

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



Date: May 18, 2022

Place: Nashville Airport – Tennessee Boardroom

Time: 1:00 p.m.

Board Members Present:

Bill Freeman, Chairman; Joycelyn Stevenson, Secretary;
Bobby Joslin; Jimmy Granbery; Dr. Glenda Glover

Board Members Absent:

Nancy Sullivan, Vice Chair; Andrew Byrd

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 1:02 p.m., pursuant to the Public Notice dated May 13, 2022.

II. Approval of Minutes

Chairman Freeman called for a motion to approve the Minutes of the April 20, 2022 Joint Meeting of the MNAA Board of Commissioners and MPC Board of Directors. A motion was made by Commissioner Joslin and seconded by Commissioner Glover to approve the minutes. The motion carried by vote of 5 to 0.

III. Chair's Report

Chairman Freeman paid tribute to Commissioner Granbery's mother, Ms. Anne Nicole Caldwell Parsons, who passed away on April 26, 2022. Ms. Parsons was abundantly generous and a lifelong volunteer within the community, our city and to many businesses and charitable organizations.

Chairman Freeman congratulated Commissioner Stevenson who was named in the Nashville Business Journal for the 2022 Women of Influence. Chairman Freeman thanked Commissioner Stevenson for everything she is doing for our city and for the Nashville Airport.

Chairman Freeman congratulated Commissioner Glover for the class of 2022 Tennessee State University commencement, which was held on May 7, 2022 and attended by Vice President of the United States, Kamala Harris.

IV. President's Report

President Kreulen thanked Chief Griswold, AVP, Chief of Police and recognized the Department of Public Safety (DPS) for their participation at the April 23, 2022 St. Jude Rock and Roll Marathon. DPS provides EOD bomb dogs to ensure the safety of Nashville participants at the marathon each year.

President Kreulen reported Lt. Harding was able to meet the Vice President during her most recent visit to speak at TSU's graduation. Lt. Harding is a valuable member of DPS and currently serves as an OPA, CID Division Supervisor, and serves as a task force officer for the U.S. Secret Service.

President Kreulen reported Terminal Garage 1 achieved the Parksmart Silver Certification for its sustainable design, construction, and operation. BNA has 2 of only 42 certified parking structures in the world. Terminal Garage 1 was a \$174M project that opened in 2021 with 2,800 spaces.

President Kreulen reported that Avelo launched their service on May 6, 2022. Nashville was their first destination in Tennessee with service 4 times weekly. Avelo Airlines serves nearly 30 destinations across the United States.

President Kreulen reported Chief Griswold does a great job representing us for National Police Week. National Police Week pays special recognition to law enforcement officers who have lost their lives in the line of duty for the safety and protection of others. On May 11, 2022, our Honor Guard Team placed a wreath beside our Memorial located in front DPS – in honor of DPS K9 Officer Michael Richardson, E.O.W. April 29, 1999. Chief Griswold also arranged to have a wreath placed beside Officer Richardson's name on the Law Enforcement Memorial wall in Washington, DC.

President Kreulen reported on several recent BNA Construction tours and visits. These visits included the TDOT Aeronautics Division with Mr. Jay Norris, P.E., Interim Director of Aeronautics, and Mr. J.P. Saalwaechter, P.E., Chief Engineer of Aeronautics, on May 12, 2022; Fraport AG & Fraport USA with Dr. Stefan Schulte, Chairman of the Executive Board; Holger Schaefers, Head of Acquisitions & Investments; and Karl-Heinz Dietrich, Fraport USA Board of Directors; The Nashville Area Chamber of Commerce and the 130-member delegation for the 29th Annual Study Mission on May 4, 2022; On May 17, 2022 BNA welcomed 36 members from L'Evate. President Kreulen thanked the Engineering team for their support on these tours.

President Kreulen reported on the BNA Canopy Topping Out Ceremony on May 12, 2022. The final beam was set completing the framing of the new BNA canopy. The traditional topping out ceremony included all the workers signing the beam, a tree for good luck and flags for patriotism.

President Kreulen reported that the new entrance to Ground Transportation was opened on May 17, 2022. Passengers have access to the North and South terminals from this entrance.

President Kreulen reported on the MNAA Board Officer Elections that were held on May 11, 2022. Bill Freeman was elected as Chairman; Joycelyn Stevenson was elected as Vice Chair and Jimmy Granbery was elected as Secretary. These newly elected officer positions will start on July 1, 2022 and they serve a two-year term.

President Kreulen briefed the Board on FY22 BNA Enplanements. May FYTD is averaging 30,260 daily enplanements, and the fiscal year is expected to finish at a record level approximately 7% over FY19.

President Kreulen reported on the 30 and 60-day outlook. June will be a busy month with a ribbon cutting at John C. Tune during our Committee meetings on June 15, 2022. We will celebrate BNA's 85th Anniversary on June 22, 2022 with a cake cutting at 12:45pm just before our Board Meeting which will start at 1:00pm. We plan to celebrate the groundbreaking of the Satellite Concourse immediately following the June Board Meeting at 2:00pm. On the 60-day outlook for July 2022 we are looking to award the construction contract for Automated Weather Observing System (AWOS) Relocation and have several informational items.

V. Items for Approval

1. Beyond Vision Program, Schedule & Budget

President Kreulen introduced Ms. Traci Holton, VP, Engineering and Chief Engineer and Ms. Marge Basrai, EVP and Chief Financial Officer to discuss Beyond Vision.

Ms. Holton briefed the Board on the Beyond Vision Scope that will consists of 5 projects to include Concourse D Extension; Concourse A Replacement/Expansion; Baggage Handling System Improvements; New Air Freight Building; and Terminal Access Roadway Improvements (TARI) Phase 2 & 3. A study was completed by Holder/Corgan in April 2022 on the new Concourse A & Concourse D extension study and provided us 10% scoping documents, renderings, schedule, and cost. Key

assumptions were for everything to match the existing D concourse, with the exception of adding moving walkways in both concourses and the amenities in Concourse A will also match Concourse D. Ms. Holton provided several Beyond Vision renderings. The first rendering was the exterior airfield view of Concourse D extension showing 5 Gates; an empty chair for A; the air freight functions will be moved to multipurpose building, and we don't wait on the relocation of Donelson Pike. The second rendering showed the interior connector view of Concourse D extension with moving walkways and electrochromic glass. The third rendering showed the interior view of Concourse D extension, and the finishes that will match existing Concourse D. The fourth rendering showed the exterior airfield view of new Concourse A which will be a total of 16 gates, including a concession node and moving walkways.

Ms. Holton reviewed the program schedule for Beyond Vision provided by Holder/Corgan with Concourse D completion date being in late 2025 and with Concourse A completion date in late 2028, and we will work to improve that date and the key here is these dates also have an off ramp before we move forward with the construction of Concourse A if determined necessary for economic reasons. Ms. Holton reported on the Beyond Vision program costs being at \$1.4B bringing the total Vision 1.0, 2.0 & Beyond Vision in at \$2.997B.

Ms. Basrai briefed the Board on the Financial Feasibility of the Beyond Vision Program. Ms. Basrai explained that the first part of the analysis is determining what we have left to fund. For BNA Vision 1.0 we have \$260.9M to fund and for BNA Vision 2.0 we have \$214.5M to fund. As for Beyond Vision, it will be the full amount of \$1.462B and other CIP that will need to be funded at \$189M. The total funding required is at \$2.1B. Ms. Basrai discussed the other funds that are not bond funded (BIL Entitlement grants) is at \$60.4M starting in 2024. Ms. Basrai then discussed the assumption that we go to the Bond market for the Series 2022 Bonds at about \$526.2M, the Series 2024 Bonds at about \$1,136.5B and the Series 2026 Bonds at about \$403.8M.

Ms. Basrai stated the key assumptions on the forecast period FY 2024 through FY 2033 are enplaned passenger projections – three scenario forecasts (Moderate, Strategic, Aggressive) with Strategic forecast used for analysis; Analysis does not include any assumed use of remaining ARPA, BIL (Discretionary), or State funds; Analysis uses rate-setting methodology allowable under Rates by Ordinance which has similar Landing Fee and Terminal Apron Fee methodology as current agreement and terminal rate methodology reverts to commercial compensatory (debt service included in rate calculation).

Ms. Basrai reviewed the financial results with the Board. We ran the model with an additional \$2.071B of bond funding (2022, 2024, 2026) using the "Strategic Forecast" (middle) for enplanement

projections. The key metrics are Senior Debt Service Coverage: Legal requirement is 1.25x and our target is 1.50x; the Senior/Subordinate Debt Service Coverage: Legal requirement is 1.10x; our target is 1.25x. Given these targets, we are slightly below for a few years starting in 2028. We do believe this program is affordable – we have some tools that we can use to get those remaining items above and at our target and we can pull them if we need to, and we have several years where we can see where enplanement traffic is and some of it is conservative growth.

Ms. Basrai shared with the Board as MNAA is preparing for the 2022 bond issuance later this year, we are starting the process to select the Underwriting Syndicate for the bond financing transaction. On March 20, 2019, the Board of Commissioners approved the Long-Term Financing Underwriter Syndicate Pool for the Authority for 2019-2023; and authorized the Chief Financial Officer and the financing team (with concurrence from the President and CEO) to select the team of Underwriters from this Pool for each bond financing transaction. In this Pool we have seven qualified senior managing underwriters – 5 of them are categorized as National/non-minority (Bank of America Merrill Lynch; Citigroup Global Markets, Inc; Jefferies, LLC; JP Morgan; and Raymond James) and two (Loop Capital Markets; and Siebert William Shank & Co., LLC) who are categorized as minority. We have four qualified co-managers - two of which are National / Regional / non-minority (FHN Capital; and UBS) and two (Rice Financial Products; and Samuel A. Ramirez & Co., Inc.) as minority. Ms. Basrai also added the RFP will be released by PFM (Authority's Financial Advisors) in the next few weeks. Commissioner Granbery asked who was used for the last bond issue. Ms. Basrai stated that we used Bank of America, JP Morgan, Siebert Williams & Shank, FHN Capital, UBS and Ramirez & Co.

This was presented to the Operations Committee last Wednesday and the motion passed with a vote of 4 to 0.

Staff requested the Board of Commissioners to:

- approve the Beyond Vision Program – scope, schedule & budget, and
- approve staff proceeding with the design and construction of Concourse D Extension and Baggage Handling System Expansion.
 - Staff will seek Board approval at each stage/contract

Commissioner Joslin made a motion to approve as presented and Commissioner Granbery seconded the motion. The motion carried by a 5 to 0 vote.

Following approval, Commissioner Glover asked about the Underwriters for the bond financing transaction and if we choose 2 or 3 from the pool. Ms. Basrai stated it could be 2 or 3 underwriters, or

it could be more – it just depends on what the team feels the bond issue will be. President Kreulen added that we wanted to bring this up because three years ago the Board approved a pool of underwriters and we can use any of them listed through 2023 and so we wanted to remind everyone that we are still in the previous pool and we are using those firms to choose from.

2. On Call Planning Professional Services Contract Amendment including Concourse D Extension EA

Ms. Holton briefed the Board on the Amendment for the On Call Planning Professional Services Contract including Concourse D Extension Environmental Assessment (EA). In January 2022 Ricondo & Associates was awarded the contract to provide On Call Professional Services to assist the Strategic Planning group with medium and large planning tasks. This was a 1-year contract with a 4-year term and 1-year renewal options with a NTE \$450,000 per year. The amendment is to increase the \$450,000 to \$1M NTE per year. This was presented to the Operations Committee last Wednesday and the motion passed with a vote of 4 to 0.

Staff requested the Board of Commissioners to

1. authorize the Chair and President and CEO to execute an amendment to the On Call Planning Professional Services Contract with Ricondo & Associates.

Commissioner Joslin made a motion to approve as presented and Commissioner Glover seconded the motion. The motion passed with a vote of 5 to 0.

Following approval, Commissioner Granbery stated the jetway on the far gate seems really long – is there a maximum length that you can have a jetway. Ms. Holton stated they will do a max length on the moving bridges, but they will also have fixed bridges to get the length they need to clear for the aircraft.

3. Air Canada Air Service Incentive Agreement

Mr. Josh Powell discussed the Air Canada Air Service Incentive Agreement for service to Montreal Canada which is consistent with the approved Air Service Incentive Policy from 2020 and per the incentive any international incentive requires Board approval. 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. This was presented to the Finance Committee last Wednesday and the motion passed with a vote of 4 to 0.

Staff requested the Board of Commissioners to:

- I. approve funding for the proposed marketing incentives and landing fee abatements, up to \$371,000; and
- II. 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 Granbery made a motion to approve as presented and Commissioner Joslin seconded the motion. The motion passed with a vote of 5 to 0.

Following approval, Commissioner Granbery said it was important to discuss the Air Service Incentive Fund and how are funding more than we are spending. President Kreulen added that we invest \$2M each year, and the Air Service Incentive Plan is funded through the NAE Incentive Account, which has a balance of \$6.504M. Even with the recent incentives with Flair Airways and British Airways, MNAA will be a net positive overall. Our desire is for a 2nd Europe service or eventually an Asia service. Mr. Powell is doing a great job managing and Ms. Basrai and Ms. Kristen Deuben, VP of Finance, Deputy CFO have done a great job with the investing of this fund. Commissioner Granbery asked about the loads that British Airways is seeing on their restart. Mr. Powell stated it has been very successful, running in the mid 90's through the second weekend.

VI. Informational Items

A. JWN Update (Operations)

JWN Hangar Construction

President Kreulen provided an update on the JWN Hangar Construction. All plane port and hangar buildings have completed construction and been turned over to MNAA. Since we last met, we are working to get the paperwork completed on all 90 hangars. At this time, we are missing paperwork on just 3 of the 90 hanger and we are working to get that resolved. Three of the plane ports have been rented, leaving 7 available. The people who might not have filled out the paperwork on the

90 hangars will be going to the wait list. Our goal is to be 100% rented. The remaining schedule for the last three components in the southern area includes the laydown conversion to be completed by August 16, 2022; Taxiway R3 Apron Expansion to be completed by December 31, 2022 and the MX/Admin building to be completed by January 20, 2023.

JWN Operations

President Kreulen provided an update on JWN Operations. We continue to see growth in our monthly operation trends. CY2019 had 86K annual operations, which is 7,167 a month. FY22 is trending an average is 8,379 a month. In April 2022, the average was 9,892 which is an all-time high and a record day was set on April 28, 2022 with 585 operations in one day. Fuel sales will continue to increase as we have the hangars and plane ports 100% rented.

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

B. BNA Concessions Program Update (Main Terminal and Satellite Concourse) (Finance)

President Kreulen briefed the Board on the Concessions Program for the Terminal and Satellite Concourse. President Kreulen stated that Fraport has done a good job and we have a lot of construction going on with 11 locations in construction in the main terminal. Our newest location, MEEL, opened on May 11, 2022 and Ole Red and Hudson Non-Stop is next on the list to open. Fraport has done a great job in hitting our stride in 2022 and turning our focus into 2023. As we turn to the Satellite Concourse Concessions, we had a really good pre-proposal meeting on May 11, 2022 with 34 companies attending and we look to see proposals the end of June. We expect to finish review of evaluations on July 11, 2002 and coming back to the Board on August 17, 2022. Secretary Stevenson asked for clarification on the number of spaces in the Satellite Concourse. President Kreulen stated the Satellite Concourse would have 8 spaces – 5 of which are food / beverage and 3 are retail spaces. These companies will be coming in as a master concessionaire and will give us our package of 8 and we will compare what they are offering for rent. Commissioner Granbery asked if the employees at the Satellite will ride the shuttle like passengers. President Kreulen stated yes.

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

C. Quarterly Retirement/OPEB/Treasury Investment Reports (Finance)

President Kreulen briefed the Board on Quarterly Retirement, OPEB and Treasury Investment Reports. President Kreulen 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. President Kreulen added that as Chairman Freeman pointed out, it has been a major accomplishment on the treasury to go from zero to 98% invested. This item was presented for informational purposes only, and no action was required.

Prior to adjourning, Commissioner Granbery asked about the 87 hangers at JWN, the new ones – are they all occupied. Mr. Robert Ramsey, EVP and Chief Operating Officer stated that about 80 of them are occupied and we've got 3 that do not have paperwork on and a couple more in transition – but we are really close to be 100%.

Commissioner Joslin invited everyone to the legendary fish fry that will be held on June 26, 2022.

VI. Adjourn

There being no further business brought before the Board, Chairman Freeman asked to adjourn the meeting which carried with a vote of 5 to 0, and the meeting adjourned at 1:34 p.m.

Ginger Cork - Staff Secretary

Joycelyn Stevenson, Board Secretary

w/ Permission