

Minutes of the Joint Meeting of the MNA and MPC
Operations, Engineering & Strategic Planning Committees



Date: March 9, 2022 Place: Nashville International Airport Board Room
Time: 9:00 a.m.
Committee Members Present: Bobby Joslin, Chairman; Nancy Sullivan, Vice Chair; and Andrew Byrd
Committee Members Absent: Glenda Glover
Others Present: Bill Freeman; Joycelyn Stevenson; Jimmy Granbery; Doug Kreulen; Neale Bedrock; Lisa Lankford and Ginger Cork

I. Call to Order

Chairman Joslin called the Joint Meeting of the MNA and MPC Operations, Engineering & Strategic Planning (Operations) Committees to order at 9:00 a.m., pursuant to Public Notice dated March 4, 2022.

II. Approval of Minutes

Vice Chair Sullivan made a motion to approve the Minutes of the February 9, 2022 Operations Committee meeting and Commissioner Byrd seconded the motion. The motion carried by vote of 3 to 0.

III. Chairman's Report

NONE

IV. Items for Approval

NONE

V. Informational Items

President Kreulen introduced Ms. Traci Holton, VP, Chief Engineer, and Deputy COO. President Kreulen and Ms. Holton briefed the Committee on the BNA Vision Update (TARI Budget Analysis)

1. BNA Vision Update (Terminal Access Roadway Improvements (TARI) Budget Analysis).

President Kreulen provided details on the TARI sequencing. For BNA Vision 1.0 the budget was a little over \$1.4B, which included \$163.5M for the TARI project. Due to the Colonial Pipeline litigation, the TARI project was delayed by approximately 2 years. The new sequencing would consist of 3 phases. Phase 1 included \$49M to widen discrete access, erect monument, install redundant water & power, and new sewer line. Phases 2 and 3 are future phases and the timing is to be determined. Ms. Holton reviewed the TARI Phase 1 budget and the GMP is at \$38.1M; utilities are \$1.4M; soft costs are at \$4.7M; non-participating cost are at \$4.5M; RS&H design cost for phases 2 & 3 are at \$2.5M; TDOT cost to cure (which is portions of our improved property they have impacted & we are fixing (fence, pavement)) are at \$2.5M; the telecom fees are at \$2.9M; Atkins design work is at \$2M and project contingency is at \$1.2M bringing the total to \$49M. Ms. Holton reviewed a budget chart outlining the reduction of TARI from \$163.5M to \$49M. \$114.5M will be put aside by Finance. President Kreulen explained the \$1,419,508,000 budget that we have been at for a while is now \$1,305,008,000 which reflects the \$114,500,000 decrease. We will come back in April for Board approval of the reductions in the budget. The \$114.5M will basically sit and not be included in a dedicated program or project – we will end up bringing this back in the budget when we discuss satellite and phase 2 of the roadway project and we will keep record of this amount as we move forward.

Commissioner Granbery inquired about the Terminal Apron & Taxiway expansion 1 & 2 and asked if this was for Concourse A. Ms. Holton responded no and explained this is for the hole that we have for the International Arrivals Facility and central lobby. We have filled the hole and we will now pave it. President Kreulen explained that when we go from one international jet to 6 jets at the opening in September 2023, we must increase our international capability. Commissioner Freeman asked what the arbitrage looks like on the money we borrow vs what we are not spending. Ms. Marge Basrai, EVP, Chief Financial Officer, said when we did our bond issuance, we assumed a very low interest rate, but we are not making more than what we indicated in the bond issuance.

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

2. Beyond Vision Concept & Schedule Update

President Kreulen provided an update on the schedule and concept of Beyond Vision. In October 2021 Beyond Vision was discussed at the Board Retreat and in November 2021 the Board approved \$1M budget for a 6-month study for Beyond Vision. The study focused on Concourse D extension & the new Concourse A, as well as the planning & programming by

Holder / Corgan. The design effort was completed on March 1, 2022; cost estimating to be completed by April 1, 2022 and the scheduling/logistics to be completed by April 29, 2022. We look to come back to the Board in May 2022 for Board approval of Concourse D and Concourse A, and baggage handling & air freight. Ms. Holton and her team are going through the details on Concourse D's extension and what the new Concourse A will look like. The study has reviewed everything from power, water, electrical, fuel, how to organize it all, where the moving sidewalks are going and how are we going to manage this area. President Kreulen added that we anticipate the cost estimate in the next few weeks, and we still need to give the Board some answers on the baggage handling and air freight building.

Commissioner Granbery inquired about the goal for gates for Concourse D and A. President Kreulen stated the goal for gates on Concourse D is to extend it and add 5 more gates. We currently have 6 gates, and we would go to 11 gates. For Concourse A, we currently have 6 gates, and we want to add 10 more for a total of 16 gates. Commissioner Granbery also asked about the Concourse A fill. President Kreulen reported that we are on track, and we will report back in May with more detail. Commissioner Joslin added that when Clay Paslay first came in and presented the BNA Vision, we were all looking at that timeframe and it has been remarkable because we have not missed a beat. We have been very lucky with the financing and where it is and hopefully that will not change. It all started with a conversation 6 years ago - we have stayed right on target, and he is proud to see where are today. Commissioner Joslin thanked everyone for all their hard work for staying on track.

Commissioner Byrd inquired as to how much we are coordinating with the Mayor's Office about the East Bank and the new stadium and Oracle – are we in regular communications with them about the economic development plan? President Kreulen added that we are aware of what they are doing, and we have hosted two large economic development tours. We had the government relations side of Mayor Cooper's administration come out for a tour and Chairman Freeman and I have a meeting with the Mayor to give him an update on March 17, 2022. I've reached out to his chief of staff, and we've offered the tour to the Mayor and as his time allows for a tour, we will make ourselves available to him.

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

3. Satellite Concourse Shuttle Update

President Kreulen introduced Mr. Adam Floyd, AVP, Operations, who briefed the Committee on the satellite concourse shuttle solicitation. On March 4, 2022 we received 3 proposals from 3 separate companies for the satellite concourse shuttle RFP. On Friday, March 11, 2022 we will score these proposals and come back to the Committee next month to review and recommend one of these proposals. President Kreulen stated this is huge – when Mr. Floyd’s team did their industry day for the RFP, they had 15 different companies come in and we think those 15 companies formed these partnerships. President Kreulen added this is a huge buy in terms of the number of vehicles and the responsibility to operate and maintain as well plus the customer service focus that we have been talking about on the passenger assistance side. Mr. Floyd’s team will review the proposals, and we will have recommendations and come back next month to seek approval from the Committee.

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

4. JWN Redevelopment Update

President Kreulen introduced Mr. Jeff Roach, AVP, Executive Director at JWN; Ms. Traci Holton, VP, Engineering & Chief Engineer; and Mr. John Corbitt, AVP, Real Estate.

a) JWN Hangar Lease Status

Mr. Roach briefed the Committee on JWN hangar lease status. We are currently offering hangar selection opportunities to the standard waitlist. Mr. Roach stated that all 62 displaced tenants who wanted a hangar, have been assigned a hangar. The 55 tenants on the wait list paid the deposit required and we are in the process of offering hangar units to those on the wait list and we expect to have this completed by March 31, 2022. We expect to have all units filled before they are constructed.

Commissioner Freeman asked Mr. Roach of his expectation of the number on the waitlist. Mr. Roach said he expects the waitlist to be somewhere between 7 and 12, and based on past experiences, it is probably 2 years for that many on the wait list because there is not a lot of vacancy or hangar availability in middle Tennessee.

Chair Joslin inquired about the number of tiedowns we have down on the pavement for Contour. Mr. Roach stated there will be 18 new tiedowns on the west side and more will be added to the laydown area, but we don’t have an exact number yet. Chair

Joslin asked if Contour would be responsible for collecting the rent and taking care of those. Mr. Roach stated that Contour manages our tiedown program and the plan is to include that in a lease amendment, which Commercial Development is working on now. Chair Joslin asked if someone backed off a box hangar. Mr. Roach stated yes, we had two off the displaced tenant waitlist that had selected box hangars that backed out. One of the people on the standard waitlist has selected one of those and we have six total that were asking for box hangars.

President Kreulen added that we set a goal to be rented by March 31st and right now there are 37 remaining available, not counting the tiedowns and assuming that all ten of the plane ports are used, gets us down to around 18 on the wait list. The Committee and a Board will have to decide what our risk appetite is for further development. We are focused on the north development now and will probably be coming back to future FBO agreements as we go through.

b) JWN Hangar Construction

Ms. Holton briefed the Committee on JWN hangar construction. On Monday, March 7, 2022 we opened the gate 6 location and we also turned over three 42 ft t hangars. The bypass taxiway has shifted in the original schedule from July to December. Just to remind everyone, we are going to create a taxiway behind Romeo 3 to prevent congestion. Once we got the survey and looked at the grading, we will have to rebuild quite a bit of Romeo 3 and it makes sense to do this along with the north apron project, which will push that schedule out. We will do this as quickly as possible, and it is currently under design.

Ms. Holton briefed the Committee on the North Development. Taxiway and taxiway connectors were added to the scope, which increased the cost from \$4.2M reported in January 2022 to \$10.9M. Previously it was just the road and utilities. The schedule will stay the same with Board approval and starting construction in September 2022 and a completion date of April 2023. The design cost of the project also increased from \$221k to \$475K. The contract with Atkins will be amended to reflect this change, with a not to exceed \$475K.

Ms. Holton presented a slide of the north apron showing more detail of Taxiway Alpha and how a ramp will be created that will give 152 ft of separation for Taxiway Alpha,

which is for Group III aircraft, and an 81 ft Taxilane Object Free Area (TOFA) which allows for aircraft movement. The hangar dimensions would be 100 width x 110 length creating about 8 ft from the road to the back of the hangar and they will have 100 ft of ramp for them to construct as part of their development. The proposed parcels times 10 will be 168 ft by 218 ft and then the dimensions of 81 ft from the taxilane; 100ft to the front of the hangar and 110 ft depth hangar and 8 ft to the road. President Kreulen added when the Notice of Availability (NOA) goes out on these 10 parcels, people will be able to put in a proposal and basically build their own hangar and ramp to bring their airplane out of the hangar and that is where it will connect to all the landlord work that we do. They can bid for two parcels if they want, but we are not going to be able to split the parcels in half.

Commissioner Granbery inquired about area we are asking the tenants to build the apron up to the TOFA line, and if this is something that we prepare the subgrade because of concern of potential problems with settling and differential settlement between the pads as they are built over time. Ms. Holton responded and said the majority of the old fill site that caused our problems before with the TDOT site was in a different area and doesn't stretch the whole way. We will know more once we receive the reports back from Geotech.

Vice Chair Sullivan asked how much filler will be placed in those areas. Ms. Holton stated those areas are relatively flat, and we will need to cut a little more to get the roadway in with retaining walls, similar to the TDOT work and it will be about 200 or 250 more feet of retaining wall. The rest is flat, and the need for a lot of mass grading is not anticipated. President Kreulen added this area is also where our AWOS is located, and it still needs to be moved to the westside of this property.

Chair Joslin asked if the \$10.9M was the road and that was pad ready all the way from one to through 10. Ms. Holton said no, it is not pad ready, but it will have stubbed utilities and they will be required to do their own grading and pad work – it is just the apron and taxilane. President Kreulen and Ms. Holton then reviewed a slide that showed the areas of responsibilities. MNAA area of responsibility is 208' x 1,680' = 349,440 and the tenant area of responsibility = 218' x 1,680' = 366,240.

Commissioner Freeman asked President Kreulen to show where the Governor's hangar is in relation to this area discussed above. President Kreulen pointed to where the hangar is located and added that the Governor has their own connection to the runway and per the lease, we are not allowed to connect to their ramp so the Governor will always have the ability to get out and go where they need to go. Our ramp will end before the Governor's hangar and there will be some sort of grass barrier between the two of them.

Vice Chair Sullivan asked if we were still working on the Master Plan Update for John C Tune. Ms. Holton stated that we have done an ALP update and we are waiting for the AWOS relocation and some of this development before finalizing it.

Chair Joslin asked if we were going to restrict these to a square foot per hangar or will it be spot #10 and they only want to build an 80 ft x 80 ft hangar. President Kreulen stated if they take a hangar, they are taking all the hangar space. Chair Joslin said questions like this will come up because no everyone wants a 100 ft hangar. President Kreulen stated that we have surveyed the industry and we have about 25 or 26 people that want big hangars and we only have 10 spots, so we think it's going to be very competitive - we can always adapt once we see the market.

Commissioner Byrd asked if the hangars will be owned by the Airport Authority. President Kreulen stated they are owned by the tenant and maintained by the tenant but eventually the hangar will revert to us – it is a traditional ground lease and at the end of 30 years with a 5-year option, the hangar becomes MNAA's.

c) North Development Notice of Availability (NOA)

Mr. Corbitt briefed the Committee on this item. As Ms. Holton has mentioned we have 10 parcels totaling of 366,240 sq ft. We received an appraisal from Airport Business Solutions on December 6, 2021 and they provided Fair Market Rental Value (FMRV) "as-is" and "if improved", and we also looked at similarly situated parcels at BNA. The staff recommendation to the CEO was to go with \$0.55/sf for the ground rent, which is equivalent to the Frist deal and FMV for similar situated parcels at BNA. The minimum rate on the NOA for the 1st year rent is \$1.27 sq/ft. This includes \$0.29/sq ft for capital recovery costs for roadwork and utilities; \$0.43/sq ft for operating cost and \$0.55/sq ft for ground rent. The NOA minimum 1st year rent (if

paying \$1.27 sq ft) is \$465,125 for all 10 parcels, which over 12 months is \$38,760 a month.

Mr. Corbitt then reviewed the terms that will be outlined in the NOA. Each respondent will provide a \$100K non-refundable deposit for each parcel to be paid at the execution of the Letter of Intent (LOI) which includes 3 months' rent for the security deposit, which is roughly \$11K, and the remaining \$89K will be applied to the first 23 months' rent. Other terms are 30-year base term with one 5-year option; rent commences upon lease execution; 3% annual increases in rent; FMV adjustments in 10th and 20th lease years based on appraisals (rent will not decrease); triple net ground lease; and MNAA will receive a % of revenue in the event of a lease assignment by the tenant. We will also assign an appropriate minimum capital investment & construction timeframe based on what they are proposing.

Chair Joslin referenced the Frist deal and asked if we are thinking that the John C Tune property is equivalent in value to BNA's property. President Kreulen said yes, by the way the environment is going and the approvals that we are seeing, this is prime location to be able to get here. If you look at BNA, Sky Harbor and the other ones, the north development will easily pull this. We will see – if no one responds, we will come back to the table.

Mr. Corbitt then reviewed the permitted and prohibited use. The permitted use is operation of an aircraft storage hangar and activities directly related to aviation. The prohibited use would include engaging in business activities of an FBO; operation of a restaurant, café or dining facility (can have dining area for its own employees, pilots, etc.); renting or leasing of automobiles; providing fee-based parking or free parking for anyone other than tenant, employees, pilots, etc.; use of any portion of the premises for residential purposes except for temporary sleeping quarters for aircraft personnel; parking or ground servicing of air cargo aircraft; and placement of any temporary or mobile type structures except during construction or renovation of premises.

President Kreulen added that the FAA will make sure that we are doing the right thing and that everything is aviation related. Commissioner Freeman asked if it would be easier to just add a simple statement saying "any use has to be approved by us" rather

than trying to think through every possible option that it could be misused. Commissioners Granbery and Stevenson made recommendations on wording.

President Kreulen stated that he would get with the legal department to make sure it conforms with the FAA requirements.

Chair Joslin asked Commissioner Freeman and Commissioner Granbery how they feel about this given their extensive work in lease agreements. Commissioner Freeman said one concern he has is that we should word it so that we have final approval over whatever the use might be, which would cover everything even if 15 years later something comes up that we didn't think of this leaves no questions for future years. President Kreulen thinks we can work a similar statement in the agreement, and he also added from previous work at Tune and BNA we have really heightened these prohibited uses and this proposal that we are sharing today is in line with how our lease agreements have evolved over time. President Kreulen also noted that from a business side this is a really good way to go out there and put out the Notice of Availability and see who really proposes.

Chair Joslin asked how soon we are going to start this road project at John C. Tune. Ms. Holton stated that we must wait for the AWOS to be relocated and we anticipate September Board approval with an immediate start.

Commissioner Granbery asked about CPI vs. the fixed 3%, and President Kreulen stated that on the corporate side, we have found they are more comfortable going with a flat 3% and our other leases are at a flat 3%. We don't feel this will cause any trouble and I also wanted to add the 10-year adjustments catches anything up and doesn't go down during that time period. Commissioner Granbery stated that to Ms. Holton's point providing Geotechnical will give them a really good indication of how much they will have to spend on the square they need to have pad ready and especially on the ramp side – are we going to require all that. Commissioner Granbery knows the States ramp is asphalt – will we require it to be concrete all the way to the runway or will it be asphalt? Ms. Holton stated it will be asphalt. Commissioner Granbery asked if from the edge of the runway all the way to the face of the hangar will be asphalt and if we will put asphalt in on our portion and they will tie into us. Ms.

Holton stated that was correct. President Kreulen added that we will do whatever is most cost effective.

Chair Joslin asked if we put this out in April 2022 and the AWOS can't be moved until September, and we are not going to start grading the road - why would anyone want to put up \$100K and not be able to not move dirt for a year. President Kreulen stated that with everything that we are showing that we are going to have done, the completion of the North Ramp was 2023, they will need to get their financing and design teams on board, and it will run concurrently and will be in the building phase in early 2023 and in the hangar hopefully by late 2023. President Kreulen added that in other leases we have – tenants want their lease locked in before they spend design money, and this is the first step in the door, and they know they have a spot and now they are willing to spend their own money on design.

Commissioner Freeman asked if there will be any kind of preferential treatment to those who lost a hangar and maybe move them up on the waiting list. President Kreulen stated that if you have been displaced, you have had your opportunity to get in first then if you survived and you were in one of the 45's you could move and now we are just a wait list. This is all new business, there were no hangars this size destroyed so I don't believe there is any need for a displaced person, if they still don't have something with the 42ft, 48ft and 60ft hangars that we gave them, this is even bigger than all those, so we feel this is new business. Commissioner Freeman said that we are still hearing from people saying they didn't know they had to move as fast as we wanted them to and we are still getting calls from people who were displaced, and I think that is good to point - we didn't lose any hangars this size, so no one is at loss there. President Kreulen stated whether they are calling Mr. Corbitt, Mr. Roach, or Mr. Ramsey directly we all must be sensitive to that.

Chair Granbery commented that he is still getting the same phone calls needing 60 x 60 hangars. President Kreulen said this is a long-range investment that we are making on these ten parcels, and any we fill were empty grass before, and we will have parcels ready to go for anyone who relocates to Nashville. We can go back and look at the older waitlist for the smaller jets and determine if it is time to build another bank of 48 ft's or whatever we feel is best and that is where those laydown yards will play a role in the future. Commissioner Granbery added to Chair Joslin's point about how

we started this with a conversation 6 years ago and it's remarkable what has been done. It would be very beneficial to this Board to have a meeting at Tune for us to all look at the Master Plan so we can visualize and ask ourselves - are we doing this exactly right. There are about 5 or 6 different major projects going on at John C. Tune relative to all the things that we are talking about moving forward. President Kreulen added that we have divided John C. Tune into three large areas - the south area which will be complete in April 2022; the center where we are committed to negotiating a new lease for the FBO; the north area has a good plan for the north side development. A meeting at John C. Tune might be a good way of opening the new maintenance building and conference room out there for hosting a Board meeting. Commissioner Granbery added that if we wanted to expedite it, the State Aeronautics hangar might also be available as an option.

Commissioner Freeman asked where we are on the Contour lease. President Kreulen stated that their lease runs out in the 2027-time frame and Mr. Corbitt has been in discussions with them, but right now we are trying to get them to move on the three hangars and then we will get into formulating our gameplan for you to come back to decide how to move forward to build the best FBO possible. Commissioner Freeman asked if there was anything holding up them replacing the three hangars. President Kreulen said it is really an engineering issue right now and he asked Ms. Holton where we stand. Ms. Holton said it is in the AIR process right now and being reviewed by MNAA staff. President Kreulen stated that he would get a more detailed update of this to Commissioner Freeman.

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

VI. Adjourn

There being no further business before the Joint Committee of the MNAA and MPC Operations, Engineering and Strategic Planning Committees, Chairman Joslin adjourned the meeting at 9:57 a.m.



Joycelyn Stevenson, Board Secretary