

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



Date: April 19, 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

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## I. CALL TO ORDER

In accordance with the 3<sup>rd</sup> 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 April 14, 2023.

## II. APPROVAL OF MINUTES

Vice Chair Stevenson called for a motion to approve the Minutes of the March 15, 2023 Joint Meeting of the MNAA Board of Commissioners and MPC Board of Directors. Secretary Byrd asked to see the Special Meeting Minutes of April 7, 2023. Doug Kreulen, President and CEO, gave him the minutes for his review and stated the Minutes were in the Board Packet sent on April 14, 2023. Secretary Byrd reviewed the Minutes. A motion to approve was made by Commissioner Glover and seconded by Vice Chair Granbery. The motion carried by vote of 7 to 0.

## III. CHAIRMAN'S REPORT

Chair Stevenson thanked the Board and MNAA team for their continued work and expertise.

#### IV. PRESIDENT'S REPORT

President Kreulen stated the good news for Nashville and Tennessee is that BNA is the largest airport in the State, is number 27 in the US and is growing at a rate that is hard to imagine. BNA came out of the pandemic last year 7% bigger than we were prior to the pandemic, plus 20% bigger than last year – that is 8 years of total growth for normal airports. MNAA staff has discussed in our Committee Meetings that we have exceeded our previous estimates, and we expect to be north of 21M passengers by June 30, 2023. This is very strong news on enplanements.

President Kreulen reported that the Committee 30-day Outlook has the Committee Meeting scheduled on May 10<sup>th</sup> and Board on May 17<sup>th</sup>, 2023. MNAA staff plans to present 6 approval items at the Operations Committee, with some marked as tentative and we will do more analysis before those are ready to come forth. MNAA staff plans to present a new Amendment to the Concessions Agreement in the Finance Committee and will discuss some Ethics Policy & Bylaws recommendations in the Management Committee. We may have an Executive Session on some possible JWN litigation. The Committee 60-Day Outlook has two Executive Conferences – the 2023 American Association of Airport Executives (AAAE) in Denver, Colorado and 2023 Airport Minority Advisory Council (AMAC) Business Diversity Conference in San Antonio, Texas. As we previously discussed, we plan to cancel the June 14, 2023 Committee meetings and do all the work at the Board meeting on June 21, 2023. He presented items that we plan on presenting at the June 21, 2023 Board meeting and noted some are tentative items from the previous month that may jump over to this calendar. It is important that MNAA attends the conferences because next year in 2024, we will host them. Commissioner Glover asked President Kreulen to please repeat the conference dates again. President Kreulen repeated the dates for both conferences, June 3 – 5, 2023 for the AAAE Conference and June 10 – 14, 2023 for the AMAC Conference, and stated Ms. Trish Saxman, Executive Assistant, will make the reservations if any of the Board members would like to attend. President Kreulen then gave details regarding his itinerary. Chair Stevenson is also planning to attend the AMAC Conference in San Antonio, Texas. Commissioner Glover said she will let him know if she will be able to attend.

President Kreulen stated on March 17, 2023, BNA sponsored the welcome reception for the Delta Sigma Theta Southern Region Tennessee Cluster, which Chair Stevenson attended.

President Kreulen stated Ms. Davita Taylor, VP, Procurement and Business Diversity, and her team did a fantastic job on Business Taking Off on April 1, 2023 with 360 attendees. Business Taking Off is held each

year to showcase the next twelve months of construction and contracting opportunities that are out at BNA and JWN. Business Taking Off is informative and allows the primes and the smaller companies to network with each other to see if they can build teams to continue working out at the airport. The Business Taking Off awards were presented, Large Business of the Year: JSM & Associates; Small Business of the Year: DF&H Services and Internal Small Business Advocate of the Year: Stacey Nickens, AVP, Corporate Communications. Ms. Nickens was congratulated for her achievement.

President Kreulen stated BNA hosted Americans with Disabilities Act (ADA) Week April 4-7, 2023 celebrating airport accessibility to ensure we are responsive and sensitive to the needs of others. BNA has several different programs out there and we still continue to review our overall program. President Kreulen noted we are continuing to review our program.

President Kreulen stated we celebrated National Public Safety Telecommunicators Week April 10-16, 2023. Our Airport Communications Center (ACC) works 24/7, 365 days a year with 1,500 cameras to help keep BNA safe and operational. The ACC team celebrated with delicious food and games and had fun dressing up in several different themed outfits throughout the week. The ACC team is comprised of great people that are dispatching our officers and maintenance to take care of the multiple incidents we have, and we are very proud of them. The ACC team is one of the few communications teams that are Commission on Accreditation for Law Enforcement Agencies (CALEA) certified at airports in the US.

President Kreulen reported that he and Ms. Nickens had the honor to attend and make a presentation at the Japanese Cherry Blossom Festival held on April 15, 2023. Mayor Cooper and Council General of Japan, Yoichi Matsumoto, also attended and made opening speeches. MNAA provided a check in the amount of \$25,000 out of proceeds from the 26<sup>th</sup> Aviation Golf Classic fundraiser on October 13, 2022. It was the best weather we have had in a few years. Nissan is also a big corporate sponsor and Masami Tyson is the Chair of the Japanese Society of Tennessee.

President Kreulen stated BNA had three incidents on April 16, 2023. Regarding the chemical incident, a passenger, after going through the security checkpoint, discovered that in his bag he had a device that he should not have had. He threw that device into a trash can and a few moments later a custodian, servicing the trash cans, saw the device and activated it. Metro Fire Department did a great job of responding, testing the site and analyzing the chemical. Initial testing indicated the chemical was a cleaning solution, however, it was later found to be bear spray. Our Operations team looked through camera

footage and were able to identify the passenger and his spouse from the time they entered the airport, went through security, came down to Concourse C and threw the bear spray into the trashcan. When the custodian saw the device, and pressed the button, it shot up on the wall. President Kreulen provided images of footage from the cameras. Our Department of Public Safety investigators spoke with the couple, who are from Texas and came to visit the Smokey Mountains. They bought bear spray in Gatlinburg and when they left, they forgot they had it in their carry-on bag and threw it away after going through security. We are continuing to track the lessons learned from this incident to see what we can do better in the future and TSA is also investigating this incident because it should not have gotten through their screening as well. Commissioner Glover asked if TSA's procedure is to share with BNA the results of their investigation. President Kreulen stated he believes they will, however they could possibly declare it Sensitive Security Information (SSI). President Kreulen shared that he, Robert Ramsey, Executive Vice President & Chief Operating Officer, and David Griswold, Chief of Police have security clearance. When TSA allowed the bear spray to go through the security checkpoint, it created a chain of events. Chair Stevenson asked what the normal procedure is for pepper spray, and if TSA will throw it away and let the passengers on through. President Kreulen stated the TSA website lists everything that you cannot have on board and if you do have something on that list, TSA confiscates and puts it in a designated bin. TSA is not allowed to reuse it or give it out, and they have to pay a contractor to dispose of those items. President Kreulen stated he has seen 55 gallon drums of nail clippers, knives, alcohol, and containers with more than 3 ounces of liquid. TSA keeps it compartmentalized and then disposes.

President Kreulen then reported that BNA is number 8 on the Food & Wine 10 Best U.S. Airports for Food list. We have all shared the goal to convert our previous concessions program into this kind of award winning program. The 22 stores that will open by the end of this year will push us up and we have more planned for Concourse D and then Concourse A. President Kreulen congratulated the Concessions Teams, both internally and Fraport. President Kreulen stated we are the 27<sup>th</sup> biggest in the US and now listed with the large hub airports.

President Kreulen explained that all of the money that we generate at the airport, per FAA guidance, must be reinvested back into the airport and related to the business of the airport. BNA has private fundraisers so we will have more of an impact in the community. The three charities we selected for the proceeds of the upcoming BNA 5K on the Runway for this year are The Gary Sinise Foundation, The Boys & Girls Club of Middle Tennessee and The Make-a-Wish Foundation. We generally try to do something for the veterans, children and for those that have a greater need than ourselves. The next fundraising opportunity

will be on May 20, 2023, the BNA 5K on the Runway, with more than 1,000 runners, and will be held on Runway 2R/20L.

President Kreulen stated on April 24, 2023 Ms. Davita Taylor will be recognized at the Women of Influence Luncheon. President Kreulen stated MNAA has several opportunities to interact and participate in hospitality luncheons, including Butch Spyridon's retirement.

## V. ITEMS FOR APPROVAL

### 1. Professional Services Contract for MNPD Hangar Development at JWN (Operations)

President Kreulen introduced Traci Holton, VP, Deputy COO & Chief Engineer, to brief the Board on the Professional Services Contract for MNPD Hangar Development at JWN. Ms. Holton stated the contract is for the development and design of the MNPD Hangar on Parcel 10 at the JWN airport. In early January 2023 a Request For Qualifications (RFQ) was issued and we received two Statement of Qualifications (SOQ) - one from Lambe + Associates and the other from TMPartners. The selection committee evaluated both and Lambe + Associates was the highest rated firm. SMWBE participation goal is 8.4% MBE and 5.13% WBE and Lambe + Associates committed to slightly above that at 8.5% MBE and 5.5% WBE. At the Committee Meeting on April 12, 2023, the Operations Committee voted 3-0 to recommend approval. Ms. Holton requested the Board of Commissioners authorize the Chair and President and CEO to execute the professional services contract to Lambe + Associates, LLC in the amount of \$993K. President Kreulen thanked Ms. Holton for negotiating the contract down from \$1.3M NTE to \$993K.

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

### 2. Professional Services Contract for the Public Relations Services (Finance)

President Kreulen introduced Stacey Nickens, AVP, Corporate Communications, who briefed the Board on the Professional Services Contract for Public Relations Services. Ms. Nickens stated the contract is to perform public relations, marketing and advertising services at BNA, JWN and MPC. The contract is with Finn Partners, Inc. and the term is for three years starting in July 1, 2023, with two one-year renewal options and is for \$438K annually. Ms. Nickens recommended to the Board of Commissioners that it approve the contract for public relations services and authorize the Chair

and President and CEO to execute professional services contract with Finn Partners, Inc. for \$438,000 annually.

Commissioner Joslin stated that Finn Partners has been with us through thick and thin for a number of years and they are a great organization and that he is happy to support them.

Secretary Byrd made a motion to approve as presented and Commissioner Glover seconded the motion. The motion carried by a 7 to 0 vote.

3. WestJet Incentive Agreement - Vancouver

President Kreulen introduced Josh Powell, Director, Airline Affairs & Air Service Development, who briefed the Board on the WestJet Incentive Agreement – Vancouver. Mr. Powell stated WestJet currently serves Toronto three times weekly and Calgary four times weekly from Nashville. This will be for new service to Vancouver, and the terms of the agreement are two years from the date of service May 19, 2023 through May 18, 2025. The total estimated incentive value based on the initial planned 2 flights/week is \$168k, and up to a maximum of \$339K at 7 flights/week. Mr. Powell recommended a mid-range of \$254K. The addition of Vancouver gives us non-stop service to the top 5 largest cities in Canada this summer.

Mr. Powell recommended the Board of Commissioners approve funding for the proposed marketing incentives and landing fee abatements, up to \$254K, and authorize the Chair and President & CEO to execute the Letter of Agreement by and between MNAA and WestJet outlining the specific terms of the proposed incentive.

Commissioner Freeman stepped out of the room and was not available for the vote. He returned following the vote.

Secretary Byrd asked for a motion to approve as presented and Vice Chair Granbery seconded the motion. The motion passed with a vote of 6 to 0.

President Kreulen stated Mr. Powell hosted the Vice President of Global Sales of Delta Airlines to tour our future International Arrivals Facility (IAF) and he is instrumental in bringing additional international service in the near future. He thanked Mr. Powell.

4. Adjustment to FY23 BNA & JWN O&M Budgets – MNAA Resolutions 2023-06 and 2023-07

President Kreulen introduced Marge Basrai, EVP, Chief Financial Officer, who briefed the Board on the FY23 O&M Budget Updates for BNA and JWN. Ms. Basrai stated on April 12, 2023 the Finance Committee reviewed BNA and JWN's FY23 Budget Amendments in detail, and the Committee recommended approval to the Board. As a reminder the BNA adjustments were driven by new enplanement forecast for FY23. The key changes to FY23 BNA O&M Budget include increased parking revenue; increased parking lot operations, shuttle bus services, credit card and utilities expenses; and increased Passenger Facility Charges (PFCs) and use of Federal Relief Grants. The key changes to FY23 JWN O&M Budget include increased hangar rents, reimbursable services and fuel flowage fees; increased janitorial services, electrical supplies and utilities expenses; and increased use of Federal Relief Grants.

Ms. Basrai presented a summary of the amendments of the FY23 BNA O&M Amended Budget:

Operating Revenue: \$226M (increase of \$18.7M)  
Operating Expense: \$139.8M (increase of \$7.5M)  
Non-Operating Income: \$5.3M (increase of \$12.6M)  
Net Income before Depreciation & Grants: \$91.4M

Ms. Basrai presented a summary of the FY23 JWN O&M Amended Budget:

Operating Revenue: \$1.8M (increase of \$121K)  
Operating Expense \$1.9M (increase of \$128K)  
Non-Operating Revenue: \$261K (increase of \$94K)  
Net Income before Depreciation, Grants & Transfers of \$87K

Ms. Basrai requested the Board of Commissioners approve both of the proposed amended FY23 BNA and JWN Operating Budgets and authorize the Chair and President & CEO to execute the MNAA Resolution No. 2023-06 and Resolution No. 2023-07.

Secretary Byrd made a motion to approve as presented and Commissioner Freeman seconded the motion. The motion passed with a vote of 7 to 0.

5. Airline Use and Lease Agreement (AULA)

Ms. Basrai briefed the Board on the Airline Use and Lease Agreement (AULA) stating the Finance Committee reviewed in detail on April 12, 2023, and recommended approval to the Board. Ms. Basrai reviewed the goals, timeline and tracker of the new AULA. She stated the only item that changed since the Finance Committee review was that MNAA received Federal Express' signed AULA back and at this point we have received 65.8% of our landed weights. Ms. Basrai reiterated that we do expect all to sign, and just takes time to get through the airline's approval process.

Ms. Basrai stated the AULA Key Business Terms were reviewed at the Finance Committee and that unless the Board had questions, she would not go over those Key Business Terms again. Also presented last week were the differences between the old agreement and the new agreement, and she believes with these business terms MNAA has a stronger agreement, and that will keep us very financially strong.

In summary, the AULA meets MNAA's key goals and objectives, allows us to implement our capital program, increases our gate utilization, maintains both MNAA's and airlines' flexibility of future needs and maintains strong financial metrics.

Ms. Basrai stated the AULA has two different titles - Signatory Airline Use and Lease Agreement (AULA) and Signatory Cargo Carrier Use Agreement. The terms of the agreements are the same and MNAA negotiated with all the airlines at the same time; however, there are a couple of terms that are not applicable to cargo airlines, like the terminal rate and gate utilization. Those are not applicable to cargo airlines so they were removed from the cargo agreement and now it has a separate name. Ms. Basrai stated she wanted to make sure the Board understands that, and she will ask the Board to approve both agreements.

Ms. Basrai recommended the Board of Commissioners to approve the new Signatory Airline Use and Lease Agreement (AULA) and the Signatory Cargo Carrier Use Agreement and authorize the Chair and President and CEO to execute the agreements with each Signatory Airline.

Secretary Byrd made a motion to approve as presented and Commissioner Glove seconded the motion. The motion passed with a vote of 7 to 0.



Commissioner Joslin thanked Ms. Basrai for all she does, stating this was a really long drawn out event. Commissioner Joslin commended Ms. Basrai and the staff for coming out of COVID with new airlines and new gates.

6. FY24 O&M and Capital Budgets for BNA, JWN and MPC and MNAAB Resolutions 2023-02, 2023-03, 2023-04 and 2023-05; MPC Resolutions 2023-01 and 2023-02

Ms. Basrai stated there are six FY24 budgets that will be done as one approval item. The Finance Committee met on April 12, 2023 and reviewed all 6 budgets in detail and recommended approval to the Board. The FY24 BNA Budget was based on 10.97M enplanements. All of the FY24 budgets met the President and CEO's guidance to staff: meet all required debt service payments, meet all financial metrics to maintain our credit ratings; minimize our financial impact to our business partners; and stay within our recent Official Statement's operating expense guidelines in our 2022 Bond Official Statement which is \$165.3M. For Relief Grants, we will have \$37.9M remaining at the end of FY23, we have a plan use of \$31.4M in FY24, all for debt service, leaving \$6.6M for the first few months of FY25.

FY24 O&M BNA Budget and MNAAB Resolution 2023-02

Ms. Basrai presented a summary of the FY24 BNA O&M Budget stating the budget changes are due to the increase in enplanements and the AULA the Board just approved. The Total Operating Revenue is increasing \$56.3M to \$282.3M; Total Operating Expense increasing \$26M to \$165.9M; and Net Non-Operating Income is increasing \$11.8M to \$17M giving us a Net Income before Depreciation & Grants \$133.5M.

FY24 Capital BNA Budget and MNAAB Resolution 2023-03

Ms. Basrai stated the FY24-FY28 BNA Capital Improvement Plan (CIP) is a five year capital plan and is \$1.6B. The total FY24 BNA CIP Budget is \$188.6M. The major FY24 projects include a new parking revenue control system, April dual taxiways, Concourse A expansion design; Phase 1 of Part 139 improvements on airfield. She reminded the Board that the approval of CIP approval does not mean the projects are approved. All large projects will come back to the Board for consideration and approval.

FY24 O&M JWN Budget and MNAA Resolution 2023-04

Ms. Basrai presented a summary of the FY24 JWN O&M Budget stating the revenue changes are due to the increase of the hangar rents and adding the five of the ten North Development leases and expense budget changes are due to increase of the operations at JWN. The Total Operating Revenue is increasing \$582K to \$2.4M; Total Operating Expense increasing \$327K to \$2.3M; and Net-Operating Revenue is decreasing \$185K to \$76K giving us a Net Income before Depreciation, Grants and Transfers of \$157K.

FY24 JWN Capital Budget and MNAA Resolution 2023-05

Ms. Basrai stated the FY24-FY28 JWN Capital Improvement Plan is a five year capital plan and is \$58.1M. The total FY24 JWN CIP Budget is \$42.4M. The major FY24 projects are placeholders for MNPD and TBI Hangars and resurfacing of Airport Drive.

FY24 MPC O&M Budget and MPC Resolution 2023-01

Ms. Basrai presented a summary of the FY24 MPC O&M Budget stating the budget changes are due to the increase in rents per lease agreements, and the upcoming transfer of the Air Freight tenants to the Multi-Purpose Building in December of 2023 for the extension of Concourse D. The Total Operating Revenue is increasing \$244K to \$3.7M; Total Operating Expense increasing \$581K to \$2M; and Non-Operating Income is increasing from \$126K to \$258K giving us a Net Income before Depreciation of \$1.9M.

FY24 MPC Capital Budget and MPC Resolution 2023-02

Ms. Basrai stated the FY24-FY28 Special Projects Plan total five year plan is \$2.58M, total FY24 Special Projects Budget is \$1.55M. All the FY24 projects are related to International Plaza (IP) building. No final determination has been made regarding the building (sell, demolition). There are tenants in the building and some projects are needed to ensure the building is safe and in good working order. FY24 Major Projects include replace electrical distribution switchgear; replace boilers; and some roof repairs and roof condition assessment study.

Ms. Basrai recommended the Board of Commissioners approve the proposed budgets and authorize the Chair and President & CEO to execute the following:

- FY24 BNA O&M Budget and **MNAA Resolution #2023-02**

- FY24 BNA Capital Improvements Budget & FY24-28 Capital Improvements Plan and **MNAA Resolution #2023-03**
- FY24 JWN O&M Budget and **MNAA Resolution #2023-04**
- FY24 JWN Capital Improvements Budget & FY24-28 Capital Improvements Plan and **MNAA Resolution #2023-05.**

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

Vice Chair Granbery commented that 38 months ago, JWN was wiped out by a tornado and here we are today presenting a budget that is in the black, probably the first time in JWN history. JWN is a fabulous asset for Nashville and we should all be proud, he stated.

Ms. Basrai recommended the MPC Board of Directors approve the proposed budgets and authorize the Chair and President & CEO to execute the following:

- FY24 MPC O&M Budget, and **MPC Resolution #2023-01**
- FY24 MPC Special Projects Budget & FY24-28 Special Projects Plan, and **MPC Resolution #2023-02**

Secretary Byrd made a motion to approve as presented and Commissioner Freeman seconded the motion. The motion passed with a vote of 7 to 0.

#### I. INFORMATION ITEMS

##### 1. BNA Development Update

President Kreulen stated BNA is opening the third of three garages, this first garage was replacing a three level, 2K space garage; the second garage is with the new administrative building; and third garage is holding the hotel that will be coming up. This garage will open on April 27, 2023 with up to 1,800 spaces. The parking guiding system is green/red and is 98% accurate. However, when you bring in a new system, it takes about a month for the system to learn what a car looks like so now the staff has a plan to manually count space and show open and full for our customers.

President Kreulen stated the Satellite Concourse is scheduled to open October 19, 2023 image of where Gate C6 used to be, and now there is some steel up for the electric shuttle buses. President Kreulen asked Mr. Ramsey if our buses are currently in Europe. Mr. Ramsey replied, yes, they are now shipped to Spain. President Kreulen stated the Commissioners jumped ahead of schedule a couple of years ago and approved ordering 9 electric buses that are now being built and will be shipped to the US, and we want them here prior to October so we can train.

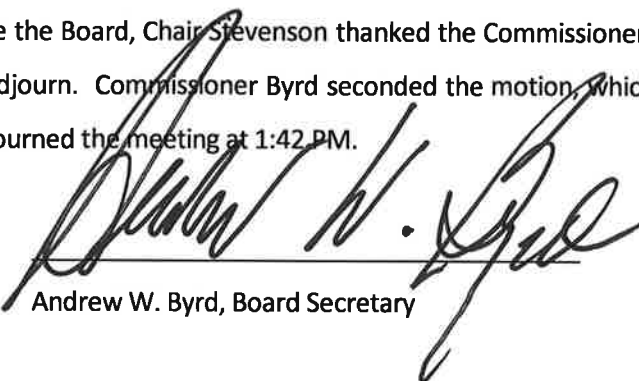
President Kreulen stated at JWN we are close to opening the new Administrative/Maintenance building. We are waiting for the Fire Marshall to give us the Use and Occupancy (U&O) for that building and we are fabricating a sign to put an address on the outside of the building. On the North Development side of JWN we are finalizing leases which will make JWN in the black for the first time ever and we are proud of that. The road construction is in progress and the infrastructure and ramp, and with the parcels we negotiated on, we should start seeing those popping out of the ground soon. President Kreulen stated that we have governmental entities and are trying to negotiate a deal with TBI on Parcel 1. We couldn't be prouder, he stated, and he expressed his appreciation for the Board's direction and guidance.

President Kreulen stated the Concessions Program is on track with 15 locations scheduled to open in September 2023 and only one, Sunglass Hut, has not made it all the way through the design side. The Paradies Satellite Program is in final review of construction documents, with all 7 locations scheduled to open October 2023.

President Kreulen thanked the Board for today's Board meeting and all the hard work.

#### 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 1:42 PM.



Andrew W. Byrd, Board Secretary