



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

July 12, 2023

BNA

Call to Order

July 12, 2023

Chair's Report

Stuart McWhorter

Finance Committee Chair

- Stuart McWhorter, Chair
- Jack Johnson, Vice Chair
- Tony Giarratana, Member
- Jimmy Granbery, Member

Finance Committee

- July 6, 2023, Appointments

Items for Approval

July 12, 2023 – None

Information Items

July 12, 2023

- BNA Concessions Program Update
- Airline Use and Lease Agreement Update
- FY24 Operating and CIP Budget Update
- Retirement/OPEB/Treasury Quarterly Update

Information Items

Douglas E. Kreulen, A.A.E.
President and CEO

Terminal Concessions Program (Fraport)

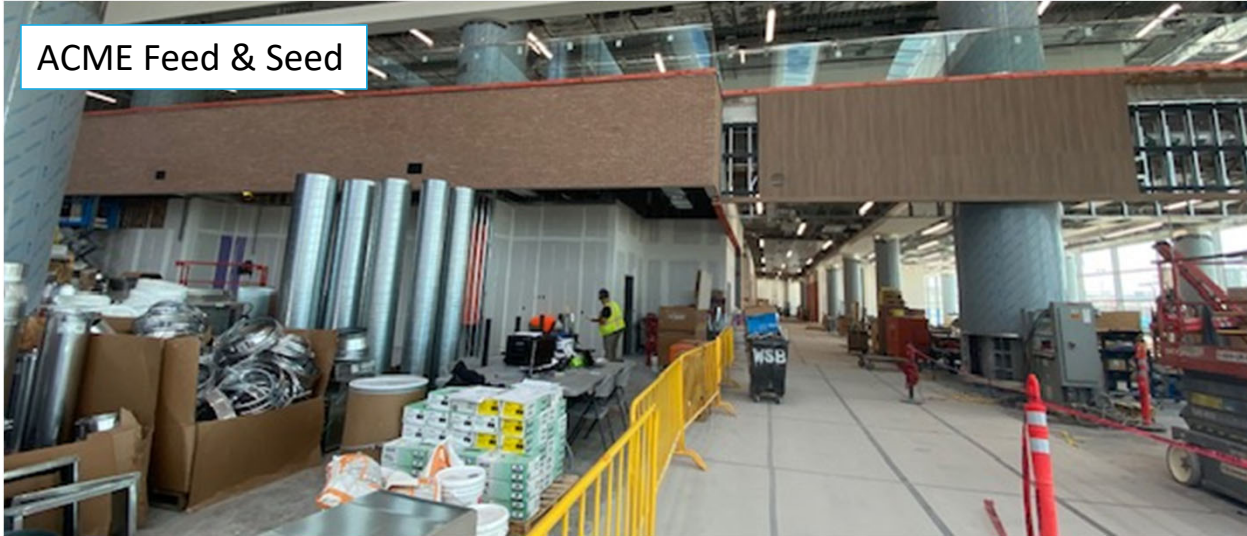
- There are 15 locations scheduled to open in September 2023
 - All met the Construction Start deadline of June 1, 2023

Satellite Concourse Concessions Program (Paradies)

- There are 7 locations scheduled to open October 2023
 - All concession spaces have been turned over to Paradies for construction
 - 5 of 7 locations started construction 7/10
 - 2 of 7 locations still awaiting permits (Fat Bottom Brewery and Jimmy John's)
 - Resolving sewer discharge review issues

BNA Concessions Program Update

ACME Feed & Seed



Titans Press Box



Slim + Husky's



Concession Construction

Fraport 2023 Locations

- Timeline

- Nov 2021 – Mar 2023: Negotiations
- Apr 19, 2023: Board approved Airline Use & Lease and Signatory Cargo Carrier Use Agreements
- June 21, 2023: Board authorized CEO to execute Airline Operating Agreements (AOAs) with the 30 non-signatory airlines
- July 1, 2023: MNAA implemented FY24 airline rates & charges per the new agreements

- New AULA meets MNAA’s key goals and objectives:

- Allows implementation of BNA Vision, New Horizon, and other major projects to meet operational demand
- Increased aircraft gate utilization to use our assets more efficiently
- Maintains flexibility to accommodate changing needs/business models of all airlines serving BNA
- Maintains strong financial metrics – debt service coverage, liquidity

Airline Use & Lease Agreement (AULA) Update

Signatory Airline	% Landed Weight	AULA Executed
Southwest	50.9%	✓
American	14.8%	*
Delta	12.2%	✓
United	7.8%	*
Spirit	3.2%	*
Allegiant	3.6%	✓
JetBlue	2.4%	*
Frontier	1.3%	✓
Alaska	0.9%	✓
Federal Express	2.7%	✓
Landed Wt.	100%	71.6%

**Received signed Execution Extension Letters*

- **Term:** 8 years (FY24-FY31), with one 2-year mutual option (FY33)
- **Methodology:** Landing Fee - Residual; Terminal Rate - Commercial Compensatory
- **Satellite Concourse Terminal Rate:** 2.5% discount
- **Revenue Sharing:** Weighted formula (concessions 50% - 25%)
- **Reserve Funds:**
 - O&M - From 2 to 3 months
 - R&R - From \$5M to \$10M
- **Reliever Airport Contribution:** \$500,000 in FY4; 3% annual escalator
- **Capital Improvements:** Airfield only
 - Negative Majority-in-Interest (MII);
 - Projects < \$2M exempted
- **Gates:** Preferential Use: 6 daily turns or 900 aircraft scheduled seats
At Risk Gate: 30-day notice to take back
Reserved Common Use Gates: Estimated 5 gates

AULA Key Business Terms

- Approved by Board on April 19, 2023
- BNA budget based on (then) FY24 moderate enplanement forecast (10.97M enplanements)
- FY24 budgets meet the President and CEO's guidance
 - Ensure we can make all required debt service payments
 - Meet both Board required debt service coverage and days cash on hand metrics to maintain our credit ratings
 - Minimize financial impact to our business partners to enhance future air service
 - Stay within the Official Statement's operating expense guideline for projected enplanement levels: \$165.3M
- Use of Federal Relief Grants (total award = \$126,452,218)
 - \$31.4M planned use in FY24
 - Balance of \$6.6M at 6/30/24 to be used in FY25

FY24 Operating & CIP Budget Update

- BNA, JWN, MPC

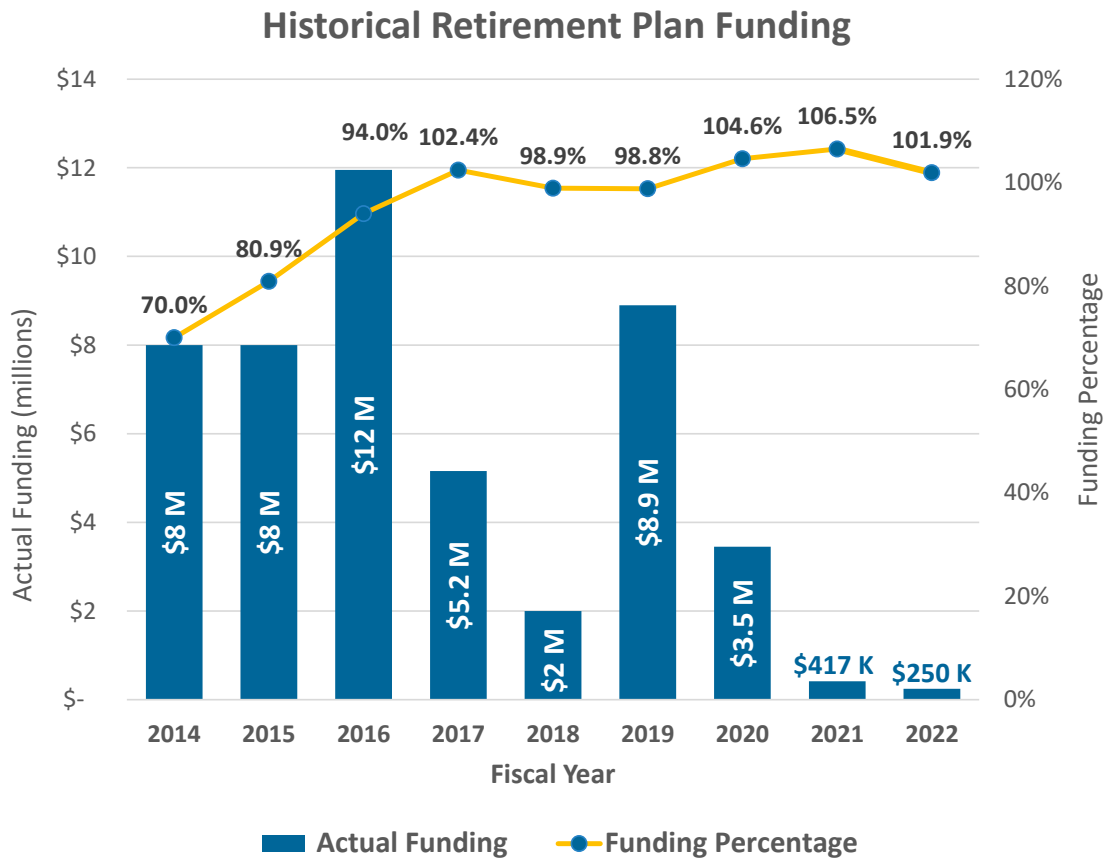
FY24 BNA O&M & Capital Budgets (July 1, 2023 – June 30, 2024)

	BNA Summary	Budget FY23	Budget FY24	CIP FY24
BNA	Total Operating Revenue	\$226,017,000	\$282,308,000	
	Operating Expense	(\$139,839,000)	(\$165,870,000)	\$188,565,000

	JWN Summary	Budget FY23	Budget FY24	CIP FY24
JWN	Operating Revenue	\$1,802,000	\$2,384,000	
	Operating Expense	(\$1,976,000)	(\$2,303,000)	\$42,415,000

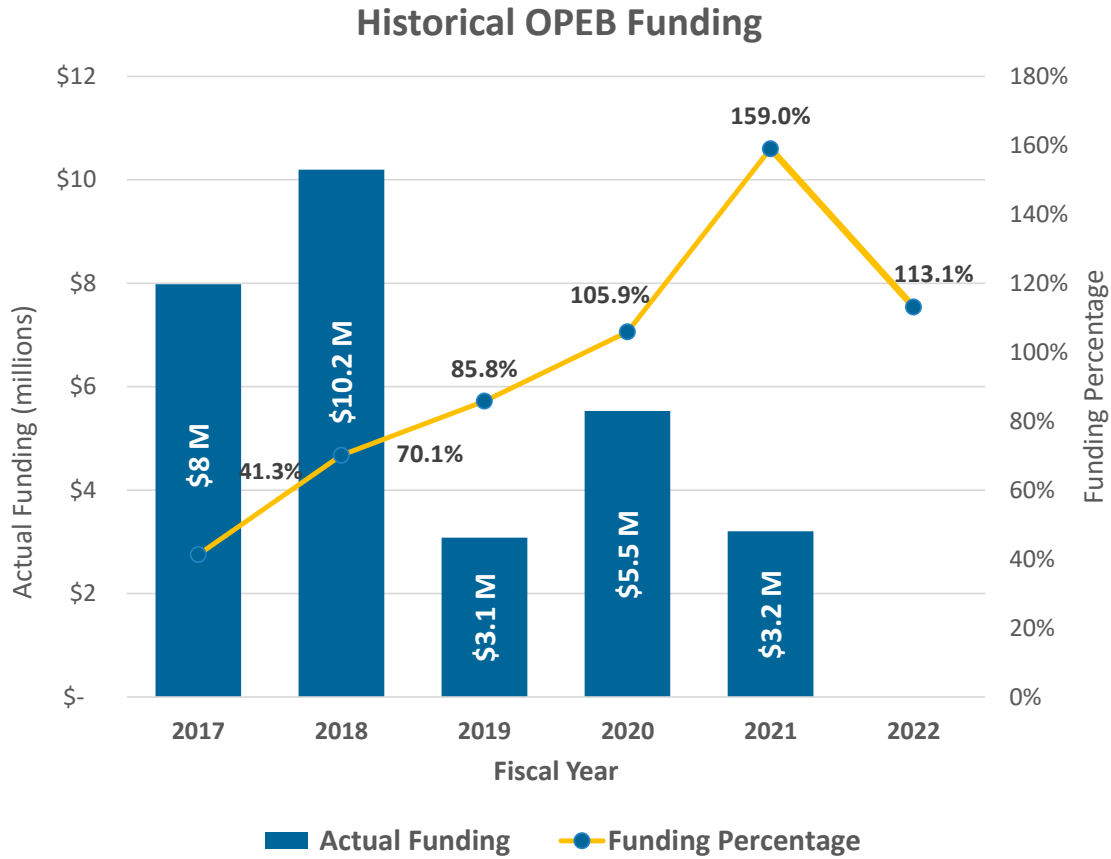
	MPC Summary	Budget FY23	Budget FY24	CIP FY24
MPC	Operating Revenue	\$3,467,000	\$3,711,000	
	Operating Expense	(\$1,447,000)	(\$2,028,000)	\$1,550,000

Quarterly Retirement Plan Update



Based on actuarial value

- FY23-Q3 Market Value: **\$77.3M (+\$2.6M)**
- 94% funded
 - 287 participants
 - 43 active, 53 deferred vested, 191 retired
- Gross Return
 - FY23 Q3: 4.96%
 - *Net of fees 4.91%; Benchmark 4.76%*
 - FY23-YTD: 6.00%
 - *Net of fees 5.83%; Benchmark 5.41%*

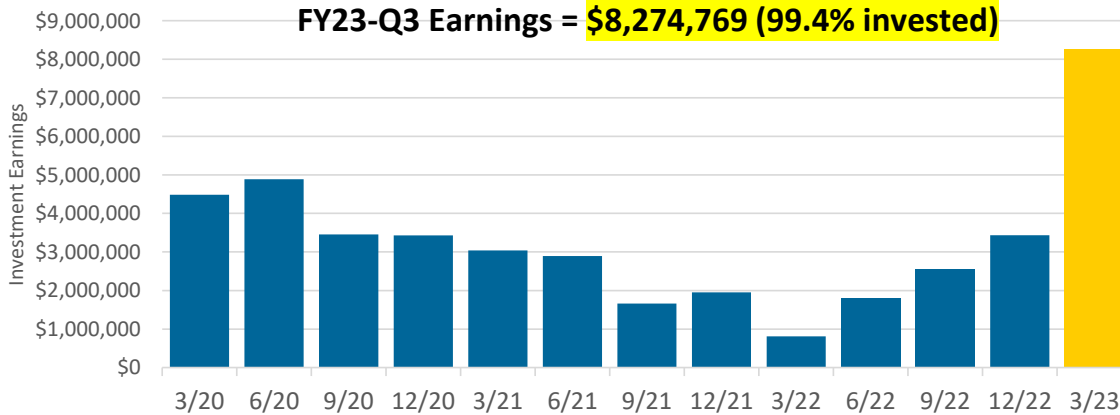


Based on market value

Quarterly OPEB Update

- FY23-Q3 Market Value **\$38.3M (+\$1.6M)**
- 118% funded
- Gross Return
 - FY23 Q2: 5.48%
 - Net of fees 5.43%; Benchmark 5.74%
 - FY23-YTD: 7.06%
 - *Net of fees 6.90%; Benchmark 6.72%*

Investment Earnings



Funds by Category (as of 3/31/23)

Fund	Amount
NAE Fund	\$ 132.5M
Operating Cash	\$ 212.9M
Construction Accounts	\$ 469.8M
Debt Service Accounts	\$ 202.8M
PFC Account	\$ 149.7M
CONRAC Accounts	\$ 58.3M
Total	\$ 1.2B

Quarterly Treasury Investment Report

- Quarter ending March 31, 2023
- **Total available funds: \$1.226B**
- Funds invested: 99.4%
- Investment portfolio in compliance and meeting policy objectives
- 3Q23 combined yield: 3.90%
- Total cash & investment earnings
 - 3Q23: \$8,274,769
 - 3Q22: \$812,502
 - 3Q23 had \$430M more funds than 3Q22



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Meeting Adjourned