



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

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August 9, 2023

**BNA**

# Call to Order

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August 9, 2023

# Public Comment

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Tennessee Code Annotated, Title 8, Chapter 44, Part 1

MNAA Policy ID: 33-007, Public Comment Policy, effective July 13, 2023

No Public Comment Requests Received by Monday, August 7, 2023 @ 9 pm

# Approval of Minutes

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Joint Meeting of the MNAA & MPC Finance, Diversity & Workforce Development (“Finance”) Committees  
July 12, 2023

# Vice Chair's Report

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Jack Johnson

Finance Committee Vice Chair

# Items for Approval

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August 9, 2023

- JWN North Development LOI/Lease Terms – Parcel 1
  - Future Special Purpose Entity (SPE) for Steve Smith

## Item for Approval

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Carrie R. Logan, C.M.  
VP, Associate General Counsel

# JWN North Development Parcel 1 - Future SPE for Steve Smith

**Property Description:** One parcel of land for a total of 0.84 acres

**Key Lease Terms:**

- **Effective Date:** Rent commences upon execution, on or before October 15, 2023
- **Term:** 18-month construction term, 30-year initial term, one 5-year renewal option (total potential 36.5 years)
- **Base Rent:** \$2.70/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 \$2.5M for construction of a hangar facility (at least 10,000 sq ft)
- **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 but more than 5 years, and 10% if less than 5 years remaining



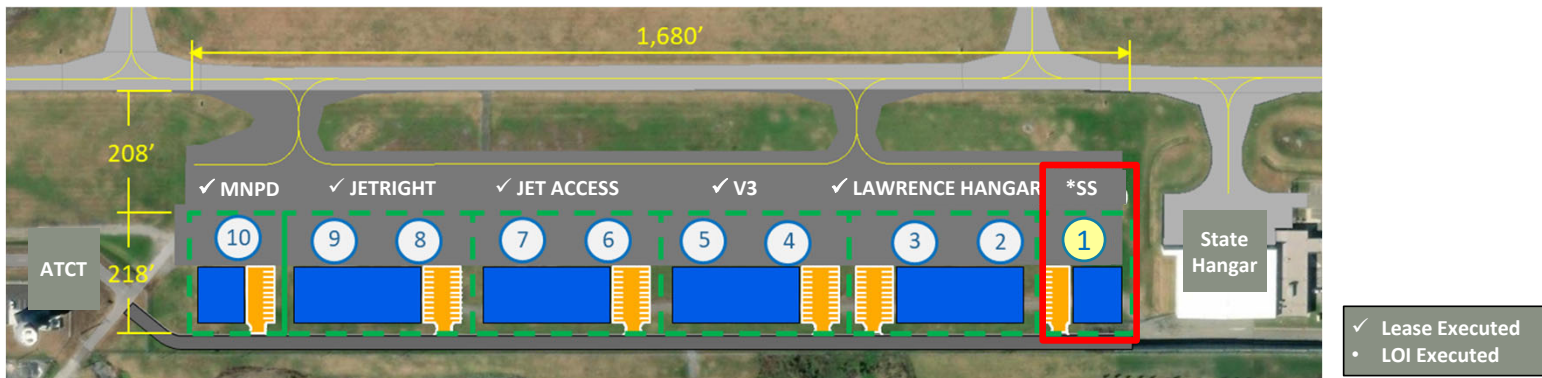
# JWN North Development Parcel 1 - Future SPE for Steve Smith

## Impact:

- Immediate revenue source of \$98,884.80 in year one
- New asset that will vest in 31.5 – 36.5 years

## Staff Recommendation:

- Staff requests the Finance Committee recommend to the Board of Commissioners that it:
  - Approve the terms negotiated between MNAA and future Special Purpose Entity for Steve Smith via Letter of Intent; and
  - Authorize the Chair and President and CEO to execute a lease agreement with future special purpose entity for Steve Smith, consistent with these terms.



- Amendment to Fraport Subleases
  - Titan's Sports Bar
  - The All Day
  - Nashville Music City

## Item for Approval

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Colleen Von Hoene, Principal  
The Paslay Group

# Amendment 1 to Fraport Subleases with Ferncroft Airport LLC

## Background:

- MNAA has a Lease and Concession Agreement with Fraport Tennessee, Inc. (Fraport) to develop a terminal-wide concessions program, including food, beverage, services, retail, and vending offerings.
  - The term of the Agreement commenced on February 1, 2019 and expires January 31, 2029.
  - If sublease terms extend beyond January 31, 2029, MNAA must become a party to the sublease so that all rights and obligations of the sublease attach to MNAA at the expiration of Fraport’s Lease and Concession Agreement.
- Fraport has two subleases with Ferncroft Airport, LLC, to which MNAA is a party.
- Ferncroft requested changes to location names, which were formally approved in Amendment 8 to the Fraport Agreement.

<u>Original Name</u>	<u>New Name</u>
Nashville Music City	The Music City Shop
The All Day	Kitty Hawk Eat and Drink
Titans Sports Bar	The Titans Press Box

# Amendment 1 to Fraport Subleases with Ferncroft Airport LLC

- The Ferncroft subleases must now be amended to incorporate the name changes approved in Amendment 8 to the Agreement. As MNAA is a party to the subleases, the sublease amendments require approval by the Board of Commissioners.
- **Staff Recommendation:**
  - Staff requests the Finance Committee recommend to the Board of Commissioners that it accept and authorize the Chair and President and CEO to execute the amendments to the subleases between Fraport, Ferncroft Airport, LLC and MNAA.

# Information Items

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August 9, 2023

- BNA Concessions Program Update

## Information Item

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Colleen Von Hoene, Principal  
The Paslay Group

## **Fraport Terminal Concessions Program**

- There are 15 locations under construction and scheduled to open in September 2023
  - All 15 on track

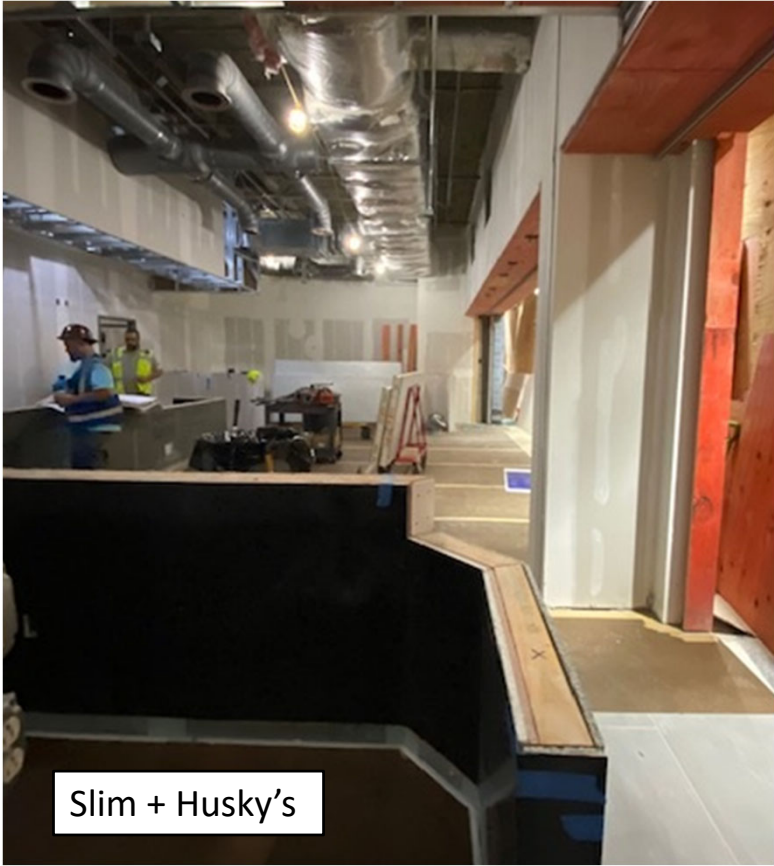
## **Paradies Satellite Concourse Concessions Program**

- There are 7 locations under construction and scheduled to open October 2023
  - 5 of 7 on track

# **Concessions Activity 2023 Locations**

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# Concession Construction: Fraport 2023 Locations





# Concession Construction: Paradies 2023 Satellite Concourse



<sup>x</sup> Not on Track for Oct 19 opening

- Quarterly Retirement/OPEB/Treasury Investment Reports

## Information Item

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Kristy Bork, CPA, A.A.E.  
AVP, Finance

## Retirement Plan

- **FY23-Q4 Market Value: \$79.6M (+\$2.3M)**
- Gross Return
  - FY23 Q4: 2.99%  
*Net of fees 2.94%; Composite benchmark 2.77%*
  - FY23 YTD: 9.16%  
*Net of fees 8.94%; Composite benchmark 8.33%*
- **As of June 30, 2023, the retirement plan is 99.7% funded**

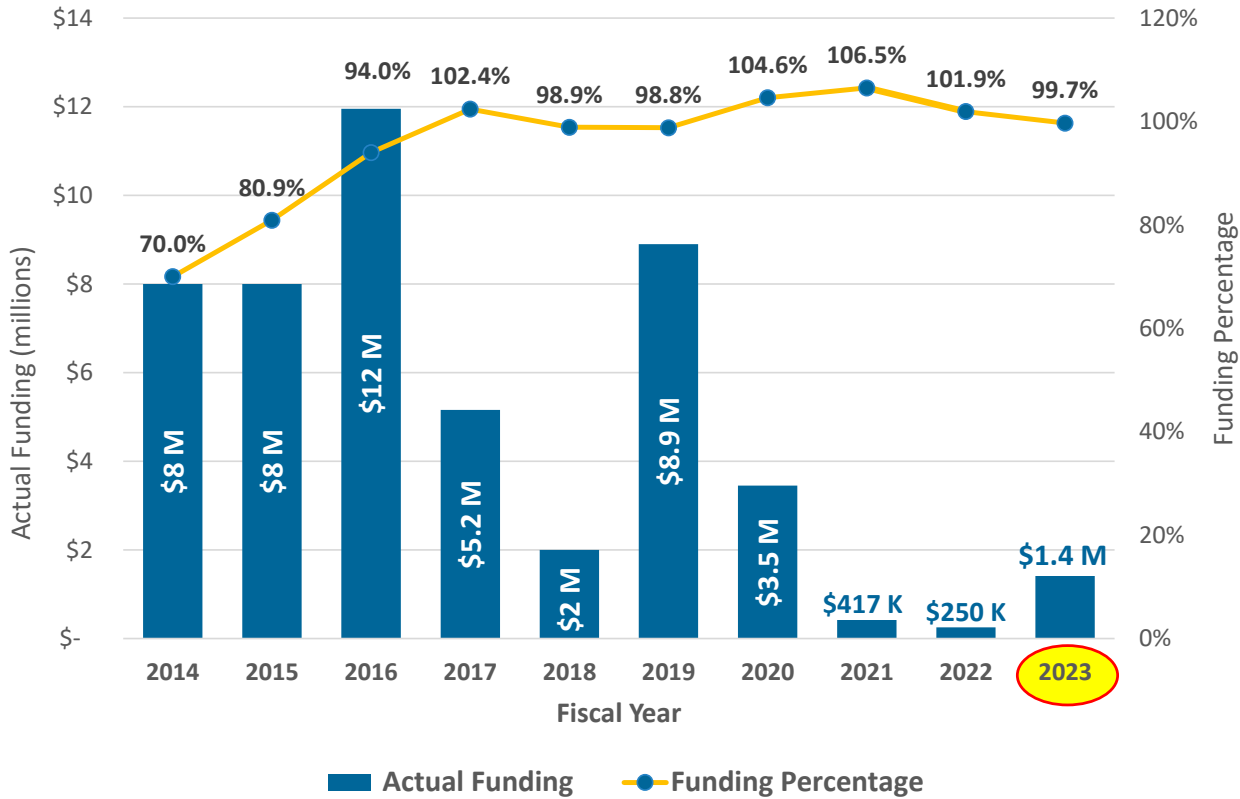
## OPEB

- **FY23-Q4 Market Value \$39.5M (+\$1.2M)**
- Gross Return
  - FY23 Q4: 3.42%  
*Net of fees 3.37%; Composite benchmark 3.90%*
  - FY23 YTD: 10.73%  
*Net of fees 10.50%; Composite benchmark 10.88%*
- **As of June 30, 2023, the OPEB plan is 145.2% funded**

# Quarterly Retirement/ OPEB Investment Report

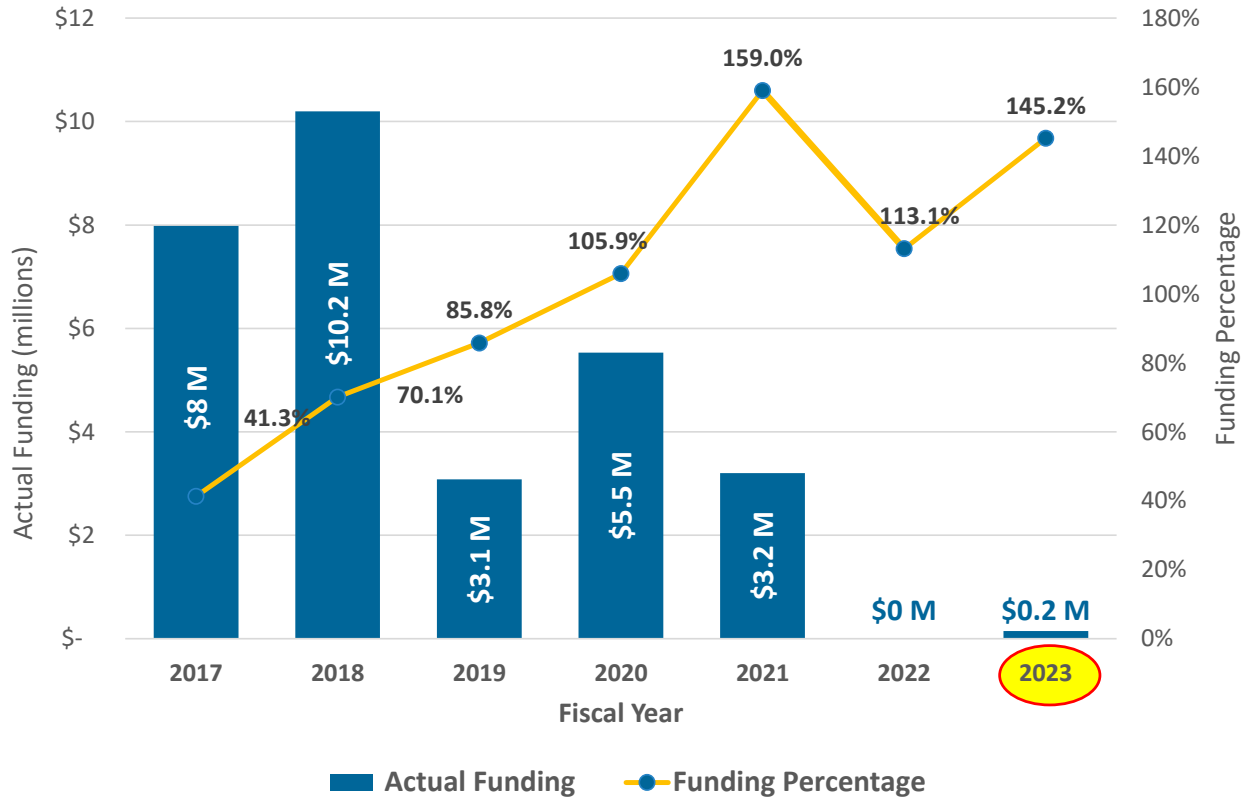
Quarter ending June 30, 2023

### Historical Retirement Plan Funding



# Historical Retirement Plan Funding

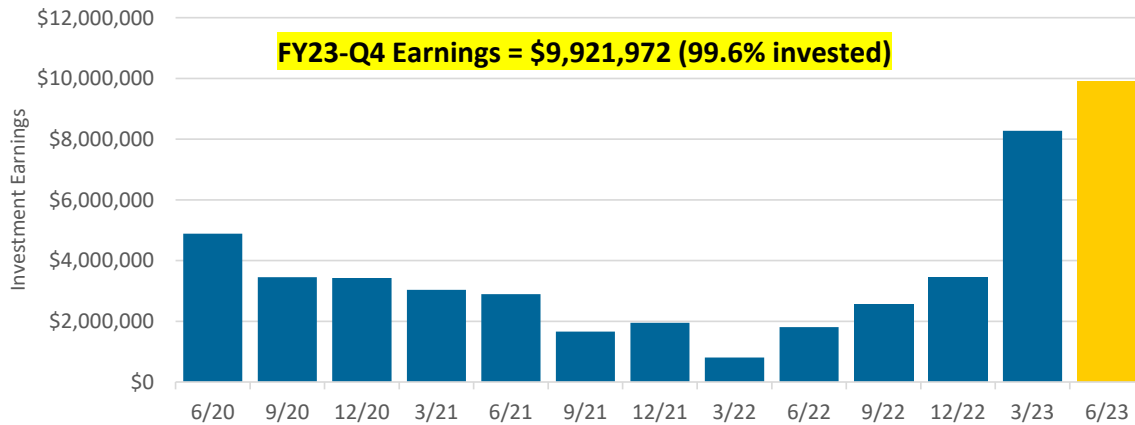
### Historical OPEB Funding



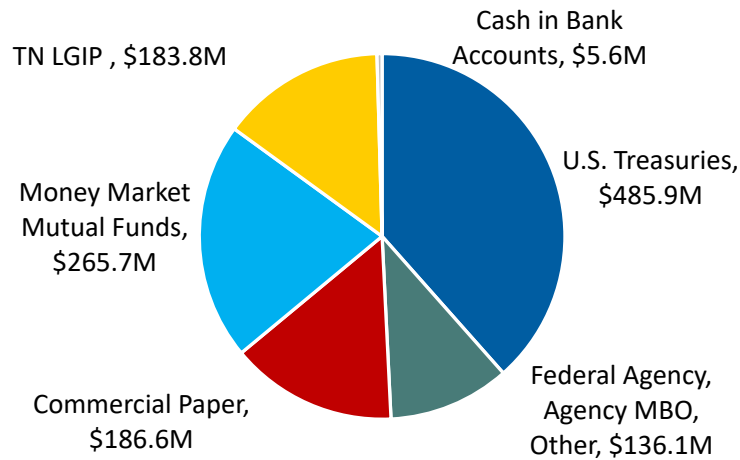
## Historical OPEB Funding

OPEB funding includes both contributions paid to trust and benefits paid by MNAA

### Investment Earnings and % Invested



### Investment Accounts



# Quarterly Treasury Investment Report

Quarter ending June 30, 2023

- Total available funds: \$1.263B
- Funds invested: 99.6%
- Investment portfolio in compliance and meeting policy objectives
- 4Q23 combined yield: 4.24%
- Total cash & investment earnings
  - 4Q23: \$9,921,972
  - 4Q22: \$1,814,041
  - 4Q23 had \$449M more available funds than 4Q22



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

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Meeting Adjourned