

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



Date: April 17, 2024

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; Nancy Sullivan; and Dr. Glenda Glover

Board Members Absent: None

MNAA Staff Present: Doug Kreulen, Neale Bedrock, Lisa Lankford, Trish Saxman, Marge Basrai, Daniel B. Brown, Kristen Deuben, Aaron Flake, Adam Floyd, David Griswold, Ijeoma Ike, Eric Johnson, Carrie Logan, Rachel Moore, Ted Morrissey, Stacey Nickens, Oliva Parven, Josh Powell, Robert Ramsey, Davita Taylor, Erin Thomas, and Colleen Von Hoene

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 Meeting to order at 1:00 p.m., pursuant to Public Notice dated April 12, 2024.

II. PUBLIC COMMENTS

President Kreulen stated MNAA received one Public Comment Request in accordance with MNAA Policy. Mr. Michael King requested to speak on Item III, Approval of the Minutes. President Kreulen told Mr. King he was recognized, that the Commissioners have been provided with the 4 documents he previously sent, and that he had 2 minutes to speak. President Kreulen asked Ms. Rachel Moore, Executive Assistant to the President and CEO, to please start the timer.

Mr. King thanked President Kreulen and gave compliments to the airport authority. This is the first time he has seen the plaza and kudos to President Kreulen and the staff. They have done outstanding work. Mr. King stated his only concern and reason for being here today, is the Minutes from the March 20, 2024 MNAA Board meeting, where Commissioner Glover had asked if there was an extension provided by Monell's or a written request and documentation. The

response from President Kreulen stated no - - no extension or document, nor is there a plan that has ever been presented to MNAA in written form. Again, the Commissioners asked if there was a statement or document and the response was no. Commissioner Glover asked specifically if there was a written request for a lease extension and President Kreulen replied no. Mr. King stated his concern is that he has a feeling that some of the paperwork did not get to President Kreulen because we had written down some concerns, such as the willingness to pay to have the property moved. He stated that the Commissioners have seen the request, and it is not about Monell's losing the lease, it is about Nashville losing a historic property. That is why we have been so adamant and that is why we have been talking about it, he stated. Mr. King said that there is a way to get this property moved, but there is a lack of communication in order to do that. Mr. King stated he shares this because he talked with Metro Council and the Mayor and they agreed to save it, and he had a conversation with the Governor this morning on saving the property. This property is right up there with the White House and Andrew Jackson's home, it is a significant piece of history that is being qualified. As he began moving onto his next point, Mr. King's time to speak expired and Ms. Moore called time. Mr. King thanked the Board for their time.

President Kreulen thanked Mr. King for his time and reminded the Commissioners there are approximately 245 pages of documents required when the Airport Authority decides to enter into a new lease. Normally it takes the airport 6 months to run that type of solicitation and we made that decision back in September 2023. Since that time Mr. King has been notified and did not respond until February, as the Board is aware. The business decision was not to renew Monell's lease and the lease is expiring on April 30, 2024. President Kreulen stated that is all he will say at this time, and Mr. King has had the opportunity to make his public comments. President Kreulen stated the Minutes of the Board meeting, which he has had an opportunity to review, were produced from our recording by Ms. Trish Saxman, Executive Assistant to President and CEO, and reviewed by Ms. Ijeoma Ike, Senior Counsel, Ms. Lisa Lankford, Deputy Chief Executive Officer & Chief Strategy Officer, and himself. President Kreulen stated the Minutes of the March 20, 2024 Board meeting are accurate and he recommends approval of the Minutes.

III. APPROVAL OF MINUTES

Chair Stevenson called for a motion to approve the Minutes of the March 20, 2024 Joint Meeting of the MNAA Board of Commissioners and MPC Board of Directors. A motion to approve was made by Vice Chair Granbery and seconded by Commissioner Byrd.

Chair Stevenson asked Ms. Saxman for a roll call:

Chair Stevenson – Yes

Vice Chair Granbery – Yes

Commissioner Byrd – Yes

Commissioner Joslin – Yes

Commissioner Sullivan – Yes

Commissioner Glover – Yes

The motion was passed with a vote of 6 to 0.

IV. CHAIR'S REPORT

Chair Stevenson stated that she was going to reserve her Chair's Report for one of the approval items.

V. PRESIDENT'S REPORT

President Kreulen thanked Chair Stevenson and Commissioners. President Kreulen reported that on March 26, 2024 MNAA held a very successful full-scale emergency drill. MNAA had over 100 volunteers, 40 different mutual aid partners from Metro and the State, and all surrounding hospitals participating. President Kreulen gave his compliments to Mr. Adam Floyd, COO, and his team for organizing and planning. This drill is done every 3 years to demonstrate to the FAA that our Airport Emergency Plan is effective and we are capable of responding as required by 14 CFR Part 139. President Kreulen thanked Mr. Floyd and his team. Vice Chair Granbery stated it was very well done. President Kreulen stated the airport is required to have an annual drill and triannual exercise. MNAA does it quarterly with table tops and then every 3 years we rent an aircraft simulator for our team to practice putting the fire out. President Kreulen also thanked Chief Griswold and his team.

President Kreulen reported on the very successful British Airways aircraft upgrade. BNA welcomed 251 international passengers on the British Airways 777-200ER. This jet increased capacity from 214 to 272 seats and is approximately 92% full.

President Kreulen thanked the Commissioners who attended the Hilton BNA Grand Opening. It was a great event, especially because Mayor O'Connell had the opportunity to look out over the property where MNAA will be upgrading and renovating over the next couple of years.

President Kreulen introduced Mr. Aaron Flake, Director of Parking & Grand Transportation, who was recently appointed to the Airport Ground Transportation Association (AGTA) Board. Mr. Flake was unanimously selected, based on his industry experience, participation in association activities, and enthusiasm. This is the first time MNAA has had a member on this Board representing Nashville. President Kreulen stated that technically you would be hard pressed to find someone that understands the business and the details as much as Mr. Flake does, and that we are proud that he is representing Nashville on that Board.

President Kreulen gave his compliments to Fraport who went to Dallas to celebrate our competition in the 2024 Airport Experience Best of North America Awards hosted by Airport Experience News. There were 31 total awards and BNA won in 2 of those categories, Best Bar Experience and Best Local-Inspired Store.

President Kreulen stated WestJet added air service to Winnipeg. Previously you heard us mention that we are 1 of only 8 airports in the United States that go to the top 5 cities in Canada. We do not have number 6, which is Ottawa. Winnipeg will be a seasonal flight, nonstop, twice a week. Commissioner Glover asked is this a stand-alone company or owned by anybody, to which Mr. Josh Powell, AVP, Airline Affairs & Air Service Development, stated WestJet is the 2nd largest airline in Canada, behind Air Canada. Commissioner Glover asked if it is publicly shared and Mr. Powell stated he will verify.

President Kreulen stated Southwest continues to grow and all of our plans are centered around all of the growth, international and domestic. Our other airlines are growing, and Southwest just released new daily non-stop destinations with 3 more flights at BNA beginning service on June 4, 2024 - Greenville, SC (GSP), Cincinnati, OH/Northern Kentucky (CVG) and Richmond, VA (RIC).

President Kreulen congratulated Commissioner Glover and stated it was an honor to attend the Salute to Excellence Gala on April 13, 2024. It was an honor to hear her speak, meet all of her friends that had positive things to say about her and lastly to see her 5 grandchildren walking with her, he stated. A large round of applause followed.

President Kreulen stated the April FY24 BNA Passenger projection is 67,755 passengers which is 6% over last April, and for the year we are averaging 7% over FY23. We still think we will hit our adjusted budget between 23.6M and 23.8M passengers.

President Kreulen reported the Committee 30-day Outlook for April will be very busy with several construction contracts for approval in the Operations Committee and several approvals in the Finance Committee. One approval in May is the MNPD hangar construction contract, and tomorrow we will receive the bids on that. The bids will be provided to Metro and will go into the lease that we previously coordinated with them and that amendment will also be approved in May. We will provide the Commissioners an update on the financial status as we move forward. President Kreulen stated for the Management Committee, the Board Officer Elections are due in May. The Committee 60-Day Outlook for May will be busy with approvals in both Operations and Finance Committees. MNAA is continuing to schedule time with the Commissioners to discuss the Terminal II Siting Study and all the moving pieces that are related with the multi-billion-dollar future development.

VI. ITEMS FOR APPROVAL

1. FY25 BNA O&M Budget, MNAA Resolution #2024-04 (Finance)

President Kreulen stated there are 6 budgets for approval and introduced Ms. Marge Basrai, EVP, Chief Financial Officer, to brief the Commissioners on the budgets and resolutions. Ms. Basrai stated she gave a detailed report last week at the Finance Committee meeting and today she will give a very high-level summary and recommend approval. The Finance Committee did recommend approval of all 6 budgets and all 6 budgets will be combined for one approval at the end of the presentation.

Ms. Basrai stated the FY25 BNA O&M Budget 24.75M passengers which is a 5% increase over the projected FY24 year-end of 23.6M to 23.8M passengers. The FY25 budget uses the remaining Federal Relief funds that were allocated to us. The total funds awarded were \$126.5M, of which \$119.9M have been used for operating expenses and debt service. By the end of FY24 we will have \$6.6M of relief funds remaining which will be used for FY25 debt service. Ms. Basrai presented the Budget Summary Metrics calculated for the FY25 budget as

compared to the FY24 amended budget. Debt service coverage is down and that is due to less federal relief funds being used in FY25 as well as having less capitalized interest to pay for debt since a lot of the construction projects are now finished. Ms. Basrai stated the Signatory Landing Fees and the Cost per Enplanement is up due to increased expenses and debt service. The Days Cash on Hand as of March 21st is above the Board requirement in the Debt Management Policy.

Ms. Basrai summarized the FY25 BNA O&M Budget stating the Total Operating Revenue is \$341.7M, an increase of \$45.8M over the amended FY24 budget; Total Operating Expenses are \$195.7M, an increase of \$22.2M; Income before Depreciation & Grants is \$150.9M, which is an increase of \$11.9M for the budget period July 1, 2024 – June 30, 2024.

2. FY25 BNA Capital Improvements Budget & FY25-29 Capital Improvements Plan, MNAA Resolution #2024-05

Ms. Basrai stated the FY25 BNA Capital Improvement Budget is \$1.27B and the FY25-FY29 Capital Improvement Plan (“CIP”) is \$2.15B. Major FY25 projects include the construction of Concourse A Expansion \$798.5M; TARI Phase II and III \$166.5M for roadway construction; and Central Apron Parking Expansion Phase I \$154.3M. The projects that are programmed for FY26 through FY29 are for planning purposes only and updates will be made throughout the year. We will come back to the Board for the FY26 CIP budget. Ms. Basrai stated as a reminder that each individual project will be approved and the approval of the CIP does not mean the Board is approving these projects.

3. FY25 JWN O&M Budget, MNAA Resolution #2024-06

Ms. Basrai presented the FY25 JWN O&M Budget stating the Operating Revenue is \$3M, an increase of \$207K; Total Operating Expense \$2.3M, a decrease of \$161K; and Income before Depreciation, Grants and Transfers \$893K, an increase of \$470K.

4. FY25 JWN Capital Improvement Budget & FY25-29 Capital Improvement Plan, MNAA Resolution #2024-07

Ms. Basrai stated the FY25 JWN Capital Improvement Budget is \$930K. The FY25-FY29 CIP is \$17.4M. Major FY25 projects include resurfacing the parking lot and Airport Drive. Each individual project will be approved, and the approval of the CIP does not mean the Board is approving these projects.

5. FY25 MPC O&M Budget, MPC Resolution #2024-01

Ms. Basrai presented the FY25 MPC O&M Budget and stated the Operating Revenue of \$5.3M increased \$1.6M; Total Operating Expense of \$1.8M increased \$164K; and Income before Depreciation of \$3.4M increased \$1.5M.

6. FY25 MPC Special Projects Budget & FY25-29 Special Projects Plan, MPC Resolution #2024-02

Ms. Basrai presented the FY25 MPC 5-year Special Projects Budget at \$1.1M. Some projects are needed to ensure the International Plaza Building (“IPB”) is safe and in general working order. The only projects scheduled currently in FY25 for IPB are: 1) Roof replacement \$1M, and 2) Demo of old café in building. The only funding source for MPC is their cash balance, which is \$11M.

Ms. Basrai stated all of these 6 budgets were presented to the Finance Committee last week and the Finance Committee recommended approval to the Board of Commissioners by a 3-0 vote. Ms. Basrai requested the Board of Commissioners approve the following:

1) Operating

- approve the proposed FY25 BNA, JWN & MPC operating budgets, and
- authorize the Chair and President & CEO to execute:
 - MNAA Resolutions No. 2024-04 and 2024-06
 - MPC Resolution No. 2024-01

2) Capital

- approve the FY25-FY29 BNA and JWN Capital Improvement and MPC Special Projects Plans,
- approve the FY25 BNA and JWN Capital Improvement and MPC Special Project Budgets,
- authorize MNAA to accept all grant(s) from the Federal Aviation Administration (FAA) and from the State of Tennessee,
- designate the President & CEO, or designee, as the authorized representative of the Authority, and
- authorize the Chair and President & CEO to execute:
 - MNAA Resolutions No. 2024-05 and 2024-07
 - MPC Resolution No. 2024-02

Commissioner Byrd stated the Finance Committee voted 3-0 to recommend approval to the Board. Commissioner Byrd made a motion for approval and Vice Chair Granbery seconded the motion.

Chair Stevenson asked Ms. Saxman for a roll call:

Chair Stevenson – Yes

Vice Chair Granbery – Yes

Commissioner Byrd -Yes

Commissioner Joslin – Yes

Commissioner Sullivan – Yes

Commissioner Glover – Yes

The motion was passed with a vote of 6 to 0.

7. MNAA Resolution #2024-08 Honoring Commissioner Bill Freeman (Management)

President Kreulen stated he would like to thank the Commissioners publicly for their support in the Management Committee last week recommending approval of MNAA Resolution #2024-08. Commissioner Freeman served honorably on the Board for 8 years from January 2016 through March 2024. Commissioner Freeman has served as Chair, Secretary, as well as a member of all the different committees we have had. President Kreulen stated Commissioner Freeman's mentorship, leadership and advice has helped himself and members of the staff and we are honored to draft this Resolution for the Management Committee and provide to the Board for your consideration.

Chair Stevenson thanked President Kreulen and stated as Chair of the Management Committee and Board, it was an honor to be a part of the Management Committee and recommends approval of this Resolution. Commissioner Freeman was very welcoming to her when she joined the Board, and has been a source of support and strength of the Board, and supported her and nominated her as Secretary and for Vice Chair and over the past year while she served out the rest of his term as Chair of the Board. It is a distinction and honor of the Management Committee to recommend this for full approval by the Board.

Chair Stevenson stated the Management Committee voted 2-0 to recommend approval by the Board. Chair Stevenson made a motion for approval and Vice Chair Granbery seconded the motion.

Chair Stevenson asked Ms. Saxman for a roll call:

Chair Stevenson – Yes

Vice Chair Granbery – Yes

Commissioner Byrd -Yes

Commissioner Joslin – Yes

Commissioner Sullivan – Yes

Commissioner Glover – Yes

The motion was passed with a vote of 6 to 0.

8. Amendment to Donelson Pike Early Completion Initiative Agreement

President Kreulen introduced Mr. Robert Ramsey, EVP, Chief Development Officer, to present the Amendment to Donelson Pike Early Completion Initiative Agreement. Mr. Ramsey stated regarding the Amendment to the Early Completion Incentive that this Board approved in March 20, 2024, in subsequent negotiations between TDOT and Superior Construction Company Southeast LLC in finalizing the change order, they negotiated that the liquidated damages on TDOT's contract with Superior would not go into effect under the early incentive agreement until October 31, 2025. This is a change from what was presented to the Board on March 20, 2024, the previous date had been September 4, 2025. In negotiations between TDOT and Superior, they negotiated a grace period from September 4, 2025 to October 31, 2025, if Superior has not completed their work before TDOT's liquidated damages will go into effect. As a reminder, liquidated damages are \$4K a day. Mr. Ramsey apologized for not bringing this item to the Operations Committee and explained that staff was not informed of this until after the Operations Committee had met. This is the only term that has been changed in that agreement than what was presented on March 20, 2024.

Commissioner Joslin asked if Superior gave any reason as to why they moved it out 6/7 weeks. Mr. Ramsey replied Superior had some concerns that something beyond their control may keep them from meeting the completion dates. President Kreulen stated MNAA participated in this agreement to incentivize the roadway completion. This would be something at the end of the project, such as a guardrail or something on the end of one of their roads, and they do not want to risk being fined. That is between TDOT and Superior, but we want acceleration by 365 days of the previous agreement.

Chait Stevenson asked for a motion. Commissioner Byrd made a motion for approval and Commissioner Glover seconded the motion.

Chair Stevenson asked Ms. Saxman for a roll call:

Chair Stevenson – Yes

Vice Chair Granbery – Yes

Commissioner Byrd -Yes

Commissioner Joslin – Yes

Commissioner Sullivan – Yes

Commissioner Glover – Yes

The motion was passed with a vote of 6 to 0.

VII. INFORMATON ITEMS

1. Terminal II Siting Study Update 3 of 8 (Operations)

President Kreulen stated the Terminal II Siting Study is 3/8s of the way there. MNAA started off with the objectives in January and February and we looked at the forecast . In FY24 we will hit almost 24M Million Annual Passengers (“MAP”), and by FY34 we will be at 35 MAP, by FY39 will be at 42 MAP, and by FY49 we will be at 54 MAP. This effort is to try to make sure that we can keep up with that growth and be ready to handle what Metro Nashville and all surrounding counties of the State of Tennessee need. With some of the sites that are there, including the one with the Dell and Amazon property, some Metro parks in area 5, we are not comfortable that we can work our way through it. President Kreulen stated that he is not saying that areas 3 and 4 are without challenges. MNAA plans to get back with Commissioners later in the month of May and have a workshop to give more details. MNAA is making good progress, but the challenges, amount of work and decisions we will have to make over the next several months are pretty daunting at this point, but assured the Commissioners that the airport authority will be just fine.

2. BNA Development Update (Operations)

President Kreulen updated the Commissioners on BNA Development and provided photographs of Concourse D Extension construction, discrete inbound widening of the last 1,700 feet coming to the terminal off of I-40, and Donelson Pike blasting to bring it 30 – 40 feet down in places. Concourse A is heavy in the design phase and the Board will be receiving some updates on that in the near future.

3. “Preliminary” New Horizon Program Budget (2022 – 2028)

President Kreulen stated that since we have moved beyond BNA Vision and into New Horizon and with the growth of Nashville, we have had to make several changes. President Kreulen presented a chart showing the Preliminary New Horizon Program Budget, stating everything highlighted in yellow is where we are refining the scope and budget. We plan to present the final program scope and budget to the Board in May. The new Air Freight Building may be pulled out of the program and we also think it will cost more to finish the TARI. We are also evaluating project and program contingency. MNAA is adding big projects, such as a central ramp for the crew base and a future project, and the details are still being worked out. We think we will be close in May with a better budget for the Commissioners to consider.

Commissioner Glover asked is this over a 5-year period. President Kreulen replied that this is over a 6-year period, from 2022 - 2028. Terminal II comes over on top of that number. Commissioner Glover asked for the time period on a new garage and President Kreulen replied we believe we will start on a parking garage soon but the location has not been determined. Every time we think we have a spot, he stated, we realize we need something else in that area. Each of the projects within the New Horizon will require approval by the Board. Commissioner Glover asked about the rental cars and President Kreulen stated that is not in the New Horizon Program, and that is something we will have to decide how to fund. Commissioner Byrd stated the biggest expenditure will probably be the Baggage Handling Systems which is \$243M as opposed to the prior estimate of \$125M. President Kreulen replied yes, when the Commissioners approved that concept it was \$125M, but because of the growth of Nashville we had to expand that project to handle 40M passengers. It also has more redundancy than was earlier planned. Commissioner Bryd asked if Concourse D is already defined and locked in, and President Kreulen replied, yes, it is locked in and awarded and being built. President Kreulen stated that there have not been any reasons to believe that we cannot do Concourse A, it is in design now and we have no indication yet that we will miss the \$855M budget. President Kreulen explained to the Commissioners that what they are seeing is the change in the road problem that we have to figure out and the new addition of the Southwest crew base and the central ramp. We are concerned that we have to keep growing parking because the number of passengers we are getting cannot be met with our current parking. Commissioner Byrd asked if the terminal access roadway budget is still up in the air, and President Kreulen stated, yes, MNAA is going to accelerate Phase II for TDOT to get out of our way and then

we are going to see if we can accelerate our Phase III and get done earlier than previously planned. We already cut one year off with the incentive to TDOT, and there will be a dollar cost associated with further acceleration. Commissioner Byrd asked if the central ramp hole is being filled with rock and dirt. President Kreulen stated we first have to start design, and then would require environmental permits completed before fill would start. Commissioner Byrd asked if it is for deicing planes, storing planes overnight and increasing surface area for airplane storage. President Kreulen stated yes. He stated that the Board previously approved multiple studies to study roads and parking. One result of the parking study was that we need to find a place to expand parking to keep up with demand. The garage budget is an educated estimate based on the 3 garages that we built. We do not know how many floors it will be because we are not sure where it will go. Some concepts that we have seen combine the rental car facility and the garage. We have not gotten far enough along for the staff to recommend an approval by the Board.

Vice Chair Granbery asked regarding the \$2.1B revised budget, if MNAA is budgeting \$240M contingency, with \$160M in the individual projects and \$80 in the overall budget. President Kreulen replied that the contingency is estimated using the same percentages as Vision. Vice Chair Granbery agreed and stated with program and individual contingency you are able to really keep control on it. President Kreulen replied we have a 7-year history right now on being on budget and on schedule and we want to get this close enough so that we are not coming back to the Board too often. Finance has to know and have discussions on debt and financing and Ms. Basrai is taking these estimates and running through our 10-year financial models. Everyone is asking the right questions and if we lock this in the next month or two, Commissioners will feel comfortable through 2028 and we will know what we can afford. Terminal II will be larger than everything that we have done.

Vice Chair Granbery asked what percentage of the Baggage Handling System ("BHS") is paid for by the airlines. President Kreulen stated that is a great question, and the airlines will pay for that. Ms. Basrai concurred. Vice Chair Granbery stated that the airport has a really good track record on that. With the million-dollar garage, there is so much you can charge to park, and it will pretty much carry itself as well. President Kreulen stated regarding BHS, the airlines will pay for that because they need it and they are going to do the same thing on the \$156M central ramp. When we get to the rental car facility, that will be paid by CFCs from the rental cars, so we have some ways to have our partners, rental car companies or airline companies, pay for large chunks of this.

4. BNA Concessions Openings

President Kreulen stated we have two Fraport restaurants that opened on time: Half Moon Empanadas opened on April 3, 2024 on Concourse B and Prince's Hot Chicken opened on April 9, 2024 on Concourse C/D. MNAA received good reviews on both of those and we think they are going to be very successful.

5. JWN Development Update

President Kreulen updated the Commissioners on JWN Development and stated it has been nonstop. Parcels 2 and 3 are coming up and Parcels 4 and 5 are in construction as well. The steel for Hangar 3 is laying in front of Hangar 2. Ramp 3 Expansion will complete this month. We have a meeting with a prospective renter/builder that would like another large hangar on JWN and we are going to show them some drawings and a Letter of Intent.

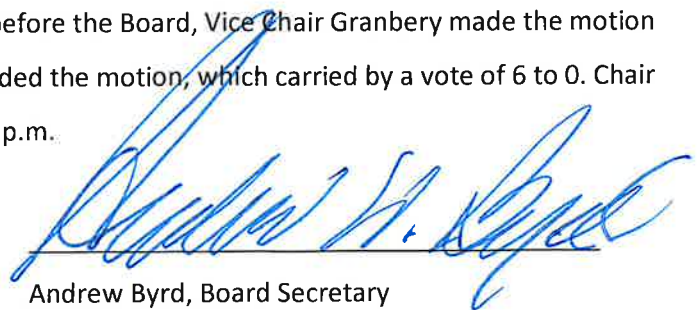
6. Board Officer Elections

President Kreulen stated that pursuant to Section 2.3.1 of the 3rd Amended & Restated Bylaws of the MNAA Board of Commissioners, at the Management Committee Meeting on even years, which will be held on May 8, 2024, and Board Officer elections will be conducted and approved at the Board meeting on May 15, 2024. The Officer term will be July 1, 2024 through June 30, 2026.

President Kreulen concluded the presentation of the informational items.

I. ADJOURN

There being no further business brought before the Board, Vice Chair Granbery made the motion to adjourn, and Commissioner Byrd seconded the motion, which carried by a vote of 6 to 0. Chair Stevenson adjourned the meeting at 1:42 p.m.



Andrew Byrd, Board Secretary