

Minutes of the MNAA Management, Audit & Compliance Committee



Date: November 8, 2023

Location: Metropolitan Nashville Airport Authority
Tennessee Boardroom

Time: 12:02 p.m.

Committee Members Present:

Joycelyn Stevenson, Committee Chair; Bill Freeman

Committee Members Absent:

Committee Vice Chair, Jimmy Granbery

Others Present:

Andrew Byrd, Nancy Sullivan, Glenda Glover

MNAA Staff Present:

Doug Kreulen, Neale Bedrock, Lisa Lankford, Trish Saxman
Marge Basrai, Rachel Moore

I. CALL TO ORDER

Chair Stevenson called the meeting of the MNAA Management Committee to order at 12:02 p.m. pursuant to Public Notice dated November 3, 2023.

II. APPROVAL OF MINUTES

Chair Stevenson made a motion to move the approval of the October 11, 2023 Management Committee minutes to the next Management Committee and Commissioner Freeman seconded the motion. Chair Stevenson asked Ms. Saxman for a roll call:

Chair Stevenson - Yes

Commissioner Freeman - Yes

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

III. PUBLIC COMMENTS

Chair Stevenson stated there were no public comment requests received.

IV. CHAIR'S REPORT

Chair Stevenson stated that on the agenda there is an Executive Session and that during the break Commissioner Byrd asked about questions from the press related to some comments that were made to the media on Monday about the need for the Executive Session and how it is going to be used. Chair Stevenson stated that with as much information as she has been given in the past 24 hours, she has become an expert at

this meeting, on top of her day job, and stated the Board will work through this together. This Board is coming back from not being with each other for a long time and she wants to get this right and make sure the Board being as transparent as possible. Chair Stevenson said she wants to make sure the Board is with her and following rules appropriately, which is important for her as an individual and particularly as a lawyer. Chair Stevenson stated she wanted to get that out of the way before the Committee moved into the Executive Session, and she wanted to share that a question came up during the break from Commissioner Byrd relating to outside counsel. That came up a lot at Monday's Special Meeting of the Board and it came up today as well. Chair Stevenson stated the Committee would discuss it today and if the Committee needed to go to Executive Session on something else it can, but her understanding is that today from the Management Committee standpoint, if the Management Committee recommends that the Board approve outside counsel, it will be voted on at the next scheduled Board meeting or she can call a Special Board Meeting, whichever she thinks is appropriate. They can hash out the details of how that would work. Chair Stevenson stated that there was some confusion on Monday when they talked about Executive Session and she was not sure if there would need to be an Executive Session to discuss the outside counsel issue, and she wanted to make sure there was enough time to talk that through. With that Chair Stevenson said she would like to hear from the Board members regarding outside counsel before doing anything else. She noted the Committee was not in Executive Session now and she would like to talk through the process, make sure the Board is thinking about this appropriately, and then hear from legal on the many emails that were sent yesterday related to the use of Executive Session.

Commissioner Byrd stated he would like to express his thoughts. When the State came along and was interested in taking action against the Metropolitan Nashville Airport Authority, he said, the group they specifically wanted to remove was the Board. As the Boards of many publicly traded companies have, he felt that the Board should have its own counsel in order to independently consult separately and apart from the Authority's counsel, and to have its own counsel to handle whatever issues come up with respect to the Board or that the Board might be concerned about. As the Board moves forward with the review of the actions of a previous Board that according to the Chancery court, was incorporated under what would become an unconstitutional law, he said, the Board must understand the appropriate standard that needs to be used with respect to the approval of those items that were passed by a Board that is no longer organized and was removed. Chair Byrd stated the decisions this Board makes are the decisions that are going to be a reflection on this Board, as this Board represents the people of the city of Nashville and represents the Metropolitan Government of Nashville. As this Board moves forward, decisions made are going to be reflective of it and he wants to make sure that the Board has Board counsel that will independently represent it, someone who was

not here during the previous four months, who will represent the Board going forward. Commissioner Byrd said he has one person that he thought about particularly.

Chair Stevenson stated the Board was not going to throw out names now but the Commissioners were sharing their thoughts. Commissioner Byrd replied OK. Chair Stevenson stated that right now there was not a motion from the Management Committee to start throwing out names. She stated that from a full Board perspective, that process is something that can be discussed. She noted there were only 2 members here from the Management Committee to make this motion, and she needed the consensus of the other Commissioners to move forward to hire outside counsel. Commissioner Glover stated she thought the Management Committee was going into Executive Session. Chair Stevenson replied that the main issue in discussion is outside counsel, and that Neale Bedrock, EVP, General Counsel and Chief Compliance Officer, would say based upon the information he sent to her, this is not a matter for Executive Session. She stated that she would like to make sure that as a Board, that we determine if we want to obtain outside counsel, and to get some clarification on that for ourselves. Commissioner Glover stated she has sat on boards for publicly traded companies, and they have outside counsel for the boards for different reasons -- one company was going private and needed outside counsel, another one had something come up and needed independent representation, and several had litigation issues. She stated that in this particular case there may be an appeal filed and that is litigious, and the Board needs to have separate outside counsel. Commissioner Glover made a motion to go into Executive Session. Mr. Bedrock reminded the Management Committee that Commissioner Glover cannot make a motion because she is not on the Management Committee.

Chair Stevenson said that there are some underlying things related to ongoing litigation that the Board has not had the chance to discuss, and that she thinks that is important to have those discussions. She stated that she wanted to at least have a discussion to talk about all pending litigation and/or legal matters involving the Board and retaining outside counsel within an Executive Session. Then the Committee would come out of Executive Session to determine the next steps on the outside counsel and determine parameters.

Mr. Bedrock stated for clarity, the Executive Session is limited to solely talking about the ongoing litigation between Metropolitan Government of Nashville and the State of Tennessee with respect to the Airport Authority, that is all that can be discussed in the Executive Session. Commissioner Sullivan asked if it could be any litigation. Mr. Bedrock stated it must be actual litigation; it cannot be that we may get sued by someone, so let's go into Executive Session. Commissioner Glover asked about potential litigation. Mr. Bedrock replied no, it must be actual litigation. Chair Stevenson stated that is another reason to have outside counsel, and that

she realizes this is a public board, so it is different than other boards, but she has served on boards where they have had Executive Sessions to discuss potential litigation. Mr. Bedrock said we cannot talk about potential action of litigation or anticipation of litigation. Commissioner Byrd stated he thinks that is another reason the Board needs outside representation. Chair Stevenson replied she understood and for today they needed to talk about the ongoing litigation and need to come out of this meeting with a charge to the full Board about hiring outside counsel.

Chair Stevenson stated at a minimum we can agree that the Board is supportive of the Management Committee making a motion to hire outside counsel and that from her perspective, the discussion now is the parameters of what to talk about in Executive Session today, and to address everyone's concerns; getting outside counsel first to give advice on this issue because of different opinions on this topic. Chair Stevenson stated Mr. Bedrock may be right, but that all the Board members have served in different capacities, have different understandings, and have experienced different participation in this process. She stated that she does not want to do anything outside the bounds, but also wants to address the concerns of Commissioners. Mr. Bedrock replied he understood that and to help move the discussions along, he believed there was consensus among the Board that they want to move forward with hiring outside counsel. Mr. Bedrock respectfully suggested the motion for Management Committee today be to recommend to the full Board next week, or if the Chair decides to call a Special Board Meeting with 72 hours' notice, that the Board will make a decision at that date and time to retain outside counsel.

Chair Stevenson stated she would like to take a quick poll of the Board members that were there to see if they would be able to make a specially set Board meeting on Monday to do that, or if they preferred it be done on Wednesday at the scheduled Board meeting. Commissioner Byrd stated he was available on Tuesday and could be available on Monday if needed. Commissioner Glover stated that she preferred it be done today. Chair Stevenson stated they cannot vote today. Commissioner Glover stated the Management Committee could vote and then make a recommendation to the Board. Chair Stevenson replied that Commissioner Glover was right, and the Board must vote on it, and the issue is if the Board meeting happens before the regularly scheduled Board meeting at a Special Board Meeting after 72 hours' notice. This could be Saturday or some time before Wednesday. Commissioner Glover recommended waiting until Wednesday. Commissioner Byrd stated he would be available Saturday.

Commissioner Sullivan stated unless there is something that the Board feels like it needs outside counsel there on Wednesday for, she was in favor of waiting until Wednesday to vote, but she assumes that when it is

voted on and when it passes, it will take some time because of the contract, so she is good with waiting until Wednesday, and she is also available. Commissioner Byrd stated getting outside counsel in to review the actions of the prior Board before we approve them would be entirely appropriate, in his opinion. Chair Stevenson stated what the Board discussed in the previous Committee meetings was that right now the Board does not know if there is anything that needs to be approved, and she would like a legal opinion on that; however not all Board members want to get more information. There may not be anything that the Board needs to do with respect to items that the Commissioners talked about in the previous Committee meetings, she said, but there is nothing that the Board needs to do before retaining Board counsel.

Chair Stevenson stated to streamline this meeting, she would like to go ahead and make a motion for approval for the Management Committee to recommend that the Board get outside counsel and the full Board vote on this item at the next scheduled Board meeting, and to also include scope of representation, potential individual firms for consideration, as well as other safeguards or types of parameters that will be discussed by the full Board. Commissioner Glover stated the motion takes away any discussion for today and puts all the discussion on the Board next week. Chair Stevenson stated when she makes the motion and Commissioner Freeman seconds it, it will open it up for discussion and everyone can always participate in that discussion. Commissioner Glover stated she would like to discuss it today in Executive Session and asked why to keep delaying it. Chair Stevenson stated that the Board will have to disagree with the recommendation of Mr. Bedrock that the Board cannot discuss this topic in Executive Session, and the Board can make that determination. Commissioner Byrd stated that if the Board is getting ready to hire outside counsel, then outside counsel will be giving the Board advice to some degree with respect to the pending legislation. Commissioner Byrd stated that would certainly be in the natural course of things giving the current events, and if the Committee went into Executive Session, they would be talking about putting somebody in here that would give the Board advice on pending legislation. Mr. Bedrock stated you mean pending litigation, not legislation. Commissioner Byrd replied correct, pending litigation.

Mr. Bedrock stated with all due respect that it was his opinion that under Tennessee law, that would be a violation of the Open Meetings Act. Commissioner Byrd asked what that would be. Mr. Bedrock replied going into Executive Session to discuss retaining outside counsel. Commissioner Byrd stated that would give us advice with respect to litigation. Mr. Bedrock replied he understood that, but it would be a violation of the Act. Commissioner Byrd replied that is another example of why the Board needs its own outside counsel. Commissioner Glover asked where the rule comes from. Mr. Bedrock stated it comes from the Smith County decision. He stated that the Tennessee Open Meetings Act does not have any provision in it for Executive

Session and it does not exist in the statute. The Tennessee Supreme Court decision, from 1984, created that limited exemption, and the basis of that limited exemption was a preservation of attorney/client privilege which is why it is limited solely to pending litigation. Pending meaning existing, ongoing, happening right now litigation and it is solely limited to the attorney. This would be himself and Mr. Cate providing information to the Board on the status of that litigation and what is happening with that litigation, and then the Board having the ability to ask legal counsel about the litigation. Those are the parameters as he understands the law that the Board is limited to. A discussion regarding whether outside counsel should be hired has to be held in public, he said. Mr. Bedrock said it is his belief that the Board already has a consensus that they do want to hire somebody and that he agreed with Chair Stevenson that if the Management Committee approves the motion to recommend to the full Board for next week, the Board will be in position next week to retain outside counsel with whatever parameters they want. Commissioner Glover stated with all due respect, in her other organizations they could move into Executive Session and discuss litigation and litigation that is likely to come. It is not always litigation that we are already in, she said, and if there is enough evidence/knowledge that there will be possible litigation then it can be discussed in Executive Session. Commissioner Glover asked Mr. Bedrock to show her the ruling. Mr. Bedrock gave her a copy of the Act. Commissioner Byrd asked if that was the *Smith* case and Mr. Bedrock replied yes.

Chair Stevenson said that having outside legal counsel to give advice to the Board may very well be a good thing and stated the prudent route would be to make a motion to recommend to the full Board the retaining of Board counsel. She suggested at that meeting discussing firms, an RFP and however the Board wants to do it, but to have that discussion. Everyone here knows we are talking about it; it is not a secret. She also suggested that the Board discuss whether the charge is to have the Chair engaged to then retain somebody to represent the Board. And then that is a person to help address some of these issues, otherwise we are going back and forth, she said, and having to put the Board in a weird circumstance to make its own interpretation of what Mr. Bedrock has provided for us and our own experiences. Chair Stevenson then moved for Commissioner Freeman to recommend to the full Board that the Board retain its own outside counsel and the parameters of such and whatever scope to be discussed at that Board meeting, and to include potentially 1-3 recommendations for consideration. Commissioner Freeman seconded the motion. Commissioner Sullivan asked since everyone present would be at that Board meeting, could they not, if time permits, go ahead, and discuss it today and then just approve and vote on it. Chair Stevenson stated they could go ahead and discuss who the people are. Before she can answer that question, she asked President Kreulen to speak.

President Kreulen replied from the President and CEO perspective, administering, and running the airport side of the house, he does not believe that Board counsel is necessary, but he hears what the Commissioners are saying and if that is the desire of the Board then we will figure out a way to make that happen. He agreed 100% with Chair Stevenson that the scope and parameters of what this person may or may not do needs to be defined in a letter of engagement and, putting on his CEO hat, the budget too because we previously spent a lot of money with an endless turn of documents. President Kreulen asked if the outside counsel is just going to review 4 months of the 17 items the previous Board discussed and approved, how they are going to work day-to-day, if they are going to approve agendas and minutes, and if they will review every contract. He cautioned the Board to think of what that says to the staff. He noted the Board will also have to modify the Bylaws sometime in the future, because the Bylaws say that legal counsel represents the Authority and the Board, and now we will have to modify and spell out what it is. There are a lot of attorneys that are out there, and we want to find somebody that can do what is determined to be needed, he said. He stated that he does not think that MNAA needs to go back to what it used to do. President Kreulen stated he will carry out the directions of the Board of Commissioners, and he would caution on the business side and the management of performance, goals, and objectives, it is not easy to generate \$300M plus a year. President Kreulen said he worries about every expense that is out there, and an additional \$1M here and \$500K there has an impact. Chair Stevenson stated she appreciated that.

Commissioner Glover stated that she did not have a law firm in mind, but that Board should act quickly and propose 3 law firms. She stated that she does not want to just pick a firm because she is familiar with the name, it should be a firm to work in the Board's best interests. Chair Stevenson said the Committee should recommend what the Board should do including the scope and if we have some guardrails on the costs. For example, would it be a 6-month engagement to be reviewed at that point by the full Board to see where we are, with a not to exceed amount of money unless Board approval is obtained. Chair Stevenson said she has been on Boards as a lawyer as well, where you can only spend a certain amount without Board approval, and maybe do flat fees. It must also be determined, she said, if the Board wants to have its questions, issues, or concerns addressed with someone designated as a point of contact. Chair Stevenson stated typically there is one point of contact on the law firm side and one point of contact for the Board. She agreed that the process needed to be fair and transparent; and discussed how to navigate reviewing and disseminating to the Board information related to the credentials of the law firms or individual attorneys recommended. There may be many details that must be worked out, she said, that the Board may need to designate, appoint, and trust someone to do that without the process taking 4 months to complete. Commissioner Byrd agreed and stated that he does not want this process to take forever because there are reasonable people out there

who can fill this role. He expressed his appreciation that there is a motion to retain Board counsel and stated that Board counsel is needed now and that the Board needs Board counsel in the future. Operating without a Board counsel, he said, has been a detriment to independent advice to the Board. Commissioner Byrd proposed having a retainer executed when a firm is retained. He stated that the firm of Adams & Reese historically has represented this Board for about a 35-year period and has some very experienced individuals who understand municipal law, this Board, and know a lot of about this airport, about who we serve, the history and how MNAA operates. He stated that an engagement letter needs to be drafted as quickly as possible so that the Board can have Board counsel and have that person represent the Board. He stated that retaining counsel and having counsel review the actions that this Board is being asked to approve and to ratify is sensible. Commissioner Byrd stated that those are reasonable proposals and a significant delay in getting this done may also result in a delay in approving the actions that have been previously taken and that the Board needs to move forward wisely and expeditiously. Commissioner Byrd said that there are people who understand this Board, this airport, municipal law, and that it will be very advantageous for the Board to move forward.

Chair Stevenson stated she does not disagree, there are a lot of firms that have that ability as well, and to Commissioner Glover's point, she wants to ensure that the process is fair and that if there are other individuals on the Board that may have other opinions about that as well. Chair Stevenson said to take this item out of Committee, have the full Board vote on it, and then empower somebody to get it done. Then the Board must make sure the agreement is in line with whatever the scope is that the Board says it wants to do. That will not happen tomorrow, but it will happen soon, and the Board is capable of doing that, she said. Chair Stevenson then laid out the issues for the Board to discuss today, including the firms, parameters, the retainer, the costs, and who should be empowered to speak on behalf of the Board, with the Board having final approval of any kind of engagement letter or agreement and sign off on it. Chair Stevenson stated that the process needs to begin and Commissioner Byrd agreed. Chair Stevenson suggested that if any Commissioner had a recommendation for an attorney or a firm, information regarding the credentials of that individual or firm could be distributed to the Board members for their consideration and Commissioner Byrd stated that was a good idea.

Commissioner Sullivan asked if in the interest of time an interim meeting will be needed so the Commissioners can vote on counsel at the Board meeting. Chair Stevenson asked if she meant a Special Board Meeting and Commissioner Sullivan replied, yes. Chair Stevenson stated that a Special Board Meeting could be held next week. President Kreulen stated to that point, it is a lot of effort to have a Special Board Meeting

and it can be done if the Commissioners want, but it will only save two days. Today the Committee votes to move this forward to the Board, and Wednesday, the Board approves the retaining of Board counsel, and then the Board is going to start going through all of this. President Kreulen stated that he is not sure how the Commissioners plan to get the Statement of Qualifications of whomever it will be, and that it sounds to him that the Commissioners want to move this out of Management Committee and to the Board. If the Board decides to retain legal counsel, after next Wednesday, the Board will start this process of deciding who that Board counsel will be. President Kreulen asked if there is some other deadline the Board members were trying to meet. Chair Stevenson stated there was not. Commissioner Sullivan stated that if the Commissioners could have the Special Board Meeting and everyone bring their recommended names to it and put them in order of who they would like to have represent the Board, then at the Board meeting it could be voted on. President Kreulen stated you are the Board, and you can vote on it, but that he needs to know what the parameters and budget are. President Kreulen told the Board that staff will present them with an analysis of why a firm is recommended and he wants to make sure that the Board gives themselves enough time to decide which firm to use. Commissioner Freeman stated we are in trouble. Commissioner Byrd stated he believes we are familiar with the lawyers that are here in town. Chair Stevenson stated that she wanted to conduct this process in the proper way, with Board members receiving all the information that they needed in order for the next meeting to be productive. She stated that she has information on many firms.

President Kreulen stated as head of the bar she knows a lot more than he does regarding attorneys and law firms, and there are a lot of big law firms in this city that would be honored to be the Board counsel. Commissioner Byrd stated that a decision needed to be made and that Board needed to get counsel in place. Chair Stevenson said that she understood but reiterated that the Board needed to be thoughtful about the process and that the Board needed the right people for consideration, then the Board can move forward with the engagement, which should be short. She stated the Board knows what it needs and wants, which can be reduced to writing, and the Board chooses what to keep or take out. She expressed her desire to have a transparent process, where everyone is allowed to have input. She recognized the Board does not have the patience to get through the RFP process. Chair Stevenson said she imagined that if the Board was to say today, they would like to retain outside counsel, proposals could be sent by close of business on Monday. Commissioner Glover proposed a deadline of Friday. Chair Stevenson stated yes, in her experience firms can prepare proposals with 24 hours' notice sometimes if they really want the work.

Chair Stevenson said that might be a fair way to do it, The Board can have something substantive from people who have experience with this type of work and from people who may be outside of the box who could also

be good for this work. That is a fair way to keep it open and transparent. Commissioner Glover stated that transparency is key with all that has happened over the last 4 months. She recommended that the Committee decide today to recommend to the Board that it retain outside counsel and as much as this needs to be done quickly, the Board cannot rush the process and fail to adequately vet the firms. For example, she said, the Board may choose a firm, but decide that a certain attorney cannot fill the role of Board counsel. Commissioner Glover recommended the Board look at the firms and what they bring to the table and then pick the right one. She stated that she does not like the idea of the Board having only one option and would rather go through the process of doing it. Commissioner Glover proposed having a certain amount of time allotted for the Board members to submit names of firms they would like to have vetted or considered and suggested a deadline of the close of business Thursday. Then at the Board meeting next Wednesday, we vote, she said. Chair Stevenson stated for clarity that Commissioner Glover is proposing having the Board members submit the names of who they would like to consider as opposed to asking the public to let us know if they would like to be considered. Commissioner Glover stated she thinks that the public is the best way to do it, and yes, it is a specialized talent, and she would ask the Board members to submit names.

President Kreulen stated he is a process person as well, and he heard Commissioner Glover saying to vote today to recommend Board counsel and decide at the Board meeting next Wednesday. President Kreulen stated that MNAA's legal team can do it, but asked for clarification if the Board wanted the legal team to reach out following the vote, and if the Board wanted our legal counsel to reach out to the largest firms in Nashville and give a deadline of Friday at 5:00 p.m. to submit a 2-page proposal. Chair Stevenson said she can give the names to add to the list. Commissioner Glover stated Mr. Bedrock has the recommendations and she would like to be open and transparent and not just say here is the firm.

President Kreulen replied that staff could put something out this afternoon to the biggest firms in Nashville, looking for Board counsel, and to submit their proposal by 5:00 p.m. on Friday. Then this weekend, the list will be provided to the Board members of whatever firms submitted. The Board will have Saturday and Sunday to review, and then the Board can evaluate it on Monday afternoon, and vote on Wednesday. Then at the end when this gets to the public forum, and the CEO is asked how the firm was selected, he can respond that there was a process. Commissioner Glover asked if we could get the names to the Board next week and then have a Special Board Meeting after that. Chair Stevenson stated that from her perspective there are 2 parts here: 1) the firms submit 2-page proposal because she does not want to read 40 pages of information about a law firm, and 2) the Board have firms that they want submitted with a deadline on Friday, or Monday if we do a Special Board Meeting. Then those submitted are sent to the Board to review and everyone has time to look

at it and do their own research and get any additional information supporting and people who can vouch for certain people. At the meeting next week, the Board takes this up on the agenda as the recommendation, and the Board has 7 proposals and determines if there is consensus based upon those proposals and if not narrows it down until everyone says number 1.

Commissioner Freeman stated that special funds need to be available. Chair Stevenson said that is an excellent point, because this comes right on the heels of everything else that is going on. This representation may change, it may evolve, and it may grow in the future, and the Board can build that into the engagement. The Board can also have another engagement, she said, use different firms or whatever else, but right now the Board should get this thing moving and get the Board counsel so that the Board is at a comfort level with things that have happened in the past and where the Board is going in the future. Chair Stevenson stated that she needed to amend her motion. Commissioner Glover asked Chair Stevenson to start over. Chair Stevenson stated does she need to add anything into that motion related to the proposal fees.

President Kreulen asked if what is to be delivered to the Commissioners is what they are looking for and if the Board wanted Mr. Bedrock to go out with a request, which the staff is not evaluating, and that the deadline for submission of a proposal is Friday at 5:00 p.m. or Monday at 5:00 p.m. Chair Stevenson and Commissioner Glover replied Friday at 5:00 p.m. President Kreulen stated Friday at 5:00 p.m., and then Mr. Bedrock will transmit those proposals to the Commissioners for their review. President Kreulen asked if they wanted a Monday Special Board Meeting or to approve at the Wednesday Board meeting. Commissioner Byrd stated Monday. Chair Stevenson said she thought it was decided for Wednesday and asked what the rest of the Commissioners thought. Commissioner Sullivan stated if the Board has the information to review, then the Commissioners can discuss it on Wednesday and vote on it on Wednesday. Chair Stevenson stated yes, because at that point, the Commissioners are throwing out the names, and evaluating the top 3 and the reasons why.

Commissioner Byrd stated that the Board needs advice and needs that advice as quickly as possible and needs very competent advice. He stated that there are a number of very qualified lawyers who could render this advice in this city. He also stated that there have been a number of actions taken, the validity of which is at issue, and whether they must be ratified, which the Board does not know. So, we must rely on the advice of the individuals who would represent this Board and advise this Board, he said. Until then, he continued, the Board needs to defer any ratification of any prior actions until this outside legal counsel is retained and consults with the Board. Commissioner Glover asked if the firm should be from Tennessee or from the city.

Commissioner Byrd stated he would prefer we do it in Nashville, as we have too much of a chance to turn this into a circus in terms of all these people coming in here and everybody calling everybody all the time. Chair Stevenson said it should be the Nashville area.

Chair Stevenson made a motion to recommend to the Board to obtain outside counsel. Commissioner Freeman seconded the motion. President Kreulen stated he would like to confirm if the motion was to obtain counsel and MNAA General Counsel put out the request for qualifications. Chair Stevenson stated she must make a motion to do that. Mr. Bedrock stated the Management Committee cannot act on behalf of the Board, and suggested the Management Committee recommend to the full Board that they obtain Board counsel, and that Board counsel is selected at the next Board meeting on Wednesday. The Law Department is taking homework, and will work out the solicitation fees with the goal by Friday at 5:00 p.m. that counsel interested has submitted and will send to the Commissioners so that the Board has a chance to review over the weekend and during the early part of next week and if Commissioners have any question, they can direct them to the Board Chair and on Wednesday assuming the full Board elects to retain outside counsel. The Board will also be able to say they are picking person "X", and these are the parameters for person "X." Chair Stevenson asked if her motion was still good. President Kreulen replied he just wanted to ensure that everyone is of the same understanding of what needs to be delivered to the Board, which is to go out for a request, and sometime Friday evening the Board will receive 6 or 7 proposals for review, and the Board will vote on obtaining Board counsel on Wednesday and selecting Board counsel may be a 2nd vote. Chair Stevenson stated she cannot mandate to the Board out of Management Committee, but she strongly suggested that Board members come with our top 3 so that the meeting is productive.

Chair Stevenson stated the motion is still good, and asked that all in favor to say, "Aye", and the motion passed. Chair Stevenson stated that was a good discussion, and she was glad that they had it.

Chair Stevenson stated at this time she would like a motion to suspend the public portion of this meeting and enter into Executive Session to discuss Authority litigation. Following the executive session, she said, the public portion of the meeting would reconvene. Commissioner Freeman seconded the motion.

The Management Committee entered Executive Session at 12:51 p.m.

At the end of Executive Session, Chair Stevenson moved to exit the Executive Session and return to the public portion of the meeting at 1:15 p.m. Commissioner Freeman seconded the motion.

V. REVIEW OF JULY – OCTOBER 2023 BOARD ACTIONS

Chair Stevenson stated the next item on the agenda is reviewing July – October 2023 Board actions and estimated that the presentation would last 30 minutes.

CEO Employment Agreement (September)

President Kreulen stated the Commissioners asked for a review of the CEO Employment Agreement which was approved 6-0 by the Board on September 20, 2023. The Board extended the CEO contract by 18 months, from June 20, 2025 to December 31, 2026. President Kreulen stated that the Board wanted to start working on succession plans for the long-range future and saw that the CEO term was ending June 20, 2025. Since MNAA would not complete Concourse D and begin Concourse A by then, the Board proposed that the CEO stay until the end of June 2027, and the CEO negotiated and asked to meet in the middle which the Board agreed to. The renewal notice was previously 6 months, and the CEO recommended the Board change it to 12 months, either the Board can give the CEO a 12 months' notice, or the CEO can give 12 months' notice. This would allow the Board to run through a normal recruitment process of one year to hire a new CEO. The Board implemented a requirement for the CEO to source annual benchmarking of large hub CEO salaries and have that reported to the Board by June 30th of each year so the Board. This provides the Board with information when conducting the evaluation of the CEO's performance, and to guide decisions regarding any adjustments made by the Board. Because the Board extended the contract beyond the initial term of June 30, 2025, the incentive was revised so that if the CEO stays through 2026, he may be available for an additional 10% bonus. Chair Byrd asked if there is a copy of the contract. President Kreulen replied yes, and that he would provide the Board with a copy.

The President and CEO's salary was adjusted to \$600K based on the Board's review of his salary history, which showed that he was in the bottom of the 30th percentile for the first 6 years of his contract - not only is he running the 2 airports, but also leads a \$3B construction program; increased revenue by 97% since he has been here from \$146M a year to \$288M; has a 57% increase in nonstops from 63 to 99; and increased MNAA's reserves from \$46M in 2017 to \$311M this year. The Board thought they should adjust the CEO salary based on that performance and they used the data that this Board previously had available in December 2022. The Board set the salary at the \$600K level, the midpoint of large hub airports, and signed the agreement.

CEO FY24 Performance Evaluation Key Performance Indicators (September)

The FY23 Key Performance Indicators (“KPIs”) that this Board had developed and approved in September 2022 were used for the FY23 evaluation. The Board finished the evaluation in September 2023, consistent with prior years, and developed FY24 goals and KPIs. President Kreulen presented the FY24 KPIs on a slide and stated he would provide the Board with a copy. President Kreulen explained that if he meets the budget goals with revenue at \$288M, he is eligible for 90% of his bonus, if revenue is at \$302M, he is eligible for 100% of his bonus, and if revenue is at \$317M, he will get 110% of his bonus. For perspective, last year’s budget was \$231M, so the Boards wanted it to go up to \$288.4M, which is \$57M higher than the previous budget. President Kreulen explained to get 100%, the Board wants him to raise revenue by \$71.5M. President Kreulen stated as discussed earlier during Ms. Bork’s presentation on MNAA’s OPEB and Pension funding, the Board raised these by 10% each. This means the CEO must keep pension and OPEB above 80%, and if it is between 90% - 100% the CEO will get 100% of this factor. If it goes above 100%, the CEO theoretically qualifies for 110%. The financial portion is reported by Marge Basrai, Chief Financial Officer. Ms. Lankford, the Deputy Chief Executive Officer, reports on the operational portion. The Financial portion is worth 50% and the Operational portion is worth 50%. President Kreulen stated he does not control the reporting but provides the leadership and works with the teams to achieve these results. This is why the Board changed the CEO’s contract and updated the KPI matrix.

Commissioner Glover said she has one question regarding how the other employees, as well as minority employees, fared in terms of salary adjustments, and asked that information be provided to her later. President Kreulen stated yes and provided his perspective on that. When he took over in 2017, a salary survey had not been done in 8 years. He did a salary survey, with a requirement to be done every 3 years. The industry standard is 3-5 years, but he committed to the employees in 2017 to do a salary survey every 3 years. This has been completed in 2017, in 2020 and now again in 2023. All 400+ employees have received their bonuses and received their 5% cost of living increase. Additionally, because of Metro changes to their MNPD pay scales, additional increases were given to the public safety department. President Kreulen said he always tries to stay ahead of Metro, and all 85 of our officers received that updated scale so they do not leave MNAA. On the other side of the house, MNAA annually looks to see if there are any disparities between minorities, women, or skilled positions, and stated he is very comfortable and that it is personal to him to ensure all the employees are compensated fairly. He thanked Commissioner Glover for her great question. President Kreulen also noted that when Commissioner Freeman was the Chair, he worked to try to get the CEO salary increased to meet industry benchmarks,

but we have been busy with the pandemic and \$3B of construction. President Kreulen stated he will be glad to discuss if further information is wanted.

V. ITEMS FOR APPROVAL

None.

VI. INFORMATION ITEMS

President Kreulen stated the Information Items will be discussed to the next Board meeting.

VII. ADJOURN

There being no further business brought before the Management Committee, Chair Stevenson adjourned the meeting at 1:27 p.m.



Andrew W. Byrd, Board Secretary