

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



Date: August 16, 2023

Location: Metropolitan Nashville Airport Authority
Tennessee Boardroom

Time: 1:00 p.m.

Board Members Present: Jimmy Granbery, Chair; Bobby Joslin, Vice Chair; Masami Tyson, Secretary; Tony Giarratana; and Jack Johnson

Board Members Absent: Stuart McWhorter

MNAA Staff Present: Doug Kreulen, Neale Bedrock, Lisa Lankford, Trish Saxman, Marge Basrai, Kristy Bork, Chris Davidson, David Griswold, Traci Holton, Daniel B. Brown, Ijeoma Ike, Carrie Logan, Rachel Moore, Ted Morrissey, Stacey Nickens, Robert Ramsey, Davita Taylor and Colleen Von Hoene

I. CALL TO ORDER

In accordance with the 3rd Amended and Restated Bylaws of the MNAA Board of Commissioners, Section 2.3, Chair Granbery called the MNAA Board of Commissioners and MPC Board of Directors Meeting to order at 1:00 p.m., pursuant to Public Notice posted to the MNAA website August 11, 2023.

II. PUBLIC COMMENTS

Chair Granbery stated there were no public comment requests received.

III. APPROVAL OF MINUTES

Chair Granbery called for a motion to approve the July 19, 2023 Minutes of the Joint Meeting of the MNAA Board of Commissioners and MPC Board of Directors. A motion to approve was made by Vice Chair Joslin and seconded by Commissioner Giarratana. Chair Granbery asked Ms. Saxman for a roll call:

Chair Granbery – Yes

Vice Chair Joslin – Yes

Commissioner Tyson - Yes

Commissioner Giarratana - Yes

Commissioner Johnson –Yes

The motion was passed with a vote of 5 to 0.

IV. CHAIR'S REPORT

Chair Granbery stated he would like to congratulate BNA and Nashville Tennessee for the recent announcement from Southwest selecting Nashville (BNA) as the airline's newest crew base. He stated that MNAA is excited for this big win and are proud to be a part of it. Chair Granbery informed the Board that an audit letter from Plante Moran was on the table. He had a preliminary call with Plante Moran, and all went well, and we are looking forward to the audit being completed in mid-November.

Chair Granbery stated it is his honor to announce that Vice Chair Bobby Joslin will be nominated into the Tennessee Aviation Hall of Fame on November 4, 2023 and asked the Board members to please mark their calendars. Vice Chair Joslin thanked him.

V. PRESIDENT'S REPORT

President Kreulen reported that the auditors will arrive next week, and we will have the audit finalized in late September, early October. Ms. Marge Basrai, EVP CFO, confirmed financial statements will be done by the end of October. President Kreulen stated the 2024 Committee & Board Schedule calendar invitations will be sent out in September. There are several conferences in 2024 and we are hosting two big ones: the American Association of Airport Executives ("AAAE") on April 28th through May 1st; and the Airport Minority Advisory Conference ("AMAC"), which will be in either June or July of 2024. The BNA Vision project will be completed and the attendees of both conferences will see what we have built over the past six years. The Airport Council International North America ("ACI-NA") will be held in Grand Rapids, Michigan on September 7th through 10th and the Southeast Chapter of AAAE ("SEC AAAE") will be in Birmingham, Alabama on March 16th – 19th. Any time any of the Board members would like to travel to a conference, MNAA will make the arrangements.

President Kreulen stated Silver Airways launched their air service to Piedmont Triad International Airport in Greensboro, North Carolina, with one flight a day beginning on July 25, 2023. Spirit Airlines announced new air service to Boston and Miami beginning September 7, 2023. It is good for BNA because it brings competition. BNA already has three airlines that go to Boston - Delta, JetBlue and Southwest. BNA has two airlines that go to Miami - American and Southwest. Spirit is a good addition for BNA and will move into the Satellite Concourse when it opens.

President Kreulen introduced Mr. Steve Wood, the Transportation Security Administration's ("TSA") Federal Security Director ("FSD") for the State of Tennessee. President Kreulen stated BNA successfully passed the month-long TSA Annual Inspection and noted the importance of maintaining compliance with TSA. TSA conducted 62 tests, with 4 findings, and staff will work with TSA to resolve those. One of the findings was on the Sharps log, where tenants have to account for all sharp knives and forks in their restaurants. One of our tenants, Pharmacy Burger, was missing dates on the Sharps log. There were two findings for failure to challenge and one finding for improper ID display. BNA will continue to work with tenants to wear their badge correctly and challenge employees who are not wearing their badge correctly. He noted there are over 10,000 badge holders.

President Kreulen reported on August 2, 2023 the Tennessee Department of Transportation's ("TDOT") Annual Inspection was completed at JWN. They found no discrepancies in Section 1, which findings require immediate correction. In Section 2 they identified some things that they want us to monitor - obstructions on Runway ends 02 and 20 are trees that will have to be trimmed back; and pavement oxidation on runways which staff will work with TDOT for a solution. JWN received a Tennessee Airport License, valid through December 31, 2024. TDOT Aeronautics competes our general aviation inspection, our FAA completes the commercial airport inspection, which happened earlier this year at BNA.

President Kreulen stated the Westside Charter had some renovations and improvements made. This is where we have most of our cargo and maintenance repair overhaul operations and is also utilized by commercial carriers servicing the Titans, visiting NFL teams, the Nashville Soccer Club and other sports teams.

President Kreulen stated Congressman Green was scheduled to tour BNA today, but that will be rescheduled. Aviation Worker Screening was on the agenda to discuss with. Beginning September 25, 2023, BNA has a requirement to begin employee screening as they go from the non-secured to the secured sterile area of the airport. MNAA has been working with TSA and are close to having a plan that will be approved. This will reduce the number of access points from 7 to 2, and all MNAA employees will have to go through normal screening to get from one side to the sterile side during the hours that TSA is open. When TSA is closed, employees will have to go through those remaining 2 doors and MNAA will have to perform random inspections. There is a lot of

work on this, both for TSA and MNAA, to make sure there is no insider threat. The challenges are how to accomplish this, how to pay for it, and how to prevent operational disruptions.

President Kreulen reported that BNA is continuing to grow. Staff elected to go with a 3-scenario enplanement forecast of 7%, 11% and 15% for FY24, and we have been at 13% - 14%. July was at 13% growth, and we are right at 7% growth for August. Staff will continue to watch the trend and should see the normal rise coming up at fall break, dropping off in the winter, and coming back up spring and summer.

President Kreulen announced Committee and Board schedules look great and reminded the Board that the IAF Reception and Marketplace will be held on September 25, 2023. October Committee will be busy with several approval items and the Board Retreat will be held on October 18, 2023 with the Board meeting in the morning and the Retreat in the afternoon. The Retreat is where the stage is set to develop a budget for next year.

VI. ITEMS FOR APPROVAL

1. Professional Services Contract for Terminal 2 Siting Study (Operations)

President Kreulen introduced Traci Holton, VP, Chief Engineer, who briefed the Board on the Professional Services Contract for Terminal 2 Siting Study. This scope will provide a comprehensive analysis to determine location for second terminal and a future CONRAC location. The Request for Qualification ("RFQ") was published May 1, 2023 and MNAA received 3 Statements of Qualification ("SOQ") from SPS, HOK and Jacobsen Daniels. Strategic Planning Services Inc. (SPS) headquartered in Cincinnati was the highest rated firm. The SMWBE goal was 6.51% MBE and/or WBE; and SPS committed to 7% WBE. The total contract cost is \$3.5M NTE and staff is still negotiating the scope and fee.

Ms. Holton recommended the Board of Commissioners authorize the Chair and President and CEO to execute the Professional Services Contract with SPS for a not-to-exceed contract value of \$3,500,000. This was presented to the Operations Committee on August 9, 2023.

Vice Chair Joslin made a motion to approve as presented and seconded by Commissioner Giarratana. Chair Granbery asked Ms. Saxman for a roll call:

Chair Granbery – Yes

Vice Chair Joslin – Yes

Commissioner Tyson –Yes

Commissioner Giarratana – Yes

Commissioner Johnson –Yes

The motion was passed with a vote of 5 to 0.

President Kreulen thanked the Board for approving and stated MNAAB has been working for years to carry out the vision of the Board. The BNA Vision project is finishing up and the New Horizon 2022-2028 project is already moving forward. This study is scoping the airport out to the 2035 time period, when BNA gets to 35M passengers. This siting study will let MNAAB know where the best place is to start thinking about locating the next terminal. This is huge for the City of Nashville and the State of Tennessee.

2. Professional Services Contract for On Call Engineering Services (Operations)

Ms. Holton reported that the Professional Services Contract for on Call Engineering Services will provide on call professional engineering design services for all engineering-led, capital projects for the next 3 years. The RFQ was published on May 30, 2023 and MNAAB received one SOQ from Garver, LLC (“Garver”). Garver provided a very comprehensive and well qualified team with capability to perform engineering tasks. Garver’s team consists of Atkins, Jacobs and Kimley Horn as well as other engineering consultants throughout the city. The term is a 1 year contract with two 1-year renewal options at \$5M NTE each year.

Ms. Holton recommended the Board of Commissioners authorize the Chair and President and CEO to execute the On Call Engineering Professional Services Contract with Garver for an annual not-to-exceed contract value of \$5,000,000. This was presented to the Operations Committee on August 9, 2023.

Vice Chair Joslin made a motion to approve as presented and seconded by Commissioner Giarratana. Chair Granbery asked Ms. Saxman for a roll call:

Chair Granbery – Yes

Vice Chair Joslin – Yes

Commissioner Tyson –Yes

Commissioner Giarratana – Yes

Commissioner Johnson –Yes

The motion was passed with a vote of 5 to 0.

3. TARI – Telecommunication Provider License and Access Fees Agreement – Crown Castle (Operations)

Ms. Holton reported that the TARI impacts telecommunications providers and constructed a consolidated ductbank to not be impacted by future project construction. Crown Castle will enter into a license agreement for occupancy in the duct bank. In November 2021, the Board authorized MNAA to execute licenses and receive fees with telecommunication service providers in the amount of \$2.8M for AT&T, Lumen, Comcast and Verizon. Crown Castle previously sublet to AT&T but is now seeing its own conduit which they will pay a license fee of \$343,639.

Ms. Holton recommended the Board of Commissioners authorize the Chair and President and CEO to execute the license and receive \$343,639 in fees from Crown Castle. This was presented to the Operations Committee on August 9, 2023.

Vice Chair Joslin made a motion to approve as presented and seconded by Commissioner Tyson. Chair Granbery asked Ms. Saxman for a roll call:

Chair Granbery – Yes

Vice Chair Joslin – Yes

Commissioner Tyson –Yes

Commissioner Giarratana – Yes

Commissioner Johnson –Yes

The motion was passed with a vote of 5 to 0.

4. Professional Services Contract for Commercial Trash, Recycled Materials and Electronics Disposal (Operations)

President Kreulen introduced Daniel B. Brown, AVP, Maintenance, Environmental and Safety, who briefed the Board on the Professional Services Contract for Commercial Trash, Recycled Materials and Electronics Disposal. This contract is for trash removal services for BNA and Outlying Properties. The contractor will perform and provide all labor, tools, transportation, services and equipment necessary and reasonably essential to perform trash removal services for 1.7M sq ft. Mr. Brown stated on June 5, 2023 an RFP was published and MNAA received 2 proposals, Waste Management, Inc. (“WM”) and J&J Services. The selection committee recommended WM based on their quality assurance program, equipment status, and number

of personnel assigned to the airport and pricing. The contract duration is 3 years plus two 1-year renewal options and the total cost is \$4,049,213.64. Following up on Chair Giarratana's question regarding where waste is sent posed at the August 9, 2023 Operations Committee meeting, Mr. Brown informed the Board that solid waste is offloaded at the Antioch Transfer Station; for recycling waste WM owns and operates the regions' only Material Recovery Facility ("MRF"); and for construction materials WM is opening the region's only construction debris automated sorting recycling facility at their Southern Services landfill in Davidson County.

Mr. Brown recommended the Board of Commissioners accept the proposal by Waste Management, Inc. for Trash Removal Services for BNA and Outlying Properties and authorize the Chair and President and CEO to execute the proposed contract for \$4M. This was presented to the Operations Committee on August 9, 2023.

Vice Chair Joslin made a motion to approve as presented and seconded by Commissioner Tyson. Chair Granbery asked Ms. Saxman for a roll call:

Chair Granbery – Yes

Vice Chair Joslin – Yes

Commissioner Tyson –Yes

Commissioner Giarratana – Yes

Commissioner Johnson –Yes

The motion was passed with a vote of 5 to 0.

5. Amendment to Professional Services Contract for Custodial Services Satellite Concourse (Operations)

Mr. Brown reported that the Amendment to Professional Services Contract for Custodial Services is to perform and provide all labor, tools, transportation, services and equipment necessary and reasonably essential to perform custodial services for 90k sq. ft. in the Satellite Concourse. Mr. Brown stated MNAA and Bestway Services Inc. entered into a contract for January 24, 2023 through January 24, 2025 and this will amend that contract for 27 months, October 21, 2023 through January 24, 2026, remainder of year 1 plus 2 years.

Mr. Brown recommended the Board of Commissioners accept the proposal by Bestway Services for the Satellite Concourse and authorize the Chair and President and CEO to execute the proposed contract amendment for \$2.6M. This was presented to the Operations Committee on August 9, 2023.

Vice Chair Joslin made a motion to approve as presented and seconded by Commissioner Giarratana. Chair Granbery asked Ms. Saxman for a roll call:

Chair Granbery – Yes

Vice Chair Joslin – Yes

Commissioner Tyson –Yes

Commissioner Giarratana – Yes

Commissioner Johnson –Yes

The motion was passed with a vote of 5 to 0.

6. JWN North Development LOI/Lease Terms – Parcel 1 (Future SPE for Steve Smith) (Finance)

President Kreulen introduced Carrie R. Logan, VP, Associate General Counsel, who briefed the Committee on the JWN North Development LOI/Lease Terms. Ms. Logan stated that this is a lease for Parcel 1 at JWN North Development for a Future Special Purpose Entity (“SPE”) for Steve Smith. This property is one parcel of land for a total of 0.84 acres, approximately 36K sf. The key lease terms MNAA has been using for Parcels 2-9 will also be used for Parcel 1. Rent commences upon execution on or before October 15, 2023. There is an 18-month term for construction of the hangar, and a 30-year initial term with one 5-year renewal option, for a total potential 36.5 years. Base Rent is \$2.70/sf which is the average of base rent on Parcels 2-9. There is a 3% annual escalation with FMRV adjustments in year 10 and 20 of initial term. We anticipate a minimum of \$2.5M of construction of the hangar and an improvement value for a 10K sf hangar. The impact is the immediate revenue source of \$98K to JWN in year one and new asset that will vest in 31.5 – 36.5 years.

Ms. Logan recommended the Board of Commissioners 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 the lease agreement with future special purpose entity for Steve Smith, consistent with these terms. This was presented to the Finance Committee on August 9, 2023.

Commissioner Johnson made a motion to approve as presented and seconded by Vice Chair Joslin. Chair Granbery asked Ms. Saxman for a roll call:

Chair Granbery – Yes

Vice Chair Joslin – Yes

Commissioner Tyson –Yes

Commissioner Giarratana – Yes

Commissioner Johnson –Yes

The motion was passed with a vote of 5 to 0.

Chair Granbery thanked the staff. The Board challenged this staff to pull this off in short order and it is a wonderful day for JWN to have this done at this number in that amount of time. Chair Granbery thanked the staff for all their hard work and stated that he and Vice Chair Joslin have requested further development at JWN for years and this is great for JWN and also great for Nashville.

7. Amendment to Fraport Sublease with Ferncroft Airport, LLC (Titan’s Sports Bar, The All Day, Nashville Mustic City (Finance)

President Kreulen introduced Colleen Von Hoene, Associate Principal, Paslay Group, to brief the Committee on the Amendment to Fraport Subleases with Ferncroft, LLC. Ms. Von Hoene stated MNAA has a Lease and Concession Agreement with Fraport Tennessee, Inc. (“Fraport”) to manage and develop a terminal-wide concessions program, including food, beverage, services, retail, and vending offerings and that Agreement expires January 31, 2029. If any sublease terms extend beyond that date, MNAA must become a party to the sublease. Fraport has two subleases with Ferncroft Airport, LLC (“Ferncroft”) to which MNAA is a party. Ferncroft requested changes to location names, which were formally approved in Amendment 8 to the Fraport Agreement. Nashville Music City will change to The Music City Shop, The All Day will change to Kitty Hawk Eat and Drink and Titans Sports Bar will change to The Titans Press Box. The Ferncroft subleases must now be amended to incorporate the name changes approved in Amendment 8 to the Agreement.

Ms. Von Hoene recommended the Board of Commissioners accept and authorize the Chair and President and CEO to execute the amendment to the subleases between Fraport, Ferncroft Airport, LLC and MNAA. This was presented to the Finance Committee on August 9, 2023.

Chair Granbery thanked the staff again and said that filling these spaces with tenants who are local and show Nashville, Tennessee off to our guests who come through BNA, is great.

Commissioner Johnson made a motion to approve as presented and seconded by Chair Granbery. Chair Granbery asked Ms. Saxman for a roll call:

Chair Granbery – Yes

Vice Chair Joslin – Yes

Commissioner Tyson –Yes

Commissioner Giarratana – Yes

Commissioner Johnson –Yes

The motion was passed with a vote of 5 to 0.

VII. INFORMATION ITEMS

President Kreulen presented several information items for the BNA Development Update. The BNA IAF & Marketplace reception is September 25, 2023 and invitations for the event went out the week of August 21, 2023 to approximately 580 recipients. The project cost is \$480,436,375 of the total \$1.5B Vision budget. We have been working on this project over the last 6 years and are completing it on time and on budget.

President Kreulen stated Congressman Green was going to come here and tour BNA but was called away on business to Washington, D.C.

President Kreulen stated the Satellite Concourse Ribbon cutting date is to be determined. The Board of Commissioners, Governor Bill Lee and State Commissioners will be invited to the ribbon cutting. Flight operations will start on October 21, 2023 and as soon as Paradies completes construction of all concessions, we will determine a date for the ribbon cutting.

President Kreulen stated Congressman Mark Green toured JWN on August 15, 2023. He had a chance to meet with Chris Davidson, AVP, JWN Airport Manager, and his team. President Kreulen showed a picture of the air traffic control tower and pointed out where the road is going in and all the work they are doing on the ramp to connect our two taxiways. The project is scheduled to be completed in late October 2023.

President Kreulen reported that the BNA Concessions Program has 15 locations under construction and are on track for the September 25, 2023 opening. The Paradies Satellite Concourse Concessions Program has 7 locations under construction and scheduled to open October 2023. Five of the seven locations are on track. Ms. Von Hoene is working to see if they can accelerate their schedule.

President Kreulen stated Ms. Kristy Bork, AVP of Finance, did a great job of going over our Retirement and OPEB Plan and Treasury Investments. We made money this past quarter on all three accounts, and we are 99.6% invested and had one of our best quarter returns at \$9M.

President Kreulen thanked the Board for reviewing the FY23 Employee Performance Results. The employees did a great job with 89% of objectives completed and making revenue and target expenses and are deserving of the bonuses that we plan to pay out in October. President Kreulen stated he owes the Board some homework for any of the excess money and we will discuss in the future.

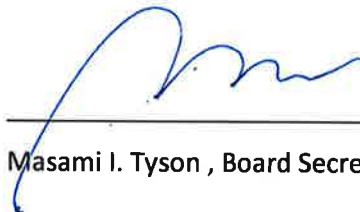
President Kreulen thanked the Management Committee for reviewing the FY23 CEO Performance Results and the Board received a copy of the scorecard that was used by the Management Committee. Chair Granbery stated he would like to make a couple of comments regarding the FY23 CEO Performance Results. Chair Granbery stated President Kreulen was hired on April 1, 2012 and became CEO in December 2017, and his performance is at 103.75%. Continuing, Chair Granbery said that President Kreulen has exceeded his KPI's on his new employment contract and has led the airport through the \$1.5B BNA Vision project. Now he is leading the airport through the \$1.5B BNA Horizon project, which will open September 25, 2023, and the siting of Terminal 2. BNA is not slowing down, and staff is preparing for the next 20 million passengers. Chair Granbery complimented President Kreulen on his leadership. The Management Committee voted unanimously to approve a Cost of Living Adjustment ("COLA") raise of 5%, and max bonus of 42% based on exceeding 103.75% of his matrix in his employment contract. Chair Granbery asked Ms. Saxman for the minutes to reflect President Kreulen's outstanding performance. Vice Chair Joslin stated he has been through a lot of years with President Kreulen and truly believes MNAA would not be where it is today without his leadership, and he is one of his biggest fans. Commissioner Giarratana stated he is new to the Board, but he is very impressed with what everything he has seen, and it is truly breathtaking. He complimented President Kreulen on executing projects on

time and on budget and congratulated him on exceeding all of these outstanding goals and expressed his excitement and appreciation. Commissioner Johnson stated Lieutenant Governor asked if he would be willing to serve on the Board and he replied he had one condition: to make sure that President Kreulen is going to stick around. Once that was confirmed, he was happy to serve on the Board. Commissioner Tyson stated she is proud to serve on the Board with President Kreulen as the CEO and excited about next steps.

President Kreulen thanked the Board and the Staff because they are the ones that make all of this happen and he expressed that he is really proud of them and appreciates what they do and is happy to be part of MNAA. He stated that is very proud of MNAA and what it is doing for Tennessee and the City of Nashville and all of the surrounding counties. And we are always finding ways for improvement. Chair Granbery thanked the staff as well and stated he is looking forward to the future.

VIII. ADJOURN

There being no further business brought before the Board, Chair Granbery asked for a motion to adjourn. Vice Chair Joslin made the motion to adjourn, and Commissioner Giarratana seconded the motion, which carried by a vote of 5 to 0. Chair Granbery adjourned the meeting at 1:31 p.m.



Masami I. Tyson , Board Secretary