

Minutes of the MNAA Management, Audit & Compliance Committee



Date: July 10, 2024

Location: Metropolitan Nashville Airport Authority
Tennessee Boardroom

Time: 10:20 a.m.

Committee Members Present:

Joycelyn Stevenson, Committee Chair; Jimmy Granbery,
Committee Vice Chair

Committee Members Absent:

None

Others Board Members Present:

Nancy Sullivan, Andrew Byrd, Bobby Joslin, and Glenn Farner

MNAA Staff & Guests Present:

Doug Kreulen, Neale Bedrock, Lisa Lankford, Trish Saxman,
and Rachel Moore

I. CALL TO ORDER

Chair Stevenson called the meeting of the MNAA Management Committee to order at 10:20 a.m. pursuant to Public Notice dated July 5, 2024.

II. PUBLIC COMMENTS

Chair Stevenson stated there were no public comment requests received.

III. APPROVAL OF MINUTES

Chair Stevenson asked for a motion to approve the May 8, 2024 Minutes of the Management, Audit & Compliance Committee meeting. Vice Chair Granbery made a motion and Chair Stevenson seconded the motion.

Chair Stevenson asked Ms. Saxman for a roll call:

Chair Stevenson – Yes

Vice Chair Granbery – Yes

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

IV. BOARD CHAIR'S STATUS REPORT

Chair Stevenson stated she would like to thank Mayor O'Connell publicly for appointing her for another term on the MNAA Board of Commissioners. Chair Stevenson stated that she would like to put out a public service

announcement and to any of the public in attendance, that should the public have any questions about how MNAA operates or about the MNAA Committee and Board meetings, all of that information is on the website. Anyone can go onto the MNAA website any time and there does not have to be any confusion on what the Commissioners discuss and what is voted on. Additionally, our bylaws provide that the Chair, Vice Chair or any other members of the Board at any time can call for a special meeting with a 72-hours written notice. To the extent there are members of the public that have concerns about a Board member, or feels they do not have a voice or are not able to voice their opinions, please feel free to reach out to the Board or President Kreulen or look on the website. Chair Stevenson stated she wants to make sure the public is aware that there is information available for review. It is a privilege to serve on the Board and it is not something she takes for granted and she brings the same level of professionalism and integrity to her volunteer work as she does to her career of 23 years. She has enjoyed service with the Board and looks forward to the big things ahead.

V. ITEMS FOR APPROVAL

1. None

VI. INFORMATION ITEMS

1. Annual Review of FY24 Strategic Accomplishments

President Kreulen stated the Commissioners received a copy of the FY24 Strategic Goals & Objectives. He described the 3+ year process MNAA has established to develop goals and evaluate progress. Strategic goals are discussed at Board Retreats, and we adjust those goals as necessary based on feedback from Commissioners. The staff has the opportunity to formulate and adjust the goals and in the end the staff are the ones that go through the goals and objectives and rate accomplishments as completed, partially completed or delayed, to come with the year-end score. President Kreulen stated that these goals are stretching to get to the perfect airport model, and above-and-beyond what we do day in and day out to keep BNA operating. The staff gave us a score of 86.4% key accomplishments. That is in his mind very good progress, and he shared some highlights. The business of the airport is very well run; a lot has been accomplished that the public may never see.

MNAA executed new Airline Use & Lease Agreements with 21 airlines – 9 signatory and 8 are non-signatory; 17 hauling passengers, 4 hauling cargo. This is a vote of confidence that the airport is being run correctly and they are on board for the long run. The non-signatories acknowledge an additional fee that they will pay.

MNAA opened the Marketplace, International Arrivals Facility ("IAF"), Satellite Concourse, Hotel and 24 concessions locations. There is approximately ¾ of a billion dollars of new facilities including 102 new concessions locations inside BNA that were built in the last 3 years.

MNAA began Concourse D Extension and the 2nd water line construction. Concourse D Extension opens less than 365 days from today. The second water line is taking us a little while to coordinate with Metro. BNA will not be critically limited if one of the Metro water lines breaks because we will have two independent feeds. Concourse A design and Terminal II/CONRAC siting study are underway.

John C. Tune (JWN) is the number one general aviation airport in the State of Tennessee. There is not another general aviation airport in the state that has invested the money that we have, or that is as business oriented as we are. President Kreulen complimented the leadership of the Board for challenging staff to figure out new ways to generate revenue and pay for all the things wanted at JWN. MNAA executed 6 leases for 10 parcels and completed MNAA construction of ramp, road, water, and power for JWN North Development area. They are all paying us rent now.

MNAA met or exceeded all financial obligations. MNAA set a very aggressive goal last year for hiring - we have hired 88% of the people we wanted to hire and this year 100% of FY24 priority positions were filled.

MNAA is really proud of the professional development with 55 employees earning their AAAE Certified Member (C.M.) accreditation. Each of those employees also received a \$1,500 check upon passing the exam. BNA is one of maybe 2 or 3 airports that provide this kind of training free to employees and provide a financial reward to their employees.

President Kreulen stated he wants to publicly say that we have a strong airport and we have accomplished a lot in FY24.

2. CEO FY24 Key Performance Indicators Preliminary

President Kreulen stated the CEO FY24 Key Performance Indicators ("KPIs") are the metrics the Board judges his performance on. The CFO and CSO provide the data and the Board gets to interpret what the results are. In FY23 MNAA raised \$253M in revenue, and this year the initial target that the Board established was \$282M and in February because MNAA was doing well the Board changed it to \$302M. MNAA plans to meet that \$302M and probably go above it, but we do not have firm numbers on it. This is the 2nd year in a row that MNAA has generated \$50M more in revenue than the previous year. That is a

great accomplishment on the staff and what they do. Prior to 2017, MNAA had no cash invested and now has 99.4% of our cash invested, with reserves built up to 896 days. The staff and CEO are evaluated quarterly by customers through the passenger survey and annually through the employee survey. Our customers rated the airport at 94 in March 2024. The Board will get all of this data available for the Management Committee and Board to evaluate performance. Traditionally I give this to you in August, and then and the Board reviews and discusses the CEO evaluation in the September time frame.

Chair Stevenson asked about the process the CFO and CSO use for evaluating the CEO. President Kreulen stated there are metrics that the Board came up with about 3 years ago. For example, if the CEO just meets the revenue budget, he would be eligible for 90% of the bonus allocated to that metric, but if he goes above by 5% then he would be eligible for 100%. The Board felt the process before the KPIs was too subjective, and wanted it more objective. The financials are calculated by the CFO's finance team to calculate a score. On the Operational calculations, the CSO will track the surveys and goals and then come up with that score. President Kreulen stated he was always concerned when it went from objective to subjective, but it is a numbers based calculation that the Board wants to use to evaluate his performance. He stated he would not reduce necessary expenses if expenses were running above the KPI, and would continue to run the business.

Chair Stevneson asked what the next steps in this process are. President Kreulen replied MNAA will give the Commissioners the documents with the CFO and CSO's best estimates, and to the Commissioners will evaluate and discuss. In the end the Board will have the option to say the CEO did ok, or not good in an area. It is the discretion of the Board what bonus to award to the CEO.

3. Executive Session – Discussion with Outside Legal Counsel

Chair Stevenson asked for a motion to suspend the public portion of this meeting to enter into executive session to discuss privileged conversation with outside legal counsel. She stated that following the executive session the public portion of the meeting would resume. Commissioner Granbery made a motion to enter executive session and Chair Stevenson seconded the motion. All MNAA staff exited the meeting. The Committee entered into Executive Session at 10:37 a.m. and the Executive Session concluded at 11:15 a.m.

At the end of the Executive Session, Chair Stevenson asked for a motion to exit the executive session and return to the public portion of the meeting. Commissioner Granbery made a motion to exit the executive session and return to the public portion of the meeting and Chair Stevenson seconded the motion.

ADJOURN

There being no further business brought before the Management Committee, Chair Stevenson adjourned the meeting at 11:15 a.m.



Andrew W. Byrd, Board Secretary