

**Minutes of the Joint Meeting of the MNAA and MPC
Finance, Diversity & Workforce Development Committees**



Date: September 13, 2023

Location: Metropolitan Nashville Airport Authority
Tennessee Boardroom

Time: 9:25 a.m.

Committee Members Present:

Stuart McWhorter, Committee Chair, Jack Johnson,
Committee Vice Chair; Tony Giarratana; Jimmy Granbery

Committee Members Absent:

Others Present:

Bobby Joslin

MNAA Staff Present:

Doug Kreulen, Neale Bedrock, Lisa Lankford, Trish Saxman
Marge Basrai, Adam Floyd, Chris Davidson, Kristen Deuben,
Traci Holton, Ijeoma Ike, Carrie Logan, Rachel Moore, Ted
Morrissett, Stacey Nickens, Robert Ramsey, Davita Taylor
and Colleen Von Hoene

I. CALL TO ORDER

Chair McWhorter called the Joint Meeting of the MNAA and MPC Finance, Diversity & Workforce Development (Finance) Committees to order at 9:25 a.m. pursuant to Public Notice dated September 8, 2023.

II. APPROVAL OF MINUTES

Chair McWhorter asked for a motion to approve the minutes from the August 9, 2023 Finance Committee meeting. Commissioner Granbery made a motion and Commissioner Giarratana seconded the motion. Chair McWhorter asked Ms. Saxman for a roll call:

Chair McWhorter - Yes

Vice Chair Johnson - Yes

Commissioner Giarratana - Yes

Commissioner Granbery - Yes

The motion was passed with a vote of 4 to 0.

III. PUBLIC COMMENTS

Chair McWhorter stated there were no public comment requests received.

IV. CHAIR'S REPORT

Chair McWhorter had no Chair's Report.

V. ITEMS FOR APPROVAL

1. BNA West Development – Future Special Purchase Entity for Scott Sohr

President Kreulen introduced Carrie R. Logan, VP, Associate General Counsel, who briefed the Committee on the BNA West Development – Future Special Entity for Scott Sohr. Ms. Logan stated that this is approval of the lease terms for development on the westside of BNA for a future Special Purpose Entity ("SPE") for Scott Sohr. This development is approximately 5.15 acres of the 5.97-acre parcel of land and the extension of Taxilane B. The remainder of the parcel of land is for an extension of a taxilane that is tentatively developing. This area of land is on the west side in a section of private hangars south of the cargo area closest to Murfreesboro Road. The effective date would be by January 15, 2024 and rent commences upon execution of the lease. The term is 18-month construction term, 30-year initial term with one 5-year renewal option with total potential of 36.5 years. The base rent is \$2.40/sf with a 3% annual escalation and FMRV adjustments in year 10 and 20 of initial term. In this particular area there is also an easement fee of \$.50/sf beginning on the effective date of the lease for the Taxilane B extension and this tract's share of Taxilane A & B. The easement fee includes a 3% annual escalation. The minimum investment is \$14M for construction of hangar facilities, approximately 66,000 sf. The tenant will complete Taxilane B extension and the first hangar within the first 18 months of the effective date and the second hangar within 30 months. This is a triple net lease with property and condition and pavement condition assessments every 5 years. The tenant does have the right to lease to affiliate or successor organization with notice to MNAA. The impact is immediate revenue source of \$579,590 in year one and new asset will vest in 31.5 – 36.5 years.

Ms. Logan requested the Finance Committee recommend to the Board of Commissioners that it approve the terms negotiated between MNAA and future Special Purpose Entity for Scott Sohr

via Letter of Intent; and authorize the Chair and President and CEO to execute a lease agreement with future special purpose entity for Scott Sohr, consistent with these terms.

President Kreulen stated the future tenant is surveying the area prior to signing the lease. This lease fills out the last area for this cul-de-sac. The Board previously approved the contract to demolish facilities on the westside and move our mobile equipment to a new maintenance facility to make the room for this opportunity.

Commissioner Granbery asked if the chart Ms. Logan presented represents 100% of the 5.9 acres. Ms. Logan replied yes. Commissioner Granbery asked if they are going to build part of the taxiway on our property outside of what they are leasing. Ms. Logan replied, yes, the tenant will be paying \$.50/sf on year one on the taxiway extension as well as constructing it and maintaining it over the life of the lease. The tenants in this area share all of the maintenance costs for Taxiways A & B. Commissioner Granbery asked if Ms. Logan could present the layout in the overall context of the airfield at the next Board meeting. Commissioner Granbery asked how this lease compares to the prior unsolicited offer. Ms. Logan replied the last one was \$1.20/sf. President Kreulen replied that staff always tries to competitively bid everything, and the only way you are going to get in here is to pay the average or slightly more than JWN is bringing in. This development significantly increases BNA's revenue and helps balance both sides of the airport.

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

Chair McWhorter - Yes

Vice Chair Johnson - Yes

Commissioner Giarratana - Yes

Commissioner Granbery - Yes

The motion was passed with a vote of 4 to 0.

VI. INFORMATION ITEMS

BNA Concessions Program Update

President Kreulen introduced Colleen Von Hoene, Associate Principal, Paslay Group, to brief the Committee on concessions activity. Ms. Von Hoene reported that the Fraport Terminal Concession

Program continues to make progress in opening 7 concession locations in September. The 8 food and beverage locations remain under construction and are scheduled to open September 25, 2023. Following that, 2 locations begin construction December 2023, and are scheduled to open April 9, 2024. The Paradies Satellite Concourse Concessions Program has 7 locations under construction with 5 scheduled to open October 21, 2023.

President Kreulen stated Greg Paradies has reached out to have a discussion. There will not be a ceremony for the Satellite Concourse opening until all of the concessions are open. President Kreulen stated that he will arrange for the Commissioners to visit the Satellite Concourse. Commissioner Joslin asked if the Metro water sewer issues were completed. Ms. Ramsey replied yes, the permitting was complete. Ms. Von Hoene presented pictures of Fraport Concessions that just opened including Musicians Hall of Fame, Goo Goo, The Galleria, Tennessee Whiskey, Sunglass Hut and Donelson Emporium. She noted that Time for a Shine had also recently opened. President Kreulen stated all of the concessions did very well on sales over their first weekend. Chair McWhorter asked if the Satellite Concourse will have food and beverage or just retail. Ms. Von Hoene replied 4 of the 7 locations provide food and beverage. President Kreulen added that the locations are Jimmy Johns, Fat Bottom Brewery, TxMx, and Bongo Java.

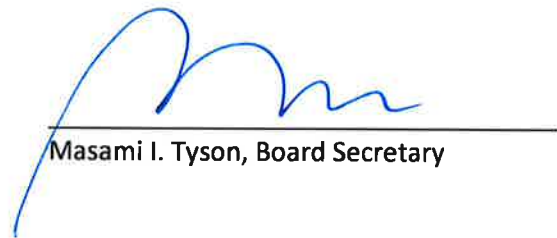
Ms. Von Hoene stated the team has been working on a BNA PASSport program, to provide access passes for non-ticketed customers. This program is similar to ones already in place in Pittsburgh, Detroit, Tampa and Seattle. BNA PASSport program will offer a one day pass that can be used by those wishing to shop or dine at BNA, as well as by meeters/greeters and well-wishers. Customers apply for the pass via a link on the BNA website and receive the pass via email. Customers can use that pass to transit through security. BNA expects to go live with the BNA PASSport in November 2023. Chair McWhorter asked if parking is included. Ms. Von Hoene responded, no, customers will have to pay for parking. Commissioner Granbery stated that all of the customers that do not want to drive downtown to enjoy local eateries can come to BNA.

Chair McWhorter asked if it would be beneficial to talk about parking. President Kreulen replied MNAA has some roadway congestion studies taking place right now. Engineers are doing a study to look into the cars orbiting and maybe make 2 hours parking at a lower rate. Commissioner Joslin replied discussions regarding this program started about 4 years ago. Commissioner Granbery stated

perhaps vendors can give parking vouchers. President Kreulen replied as of September 25, 2023, Fraport will be at 85 concessions and Paradies has 7 concessions under construction. President Kreulen stated this would be like a mall where customers can obtain a pass and be at a safe place to eat and shop. Commissioner Granbery asked if MNA has any data from Pittsburgh as to what their revenue is from the PITTpass program. Ms. Von Hoene replied that Fraport has looked into Pittsburgh's program and they have data on number of passes issued, but no other data. President Kreulen stated if we make these accommodations for the first two hours of parking and if they are using the BNA PASSport that revenue is great, and there is also a benefit to us by pulling the cars off the roadways.

VII. ADJOURN

There being no further business brought before the Finance Committee, Chair McWhorter adjourned the meeting at 9:45 a.m.



Masami I. Tyson, Board Secretary