

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



Date: January 18, 2023

Location: Metropolitan Nashville Airport Authority
Tennessee Boardroom

Time: 1:00 PM

Board Members Present:

Joycelyn Stevenson, Vice Chair, Jimmy Granbery, Secretary,
Andrew Byrd; Bobby Joslin; Bill Freeman, Glenda Glover

Board Members Absent:

Nancy Sullivan

Others Present:

Doug Kreulen, Neale Bedrock, Lisa Lankford, Trish Saxman and
Rachel Moore

I. CALL TO ORDER

In accordance with the 3rd Amended and Restated Bylaws of the MNAA Board of Commissioners, Section 2.3, Vice Chair Stevenson called the MNAA Board of Commissioners and MPC Board of Directors meeting to order at 1:00 PM, pursuant to Public Notice dated January 13, 2023.

II. APPROVAL OF MINUTES

Vice Chair Stevenson called for a motion to approve the Minutes of the December 14, 2022 Joint Meeting of the MNAA Board of Commissioners and MPC Board of Directors. A motion to approve was made by Commissioner Byrd and seconded by Commissioner Granbery. The motion carried by vote of 6 to 0.

III. CHAIRMAN'S REPORT

Vice Chair Stevenson welcomed everyone and thanked all for attending. She gave a special thank you to Commissioner Freeman for his service and leadership in many positions with the MNAA Board.

IV. PRESIDENT'S REPORT

Doug Kreulen, President and CEO, introduced Burke Nihill, President and CEO of Tennessee Titans. Mr. Nihill presented a short video of the new stadium proposed for Nashville and stated that they are making great progress. The Titans have been engaging the public, city councils and the sports authority to make it a reality and have final documents on leases. They are also in the middle of a general manager search. They will keep

working on the details and core principals to bring this project to fruition and make it a better deal for Nashville. The Titans believe there is a better way forward and a much better deal for Nashville taxpayers, potentially a billion dollar plus win for the taxpayers, and the use of revenue streams such as sales tax from inside the stadium, hotel tax that will support the hotel industry and revenue necessary to build and to keep it maintained over the next 30 years. There is the returning of central land to the people of Nashville, and the east bank is a real opportunity for Nashville, Oracle has put in 8,500 jobs, and there are also untapped resources. Nashville and the taxpayers own about 180 acres in the middle of the city, but there is a lease that requires that space to be parking lots until about 2039. Some of the biggest events in the world want to come here and need a facility to do that.

Mr. Nihil shared that the stadium is designed to be a multi-purpose building that can be used for athletic events, conferences, educational programs, and the like. It is also designed to help define the city and its architecture. Mr. Nihil reported that the stadium will have a ETFE (Ethylene tetrafluoroethylene) roof that protects from the elements and also lets in sunlight.

One of the real benefits of this project is that this property today is across from one of the more dynamic downtowns in the country and there is an opportunity to put this land to use for Nashville. There will be lots of green space and a transit line that catalyzes transit potentially throughout the community and takes advantage of our riverfront. We also have an opportunity to generate property tax dollars and development returns for the city that can help support the city. Mr. Nihil also stated that it has been good that the Titans are here to invest a lot of money, time and resources in serving the community. Mr. Nihil stated they have been talking to the leaders of this community and have asked what the needs of this community are, what the opportunities are, and how does an organization like the Titans support these goals and objectives. We have come to rally around this constant of one community, in opportunities, neighborhoods, and education. There is a broad list of organizations that the Titans are entering final agreements with that will hold them accountable, for example Tennessee State University. Mr. Nihil stated he is really proud of the partnership that the Titans and TSU have in mind, which has athletic and educational components.

Mr. Nihil shared that he asked the Titans analytics team to research what this project could mean for the airport. The team estimates the number of out-of-town visitors, which are folks with an address outside of Tennessee, Kentucky and Alabama, would be about 24% of people who attend events such as Titans games, concerts, monster jam, or anything else. Currently, about 278k - 300k people travel from out of town and that number jumps by probably 200k over the normal environment because we are looking to add an additional

15 stadium events every year with the new building. That does not include though what we believe will be routine infusion of non-routine events, such as the Superbowl, the NFL draft, and Final Fours. These events typically draw about 100K+ people to the region over the week leading up to those events and those events themselves. For example, with respect to the Superbowl, there may only be 60k or 70k people in the building, but that event takes over an entire city for a week. Also, business conferences infuse the city with many out-of-town travelers for a week.

Mr. Nihill took questions. Commissioner Granbery asked about the timeline. Mr. Nihill replied it is his hope that we have final documents sometime next month and shovels in the ground this fall. Mr. Nihil shared that the Titans are trying to have doors open before the 2026 Titans season, however they are not going to rush the process to meet arbitrary deadlines.

President Kreulen stated we are a proud sponsor of the Tennessee Titans and our data regarding potential new travels is consistent with what Mr. Nihill mentioned, and the new stadium will be another way to boost our enplanements. President Kreulen stated that MNAA looks forward to continuing to partner with the Tennessee Titans. President Kreulen thanked Mr. Nihill for speaking and wished the Titans success with the new stadium.

Following the conclusion of Mr. Nihill's presentation, President Kreulen reported that two new officers graduated from the Tennessee Law Enforcement Training Academy. BNA officers are not only police officers, but they are also emergency medical technicians, and we send them to fire academy as well so they can work any aircraft incident that we may have. Commissioner Granbery asked for the total number on the force. President Kreulen replied 87 are authorized and we are at about 90% full, and that he anticipates that as MNAA grows, it will be about 100 in the next 12 months or so.

President Kreulen stated Delta announced additional and new air service on January 4, 2023, adding service to Salt Lake City, Seattle-Tacoma and Los Angeles beginning spring and summer 2023, and new service in the fall three times daily to Washington DC. President Kreulen stated Frontier also announced new service to Phoenix with great introductory fares. Frontier also offers nonstop service to Denver, Las Vegas, Orlando and Philadelphia, and as they keep exploring the Nashville market, we will see more from Frontier as we go forth.

President Kreulen stated Officer Robbins has a new K-9 partner, Hector, a new explosive ordinance disposal and detection dog. We have 6 bomb dogs working on a day-to-day basis and three drug dogs focused on

narcotics. Commissioner Granbery asked if our dogs will go back to the Superbowl this year and President Kreulen stated the ones that score 100% on all of their evaluations by TSA, which is the majority of ours, get nominated and TSA selects those that get to go to the Superbowl.

President Kreulen stated that FY23 BNA Enplanements is a really good story for Nashville and Middle Tennessee. Last year, FY22 set a new record of 18.4M, and in calendar year 2022 ending December 31st, we are at a new record of 20M passengers. 20,045,685 passengers went through the airport, which is approximately 54,920 passengers moving through the airport a day. Last year's record at 18.4M was 50,010 a day, so we have another 4,510 passengers come through the airport every day and we anticipate the fiscal year numbers will be even bigger. We are 10% over the calendar year 2019 pre-pandemic numbers, but we are right now sitting there in the middle of the previous year and that there is a good chance that by June 30th of this year we are larger than 21M passengers.

President Kreulen briefed the 30-day Outlook reporting that in February, we have Clifton Harris from Urban League of Middle Tennessee as our guest speaker. There are several approval items in Operations and Finance Committee meetings, and review of the Ethics Policy and Bylaws in the Management Committee meeting. For the month of March, equally busy, the guest speaker will be Marcus Whitney, Co-Founder & Partner of Jumpstart Health Investors. Operations and Finance Committee meetings never slow down. We will provide the Board with you the staff analysis for each approval item and for details for the bylaws and ethics for Board feedback.

President Kreulen stated the Legislative Session in full swing now. We had the opportunity to speak with Governor Lee on January 25th and later that same day the Senate Transportation Committee (TAACA) asked the five commercial airports that serve the State of Tennessee to speak. President Kreulen will speak on February 7th at the Nashville Business Breakfast at Lipscomb University and later that same day help Clifton Harris with the welcome to the Urban League 55th Annual Equal Opportunity Day Luncheon.

V. ITEMS FOR APPROVAL

A. Board Officer Election (Management)

Chair Stevenson announced that the Board has a vacancy of the Chair position created by Commissioner Freeman stepping down. The Management Committee met last week and voted to recommend 4approval of a slate of officers to continue through June 30, 2024. The recommendations are Chair, Joycelyn Stevenson, Vice Chair, Jimmy Granbery and Secretary, Andrew Byrd.

Chair Stevenson asked for a motion to approve Board officers as presented by the Management Committee and Commissioner Freeman made the motion and Commissioner Glover seconded the motion. The motion carried by a 6 to 0 vote.

B. International Arrivals Facility (IAF) Mural (Operations)

President Kreulen introduced Stacey Nickens, AVP, Corporate Communications, to brief the Committee on the International Arrivals Facility (IAF) Mural and the Arts at the Airport New & Reappointed Board Members. Ms. Nickens stated that the IAF Mural is titled Music City Ethos and the artist is Eric "Mobe" Bass She referenced a question from our last Operations Committee meeting as to how this was advertised and explained that MNAA sent this through the Tennessee Arts Commission and also advertised in Tennessee arts organizations in Memphis, Chattanooga, Knoxville, Tri-Cities, Cookeville and Clarksville. Mr. Bass is a native Tennessean. This art installation will begin in August 2023 and will take approximately 2-4 weeks.

Commissioner Joslin acknowledged the contract was presented and approval recommended by the Operations Committee and made a motion to approve as presented and Secretary Byrd seconded the motion. The motion carried by a 6 to 0 vote.

C. Arts at the Airport New and Reappointed Board Members (Operations)

Ms. Nickens briefed the Board on the appointment of two new Board members and reappointment of three Board members to the AaA Board. Ms. Nickens stated that the two new member nominees are Sara Lee Burd and Shayna Snider. Ms. Burd is a project archivist and previously the Executive Editor of Nashville Arts Magazine, and Ms. Snider is art teacher at Hume-Fogg school. The three reappointment nominees are Michael McBridge, who has served on the Board for 12 years and is an instructor of art at TSU; Jorge Arrieta is an artist opening Chauvet Arts in March of 2020 and has served for 3 years; and Dr. Paulette Coleman has served the longest, 14 years and is a social justice activist. Ms. Nickens stated approval was recommended by the Operations Committee on January 11, 2023.

Commissioner Joslin acknowledged the contract was presented and approval recommended by the Operations Committee and made a motion to approve as presented and Secretary Byrd seconded the motion. The motion carried by a 6 to 0 vote.

D. Construction Contract for Make-up Unit 1 & 2 Carousel Replacement (Operations)

President Kreulen introduced Traci Holton, VP, Deputy COO & Chief Engineer, to brief the Board on the Construction Contract for Make-up Units (MU) 1 and 2 Carousel Replacement. This is a replacement, reconfiguration and expansion. MNAA readvertised an Invitation to Bid (“ITB”) in November and received three bids, but only one responsive bid, and that was from G&S Mechanical. Their bid was reviewed and deemed to be responsive and responsible. The SMWBE participation level for this project was 3.91% MBE and/or WBE. G&S Mechanical committed to achieving 4.12% MBE by utilizing John Curry Electronic. This is a \$2,789,690 contract and was presented to the Operations Committee on January 11, 2023.

Commissioner Glover asked who the MBE for the project was, and Ms. Holton replied, John Curry Electric at 4.12%.

Commissioner Joslin acknowledged the contract was presented and approval recommended by the Operations Committee and made a motion to approve as presented and Secretary Byrd seconded the motion. The motion carried by a 6 to 0 vote.

E. Professional Services Contract for Terminal Area Roadway Improvements (TARI) Phases 2 & 3 (Operations)

Ms. Holton briefed the Board on the Professional Services Contract for TARI – Phases 2 & 3 and recommended awarding the contract to Atkins North America, Inc. MNAA issued a Request for Qualifications (“RFQ”) in October and received two Statements of Qualifications (“SOQs”) in November, from Atkins North America, Inc. and Barge Design Solutions, Inc. Atkins was the highest valued SOQ – the SMWBE goal participation level set for the project is 5.77% MBE and/or WBE and Atkins committed to the 5.77% and MNAA is still negotiating those fees, not to exceed request of \$3.5M today for approval. This item was presented to the Operations Committee on January 11, 2023.

Commissioner Joslin acknowledged the contract was presented and approval recommended by the Operations Committee. He made a motion to approve as presented and Secretary Byrd seconded the motion. The motion carried by a 6 to 0 vote.

F. Custodial Services Contract for Grand Lobby and International Arrivals Facility (Operations)

President Kreulen introduced Daniel B. Brown, AVP, Maintenance, Environmental and Safety. Mr. Brown presented the Custodial Services for Grand Lobby & International Arrivals Facility (IAF) stating Bestway Services, Inc. provided the only responsible bidder received. The SMWBE goal is 18.11% and contract cost is approximately \$2.2M per year, and \$6.8M for three years plus two optional years. He recommended award to Bestway Services, Inc.

Commissioner Joslin acknowledged the contract was presented and approval recommended by the Operations Committee. He made a motion to approve as presented and Secretary Byrd seconded the motion. The motion carried by a 6 to 0 vote.

G. JWN North Development Parcels 2 and 3 Lease Terms – Lawrence Hangar LLC (Gaylon Lawrence (Finance)

Doug Kreulen, President and CEO, introduced Carrie Logan, Associate General Counsel, who briefed the Committee on the lease to Lawrence Hangar, LLC for Parcels 2 and 3 of JWN North Development, with rent commencing on an effective date between 2/1/2023 and 3/15/2023. There is a total 37-year term with a 5-year renewal option. Base rent is \$3.05 SF, 3% annual escalation over the previous year each year for both parcels. The improvements will be a minimum of \$5M capital investment. It is a Triple Net Lease with Property Condition and Pavement Condition Assessments every 5 years. MNAA will receive an assignment fee based on the years left in the lease. Tenant has a right to sublease with written approval by MNAA and if approved, revenue share is 50% of excess of Tenant's base rent. This item was presented to the Finance Committee on January 11, 2023.

Secretary Byrd acknowledged the contract was presented and approval recommended by the Finance Committee. He made a motion to approve as presented and Vice Chair Granbery seconded the motion. The motion carried by a 6 to 0 vote.

Vice Chair Granbery asked when we will get plans and be able to show how big the hangars will be, and if we know who the investors are. He stated that Commissioner Freeman made some good points last week about the LLCs having shell corporations and the value of the lease being the residual value of the hangars. Ms. Logan stated MNAA will get that and make it part of the record.

H. JWN North Development Parcels 4 and 5 Lease Terms – V3 Realty LLC (Finance)

Ms. Logan briefed the Committee on the V3 Realty LLC Lease terms for parcels 4 and 5 at JWN North Development. Ms. Logan stated these terms are very similar, with base rent at \$2.00 SF. He pointed out that because the construction drawings are preliminary at this stage, MNAA has changed the range of the hangar from 25K sf - 30K sf, from previously stated 29k sf - 30k sf, to give them more flexibility as they finalize design. V3 is a commercial real estate company and they will have a future special purpose entity for this. The membership table is two of the owners of V3 Realty and 1% of real estate partnership that makes up the entity that they plan to create. This item was presented to the Finance Committee on January 11, 2023.

Secretary Byrd acknowledged the contract was presented and approval recommended by the Finance Committee. He made a motion to approve as presented and Vice Chair Granbery seconded the motion. The motion carried by a 6 to 0 vote.

Vice Chair Granbery asked Ms. Logan to refresh his memory on the blue pads, 4 and 5, and the square footage individually. Ms. Logan stated 168' by 218'. Ms. Holton added that is 36,600 sf. Vice Chair Granbery stated he believes it is important to note that by leasing two pads they will build a much bigger hangar than they could have built on one pad which is a huge benefit to MNAA, and he believes that point needs to be pointed out to tenants.

VI. INFORMATION ITEMS

A. BNA Development Update (Operations)

President Kreulen updated the Committee on BNA Development reporting that we are still on track for the reception tomorrow, January 19, 2023. Right now, we have 188 RSVPs confirmed and we have a good plan to hold all those guests in several areas and to do a tour afterward. Senator Hagerty will be in attendance, along with here, most of the Commissioners from the State government, members of both the House and Senate, as well as Mayor Cooper and several of the mayors countywide and citywide. Following the preview tomorrow night, the official opening will be January 24, 2023 and on January 27, 2023 will be the Hilton BNA topping out.

B. JWN North Development Update (Operations)

President Kreulen gave an update on BNA & JWN Real Estate Development. President Kreulen stated we have sent out notifications for firms we believe will take possession Parcels 6 and 7 as well as 8

and 9. Those notifications have been sent and we have a standardized Letter of Intent (“LOI”) that we hope to execute and MNAA will be back to brief the Board. As the Board is aware the Metro Council approved the development lease and MNAA will enter into for Parcel 10 for the Metropolitan Nashville Police Department.

C. JWN Hangar Rent Model (Operations)

President Kreulen updated the Committee on the JWN Hangar Rent Model, stating it has been two years since we adjusted our hangar rent. In February 2021 we did a lot of work with the Operations and Finance Committees and came up with a model on how we calculate rents and charges. The formula for how we calculate the rents is Capital Costs + Operating Costs + Return on Investment (ROI), and we have the ability to use the CPI-U index and/or operating costs. Since we last set these rents, the CPI has gone up to 13.5% over the two years. Staff is now at our actual calculations to see how efficient we have been with operating and direct costs, to determine if we raise the rent at 13.5% or lower. Additional information will be available at next month’s meeting.

D. BNA Concessions Program Update (Finance)

President Kreulen stated MNAA is continuing to make great progress on our concessions program. All 19 of the 2022 locations opened last year and for 2023 12, locations are scheduled to open January 24, 2023. Six of those are already completed and the other 6 will be done today. In September 2023, 15 more locations will open and the satellite will open up in October with another 7 concessions. We were already at 70 plus businesses by January 24th that Fraport has helped us construct, build and operate. By the end of this year, we will have approximately 100 restaurants, food and beverage locations. President Kreulen reminded the Board that there was a time when we only had 52 concessions.

Commissioner Granbery asked what is on the other side of the Titans. President Kreulen stated Acme Feed & Seed, and that he believed the name of the Titan’s location will change. President Kreulen presented a slide that showed some of the stores showcasing tomorrow evening. Commissioner Glover asked if In/Out Burger will have a location at BNA. President Kreulen stated he had a chance to meet their CEO and CFO and let them know they should consider BNA, but he believes that the square footage and acreage they want may not work at BNA. President Kreulen stated we are still working with Fraport to clean up paperwork that we need in terms of 2022 performance, and we sent them a lease amendment that we recommend they consider and hope to have that back in the March time period.

E. Ethics Policy / Bylaws Status Update (Management)

President Kreulen complemented Mr. Neale Bedrock, Esq., General Counsel and Chief Compliance Officer, for doing a great job with his team and outside counsel Jenner & Block looking at both our Ethics Policy and current Bylaws to make sure we are implementing best practices and updating documents for improvement. Our intent is to give Commissioners an opportunity to review matrix in February, discuss changes in March, and have a new document ready for approval in April.

VII. ADJOURN

There being no further business brought before the Board, Chair Stevenson thanked the Commissioners for their participation and made a motion to adjourn. Commissioner Byrd seconded the motion, which carried by a vote of 6 to 0. Chair Freeman adjourned the meeting at 1:39 PM.

A handwritten signature in black ink, appearing to read "Andrew W. Byrd", written over a horizontal line. The signature is fluid and cursive.

Andrew W. Byrd, Board Secretary