

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



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Date: May 11, 2022 Place: Nashville International Airport Board Room  
Time: 9:30 a.m.  
Committee Members Present: Jimmy Granbery, Chairman; Andrew Byrd, Vice Chair;  
Joycelyn Stevenson; Dr. Glenda Glover  
Committee Members Absent:  
Others Present: Bill Freeman; Nancy Sullivan; Bobby Joslin; Doug Kreulen;  
Lisa Lankford, Neale Bedrock and Ginger Cork

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I. Call to Order

Chairman Granbery called the Joint Meeting of the MNAA and MPC Finance, Diversity & Workforce Development (FINANCE) Committees to order at 10:05 a.m., pursuant to Public Notice dated May 6, 2022.

II. Approval of Minutes

Commissioner Stevenson made a motion to approve the minutes of the April 13, 2022 Finance Committee Meeting, and Vice Chair Byrd seconded the motion. The motion carried by vote of 4 to 0.

III. Chairman's Report start here

Chairman Granbery had no Chair's Report. He thanked Marge Basrai, EVP, Chief Financial Officer, for all her work on the previous presentation, Beyond Vision and Vision 1 and 2, and added that it was very exciting for this city and the airport. He also thanked the team at John C. Tune for their efforts.

IV. Items for Approval

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

1. Air Canada Air Service Incentive Agreement

Mr. Powell discussed the Air Canada Air Service Incentive Agreement for service to Montreal Canada, which is a first for BNA. Air Canada currently serves Toronto two times daily. Montreal is a new service for BNA that will start on June 2, 2022 with service starting three times weekly. For new scheduled

service to Canada, at the required minimum of 3 times weekly, the Air Service Incentive Plan (ASIP) allows for two years of landing fee abatement and marketing funds. Year 1 is 100% abatement and \$150,000 marketing funds. Year 2 is 50% abatement and \$100,000 marketing funds. This does not include any facility abatement under this tier of incentive. The proposed term is 2 years from start of service (June 2, 2022 – June 1, 2024). The total estimated incentive value based on initial planned three flights/week is \$325,000, which is \$75,000 in landing fee abatement and \$250,000 in marketing funds. The incentive is variable based upon actual flight activity, and maximum amount is estimated at \$417,000 (7 flights/week) and the mid-range amount is estimated at \$371,000 (5 flights/week). Any amount exceeding \$371,000 requires additional Board approval.

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

1. approve funding for the proposed marketing incentives and landing fee abatements, up to \$371,000; and
2. authorize the Chair and President & CEO to execute the Letter of Agreement (LOA) by and between MNAA and Air Canada outlining the specific terms of the proposed incentive.

Commissioner Glover made a motion to approve as presented and Commissioner Stevenson seconded the motion. The motion passed with a vote of 4 to 0.

Following approval, President Kreulen discussed the Air Service Incentive Fund and how we invest \$2M each year, which is approximately \$166,000 a month. The balance in the Fund is \$6.5M. Even with the recent incentives with Flair Airways and British Airways, MNAA will be a net positive overall.

Chairman Granbery asked what kind of aircraft Air Canada would be flying. Mr. Powell stated it would be an E-175 with a 2-class cabin.

## V. Information Items

### A. BNA Concessions Program Update

Ms. Colleen Von Hoene, Principal, Paslay Group, briefed the Committee on the concessions program for the main terminal and the satellite concourse.

- Main Terminal Concessions Update

For the 2022 locations, 7 of the 19 locations are open and 11 locations are in construction. The last location will start construction this summer. Two of the 11 locations in construction will open later this month in the C triangle and those include Ole Red and Hudson Non-Stop.

- Satellite Concourse Concessions Program Update

The Satellite Concourse Concessions RFP was issued on May 5, 2022 and a pre-proposal conference will be held today for interested bidders. Proposals are due on June 24, 2022. An addendum to the RFP, which is typical with any questions that come up before or during the conference today, will be issued within the next week. Chairman Granbery inquired about the number of concessions that will be at the Satellite Concourse. Ms. Von Hoene stated there would be 5 food and beverage locations and 3 retail locations for a total of 8 concessions.

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

B. Quarterly Retirement/OPEB/Treasury Investment Reports

President Kreulen introduced Ms. Kristen Deuben, VP, Finance, Deputy CFO. Ms. Deuben briefed the Committee on the Quarterly Retirement, OPEB and Treasury Investment Reports. Ms. Deuben reported that the Retirement Plan's FY22-Q3 market value was \$86.1M (-\$6.6M) and the OPEB Plan's FY22-Q3 market value was \$41.8M (-\$3.1M). As of June 30, 2021 the Retirement Plan is 106% funded and OPEB Plan is 159% funded. Ms. Deuben added that both plans underperformed the benchmarks for this period primarily due to inflation, the Russian Ukraine war and the China Covid lockdown.

Ms. Deuben briefed the Committee on the Treasury Investments. For the FY22-Q3 we have \$796.4M in available funds with 98% invested. \$15.7M is in cash in Demand Deposit Accounts (DDA) which is 2% total available funds, exceeding our internal goal of cash in DDA accounts NTE 8% of total funds. FY22-Q3 earnings were \$813K which is less than FY21-Q3 due to a decline in earnings rates and having \$52M fewer available funds. In the coming months, staff expects to see a slight increase in earnings rates and are working on positioning invested monies to increase yield.

Chairman Granbery said as of June 30, 2021 we were 106% funded and he asked Ms. Deuben if she has any thoughts on where this may be for this coming June 30, 2022. Ms. Deuben stated we believe that we will still be over 100% funded and we are working with the actuary on whether we will need to make deposits into the account. Chairman Granbery inquired on the threshold for funding. President Kreulen stated it is really a Board decision and a recommendation from the CFO, Ms. Marge Basrai. President Kreulen added that the Board started with a 5 to 6-year plan to become fully funded, and for a while we were putting in about \$5M a year to get to that point. We reached 100% a couple of years ago, and with investments doing well it bumped it to 106%. As previously discussed, Ms. Basrai plans for and has the ability to do \$2M to insure we always stay close to 100% funded. Nothing negative will happen

if we are not 100% funded. It is a Board action, and staff will continue to keep the Board updated. Ms. Basrai added that she is working with the Actuary on a funding policy. Chairman Granbery thanked Ms. Basrai for being proactive and working on a policy.

Commissioner Freeman pointed out that we are 98% invested on the Investment Report and he added that Commissioner Joslin, Chairman Granbery and others can remember when that number was at zero and commended everyone for doing such a great job.

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 10:20 a.m.

  
Joycelyn Stevenson, Board Secretary