

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



Date: June 12, 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, Kristen Deuben, Adam Floyd, KC Hampton, Ijeoma Ike, Eric Johnson, Carrie Logan, Rachel Moore, Ted Morrissey, Stacey Nickens, Josh Powell, Robert Ramsey, and Davita Taylor

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 June 7, 2024.

II. PUBLIC COMMENTS

Chair Stevenson stated there were no public comment requests received.

III. APPROVAL OF MINUTES

Chair Stevenson called for a motion to approve the Minutes of the May 15, 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 Glover.

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 passed with a vote of 6 to 0.

IV. CHAIR'S REPORT

Chair Stevenson thanked the Board for electing her to serve as Chair and stated it has been a pleasure to serve as Secretary, Vice Chair and Chair. Chair Stevenson also thanked President Kreulen and the MNAA Team and stated she has had a front row seat at MNAA and learned a lot of what goes on behind the scenes. Chair Stevenson congratulated Commissioner Sullivan on her new position as the MNAA Board Chair beginning July 1, 2024 and stated she is here to support her. Chair Stevenson stated she hopes to continue on the MNAA Board and she is always here to support MNAA. Thank you very much. Big round of applause.

V. PRESIDENT'S REPORT

President Kreulen congratulated Chair Stevenson and the MNAA staff would like to thank her for her service on the MNAA Board of Commissioners. President Kreulen presented several photographs of Chair Stevenson serving as current Chair, Vice Chair and Secretary. He thanked Chair Stevenson for all she has done for the MNAA Board.

President Kreulen stated the Tennessee Department of Transportation (“TDOT”) annual JWN Inspection was conducted on May 13, 2024. The inspection includes runway, taxiway, apron, nav aids and infrastructure. President Kreulen noted TDOT made a recommendation for rubber removal based on a visual observation. MNAA has equipment that measures friction breaking capability on the runway, which the MNAA team took out to JWN and tested the need for rubber removal. In July, staff will bring for Board approval the purchase for rubber removal equipment.

President Kreulen stated that Big Edition, a digital media company, recognized BNA as the 3rd Best Airport for Food & Restaurants, behind San Francisco and New Orleans. A May 21, 2024 article in the Business Insider recognized BNA as one of the seven coolest airports and had a great quote from a travel writer who has visited all 50 states “When I arrive at the Nashville International Airport, I immediately know I’m in Nashville.” BNA visitors hear country music legends like Reba McEntire over the intercom system, experience live music and enjoy dishes that made Nashville such a food destination. On May 22, 2024 Forbes magazine recognized BNA as one of the four

Best Airports for Beer Lovers. BNA has 6 total local breweries, Fat Bottom Brewing, Little Harpeth Brewing, TailGate Brewery, TN Brew Works and Yazoo Brewing Company. Our concession program continues to receive national attention under Fraport and Paradies leadership, and we are very thankful.

President Kreulen reported the security plan for the BNA Passport Program has been approved by Transportation Security Administration ("TSA"). BNA has completed testing and plans to go live by July 1, 2024.

President Kreulen stated several MNAA team members attended the Japan-America Society of Tennessee ("JAST") 2024 Annual Meeting on May 24, 2024. The Ambassador of Japan Shigeo Yamada and the Consul-General of Japan Shinji Watanabe were also in attendance and the team heard about the growing influence of Japanese businesses.

President Kreulen stated the MNAA Finance team was awarded the Government Finance Officers Association ("GFOA") Certificate of Achievement for Excellence in Financial Reporting. This is the highest form of recognition in governmental accounting and financial reporting and is something we always strive for and a good indication when we are heading into our audit that we are in a good position. Our audit begins now and goes through the end of September.

President Kreulen stated British Airways set a new record in May 2024, with 16,284 passengers on the London flight. It averaged 99.6% load factor in the month of May, with 99.5% of the 272 seats going to London every day of the month. If you look at the number of passengers that are deplaning, 93.6% of the aircraft if full. It is great business for air service to sell additional international service when you are doing in the high 90s for European air service every day.

President Kreulen thanked the Board for the Resolution honoring former Chair Bill Freeman, which he presented on June 6, 2024. He also presented to Mr. Freeman a commemorative taxiway light form 2R/20L and a P-51 silhouette. Mr. Freeman's wife and sons were also in attendance. Commissioner Byrd stated very well done.

President Kreulen stated the Federal Aviation Administration ("FAA") Part 139 Annual Inspection at BNA is ongoing and we the debriefing will be tomorrow afternoon. TSA inspection is also ongoing and will last 30-45 days. TSA found one minor incident that has now been corrected. The

Customs and Border Protection (“CBP”) has challenges with their staffing. The Commissioners may get calls and may see on social media that BNA is bringing in more people and we want to bring in more international passengers, but CBP is down to basically one shift. CBP only operates 3:00 – 11:00 p.m. daily and we are starting to receive feedback from passengers regarding the time it takes to get through customs. CBP is converting to more electronic measures, adding new apps, to get passengers through faster. The MNAA team is taking this on and we have written both senators and our congressional representatives and intend to keep up the pressure because that is a real limitation to the airport, especially if we get new international flights.

Commissioner Byrd asked why it takes so long to get through. President Kreulen replied CBP may only man 2 of the 8 booths. CBP only has 8 people on staff and we are tracking through the trade association and are using that as our background research for letters to federal representatives. CBP is short 4,000 officers and they have permission to hire 150 this year, so you can imagine all the airports are fighting for some of those officers. It is a challenge we have; we have built a beautiful facility that is designed to process 1,000 passengers per hour. Commissioner Byrd asked what time that the British Airways flight lands. President Kreulen replied around 5:00 p.m. Commissioner Byrd stated so this window of 3:00 – 11:00 p.m. is when it is stacked and the question is how we are stacked. President Kreulen replied CBP is less than 50% manned, they have 7 people and are authorized for 16. If someone is on leave that day and there are only 5, so there are not enough people to get passengers processed. President Kreulen stated MNAA is working on this and we want the Commissioners to be aware in the event they get a call.

President Kreulen reported BNA is continuing to grow. May 2024 was 10.8% bigger than last year, June 2024 is trending 11% over last year, and FY24 year-to-date will be about 8% over last year. A normal airport grows at 2.5%, so our 8% is 3.2 times more growth than other airports. If you look at the entire State of Tennessee you will see 67% of all passengers that flew out of the five Tennessee commercial airports, flew out of BNA. That shows how much larger we are than Memphis, Knoxville, Chattanooga and Tri-Cities.

President Kreulen reported the Committee 30-day Outlook for July will be very busy and noted the day will start with the Board Workshop at 9:30 a.m. until 11:30 a.m. for the CONRAC Site Selection. The Committees have several approvals for equipment, professional services, construction, concessions and other items. The Management Committee will have the FY24 Strategic Goals Accomplishments. The Committee 60-Day Outlook for August has several

approvals in both Operations and Finance Committees. The Operations Committee has the Terminal II Siting Study Update, 6 of 11. The Management Committee has the approval for CEO FY24 Performance Evaluation.

Commissioner Granbery stated regarding the international entry, he was recently at Dulles and there was an electronic Global Entry, where passengers could scan and were done. BNA may not need those additional officers if we go electronic. President Kreulen replied Mr. Adam Floyd, COO, has been our point person engaging with Larry Allen with CBP and that is their standard answer. There is no way if they are 4,000 officers short and they only authorize 150, that is quite a few they will not have and they are telling us that they are going to update technology but how long does that take. Commissioner Granbery stated there are several kiosks that you went up, put your hand in there and it spit out a document that you hand it to one person. President Kreulen stated normally CBP asks the airport to buy that equipment for them because they do not have the money. Everything MNAA bought 4 years ago brand new, they declared are obsolete and have not resupplied it. MNAA may have to spend money to get them out of the problem and to better serve our customers.

VI. ITEMS FOR APPROVAL

1. Construction Contract for Demolition of Selected Buildings (Operations)

President Kreulen introduced Robert Ramsey, EVP, Chief Development Officer, to brief the Board on the Construction Contract for the Demolition of Selected Buildings. Mr. Ramsey stated the project is for demolition of certain buildings to support the construction of the new FAA Air Traffic Control Tower ("ATCT"). This site will take 3 buildings out of that area, the TDOT Aerial Survey Building, Enterprise Auto Shop, Enterprise North Canopy. Mr. Ramsey presented a photograph showing the demo area, the existing ATCT and the new ATCT location. In addition, an alternate building for demo is 1400 Murfreesboro Pike. MNAA advertised a Request for Proposal ("RFP") in March and in April 2024 2 proposals from Complete Demolition Services and Renascent, Inc. were received. The proposals were evaluated on mandatory requirements, experience and qualifications, schedule, price and SMWBE. Of the two proposals, Renascent had the highest score. The SMWBE goal was 9.48% MBE and 4.83% WBE and Renascent's proposal exceeded both of those goals with 11.6% MBE and 8.61% WBE. The anticipated start date is July 2024 and duration of the contract is 90 days

with completion date of October 2024. This will be 100% MNAA funded. This was recommended for approval by the Operations Committee by a vote of 2 to 0.

Mr. Ramsey recommended the Board of Commissioners authorize the Chair and President and CEO to execute the proposed contract with Renascent for \$1,014,800.

Chair Stevenson asked Commissioner Joslin if he had any comments. Commissioner Joslin stated the Operations Committee voted 2 to 0 to recommend approval by the Board. Commissioner Joslin 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 passed with a vote of 6 to 0.

2. FY25 Commercial Insurance Policies Renewal (Finance)

President Kreulen introduced Kristen Deuben, VP, Finance, to brief the Board on the FY25 Commercial Insurance Policies Renewal. Ms. Deuben reported that all insurance policies are now on a July 1, 2024 through July 1, 2025 cycle. MNAA plans to renew all policies effective July 1st going forward. Marsh conducted targeted marketing on select lines of coverage as they performed extensive marketing in the previous year. The total not to exceed for the FY25 Commercial Insurance Policy is \$5,338,848 which is a 4.8% increase from the prior year.

Ms. Deuben provided an overview of the key reasons for the 4.8% increase over FY24. Property Insurance increased 7.3% due to the total insured value of assets increasing from \$2.51B last year to \$2.99B in current year. This increase is based on replacement values on current assets, as well as the addition of the Grand Lobby/IAF and Satellite Concourse. The policy limit for all of our property is \$1.625B, which is based on Marsh modeling which

estimates the maximum foreseeable loss due to fire, flood, storms and earthquakes. Worker's Compensation insurance increased to \$273K, an increase of 27.2%, due to projected wages increasing from \$39.4M to \$50M and our experience modification factor increasing from 0.69 to 0.77 due to the increasing trend in average cost per claim over past 5 years. The Automobile policy increased to \$196K, an increase of 30.5%, due to number of vehicles increasing from 152 to 158 and cost of vehicles increasing from \$9.25M to \$10.5M (+\$1.25M). This amount was offset by 3 policies that were renewed in the previous year. This was recommended for approval by the Finance Committee by a vote of 2 to 0.

Ms. Deuben requested that the Board of Commissioners approve the FY25 commercial insurance policies renewal at a NTE amount of \$5,338,848 and authorize the President and CEO to execute the FY25 policies.

Commissioner Glover asked if MNAA insures all assets and what the policy is for assets. Ms. Deuben replied it depends on the class of assets. Commissioner Glover asked if laptops, computers and other hardware are insured. Ms. Deuben replied no, we do not insure those.

Commissioner Granbery asked about the average cost of the 158 vehicles and snow equipment. President Kreulen replied when we were going over this to make sure we had covered for Commissioners questions, we have fire trucks at \$1.1M. Commissioner Byrd asked after we meet our deductible if it is dollar for dollar replacement value. Ms. Deuben replied once we meet our deductible we would then get reimbursed. Commissioner Glover asked if we have the State of Tennessee insurance or our private insurance. Ms. Deuben replied we have our own insurance. President Kreulen stated it is supposed to be dollar for dollar, but it is hard to get the insurance companies to pay. Vice Chair Granbery stated we are still fighting JWN insurance payments from the 2020 tornado.

Commissioner Byrd stated the Finance Committee voted 2 to 0 to recommend approval by the Board. 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 – Yes

Commissioner Sullivan – Yes

Commissioner Glover – Yes

The motion passed with a vote of 6 to 0.

VII. INFORMATON ITEMS

1. BNA Development Update (Operations)

President Kreulen updated the Commissioners on BNA Development and stated all but 200 feet is complete on the widening of the discrete inbound. He showed a photograph where staff plans to sod in that area, and where trees were removed because they were blocking roadway signs and occasionally the airport received comments stating they could not see the signs. President Kreulen presented a photograph of the new Concourse D extension showing the roof and the new sidewalk where 5 new gates and the new concessions node will be added. President Kreulen stated we heard earlier at 1:00 p.m. the blasting as they continue to move Donelson Pike. Concourse A is finalizing the design and staff plans to send out Request for Proposals (“RFP”) for construction which will be awarded later this year. Mr. Ramsey confirmed that the RFP will be sent out next week.

2. JWN Development Update (Operations)

President Kreulen updated the Commissioners on JWN Development and stated JWN set a new record for fuel sales of \$325K for the month of May. If they do that again it will be the first year ever greater than 3M gallons of fuel. BNA is at 10M gallons, and doing about 1M gallons a month and may get to 12M gallons. The Metro Nashville Police Department (“MNP”) hangar lease has been signed by Mayor O’Connell and we are waiting for it be the filed officially with Metro Clerk. Then a kickoff meeting will be scheduled for the construction of that hangar. From State hangar to the new tower, the 10 parcels are all leased and we should be getting ready to release the JWN FBO RFP in the near future. President Kreulen stated the Commissioners asked the question at the Committee meeting last week of the size comparison of the State hangar and the Lawrence hangar. The State hangar is 28,746 SF and the Lawrence hangar is 30,800 SF. It is interesting that the State focused more on the offices because that is where they do the recruiting, and they have about 8,500 SF of office space and their hangar floor is 20,000 SF. The Lawrence hangar floor is

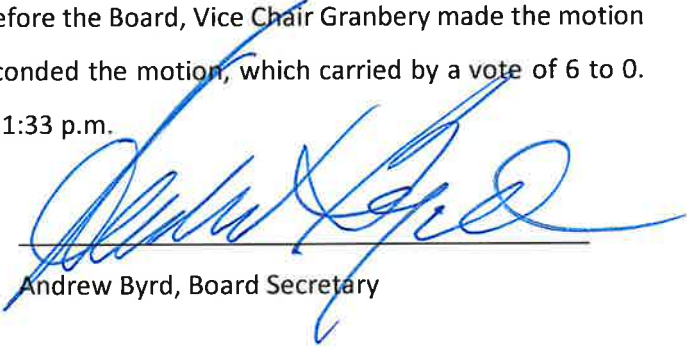
26,400, so about 6,400 SF more than the State has. President Kreulen stated he will get the size of the doors for next meeting.

Vice Chair Granbery asked if there are any updates on leasing the mezzanine looking down from B. President Kreulen stated the Chief Revenue Officer has the task of doing an RFP for the mezzanine level. Vice Chair Granbery stated there has been some interest. Vice Chair Granbery stated there are 2 spaces. President Kreulen replied yes. The new food court on Concourse A will be phenomenal and may have some great options for a new airline lounge, which would be brought to the Board. Vice Chair Granbery stated the BNA PASSport program will help too. President Kreulen agreed.

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 Sullivan seconded the motion, which carried by a vote of 6 to 0. Chair Stevenson adjourned the meeting at 1:33 p.m.



Andrew Byrd, Board Secretary