

# Minutes of the MNAA Management, Audit & Compliance Committee



Date: September 13, 2023

Location: Metropolitan Nashville Airport Authority  
Tennessee Boardroom

Time: 9:47 a.m.

Committee Members Present:

Jimmy Granbery, Committee Chair; Jack Johnson,  
Bobby Joslin

Committee Members Absent:

Committee Vice Chair, Masami Tyson

Others Present:

Tony Giarratana, Stuart McWhorter

MNAA Staff Present:

Doug Kreulen, Neale Bedrock, Lisa Lankford, Trish Saxman  
Marge Basrai, Rachel Moore

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I. CALL TO ORDER

Chair Granbery called the meeting of the MNAA Management Committee to order at 9:47 a.m. pursuant to Public Notice dated September 8, 2023.

II. APPROVAL OF MINUTES

Chair Granbery asked for a motion to approve the minutes of the August 9, 2023 MNAA Management Committee. Commissioner Joslin made a motion and Commissioner Johnson seconded the motion. Chair Granbery asked Ms. Saxman for a roll call:

Chair Granbery - Yes

Commissioner Johnson - Yes

Commissioner Joslin – Yes

The motion was passed with a vote of 3 to 0.

III. PUBLIC COMMENTS

Chair Granbery stated there were no public comment requests received.

IV. CHAIR'S REPORT

Chair Granbery thanked everyone for attending and stated every day gets better here at BNA and it is exciting that MNAA is getting ready for the opening of the International Arrivals Facility and Marketplace

on September 25, 2023. Chair Granbery stated that President Kreulen, Ms. Lankford and he had a great tour with Adam Sichko, reporter with the Nashville Business Journal. Mr. Sichko asked a lot of good questions regarding the Memorandum of Understanding (“MOU”) with the FAA for the Environmental Impact Statement (“EIS”) for the proposed runway extension.

V. ITEMS FOR APPROVAL

1. CEO Employment Agreement

Chair Granbery stated he sent the CEO Employment Agreement to all Board members. The initial agreement was effective December 1, 2017 and was replaced by the current agreement effective July 1, 2023 to June 30, 2025. The FY23 annual review was conducted by the Management Committee on August 9, 2023 and by the Board on August 16, 2023. The CEO contract review had a couple of minor revisions. Chair Granbery proposed the following: 1) to amend the term of employment to December 31, 2026; 2) Extend Board notice of non-renewal from 6 months to 12 months prior to contract expiration which allows time for a new CEO search; 3) Automatically extend contract by 12 months if written notice of non-renewal is not provided by the Board 12 months prior to expiration; and 4) revise the special cash incentive – CEO eligible for additional 10% bonus if Concourse D Extension completed and Concourse A construction started by December 31, 2026. Chair Granbery also recommended to adjust CEO Compensation Strategy, including 1) CEO is no longer eligible for Cost-of-Living Adjustment (“COLA”); 2) CEO to provide annual benchmarking study of Large Hub Airport CEO compensation data to the Management Committee by June 30, 2024; and 3) CEO to provide Management Committee with a proposed Board roadmap outlining CEO succession plan by December 31, 2024. Chair Granbery stated that the CEO’s base salary is at the 33<sup>rd</sup> percentile of large hub airports, and he recommended his salary be set at the 65th percentile. Chair Granbery and the Management Committee should review benchmark reports annually to determine if any adjustments are warranted. Chair Granbery recommended that the Management Committee recommend the changes to the CEO’s employment agreement, compensation strategy and base pay as presented to the full Board.

Commissioner Joslin asked where the CEO salary would be in relation to other airports. Chair Granbery replied in the top third. President Kreulen stated this is the scale that the CFO and CSO received from Korn Ferry for large hubs and as Chair Granbery stated he is now in the 33<sup>rd</sup> percentile. Commissioner Joslin asked what the percentage is compared to the largest in the country. President Kreulen replied 1.7% out of Tampa and DFW, which are both bigger than BNA. Chair Granbery noted that MNAA will need to be at a competitive level to get good CEOs to come to BNA. Commissioner Giarratana asked

if President Kreulen will stay and build Terminal 2. President Kreulen replied yes, as long as he has his health and the Board's support. Commissioner Joslin stated the value President Kreulen brings is essential with the rapid growth of the airport, and when he does decide to retire, he will be hard to replace.

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

Chair Granbery - Yes

Commissioner Johnson - Yes

Commissioner Joslin – Yes

The motion was passed with a vote of 3 to 0.

2. CEO FY24 Performance Evaluation Key Performance Indicators (KPI's)

President Kreulen presented the CEO FY24 Performance Evaluation KPIs with changes highlighted. President Kreulen stated last year MNAA generated \$265M in revenue and the target for this year is \$288.4M. If the \$288M is achieved, the CEO would be eligible for 90% on the revenue portion. 100% eligibility requires MNAA expenses to be 5% less than target and MNAA revenue to be 5% over target. The Board previously asked that MNAA realign the pension and OPEB targets to be more in line with what the actuaries recommend, so those were updated to require funding to be between 80-90% for 100% eligibility.

Commissioner McWhorter asked if the revenue and expenses both have to happen to be eligible. Ms. Lankford replied the scoring is split, President Kreulen will get a revenue score and an expense score.

Chair Granbery stated he spoke with Commissioner Tyson and she is also in agreement and gives her approval. President Kreulen requested the Management Committee recommend to the Board of Commissioners that it approve the proposed FY24 CEO Key Performance Indicators (KPIs).

Commissioner Joslin made a motion and Commissioner Johnson seconded the motion. Chair Granbery asked Ms. Saxman for a roll call:

Chair Granbery - Yes

Commissioner Johnson - Yes

Commissioner Joslin – Yes

The motion was passed with a vote of 3 to 0.

VI. INFORMATION ITEMS

None.

VII. ADJOURN

There being no further business brought before the Management Committee, Chair Granbery adjourned the meeting at 10:05 a.m.



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Masami I. Tyson, Board Secretary