to order at 9:35 a.m., pursuant to Public Notice dated February 4, 2022.

II. Approval of Minutes

Commissioner Stevenson made a motion to approve the minutes of the January 12, 2022 Finance Committee Meeting, and Commissioner Glover seconded the motion. The motion carried by vote of 3 to 0.

III. Chairman's Report

Vice Chair Byrd had no Chair's Report.

IV. Items for Approval

Doug Kreulen, President and CEO, introduced Kristen Deuben, VP, Finance and Deputy CFO, to brief the Committee on Insurance Premium / Policies.

A. Insurance Premium/Policies

Ms. Deuben briefed the Finance Committee on this item. MNAA contracted with Davidson Consulting to review the current insurance policies and assist in the renewal process. One recommendation of Davidson Consulting was to move our premiums back to a March 1st cycle. Based on market conditions, Marsh, MNAA's insurance broker, recommended several policies remain on the 12-month cycle of 7/1/21-7/1/22. On June 16, 2021, the Board of Commissioners authorized the renewal of the

Authority's FY22 Commercial Insurance policies in the amount not to exceed \$2,177,222. The actual amount of the FY22 policy premiums executed was \$2,137,288. The FY22 authorization remaining was \$39,934. The automobile and fine art policies expiration dates were changed to March 1, 2022. The renewal amount would result in FY22 policies exceeding the amount approved in June.

The FY22/FY23 auto/fine arts insurance policy annualized premium is estimated at \$105,747. Adding an additional \$10,575 for estimate of additional fees/taxes/premiums brings the total FY22/FY23 proposed premiums to \$116,322.

The FY22 policy premiums executed was at \$2,137,288. Adding the FY22/FY23 proposed auto/fine arts premiums of \$116,322 brings the total policy premiums to \$2,253,610.

Ms. Deuben requested that the Finance Committee recommend to the Board of Commissioners that it:

1. Approve the FY22/FY23 Automobile and Fine Arts insurance policies at a Not-to-Exceed amount of \$116,322, bringing the total policy premiums to \$2,253,610 and
2. Authorize the Chair and President & CEO to execute the FY22/FY23 Automobile and Fine Arts insurance policies

Commissioner Stevenson made a motion to approve as presented and Commissioner Glover seconded the motion. The motion carried by a 3 to 0 vote.

V. Information Items

A. BNA Concessions Program Update (Including Satellite Concourse RFP Business Terms)

President Kreulen introduced Margaret McKeough, Principal, PMG and Mr. Michael Morford, Associate Principal, PMG. Ms. McKeough briefed the Committee on the main terminal concession program and gave a status update on 5 of the 20 concessions locations have opened before the deadline and 5 locations are in construction. Those in construction are Ole Red, C Triangle, 12/22/21; Opry Shop, C Triangle, 12/22/21; MEEL, C Triangle, 1/24/22; Hudson Non-Stop, C Triangle, 2/2/22; and C Triangle Landlord work (terrazzo & ceiling tile replacement). We have received all four subleases for locations that missed their 1/20 sublease execution deadline. Of those, 1 has been fully executed and 3 remain under review. Ms. McKeough anticipates they will report back to the Committee in March 2022 for the 3 subleases that are under review.

Mr. Morford briefed the Committee on the Satellite Concourse Concessions program, beginning with BNA's concessions mission statement for the upcoming RFP. The mission statement reads: "To provide

a first-class airport concessions program that aligns with BNA Vision, exemplifies Nashville, exceeds passenger expectations, drives revenue, and delivers operational excellence". Mr. Morford stated the satellite RFP strategic objectives are to select and award a master concessionaire with the experience, standards, and resources to design, build and operate an inviting and first-class program; achieve a concessions mix that aligns with satellite passenger demographics, consumer preferences and demonstrates a mix of local flavor and national brands; meet or exceed ACDBE goals; develop a program that embraces industry trends and innovation; maximize revenue potential.

The satellite concourse will have 8 gates (2.35M annual estimated passengers); 12,466 SF in-line concessions space; 8 concessions locations - 5 food & beverage (8,755 SF) and 3 convenience/retail (3,711 SF). This program will be bid as a master concessionaire model with a 10-year term with no options. Minimum qualifications with airport experience will be required. The agreement will have a fixed Maximum Annual Guarantee (MAG) with an annual escalation clause. To optimize returns, the percentage of sales rent revenue will be bid as part of the RFP. The ACDBE participation established for this opportunity is 10.23%. For build out, the winning bidder will have a minimum capital investment of \$450/SF along with a mid-term refurbishment as an additional requirement.

Commissioner Glover inquired about the Mission Statement and asked that it include wording that includes providing opportunities for small and minority businesses to reflect the diversity of our community. Mr. Morford stated that he would work with the team on incorporating her suggestion.

Mr. Morford shared a graphic detailing the layout of the satellite concourse food and beverage and retail areas as well as target dates for the RFP. The RFP is estimated to release May 3, 2022, with evaluations complete 7/11/22. Mr. Morford stated updates will be provided at March - July 2022 Committee/Board meetings, and award recommendation/approval is planned for August 2022.

Vice-Chair Byrd inquired as to the Spirit / Frontier merger, and will it have any impact on this? President Kreulen stated that Frontier buying Spirit will basically give them access to markets they are not currently servicing. He also added that Frontier has only partial use of a gate here on the B concourse and so they are buying the Nashville volume by taking over Spirit Airlines. Commissioner Sullivan asked what happens from a contractual standpoint. President Kreulen stated that both Frontier and Spirit are already signatory airlines, and Frontier will become a larger signatory if the merger is approved.

This item was presented for informational purposes only, and no action was required.

B. Quarterly Retirement/OPEB/Treasury Investment Reports

President Kreulen introduced Sharon Sepik, Director of Treasury. Ms. Sepik briefed the Committee on the Quarterly Retirement, OPEB and Treasury Investment Reports. Ms. Sepik reported that for our Retirement Plan, FY22-Q2 the market value was at \$92.628 MM (+\$1.47M) and for the OPEB plan, FY22-Q2 the market value was at \$44.874 MM (+\$1.20M). As of June 30, 2021 the retirement plan is 106% funded and OPEB is 159% funded.

Ms. Sepik briefed the Committee on the Treasury Investments. For the 2nd quarter ending December 31, 2021 we have \$817MM in available funds with 99% invested. \$9.5M is in cash in Demand Deposit Accounts (DDA) which is 1% total available funds, exceeding our internal goal of cash in DDA accounts NTE 8% of total funds. Our 2nd quarter earnings were at \$1,953,812 which is less than the same period for the previous year which had \$79.6M more funds.

President Kreulen added this has been a long-term goal for the Board as we had zero money invested when we changed administration and so it's been our goal to have money invested and not sitting in cash accounts. Being 99% invested has shown great work being done by our team, Ms. Marge Basrai, EVP and Chief Financial Officer, Ms. Kristen Deuben, VP of Finance, and Ms. Sharon Sepik, Director of Treasury.

This item was presented for informational purposes only, and no action was required.

Board Chairman Freeman congratulated Commissioner Stevenson for being named one of the Nashville Business Journal's 2022 Women of Influence, and congratulated Commissioner Glover for the state's budget proposal to provide \$250M to Tennessee State University.

VI. Adjourn

There being no further business brought before the Finance Committee the meeting ended at 9:59 a.m.


Joycelyn Stevenson, Board Secretary