



Joint Meeting of the MNAA and MPC Finance, Diversity & Workforce Development (“Finance”) Committees

January 11, 2023

Call to Order

January 11, 2023

Approval of Minutes

Joint Meeting of MNAA and MPC Finance, Diversity & Workforce Development Committees
November 9, 2022

Chair's Report

Andrew Byrd

Finance Committee Chair

Items for Approval

January 11, 2023

- JWN North Development Leases
 - Parcels 2 and 3: Lawrence Hangar LLC (Gaylon Lawrence) Lease Terms
 - Parcels 4 and 5: V3 Realty LLC Lease Terms

Items for Approval

Carrie R. Logan, C.M.

Associate General Counsel

Lawrence Hangar LLC Lease Terms (Parcels 2 and 3)

Key Lease Terms:

- **Effective Date:** Rent commences on the effective date, 2/1/23 – 3/15/23 (TBD)
- **Term:** 2-year construction term, 30-year initial term, one 5-year renewal option (total potential 37 years)
- **Base Rent:** \$3.05/sf; 3% annual escalation; FMRV adjustments in year 10 and 20 of initial term
 - Max 110% increase over prior year; No rent decrease
 - Monthly fuel flowage; current rate \$0.06/gallon
- **Improvements:** Minimum \$5M for fuel storage & hangar facility
 - ~ 20K – 30K sf hangar, with adjacent vehicle parking
- **Lease Type:** Triple Net Lease; Property Condition and Pavement Condition Assessments every 5 years
- Tenant has right to lease to affiliate or successor organization with notice to MNAA
 - MNAA receives 20% of gross transaction value if 10+ years remaining, 15% if less than 10 years remaining, and 10% if less than 5 years remaining
- Tenant has right to sublease with written approval by MNAA; If approved, revenue share is 50% of excess of Tenant's base rent

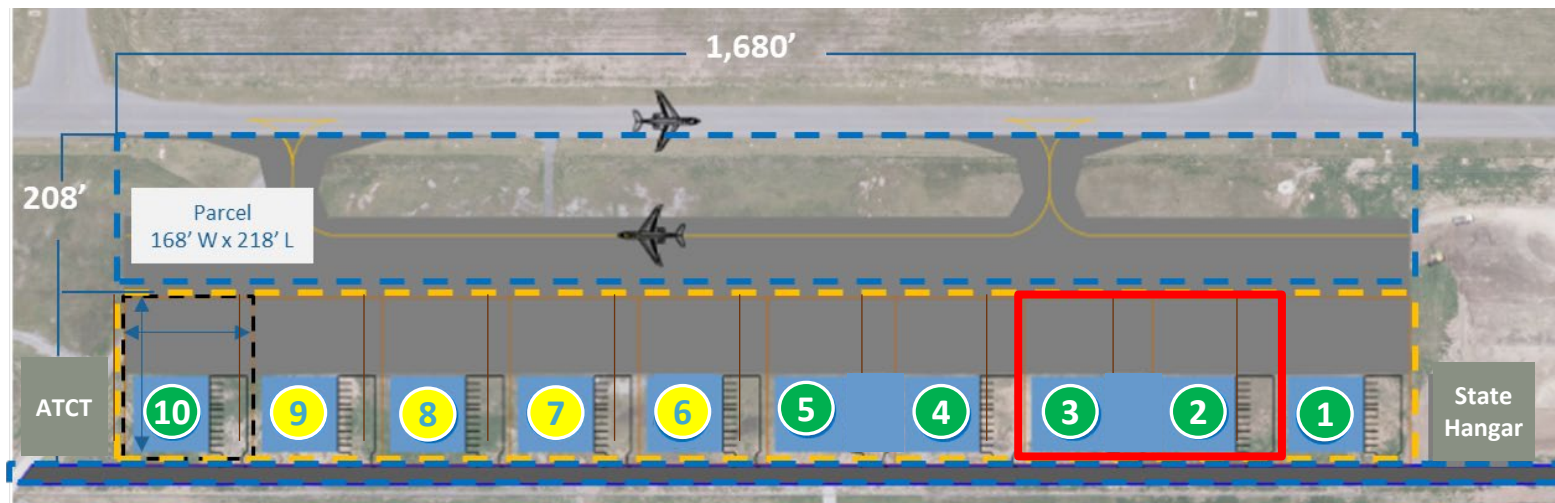
Lawrence Hangar LLC Lease Terms (Parcels 2 and 3)

Impact:

- Immediate revenue source of \$223,406.40 in year one
- New asset that will vest in 32-37 years

Staff Recommendation:

- Staff requests the Finance Committee recommend to the Board of Commissioners that it:
 - Approve the terms negotiated between MNAA and Lawrence Hangar LLC; and
 - Authorize the Chair and President and CEO to execute a lease agreement consistent with these terms.



V3 Realty LLC Lease Terms (Parcels 4 and 5)

Key Lease Terms:

- **Effective Date:** Rent commences on the effective date, 2/1/23 – 3/15/23 (TBD)
- **Term:** 2-year construction term, 30-year initial term, one 5-year renewal option (total potential 37 years)
- **Base Rent:** \$2.00/sf; 3% annual escalation; FMRV adjustments in year 10 and 20 of initial term
 - Max 110% increase over prior year; No rent decrease
 - Monthly fuel flowage; current rate \$0.06/gallon
- **Improvements:** Minimum \$5M for fuel storage & hangar facility
 - ~ 29K – 30K sf hangar, with adjacent vehicle parking
- **Lease Type:** Triple Net Lease; Property Condition and Pavement Condition Assessments every 5 years
- Tenant has right to lease to affiliate or successor organization with notice to MNAA
 - MNAA receives 20% of gross transaction value minus unamortized capital if 10+ years remaining, 15% if less than 10 years remaining, and 10% if less than 5 years remaining
- Tenant has right to sublease with written approval by MNAA; If approved, revenue share is 50% of excess of Tenant's base rent

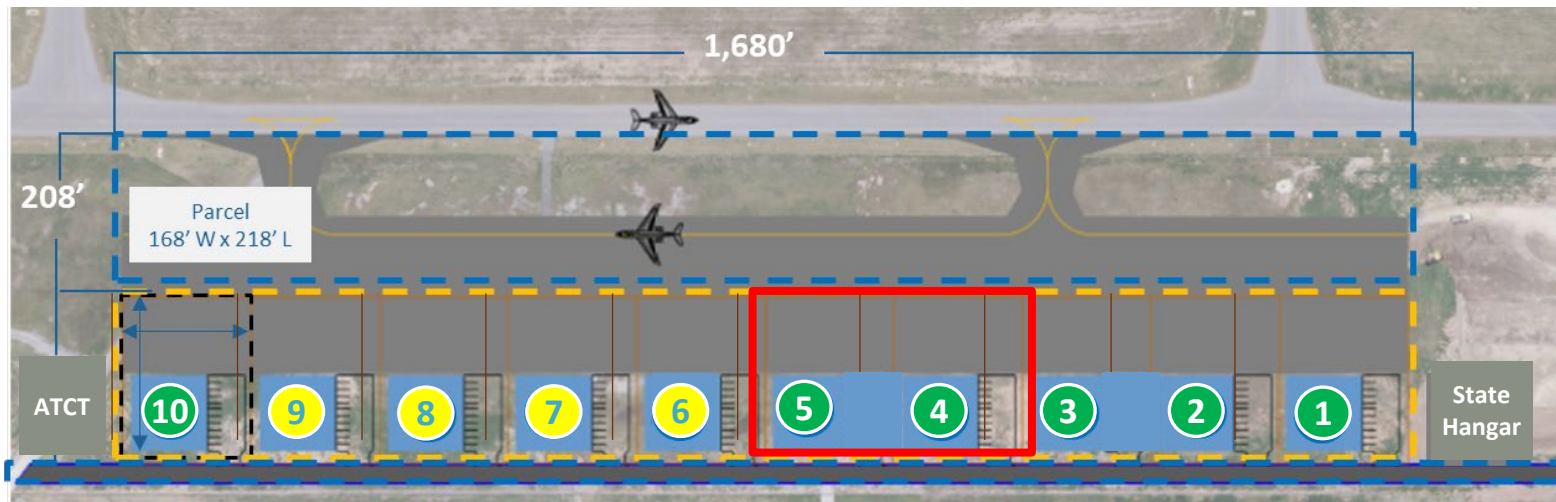
V3 Realty LLC Lease Terms (Parcels 4 and 5)

Impact:

- Immediate revenue source of \$146,496.00 in year one
- New asset that will vest in 32-37 years

Staff Recommendation:

- Staff requests the Finance Committee recommend to the Board of Commissioners that it:
 - Approve the terms negotiated between MNAA and V3 Realty LLC; and
 - Authorize the Chair and President and CEO to execute a lease agreement consistent with these terms.



Information Items

January 11, 2023

- BNA Concessions Program Update

Information Item

Colleen Von Hoene
Associate Principal, Paslay Group



Concession Activity 2022 Locations

- 19 of 19 locations open
 - TN Rickhouse, C Triangle, opened December 26, 2022

12 locations opening January 24, 2023

- 1) Johnston & Murphy
- 2) Lily Palmers Flowers
- 3) Country Music HOF
- 4) The Atrium
- 5) Nashville Jam Sessions
- 6) Draper James
- 7) Natalie's Candy Jar
- 8) Whiskey Trailhead
- 9) Parnassus Books
- 10) The Pharmacy Burger Parlor
- 11) Nashville Music City
- 12) In Tune

Concession Activity 2023 Locations

15 Locations Opening September 2023

Location	30% Review Deadline	30% Review	Approved To Code	Constr. Start Date	Open Date
Goo Goo Shop	11/19	✓	✓	6/1/23	9/9/23
Smashville	11/19	✓		6/1/23	9/25/23
Musicians HOF	11/19	✓	✓	6/1/23	9/9/23
Time For A Shine	11/19	✓	✓	6/1/23	9/9/23
Donelson Emporium	11/19	✓	✓	6/1/23	9/9/23
Sunglass Hut	11/19	✓		6/1/23	9/9/23
TN Whiskey Co	11/30	✓	✓	6/1/23	9/9/23
Galleria Duty Free	11/30	✓	✓	6/1/23	9/9/23
TN Moonshine Bar	11/30	✓	✓	6/1/23	9/25/23
Titans Sports Bar	11/30	✓		6/1/23	9/25/23
ACME Feed & Seed	2/1/23	✓		6/1/23	9/25/23
Hattie B's	2/1/23	✓		6/1/23	9/25/23
Slim & Husky's	2/1/23	✓	✓	6/1/23	9/25/23
The All Day	2/1/23			6/1/23	9/25/23
Time For A Shine	2/1/23	✓	✓	6/1/23	9/25/23

Concession Activity 2023 Locations

- All 2022 locations are open, however five 2022 locations failed to open by the contractual Opening Performance Date, which is an Event of Default
- To resolve the default, the Authority requires that Fraport provide flexibility to accommodate the Authority's projected growth:
 - MPC Sub-lease:
 - Concur with Authority's interpretation of CRDC revenue share provision and calculation
 - Allow other Airport tenants to use CRDC at the same rate as Fraport's tenants
 - Add termination for convenience of CRDC sublease to allow for future replacement of Multipurpose Building
 - Lease and Concession Agreement:
 - Increase Authority revenue to 70%

BNA Concessions Program

- January 23, 2023: Response due from Fraport
- March 2023: Amendments to Board

- Project Funding Sources Overview

Information Item

Marge Basrai, CPA, CGMA, CM
EVP, Chief Financial Officer

Project Funding Sources

- Bonds
 - \$1.7 Billion as of 12/31/22
- Federal and State Grants
 - \$56.1 Million received in FY22
 - Airport Improvement Program (Federal), Tennessee Equity Fund (State)
- MNAA Funds (Balances as of 12/31/22)
 - Airline Facility Investment Funds: \$7.8 Million
 - FY23 CIP - \$8.4 Million budgeted to add to fund
 - Authority Facility Investment Funds: \$37.6 Million
 - FY23 CIP - \$6.5 Million budgeted to add to fund
 - O&M Funds: Revenue Fund - \$151.4 Million



Joint Meeting of the MNAA and MPC Finance, Diversity & Workforce ("Finance") Committees

Meeting Adjourned