

## Agenda of the Joint Meeting of the MNAA and MPC Finance, Diversity & Workforce Development Committees



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Date/Time: Wednesday, October 11, 2023, at 9:40 a.m.

Place: Nashville International Airport – Tennessee Board Room

Finance Committee Members: Stuart McWhorter, Committee Chair  
Jack Johnson, Committee Vice Chair  
Tony Giarratana  
Jimmy Granbery

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I. CALL TO ORDER

II. APPROVAL OF MINUTES

[September 13, 2023 Minutes of the Joint Meeting of the MNAA and MPC Finance, Diversity & Workforce Development Committees](#)

III. PUBLIC COMMENTS

[No requests for public comment received to date. Deadline is October 9, 2023 at 9 p.m.](#)

IV. CHAIR'S REPORT

V. ITEMS FOR APPROVAL

- [1. Amendment to British Airways Incentive Agreement \(London\)](#)
- [2. Trademark License Agreement \(Hilton BNA\)](#)

VI. INFORMATION ITEMS

- [1. BNA Concessions Program Update](#)

VII. ADJOURN

# 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  
Morrissey, 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 MNAA 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.

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Masami I. Tyson, Board Secretary

# STAFF ANALYSIS

## Finance Committee

Date: October 11, 2023  
Facility: Nashville International Airport  
Subject: Amendment to British Airways Incentive Agreement (London)

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### I. Recommendation

Staff requests that the Finance Committee recommend to the Board of Commissioners that it:

- 1) Approve the Amendment to the British Airways Incentive Agreement; and
- 2) Authorize the President and CEO to execute the Amendment.

### II. Analysis

#### A. Background

Air Service Development (ASD) is seeking approval to amend the British Airways Incentive Agreement with the following changes:

- a. increase approved funding level from the current Board approved cap of \$2M to \$2.5M
- b. extend the incentive agreement until February 28, 2024

On November 2, 2020, MNAA approved a new Air Service Incentive Plan or ASIP (Policy #61-001), which outlines incentives for "new" or resumed routes (with a 12-month gap in service) for new or incumbent airlines.

On June 16, 2021, the MNAA Board of Commissioners approved a 2-year incentive for British Airways, under this new policy, with a \$2M cap in funds (including up to \$100k in marketing funds). Any increase in funding levels under this incentive requires additional Board Approval. The current incentive is effective from December 9, 2021 - December 8, 2023. The amount spent on the incentive to date (activity ending 8/31/2023) is \$1,839,712.86, which leaves \$160,287.14 in remaining incentive. This amount will not cover the operational abatement, per the agreement, until the current expiration of December 8, 2023.

Due to the reemergence of the COVID pandemic during the incentive period, British Airways ceased flying in January 2022 and did not return until May 2022. There were 3 months in which no flying occurred (February 2022 - April 2022). British Airways has requested, and the Authority recommends that the incentive end date is adjusted to reflect the period without activity. This ask is consistent with the other U.S. airports they serve in which they have similar flight activity. BWI (Baltimore) granted a 3-month extension, while MSY (New Orleans) allowed them to pay back the December / January incentive and extended the agreement by five months.

The balance of the NAE Incentive Fund as of September 29, 2023 is \$7.5M.

## **B. Overview**

At the existing average FY 2024 monthly abatement (approximately \$87k, based on FY 2024 rates and projected activity), the British Airways incentive will hit the approved \$2M cap before the end of October, with \$160,287.14 remaining.

MNAA staff, with concurrence of our ASD consultant firm Arthur D. Little, are recommending to extend the existing incentive from ending December 8, 2023, until February 28, 2024. This extension recognizes the three-month period in which they did not have any flights into BA due to the resurgence of the pandemic and governmental restrictions on both sides of the Atlantic. The cap would need to be raised to \$2.5M to account for the remaining approved months and the extension months.

## **C. Strategic Priorities**

- Invest in BNA/JWN
- Plan for the Future

## **D. Options/Alternatives**

Alternative 1. Do not extend the agreement, nor increase the cap allowing the incentive to expire early due to hitting the incentive monetary cap.

Alternative 2. Increase the incentive cap to \$2.2M but leave the incentive to expire on December 8, 2023.

Alternative 3. Extend the existing incentive ending December 8, 2023 until April 30, 2024. This recognizes the three-month period in which they did not have any flights into BA due to the resurgence of the pandemic and governmental restrictions on both sides of the Atlantic, plus two additional months. BA would pay MNAA back for the limited number of flights during those two months, December 2021 - January 2022 (\$56,118.16). The cap would need to be raised to \$2.7M to account for the remaining approved months and the extension months.



# STAFF ANALYSIS

## Finance Committee

Date: October 11, 2023

Facility: Hotel adjacent to Terminal

Subject: Trademark License Agreement

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### I. Recommendation

Staff requests that the Finance Committee recommend to the Board of Commissioners that it:

- 1) approve the terms negotiated between MNAA and Nashville Airport Hotel Partners, LLC (the "Tenant") via the trademark license agreement.
- 2) authorize MNAA Staff and the Board of Commissioners to execute a trademark license agreement between MNAA and Tenant.

### II. Analysis

#### A. Background

The Project Lease Agreement dated April 29, 2021 between MNAA and Tenant permits the use of BNA® in the name of the hotel. Based on Hilton's naming standards, the hotel's name is "Hilton BNA Nashville Airport Terminal," which will be shortened when possible to "Hilton BNA." The use of the BNA word mark and logo will be submitted as support for MNAA's application to register the BNA marks for the hotel class. Similarly, the Project Lease Agreement also contemplates the use of the BNA marks in a restaurant concept, now called BNA Sky Pavilion, which will be submitted as support for MNAA's application to register the BNA marks for restaurant services.

#### B. Trademark License Agreement Terms

1. Gratis license, based on the provisions of the existing Project Lease Agreement.
2. Seven year terms, which auto renew.
3. Tenant is required to follow MNAA quality and brand standards.

#### C. Impact/Findings

This trademark license agreement will allow MNAA to file additional trademark applications and continue to build the BNA brand.

**D. Strategic Priorities**

- Invest in BNA
- Plan for the future

**E. Options/Alternatives**

The Finance Committee could decline to recommend approval of the proposed trademark license agreement.