

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



Date: March 16, 2022

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, Lisa Lankford, and Ginger Cork

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 March 11, 2022.

II. Approval of Minutes

Chairman Freeman called for a motion to approve the Minutes of the February 16, 2022 Joint Meeting of the MNAA Board of Commissioners and MPC Board of Directors. A motion was made by Commissioner Byrd and seconded by Vice Chair Sullivan to approve the minutes. The motion carried by vote of 7 to 0.

III. Chair's Report

Chairman Freeman acknowledged and thanked staff and leadership for all they do at the Airport Authority, all 500 employees and all of the 5,000 people that President Kreulen oversees through contract work and the billions of dollars of construction and development which by in large is on time and on budget. We talk about this often, but I want to publicly commend all the staff – everybody that helps this airport run under President Kreulen's leadership.

IV. President's Report

Doug Kreulen, President and CEO, thanked Chairman Freeman for his remarks and the Commissioners for their support. February and March have been very busy months -- we hosted two Economic Development tours with the personnel from around the state for them to see what is going on at the

airport and to help them understand why we are building what we are building. Commissioner Bob Rolfe, Commissioner for the Department of Economic & Community Development, attended one of our tours and it really helps show them all that we are building at the airport is a direct result of their success in bringing businesses to the state of Tennessee.

President Kreulen recognized Councilman Russ Bradford, District 13, for sponsoring a resolution honoring K-9's dogs, Blues and Santa, who passed away.

President Kreulen briefed the Board on the February 22, 2022 announcement of Air Canada launching service to Montreal. Service will begin on June 2, 2022, with 2 flights weekly and will increase to 3 flights weekly on June 25, 2022. He added that Montreal is a major connection to Europe, and this allows possibilities for great international travel for Middle Tennessee.

President Kreulen briefed the Board on the March 8, 2022 announcement from Breeze Airways, a new U.S. low fare airline, that will add 4 nonstop routes from Nashville. The routes include Akron/Canton, Ohio 4 times weekly, starting on May 26, 2022; Tulsa, Oklahoma 2 times weekly, starting June 2, 2022; Hartford, Connecticut 4 times weekly, starting June 2, 2022; and Oklahoma City, Oklahoma 2 times weekly, starting June 3, 2022. President Kreulen thanked Mr. Josh Powell, Director of Airline Affairs and Air Service Development, for helping us understand the air service dynamics – a normal medium hub airport in the United States would have 47 or 48 nonstop flights daily. BNA will have 98 nonstop flights daily by the summer, which is a little more than twice the number of average medium hub airports. President Kreulen added that Breeze Airways will feature tiered booking options - travelers can choose between three price bundles that are offered as 'Nice', 'Nicer', and 'Nicest' service with price ranging from \$39 to \$109 on the routes mentioned above.

President Kreulen updated the Board on the mask mandate per the CDC's recommendation in which TSA will extend the security directive for mask use on public transportation and transportation hubs for one month, through April 18, 2022.

President Kreulen briefed the Board on FY22 BNA Enplanements. March YTD is averaging 27,365 daily enplanements, and the fiscal year is expected to finish at a record level approximately 7-8% over FY19.

President Kreulen reported on the 120-day outlook. April will be a busy month with a lot of information items in both Operations and Finance. Several big approval items for Operations include final approval of the satellite construction showing the increase in the GMP requiring an adjustment to the budget to handle the inflation factor; approval of reconstruction off taxiway kilo west; approval of Concourse B & C elevator upgrades; and approval of the landside and electric airside shuttles. As we look to Finance, we will have 6 budgets for approval and a 6th amendment to our concessions agreement which squares away some leases for the 2022 and 2023 years. President Kreulen added that just prior to next month's Committee meetings, on April 10-12, 2022, he will be attending the 2022 SEC-AAAE Annual Conference & Exposition in Memphis, Tennessee for continuing education credits. The month of May will be equally as busy, and just after the end of this meeting the Board Chairman and Board Secretary will be signing our one-year extension to signatory Airline Use & Lease Agreement (AULA). These agreements are with nine passenger air carriers and one cargo carrier - Alaska, Allegiant, American, Delta, Frontier, JetBlue, Southwest, Spirit, United and FedEx. The Airline Use and Lease Agreement (AULA) term is July 1, 2015 through June 30, 2022. The Board approved the negotiated terms in the 1-year extension terms on December 15, 2021.

President Kreulen welcomed two new members on the MNAA Leadership Team, Ms. Kristy Bork, Assistant Vice President, Finance and Ms. Shayleen Schutz, Director, Emergency Management. Ms. Bork comes to us from Springfield-Branson National Airport and has 10 years of airport finance and administration experience. Ms. Bork also worked for the City of Springfield, Missouri as an Internal Auditor. She earned her bachelor's degree in Accounting and a Master of Accountancy from Missouri State University. Ms. Bork is also an Accredited Airport Executive (A.A.E.) of the American Association of Airport Executives (AAAE) and is a Certified Public Accountant (CPA). Ms. Schutz comes to us from the City & County of San Francisco with San Francisco International Airport Emergency Management and the San Francisco Covid Command Center. She was previously the Director of Emergency Preparedness for the Massachusetts Port Authority, which owns and operates three airports including Boston-Logan, container and cruise ship terminals, and commercial and residential holdings in the Seaport District. Ms. Schutz began her career as a government contractor, conducting training and exercises for communities in more than 30 states & territories & for the US Senate and The White House. Ms. Schutz earned a Bachelor of Arts in Government & International Politics from George Mason University in Fairfax, Virginia, where she was a University Scholar.

V. Items for Approval

A. Flair Airlines Incentive Agreement

President Kreulen introduced Mr. Josh Powell, Director of Airline Affairs & Air Service Development. Mr. Powell briefed the Board on the Flair Airlines Incentive Agreement. Flair is a new airline to BNA that will be serving both Edmonton and Toronto, Canada two times weekly with service starting for Edmonton on April 12, 2022 and Toronto on April 14, 2022. Toronto is previously serviced from BNA and per BNA's incentive plan, they are not eligible for an incentive. For new scheduled service to Canada, at the required minimum of 2x weekly, the Air Service Incentive Plan (ASIP) allows for two years of partial landing fee abatement and marketing funds. Year 1 is 75% abatement; \$75,000 marketing funds and year 2 is 50% abatement; \$25,000 marketing funds. The term is 2 years from start of services which is April 12, 2022 – April 11, 2024. The total estimated incentive value is \$176,000 which is \$76,000 in landing fee abatement (2 flights/week) and \$100,000 in marketing funds. The incentive is variable based upon actual flight activity with a max amount of \$335,000 (7 flights/week); Mid-range recommended approval is at \$255,000 (4.5 flights/week). Any amount exceeding \$255,000 requires additional Board approval. This was presented to the Finance Committee last Wednesday and the motion passed with a vote of 3 to 0.

Staff requested the Board of Commissioners to:

- Approve funding for the proposed marketing incentives and landing fee and facility abatements, up to \$255K.
- Authorize the Chair and President & CEO to execute the Letter of Agreement (LOA) by and between MNAA and Flair Airlines outlining the specific terms of the proposed incentive for service to Edmonton.

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

Following approval, President Kreulen added our incentive program is designed to attract carriers from far away, primarily overseas. British Airways' approved incentive was approximately \$2M and this is a good gage, perspective wise for what this is valued at - this is valuable service and worth marketing, and this is a really good deal for MNAA.

Commissioner Granbery asked how we replenish the incentive money. President Kreulen stated we developed an airport incentive fund in which we deposit approximately \$166K every month, and the current balance is \$6.27M.

B. Valet Services Contract

Commissioner Granbery introduced Mr. Adam Floyd, AVP of Operations. Mr. Floyd briefed the Board on the Valet Services Contract which will staff and operate all valet services in a first-class manner and provide prompt, courteous, safe, and efficient service at all times. We received two proposals -- LAZ and Parking Systems of America. The selection of LAZ was based on customer service; operations plan (availability of local personnel; strong team & management support); experience (on and off airport); ACDBE (Hudson & Associates – cost in management fee); and innovation options presented. The scope of the contract includes operation of the BNA Express parking lot if it is reopened. Should BNA Express reopen, staff will obtain Board approval to adjust contract amount. The contract start date is July 1, 2022 and the duration is 4 years. This was presented to the Finance Committee last Wednesday and the motion passed with a vote of 3 to 0.

Staff requested the Board of Commissioners to:

- Accept the proposal by LAZ for operation of all Valet Services, and
- Authorize the Chair and President and CEO to execute the proposed contract

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

Following approval, Commissioner Granbery added a note for the record - this will be seamless because LAZ is the current group operating valet services. LAZ took over in an emergency procurement about 6 to 9 months ago.

VI. Informational Items

A. BNA Vision Update (TARI Budget Analysis)

President Kreulen briefed the Board of Commissioners on the extension of Donelson Pike and the Terminal Access Roadway Improvements (TARI) projects. He added that we have had a few challenges with the recent Tennessean article, and we are working with them to correct the impression the article gave. Due to the delay with the Colonial Pipeline litigation, which is wrapping up in the next day or so, we've decided to split the TARI project into 3 phases. The first phase is the ongoing work plus the widening of access at exit 216A off I-40, erecting a BNA monument, installing redundant water & power,

and new sewer lines for \$49M. We will reduce the TARI budget from \$163.5M to \$49M and ask that \$114.5M be put aside by Finance. We will seek Board approval for the budget reduction in April 2022 and we will update the Vision books in May 2022. We anticipate obtaining better pricing when we bid phases 2 and 3 of TARI.

Commissioner Granbery asked when is TDOT's portion of this work goes to bid. President Kreulen said we think it is May and added that the settlement was on the Governor's desk this morning. Mr. Neale Bedrock, EVP, General Counsel and Chief Compliance Officer, stated that TDOT is expected to sign it on Friday, March 18, 2022, which would allow TDOT to have a May letting.

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

B. Beyond Vision Concept & Schedule Update

President Kreulen briefed the Board on Beyond Vision. We discussed our thoughts on this with the Board in October 2021 at the Board Retreat. In November 2021 the Board approved a Beyond Vision study for \$1M. We are in good shape on the design of the Concourse D extension and Concourse A. Ms. Holton is awaiting cost estimates and we will come back at the May 2022 Board meeting and seek approval for this project as well.

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

C. Satellite Concourse Shuttle Update

President Kreulen briefed the Board on the RFP for the shuttle service for landside, satellite concourse and passenger assistance services. President Kreulen stated that Mr. Floyd and his team have done an excellent job advertising and received three responses. One of the three companies was deemed nonresponsive for not meeting the ACDBE goals. His team will conduct interviews tomorrow with the two companies and we anticipate a recommendation at the April 2022 Committee meeting and seek approval at the April Board meeting. This will save us some time and allows them to start production, so the shuttles are here by the time we finish construction of the satellite concourse.

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

D. JWN Redevelopment Update

President Kreulen briefed the Board on John C. Tune development.

- Hanger Construction

The final construction of the hangars, paving and the plane ports is moving fast. President Kreulen appreciates the feedback from Commissioners on how we will document the success once complete. President Kreulen added with regards to the leasing of hangars & plane ports, we have 29 hangars/ports available and 43 remaining on wait list. If we are able to lease these out, this will give us the smallest number we have had in many years on a wait list. Chairman Freeman asked for an update to the vehicle parking at JWN. President Kreulen stated that Mr. Robert Ramsey, EVP, Chief Operating Officer, and his team are working on this. We will be discussing with Contour the construction of hangars 1, 2 and 3. We feel there is a solution to the parking, but we just need a little more time.

- North Development Area

President Kreulen stated as we finish construction on the T hangars, box hangars and plane ports, we will look to the north development area between the control tower and the Tennessee Aeronautics hangar. We had a good meeting with the Operations Committee last week and we have the 10 parcels defined. The general size of each parcel is 168' in width x 218' in length. JWN is designed for a group 3 aircraft so if a group 3 aircraft is taxiing out on Alpha, it can pass a group 3 aircraft sitting on the parallel ramp / taxi lane by the hangars without those two airplanes hitting wingtips. What is critical on this is the depth of these hangars based on having to stop short of the road that you access it on, is what size airplane can go in this hangar and we are showing you that basically a G550 can get in there and come outside but it's nose cannot go greater than that Taxiway Obstacle Free Area (TOFA) and allows the wingtip of a plane going by without tipping the nose of another airplane.

Chairman Freeman asked President Kreulen to explain the size of a G5 or a Gulfstream 5 so everyone can understand how big a place this really is. President Kreulen stated a G5 is a large corporate jet that would hold approximately 40 passengers. Ms. Holton's team have run the data on a similar air jet that comes in and out of JWN and it's almost the same size as the G550. The design of this is good and it sets us up for a great discussion with Metro on other items we are working as we move forward there. President Kreulen added the Engineering team provided great detail and did a good job on their work.

President also discussed the area of responsibility for the North Development. MNAA's area of responsibility is 208' wide x 1,680' long as well as the roadway and each tenant (1-10) will be responsible for connecting their hangar to the road where their parking spots will come off and connecting their ramp to our ramp. It will be a team effort that our engineers will oversee as we get proposals in on the Notice of Availability (NOA).

Commissioner Joslin asked if we would have utilities stubbed on these parcels. President Kreulen stated yes, we are trying to make it as easy as possible for them and the discussion has come up about us sharing our Geotech and we will be glad to do that. They most likely will do their own just to reduce their risk and they make sure the design of their hanger fits in their space.

- Notice of Availability (NOA)

President Kreulen said that we had great discussions in the Committee meeting about how the rates were calculated and how we are allocating funds - we believe it will be cost effective for them to come in and build these out. If you take the NOA minimum rate of approximately \$1.27/sf ft, you can rent that parcel for about \$46,500 a year or just a little less than \$4,000 a month and if you are putting in a \$20M or \$30M airplane and build a \$4M or \$5M hangar to house it, we feel that is inexpensive to rent the land. President Kreulen added that he followed up with Mr. John Corbitt and his team after last week's Committee meetings with regards to how many people do we plan to direct solicit. We have 96 people that are interested in future development at JWN but I doubt that we will get 96 proposals. Mr. Corbitt estimates less than 25 will submit proposals.

- Deal Terms

President Kreulen stated that when terms were discussed, we all agreed a couple months back when we signed the agreement with the Frist Family on BNA as to what our generic terms would be for future business deals. We intend to use those terms for all these parcels. President Kreulen thanked Mr. Neale Bedrock, EVP and General Counsel, for helping on the development of that lease, which was also previously reviewed by the Law Firm of Anderson Kreiger. President Kreulen added that he feels we are in a really strong position knowing that our lease protects MNAA from all the issues related to grant assurances and it addresses all the concerns to ensure we don't have activity that is not aviation related.

These items were presented for informational purposes only, and no action was required.

E. BNA Concessions Program Update (Terminal & Satellite)

President Kreulen briefed the Board on the Concessions Program for the Terminal and Satellite Concourse. He reported that we have 5 locations under construction that are due to open in 2022 and

we have had some shuffling of leases on the 2023 locations. On Friday, March 11, 2022 Fraport provided our team with a proposed amendment 6 with all the edits that we were anticipating - we are still processing them and if we are able to get through them, we will come back to the Commissioners for an April approval. President Kreulen discussed a few important dates coming up in April 2022. On April 1st we will host Industry Day at the Renaissance Hotel beginning at 10:00 am. On April 26th we will advertise the RFP (May 3 release: June 24 proposals due with Board review & approval on August 17, 2022).

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

F. Affirmative Action Program Update

President Kreulen briefed the Board on the Affirmative Action Program (AAP). We discussed in the Management Committee that we would review our annual AAP and the results of that – the good news on this review shows no disparity in compensation and no findings relative to promotions. However, we do need to keep working on attracting minorities to craftworkers (maintenance positions) and service workers (police positions). On the hiring side for mid-level managers, craft workers and service workers, we need to look to increase our male outreach and review hiring practices for these job groups. It is good to do these on an annual basis so we can tweak our Human Resources (HR) programs from there.

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

G. Red Flag Update

President Kreulen reported on the Red Flag update. We updated the Management Committee on two Red Flag reports. Our investigation did not find any fraud related to the time reporting that was called in on our Red Flag reporting hotline on February 1, 2022. Our investigation of the February 7, 2022 complaint regarding the non-availability of our lactation room, did not find any evidence of fraud, and we are in compliance with the Friendly Airports for Mothers Act (FAM). Additionally, we had a new red flag reported after last week's Committee meetings regarding a supervisor yelling at an employee in baggage handling. This is currently being investigated by Human Resources.

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

Prior to adjourning the meeting, Commissioner Joslin asked for an update on the AWOS move at JWN. Mr. Ramsey reported that we have submitted all the information to the FAA, and they are continuing their evaluation. We expect to get the final evaluation and approval of the proposal in May – we are going ahead with the design assuming it will be approved.

VII. Adjourn

There being no further business brought before the Board, Chairman Freeman asked to adjourn the meeting which carried with a vote of 7 to 0, and the meeting adjourned at 1:35 p.m.



Joycelyn Stevenson, Board Secretary