

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



Date: October 11, 2023

Location: Metropolitan Nashville Airport Authority  
Tennessee Boardroom

Time: 9:33 a.m.

Committee Members Present:

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

Committee Members Absent:

Chair Stuart McWhorter

Others Present:

Bobby Joslin

MNAA Staff Present:

Doug Kreulen, Neale Bedrock, Lisa Lankford, Trish Saxman  
Marge Basrai, Adam Floyd, Chris Davidson, Kristen Deuben,  
Traci Holton, Carrie Logan, Rachel Moore, Ted Morrissey,  
Stacey Nickens, Robert Ramsey, Davita Taylor and Colleen  
Von Hoene

I. CALL TO ORDER

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

II. APPROVAL OF MINUTES

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

Vice Chair Johnson - Yes

Commissioner Giarratana - Yes

Commissioner Granbery - Yes

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

III. PUBLIC COMMENTS

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

IV. CHAIR'S REPORT

Vice Chair Johnson had no Chair's Report.

V. ITEMS FOR APPROVAL

1. Amendment to British Airways Incentive Agreement (London)

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

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

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

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

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

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

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

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

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

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

Vice Chair Johnson - Yes

Commissioner Giarratana - Yes

Commissioner Granbery - Yes

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

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

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

Ms. Logan requested the Finance Committee recommend to the Board of Commissioners that it:  
1) Approve the terms negotiated between MNAA and Nashville Airport Hotel Partners, LLC (the “Tenant”) via the trademark license agreement; and 2) Authorize MNAA Staff and the Board of Commissioners to execute a trademark license agreement between MNAA and Tenant.

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

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

Vice Chair Johnson - Yes

Commissioner Giarratana - Yes

Commissioner Granbery – Abstained (Recused himself from vote.)

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

VI. INFORMATION ITEMS

BNA Concessions Program Update

President Kreulen introduced Colleen Von Hoene, Associate Principal, Paslay Group, to brief the Committee on concessions activity. Ms. Von Hoene reported that the Fraport Terminal Concession Program opened 8 concession locations on September 25, 2023, 7 food and beverage and one shoeshine location. Fraport is moving forward with the 2 final locations which are both food and beverage and will begin construction in December 2023. Fraport recently came to MNAA with their proposal for Concourse D Extension concessions program. MNAA accepted the plan and Fraport is now working on 7 Letters of Intent to be executed by mid-October. This will require future approval for the amendment to Exhibit G to the Fraport agreement as well as the subleases. All subleases will

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

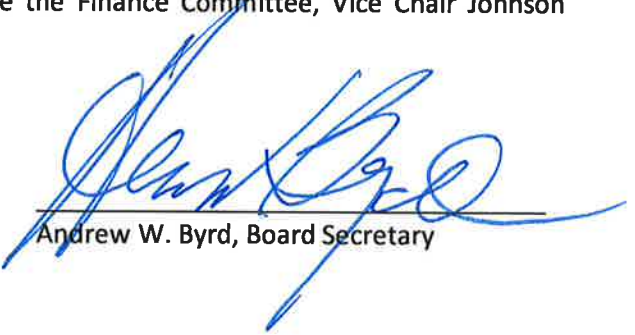
The Paradies Satellite Concourse Concessions Program has 7 locations under construction with 4 scheduled to open October 21, 2023. Three will open late and will be penalized \$10K/day/per location for every day they are not open beyond the October 21, 2023 date. Ms. Von Hoene presented several photos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

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

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

VII. ADJOURN

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



Andrew W. Byrd, Board Secretary