

**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.



Andrew W. Byrd, Board Secretary