

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



Date: February 15, 2023

Location: Metropolitan Nashville Airport Authority
Tennessee Boardroom

Time: 1:00 PM

Board Members Present:

Chair Joycelyn Stevenson, Vice Chair, Jimmy Granbery, Secretary, Andrew Byrd; Bobby Joslin; Nancy Sullivan, Glenda Glover

Board Members Absent:

Bill Freeman

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 1:04 PM, pursuant to Public Notice dated February 10, 2023.

II. APPROVAL OF MINUTES

Vice Chair Stevenson called for a motion to approve the Minutes of the January 18, 2023 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. CHAIR'S REPORT

Chair Stevenson welcomed everyone and thanked all for attending. Chair Stevenson stated Dr. Glover wanted to acknowledge the importance of Black History Month this February. Chair Stevenson stated it is very important to BNA and also the contributions of the city, state and nation, so she strongly encourages and supports any programs that acknowledge Black History Month.

IV. PRESIDENT'S REPORT

Doug Kreulen, President and CEO, stated his great friend, Clifton Harris, had a late change in his schedule and could not make it as guest speaker and we will try to reschedule him soon.

President Kreulen proudly announced that a press release was sent out on January 27, 2023 announcing our new MNAA Board officers. President Kreulen congratulated Ms. Stacey Nickens, AVP, Corporate Communications, and the Communications Team for our Black History Month programming, which highlights aviation and the Tuskegee Airmen. President Kreulen stated that while in the Air Force, he had an opportunity to land and see where they did some of their training. There are a lot of great things on our social media pages celebrating Black History Month as well.

President Kreulen gave a special thanks to Ms. Marge Basrai, EVP and Chief Financial Officer, and the Finance Team for all the hard work they have done working with the S&P Global on our upgrade from "A+" to "AA-". He encouraged Commissioners to view MNAA's Investor Relations Website, which shows where we are financially. It is nice to be borrowing money and still get rated very high, especially with what we will be doing over the next 10 years.

President Kreulen stated that Josh Powell, Director of Airline Affairs & Air Service Development, presented the news that WestJet will be adding nonstop service to Vancouver in May. This announcement has been well received in the Nashville community. BNA will have nonstop service to Canada's top five largest cities, and Nashville will be 1 of 8 US cities to have non-stop service to these cities. The other airports are Denver, Las Vegas, Los Angeles, Minneapolis, Phoenix, Seattle and San Francisco. Vice Chair Granbery asked about the seat difference, 132 to 174, and if 174 is the maximum. President Kreulen stated yes, most 737 aircrafts have 132 seats but the maximum is 174 seats. Secretary Byrd stated Vancouver is a great connection for BNA, having access to Western Canada with great vacation spots. Chair Stevenson stated that she shared news of the new service on her Facebook page and received lots of comments on it.

President Kreulen congratulated Davita Taylor who continues to grow in leadership responsibilities at MNAA, and the Nashville Business Journal recognized her as one of the Women of Influence.

President Kreulen stated that snow and ice events costs are between \$250K and \$500K per event and presented a slide that shows some of the equipment that MNAA has delivered for snow and ice events in addition to all equipment we already have. The augmentation that we have uses GPS, almost like farming, to clean our roads and parking lots and that is how we know they are clearing the square footage and distances we need. It is a robust capability and we do not normally put this in the budget because we are usually one year on, two years off, in terms of how much snow we get. Ms. Basrai would typically budget this out of

contingency. President Kreulen stated that he wanted to be transparent and share this information because the total of these two events exceeds his \$500K limit and he would like to show how we track that information. Vice Chair Granbery asked how this is handled with the airline agreement. President Kreulen stated it is rolled into the expenses, so they end up paying us for costs associated with the airfield.

President Kreulen stated that MNAA has updated our enplanement forecast again, because we are 19% bigger than last year. He recognized Steve Wood, Federal Security Director for Tennessee. We are number 1 in Tennessee in terms of the number of passengers moving through the airport and we are also number 1 of the top 50 airports in the U.S. for pandemic recovery. Based on our projections, we are on track to have gone from 18.4M passengers last year on June 30th to 21M passengers on June 30, 2023. There are not many airports that have 2.6M new passengers in a single year, which is an additional 5K passengers going through the Nashville airport every day.

President Kreulen reported that regarding the Committee 30-Day Outlook, we will have a Board guest speaker, Marcus Whitney with Jumpstart Health Investors. He is also the Convention and Business Corporation's Finance Committee Chair. MNAA has a lot of approvals including Concourse D extension CGMP 2, and also other related construction. We hope to have some updates on JWN North Development and have all the Letters of Intent executed. The General Counsel is looking for the Board's feedback on the Ethics Policy and Bylaws, for discussion in March and approval in April.

President Kreulen stated the month of April is a big month for MNAA. The Finance Team, based on the 2.5M passenger growth, will be providing the Board with an update or adjustment to our FY23 Budget and will provide the FY24 Budgets for your consideration. MNAA expects to have the new Airline Use & Lease Agreements ("AULA") that will lock the airlines into an 8-10-year business deal with MNAA. We also hope to have the Board's final Ethics Policy and 4th Amended and Restated Bylaws.

President Kreulen stated that MNAA is participating in two upcoming National Conferences. The 2023 American Association of Airport Executives ("AAAE") 95th Conference and Exhibition is June 3-5 in Denver. MNAA is going to the conference to receive the gavel as we will be hosting both conferences in 2024. About 5k attendees will come to Nashville from all the airports in the US to attend the conference. A few weeks later, June 10-14, the 2023 Airport Minority Advisory Council ("AMAC") 38th Business Diversity Conference will be held in San Antonio, Texas, with around 3k attendees from all over the U.S. We will be showing off our airport, city and state twice next year with both national conventions and we are very excited about it. Chair

Stevenson asked if the 2024 dates will mirror the 2023 dates. President Kreulen responded that he is unsure of the exact dates, but believes they are spread out and will get those tentative dates. With these airport industry events, we might have to modify the Committee or Boarding meeting dates so that Board members can attend the conferences.

President Kreulen reported that the All-Team Meetings will be held on February 16, 2023 and this one is important because it follows the senior staff retreat and also the Southwest challenges that we had in December. One of the promises President Kreulen made to the Commissioners, and also to The Tennessean, is that we will be discussing the 100-page After-Action report with the staff, which details the key things that we learned and what we can do better in the future. President Kreulen stated that he believed that staff is excited to hear about where we are as this fiscal year comes to a close on June 30th and the plans for the next fiscal year. There has been much legislative work this session, which is still ongoing. President Kreulen is also attending the Japanese Emperor's Birthday Celebration on February 22, 2023 and speaking at Kiwanis on March 3, 2023. The Tennessee Airport Conference will be held in Cool Springs on March 13th and 14th. On March 21, 2023, there will be a tour with State Representative Powell and Campbell County of Chamber of Commerce.

V. ITEMS FOR APPROVAL

A. On Call General Construction Services (Job Order Contract (JOC) (Operations)

President Kreulen introduced Traci Holton, VP, Deputy COO & Chief Engineer, to brief the Board on the On Call General Construction Services (Job Order Contract (JOC) for maintenance, repair, alteration, remediation and minor construction. Ms. Holton stated that through a Request for Proposal, Utopia Building Group, LLC was the highest rated proposer. The contract is intended to be \$3M NTE per year. It is a one-year contract with four one-year renewals and was presented to the Operations Committee on February 8, 2023. Ms. Holton requested that the Board of Commissioners accept the proposal from Utopia and authorize the Chair and President and CEO to execute the Job Order Contract for \$3M NTE.

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

B. Amendment 2 to Atkins Professional Services Contract for JWN North Development (Operations)

Ms. Holton presented Amendment 2 to Atkins Professional Services Contract for JWN North Development for designing the earthwork grading of the tenant lease areas. The amendment is for \$21,544 which makes the total contract value over \$500K, requiring Board approval. This was presented to the Operations Committee on February 8, 2023. Ms. Holton requested that the Board of Commissioners authorize the President and CEO to execute Amendment 2 to Atkins North America, Inc. in the amount of \$21,544.

Vice Chair Granbery asked if there was any work around parcel 10. Ms. Holton replied it is the lowest grade point and is not necessary.

Commissioner Joslin acknowledged the contract was presented and approval recommended by the Operations 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.

C. Change Order to Civil Construction Contract for JWN North Development (Operations)

Ms. Holton presented Change Order 1 for JWN North Development for Civil Constructors, LLC Contract for the same area. This is for the construction of that grading, which has not been negotiated yet because the design is not complete. It is anticipated at NTE \$1.25M. Ms. Holton stated approval was recommended by the Operations Committee on February 8, 2023, and she requested the Board of Commissioners authorize the President and CEO to execute Change Order 1 to Civil Constructors in the amount of NTE \$1.25M.

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.

D. Amendment to Bestway Custodial Services Contract for Parking Garages and Plaza Area (Operations)

President Kreulen introduced Daniel B. Brown, AVP, Maintenance, Environmental and Safety. Mr. Brown briefed the Committee on the Amendment to Bestway Custodial Services Contract for Parking Garages and Plaza Area. The proposed amendment is to increase their labor rates which will allow them to continue to stay competitive with the current market and to recruit better candidates to service the garage and plaza areas. This contract was presented to the Operations Committee on

February 8, 2023. Mr. Brown requested the Board of Commissioners accept the proposed contract amendment to the Custodial Services Contract for the Garage and Plaza areas and authorize the Chair and President and CEO to execute the amendment to the contract with BestWay for \$781,178.

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.

VI. INFORMATION ITEMS

A. BNA Development Update (Operations)

President Kreulen updated the Committee on BNA Development, reporting that the Concourse D Extension includes an outdoor seating area. When passengers get to the new extension of D they can enjoy shopping, food and drink and sit outdoors in covered space. The question was asked in Committee meetings which airports also have these, and staff collected examples. The list includes Denver, Long Beach, Salt Lake City, Los Angeles, Austin, Atlanta New York (JFK), Tampa and Palm Springs. This will put Nashville in the top 10 of airports with new amenities.

Vice Chair Granbery asked if it is a wall and not just a rail around the outdoor seating area. President Kreulen stated yes, the question had come up earlier for staff members. Mr. Wood oversees our security plan, and he will make sure we design it so no one can clear it. Commissioner Glover asked where Atlanta's outdoor space is located. President Kreulen replied that Atlanta's is at the Delta Sky Club, and the other airport outdoor areas are open to regular public, but Atlanta's is private. Vice Chair Granbery asked Ms. Holton, from a construction standpoint, if she prefers the rail or glass. Ms. Holton replied she prefers the glass aesthetically, but it will depend on constructability. President Kreulen stated that will be one of our challenges as we move forward.

B. JWN North Development Update (Operations)

President Kreulen gave an update on JWN Real Estate Development. President Kreulen stated Carrie R. Logan, Associate General Counsel, did a great job of getting us to these 10 finalists. We have exhausted discussions and are working on a letter for our applicant on Parcel 1. We hope the tenants that want spaces 6-9 will sign their Letters of Intent soon, and we are in active communication with them. We are close to selecting a firm to design the Metro Nashville hangar on Parcel 10. In April the Committee will be approving the design firm for parcel 10. After it is designed, we will bid on the

construction and that is basically the last time Metro will have to approve it. Once they approve the bid, that will be what goes into their lease document. We are getting close to Ms. Holton starting with all of her leveling, and all of these contractors being lined up to go.

Vice Chair Granbery asked about completion of the maintenance building and the area around it. Ms. Holton replied completion is scheduled for March, however the weather is not cooperating. President Kreulen recalled the Board had expressed a desire to have a Board meeting at JWN and we are still looking at when is a good time to schedule it. When that meeting takes place, we will provide a bus to drive down there so the Commissioners can see the earth work.

C. JWN Hangar Rent Model (Operations)

President Kreulen stated we made improvements in 2021 by approving the business model along with annual review of the JWN hangar rents. The staff is drafting letters with the new rates, which equate to an average of 9.5%, that will go out to the tenants by April 1. He expressed his appreciation for the support of the Commissioners so that we maintain compliance with our grant assurances, and CEO and Board fiduciary responsibilities. This is the first increase in 2 years, and remains lower than CPI, and is a good business deal for both the tenants and MNA.

D. Quarterly Retirement/OPEB/Treasury Investment Reports Finance)

President Kreulen gave the Quarterly Retirement/OPEB Investment Report stating that we have a very strong performance in all three of our different investments. The Retirement Plan earned \$3.1M, the OPEB earned \$2.1M and the treasury earned \$3.4M. The majority of funds we are using to build BNA Vision and fund the beginning of the New Horizon are invested. President Kreulen stated the Finance Team is doing a great job. MNA is now looking for a Director of Treasury and Ms. Basrai will have more help once that position is filled.

E. BNA Concession Program Update (Terminal & Satellite) (Finance)

President Kreulen complemented Ms. Von Hoene, who has done a really good job working with Fraport to keep our concessions program moving forward. 12 locations opened on January 24, 2023, 15 locations are scheduled to open in September 2023, and 7 locations are scheduled to open in October 2023 by Paradies in the Satellite Concourse.

President Kreulen stated again that April will be a very busy month. In addition to all the budget adjustments that we have been discussing, we will be ready for an Amendment 8 to the Fraport Contract and Amendment 1 to the Consolidated Receiving and Distribution Center ("CRDC"). Secretary Byrd asked how we spread the word that concessions have improved at BNA. President Kreulen replied through social media and community presentations. The Global Business Travel Association came by yesterday and Chair Stevenson spoke about the airport at the business breakfast meeting. Ms. Nickens has a presentation next month as well. Secretary Byrd asked if there is some way to announce our Top 5 restaurants. President Kreulen replied that that was a good question and that Fraport does a good job of providing the data on the top performers. He reported that all concessions are doing great, and he will take that as an action item.

F. Airline Use & Lease Agreement "AULA" Update (Finance)

President Kreulen stated that we started the AULA discussions in 2018 and stopped during the pandemic, kicked it back off in July 2021, and are now on track for approval in April. This team of about 15 have been actively assisting Ms. Basrai with these negotiations, and the airlines team is of similar size.

G. Parking Rate Adjustment (Finance)

President Kreulen stated that as we keep moving forward, keeping up with inflation is a challenge. For example, the cost to clean the parking garage and the common areas has increased by \$900K. The \$2 increase in each lot will be implemented March 1, 2023. That puts us more in line with the top airports in the United States. President Kreulen stated that he parked Monday in downtown Nashville and 4 hours of parking was more expensive than valet parking at BNA. Based on Committee request, staff reviewed grace periods at our peer airports and other large hub airports, and will adjust the grace period from 10 minutes free to 15 minutes free in the garages.

H. Ethics Policy and Bylaws Status Update (Management)

President Kreulen complimented Mr. Neale Bedrock, Esq., General Counsel and Chief Compliance Officer, for doing a great job with his Legal Team and outside counsel from Jenner & Block with reviewing 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 the matrix, discuss changes in March, and have a new document ready for approval in April.

I. Executive Session

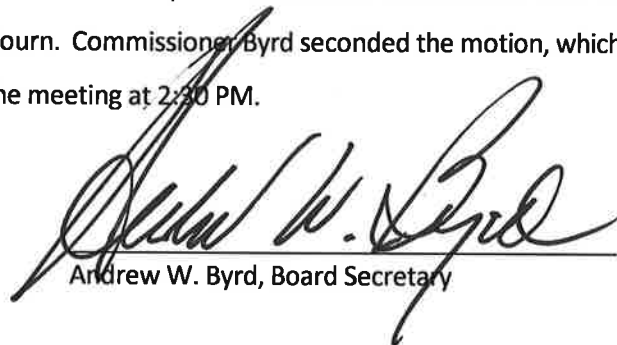
Chair Stevenson then asked for a motion to suspend the public portion of this meeting to enter into executive session to discuss Authority litigation. Following the executive session, she stated, the public portion of the meeting would resume. Commissioner Byrd made a motion to enter executive session and Commissioner Joslin seconded the motion.

The Committee entered into Executive Session from 1:36 PM to 2:30 PM.

At the end of the Executive Session, Chair Stevenson asked for a motion to exit the executive session and return to the public portion of the meeting. Vice Chair Granbery made a motion to exit Executive Session and Secretary Byrd seconded the motion.

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 2:30 PM.



Andrew W. Byrd, Board Secretary