

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



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

I. Call to Order

Chairman Granbery called the Joint Meeting of the MNAA and MPC Finance, Diversity & Workforce Development (FINANCE) Committees to order at 9:58 a.m., pursuant to Public Notice dated March 4, 2022.

II. Approval of Minutes

Commissioner Stevenson made a motion to approve the minutes of the February 9, 2022 Finance Committee Meeting, and Vice Chair Byrd seconded the motion. The motion carried by vote of 3 to 0.

III. Chairman's Report start here

Chairman Granbery had no Chair's Report.

IV. Items for Approval

Doug Kreulen, President and CEO, introduced Mr. Josh Powell, Director of Airline Affairs and Air Service Development.

A. Flair Airlines Incentive Agreement

Mr. Powell briefed the Finance Committee on Flair Airlines Incentive Agreement. Flair Airlines is a new airline to BNA that will be launching services to Edmonton two times weekly starting April 12 as well as Toronto Pearson two times weekly starting April 14. Under BNA's incentive policy Edmonton is eligible for a partial incentive. The incentive would include for 75% abatement of landing fees for the first year as well as \$75,000 marketing funds and in year 2 50% abatement and

\$25,000 marketing funds. The estimated value of this incentive is \$176,000 but we are recommending a \$255,000 incentive in the event they increase their frequency, which is allowed per the incentive agreement.

Staff requested the Finance Committee recommend to the Board of Commissioners that it

1. Approve funding for the proposed marketing incentives and landing fee and facility abatements, up to \$255K.
2. 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.

Vice Chair Byrd made a motion to approve as presented and Commissioner Stevenson seconded the motion. The motion passed with a vote of 3 to 0.

Following approval, Vice Chair Byrd asked if these types of marketing incentives are necessary for us to be paying in order to get these airlines. President Kreulen reported that most airports have these types of incentive plans approved by the Board and FAA and this is also done for us to have full transparency. Commissioner Stevenson asked when new airlines want to join us, if there is a minimum standard of what they need to provide. Director Powell responded that every carrier that comes new into the airport has to sign either a signature use and lease agreement which allows their operations here under a certain set of rules or a non-signatory airline operating agreement. There are also thresholds for incentives and those vary for airports throughout the country. Our incentive policy is largely focused on international flights so there is a minimum threshold for international flights, and we have that segmented as transoceanic. The other incentive is for Canada, South America, Mexico, and the Caribbean. The reason Edmonton qualifies for the incentive is because they are a new market but the frequency they are flying at (which is at least twice a week) is a requirement for the incentive. Toronto does not qualify for the incentive because it is a market already served by other carriers at BNA.

President Kreulen added that airlines only get an incentive if we are not already servicing that city. He also wanted to point out that their incentive would be \$176,000 when we calculated them coming in at twice a week, but if they had 7 flights a week it would rise to \$355,000. We are basically asking for approval if they grow to 4.5 flights a week (which is \$255,000) and if they get bigger than that, we will come back for Board approval. President Kreulen noted that as a refresher – when we got out of our old agreements with the airlines in 2015 to what we have now, we went from a residual to a hybrid compensatory business agreement, and we put \$166K a month into the

incentive account. The incentive account balance now is \$6.27M and \$2M is spoken for with British Airways when they come back. This is not a big incentive in the big scheme of things – we are really hoping for a second or third European flight and an Asian flight. We are investing in this account every month waiting for the big one, so we don't have to borrow money from somewhere else.

Chairman Granbery asked if there has been any update with British Airways. President Kreulen said no, not at this time. He added that Director Powell talks with them probably once or twice a week and we were hoping when the Prime Minister released all his restrictions, maybe they would come back early but I guess that is what they are hoping for in a lot of other US cities. Director Powell said they are still targeting May 9, 2022.

Chairman Granbery also asked if Flair will be at the same gate as British Airways. Director Powell stated that Flair is coming from a market that is pre-cleared for US Customs and they will come in no different than a US Domestic flight.

B. Valet Services Contract

Doug Kreulen, President and CEO, introduced Mr. Adam Floyd, AVP of Operations.

Mr. Floyd briefed the Finance Committee on the Valet Services Contract. We had two proposals - Parking Systems of America and LAZ Parking Georgia, LLC (LAZ). LAZ was the higher scored proposer and the items that stood out with LAZ were customer service; their operations Plan (availability of local personnel; strong team & management support); experience (on and off airport); ACDBE (Hudson & Associates – cost in management fee) and the innovation options presented. If there is an increase in demand to activate the BNA express parking lot, we will come back to the Board to ask for approval and adjust the contract amount.

Staff requested the Finance Committee recommend to the Board of Commissioners that it

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

Commissioner Stevenson made a motion to approve as presented and Vice Chair Byrd seconded the motion. The motion passed with a vote of 3 to 0.

Vice Chair Byrd inquired about the ACDBE on the other contract. President Kreulen stated it met the minimum but overall, when they score the entire package, LAZ won the contract over Parking Systems of America. Chairman Granbery added that LAZ is currently here and this will be a

seamless transition. Vice Chair Byrd asked if the customer satisfaction has been high with LAZ. President Kreulen stated it has been very high.

V. Information Items

A. BNA Concessions Program Update

President Kreulen introduced Colleen Von Hoene, Associate Principal, PMG, to give a status update on the concessions program for the main terminal as well as the satellite concourse.

- Main Terminal Concessions Update

Ms. Von Hoene briefed the Committee and said there was nothing new to report since our last meeting – we still have 5 locations under construction all in the C triangle and we are still in discussions with Fraport about the 2023 locations with regards to some of their proposed changes. Later this week President Kreulen will be having discussion with the executives at Fraport Germany.

- Satellite Concourse Concessions Program Update

Ms. Von Hoene briefed the Committee on the concessions' mission statement. Originally this was presented to the Committee by Mr. Michael Morford, Associate Principal, PMG, and it has since been updated based on Commissioner Glover's feedback to read: To provide a world-class airport concessions program that aligns with BNA Vision, exemplifies Nashville, exceeds passenger expectations, drives revenue, delivers operational excellence, and supports a balanced diversity of small, local, minority and large business enterprises.

Ms. Von Hoene also reported on the Satellite Concession Industry Day and timeline for the RFP. Industry day will be held on April 1, 2022. We will advertise the RFP on April 26, 2022; release the RFP on May 3, 2022; hold the Pre-Proposal meeting on May 11, 2022; proposals are due on June 24, 2022 and we will complete evaluations on July 11, 2022. We expect for a recommendation for the Board to review on August 17, 2022.

President Kreulen added that Business Taking Off will be held on the morning of April 1, 2022 starting with a 7:30 am breakfast and then discuss BNA's growth and projects to let the potential business partners know what's happening at the airport. At 10:00 am, those interested specifically in concessions will stay for discussion of what is to come, and we will give them a detailed briefing as well. This is a great way to build interest and for us to get more proposals for the satellite concourse.

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

VI. Adjourn

There being no further business brought before the Finance Committee, Chairman Granbery adjourned the meeting at 10:14 a.m.



Joycelyn Stevenson, Board Secretary