

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



Date: July 10, 2024

Location: Metropolitan Nashville Airport Authority
Tennessee Boardroom

Time: 9:56 a.m.

Committee Members Present:

Andrew Byrd, Committee Chair; Jimmy Granbery

Committee Members Absent:

Glenda Glover, Committee Vice Chair

Others Board Members Present:

Nancy Sullivan, Bobby Joslin, Joycelyn Stevenson, and
Glenn Farner

MNAA Staff & Guests Present:

Doug Kreulen, Neale Bedrock, Lisa Lankford, Trish Saxman
Marge Basrai, Daniel B. Brown, John Cooper, Aaron Flake,
Adam Floyd, KC Hampton, Traci Holton, Eric Johnson, Carrie
Logan, Rachel Moore, Ted Morrissey, Stacey Nickens,
Davita Taylor, and Puneet Vedi

I. CALL TO ORDER

Chair Byrd called the Joint Meeting of the MNAA and MPC Finance, Diversity & Workforce Development (“Finance”) Committees to order at 9:56 a.m. pursuant to Public Notice dated July 5, 2024.

II. PUBLIC COMMENT

Chair Byrd stated there were no public comment requests received.

III. APPROVAL OF MINUTES

Chair Byrd asked for a motion to approve the June 5, 2024 Minutes of the Joint Meeting of the MNAA & MPC Finance Committees. Commissioner Granbery made a motion and Chair Byrd seconded the motion.

Chair Byrd asked Ms. Saxman for a roll call:

Chair Byrd – Yes

Commissioner Granbery – Yes

The motion passed with a vote of 2 to 0.

IV. CHAIR'S REPORT

Chair Byrd had no Chair's report.

V. ITEMS FOR APPROVAL

1. MNAA Rental Car Service Center Lease Terms/Agreement

President Kreulen introduced Aaron Flake, Director, Parking and Ground Transportation, to brief the Committee on the MNAA Rental Car Service Center Lease Terms/Agreement. President Kreulen stated Mr. Flake has been instrumental in helping us benchmark and renew all of our rental car service center terms and agreements and this is part of modernizing ourselves to be more business oriented. Mr. Flake stated that we have 9 rental car companies currently that operate rental car service sites under lease agreements. The initial lease agreement was executed in 1987 for a 15-year term, with two 5-year extensions exercised, which expired in 2012 and are operating month-to-month since 2012. The average rent is \$0.46 psf. MNAA benchmarked other airports and local rates and found the current rental rates were grossly under what our current estimate was. A Fair Market Value Appraisal was conducted by Airport Business Solutions (ABS) in March 2024, based on both airport and local market rates, and the appraisal was in line with internal real estate analysis. ABS's appraisal assessment for the sites: \$1.75 psf for land, \$3.00 - \$5.00 psf for canopy and car wash areas, \$6.50 - \$10.00 psf for building areas. The current agreements do not prohibit conducting non-airport business on premises and MNAA wants them to be airport centered, which other airports do. Currently the rental car companies can use the sites for long-term storage of damaged vehicles or sale and subleasing of vehicles. Due to all of the operational need of these properties, and by reducing the scope of what they can do on the properties, MNAA plans to reduce the land and reallocate the space as necessary to support future airport growth.

President Kreulen stated when we correct the agreements by prohibiting non-airport business on premises, it will help our traffic flow. As of now vehicles all over the state that are not flying out of

BNA come in to be serviced, recovered or rebuilt, and that is clogging up the roads as well and MNAA does not want them to use airport property for that. Mr. Flake stated regarding subleasing, MNAA will eliminate subleasing out to other tenants, and it will be only airport core business.

Chair Byrd asked if the appraisal assessment is rental rate per square foot. Mr. Flake replied, yes, the rental rate per square foot is land for parking, and certain fuel canopies have a rate and the land is valued per square foot for buildings separately. Chair Byrd asked if that is per month. Mr. Flake stated we have it broken down per year. Chair Byrd replied he is not sure he understands. Mr. Flake replied, it is \$1.75 psf per year. Chair Byrd stated then \$3 - \$5 psf per year for the space for canopy and car wash. Mr. Flake replied correct.

Mr. Flake stated the new tower is going to go in and MNAA will get some of that land back for future use. MNAA also wants to reallocate other parts and use for MNAA purposes. Mr. Flake presented the proposed new lease terms. All agreements will be on a new 5-year term with 3% annual escalation clauses. MNAA will implement a Cancellation Clause for Airport Operational Need (30-day written notice) and a Cancellation Clause for Convenience (180-day written notice). Non-Airport business will be prohibited on premises. Rates will be based on ABS Fair Market Value Appraisal with an average rate of \$1.96 psf (varies depending on structures on land). The lease start date is August 1, 2024, pending negotiations, and the lease termination date will be July 31, 2029, pending negotiations.

Chair Byrd asked where the terminal is located in relation to the drawing Mr. Flake presented. Mr. Flake pointed out the terminal on the drawing. President Kreulen stated it is about 1 mile from where we are sitting right now. Chair Byrd stated this is a service site. Mr. Flake replied, yes, and extra car storage. If they have a new vehicle, they will bring it there first, do maintenance and wash, and then bring it to the CONRAC to be rented. That is what they are going to do moving forward. Commissioner Granbery stated the existing lease expired in 2012 and there were no escalations or additional rents paid based on volume or services, and asked if there is no way we can go back on the sales. President Kreulen replied no, this is a long time coming. The rental car companies know this. Through the 2015 time period with the old residual agreement, we gave all the profits to the airlines, and no one really followed this with everything we had to do. Now we plan to turn it around and get this kind of analysis to build this program and turn it into something that is business oriented.

President Kreulen stated especially with our new airline agreement, and with New Horizon and Terminal II, we are looking at every lease to see if there are any faults where we have not done a good job and correct it. Commissioner Granbery stated they got a good deal. President Kreulen agreed. Chair Byrd asked if the bottom space is currently utilized by anybody. Mr. Flake responded yes, by Avis/Budget. Mr. Flake presented a diagram that showed the 9 companies, Enterprise, Hertz, and Avis/Budget, each having 3 family brands. Those 3 family brands rent these properties, and because we need to take back some land for our operational needs, we are going to reallocate the spaces. Mr. Flake showed how the space would be reallocated. Chair Byrd asked if when you say take it back does that mean we use it for MNAA purposes and no longer leased. Mr. Flake replied yes.

President Kreulen stated MNAA is debating on future MNAA parking, and if it can be expanded into parking today or if when we get into Terminal II that is where one of the garages will go. Chair Byrd asked how the Terminal II site relates to all of this. President Kreulen replied the 5-year lease is smart on MNAA's part, these aviation facilities around the side will be modified so it is part of the new terminal and these sites will eventually be part of our Terminal II master plan. We are 10 years out. Chair Byrd asked if these people will have at least a 5 year grace. President Kreulen replied yes, and probably get an extension. Mr. Flake added that MNAA did want to protect the authority, so we do have a couple of different ways to get out of the agreement.

Mr. Flake stated currently we are leasing 1 million square feet of land and will reduce that down to about 693,000 square feet. The annual revenue we receive today is about \$483K and we will bump it to \$1.3M which is increase in our revenue of about \$874K for the first year, with 3% escalation added on subsequent years.

Commissioner Granbery asked in other cities, if it is best practice to have any kind of percentage of rentals. Mr. Flake responded for the CONRAC yes, but not for the rental sites.

Mr. Flake requested the Finance Committee recommend to the Board of Commissioners that it accept the terms recommended for the Rental Car Service Site lease Agreements and authorize the Chair and President & CEO to execute lease agreements for each Rental Car Service Site.

Chair Byrd asked for a motion to approve as presented. Commissioner Granbery made a motion and Chair Byrd seconded the motion.

Chair Byrd asked Ms. Saxman for a roll call:

Chair Byrd – Yes

Commissioner Granbery – Yes

The motion passed with a vote of 2 to 0.

2. Service Contract for Cellular DAS and Wi-Fi Monitoring, Management & Maintenance

President Kreulen introduced KC Hampton, AVP, Information Technology, to brief the Commissioners on the Service Contract for Cellular DAS and Wi-Fi Monitoring, Management & Maintenance. Mr. Hampton stated this is a service contract to provide 24/7 monitoring, management, maintenance, enhancement, and development services of MNAA-owned DAS/Wi-Fi infrastructure. In February 2024 the Board was briefed on a desire to transition from an outsourced and managed system to an in house owned and operated system. In March 2024 MNAA issued an RFP and received 9 proposals, with 3 disqualified. In April MNAA selected Boldyn Networks US Services, LLC to manage the system. The contract term is 5 years, with 2-one year renewal options with a total value of \$2.4M. The SMWBE aspirational goal was identified as race and gender neutral.

Chair Byrd stated we are taking over the Wi-Fi and asked if it is not going to be Boingo. Mr. Hampton replied correct, Boingo has had the contract in place since 2010 and MNAA took the opportunity to obtain a new management model and obtain more revenue. As of now it is a revenue sharing whereas if we lease the cellular contract directly we have more opportunity to retain more revenue. President Kreulen stated we are now responsible for the technology and as technology improves and goes faster our team will install it and Boldyn Networks US Services, LLC will manage it. Commissioner Stevenson asked if this is in line with what other airports are doing. Mr. Hampton replied yes, we have found multiple airports who are moving towards this model. Mainly around actual construction opportunities, when it is actually owned and operated by a third party they do not move as quickly. We had some challenges in the terminal recently and this empowers us to actually do it ourselves.

Chair Byrd asked if you have immediate access if you turn on MNAA Wi-Fi in the terminal. Mr. Hampton replied yes, there is a survey, but no charge. Chair Byrd asked what is on the survey. Mr.

Hampton replied that it contains questions around if you are traveling here for business, if you are traveling for recreation, how did you park, and how did you arrive today. President Kreulen stated he recently travelled to Charleston and there when signing onto Wi-Fi, he was asked for his name and email information. Chair Byrd asked if we are going to have cookies attached. Mr. Hampton replied yes, we are not asking for their identity and cookies are a way to identify if it is a unique experience or recurring.

Mr. Hampton requested the Finance Committee recommend to the Board of Commissioners that it authorize the Chair and President and CEO to execute the proposed contract with Boldyn Networks US Services, LLC.

Chair Byrd asked for a motion to approve as presented. Commissioner Granbery made a motion and Chair Byrd seconded the motion.

Chair Byrd asked Ms. Saxman for a roll call:

Chair Byrd – Yes

Commissioner Granbery – Yes

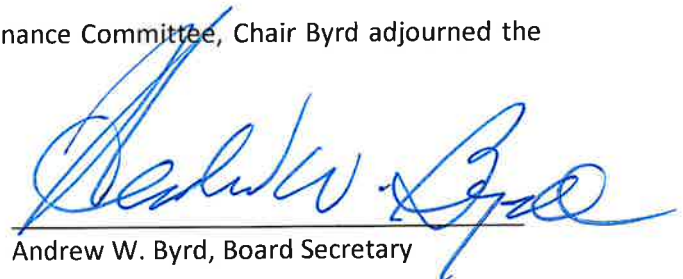
The motion passed with a vote of 2 to 0.

VI. INFORMATION ITEMS

1. None.

VII. ADJOURN

There being no further business brought before the Finance Committee, Chair Byrd adjourned the meeting at 10:15 a.m.



Andrew W. Byrd, Board Secretary