

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



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Date/Time: Wednesday, December 13, 2023, at 9:40 a.m.

Place: Nashville International Airport – Tennessee Board Room

Finance Committee Members: Andrew Byrd, Committee Chair  
Dr. Glenda Glover, Vice Chair  
Jimmy Granbery

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I. CALL TO ORDER

II. BOARD CHAIR STATUS REPORT

- Reference Adams & Reese LLP memo dated December 11, 2023
- July – October 2023 Finance Committee Actions

III. PUBLIC COMMENTS

4 requests for public comment received. Deadline was December 11, 2023 at 9 p.m.

- Jon Cooper, Holland & Knight, Agenda Item II
- Saul Solomon, Klein Solomon Mills, Agenda Item II
- George H. Cate III, Bradley Arant Boult Cummings LLP, Agenda Item II
- Jim Murphy, Bradley Arant Boult Cummings LLP, Agenda Item II

IV. APPROVAL OF MINUTES

1. October 11, 2023 Minutes of the Joint Meeting of the MNAA and MPC Finance, Diversity & Workforce Development Committees
  - Reference Adams & Reese LLP memo dated December 5, 2023
2. November 8, 2023 Minutes of the Joint Meeting of the MNAA and MPC Finance, Diversity & Workforce Development Committees

V. CHAIR'S REPORT

- July – October 2023 Finance Committee Actions (5 items)

VI. ITEMS FOR APPROVAL

1. Short Term Credit Facility 1-Year Extension, MNAA Resolution #2023-12
2. Pyramids Concessions Sublease Extension
3. BNA West Development – Revised LOIs
  - SF Aviation, LLC
  - HCA Management Services, L.P.

VII. INFORMATION ITEMS

1. BNA Concessions Program Update

VIII. ADJOURN

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



Date: October 11, 2023

Location: Metropolitan Nashville Airport Authority  
Tennessee Boardroom

Time: 9:33 a.m.

Committee Members Present:

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

Committee Members Absent:

Chair Stuart McWhorter

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, Carrie Logan, Rachel Moore, Ted Morrissey,  
Stacey Nickens, Robert Ramsey, Davita Taylor and Colleen  
Von Hoene

## I. CALL TO ORDER

Vice Chair Johnson the Joint Meeting of the MNAA and MPC Finance, Diversity & Workforce Development (Finance) Committees to order at 9:33 a.m. pursuant to Public Notice dated October 6, 2023.

## II. APPROVAL OF MINUTES

Vice Chair Johnson asked for a motion to approve the minutes from the September 13, 2023 Finance Committee meeting. Commissioner Granbery made a motion and Vice Chair Johnson seconded the motion. Vice Chair Johnson asked Ms. Saxman for a roll call:

Vice Chair Johnson - Yes

Commissioner Giarratana - Yes

Commissioner Granbery - Yes

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

III. PUBLIC COMMENTS

Vice Chair Johnson stated there were no public comment requests received.

IV. CHAIR'S REPORT

Vice Chair Johnson had no Chair's Report.

V. ITEMS FOR APPROVAL

1. Amendment to British Airways Incentive Agreement (London)

President Kreulen introduced Josh Powell, AVP, Airline Affairs & Air Service Development, who briefed the Committee on the Amendment to British Airways Incentive Agreement (London). British Airways is currently serving London daily. Per the Incentive Package approved by the Board on November 2, 2020, MNAA entered into a new 2-year incentive with British Airways for non-stop service to London (Heathrow) effective December 9, 2021 with Year 1 – 100% abatement of landing and facility fees and \$100,000 marketing funds; and Year 2 – 100% abatement of landing and facility fees. The monetary cap approved was a maximum incentive of \$2M.

Mr. Powell recommended two incentive amendments: 1) Extend term from expiring on December 8, 2023, to February 29, 2024, to recognize the period to which no flights occurred due to the reemergence of the pandemic and subsequent related pause of service. Flights ceased January 2022 and did not resume until May 2022. 2) Raise the maximum available incentive from \$2M to \$2.5M to cover increased flight frequency; increased airport rates and charges from original approval; and extension months being at higher rates and charges than the pause in service period.

The Air Service Incentive Plan ("ASIP") is funded through the NAE Incentive Account, which has a balance of \$7.5M as of the end of September. Other MNAA Board approved incentives include Flair Airlines up to \$255K; Air Canada up to \$371K; and WestJet up to \$254K.

Mr. Powell requested the Finance Committee recommend to the Board of Commissioners that it: 1) Approve funding for the proposed amendment to British Airways Letter of Agreement ("LOA") including extending the term to February 29, 2024 and increasing the cap of landing and facility

fee abatement to \$2.5M; and 2) Authorize the Chair and President & CEO to execute the LOA Amendment by and between MNAA and British Airways outlining the specific terms of the proposed incentive amendment.

President Kreulen stated that MNAA has the funds available at \$7.5M and going up \$0.5M will not be an issue. Mr. Powell reported several other airports amended their incentive agreements with British Airways due to the reemergence of the pandemic. Both Baltimore and New Orleans amended their incentive agreements and extended 5 months and had British Airways repay the first couple of months. MNAA's plan is well within what other airports are doing. President Kreulen stated that once one airport does this to keep British Airways in the right mode/mindset, then British Airways expects it from all airports. He stated it is a good business decision.

Commissioner Joslin asked how the other airports are doing in relation to load factor compared to BNA. Mr. Powell responded definitely for BNA's size; the market reports are on the higher tier. As an airport at the lower population basis with a nonstop, BNA consistently performed at or near the top. BNA's load factor came in at 94.1% for British Airways which is very successful. Commissioner Joslin asked about Baltimore and New Orleans' load factors. Mr. Powell replied he will need to get that information. President Kreulen stated this is due to the pandemic, and starting March 1, 2024, British Airways will be paying landing and facility fees. Previously we had been paying ourselves out of the fund that we have been saving. British Airways is very healthy, and they only have a couple of empty seats every day, with 467 passengers going to Europe every day. Mr. Powell travels next week to the World Routes Conference in Istanbul. When British Airways tops out in March 2024, we hope to have a new air service that we can begin and start using the same money to incentivize them. Commissioner Granbery clarified that Commissioner Joslin's question was regarding what level we discontinue funding the incentive account. President Kreulen referenced the chart Mr. Powell presented and noted that BNA is saving \$2M per year, and two new carriers would be a spend of \$2-\$3M a year from the fund.

Commissioner Granbery asked Mr. Powell to please speak about his upcoming trip. Mr. Powell replied on Friday he is traveling to Istanbul, Turkey for a World Routes Conference and has 16 meetings scheduled, 14 of those are international carriers and the majority being European. In those scheduled meetings, there are 20-25 minutes available to give them our best pitch as far as

why we think they should serve the market. Some of those conversations are further along than others. Meetings are scheduled with two major Japanese airlines, JAL, and ANA. Commissioner Granbery said good luck! Mr. Powell replied thank you and stated one of the non-European/Asian airlines is Hawaiian Airlines.

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

Vice Chair Johnson - Yes

Commissioner Giarratana - Yes

Commissioner Granbery - Yes

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

2. Trademark License Agreement – Nashville Airport Hotel Partners, LLC

President Kreulen introduced Carrie R. Logan, VP, Associate General Counsel, who briefed the Committee on the Trademark License Agreement. Ms. Logan stated this is a Trademark License Agreement between MNAA and Nashville Airport Hotel Partners, LLC., which is a special purpose entity for Chartwell Hospitality (“Chartwell”) building the hotel across the plaza and this building. The Project Lease Agreement contemplates the use of BNA in the name of the hotel and restaurant concept. The Hilton has some very prescriptive standards about how their hotels are themed. Chartwell has been negotiating with Hilton to get MNAA everything needed to build the BNA brand. The hotel official name will be “Hilton BNA Nashville Airport Terminal” and there are certain instances where we can shorten the name to “Hilton BNA”. The Hilton also has a restaurant concept that will be “BNA Sky Pavilion”. 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 and restaurant services. The Trademark License Agreement terms include: 1) Gratis license, based on the provisions of the existing Project Lease Agreement; 2) Seven-year terms, which auto renew; and 3) Tenant is required to follow MNAA quality and brand standards. This Trademark License Agreement will allow MNAA to file additional trademark applications and continue to build the BNA brand.

Ms. Logan requested 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; and 2) Authorize MNAA Staff and the Board of Commissioners to execute a trademark license agreement between MNAA and Tenant.

President Kreulen stated we did not own BNA trademark in years past so when the current administration took over, we fought in a couple of different court cases to get our BNA license and name back, and the legal team has been working on the federal level to be recognized to sell and market BNA merchandise. This is a big win for BNA, having a restaurant and hotel name, and a lot more ammunition to protect BNA’s trademark as we go forward. Commissioner Joslin asked about the push back a couple of years ago regarding naming rights. President Kreulen replied yes, we used outside legal counsel to help us with this. This is the cumulation of that effort and it really protects MNAA in the long range.

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

Vice Chair Johnson - Yes

Commissioner Giarratana - Yes

Commissioner Granbery – Abstained (Recused himself from vote.)

The motion was passed with a vote of 2 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 opened 8 concession locations on September 25, 2023, 7 food and beverage and one shoeshine location. Fraport is moving forward with the 2 final locations which are both food and beverage and will begin construction in December 2023. Fraport recently came to MNAA with their proposal for Concourse D Extension concessions program. MNAA accepted the plan and Fraport is now working on 7 Letters of Intent to be executed by mid-October. This will require future approval for the amendment to Exhibit G to the Fraport agreement as well as the subleases. All subleases will

extend beyond Fraport's expiration date so all will require Board approval.

The Paradies Satellite Concourse Concessions Program has 7 locations under construction with 4 scheduled to open October 21, 2023. Three will open late and will be penalized \$10K/day/per location for every day they are not open beyond the October 21, 2023 date. Ms. Von Hoene presented several photos of recently opened Fraport food and beverage concessions.

Ms. Von Hoene also presented a graph of the Satellite Concourse Concessions stating the Spirit gates are to the left and the Allegiant are on the right. All of the retail, including Distillery District, Gulch Goods and Nashville Supply, are expected to be open on October 21, 2023 with enhanced food services to try to make up for the loss of some of the food locations not opening. TXMX is expected to open on time and should have inspections by Friday. The other three will open within the next month, tentatively 1) Bongo Java will open 10/31/23; 2) Jimmy John's on 11/9/23; and 3) Fat Bottom on 11/18/2023. President Kreulen met with Paradies' CEO and the MNAA staff, and Ms. Von Hoene and the legal team have also been engaged. Paradies understands the penalties and knows there is motivation to complete. Paradies lost control of Concourse D with their program management side of the house and got themselves behind and are now rapidly trying to correct.

Commissioner Joslin asked if Paradies has been on time with codes and getting their drawings and submittals back to MNAA. President Kreulen replied there was a prior issue with Paradies not following up with codes, and MNAA staff helped as best they could. Next week will be critical for them and if we find out of any problems, we will make the right calls to get people out there. Commissioner Granbery asked if concessions were able to keep up staffing with the growth. Ms. Von Hoene replied yes, she has not heard of any issues with Fraport or Paradies being able to maintain staffing. President Kreulen replied Fraport has done a great job of staffing, with some modified hours for the first week or two for people to train. Ms. Von Hoene has pushed for Paradies to train at other open locations, so they are ready when they open the satellite location. Commissioner Granbery asked if we are seeing an increase in the concession sales versus passenger volume. Ms. Von Hoene replied sales have been higher than the increase in enplanements.

VII. ADJOURN

There being no further business brought before the Finance Committee, Vice Chair Johnson adjourned the meeting at 9:55 a.m.

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Andrew W. Byrd, Board Secretary



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



Date: November 8, 2023

Location: Metropolitan Nashville Airport Authority  
Tennessee Boardroom

Time: 11:01 a.m.

Committee Members Present:

Andrew Byrd, Committee Vice Chair; Glenda Glover

Committee Members Absent:

Jimmy Granbery

Others Present:

Joycelyn Stevenson, Bill Freeman, Nancy Sullivan; and  
George Cate

MNAA Staff Present:

Doug Kreulen, Neale Bedrock, Lisa Lankford, Trish Saxman  
Marge Basrai, Kristy Bork, Daniel B. Brown, Chris Davidson,  
Kristen Deuben, Adam Floyd, K.C. Hampton, Traci Holton,  
Ijeoma Ike, Carrie Logan, Rachel Moore, Ted Morrissey,  
Floyd Munn, Josh Powell, Stacey Nickens, Robert Ramsey  
Capt. Shuff, Davita Taylor, Erin Thomas, Colleen Von, Hoene  
and Destiney Williams

## I. CALL TO ORDER

Chair Byrd called the Joint Meeting of the MNAA and MPC Finance, Diversity & Workforce Development (Finance) Committees to order at 11:01 a.m. pursuant to Public Notice dated November 3, 2023.

## II. APPROVAL OF MINUTES

Chair Byrd asked for a motion to roll the minutes from the October 11, 2023 Finance Committee meeting to a future meeting. Commissioner Glover seconded the motion. Chair Byrd asked Ms. Saxman for a roll call:

Chair Byrd - Yes

Commissioner Glover - Yes

The motion was passed with a vote of 2 to 0.

III. PUBLIC COMMENTS

Chair Byrd stated there were no public comment requests received.

IV. CHAIR'S REPORT

Chair Byrd stated he is grateful to be back in business. We have a great airport and a lot of good things going on and appreciated the opportunity and would like to thank the staff for all their hard work.

President Kreulen stated now we will review the items presented to the Finance Committee.

V. REVIEW OF JULY – OCTOBER 2023 BOARD ACTIONS

1. JWN North Development Parcel 1 – Future SPE for Steve Smith

President Kreulen stated this is for one of the 10 parcels subdivided on the northern section of JWN. He provided the names of the different companies that have leased the parcels. When the last parcel opened up, and then the TBI and THP decided not to build a facility there, it went back out for a Notice of Availability that the Commissioners previously released. The initial proposal from Mr. Steve Smith, which was not executed, was for \$1.85 psf. When that parcel became available again, Mr. Smith had to accept all of the terms consistent with Parcels 2-10 and at the average rental rate of \$2.70 psf. These terms are pretty much the same on all 10 of these parcels, and the investment increased from \$1.5M to \$2.5M. The rent has commenced on that parcel already, and the lease terms are the same as the others. It is a 30-year term with a 5-year option, and an immediate revenue source of \$98,884.80 in year one.

Staff and the Finance Committee recommended approval to the full Board on August 16, 2023. The Board of Commissioners voted 5 to 0 to approve the terms negotiated between MNAA & future Special Purpose Entity for Steve Smith via Letter of Intent; and authorize the Chair and President and CEO to execute a lease agreement with future special purpose entity for Steve Smith, consistent with these terms

Commissioner Byrd asked About a noise he was hearing. President Kreulen replied that you are going to hear that over the next couple of months. MNAA is putting in a new water valve that allows us to run a 2<sup>nd</sup> water line and it needs to be put in today, between now and December, because we do not want the new hotel to open and then have to close the water off for a couple of months. MNAA has

worked out a deal with Metro to pay for a 2<sup>nd</sup> water line to come in to MNAA for redundancy and this is getting ready to make a connection with the water line.

Chair Byrd asked why TBI did not want to proceed with their construction. President Kreulen replied that we made them the same offer that we made to Metro, which MNAA was going to build with an agreement of a long-term lease. TBI and THP have aviation and they fly as part of law enforcement, and we asked them if they were interested in the parcel next to the state hangar. They decided that they were going to keep their existing facilities. Chair Byrd asked if they are part of MNAA. President Kreulen replied no. Chair Byrd asked if it is located in Smyrna. President Kreulen replied he is not sure where their facilities is located, but down Donelson Pike to Murfreesboro Road there is a state trooper facility there where they land their helicopter. Chair Byrd asked if TBI is flying planes. President Kreulen replied TBI has planes, but he is not sure where they store them. Chair Byrd asked when TBI let MNAA know. President Kreulen replied he believes it was in the spring and MNAA went back out with a Notice of Availability.

2. Amendment 1 to Fraport Subleases with Ferncroft Airport LLC

President Kreulen stated three of the new restaurants and shops that recently opened have wanted to change their names from Nashville Music City to The Music City Shop, The All Day to Kitty Hawk Eat and Drink and Titans Sports Bar to The Titans Press Box and that required a change in the lease and that was brought back to the Board for approval.

Chair Byrd asked when the hotel would open. President Kreulen replied that it should be complete December 31, 2023, and we do not have an exact date for opening, as it may be a week or two behind and that will cost them a couple of dollars. At some point, we would like to arrange a tour of the hotel, even while it is under construction. The view from the 9<sup>th</sup> floor and the restaurants, pool and conference rooms will all be remarkable. We hope to have future Board lunches at their restaurants and then walk back here for our Board meetings. Vice Chair Glover asked if other people in Nashville would have access to this hotel. President Kreulen replied yes, the hotel has 150 parking spaces per their agreement they have parking spaces for the venue or the conference rooms, which all combined will hold 600. We have already had interest in folks wanting to hold a conference here.

Staff and the Finance Committee recommended approval to the full Board on August 16, 2023. The Board of Commissioners voted 5 to 0 to accept and authorize the Chair and President and CEO to execute the amendments to the subleases between Fraport, Ferncroft Airport, LLC and MNAA.

3. BNA Westside Development – Future SPE for Scott Sohr

President Kreulen stated the BNA Westside Development is a Special Purpose Entity for Scott Sohr, it is a 5.15 acres parcel of the 5.97-acre tract on the west side of BNA. This has been discussed many times and the Commissioners authorized years ago for MNAA to build a new maintenance facility, which allowed the demo of the old maintenance facility. That was done on speculation that it would be leased out at some point. There are already 3 other hangars in that area. Mr. Sohr will be paying \$2.40/sf and in addition he will pay \$.50/sf for the easement fee to the taxiway that connects that area. Mr. Sohr will make a minimum of \$14M investment in hangar facilities that will total around 66,000/sf, and the LOI has been executed for one entity building 2 hangars and subleasing it out. There has been some conversation with Ms. Logan on our real estate team, of Sohr is building two hangars, one for his company and one for HCA. MNAA stated we would be amenable to that, but we have to come back to our Board and talk about it. Both entities need to sign the Letter of Intent agreeing to the general terms. Chair Byrd stated he is confused as to where this is located. President Kreulen explained to the Commissioners using the map on the slide presented.

President Kreulen stated the rent will be bringing in approximately \$579K in year one. Commissioner Freeman asked what aircraft Mr. Sohr flies. President Kreulen replied he would get a list of that. Mr. Sohr and his brother have a company and have 3 different jets of various sizes. Commissioner Sullivan asked about the right to lease to affiliate or successor organization with notice to MNAA, and if it should be notice and approval. Ms. Logan replied MNAA does not get to approve it, we do get to approve fees and assignment fees, but we are going back and looking at the LOIs again with these 2 tenants. President Kreulen replied we want them to have notice they have to pay us if they profit from an assignment. Commissioner Sullivan stated she would think that we would have to approve the tenant. Ms. Logan replied these are affiliates or successors to that organization, so it is not a whole new entity. Chair Byrd asked if we have any recourse if they assign it to a shell entity, if and if they continue to guarantee the lease. Ms. Logan replied that the tenant at the time will continue to pay and if they do not continue to pay their rent, we will terminate the lease and take control of the property.

Staff and the Finance Committee recommended approval to the full Board on September 20, 2023. The Board of Commissioners voted 6 to 0 to: 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.

4. British Airways Incentive Agreement (London) (Finance)

President Kreulen stated the Amendment to British Airways Incentive Agreement (London) was previously approved by the Board in November 2020 for \$2.2M. In the February to May time period there was another version of Covid and British Airways stopped flying from England to the United States. British Airways had 2 other airports offer to extend their existing agreement by the 4 months that they missed and that is what we recommended. Additionally, the dollar amount increased from \$2.2M to \$5M because they are now flying 7 days a week. MNAA recommended to the Board that it extend from December 8<sup>th</sup> to February 29<sup>th</sup> and the Board recommended that we raise the budget for this to \$2.2M. All of this is covered in our Air Service Incentive Account.

Staff & the Finance Committee recommended approval to the full Board on October 18, 2023. The Board of Commissioners voted 6 to 0 to approve funding for the proposed amendment to the British Airways LOA including extend the term to February 29, 2024 and increase the cap of landing and facility fee abatements to \$2.5M; and authorize the Chair and President & CEO to execute the Letter of Agreement (LOA) Amendment by and between MNAA and British Airways outlining the specific terms of the proposed incentive amendment.

5. Trademark License Agreement (Hilton BNA) (Finance)

President Kreulen presented the Trademark License Agreement between MNAA and Nashville Airport Hotel Partners, LLC., which is a special purpose entity for Chartwell Hospitality (“Chartwell”) building the hotel across the plaza and MNAA’s Administrative Building. When we started this trademark of BNA many years ago, in early 2017 time period, we always had to prove to the trademark office that we are using our license agreement, and we are selling merchandise and things are being used to be named after us beyond just our hats, t-shirts, and socks. This is our first hotel that we will have, the Hilton BNA and on the top floor will be the BNA Sky Pavilion, as well as the pens and notepads will have our trademark.

Staff and the Finance Committee recommended approval to the full Board on October 18, 2023. The Board of Commissioners voted 5 to 0 (1 recuse) to approve the terms negotiated between MNAA and Nashville Airport Hotel Partners, LLC (the “Tenant”) via the trademark license agreement and authorize MNAA Staff and the Board of Commissioners to execute a trademark license agreement between MNAA and Tenant.

Chair Byrd asked if our vigorous defense was about the logo BNA. President Kreulen replied correct, when we first applied for the trademark BNA for t-shirts, ball caps and cups, the Federal government asks for proof that you use in advertisement and several different ways and so MNAA has been going down the list of all the trademark applications we have and they will give you one for restaurants, food and hotels, but you will have to come back and prove that we are using the trademark in that type of way and this now gives us a big check mark. Chair Byrd asked if we have an exclusive license agreement with the hotel. Commissioner Glover asked how we get our t-shirts and gear into the shops at BNA. President Kreulen replied we are working to expand our ability to get a license agreement but right now the stores inside BNA do not sell BNA merchandise because we do not have the license agreement just yet. MNAA has an online store that sells BNA merchandise. President Kreulen asked if the Commissioners see BNA merchandise anywhere look at the logo of the hat and take a picture and get the business card of the manager and bring it back to our legal team. Chair Byrd asked if our license would be with Fraport or with the individual stores. President Kreulen replied Fraport is managing the stores, but if the stores wanted to sell our merchandise it would be with us. Mr. Bedrock replied that the individual would be in a direct contractual relationship with MNAA. Commissioner Glover asked when the hotel was opening. President Kreulen replied that it should be complete December 31, 2023, and it should open sometime around that date.

VI. ITEMS FOR APPROVAL

No items for approval.

VII. 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 Concessions Program has 2 food and beverage locations scheduled to open in April 2024. Fraport is also

proceeding with the new scope that was approved in June for the Concourse D extension and has executed 7 Letters of Intent with future operators. Fraport will come back to MNAA by the end of December with a revised Exhibit G to their Agreement which will outline the location names, operators and all the performance dates. Ms. Von Hoene presented a slide with an overlay of the Concession D Extension program with renderings for potential tenants.

President Kreulen stated Board Chair Stevenson and Commissioner Glover have asked several questions about participation with AMAC, and as shown on the slide, Third Broadway is 100% ACDBE, Sandella's is 100% ACDBE, The Castle which is the Nashville Soccer Club is 30% ACDBE. Chair Byrd asked what ACDBE stands for, to which President Kreulen replied that Airport Concessions Disadvantage Business Enterprises. A majority of these firms are run by minority operators. New Heights Cantina is 100% ACDBE, Flytes Virtual Dining Hall is 100% ACDBE, Nashville Tracks is 40% ACDBE and Martini is 25% ACDBE. When MNAA originally executed the contract with Fraport, staff let them know how important ACDBE is to MNAA, and they have done a great job of achieving those goals in the community. Fraport was part of the reception MNAA held with AMAC executives. Commissioner Stevenson stated she is glad to see that we have the Titans, the Predators and now the Nashville Soccer Club in the terminal. President Kreulen replied once we got the Titans, then the Preds came and soccer followed and it has been good for BNA. Ms. Von Hoene will give a more detailed view of these, President Kreulen said, some of which are really beautiful. Commissioner Sullivan asked what a virtual dining hall is. President Kreulen replied that with this concept customers can order food from the TGI Fridays or O'Charley's menus and their order is prepared behind a wall in the kitchen. When their order is ready, it is placed in a locker for the customer to grab it and go. Commissioner Sullivan asked if you see a person. President Kreulen replied no, this is popular with several other airports, Raleigh, and several others. The chefs will deliver the meals per the brand standards. Commissioner Sullivan asked if there is seating there. President Kreulen replied no, customers can take their food to go to the food court and added that there are several restaurants that are coming. Chair Byrd asked where the food court is located. President Kreulen indicated on the slide. Commissioner Glover asked if there is any soul food. President Kreulen stated we have Swett's and recently opened Slim & Husky's and Hattie B's, and Princes Hot Chicken is coming as well.

Ms. Von Hoene stated Paradies had 3 retail locations opened on time on October 21, 2023 and 1 food & beverage, TX/MX, opened late on October 28, 2023 and is subject to penalty. Three more food and beverage locations will open late due to construction. Bongo Java will open November 10, 2023.

Jimmy John's is scheduled to open late November and Fat Bottom is scheduled to open early December. These 3 locations also have penalties for failure to open on time, \$10K per location, per day. As of now, there are 4 locations that are subject to penalties. Ms. Von Hoene presented a diagram of the satellite concourse concessions layout and images of the four locations that had opened. Chair Byrd asked if Paradies is separate from Fraport. President Kreulen replied yes.

Commissioner Sullivan stated she heard there are several places in Donelson that cannot get the final inspections completed and asked if that is the hold up for these locations. Ms. Von Hoene replied that the delay is not due to a singular issue, but that it is really layers of issues that occurred throughout the project. President Kreulen replied that BNA has a really good relationship with inspectors and Fraport does as well, and if we call them, they will give us priority so that has not been a concern up to this point. Ms. Von Hoene presented a graphic of the Satellite Concourse Concessions showing where the concessions are located near the carriers. Paradies did open three retail and all three of those do sell grab and go. Due to Bongo Java not opening on time, Paradies installed 2 temporary complimentary coffee carts and BNA received good feedback in terms of customer appreciation.

Ms. Von Hoene stated the Fraport Concessions financial recap of sales from January through September 2023 were nearly 31.75% above the same time period in 2022. In 2022 sales were at \$99M and now are \$130M. Sales per enplanement are \$15.51 which is well above the \$13.56 from last year. Ms. Von Hoene provided a list of the top performing units of average monthly sales. President Kreulen thanked Ms. Von Hoene.

#### Air Service Incentive Fund Capacity

President Kreulen introduced Josh Powell, AVP, Airline Affairs & Air Service Development, to provide information on the Air Service Incentive Fund Capacity. Mr. Powell stated that he would be going over the capacity of the Air Service Incentive Fund, which is the fund used for airline incentives, and is based on the Air Service Incentive Plan ("ASIP") approved by the Board in November 2020. The balance as of September 20, 2023 is just shy of \$8M and he reminded the Board that this is funded at \$166.7K per month or \$2M per year. The remaining balance of the Board approved incentives available is just shy of \$1M. Mr. Powell presented a breakdown of the incentives with the largest being the remainder of the British Airways incentives. Mr. Powell stated an average seasonal/year-



round daily incentive available of a 2-year period are widebody Europe from \$1.7M to \$4.2M; narrowbody Europe from \$1.1M to \$2.5M, Hawaii from \$1.5M to \$3.5M and other Americas from \$0.4M to \$0.5M.

Mr. Powell recommended continuing deposits in the Air Service Incentive Fund at the current rate. He informed the Board that it is possible to enter into 2 - 3 large incentive agreements over the next 2 - 3 years, equating to approximately \$4M - \$8M in incentives. Rates and charges are also likely to continue to increase. President Kreulen stated the purpose of this is to compliment Commissioners in terms of the investment made to set up this account and because this investment has been made for several years, MNAA is now poised with a new International Arrivals Facility to be able to offer business deals to expand our international connection with incentives similar to the ones the Board approved for British Airways without having to worry about our bottom line. By continuing this investment as we enter into 2024 and for sure in 2025, we think the Commissioners are going to have the opportunity to celebrate some international wins, he said. President Kreulen stated the \$166K average per month will get the fund up to \$10M but as soon as MNAA starts hitting some of these new international flights it may start draining a bit, but we always have the ability to change how we budget. Right now, we are in a good spot with the ability to provide an incentive to an airline that brings service. Chair Byrd asked if the source of the \$166K is operating revenue or if it has anything to do with the gate fees. Marge Basrai, Executive Vice President, Chief Financial Officer, stated general operating revenue. President Kreulen explained that MNAA is basically paying itself, setting this aside, so when MNAA gives the airline a credit, MNAA is paying itself.

#### Quarterly Retirement /OPEB/Treasury Investment

President Kreulen introduced Kristy Bork, AVP, Finance, to give a report on the Quarterly Retirement/OPEB/Treasury Investment. Ms. Bork reported at the end of June 2023, as part of the audit process, MNAA received an evaluation of its Retirement Plan and OPEB Plan funding. On June 30, 2023, MNAA was 99.7% funded on the Retirement Plan and funded \$1.4M in fiscal year 2023. On June 30, 2023 MNAA was 145% funded for the OPEB Plan and funded \$200K. Chair Byrd inquired what is the OPEB Plan. Ms. Bork replied OPEB is the Other Post Employment Benefits if a person retires before 65, they will have health insurance and other benefits MNAA provides. Chair Byrd asked if MNAA has its own health insurance, or does MNAA go through Metro's plan, or if it is a separate benefit. Ms. Bork replied this is a separate plan that it is a closed plan now it is for people that qualified

for OPEB, and that, yes, it is a separate health insurance plan, dental plan, kind of under the scope of MNAA's plan but it is not part of Metro. President Kreulen explained when the Airport Authority was created in 1970, it separated from the Metro plan and any Metro employees that moved over to the Airport Authority came under the Authority's Plan.

Ms. Bork stated for the quarter ending September 30, 2023 the Retirement Plan balance was \$75.8M which was down \$3.9M from the previous quarter and the OPEB Plan was \$37.8M down \$1.7M. The gross returns were -3.27% for the Retirement Plan and -3.32% for OPEB, aligning with the market for that quarter. There are a variety of investments and it meshed pretty well with the composite benchmarks. Chair Byrd stated in terms of our full funding, if this is full funding based on the actuarial liabilities that are set forth in our actuaries based on the plan itself. Ms. Bork replied yes, that those were June 30<sup>th</sup> numbers, and we do not do actuaries throughout the year.

Ms. Bork reported that Treasury Investments had an outstanding quarter due to the fixed income market for investments which is treasuries, commercial paper and money market funds that are doing very well. Ms. Bork stated we had total of available funds of \$1.225B, and 99.5% of those funds invested. The investment portfolio is in compliance and meeting policy objectives. The combined yield of all of our investments was 4.47% and we had \$526M more available than in the first quarter of FY23. Chair Byrd asked if the \$1.225B is collateral for the bonds we had outstanding and if a significant portion of that is bond in service reserve funds. Ms. Basrai replied that a portion of that will be bond reserve funds, but this is also all of our operating funds, all together. Chair Byrd asked how much free independent money MNAA has separate from our bond obligation. Ms. Bork replied the operating bucket was around \$205M.

President Kreulen stated that there were no further presentations for the Finance Committee.

Chair Byrd stated it is pretty remarkable that MNAA has that much cash available, and it is a great testament to how well the airport has been running for years. Commissioner Glover asked if it was not invested if the other part is cash. President Kreulen replied yes, it is what Ms. Basrai and the Finance team use to pay daily obligations. Commissioner Freeman stated it looks good and he is thankful MNAA is able to do that. President Kreulen replied in 2017 when Ms. Basrai joined MNAA, there was no money invested and now you see 99.5% monies are invested. That was one of the challenges that the Board had with the previous CEO. Ms. Basrai and the Finance team have worked

hard to invest this much money and reduce the number of accounts MNAA has to continue to grow its reserves. NAE is separated out of that \$1.2B, and we have done a really good job going from \$0 savings to significant savings, President Kreulen said.

VIII. ADJOURN

There being no further business brought before the Finance Committee, Chair Byrd adjourned the meeting at 11:50 a.m.

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Andrew W. Byrd, Board Secretary

## STAFF ANALYSIS

### Finance Committee

Date: December 13, 2023

Facility: MNAA

Subject: Short Term Credit Facility – Third Amendment to the Note Purchase Agreement with Bank of America, N.A.

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#### I. Recommendation

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

- 1) approve MNAA Resolution No. 2023-12, which authorizes both the extension of the maturity of the notes and the commitment expiration date for a period not to exceed one year, in the Note Purchase Agreement with Bank of America, N.A.; and
- 2) authorize the President and CEO to execute the Third Amendment to the Note Purchase Agreement with Bank of America, N.A.

#### II. Analysis

##### A. Background

- I. On January 7, 2019, the Authority entered into a Note Purchase Agreement (“NPA”) with Bank of America, N.A. (“BofA”) in the aggregate amount of not to exceed \$300 million. Prior to execution and delivery of the NPA, the Authority approved the issuance of up to \$300 million in revenue notes under the NPA and held a public hearing in connection with this approval. The NPA provides short-term cash flow funding for the Authority’s capital projects during the early stages of construction. The funds drawn on the NPA are expected to be refinanced through the issuance of long-term revenue bonds. As a reminder, the list of the high-level terms of the NPA executed in January 2019 are summarized below:
  - Commitment to make advances of \$300 million
  - Variable rate interest rate based on LIBOR or its successor index
  - Commitment term of 5 years – commitment terminates on the second anniversary date of the agreement (or each anniversary date thereafter) unless the Authority requests and is granted a waiver by BofA
  - Initial maturity date of notes is 3 years
  - Second lien on net revenues of the Authority behind senior lien bondholders
  - Interest only for up to 3 years, principal of advances will be taken out with long-term bonds
  - 15 bps or 0.15% commitment fee until 50% (\$150 million) is drawn

- II. On November 26, 2019, the Authority entered into the First Amendment of the NPA with BofA. Prior to execution and delivery of the amendment, the Authority approved the issuance of up to \$500 million in revenue notes under the NPA and held a public hearing in connection with this approval. The amendment included the following:
- Increased the aggregate not to exceed commitment amount by \$100 million resulting in a NPA in an aggregate amount of not to exceed \$400 million
  - Added an accordion feature such that the Authority only pays a commitment fee on the base amount of \$100 million plus any additional commitment amount, as such amount changes from time to time, resulting in reduced fees charged on any unused portion of the NPA
  - Added a trigger to further subordinate the pledge of net airport revenues securing the NPA to certain other obligations of the Authority, including any Subordinate Airport Revenue Bonds that the Authority may issue from time to time
- III. In late December 2019, after the MNAA bond issue, the Authority reduced the available commitment to \$100 million as allowed in the First Amendment. This was done to save on fees charged on the unused portion of the NPA. The accordion feature would allow the Authority to add available commitment when needed.
- IV. In March 2020, given the credit pressures associated with the COVID-19 pandemic, BofA increased the available commitment (internally) to the maximum amount of \$400 million to ensure the Authority had flexibility within the NPA. BofA did not, however, apply the commitment fee to the full amount since the increase was not formally requested by MNAA. The commitment fee was charged only on the unused portion of the \$100 million. This saved the Authority approximately \$660,000 in unused fees.
- V. In September 2021, MNAA and BofA negotiated the terms for the next two years to complete the overall 5-year commitment on the NPA. At the time of negotiations, the key terms of the amended NPA were in effect:

Available Commitment	\$400,000,000
Maturity Date/Mandatory Tender Date	January 7, 2022
Tax-Exempt Interest Rate	80% of 1 Month LIBOR + 33 bps (0.33%)
Taxable Interest Rate	1 Month LIBOR + 40 bps (0.40%)
Commitment Fee	Available Commitment > 50% = 15 bps (0.15%) Available Commitment ≤ 50% = 0 bps (0.00%)

As a result of the negotiations, on December 1, 2021, MNAA entered into the Second Amendment to the NPA with BofA. The adjusted terms for the Second Amendment that were approved by the Board of Commissioners were as follows:

- Available commitment was reduced by \$100 million to an aggregate amount not to exceed \$300 million
- The accordion feature added in the First Amendment was removed to ensure capital was available when needed
- The new maturity date of the NPA was January 7, 2024
- With the LIBOR publication ceasing on June 30, 2023 and due to current market conditions, the interest rates and indices were updated as noted below:

Tax-Exempt Interest Rate	80% of BSBY + 42 bps (0.42%)
Taxable Interest Rate	BSBY + 52 bps (0.52%)

- Unused commitment fee increased to 20bps based on the unused portion of \$150 million. (50% of available commitment)

Prior to the execution of the Second Amendment to the NPA, the Board of Commissioners also authorized additional borrowing on the NPA at an amount not to exceed \$300,000,000.

- VI. In September 2023, with the maturity date of January 7, 2024 approaching, and the five-year commitment term from BofA ending, MNAA began discussions with its Financial Advisors, PFM, on a new short-term credit facility. Given current market conditions (limited commercial banks willing to lend at the \$300M+ without other business relationships) and the valuable relationship MNAA has had with BofA over the past five years, the recommendation from PFM was to enter into negotiations directly with BofA for a new credit facility.

MNAA has currently been negotiating with BofA on a new NPA, however, this new NPA will be treated as a new issuance of debt and the preparation of the documents required to enter into this agreement will be time consuming. MNAA’s Bond Counsel (Hawkins Delafield & Wood) and PFM indicated it would be very difficult to get this completed before the NPA maturity date of January 7, 2024. Based on this, BofA agreed to an extension of the maturity of the notes and the commitment expiration date for a period not to exceed one year, January 7, 2025 (all other terms remain the same). This extension will allow MNAA and BofA to finalize negotiations and prepare all the legal documents for a new NPA. The extension of the maturity of the notes and the commitment expiration date will be done through a Third Amendment to the NPA.

Once the negotiations are finalized and the documents are drafted, the new NPA will be brought to the Board of Commissioners for approval in calendar year 2024.

**B. Impact/Findings**

To summarize, MNAA staff is requesting the Finance Committee recommend to the Board of Commissioners that it approve MNAA Resolution 2023-12 and authorize the President and CEO to execute the Third Amendment to the NPA with BofA. This amendment will extend the maturity of the notes and the commitment expiration date for a period not to exceed one year, January 7, 2025 (all other terms remain the same). As a reminder, the terms of the NPA under the Third Amendment will be as follows:

Available Commitment	\$300,000,000
Maturity Date/Mandatory Tender Date	January 7, 2025
Tax-Exempt Interest Rate	80% of BSBY + 42 bps (0.42%)
Taxable Interest Rate	BSBY + 52 bps (0.52%)
Commitment Fee	Available Commitment > 50% = 20 bps (0.20%) Available Commitment ≤ 50% = 0 bps (0.00%)

MNAA staff also consulted with Bond Counsel to determine if a new authorization to spend on this NPA or a TEFRA hearing would be required.

- Spending Authorization: While the NPA is a revolving credit facility, the State of TN does not allow governmental entities to incur debt on a revolving basis. In order to be compliant with the State requirement, the Board of Commissioners authorizes a certain dollar amount of spending on the credit facility. When that amount has been reached, a new authorizing resolution must be approved. In discussions with PFM and Bond Counsel, the Board of Commissioners authorized additional borrowing on the NPA not to exceed \$300,000,000 on November 17, 2021. As of the current date, approximately \$162M has been spent on the NPA since this authorization. This leaves approximately \$138M left to be spent on this authorization. Based on project cash flows, this authorization will last through calendar year 2024, therefore, no new authorization resolution is required for this amendment. When the new NPA is brought to the Board for approval, a new authorizing resolution will also be prepared and presented for approval.
- TEFRA Hearing: The last TEFRA hearing on debt issuance was held on October 28, 2022. A TEFRA hearing is valid for 3 years. The amount of debt published in the hearing was \$1.25 billion. After the issuance of bonds in 2022 and spending on the NPA to date, there is still \$502 million of debt that can be issued without a new TEFRA hearing. Based on these two items, a new TEFRA hearing will not be required for this amendment.

### C. Strategic Priorities

- Invest in BNA/JWN
- Plan for the Future
- Prepare for the Unexpected

### D. Options/Alternatives

If extension is not approved, the amount outstanding on the NPA of \$14.3 million would immediately be due on 1/7/24 to BofA. In addition, the ability to use the credit facility for upcoming construction payments would be unavailable. MNAA would need to cash fund construction projects until a new NPA is in place.

**MNAA RESOLUTION 2023-12**

**A RESOLUTION OF THE BOARD OF COMMISSIONERS  
OF THE METROPOLITAN NASHVILLE AIRPORT  
AUTHORITY AUTHORIZING THE EXTENSION OF THE  
COMMITMENT EXPIRATION DATE IN A CERTAIN  
NOTE PURCHASE AGREEMENT AND THE MATURITY  
OF CERTAIN NOTES FOR A PERIOD NOT TO EXCEED  
ONE YEAR**

BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE METROPOLITAN NASHVILLE AIRPORT AUTHORITY (THE "AUTHORITY") AS FOLLOWS:

SECTION 1. The Commitment Expiration Date as defined in the Note Purchase Agreement, dated January 7, 2019, as amended by the First Amendment to Note Purchase Agreement, dated November 26, 2019 and the Second Amendment to Note Purchase Agreement, December 1, 2021, each between the Authority and the Bank of America, N.A. (collectively, the "Note Purchase Agreement") shall be amended and extended for a period not to exceed one year.

SECTION 2. The maturity date of the 2021 Tax-Exempt Note and the 2021 Taxable Note as defined in the Note Purchase Agreement shall be amended and extended for an additional period not to exceed one year.

Approved this 20<sup>th</sup> day of December, 2023.

**RECOMMENDED:**

**ADOPTED:**

\_\_\_\_\_  
**Douglas E. Kreulen**, President & CEO

\_\_\_\_\_  
**Joycelyn A. Stevenson**, Board Chair

**APPROVED AS TO FORM AND LEGALITY:**

**ATTEST:**

\_\_\_\_\_  
**Neale R. Bedrock**, EVP, General Counsel & CCO

\_\_\_\_\_  
**Andrew W. Byrd**, Board Secretary



## STAFF ANALYSIS

### Finance Committee

Date: December 13, 2023

Facility: Nashville International Airport

Subject: Amendment to Fraport Sublease with Pyramids of Nashville, Inc. ("Pyramids")

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#### **Recommendation**

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

- 1) approve an amendment to the sublease between Fraport and Pyramids of Nashville, Inc. for the terminal concessions program, and
- 2) authorize the Chair and President & CEO to execute the sublease amendment.

#### **Analysis**

##### **A. Background**

MNAA has a Lease and Concession Agreement (Agreement) with Fraport, Tennessee, Inc. (Fraport) to develop and manage a terminal-wide concessions program. The term of the agreement commenced on February 1, 2019, and expires on January 31, 2029. In 2021, Fraport negotiated a sublease with Pyramids of Nashville, Inc. ("Pyramids") for one concession location for a term that expires on January 31, 2029. The sublease includes a provision whereby Fraport will request MNAA's approval of an Amendment to extend the term to a full ten years from the Date of Beneficial Occupancy (approximately 2 additional years).

Fraport has requested MNAA approval of an amendment to extend the Pyramids sublease. The tenant's cost of construction on a per square foot basis was among the highest for food & beverage facilities at BNA. The extension provides a full ten-year term for the tenant to amortize its investment, which is consistent with industry standards for food and beverage operations. Since the amended sublease term extends beyond the expiration of Fraport's agreement, MNAA must become a party to the sublease, with all rights and obligations of the subleases to attach to MNAA at the expiration of Fraport's Lease and Concession Agreement.

##### **B. Impact/Findings**

Staff requests that the Finance Committee recommend approval of the amendment to the Pyramids sublease.

**C. Strategic Priorities**

- Invest in BNA/JWN
- Plan for the Future

**D. Options/Alternatives**

The Finance Committee could decline to recommend approval of the above sublease amendment.

## STAFF ANALYSIS

### Finance Committee

Date: December 13, 2023

Facility: West Side Private or Corporate Space

Subject: SF AVIATION, LLC Letter of Intent/Lease Terms for West Side Hangar Development

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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 MNA and a future Special Purpose Entity for SF AVIATION, LLC (the "Tenant") via Letter of Intent (LOI).
- 2) authorize the Chair and President and CEO to execute a lease agreement between MNA and Tenant that is consistent with the LOI terms.

#### II. Analysis

##### A. Background

On September 20, 2023, the Board approved the LOI terms for the remaining 5.97 acre tract of land in the private/corporate aeronautical are on the westside of BNA. MNA has received two unsolicited LOIs to divide the 5.97 acre tract into two tracts. This LOI is from SF AVIATION, LLC which desires to construct a new hangar and fuel facility on the Premises to serve as a private hangar for Tenant and its Affiliates' and Subtenants personal aircraft, as well as the Taxilane B Extension (the "Project"). The new hangar shall be approximately 41,000 SF and shall include space for aircraft storage, ground equipment, office space, and restrooms. The remainder of the Premises will be utilized for fuel facilities, for use by Tenant, Affiliates and Subtenants at cost, vehicle parking, aircraft parking, stormwater facilities and landscaping. Fuel facilities must be constructed in compliance with Nashville International Airport's Minimum Standards for Aeronautical Service Operators. Pavement improvements made by Tenant for the aircraft parking areas/apron must be sufficient to accommodate at least Aircraft Design Group (ADG) III aircraft or the maximum take-off weight for the aircraft using the hangar, whichever is greater.

The tenants in this area, of which this is apportion of the last available tract, also construct and maintain Taxilanes A and B, as well as pay an easement fee for these Taxilanes. In this case, this tenant is obligated to pay 100% of both the construction costs and easement fee for the entire Taxilane B extension, in addition to a portion of the easement fee for the existing Taxilanes A and B.

SF AVIATION, LLC has committed to executing a lease for the entire 5.97 acre tract should the other tenant not execute a lease by January 15, 2024.

## B. Lease Terms

1. Tenant will lease approximately 2.79 acres (121,492 SF) of the 5.97 acre tract of land and extend Taxilane B for the remainder of the tract. This parcel is highlighted on the attached exhibit.
2. Tenant will have an 18 month Construction Term, 30 year initial term, and one 5 year renewal option for a total potential term of 36.5 years.
3. Tenant will pay rent at \$2.40 p/sf beginning on the effective date of the lease. Rent will increase each year by 3% except for in years 10 and 20 of the initial term, upon which rent will be increased based on an appraisal. In no event will rent increase by more than 110% of the immediately prior year, nor will rent decrease. Tenant will pay an easement fee of \$0.50 beginning on the effective date of the lease for the Taxilane B extension, and \$0.25 of this tract's share of Taxilanes A and B. The easement fee will increase each year by 3%.
4. Tenant will pay a monthly fuel flowage fee for all fuels dispensed and the current rate is \$0.08 per gallon.
5. During construction, the Tenant will invest a minimum of \$9M for construction of a hangar facility, ramp/apron space and a fuel farm which will be for exclusive use of the tenant, its subtenants and its affiliates. The hangars will be a total of approximately 41,000 SF.
6. Tenant will complete the Taxilane B extension and hangar within 18 months of the effective date.
7. Tenant is responsible for obtaining all necessary permits to complete the project, including compliance with MNAA's AIR process.
8. The lease is a triple net lease; therefore, Tenant will be responsible for all costs associated with the property during the term of the lease including maintenance, insurance, and taxes.
9. Tenant will be responsible for completing property condition and pavement condition assessments every 5 years. These assessments will be submitted to MNAA with a report from the Tenant setting forth any deficiencies that have been repaired in the prior 5 year period and a plan for the repairs needed during the following 5 year period.
10. Tenant holds the right to assign the lease to an affiliate or successor organization of Tenant with notice to MNAA. Any other assignment or transfer must be approved by MNAA and will include payment to MNAA of a percentage of the gross transaction value minus the unamortized amount of the total Capital Investment made by Tenant to the Premises. MNAA's percentage of the proceeds is based on scale dependent upon how far along in the term such assignment or transfer is done. MNAA will receive 20% of the transaction value if there are 10 or more years remaining on the term, 15% if there are less than 10 years remaining but more than 5 years, and 10% if there are less than 5 years remaining.

11. Tenant is permitted to use the property for commercial operations under 14 CFR Part 91 and 14 CFR Part 135. This includes managing, maintaining, fueling, and otherwise supporting the aeronautical activities of individuals or entities who have an ownership interest in aircraft stored on the leasehold who are under a written contract with Tenant to provide such services.

**C. Impact/Findings**

This lease will provide MNAA with an immediate revenue source of \$318,758.30, including both the rent and easement fee, in year one and a new asset that will vest in 31.5-36.5 years.

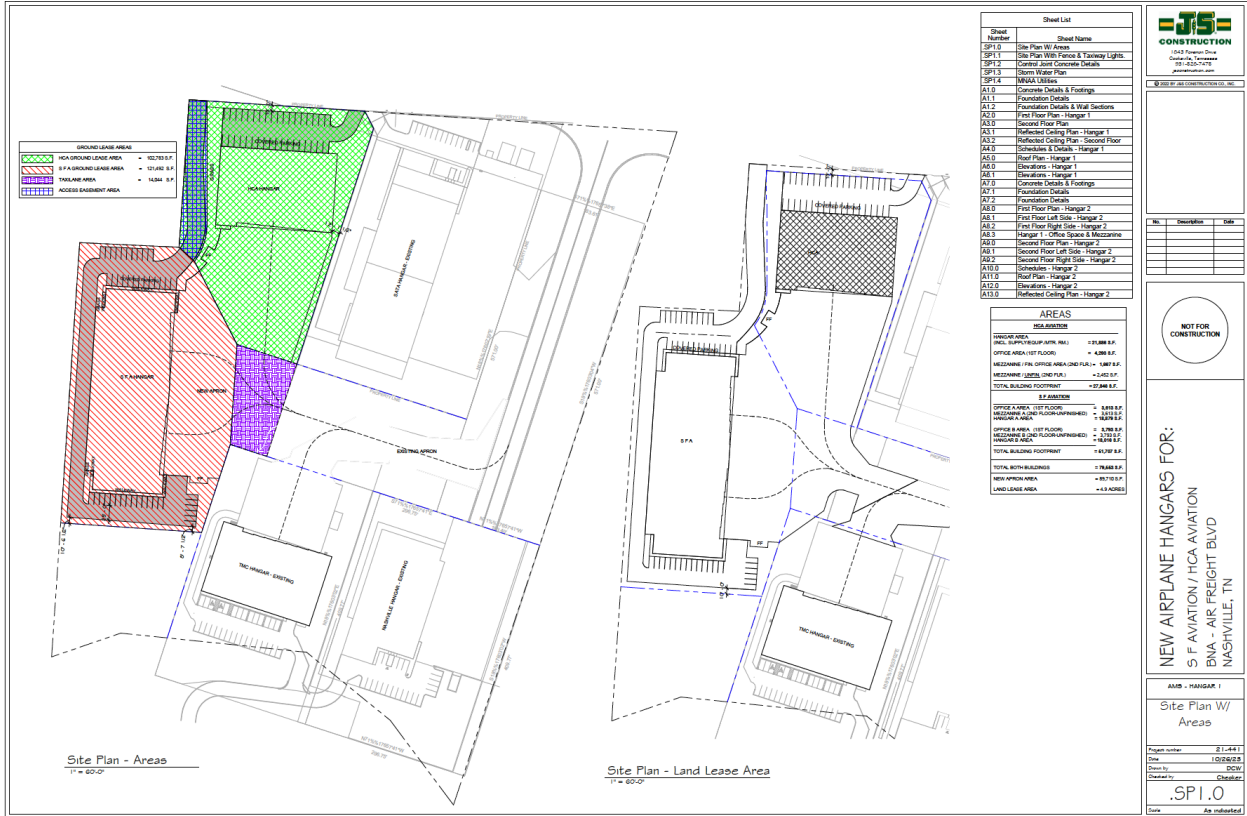
**D. Strategic Priorities**

- Invest in BNA
- Plan for the future

**E. Options/Alternatives**


The Finance Committee could decline to recommend approval of the proposed Tenant and Real Estate could release an NOA.

# EXHIBIT



Sheet Number	Sheet Name
SPI.0	Site Plan W/ Areas
SPI.1	Site Plan With Fence & Turnway Lights
SPI.2	Column Joint Concrete Details
SPI.3	Storm Water Plan
SPI.4	MMAA Utilities
AT.0	Concrete Details & Footings
AT.1	Foundation Details
AT.2	Foundation Details & Roof Sections
AF.0	First Floor Plan - Hangar 1
AF.1	Second Floor Plan
AF.2	Reflected Ceiling Plan - Hangar 1
AF.3	Reflected Ceiling Plan - Second Floor
AF.4	Schedules & Details - Hangar 1
AF.5	Roof Plan - Hangar 1
AE.0	Elevations - Hangar 1
AE.1	Elevations - Hangar 1
AE.2	Concrete Details & Footings
AT.1	Foundation Details
AT.2	Foundation Details
AE.0	First Floor Plan - Hangar 2
AE.1	First Floor Left Side - Hangar 2
AE.2	First Floor Right Side - Hangar 2
AE.3	Hangar 2 Office Space & Mezzanine
AE.4	Second Floor Plan - Hangar 2
AE.5	Second Floor Left Side - Hangar 2
AE.6	Second Floor Right Side - Hangar 2
AE.7	Office Plan - Hangar 2
AT.0	Roof Plan - Hangar 2
AE.0	Elevations - Hangar 2
AE.10	Reflected Ceiling Plan - Hangar 2

AREAS	
<b>HCA AREAS</b>	
MEZZANINE AREA	131,888 S.F.
OFFICE AREA (1ST FLOOR)	4,288 S.F.
MEZZANINE (1ST FLOOR UNFINISHED)	1,667 S.F.
MEZZANINE (2ND FLOOR)	1,442 S.F.
TOTAL BUILDING FOOTPRINT	139,285 S.F.
<b>BFA AREAS</b>	
OFFICE AREA (1ST FLOOR)	8,888 S.F.
MEZZANINE (1ST FLOOR UNFINISHED)	1,628 S.F.
OFFICE AREA (1ST FLOOR)	8,188 S.F.
MEZZANINE (2ND FLOOR UNFINISHED)	1,100 S.F.
TOTAL BUILDING FOOTPRINT	19,804 S.F.
TOTAL BOTH BUILDINGS	159,489 S.F.
NEW OPEN AREA	187,735 S.F.
LAND LEASE AREA	114,008 S.F.



1042 Forest Dr  
Nashville, Tennessee  
615-215-7478  
www.jfsconstruction.com

No.	Description	Date

NOT FOR  
CONSTRUCTION

NEW AIRPLANE HANGARS FOR:  
S F AVIATION / HCA AVIATION  
BNA - AIR FREIGHT BLVD  
NASHVILLE, TN

AMC - HANGAR 1

Site Plan W/  
Areas

Project number:	11-141
Date:	10/26/11
Drawn by:	DCW
Checked by:	

.SPI.0

Scale: As indicated

## STAFF ANALYSIS

### Finance Committee

Date: December 13, 2023

Facility: West Side Private or Corporate Space

Subject: HCA Management Service, L.P. Letter of Intent/Lease Terms for West Side Hangar Development

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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 a future Special Purpose Entity for HCA Management Service, L.P. (the "Tenant") via Letter of Intent (LOI).
- 2) authorize the Chair and President and CEO to execute a lease agreement between MNAA and Tenant that is consistent with the LOI terms.

#### II. Analysis

##### A. Background

On September 20, 2023, the Board approved the LOI terms for the remaining 5.97 acre tract of land in the private/corporate aeronautical are on the westside of BNA. MNAA has received two unsolicited LOIs to divide the 5.97 acre tract into two tracts. This LOI is from HCA Management Service, L.P. which desires to construct a new hangar and fuel facility on the approximately 2.36 acres of the 5.97 acre tract to serve as a private hangar for Tenant and its Affiliates' and Subtenants aircraft. The new hangar will be approximately 25,000 SF and shall include space for aircraft storage, ground equipment, office space, and restrooms. The remainder of the Premises will be utilized for fuel facilities, for use by Tenant, Affiliates and Subtenants at cost, vehicle parking, aircraft parking, stormwater facilities and landscaping. Fuel facilities must be constructed in compliance with Nashville International Airport's Minimum Standards for Aeronautical Service Operators. Pavement improvements made by Tenant for the aircraft parking areas/apron must be sufficient to accommodate at least Aircraft Design Group (ADG) III aircraft or the maximum take-off weight for the aircraft using the hangar, whichever is greater.

The tenants in this area, of which this is a portion of the last available tract, also construct and maintain Taxilanes A and B, as well as pay an easement fee for these Taxilanes. In this case, the proposed tenant for the remainder of the 5.97 acre tract is obligated to pay 100% of both the construction costs and easement fee for the Taxilane B extension. HCA will pay a portion of the easement fee for the existing Taxilanes A and B.

## B. Lease Terms

1. Tenant will lease approximately 2.36 acres (102,783 SF) of the 5.97 acre tract of land. This parcel is highlighted on the attached exhibit.
2. Tenant will have an 18 month Construction Term, 30 year initial term, and one 5 year renewal option for a total potential term of 36.5 years.
3. Tenant will pay rent at \$2.40 p/sf beginning on the effective date of the lease. Rent will increase each year by 3% except for in years 10 and 20 of the initial term, upon which rent will be increased based on an appraisal. In no event will rent increase by more than 110% of the immediately prior year, nor will rent decrease.
4. Tenant will pay a monthly fuel flowage fee for all fuels dispensed and the current rate is \$0.08 per gallon.
5. During construction, the Tenant will invest a minimum of \$5M for construction of a hangar facility, ramp/apron space and a fuel farm which will be for exclusive use of the tenant, its subtenants and its affiliates. The hangar will be a total of approximately 25,000 SF.
6. Tenant is responsible for obtaining all necessary permits to complete the project, including compliance with MNAA's AIR process.
7. The lease is a triple net lease; therefore, Tenant will be responsible for all costs associated with the property during the term of the lease including maintenance, insurance, and taxes.
8. Tenant will be responsible for completing property condition and pavement condition assessments every 5 years. These assessments will be submitted to MNAA with a report from the Tenant setting forth any deficiencies that have been repaired in the prior 5 year period and a plan for the repairs needed during the following 5 year period.
9. Tenant holds the right to assign the lease to an affiliate or successor organization of Tenant with notice to MNAA. Any other assignment or transfer must be approved by MNAA and will include payment to MNAA of a percentage of the gross transaction value minus the unamortized amount of the total Capital Investment made by Tenant to the Premises. MNAA's percentage of the proceeds is based on scale dependent upon how far along in the term such assignment or transfer is done. MNAA will receive 20% of the transaction value if there are 10 or more years remaining on the term, 15% if there are less than 10 years remaining but more than 5 years, and 10% if there are less than 5 years remaining.
10. Tenant is permitted to use the property for commercial operations under 14 CFR Part 91 and 14 CFR Part 135. This includes managing, maintaining, fueling, and otherwise supporting the aeronautical activities of individuals or entities who have an ownership interest in aircraft stored on the leasehold who are under a written contract with Tenant to provide such services.



**C. Impact/Findings**

This lease will provide MNAA with an immediate revenue source of \$260,831.70 including both the rent and easement fee, in year one and a new asset that will vest in 31.5-36.5 years.

**D. Strategic Priorities**

- Invest in BNA
- Plan for the future

**E. Options/Alternatives**

The Finance Committee could decline to recommend approval of the proposed Tenant and Real Estate could release an NOA.

# EXHIBIT

