

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



Date: March 15, 2023

Location: Metropolitan Nashville Airport Authority
Tennessee Boardroom

Time: 1:00 PM

Board Members Present:

Joycelyn Stevenson, Esq, Chair; Jimmy Granbery, Vice Chair;
Andrew Byrd, Secretary; Bobby Joslin; Bill Freeman; Nancy
Sullivan; and Dr. Glenda Glover

Board Members Absent:

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, 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 March 10, 2023.

II. APPROVAL OF MINUTES

Vice Chair Stevenson called for a motion to approve the Minutes of the February 15, 2023 Joint Meeting of the MNAA Board of Commissioners and MPC Board of Directors. A motion to approve was made by Vice Chair Granbery and seconded by Secretary Byrd. The motion carried by vote of 7 to 0.

III. CHAIRMAN'S REPORT

Chair Stevenson thanked the Board and stated their expertise is invaluable. Chair Stevenson stated that she enjoys the work that they are doing together at the airport and that the Board has really important current and future projects. She also thanked President Kreulen and his team for all of the future planning and all the projects they are managing at present, and said that their efforts are remarkable. Chair Stevenson went on to say that she appreciates working in the airport office twice a month, and stated it was amazing watching from the sidelines all that goes into the workings of the airport. Chair Stevenson stated that as someone who has

served on several Boards and as an Officer and Board member of this Board, she realizes how much work it really is and thanked all Board members for all they do.

IV. PRESIDENT'S REPORT

Doug Kreulen, President and CEO, introduced Marcus Whitney, Nashville Convention & Visitors Corporation's Chair of the Finance Committee; Founding Partner of Jumpstart Health Investors; Co-founder and minority owner of Nashville Soccer Club; author of #1 best-selling book "Create and Orchestrate"; master champion of Jiu Jitsu; husband; and father.

Mr. Whitney thanked President Kreulen and the Board for having him. He thanked the Commissioners for their service on the Board. Mr. Whitney stated that he moved to Nashville in 2000 and began his career in the city in the hospitality industry. He relayed that he got to know this community, through serving the community and what he learned very quickly was that Nashville was a place where you can meet people who would open up to you and want to know your story to help you.

Mr. Whitney acknowledged the incredible role Nashville and the community played in this achievements. He also recognized the role BNA specifically played as his career developed from waiting tables, to teaching himself how to code, to becoming a programmer and eventually becoming an entrepreneur and getting into venture capital space and various investments. He shared that he did not do a lot of traveling until 2007 when he flew to Austin for the SXSW Digital Festival. Beginning in 2012, he began tracking his flights. Over the last 10 years, Mr. Whitney stated, he has taken 363 trips. He averages roughly 30 plus trips a year out of BNA and has seen a tremendous improvement at BNA and how important it is. The constant increased capacity of this institution and the way people feel Nashville the minute they get off the plane—they do not have to get to Broadway to know they have arrived. It is so significant. BNA has played a massive role in his life, everything for family emergencies, speaking engagements, closing deals, and honeymoons. BNA is an incredibly easy airport to get to if you live in Davidson County and is constantly expanding. Based on his experience, the things that he believes are by products of BNA's success, have turned into new opportunities to surprise and delight for both citizens and visitors.

Commissioner Glover asked what role physical fitness played in launching Jumpstart Health Investors. Mr. Whitney replied he would say it was the reverse, Jumpstart Health Investors had a really important role in his physical health. Mr. Whitney and his partner Vic Gatto, started Jumpstart Health Investors in 2014, which was a pivotal year for him personally and professionally. From 2014-2018, there was much dissidence between his

work as a health care investor and the choices that he was making in his personal life. Eventually, he made the decision to align his two worlds, starting with physical activity.

Mr. Whitney stated that between 2019 and now, he has had the most successful years of his life and credited his lifestyle choices. He stated that he tries to be a testament to what people can do when they decide they want to do something. He said he is not special, he is a college dropout, and does not have the credentials some say that he should have to be in the position that he is in. He commended his incredible parents who instilled him with work ethic and stated that it is also a great benefit to be in a city that provides support. As he was making the transition from a programmer into an entrepreneur, some wise people said one of the things you can do is serve on a nonprofit Board. So, it is no wonder that all of the people at the table are some of Nashville's most important people in the business community.

Mr. Whitney closed by saying that luck played a role in success and that he is always counting his blessings. President Kreulen said that is a great story and thanked Mr. Whitney for joining the Board meeting.

President Kreulen stated we were visited by Secretary Buttigieg on March 3, 2023 and that the visit was excellent. Secretary Buttigieg presented the MNAA with a \$7M grant to help begin some of the roadwork on Donelson Pike. President Kreulen thinks he enjoyed the visit even though it happened on a very windy day. He complimented Robert Ramsey, Chief Operating Officer, and his team for preparing for the visit and managing the Emergency Operations Center ("EOC") simultaneously. Chair Stevenson was here and was watching all the events, and it was a good day overall for the airport and a lot of friends came from downtown to celebrate with us.

BNA celebrated International Women's Day on March 8, 2023 and President. We have a great team of very powerful and smart women who run the airport and we are really proud of them.

President Kreulen stated in the pre-security area in the terminal, near the A/B Concourse, we have an art exhibit from Jason Myers, "From War to Words". He recommended that the Commissioners read some of the stories of these veterans, what they have done for our country in terms of fighting for our freedom and the challenges they faced. President Kreulen stated the veterans have given so much for our country and these veterans featured in the exhibit have very interesting stories.

President Kreulen stated on the growth side of BNA, we have exceeded projections. It is spring break and we are growing at a phenomenal trend. We are having a record year and no airport can match us. We will have gone from 18.4M passengers last year, to by June 30th up to 21M passengers or more. We are 21% larger than last year. Commissioner Glover asked when you say last year, if you mean over this time last year, or last year specifically. President Kreulen stated currently we are 21% bigger than we were on this given day last year. Last year we were the number 1 airport in the nation, at plus 7% coming out of a pandemic and now we are growing three times more. The growth validates the three big programs: Vision, New Horizon and Terminal 2. Secretary Byrd asked if there is any reason, we are not the most successful in the world. President Kreulen stated he could argue that we are. He acknowledged Steve Wood, the TSA Federal Security Director. America and Canada have really come back, Europe getting close, but the war in Ukraine is holding them back, and Asia is a little more cautious. Definitely the United States is hard to beat.

President Kreulen stated during the next 30 days, a lot is coming up. April is the month we have been looking forward to, our budgets for all three of our entities and the Airline Use and Lease Agreement will be recommended for approval. Huge things are coming this way, and April sets us up for starting FY24. May will be very busy with different types of construction contracts, including the demolition of the Genesco Building and the road projects. We closed the old cell phone lots and opened the new cell phone lot and getting ready to widen Exit 216A to make it two lanes once it hits our property.

President Kreulen reported that Davita Taylor, Vice President of Procurement and Business Diversity, and her business diversity team are doing an excellent job getting ready for Business Taking Off on March 31, 2023. It will be located at the Music City Center. We have outgrown two different hotels over the last couple of years, and 316 are registered today. We are making good progress and setting a new record. MNAA invites all of our contractors and all of our vendors to come out as well. Attendees will get to see all the possibilities they have the opportunity to bid for. We serve breakfast, deliver a presentation, and present several awards. President Kreulen asked the Commissioners to reach out to Trish Saxman, Executive Assistant and Board Secretary, if they are interested in attending.

There are two big conferences this year, which are important because next year they are coming to Nashville and we will be hosting them in 2024. The American Association of Airport Executives ("AAAE") Conference and Exhibition, which will be held in Denver, Colorado and which will have well over 5,000 airport executives. We host the closing reception there because AAAE will be coming to Nashville in 2024. A couple of weeks later, the American Minority Advisory Council ("AMAC") Business Diversity Conference will be in

San Antonio, Texas with approximately 3,000 attendees from all the airports in the US and minority vendors. This will be an opportunity to showcase Nashville as we also host the closing reception at AMAC and will be hosting the conferences in Nashville. Commissioner Granbery asked where the conferences will take place in Nashville. President Kreulen replied he believes both conferences will be in the Music City Center, and he is not sure of the hotel, but he will confirm. President Kreulen stated we hosted in 2018 for Airport Council International (“ACI”), which had over 5,000 attendees and at the Music City Center and multiple hotels. President Kreulen reminded Commissioners to let Ms. Saxman know if they wanted to attend either of these conferences.

President Kreulen stated on the West side of the airport, we have several different facilities that we are proud of. There is an Amazon fulfillment center, directly across from SkyWest. When we built SkyWest and the ramp, we also built a laydown pad for another future hangar, and the China Air distribution center building was demolished, so there is room for another large hangar. We have Federal Express in this area and a Maintenance, Repair and Operations (“MRO”) with Embraer with three large hangars where they do maintenance repairs and operations, like SkyWest is doing here. The State of Tennessee has been approached that there is some additional possibilities that a MRO will want to develop in this area and we are going to entertain those discussions and will come back to the Commissioners with any terms, leases or opportunities. Robert Ramsey, Executive Vice President & Chief Operating Officer and his team built the SkyWest and are excited. The SkyWest facility was funded by our very first bond when we built the first garage. We have been looking to lock someone in for about seven years and it now seems possible.

President Kreulen stated that legislation discussions would happen later; however, he shared that the House Government Operations Committee Meeting is scheduled for March 13, 2023 and the Tennessee Airports Conference will be held in Cool Springs from March 13-15, 2023. The Senate transportation Committee Meeting is later today. On March 21, 2023, we have a meeting set up with the Tennessee Department of Homeland Security (TDHS), who is very interested in building a hangar right next to the State hangar, which would be very good for us. TDHS would be a good long-term tenant to have out there. On April 6, 2023, the Nashville Soccer Club will be out for a tour.

V. ITEMS FOR APPROVAL

A. Design Build Contract for Concourse D Extension CGMP 2 of 4 (Operations)

President Kreulen introduced Traci Holton, VP, Deputy COO & Chief Engineer. Ms. Holton briefed the Board on the Design Build Contract for Concourse D Extension CGMP 2 of 4 project, which is a Hensel

Phelps contract for enabling work utilities, renovation of the multipurpose building to move tenants into and demolition of Air Freight Building. This was presented to the Operations Committee on March 8, 2023. Ms. Holton requested the Board of Commissioners authorize the Chair and President and CEO to execute the proposed Amendment 1 for the CGMP2 for enabling construction activities related to the Concourse D Extension for \$35,540,905.

Chair Joslin made a motion to approve as presented and Commissioner Sullivan seconded the motion. The motion passed with a vote of 7 to 0.

B. Professional Services Contract for New Horizon Commissioning Agent (Operations)

Ms. Holton briefed the Board on the Professional Services Contract for New Horizon Commissioning Agent for services for Concourse D Extension and Concourse A. It was procured through a Request for Qualifications ("RFQ") with award recommended to SSRCx of Smitch Seckman Reid, Inc. It is being negotiated at \$3.5M NTE and was presented to the Operations Committee on March 8, 2023. Ms. Holton requested the Board of Commissioners authorize the Chair and President and CEO to execute the professional services contract with SSRCx in the amount not-to-exceed \$3,500,000.

Chair Joslin made a motion to approve as presented and Commissioner Sullivan seconded the motion. Vice Chair Granbery recused himself from the vote as SSRCx is his tenant. The motion passed with a vote of 6 to 0.

C. Construction Contract for Hangar Lane Reconstruction (Operations)

Ms. Holton briefed the Board on the Construction Contract for Reconstruction of Hangar Lane as well as the current shuttle lot. This was an Invitation to Bid ("ITB") to a Small Business Target Market and we received two bids. Crown Paving was the low bidder and is a WBE. This was presented to the Operations Committee on March 8, 2023. Ms. Holton requested the Board of Commissioners authorize the Chair and President and CEO to execute the construction contract to Crown Paving for \$1,724,062.

Chair Joslin made a motion to approve as presented and Commissioner Glover seconded the motion. The motion passed with a vote of 7 to 0.

D. Metro Nashville Long-Term Maintenance Agreement (TARI) (Operations)

Ms. Holton briefed the Board on the Metro Nashville Long-Term Maintenance Agreement, which is to provide redundant water feed to the airport. In conjunction with Metro, we will build a pump station and a water line. Metro will own and maintain the water line and this requires participation agreements with Metro as well as long-term maintenance agreements, easement and today is requesting approval for CEO and Chair to execute the necessary documents as they are presented as we proceed. MNAA will also receive a credit. Metro has asked for a betterment credit to increase a 16" pipe to a 24" pipe and they will pay for that difference, estimated to be a minimum of \$1M and we are asking for permission to receive that money. This was presented to the Operations Committee on March 8, 2023.

Ms. Holton requested that the Board of Commissioners:

- Authorize the Chair and President and CEO to execute the Participation Agreements with MWS;
- Authorize the President and CEO to receive payment from Metro for the participating costs associated with the construction of MWS water infrastructure in an amount not less than \$1,000,000;
- Authorize the Chair and President and CEO to execute the necessary documents associated with the construction of MWS infrastructure, including easements and deeds.

Vice Chair Granbery asked if total contract has been bid in another project. Ms. Holton replied, no, MNAA finalizing the design right now, and the total contract is estimated at \$6.5M. CGMP 3 of 3 for TARI is planned for May and will come back to Board for approval.

Commissioner Joslin made a motion to approve as presented and Vice Chair Granbery seconded the motion. The motion carried by a 7 to 0 vote.

E. New Horizon Owner Controlled Insurance (OCIP) Program and builder's Risk Insurance Coverage (Operations)

President Kreulen introduced Kristen Deuben, VP, Deputy Director, Finance, to brief the Committee on the New Horizon Owner Controlled Insurance Program ("OCIP"). Ms. Deuben stated the OCIP program is a third party liability insurance and contains coverage against contractual liability, personal injury liability and property damage. The estimated premiums are 1% of contract value and the

estimated 5-year project budget is approximately \$1,668,139,000, which at 1% equates to \$16,681,390. The Builder's Risk Insurance protects owners and contractors in the event of direct physical loss or of damage to a project and the policies are project specific. MNAA is seeking approval for Concourse D Extension and the Baggage Handling System Projects for Builder's Risk policies as the construction phase is set to begin in the next couple of months. The estimated premiums for Builder's Risk are approximately 0.4% of the contract value. The combined project budget is approximately \$373.1M, of which 0.4% equates to \$1,492,400.

Ms. Deuben requested that the Board of Commissioners

- Approve the OCIP program for New Horizon and other CIP projects at \$16,681,390 NTE and;
- Approve the Builder's Risk policies for Concourse D Extension and Baggage Handling System Projects at \$1,492,400 NTE, and;
- Authorize the Chair and President and CEO to execute the OCIP and Builder's Risk policies with Marsh.

Commissioner Joslin made a motion to approve as presented and Commissioner Sullivan seconded the motion. The motion carried by a 7 to 0 vote.

F. JWN North Development Lease Terms (Letter of Intent) ("LOI") – Parcels 6 & 7 – Jet Access Group (Finance)

President Kreulen introduced Carrie R. Logan, Associate General Counsel. Ms. Logan stated there are two JWN North Development Lease Terms, and she briefed the Board on the first lease for Parcels 6 and 7, Jet Access Group. Ms. Logan then updated the Board regarding the additional corporate information for Jet Access Group that the Finance Committee requested during last week's Committee meeting. Jet Access Group's CEO is Quinn Ricker and they are headquartered in Greenfield, Indiana. Their closest locations are in Gallatin and Shelbyville, Tennessee. This Letter of Intent ("LOI") is for two parcels of land for a total of 1.68 acres. The rent commences upon execution, which will be on or before June 15, 2023. This will be an 18-month construction term, 30-year initial term, and one 5-year renewal option with a total potential of 36.5 years. The bid base rent is \$2.75/SF, 3% annual escalation, FMRV adjustments in year 10 and 20 of initial term. Jet Access Group anticipates a minimum of \$6M of capital investment for a hangar facility of at least 20,000SF. This is a Triple Net Lease with the assignment fees we have incorporated into other leases. This will be an immediate

revenue source of \$201,432 in year one and a new asset that will vest in 31.5-36.5 years. This was presented to the Finance Committee on March 8, 2023.

Ms. Logan requested that the Board of Commissioners that it:

- Approve the terms negotiated between MNAA and Jet Access Group via LOI; and
- Authorize the Chair and President and CEO to execute a lease agreement with Jet Access Group, or future special purpose entity, consistent with these terms.

Secretary Byrd made a motion to approve as presented. Vice Chair Granbery seconded the motion. The motion passed with a vote of 7 to 0.

G. JWN North Development Lease Terms (Letter of Intent) ("LOI") – Parcels 8 & 9 – JetRight Properties (Finance)

Ms. Logan briefed the Board on the second lease with JetRight Properties LLC for Parcels 8 and 9. JetRight Properties LLC is part of JetRight Airspace Holdings and does have an entity in Nashville, JetRight Nashville, which subleases from Signature here at BNA. There are a number of associated entities to JetRight Properties LLC, some of which are headquartered in Nashville. It is two parcels of land for 1.68 acres, the rent commences on or before June 15, 2023 with an 18-month construction term, 30-year initial term, one 5-year renewal option with total potential of 36.5 years. The base rent was proposed at \$3.00/SF with 3% annual escalation, FMRV adjustments in year 10 and 20, a minimum of \$5M investment with a hangar of at least 20,000SF. This is a triple net lease and has assignment provisions. This will be a revenue impact in year one of approximately \$219,744 and a new asset that will vest in 31.5-36.5 years. This contract was presented at the Finance Committee on March 8, 2023.

Ms. Logan requested that the Board of Commissioners that it:

- Approve the terms negotiated between MNAA and JetRight Properties via LOI; and
- Authorize the Chair and President and CEO to execute a lease agreement with JetRight Properties, or future special purpose entity, consistent with these terms.

Secretary Byrd asked for a motion to approve as presented. Dr. Glover seconded the motion. The motion passed with a vote of 7 to 0.

President Kreulen referenced Parcel 1 that was previously discussed, and said we are working with Tennessee Bureau of Investigation and Tennessee Highway Patrol. We are working our way down on these hangars and now we are working to close out this last end.

VI. INFORMATION ITEMS

A. BNA Strategic Plan – Key Processor Update (Operations)

President Kreulen presented a chart showing three strategic programs running simultaneously. BNA Vision is getting us to 54 gates, New Horizon is getting us between 69 and 71 gates, and then the third program is the Terminal II project. All of these charts are based on how efficient we are with airline turns between 6 - 10 times a day, and trying to judge when we get to 35M passengers. President Kreulen presented a chart showing the key systems which ones most need to be worked on. We are in pretty good shape on 8 of the 10 processors we track and have a few more studies ahead of us. He presented a list of the six studies currently underway and four that we have planned for FY24 CIP, which will be in the April CIP approval.

B. JWN North Development Update (Operations)

President Kreulen stated the JWN North Development Update is one that we are proud of, it and noted that Parcels 6-9 are headed out towards leases and will get check marks.

C. FY23 O&M Budget Update (Finance)

President Kreulen reported that regarding the FY23 O&M Budget Update, this is the challenge that Ms. Basrai spoke about in the Finance Committee. MNA was at 9.2M enplanements, or 18.4M passengers in FY22, and staff budgeted to get to 9.6 M enplanements in FY23. Ms. Basrai, the Finance Team, and Ms. Lankford are reviewing and between now and April we will come out with what number we will adjust the FY23 budget to. BNA is ahead on revenues and underspent on most expenses, however some contract services are expected to come in over the current budget. JWN is over on revenue and a little over on expenses. We will bring BNA and possibly JWN FY23 amended budgets to the Board for approval in May.

D. Airline Use & Lease Agreement (AULA) Update (Finance)

President Kreulen stated all airlines have been sent the final AULA agreement and have agreed to the key terms. They know it is coming and their legal, insurance and operations teams all know and in favor of this document. Delta signed this agreement in 5 days. President Kreulen held up the Southwest packet and explained it has all the exhibits of what terminal space they plan to rent. This

will be coming to the Board for final approval in April, and we will show share of landed weight. Southwest is 53% of our market share but in terms of our land and weight they are 50.9%, which means American and Delta tend to fly bigger jets. Commissioner Glover asked how Southwest market share compares to our peer airports. President Kreulen replied we will take that as an action item and our air service team will do a quick analysis of the large hubs. Commissioner Glover asked if any of the airlines have exposure following the recent banking issues, and President Kreulen stated no one has communicated if they have exposure. Secretary Byrd expressed concern with 50% concentration with one big customer and inquired what would happen if they ran into financial issues. President Kreulen stated they are renting the space with the promise that they will pay rent regardless for the next 10 years. Ms. Basrai agreed, yes, it is for the term of the agreement, whatever they signed up to lease, it could be more, but cannot be less. President Kreulen stated when Ms. Basrai went to the Bond market, we are always forthright with them, we may have an agreement or we may go rates by ordinance. Under either of the two models, Nashville will be successful. The next time Ms. Basrai goes to the bond market, we have an agreement for 10 years, and it will not be a question about rates.

Commissioner Joslin stated years ago when American Airlines left Nashville, we were stuck with several gates that they would not relinquish so it is good that we will never let that happen again. President Kreulen stated American Airlines left in 1992 and in 2008 the airlines wanted to give us space back. Per the old agreement, they can keep it, and now if they do not meet the terms, we can give them a 30-day notice and then we can sell it or rent it out to someone else. Vice Chair Granbery asked if the landed weight percentages are equal to the number of passengers. President Kreulen stated the landed weight is diluted because American and Delta are also flying heavy jets, but passenger-wise, Southwest has more passengers on jets. Commissioner Byrd stated President Kreulen and team have done a great job on getting this done on this AULA.

E. Concessions Program Update (Finance)

President Kreulen reported 15 concessions locations are scheduled to open in September 2023, with 12 of those locations approved to Code and 3 locations proceeding to 95% drawings. Regarding the Satellite Concourse, 7 locations are scheduled to open October 2023 by Paradies. At the Finance Committee Meeting, there were some questions regarding how coffee shops are doing, and President Kreulen said he is glad that was asked. Starbucks is at \$244.6K, and 8th & Roast is at \$224.5K.

F. Ethics Policy Matrix Board Feedback (Management)

President Kreulen stated that at the Management Committee Meeting, the Committee gave homework assignments to Neale Bedrock, General Counsel and Chief Compliance Officer, to draft the recommended updated Ethics Policy and will provide those in the next month for review.

G. Bylaws Recommendations Board Feedback (Management)

President Kreulen stated a proposed draft of these will also be coming next month for review.

H. Executive Session

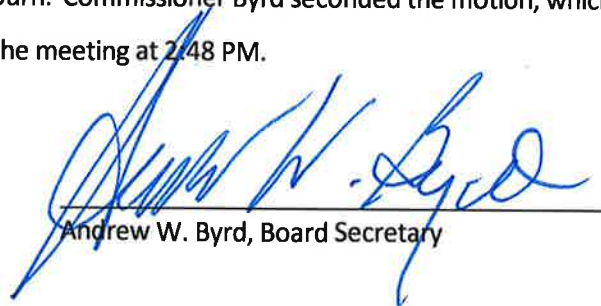
Chair Stevenson then asked for a motion to suspend the public portion of this meeting to enter into executive session to discuss Authority litigation. Following the executive session, she stated, the public portion of the meeting would resume. Commissioner Glover made a motion to enter executive session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

The Committee entered into Executive Session at 1:54 PM and the Executive Session concluded at 2:48 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. Secretary Byrd made a motion to exit executive session and Commissioner Glover 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 7 to 0. Chair Stevenson adjourned the meeting at 2:48 PM.



Andrew W. Byrd, Board Secretary