

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



Date: November 15, 2023

Location: Metropolitan Nashville Airport Authority
Tennessee Boardroom

Time: 1:00 p.m.

Board Members Present:

Joycelyn Stevenson, Chair; Jimmy Granbery, Vice Chair; Andrew Byrd, Secretary; Bobby Joslin, Bill Freeman; Nancy Sullivan; and Dr. Glenda Glover

Board Members Absent:

MNAA Staff Present:

Doug Kreulen, Neale Bedrock, Lisa Lankford, Trish Saxman, Marge Basrai, Daniel B. Brown, Chris Davidson, Kristen Deuben, Adam Floyd, Traci Holton, Ijeoma Ike, Carrie Logan, Ted Morrissey, Rachel Moore, Floyd Munn, Stacey Nickens, Olivia Parven, Josh Powell, Cindy Reynolds, Robert Ramsey, Erin Thomas, Tiffany Underwood, and Destiney Williams

I. CALL TO ORDER

In accordance with the 3rd Amended and Restated Bylaws of the MNAA Board of Commissioners, Section 2.3, Chair Stevenson called the MNAA Board of Commissioners and MPC Board of Directors Special Meeting to order at 1:00 p.m., pursuant to Public Notice dated November 10, 2023.

II. PUBLIC COMMENTS

Chair Stevenson stated there were no public comment requests received.

III. APPROVAL OF MINUTES

The first item on the agenda was the approval of the October 18, 2023 Minutes of the Joint Meeting of the MNAA Board of Commissioners and MPC Board of Directors. Chair Stevenson stated that at last week's Committee meetings, because there were some questions from the Commissioners about the ability to approve those minutes since this Board did not participate in those meetings, the approval of those minutes was deferred. There were also some concerns that the Board wanted to have addressed, particularly regarding the outside counsel issue, that the Board deferred approval of the minutes of the Committee meetings until next month.

A motion to approve was made by Commissioner Byrd and seconded by Commissioner Freeman. Commissioner Glover asked what the motion was for. Chair Stevenson replied the motion was to defer approval of the minutes.

Chair Stevenson asked Ms. Saxman for a roll call:

Chair Stevenson – Yes

Vice Chair Granbery – Recused

Commissioner Byrd – Yes

Commissioner Joslin – Recused

Commissioner Freeman – Yes

Commissioner Sullivan – Yes

Commissioner Glover – Yes

The motion was passed with a vote of 5/0/2 (Recused).

IV. CHAIR'S REPORT

Chair Stevenson stated that she has had the privilege of working at the airport the last several days she wished President Kreulen a Happy Birthday. Veteran's Day was November 11, 2023 and Chair Stevenson gave special thanks to all who have served, and those who are currently serving our country and fighting for our freedom each and every day. She extended her thanks to every veteran in the room. She stated that she understands President Kreulen and MNAA put out some great messaging on Veteran's Day last week and over the weekend and also highlighted MNAA employees who are veterans. Chair Stevenson stated we would not have the privilege of sitting here and having these robust discussions without the sacrifice of our veterans and the sacrifice of their families. She thanked the veterans again.

Chair Stevenson final comments were regarding Thanksgiving next week. Typically, Thanksgiving is a time of reflection, she said, expression of gratitude and thanks for what we have and things we are grateful for, and it can also be a time of sadness and about loss. Chair Stevenson stated to her, Thanksgiving is very sweet. It is her favorite holiday and was also her mother's favorite holiday and she thinks about her mother every year. It is an occasion that makes her happy thinking about her mother, but also somewhat sad. Chair Stevenson stated that she wants everyone to be mindful, about the impact the holidays have on so many and particularly those

traveling through this airport who are coming here for their final destination or those who are traveling through to other places. We want them to have a good experience and we want them to know we care about them and that we care about people who are utilizing our services. She expressed her appreciation and stated that it is important that we have a strong airport and a Board committed to doing the work. Chair Stevenson stated last week in the Committee meetings that it is the Board's job to fulfill their duties as Board members and the Board is going to do that, in what she hopes is the most respectful and thoughtful way possible.

V. PRESIDENT'S REPORT

President Kreulen thanked Chair Stevenson for sharing her thoughts on her mom, and stated he misses his mom as well at Thanksgiving. President Kreulen stated he is very proud of the MNAA staff. The 27th Annual Aviation Golf Classic was held on October 12, 2023. MNAA had 4 charity beneficiaries: Nashville Cherry Blossom Festival, the BNA Historically Black Colleges and Universities *Give Back Initiative* in support of Tennessee State University, Mental Health Cooperative of Nashville, and Operation Stand Down Tennessee. President Kreulen stated he recently had the opportunity to host Operation Stand Down Tennessee with MNAA veterans and got to interact with other veterans.

President Kreulen reported that Mr. Josh Powell, AVP, Air Service Development and Airline Affairs had the opportunity on October 23, 2023 to participate in the International Business Council Meeting with the British Ambassador, Her Excellency Dame Karen Pierce. One of the success stories that was shared was the outstanding success that British Airways has had with the growth of their business model in Nashville with nonstop to London. There are 216 seats on the British Airways airplane, which flies nonstop on this route every day of the year and there are a little over 560 people going to Europe every day from Nashville, so BNA's future looks positive for adding additional flights to Europe in the near future.

President Kreulen stated the Nashville Area Chamber of Commerce (NACC) and Mayor O'Connell recognized MNAA with the Spirit of the Region Award. This is the first time MNAA has won this award based on business excellence, inspired leadership, and the advancement of Middle Tennessee prosperity. It was a great honor to win, he said

President Kreulen stated when we started BNA Vision Program 6 years ago, one of the challenges the Board wanted staff to tackle was how to get more environmentally friendly and enhance our sustainability posture. Concourse D was opened a couple of years ago and was BNA's first Leadership in Energy and Environmental ("LEED") Silver. Both parking garages are Park Smart certified and the Administration Building recently received LEED Gold certification. President Kreulen gave special thanks to Ms. Melissa Smith, AIR Coordinator, and Ms. Angie Cotter, Manager, Logistics & Facilities Transition, for accepting that designation on behalf of MNAA.

President Kreulen stated Corey King, Manager, Customer Experience, and Oliva Parven, Manager, Corporate Communications, co-chaired the Metro Makes A Difference Campaign which raised a little over \$37K. Employees can direct donations to specific organizations or give directly to United Way.

President Kreulen congratulated Ms. Marge Basrai, EVP, Chief Financial Officer, and the Finance team for the great work they are doing. Kroll Bond Rating Agency ("KBRA") affirmed MNAA's Senior Lien Airport Revenue Bonds as AA- with stable outlook and our Subordinate Airport Revenue Bonds as A+ with stable outlook. President Kreulen stated that MNAA is doing a great job of running the business side of the house, and because we are in the great city of Nashville and great state of Tennessee, the growing population and expanding economy, large institutional presence (state capital, higher education, health care) and significant private sector investment and corporate relocations all add to why BNA continues to grow. President Kreulen stated that with \$3B plus of improvements coming, they are still affirming MNAA's credit ratings and we are very thankful to our Finance team for everything they do.

President Kreulen reported Allegiant Airlines, now operating out of the Satellite Concourse, announced nonstop service to Ft. Lauderdale beginning on November 16, 2023. Allegiant Airlines will join Jet Blue, Spirit, and Southwest as the 4th airline with service to Ft. Lauderdale.

President Kreulen reported WestJet announced adding additional service to Edmonton beginning summer 2024. WestJet announced 4 new flights: Vancouver to Detroit, Edmonton to Atlanta, Edmonton to Nashville and Edmonton to San Francisco.

President Kreulen reported that Alaska Airlines added service to Portland. Portland was the largest destination without nonstop service from BNA. Every year 93,607 passengers travelled to

Portland but did not go nonstop. There are 128 passengers every day going and coming, and it is the 42nd biggest destination for BNA.

President Kreulen stated we have been waiting for 6 years for the Holiday Tree to arrive. The ceilings in the Grand Lobby and Marketplace are tall purposefully because we want to be able to bring the holiday season to Nashville. It took a little over a day to put the tree together, and it is 38 feet tall with 33,650 lights. MNAA will have a tree lighting ceremony on November 30, 2023 at 5:00 p.m. and may have a special guest.

President Kreulen stated MNAA hosted the Airport Concessions Disadvantaged Business Enterprise (“ACDBE”) Institute on November 14 – 15, 2023 at the Joint Information Center (“JIC”) with 18 participants. This is another way to build new business and give these businesses the opportunity to participate in airport programs as we go forward. President Kreulen thanked Ms. Davita Taylor, VP, Procurement and Business Diversity, and the Business Diversity Development team.

President Kreulen reported for this year’s FY24, BNA enplanements are 8% over FY23, and we have already served 10M plus passengers in just the first few months of FY24. If this trend continues, it is expected by June 30, 2024 there will be 24M passengers, possibly above that. Last year we ended at 21,9M passengers. For the last 10 plus years we have been adding over 1M passengers per year, with last year having a 2M increase.

President Kreulen stated the Committee 30-day Outlook shows a busy agenda coming up for the Committee Meetings on December 13, 2023 and Board Meeting on December 20, 2023. There are 4 approvals for Operations Committee and 3 for the Finance Committee with the BNA Westside Development being tentative.

President Kreulen stated the Committee 60-day Outlook also shows a busy agenda coming up for the Committee Meetings on January 10, 2024 and Board Meeting on January 17, 2024. There is 1 approval for Operations Committee and 2 tentative approvals for the Finance Committee. For the Finance Committee, if any adjustments are made to the capital or O&M budgets, it would normally be done in the January time period. The details are not finalized and will be brought to the Finance Committee for discussion. The Operations Committee approval for the Virtual Ramp Control contract was awarded for building the software and for the staffing of the Virtual Ramp

Control system that will be located in maintenance facility (“CSF”), and this is actually for building out the shell space that the computers will be placed.

Commissioner Glover asked President Kreulen to please go back to December Outlook to review the Snow & Ice Removal item. Commissioner Glover referenced last year’s challenges with Southwest and asked if there is a plan to prevent that happening again this year. President Kreulen replied yes, we have a Snow and Ice Control Plan (“SICP”) that MNAA is responsible for. Each October the Operations team hosts their kickoff meeting for all the airlines. He received an update the other day, and 90K gallons of E36 are in inventory to keep the runways and taxiways deiced. The airlines have to make sure their inventory is up, and everybody starts going through preventive maintenance inspections to make sure MNAA’s snow and ice machines are ready for removing snow and ice and the airlines sprayers are ready for deicing the airplanes. MNAA has a really good plan, he said. Southwest, after their December challenges where their scheduling system went down, is fully committed to ensuring it does not happen again. That is one reason he will be traveling to Dallas to make sure the airport and Southwest are all on the same sheet of music before the holiday season. Commissioner Glover asked if there are penalties that we can impose on the airlines if they are disruptive for this year. President Kreulen replied no, the Airline Agreement does not have any penalties to the airlines for cancellations or bad weather; however, the federal government has the passenger bill of rights, and they have the ability to fine the airlines if they have a major meltdown. President Kreulen stated he will provide a brief update on the SICP and the inventory MNAA manages.

President Kreulen reported the FY24 Payment Card Industry (PCI) Program was assessed by Plante Moran. The assessment resulted in an Attestation of Compliance (AOC), which is a significant priority for MNAA. This is the 5th year in a row MNAA was compliant, and FY19 was the first time MNAA passed. This is huge to MNAA because of all of the credit card services used throughout the airport system. This assessment is very thorough to make sure the airport can protect the data and this is a big accomplishment. He thanked the IT team, that worked really hard to make sure MNAA is compliant. Five years ago, the airport was at risk of being fined because we were not able to pass these audits.

President Kreulen introduced Ali Hijazi, Partner with Plante Moran. Mr. Hijazi worked closely with the finance team. Mr. Hijazi went through MNAA’s audit process and the results of the June 30, 2023 audit. The process involves communication throughout the year, and includes planning for

the audit, conducting year-end field work where the entire team is onsite for a couple of weeks, and wrap up and reporting in October of each year. Plante Moran does 3 audits every year: Financial Statements Audit, Single Audit and Passenger Facility Charge Compliance Audit. Audit standards require Plante Moran to take a risk-based approach to the financial statement audit. Two significant risks of misstatement were identified - management override of controls and property measurement and recognition of revenue. No issues were identified in these areas. At the conclusion of audit, Plante Moran issued an independent auditors' report on the financial statements of an Unmodified Opinion. That is essentially accounting speak for a clean opinion. It is the highest level of assurance that an auditor can render on a set of financial statements. It means the financial statements are stated in conjunction with all of the requirements.

Mr. Hijazi explained that associated with the Financial Statement Audit Plante Moran was required to provide additional communication to the Board which came in the form a letter and he highlighted a couple of items they would report if there had been any issues identified. Mr. Hijazi stated as he previously mentioned they stay in year-round contact with MNAA, but the audit kicks off in late spring, with field work in early summer and wrap up in September and October. Mr. Hijazi stated they did not identify any journal entries or adjustments that were required to be posted to the financial records as part of the audit procedures. No issues were identified. This year there was a new accounting standard that MNAA was required to evaluate related to public and private partnerships, GASB94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. MNAA went through the population of agreements where this could apply and ultimately proved this did not result in any changes to the 2023 financial statements. There could possibly be an impact in the fiscal year 2024 with the opening of Hilton BNA, and MNAA management is evaluating the implications of the standard of that arrangement.

Mr. Hijazi stated there are some significant estimates in the financial statements, including Pension and Other Postemployment Benefit ("OPEB") Liabilities, depreciation expense, aviation easements and lease receivables and liabilities, that require some assumptions to be made and no issues were identified related to those assumptions. Mr. Hijazi stated there were no difficulties in performing the audit, and no disagreements with management regarding accounting or auditing matters.

Relative to the compliance audit of the Authority's Major Federal Program, the Airport Improvement Program ("AIP"), and the compliance audit of the Authority's Passenger Facility

Charge ("PFC") Program, Plante Moran's opinions are clean opinions, which means MNAA has complied with all the provisions of those programs and no issues were found with internal controls or the process related to the management of those programs. Related to upcoming accounting standards, next year there will be new Upcoming Account Standard in terms of accounting for Governmental Accounting Standards Board ("GASB") 101, Compensated Absences, which is sick pay and vacation pay for the employees, and how this will reflect in the financial records and Planet Moran is working with management to see how that will be. Mr. Hijazi summarized that the Compliance Audits of the AIP and PFC Programs did not identify any instances of non-compliance or deficiencies in internal control.

Mr. Hijazi thanked Ms. Basrai and the finance team for help with the audit. He stated there were many requests that come up as part of this audit and MNAA staff do a great job of being prepared throughout the process, and the collaboration with all of the departments - internal audit, legal, CEO's office and all of the department heads that Plante Moran worked with to conduct this audit efficiently. Plante Moran is very pleased with the results and appreciates the partnership with MNAA.

Commissioner Glover asked Mr. Hijazi to elaborate more on how the hotel could impact MNAA. Mr. Hijazi replied it is related to a new accounting rule. Prior to this new accounting rule, when a 3rd party builds a significant new capital asset, MNAA would recognize it on the balance sheet at the time they took control of it. Now the accounting rule says you may have to consider putting it on your balance sheet when it opens and is in service. It is not anything that is going to significantly change MNAA's income statement, revenue, or how rating agencies see MNAA, but it is the timing of when that asset will be put on the balance sheet. Commissioner Glover asked if MNAA has any off-balance sheet items. Mr. Hijazi replied no, nothing significant would be off-balance sheet, and all liabilities and assets were reported. The folks that made the accounting rules state this is one area where organizations could do a little bit better and the change just happens to be implemented around the time MNAA is opening the hotel. Commissioner Glover asked if Plante Moran found any items in the financial statements such as revenue recognition considered to be aggressive. Mr. Hijazi replied no, there were no issues identified where the accounting was not in line with the requirements under the accounting rules. Commissioner Byrd stated the only thing he would point out for the Board of Commissioners, is that as total airport revenue bond obligations increase year over year, and as the Board executes its responsibilities

and follow up on what we are responsible for, it is important the Board recognize the importance of maintaining cash flow of this airport for the entirety of those bonds.

President Kreulen stated the first bond sell was approximately \$900M and the second one was \$600M, and there is another \$1.5B remaining costs to be funded. MNAA needs to have the revenue to be able to pay it off to keep the bond ratings high. Commissioner Byrd stated there is a certain amount of risk operating the airport but those risks can be mitigated by our growth and success. Chair Stevenson thanked Mr. Hijazi for all the hard work.

President Kreulen gave his compliments to Ms. Basrai, the finance team and Plante Moran and asked Ms. Basrai if she would like to say anything. Ms. Basrai stated that the document the Commissioners had in front of them is the FY23 Annual Comprehensive Financial Report ("ACFR") prepared by the staff and then authorized by Planet Moran. Staff and Plante Moran put a lot of time into it. Commissioner Byrd asked if it needs to be approved. Ms. Basrai replied no, that is not required. President Kreulen replied no, MNAA is required to report it to the Board and this document is required to be provided to the Metro and State. Both agencies have copies to verify MNAA is following the appropriate standards. Commissioner Glover stated she noticed that MNAA has a big cash balance and asked if that cash is equivalent. She stated it is so much more than last year, and asked if it is a timing difference or if we have that much cash on hand. Ms. Basrai stated all the cash is invested, and this was presented at the Finance Committee meeting on the Treasury Reports. When MNAA issued bonds in December of last year that also increased our cash by about \$500 – \$600M. Commissioner Byrd asked what unrestricted cash is available. President Kreulen asked Commissioner Byrd if he is referring to the NAE account. Commissioner Byrd asked what NAE is. Ms. Basrai stated that is the National Airport Experience and is basically the end of the year excess of revenues and expenses, and that monies flow into the NAE account, based on the Airline Use and Lease Agreement.

President Kreulen stated when MNAA went from a residual airline agreement in 2015 to compensatory agreements today, the NAE account was established for money in savings. In 2017 MNAA started saving money and by January 2014 will have accumulated a little over \$300M in reserve. Commissioner Joslin stated MNAA uses that money to offset service agreements too. President Kreulen stated we could, for example, if we build hangars at John C. Tune, Ms. Basrai has the ability to borrow from the NAE account and it gives the Authority flexibility.

VI. TEMS FOR APPROVAL

1. Design Build Contract for Concourse D Extension CGMP 4 of 4 (GMP)

President Kreulen introduced Traci Holton, VP, Chief Engineer, to brief the Board on the Design Build Contract for Concourse D Extension Component Guaranteed Maximum Price (“CGMP”) 4 of 4 and the final Guaranteed Maximum Price (“GMP”). Ms. Holton stated CGMP 4 is for the interior finishes, interior buildout, IT, and electronics for the Concourse D Extension, with Hensel Phelps. The CGMP 4 is \$75.371M NTE and the final GMP is \$235M NTE. The SMWBE goal was 6.9% MBE, 6.77% WBE and 4.28% SBE target, and Hensel Phelps committed to meet the goal. This was presented to the Operations Committee on November 8, 2023. Commissioner Sullivan stated the Committee voted 2-0 to recommend approval.

Chair Stevenson asked Ms. Saxman for a roll call:

Chair Stevenson – Yes

Vice Chair Granbery – Yes

Commissioner Byrd –Yes

Commissioner Joslin – Yes

Commissioner Freeman – Yes

Commissioner Sullivan – Yes

Commissioner Glover – Yes

The motion was passed with a vote of 7 to 0.

2. Construction Contract for Concourse B & C Upgrades

Ms. Holton presented the Construction Contract for Concourse B & C Upgrades. Ms. Holton stated this contract will upgrade finishes on B&C Concourses to match BNA Vision including corridor walls, column wraps, ceiling, LED lighting and signage. A Request for Proposals (“RFP”) was advertised at the end of July and on September 14, 2023 two proposals were received. Whiting-Turner Contracting Company was the highest rated firm. The SMWBE goal participation was 8.86% MBE and/or WBE, which Whiting-Turner exceeded by achieving 21.71% MBE and/or WBE participation by utilizing Cleaning Leaders and John Curry Electric. This was presented to the Operations Committee on November 8, 2023. Commissioner Sullivan stated the Committee voted 2-0 to recommend approval.

Commissioner Byrd stated he wanted to bring up a matter of some concern about the new remote concourse and the electric buses and stated that he is sure that President Kreulen is actively addressing access to the terminal with the surge of traffic existing with the buses. President Kreulen replied yes, he was out there when he had a tour with Chair Stevenson and Commissioner Glover after last week's Committee meetings, and the Operations team and concessions teams are out there regularly as well. It is a new service for the airport and staff is working with ABM, who runs the shuttle buses, and there are also customer service representatives at the satellite operation. BNA has ability to track the buses in real time to make sure we are moving people expeditiously and within the 3 minute time line. As soon as Paradies opens the last 2 restaurants, the satellite will be full and have all the amenities available. Chair Stevenson stated she appreciated the tour and said the bus was kind of high getting on/off the buses and referenced the surge that occurred. President Kreulen stated at the time of the tour with Chair Stevenson and Commissioner Glover, 7 of the 8 gates were operating and there was a little bit of backup to get on. ABM brought extra buses and the backup was gone. This happens about 4 or 5 times a day for a very short period of time, and staff has the ability to track all 9 buses. Staff has worked with ABM, and at the time of the tour they were not lowering the shuttles. That has since been corrected and we should see improvements on that issue.

Chair Stevenson asked Ms. Saxman for a roll call:

Chair Stevenson – Yes

Vice Chair Granbery – Yes

Commissioner Byrd – Yes

Commissioner Joslin – Yes

Commissioner Freman – Yes

Commissioner Sullivan – Yes

Commissioner Glover – Yes

The motion was passed with a vote of 7 to 0.

3. Independent Board Counsel

Chair Stevenson stated the Management Committee had discussed obtaining outside independent counsel. There has been a 4-month gap for this Board coming back, and the Board understands its rights and responsibilities related to that gap and the decisions that

were made. Also, the independent counsel would be an independent voice that can speak to the Board and address concerns as the Board navigates some of these uncharted territories and waters. This was presented to the Management Committee on November 8, 2023. The Management Committee voted 2-0 to move for approval to the Board to obtain outside counsel.

Chair Stevenson stated there will be 3 votes:

1. Take up the Management Committee's recommendation for outside counsel.
2. If approved by Board, there would be discussion regarding which counsel to obtain, followed by a separate vote.
3. If approved by Board, there would be a vote to authorize the scope with respect to the engagement. Chair Stevenson stated the Board wants to move quickly and there is the opportunity in the future to have a longer-term engagement in more detail. For the purpose of moving this along, the Board may want to think about something that is really quick that allows some authorization to get somebody on board.

Chair Stevenson walked through what had happened so far – the Management Committee voted 2-0 to move for approval to the Board to obtain outside independent counsel.

Vice Chair Granbery asked Chair Stevenson to please articulate the purpose of the outside counsel. Chair Stevenson stated it is her understanding that in the past the Board has had outside counsel and the Board and Committee that met last week discussed that there are Board members that have concerns about what the Board should be doing regarding the de facto officer doctrine and if there is a need to ratify decisions that were made during that 4-month period. There is a comfort level in having an independent person or firm that can, as necessary, provide guidance to the Board where there may be some issues that come down the line. That was her understanding of the rationale, and she said that the Commissioners can speak for themselves if there is something else.

Vice Chair Granbery asked if it is strictly for the 4-month period and nothing else. Chair Stevenson replied she did not say it was strictly for the 4 months and nothing else, but that the point of it is having that counsel as an outside independent voice for the Board. The Board will determine the scope, the limitations, and how long the engagement will last. These are

things the Board can discuss from the engagement perspective once the Board retains counsel. There are items that Commissioners have concerns about with respect to approvals during this gap and they want to have some comfort level that the Board is doing what they are supposed to be doing, and having independent counsel is not going to hurt the Board or hurt the Airport Authority. Chair Stevenson said she wants to keep things moving smoothly, and for her, if this gives people comfort to do that, she is in support of it.

Commissioner Joslin asked if there is a time limit on this, and if this is strictly to review the State Board's decisions. Chair Stevenson stated that was originally the point of it, but she is not saying that is the only point of it. The Board can determine if they need additional input or if there are other issues that come up that warrant an outside counsel review. Chair Stevenson said she thinks that if that outside counsel can provide some comfort to the Board as a whole for them to do their jobs better, then it is fine and that is where she is with it. Chair Stevenson said that after the Board's approval of the Management Committee's recommendation to obtain independent counsel, firms and next steps can be discussed. Commissioner Glover moved for approval of the Management Committee's recommendation for outside independent counsel.

Vice Chair Granbery asked if the vote includes scope. Chair Stevenson stated the Board is voting 1st on obtaining outside counsel, 2nd would be firms and 3rd would be scope. Vice Chair Granbery stated we just saw beautiful presentations by Ms. Holton with significant dollar amounts and those approvals included very defined scope, plans and drawings, and now the Board is being asked to vote on something and discuss it later. Chair Stevenson stated it will be discussed in a few minutes and that he did not have to vote on it. The Management Committee voted to recommend approval that the Board obtain outside counsel, and that is what this vote is, she explained.

Chair Stevenson asked Ms. Saxman for a roll call:

Chair Stevenson – Yes

Vice Chair Granbery – No

Commissioner Byrd – Yes

Commissioner Joslin – No

Commissioner Freeman – Yes

Commissioner Sullivan – Yes

Commissioner Glover – Yes

The motion was passed with a vote of 5 to 2.

Chair Stevenson stated the Board has approved obtaining outside independent counsel and now the 2nd part is to discuss firms. On November 8, 2023 MNAA issued a Request For Qualifications (“RFQ”) to 11 of the 20 largest firms in Nashville. The RFQ defined scope of services, submission requirements and selection criteria. The scope of services was for the law firm to offer legal services related to board matters, on a case-by-case basis, including but not limited to review and analysis of legal documents, legal advice on regulatory compliance, and legal opinions on specific matters as requested. MNAA sent the RFQ to 11 firms because 5 of the firms have conflicts with MNAA and 4 of the firms currently represent MNAA. MNAA also sent the RFQ to the Board so the Board could network and send it to firms as well, and to make sure that the Board had the broad scope. Of the 11 submissions, 4 of the firms sent proposals, including Butler Snow, GSM Law, Neal & Harwell, and Adams & Reese. Butler & Snow disclosure stated they have an existing relationship with one of the Commissioners that is not related to MNAA, they represent with respect to private business. Adams & Reese currently has 4 open engagements with MNAA where they are currently doing MNAA work. The other 2 firms do not have relationships.

Chair Stevenson stated she asked at the last Management Committee meeting for Commissioners to bring their top 3 firms for discussion, and she started with Commissioner Glover. Commissioner Glover asked her to please come back to her. Commissioner Sullivan stated based on what she reviewed and what was submitted, she feels like Adams & Reese would probably be able to fulfill what the Board is looking for better, as they have experience in the past and have represented MNAA. Chair Stevenson asked if she had a number 2. Commissioner Sullivan replied it was probably Neal & Harwell.

Chair Stevenson called on Commissioner Byrd. Commissioner Byrd stated his top pick would be Adams & Reese because they have 50 years of experience with MNAA and they originally drew up the law that allowed MNAA to be organized back in 1970. They have served as Board counsel with individuals like Sam Bartholemew for numerous years, and there is nothing about this that they do not understand, no education required, no need to bring them up to speed, and they are willing to work on a retainer basis for the first 3 months for \$7,500 a

month and willing to step up here and to work. He thinks there will possibly be quite a bit of work to do during the first few months. Commissioner Byrd said that they know business law, they know Tennessee law, and they understand everything that has to do with this airport, having been involved with it for years. He thinks Gif Thornton does a good job, Cindy Barnett does a good job, and they have a strong depth in practice in all areas here in Nashville. They were out here at the airport during the pandemic, during 9/11, and during the tornado that hit John C. Tune. They have a lot of experience. Commissioner Byrd's 2nd choice, pretty far down, would be Neal & Harwell. He has a lot of respect for the individuals at Neal & Harwell and thinks they are an excellent litigation firm. They represent the finest in the city of Nashville and he has no complaints with them at all. They had somewhat of a relationship with George Cate. He thinks George Cate worked there for 28 years and so he has a lot of experience with Neal & Harwell firm. He thinks we could bring them in as litigation counsel for the benefit of the airport which he thinks they would do an excellent job doing. They would be his 2nd choice and he is very familiar with the other law firms, and has all respect in the world for them.

Chair Stevenson called on Commissioner Freeman. Commissioner Freeman stated he agreed with everything that Commissioner Byrd just said and his 1st choice would be Adams & Reese and Neal & Harwell is his 2nd choice.

Chair Stevenson called on Commissioner Joslin. Commissioner Joslin stated Adams & Reese has been around a long time and believes they already have 3 or 4 contracts with MNAA. He knows all the individuals at every one of these firms and he thinks MNAA has done enough business with Adams & Reese to be able to move some of this business to another firm. Commissioner Joslin's stated his first choice would be Neal & Harwell. Trey Harwell did an excellent job here as a Chair and Board member, he said. He went through the pandemic with MNAA. He stated that he knows the attorneys at Butler & Snow. Neal & Harwell was his 1st choice and Butler & Snow as his 2nd choice.

Chair Stevenson called on Vice Chair Granbery. Vice Chair Granbery stated he did not really have a vote one way or another, he believes they are all wonderful law firms, and he thinks he made his point clear that MNAA has wonderful in-house counsel with Neale Bedrock and his staff. He stated that he is not sure that we need further outside counsel to increase the budget. Vice Chair Granbery asked Commissioner Byrd about his statements on Adams &

Reese and said they did not draw up the original papers, and asked if it was Sam Bartholemew. Commissioner Byrd asked if it was their successor firm. Vice Chair Granbery stated he was not sure what year, but Gif Thornton moved here from New Orleans after Katrina, so he was not here in the 1950s when the documents were drafted.

Commissioner Joslin asked Commissioner Byrd if he worked for Adams & Reese. Commissioner Byrd responded, yes, 30 years ago. Commissioner Joslin asked Commissioner Byrd if he saw that as a conflict. Commissioner Byrd replied no, he really does not work with them, they are not his law firm. He just has a lot of respect for them and they understand this airport and they do not need to be educated about what goes on here.

Chair Stevenson asked Vice Chair Granbery if he would like to submit any names. Vice Chair Granbery replied no, he thinks they are all wonderful law firms. Chair Stevenson replied that she understands and appreciated it. Chair Stevenson called on Commissioner Glover. Commissioner Glover stated she does not have a top firm picked. She sees some good firms and likes the Butler & Snow firm because they have a Black attorney that they are going to share with us. Commissioner Glover stated she thinks this airport is too large and too significant, to not to have minority representation. She said that she does not mind going along with Adams & Reese, who seems to be the preference. Commissioner Glover said she can support that as long as the Board has the option of talking to the person, or helping to decide who is going to be the person representing us out here. Two firms listed the person up front, and she would like the Board to have a little more input. Chair Stevenson stated so essentially, Commissioner Glover likes Neal & Hartwell, Butler & Snow, and Adams & Reese, and if any of these firms were chosen, Commissioner Glover would like the Board to have a say in who the relationship person is. Commissioner Glover replied yes. Chair Stevenson asked Commissioner Glover if Neal & Hartwell and Butler & Snow are her top two. Commissioner Glover replied she does not have a top 2.

Vice Chair Granbery stated for the record, he was listed as a client with Butler & Snow, in an unrelated TDA easement where they are suing him – TDA is suing Kinder Morgan for running a gas line. Commissioner Glover asked why they are suing him, to which he replied that he happens to own some land in the wrong place. He retained Butler & Snow and the former TDOT Commissioner to represent him and they have the law on their side. He just wanted to be protected in how they run, the damage they do, the trees they cut, where they run it and

that is the relationship. Kinder Morgan is the gas line company, and they are running the gas line for TDA. Vice Chair Granbery stated he has a client confidentiality agreement.

In reference to the slide presented, Commissioner Glover asked about the asterisk designation on two firms, and if Neal & Harwell previously represented the Authority. Chair Stevenson replied that the asterisks on Butler Snow and Adams & Reese indicate they disclosed current representation of either MNAA or a Board member. Commissioner Glover asked if Harwell previously served on the Board. Commissioner Sullivan replied he was a volunteer. President Kreulen said Butler & Snow has the connection that Vice Chair Granberry just mentioned, and Adams & Reese already have 4 other engagements with the MNAA. GSRM and Neal Harwell do not have any ties or perceived conflicts with the MNAA at this time. Commissioner Glover stated she thought it was prior representation. President Kreulen replied no, and the two firms without an asterisk have no business for or against MNAA, or with a Commissioner to our knowledge. Commissioner Glover stated she would like to make clear that we are getting a firm for the Board and not for management, and she wants to make sure the Board does not put management in a position where they cannot perform their duties on a daily basis.

Chair Stevenson stated she would go into her list of thoughts as well, because that may feed into some of her comments. Chair Stevenson stated she knows all of the firms very well. They are excellent law firms and there are excellent lawyers at these firms. As a lawyer and as President of the National Bar Association and Executive Director of the Tennessee Bar Association, and she has worked with a lot of these lawyers and she knows them very well. Chair Stevenson stated it is a weird position weighing people, but we have to get to the right person. With that said, her top second choice based on the comments from the Board particularly related to independent thought, independent outlook for the Board itself, and because the airport has a lot of lawyers and a lot of people representing it including one of the firms on this list, her thought particularly is giving this fresh start we are trying to have, and making sure we are all going in the same direction, but having fresh perspective and people who may not have had an opportunity to work for the airport may be a good option. Chair Stevenson's first choice was Neal & Harwell, she said, in part because they are a great firm, and they also have represented the TBA Board, and she knows a lot of lawyers there, but also a former Chair of the Board being at that firm and being a relationship person for the

Board would be a good fit for her as Chair to talk with a former Chair and as well would be a good fit as we are trying to do right now with this bridging.

Chair Stevenson stated she understands the Board can also change lawyers, as people do it all the time. The Board can have an engagement for a limited period of time and if it does not work, the Board can find someone else, which is why she wants the engagement to be limited. It should be limited in time for the initial engagement, and limited in how much the Board is willing to spend for a period of time to get it through the next few months. Neal & Harwell was her 1st choice and Butler & Snow is her 2nd choice, she said partly because of the independent piece of it and not having the existing tie to the airport. Adams & Reese is a great firm, and they have represented the airport for a number of years, but they still have existing retention agreements with the airport and she does not perceive a circumstance where this Board is at an adversarial posture to the management team. She does not know what will happen in the future and she does not want to choose a firm that has ties with the Authority and is also advising the Board on things relating to the Authority. She can see where that could potentially pose an impact or conflict down the road, and that is the only reason they are not in her top 2. It is not because she does not think they are a great firm, which they certainly are. She stated that if the Board is talking about an independent firm, then to go independent, but whatever firm the Board chooses is going to be a good choice.

Chair Stevenson stated not every Commissioner rated the firms, but Neal & Harwell showed up on at least 5 Commissioner's list and Adams & Reese was number 1 for at least 2 Commissioners. She asked if there were any thoughts given that information. Commissioner Byrd stated he thinks Adams & Reese will do a good job, and he thinks Neal & Harwell knows a lot about litigation, and as he is looking at this he thinks Adams & Reese for a limited engagement, since they do not have to be educated, they can move pretty quickly to get this work done, and they are willing to work for a limited amount of money for several months. Commissioner Byrd stated that they would be an excellent choice for Board counsel. Neal & Harwell would be a solid choice for litigation counsel. Commissioner Glover asked Commissioner Byrd to please repeat what he said. Commissioner Byrd replied he recommends Adams & Reese for Board counsel and Neal & Harwell for litigation counsel. Commissioner Glover asked who represented MNAA in the Board litigation? Commissioner Byrd replied George Cate represented MNAA and obviously there is a potential for George to have conflicts being involved with litigation in Chancery court representing the Defendants

intervening in that case. Chair Stevenson stated she thinks that Commissioners are getting far ahead talking about litigation counsel and going into other things. The discussion right now is independent Board counsel, and who Commissioners think will do the best job. Chair Stevenson stated that the Board will use the Board counsel to discuss other things that people may have opinions about. She stated that she thinks that Commissioner Byrd has picked Adams & Reese, her 1st choice is Neal & Harwell, and asked if the Board was ready to vote on one or wanted to keep going through the list.

Commissioner Joslin stated Commissioner Glover may have already answered the question - Adams & Reese is already working with the Authority, which would become a conflict with management on items that are separate from the Board action, so the Board may be creating a situation where Adams & Reese is supporting the Board and supporting management. He asked if that made sense. Commissioner Glover clarified that her question was to make sure Adams & Reese would be Board counsel, not management counsel. Chair Stevenson stated that is what this vote is for. Commissioner Glover stated Neale Bedrock is management counsel, in her mind.

President Kreulen stated Neale Bedrock is General Counsel for the Authority and the Board per the Bylaws of the Board of Commissioners. At the last Management Committee meeting the Board chose to get Board counsel, so if the Board selects an independent Board counsel, he said, the Bylaws will need to be modified to say that the Board counsel has this specific role and to define that scope. Chair Stevenson stated to Commissioner Glover's earlier point regarding potential conflict of interest with management and outside Board counsel, those are legitimate concerns, and she thinks the Board can choose to consider it, she said. She is not saying that it is a conflict, but that it could be a conflict, and that would be the reason she would choose Neal & Harwell. Chair Stevenson said she respects the fact that if the majority of the Board feels differently and votes in a different direction. Commissioner Glover asked if 2 firms are being taken out of consideration. Chair Stevenson replied that there needs to be a consensus on at least on 2 firms. Commissioner Byrd stated he would rather just vote for the top 1 firm.

Chair Stevenson stated she would go down the line and ask each Commissioner what they thought. Chair Stevenson called on Commissioner Glover. Commissioner Glover stated she can go along with Adams & Reese as long as the Board has a say on who the person is assigned

to the Board. Chair Stevenson called on Commissioner Sullivan. Commissioner Sullivan replied that she thinks from a financial standpoint that Adams & Reese is probably the best choice on a temporary basis, but she also likes Neal & Harwell. Chair Stevenson called on Commissioner Byrd. Commissioner Byrd stated voted for Adams & Reese.

Vice Chair Granbery asked if the Board is voting on a counsel that is in contradiction with the Bylaws, if the Bylaws should be changed first. Chair Stevenson replied she does not think we need to change the Bylaws, and the Board can vote for its own Board counsel. President Kreulen stated to be historically correct, the Bylaws should be modified to reflect what we are actually doing. This will be a deviation so it is very important if this gets approved that the Chair has the ability to narrow what the scope is. As long as Mr. Bedrock knows what the scope is, and he as President and CEO knows what the scope is, staff can carry out the wishes of the Board. Commissioner Byrd stated this counsel will act as representation for the Board. Chair Stevenson stated correct.

Commissioner Joslin stated Commissioner Glover would also have access to whoever was picked at Neal & Harwell, whether it is Trey Harwell, or one of his counterparts. She would get that with whichever firm is chosen. Chair Stevenson called on Commissioner Freeman. Commissioner Freeman replied his vote was for Adams & Reese.

Chair Stevenson asked for a motion. Commissioner Byrd motioned to retain Adams & Reese as Board counsel. Chair Stevenson asked if there should be a stipulation that the Board gets to choose who the relationship person is. Commissioner Byrd stated he thinks we should have a thorough review of who they are selecting. Commissioner Glover asked if this should be part of the motion. Commissioner Byrd motioned to retain Adams & Reese with the ability to have thorough review of who the representatives are in representation of this Board. Chair Stevenson asked for a second Commissioner Glover seconded the motion.

Commissioner Joslin restated that Adams & Reese already has 4 contracts with this Authority and asked why the Board would not support another law firm. All 4 of the firms have been in Nashville since the beginning of time, he said, and he would not zero in on Adams & Reese when they already have a very lucrative contract with the Authority and have in the past. He stated that Adams & Reese billed MNAA \$700K - \$800K in one year and asked what the fee is for what the Board is talking about, and if it is just the retainer or if it includes hourly billing.

Commissioner Byrd replied just the retainer. Commissioner Joslin stated Gif bills at \$700 an hour and then Trey and other attorneys are at \$500 an hour. Neal & Harwell are top notch in this city. Commissioner Freeman said no question about it. Commissioner Joslin stated that he likes the thought of passing the business around a little bit outside of just the same people that get it over and over again.

Commissioner Glover stated she did not get a phone call from any of them through this process. Chair Stevenson stated she cannot speak to that. Commissioner Glover stated she was not comfortable not hearing from them at all during the litigation, not that we were a party to it, but just out of courtesy, but she moved past that. Chair Stevenson stated she understands and appreciates Commissioner Glover's comments on that and is hopeful as we go through this process of finding Board counsel. Commissioner Byrd interjected and stated Adams & Reese was not retained during that period. Commissioner Glover stated she was talking about Neale & Harwell. Chair Stevenson stated Neale & Harwell was not representing us with respect to the litigation. Commissioner Byrd stated it would have been our internal counsel. Chair Stevenson stated we should vote and move forward with a limited engagement and having ability to change if we need to. Chair Stevenson stated all these firms are great, she has no issue with any of them on a personal level, but she does like the idea of giving this business to firms that are not already doing business with the Authority. She thinks it is important and shows transparency on the Board's part to bring others into the fold. She also likes the idea of Neal & Harwell having a former Chair that is also a lawyer. She voted for Neal & Harwell. Chair Stevenson asked if there was any other discussion or comments before they voted on Adams & Reese as the firm with the contingency that we choose outside counsel. Commissioner Freeman asked if the Board could vote on litigation counsel in addition to Adams & Reese. Chair Stevenson replied no, they were not going to vote on litigation counsel, and that the Board is voting on independent counsel to advise the Board. After the Board gets that counsel, she said, the Board can then talk about everything else the Board wants to talk about with that counsel. Chair Stevenson told the Board that a motion to second is on the floor and it is going to be Adams & Reese. Commissioner Glover asked if the motion could please be repeated.

Chair Stevenson stated the Board has approved outside counsel pursuant to the Management Committee's recommendation. The motion is for Adams & Reese to serve as that outside counsel with the scope to be determined at the next vote that we are about to have with the

contingency that the Board have final say on who the relationship person will be. Commissioner Byrd stated it should be the right to review who that person is. Chair Stevenson stated she thinks Commissioner Glover wants to approve it. Commissioner Glover responded she can say right to review. Chair Stevenson stated right to review. Commissioner Glover asked right to review what. Chair Stevenson stated the right to review their suggestion or recommendation for the relationship person or persons and to provide feedback on that. Chair Stevenson stated that right to review is one thing, but if the Commissioners do not like that person, then they can do something about that, to provide feedback before that person is designated. Commissioner Byrd stated he thinks it will be person or persons. Commissioner Glover stated she has one more question and asked if Adams & Reese or Neal & Harwell have any Black lawyers. Chair Stevenson replied she does not know, but she can find out. Commissioner Glover stated she is so tired of giving all this work to firms without minority participation. Chair Stevenson stated no matter which firm is chosen; we can make it a limited engagement so we always have an option to terminate. Chair Stevenson recommended a 3-month check in, and then have an opportunity to choose to give business to somebody else if they like. Commissioner Glover replied that is fair. As there were no further comments or questions, the Board voted.

Chair Stevenson asked Ms. Saxman for a roll call:

Chair Stevenson – No

Vice Chair Granbery – No

Commissioner Byrd –Yes

Commissioner Joslin – No

Commissioner Freeman – Yes

Commissioner Sullivan – Yes

Commissioner Glover – Yes

The motion was passed with a vote of 4 to 3.

The next discussion was the authorization of the Chair and General Counsel to finalize the Letter of Engagement. Chair Stevenson stated that this process is moving quickly, and the Board wants to make sure it has somebody in place to address some immediate concerns particularly related to the de facto officer doctrine, which is the biggest issue right now that

the Board we would like to get resolved so that the Board can move forward with business of the airport.

Chair Stevenson proposed that the Board engage Adams & Reese for a 3-month period to be reassessed every 3 months. The firms have provided a monthly retainer and she thinks the engagement letter should have an hourly rate and have a cap on fees that will require additional approval by the Board. She put in her notes \$25K and the Board could debate if that is good or bad for 3 months. Commissioner Glover asked what \$7,500 is for. Commissioner Byrd stated the \$7,500 was per month. Chair Stevenson stated that an engagement letter needs to be signed quickly so the Board can get a person or persons to start representing the Board immediately, and then the Board can get into a longer engagement or may decide on another firm. Chair Stevenson proposed authorizing the Chair to execute in an engagement letter with a firm to have a limited engagement of 3 months, based on hourly rates, not to exceed \$25K in fees in that 3-month period without prior approval of the Board, with an opportunity for reassessment, and with a termination clause. Commissioner Glover asked if there is a flat fee arrangement of \$25K. Chair Stevenson replied there is a flat fee of \$25K for the 3 months, not to exceed, and that that is fair without having to get into all the nuts and bolts of hourly rates.

Commissioner Joslin asked if Adams & Reese would be taking on this Board's work and delivering whatever the Board asks them to do for \$25K. Chair Stevenson stated she is saying that for the 3-month period of engagement that would be the cap of what they can bill the Authority. Vice Chair Granbery stated that is not what she said, she said go ahead and do a flat fee. Chair Stevenson reiterated that a decision has to be made and she thinks that a not to exceed is fair and hopefully addresses some of the concerns related to cost and allows her to make an engagement quickly. Commissioner Glover asked for clarification that it is a flat fee not to exceed \$25K. Chair Stevenson asked if the Board is fine with a not to exceed. Commissioner Joslin asked for clarification if it is \$550 an hour up to \$25K, and requested they know it upfront. Chair Stevenson stated that is why she is asking for authorization and that is what she will put into the engagement letter. Commissioner Joslin said it is fair enough. Chair Stevenson stated if they cannot meet those terms then it is a whole different discussion.

Chair Stevenson asked for a motion for the Chair to engage Adams and Reese for this Board for 3 months and not to exceed \$25K. Vice Chair Granbery motioned as presented and Commissioner Joslin seconded.

Chair Stevenson asked Ms. Saxman for a roll call:

Chair Stevenson – Yes

Vice Chair Granbery – Yes

Commissioner Byrd – Yes

Commissioner Joslin – Yes

Commissioner Freeman – Yes

Commissioner Sullivan – Yes

Commissioner Glover – Yes

The motion was passed with a vote of 7 to 0.

Commissioner Byrd stated that because MNAA has been engaged in a good bit of litigation over the last 5 months, the Board should consider retaining new litigation counsel. He stated that he thinks that George Cate has done a great job as litigation counsel, but he thinks it is time for the Board to get somebody new representing MNAA which is an agency and instrumentality of Metropolitan Government of Davidson County. Chair Stevenson replied that she appreciates his comments on that, and asked the Commissioner if there was any other feedback on that. Chair Stevenson stated she would engage counsel and then the Board can continue this discussion of more counsel, but today is not the day to take that up. Chair Stevenson asked President Kreulen if a break was needed. President Kreulen replied he can keep going but if the Board would like to take a break, that is fine. He estimated there was about an hour to go.

The Board took a break at 2:21 p.m. The Board resumed at 2:27 p.m.

President Kreulen stated that there were several information items that he wanted to run through with Commissioners and that his presentation will catch up the Commissioners on final materials that have been reviewed from July 1, 2023 to today.

VII. INFORMATON ITEMS

1. BNA Roadways and Parking Update (Operations)

President Kreulen stated there had been recent discussions about working with TDOT to improve the roadways. Staff is working to modify short-term parking rates to basically create cell phone lots in the garage to remove traffic off the roadways. The goal is for people not to arrive early, but to be able to park for free. Staff recommended 20-minute free parking and the Commissioners asked staff to look at a 30-minute level. There are 233K transactions on an annual basis that are here less than 30 minutes, which is \$1.2M in revenue loss. MNAA hopes that we will be able to pull people off of the road, but 30 minutes free is about \$1.2M revenue loss and staff still recommends going forward with this pricing model. Short-term parking is not that expensive but if you are staying here 120 minutes or more then you will get to the full rate of \$30. We are keeping the \$10 increments between parking options, which is industry standard between the other large hubs. It is still cheaper to park in our valet than it is to park downtown Nashville for 3 hours.

Improvements include our parking pricing, and improvements through working with TDOT to accelerate Donelson Pike, widen 216A and having a relationship with TDOT on what their electronic messaging signs say. That is a big initiative that we are working on right now. The top 2 items, accelerating Donelson Pike and widening 216A on nonairport property, require us to do studies and once we have those studies analyzed and complete, we will come back to the Board of Commissioners with recommendations and costs for those improvements. These new rates will be effective December 1, 2023. Commissioner Freeman asked if it is 30 minutes free. President Kreulen stated we were at 20 and the recommendation came back at 30 minutes. From 0 to 30 minutes free is about \$1.2M revenue loss, and from 0 to 20 is about half of that. The 10-minute increment really does give them a break but if it helps to get cars off the road it may be worth it.

This is something our team can analyze as we go forward, and expenses are something we want to watch because we want to generate the revenue to pay bonds back. President Kreulen stated this is a suitable area for MNAA to work on, but we will come back to Commissioners if the analysis indicates a problem. Commissioner Byrd stated he thinks that we made about \$160M last year based on the income statements, and he does not want to be frivolous with expenses, but if you come here to the airport to pick someone up, your ability to get in that parking lot, park, wait for somebody to get in your car, and get you out of there, 20 minutes is not long enough. Very

few people will qualify for that, and 30 minutes gives people a good shot before they start paying \$5. Commissioner Freeman agreed with Commissioner Byrd. Commissioner Sullivan stated she thinks the only negative would be that if everything started backing up to get into the garage because so many people would be using it as a cell phone lot.

President Kreulen stated she was 100% correct, and it is a possibility that so many people come in to do that and we may have a backup. That is why you price yourself to push them to go somewhere else, but this is a good alternative for us to try at this point. We are space constrained right now with the rapid growth that we are continuing to see. Commissioner Joslin requested staff watch for people using the designated spots for 3 or 4 days. President Kreulen stated if you stay longer in the designated spots, you will be paying the full rate. It is worth it, with as many studies as have been done, to try to make roadway improvements to make some other changes in the parking management system. This is at least a good shot, and he just wants the Commissioners to be cognizant that we are making a business decision and we need to track the data over the next several months. Vice Chair Granbery thanked President Kreulen for his efforts and stated he thinks the Board has to trust his professional judgement and the MNAA team's professional judgment to do the right thing moving forward. It is not the Commissioners place to micromanage the day-to-day operations, or President Kreulen will never get past the finish line. President Kreulen thanked Vice Chair Granbery, and stated he appreciates that and he knows the Commissioners are the first to get the phone calls when passengers are backed up. Everyone needs to understand that we are working 24/7 every day of the year to try to make BNA the greatest airport, and we are committed to that.

2. BNA Development Update (Operations)

President Kreulen reported that the electric buses do lower 3.5 inches to make a smaller step, and that has been implemented. Holder Construction did a good job constructing the concourse and had \$19.8M SMWBE participation. It has been open less than one month and already goes to 40 different cities across the United States, and tomorrow, Ft. Lauderdale with Allegiant will be added.

3. JWN Development Update (Operations)

President Kreulen stated JWN is making some really good progress. Hangar 1 is skinned out, hangar 2 steel arrives in the next couple of weeks, and hangar 3 steel comes in the first of the year. All 3 of the hangars should be completed by July 2024. President Kreulen presented a slide

picturing the North side showing the new access road to the 10 parcels, with the ramp already built for the tenants that build their hangars and ramp to connect to ours. He is excited to see the progress. Vice Chair Granbery stated he believes somebody is under construction on the North end. Ms. Carrie Logan, VP, Deputy General Counsel, confirmed that is correct.

4. BNA Concessions Program Update (including Quarterly Sales Report) (Finance)

President Kreulen reported that Fraport has done really good work, with revenue up with the Terminal Concessions Program. They have a couple more stores that will be under construction. The Paradies Satellite Concourse Concession Program has 2 more locations open. Jimmy John's and Fat Bottom Brewery are under construction and will open in late November and December. He provided a diagram showing the locations. Paradies is a little over \$600K in penalties as of now for being late.

President Kreulen stated Fraport has done a great job running an RFP for the new concessions program coming with Concourse D Extension. They received multiple responses and have done a deep dive into what they think the restaurant and retail spaces should be in Concourse D. MNAA will share pictures as soon as all Letters of Intent are executed and ready to go with leases.

President Kreulen stated the Fraport Concessions Sales YTD 2023 sales are 31.75% higher than YTD 2022. The low in 2019 was \$40M, up to \$58M in 2021, up to almost \$100M in 2022, and now at \$130M. A lot of the stores are doing very well and provided a list of the top performing units in September.

5. Air Service Incentive Fund Capacity (Finance)

President Kreulen stated he mentioned having an opportunity to speak with Mayor O'Connell about future international service in the very near future. The Board and staff have done a really great job, he said and gave special thanks to Ms. Basrai for the Airline Agreement and Mr. Josh Powell, AVP, Airline Affairs and Air Service Development. MNAA manages a fund that has just under \$8M, and we put in \$2M per year. He provided an analysis showing how much it will cost MNAA if it gets a wide body to Europe, a narrow body to Europe or something else in there. MNAA could use that money over a within a couple of years, so we recommend continuing to invest \$2M per year into the account. There is currently not a cap on it, but Ms. Basrai is able to move money as necessary. Assuming MNAA is going to get a few big wins over the next 12 months, we are

adequately positioned to provide incentives to go to Germany, Ireland, or other locations. Hawaii would be a wonderful opportunity. President Kreulen presented amounts that we are paying right now and how much we have remaining to pay for these flights to London and also through Canada. He reiterated that this account has a good balance and we do not expect any financial challenges with providing air service incentives.

6. Quarterly Retirement/OPEB/Treasury Investment Reports (Finance)

President Kreulen stated Ms. Kristy Bork did a great job presenting how MNAAB did at our last quarter. MNAAB's Retirement Plan is almost 100% funded as of June 30, 2023. The OPEB is overfunded at 145% as of June 30, 2023. We lost a little bit in those accounts due to the markets recently. The Commissioners asked at last week's Committee meeting how many people are in the programs right now. The Retirement Plan Participants include 43 active employees and 244 former employees with a total of 287 participants. The OPEB Plan Participants include 75 active employees and 247 former employees with a total of 322 participants. MNAAB's program is well funded right now and we intend to keep it that way.

President Kreulen stated Ms. Basrai mentioned earlier about our investments, so we do have a lot of funds available to us. We have over \$1.2B available funds, and 99.5% of that money is invested and the other 0.5% is what Ms. Basrai uses to pay the bills day in and day out. Ms. Basrai pulls out of investments as she has to pay big bills. When you look at our investment earnings in the last quarter, it was the best quarter we have ever had, earning \$12.5M.

7. 2023 Board Retreat Review

President Kreulen presented the slides from the 2023 Board Retreat held October 18, 2023. He stated this is the key for the city and for the Board. This is the big business for the airport and where we need to go in the future.

1. JWN Development

President Kreulen stated at John C. Tune there are 6 projects: 1. Existing FBO; 2. North Development; 3. 2nd FOB; 4. Box Hangar Area; 5. Corporate Hangar Area and 6. Westside Development. MNAAB's goal is for Contour, the existing FBO, to complete building back the 3 hangars that were destroyed during the tornado. They are on track to build those out and be up and running by July 2024. We are in the development phase of a new FBO Request for Proposal and looking into a Request for Information where we go out to industry and ask what

you think about our future proposal. This is where we talk about the bigger terminal and restaurants that would go into spot 3. We have already shown a picture of where we have gone into the leasing and executing those leases in the North Development, so number 2 is to construct those different facilities. Numbers 4 and 5 are two spaces on the other side of the airfield, one is called Box Hangar Area Midfield and the other is Corporate Hangar Area Southside. We have a little bit of money that was left in the rebuilding of these hangars and we are trying to design a layout to bring back to Commissioners for what might fit in that space and what will provide the biggest return for us. If we are able to accomplish everything in these areas over the next few years, then we will need to turn our attention to Westside Development. We have already designed a road to get into this area but we would have to carve out part of that hill to build a future ramp. As Commissioners have suggested a couple of times, possibly a parallel taxiway would be included. We already know how to offload some of our traffic on this side, and the big challenge that we owe the Commissioners going forward is how to pay for it and how do we charge to recoup that type of investment.

Vice Chair Granbery asked what the time frame is for the city moving forward on the hangar for the helicopter for MNPD. Ms. Holton replied we should have an Invitation to Bid ready in March or April 2024. President Kreulen stated we had to finalize their design, as they got a little ambitious and then we had to work with MNPD on the scope of the design. We will put it out and when we get a price in the March time period, that is when Metro will give us a thumbs up or thumbs down. It is coming soon, and we will be well into construction on the other spaces. We owe the Board an answer in the March or April, 2024 time period.

2. BNA Overview

President Kreulen stated that a normal airport grows about 3% a year, and we have not seen that in the last 11-12 years. We have been averaging 10% per year for 10-plus years. If we look at the last 10 years, even including the pandemic, we added over 1M passengers every year. Staff came up with 5 different scenarios for growth that Ms. Basrai and the Finance team have been modeling. President Kreulen presented a graph showing growth as low as 3%, at or our normal growth of +1.18M passengers/year and at an aggressive rate. If Nashville stays hot, we could be hitting 35M passengers in the 2028/2029 time period, which is concerning to us if we will be able to build it all. We must get ready to be at 35M in 10 years, which is about the time that a normal airport takes to build a new terminal. We have a 10-year head start and are trying to get that study off the ground so that we can analyze what would be required for that.

President Kreulen presented a graphic showing BNA's runway system capacity. The FAA says that our airport can go at 495,300 operations – take-off and landing is an operation. This is defined as the Annual Service Volume ("ASV"). Today BNA is at 52% of that, 257K annual operations. Once we go north of 297K annual operations, which is where BNA was in 1992 when United Airlines bailed out, the ASV will be at 60% which FAA recommends is the point to be planning for the next runway. If we keep growing to get to 80%, 396K annual operations or 80% ASV, FAA recommends being in development of the next runway or you will start seeing degradation in service, long lines of jets waiting to take off and all that. We are tracking our runway use so that we can make good business decisions on a runway extension or 5th runway, or both. Runways are what we need for nonstop service to different places.

President Kreulen presented a chart slide, which was the exact slide used at Retreat, of domestic nonstops. Earlier in the meeting, it was reported service to Portland was announced starting next March. We are trying to reach the average the top large hubs, and we are at 99 nonstops in the summer and some large hubs bigger than us are averaging about 120-127 nonstops. With the New Horizon Program, we are already at 500-600 daily operations and by the time we get to 2028 and open Concourse A, we will be at 800 operations per day.

President Kreulen stated he discussed with Lisa Lankford, Deputy CEO and Chief Strategy Officer, Mr. Powell, and the team, that we need to view International Air Service with a new perspective. This is what he wants to share with Mayor O'Connell in the next few days. With our 4 runways, 3 being north/south and about 8K feet, you can see London is 4,182 miles away. We can make it 4K miles with a 787-900 like we are doing today without any issues. Getting to these other hubs in Europe is not a problem and is all doable. Everyone keeps saying we want to get to Asia, which is 9K miles away. Mr. Powell went to Istanbul and has been courting Hawaiian Airlines out of Honolulu. We can go nonstop if we get the right jet from BNA to Honolulu, which is halfway to Sydney or halfway to Japan. If you look at Japan and if you analyze Asia, the number 1 destination out of Japan and Asia for vacation leisure is Honolulu. If we can seal a deal with Hawaiian Airlines, we would be able to go nonstop to Hawaii and then go to Japan. We have the ability to get to Asia, but we have to make a stop. Commissioner Glover asked President Kreulen to define our service from BNA to Europe as a nonstop, as some airlines define nonstop as no change of planes. President Kreulen replied we do not want to go to Philly and stay on the same plane to get to Paris, we want to go to

from Nashville directly to Paris. We do not want to go from Nashville to Chicago to get to Seoul or Tokyo. The vision for the city and state and for the future is nonstop service.

President Kreulen showed several graphs from the air service consultant and engineering team validating what he just reported. We have the runway length today to handle these airlines to capture these, especially now that we have a new International Arrivals Facility ("IAF") and instead of doing one jet at a time, we can do 6. If we go West, you can see we have the runway length for Honolulu today and the runway is lengthened you can get to Japan or Seoul. If you do a midway stop in Honolulu, you can go to Tokyo by Hawaiian Airways, Japan Airlines or Al Nippon Airlines. We can get you to Sydney from Honolulu with Quantas or Hawaiian Airlines. These are the targets we have given to Mr. Powell and his team to figure out how to build the right business case to get service in both directions.

President Kreulen presented a slide from the October 2023 retreat summarizing Mr. Powell's recent visit to Istanbul for the World Routes 2023. He noted that Discover Airlines has changed from an FY24 opportunity to an FY25-FY26 opportunity. Discover took 3 jets out of the mix, and this shows how closely the airlines manage the airplanes. They just took 3 Airbuses out of the mix to reconfigure seats on the jets, so that went from possibly getting an early summer flight to Germany or early fall, to pushing it to 2025. We talked to Hawaiian Airlines and they are waiting on the delivery of a Dreamliner jet that would make it all the way to Nashville with our given runway capability. President Kreulen stated he wanted to show Commissioners that we are out advertising to come to Nashville and Tennessee. We are trying to sell Ireland right now, and it appears to be between Raleigh Durham or us. We have a better business case than Raleigh Durham, although we are 300 miles further distance. Raleigh Durham can get a nonstop flight to Dublin out of Charlotte, we would have to drive to Atlanta. There are a lot of other business reasons why Aer Lingus should come to Nashville vs. Raleigh. Commissioner Byrd stated Atlanta has a direct flight to Tokyo, and it has the runway and big jets to make that flight. President Kreulen replied, he is not sure if they do.

Commissioner Glover stated she read somewhere that the number 2 reason an individual chooses a city is because of the airport. President Kreulen replied when you talk to anyone, whether it is the city doing economic development or the state doing economic development, number 2 is where does your airport go. And they are trying to find out if it goes to the headquarters that they are trying to hit. Commissioner Byrd asked if it revolves around the

price of the flights. President Kreulen replied eventually, but really it is the business case if you can fill the airplane. With British Airways, people will talk about the prices being high but with 600 people going every day, and they only need 200 to fill the jet, it will take competition in there for the prices to drop. As soon as we win the 2nd or 3rd European destination, our prices will get cheaper. Right now, customers will have to pay if they want to go nonstop.

Commissioner Joslin stated he was analyzing this and years ago we were 2 or 3 years behind in preparations for what was to come. We can't spend months discussing little things like a \$68M parking garage. We need to get out in front of this or we are going to be behind again. It is coming and we need to accelerate whatever these contracts, and if we need to pay TDOT to get I-40 done and accelerate Donelson Pike. President Kreulen stated the BNA Vision Program has been a huge success thanks to the team behind him that made it all happen and the challenge is as we continue to grow and accelerate even faster and that is why the New Horizon Program and the future is so important to us now because there are some big decisions. Terminal 2 is a big decision and as we get done studying that over the next year. That will also have a profound impact on Nashville and roads. Commissioner Joslin asked if 20R was the runway planned to be extended. President Kreulen replied yes, 20R. Commissioner Joslin asked about the status of the environmental work required by the FAA. President Kreulen stated we were ready but had to get the FAA to agree. We just recently signed a Memorandum of Understanding ("MOU") with them. Commissioner Joslin stated we need to figure out Terminal II quickly. President Kreulen replied that 12 months from the time the Board approves the contract, in the October/November 2024 timeframe, we should have identified the most economic place to put it and then you have 9 years to build it.

Commissioner Glover asked when in 2024 BNA would have direct service to Germany or Hawaii. President Kreulen stated we thought Discover Airlines was very hot, and we gave them another presentation, but then they made the decision to take 3 jets out of the mix, so it is not a 2024, it is now 2025/2026. Regarding Hawaiian Airlines, we are still waiting to see if there is a possibility for 2024, and if not, we will be changing that one too. President Kreulen stated 2024 past July 1st, somewhere in there we are going to start hitting some homeruns.

President Kreulen stated Financial Strength was already mentioned with a great audit. He shared that we have \$3.2B to almost \$3.3B in plans right now. We did a great job with BNA

Vision 1 and 2. We are on New Horizon now and this does not include the second terminal. Borrowed to date, which was discussed earlier today, is \$1.6B (\$900M and \$600M). He showed what is remaining to be funded. Ms. Basrai plans that based on cash flow and what we know today, she would go back to the market in 2025 for another \$500M and then in 2027 for another \$800M to pull all this off. We have an 11 X 17 spreadsheet that goes through 5 different growth scenarios. We have the Hybrid Scenario, which forecasts aggressive growth for 3 more years and then tapering off, and Scenarios 2-5 which show what we would look like if we were growing at 3%, 7%, 10% or 15%. Ms. Basrai has run all the models and calculations, and determined we can pay for all this, what our debt service would be, and how our bond ratings would look. He presented the results of the Hybrid model. We are very affordable for the airlines at only \$13 Cost per Enplanement ("CPE") when it is \$50 or more at other airports. Our debt service coverage requirements are 1.25 senior and 1.10 subordinate, but our policy says we have to do better than that 1.5 and 1.25. We are both great at senior and subordinate coverage. He showed healthy cash on hand levels. When you see \$1.2B that does not mean there will be \$1.2B sitting in the bank, that means there is \$1.2B available to cash fund a lot of this infrastructure. Our team feels very comfortable that if the economy drops and we are at slower growth, and has models built to continually monitor. We can do \$3.3B worth of work and maintain our credit ratings for the next 10 plus years. This does not have Terminal II in it, which we will need to figure out as we go. From a Board perspective, Commissioners should see that MNAA is in a really strong financial position to move forward with what we are talking about.

Vice Chair Granbery asked President Kreulen to go back 2 slides. In the remaining cost of the funding, the \$855M for Concourse A reconstruction is obviously the biggest chunk of the \$1.5M remaining to be funded. He asked at what point we will be committed to building Concourse A. He stated when New Horizon was approved, building the Satellite Concourse and Concourse D Extension were part of the project, and asked when a decision would be made on the demolition of Concourse A. President Kreulen stated on July 3, 2025, we are going to open up the extension to Concourse D and when that opens, or 60 days later, we will close A for good and the demo is on. That contract is with the Board now for \$47M to design a new Concourse A. Vice Chair Granbery clarified that contract was to design it, and not to build it. President Kreulen stated we would not have built it, but come July 3, 2025, we will have vacated everybody out plus or minus. The reason we did it is because Ms. Holton guaranteed it is cheaper to do it all at once rather than phases. The Board should feel good

about that with the Satellite just opening, we are at 54 gates. Ms. Basrai and the finance team just negotiated a new airline agreement through 2033 that has this in it and airlines want all 70 gates already. They are already fighting over who gets the gates. It is almost like it is not an off ramp anymore, as the airlines see Nashville's future is that building. It is not expected there be a need to exercise the off-ramp on this project.

President Kreulen presented the BNA Key Processors, which is the analysis of terminal capacity and constraints up to 35M passengers. He stepped through 13 key processors and showed where there are challenges, where solutions are in-process and where studies are underway. We have some homework on the bag makeup area and for a bigger rental car facility and will bring results of the studies back to the Board. We need to do some roadwork which we are talking with Commissioners about. We were at 22M passengers last year, we are expecting 24M passengers this year. He showed that there are days, such as October 7th and October 15th, where the airport is so busy that on an individual day, we are already at 36M or more passengers. The 35M passenger capacity number is an average for 365 days a year. On a normal day BNA 60K passengers go in and out of here, and on peak days there are 80K passengers moving through. Commissioner Byrd asked if he could have a copy of these slides to review. President Kreulen replied yes.

President Kreulen presented the New Horizon Projects & Adjustments to the next \$1.5B. The Board approved today the CGMP number 4 of 4 to extend Concourse D. When this opens on July 3, 2025, we are within 60 days of deciding if the demolition of Concourse A will start. He presented the work that had been done on the Concourse A ramp, which had been filled over the past year to raise the ground 95 feet, so Concourse A can park itself on top of that once it is paved. What makes this Concourse better than the existing Concourse A is that you can load from both sides, get in and out efficiently, have 2 taxilanes on either side, and has 16 gates.

President Kreulen presented the Terminal Access Roadway Improvements ("TARI") and showed where we were delayed due to the pipeline strike that put us behind due to litigation for a couple of years. As previously discussed, we have asked TDOT about a plan to accelerate Donelson Pike to widen 216 on federal land. He detailed the areas MNAA is working on.

President Kreulen presented a graphic for the new Air Freight Building and potential Multi-Purpose Building. Demolition of the existing Air Freight Building will start in January, and a decision must be made if the Multi-Purpose Building will also be demolished and incorporated into that facility. This would allow for 2 additional gates in Concourse D. Strategically we believe this makes sense, and staff must come back to the Commissioners to change the budget on this building from \$25M to \$125M for the increased square footage, roads, ramps, gates, and international cargo. Eventually if we keep building where the existing police station is, we will probably expand our fuel farm because we will eventually need to store more than 8M gallons of fuel.

President Kreulen provided an overview of ongoing studies including the Runway 2L Extension, Terminal II site selection, Central Ramp, and other critical requirements. The Board approved these studies 12 plus months ago. We are just moving out on the MOU with the FAA and we hope to get a company selected and come back to the Board for approval. This study includes a runway length justification and agency review, and then will do 2 years of environmental work. Commissioner Byrd asked what he thought the runway length would be. President Kreulen stated we think is 12K feet long, the FAA thinks it is 10,600K, and once they agree on the length that determines how much of an environmental area we need to study. Commissioner Byrd asked where this runway is located. President Kreulen stated it is the closest one to the Genesco Building, which is the most cost effective one to extend, but the challenge is that Murfreesboro Road must be lowered by 50 or 60 feet.

President Kreulen stated the Terminal II Site Selection is the study that we want to award to Strategic Planning Services. This is a 12-month study and he wanted to give comfort to the Board that we do not do anything without coming back and updating the Board. When we execute this contract, we are going to come back 4 times to give updates as we go into different phases within the next 12 months. We actually have the 1st update on the calendar, but you might see a slip if the contract is not executed. Steve Smith with Paslay Group has been selected as the Program Manager. Commissioner Joslin stated he is a big fan of Paslay Group and everything they have done with this airport.

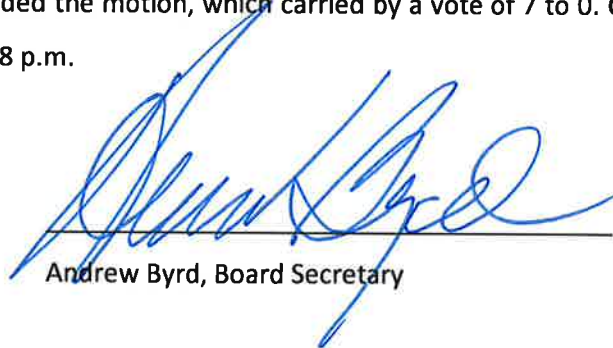
President Kreulen presented a graphic of the proposed central ramp, which is now one big hole. He explained that he is showing this because MNAAB does not have a dollar amount yet, but the trip to Southwest on December 4, 2023 is important because as they build a crew

base here, they want 4 extra places to park jets. We need to get to an agreement if they are paying for it. Commissioner Byrd asked why the hole needs to be filled. President Kreulen stated he has asked Mr. Ramsey and Ms. Holton to determine if we need to fill the whole hole or fill in 1/3 at this time. Southwest has all of Concourse C and Concourse D and this is the closest we can give them for Remain Over Night ("RON") or deicing path, and so this will be a discussion and of course will have to come back to the Board for approval. This is 3.2M cubic yards to fill this entire hole. We will meet with Southwest and figure out who will pay for this.

President Kreulen stated this is the last slide, Critical Requirements, showing the Commissioners the 11 studies that are ongoing. The 1st 5 are in the New Horizon Program and the other 6 are in the Terminal II Program, but he does not have the dollar amounts yet. New Horizon is \$1.5B today but if we do all this it is now approximately \$2B. We do not know the dollar amount for Terminal II but we need to find a way to bundle these things so we can figure out how to design, develop, and get ready to build for the future. We have big challenges ahead. It is a good problem to have and if anyone asks what's new at the airport, Commissioners can report that we are working on things for 2030 and trying to figure out what we have to do to do the right thing.

I. ADJOURN

There being no further business brought before the Board, Chair Stevenson made the motion to adjourn, and Commissioner Joslin seconded the motion, which carried by a vote of 7 to 0. Chair Stevenson adjourned the meeting at 3:18 p.m.



Andrew Byrd, Board Secretary