

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



Date: September 18, 2024

Location: Metropolitan Nashville Airport Authority  
Tennessee Boardroom

Time: 1:00 p.m.

Board Members Present: Nancy Sullivan, Chair; Jimmy Granbery, Vice Chair; Andrew Byrd, Secretary, Bobby Joslin, Joycelyn Stevenson, Glenda Glover, and Glenn Farner

Board Members Absent: None

MNAA Staff & Guests Present: Doug Kreulen, Cindy Barnett, Lisa Lankford, Trish Saxman, Marge Basrai, Neale Bedrock, John Cooper, Austin Fay, Adam Floyd, Traci Holton, Eric Johnson, Roman Keselman, Carrie Logan, Rachel Moore, Ted Morrissey, Stacey Nickens, Josh Powell, Brandi Porter, Robert Ramsey, Davita Taylor, Puneet Vedi, and Colleen Von Hoene

## I. CALL TO ORDER

In accordance with the 3<sup>rd</sup> Amended and Restated Bylaws of the MNAA Board of Commissioners, Section 2.4, Chair Sullivan called the MNAA Board of Commissioners and MPC Board of Directors Meeting to order at 1:00 p.m., pursuant to Public Notice dated September 13, 2024.

## II. PUBLIC COMMENTS

Chair Sullivan stated there were no public comment requests received.

## III. APPROVAL OF MINUTES

Chair Sullivan called for a motion to approve the Minutes of the August 21, 2024 Joint Meeting of the MNAA Board of Commissioners and MPC Board of Directors. A motion to approve was made by Secretary Byrd and seconded by Commissioner Farner.

Chair Sullivan asked Ms. Saxman for a roll call:

Chair Sullivan – Yes

Vice Chair Granbery – Yes

Secretary Byrd – Yes

Commissioner Joslin – Yes

Commissioner Stevenson – Yes

Commissioner Glover – Yes

Commissioner Farner – Yes

The motion passed with a vote of 7 to 0.

IV. CHAIR'S REPORT

Chair Sullivan stated she did not have a Chair's report but would like to thank President Kreulen and the MNAA Staff for their continued successful operations of BNA and that everything is going very well and outstanding.

V. PRESIDENT'S REPORT

President Kreulen reported Southwest Airlines announced new air service on August 22, 2024 to Palm Beach, Indianapolis, Cabo San Lucas and Punta Cana. BNA is number 8 in the Southwest Airlines market, and we are one of the few Southwest Airlines stations that are receiving additional flights. BNA is happy to continue partnering with Southwest Airlines. He stated a call with Southwest Airlines is scheduled for next week to get additional updates.

President Kreulen announced two appointments to Embry-Riddle College of Business Dean's Advisory Council, Adam Bouchard, VP, Operations and Matthew Earnhardt, AVP, Operations. They will be working with an aviation school to help correlate the curriculum for students in aviation management. The University engages in extensive research and consulting that addresses the needs of aviation, aerospace and related industries. Thank you, Adam and Matthew, for your leadership.

President Kreulen welcomed two new members of the MNAA leadership team, Roman Keselman, AVP, Real Estate, and Austin Fay, Director, Airside Operations. Both have already started assisting teams with improving the airport.

President Kreulen announced that the Terminal Lobby / IAF was recognized with the National Award of Merit by Design-Build Institute of America (DBIA). The merit winners will be recognized in Dallas Texas at the Design Build Conference and Expo Awards Ceremony on November 7, 2024.

President Kreulen reported that the BNA Department of Public Safety was recognized by the US Department of Justice in apprehending a suspect who landed at BNA with possession of over 50 pounds of fentanyl-laced pills.

President Kreulen stated that BNA held a Remembrance Ceremony on September 11, 2024 commemorating the September 11, 2001, 23<sup>rd</sup> anniversary. MNAAB's Honor Guard participated jointly with TSA's Honor Guard, and next the airport will run the planning for the event. He noted how beautiful our facility looks with the officers dressed in uniforms and displaying the flags of Tennessee and USA. BNA took a moment of silence at the time of the impact to the First World Trade Center. It was a nice way to commemorate that day.

President Kreulen stated on September 16, 2024 BNA had the inaugural Winnipeg Flight and commemorated it with a celebration. BNA now serves six Canadian cities nonstop, including Toronto, Montreal, Vancouver, Calgary and Edmonton.

President Kreulen congratulated Commissioner Glover for presenting at the 2024 National HBCU Week Conference during the week of September 15-19, 2024, and showed a photograph of Commissioner Glover and President Biden at the conference.

President Kreulen reported on September 17, 2024 BNA hosted an Honor Flight celebration with 27 veterans before their trip to Washington, DC. There were 23 Vietnam War veterans, and 3 Korean War veterans. He thanked Southwest Airlines for sponsoring the flight and several concessions teams, Chick-fil-A and Starbucks, for providing refreshments. Everyone is welcome to come out and celebrate and be humbled by those that have served and listen to some of the greatest stories of their experiences in the Vietnam or Korean wars.

President Kreulen stated passenger growth continues, and the FY25 forecast scenarios are 5%, 7% and 9% with projected 25.3M annual passengers. Overall, we continue to see strong growth with 70,000 people a day going through BNA. If this continues for the rest of this fiscal year, MNAAB will set another record for FY25.

President Kreulen presented the Committee 30-day Outlook for October which will have 4 items for approval. The October Board includes the Board Retreat from 9:00 a.m. – 3:00 p.m. The Board

Retreat will inform the Board what BNA will look like and discuss New Horizon I and New Horizon II, Terminal II campus projects, and Terminal II development. President Kreulen complimented the MNAA Staff for all their hard work preparing for the Retreat. The Committee 60-Day Outlook for November has 6 approvals and will be another busy meeting.

President Kreulen concluded the President's update.

VI. ITEMS FOR APPROVAL

1. Construction Contract for Curbside Ticket Counter Weather Protection (Operations)

President Kreulen introduced Mr. Puneet Vedi, VP, Airport Capital Development, to brief the Committee on the Construction Task Order for Curbside Ticket Counter Weather Protection. Mr. Vedi stated this construction task order is to manufacture and install 7 weather-proof enclosures around existing ticketing kiosks on the exterior departure level of the terminal building. After receiving no bids as of June 20, 2024, the MNAA Staff decided to utilize the Job Order Contract task order with Utopia that proposes a not to exceed value of \$1,500,000 task order. The anticipated task order start date is September 2024 with completion date of June 2025. The SMWBE goal for the Job Order Contract was 24% MBE and/or WBE and Utopia will meet/exceed this goal at 44.6 WBE % and 2.1% MBE.

Mr. Vedi recommended that the Board of Commissioners authorize the proposed Task Order through Job Order Contract with Utopia Building Group for \$1,500,000 NTE.

Chair Granbery stated the Operations Committee voted 3 to 0 to recommend approval on September 11, 2024. He recommended that the Board of Commissioners accept the proposed Task Order through the Job Order Contract.

Vice Chair Granbery made a motion to approve, and Commissioner Joslin seconded the motion.

Chair Sullivan asked Ms. Saxman for a roll call:

Chair Sullivan – Yes

Vice Chair Granbery – Yes

Secretary Byrd – Yes

Commissioner Joslin – Yes

Commissioner Stevenson – Yes

Commissioner Glover – Yes

Commissioner Farner – Yes

The motion passed with a vote of 7 to 0.

2. Construction Manager at Risk Contract for Concourse A Reconstruction (Operations)

President Kreulen introduced Ms. Traci Holton, VP, New Horizon, to brief the Board on the Construction Manager at Risk (“CMAR”) Contract for Concourse A Reconstruction. Ms. Holton stated this is the CMAR Contract for Concourse A Reconstruction, and for Component Guaranteed Maximum Price (“CGMP”) number 1. MNAA advertised a Request for Proposal (“RFP”) in June 2024 and received 2 proposals, Hensel Phelps and JE Dunn. Hensel Phelps was the highest rated firm for the project. The CGMP 1 value is \$32,861,879 for preconstruction phase services. The SMWBE participation level set for this project is 14.36% MBE, 4.33% WBE, and 4% SBE target, and Hensel Phelps committed to meeting that goal. At the Committee Meeting on September 11, 2024, Vice Chair Granbery had a question regarding contingency within the contract; there is \$10M in owner’s contingency, \$0 in CMAR for CGMP 1, so as CGMPs come on they will add.

Ms. Holton requested that the Board of Commissioners accept the proposal by Hensel Phelps for the CMAR contract for Concourse A Reconstruction and authorize the Chair and President and CEO to execute CGMP #1 for \$32,861,879.

Vice Chair Granbery stated the Operations Committee voted 3 to 0 and made a motion to approve and Commissioner Joslin seconded the motion.

Commissioner Farner asked if the at risk means that the price is guaranteed and if the scope changes the at-risk is on the contractor. Ms. Holton replied not exactly, but it is progressive, so we will be going through and once MNAA gets to Guaranteed Maximum Price (“GMP”) then the risk is on the contractor. MNAA will be negotiating cost, scope, and schedule throughout the whole project and when we get to GMP, then that is when they become at risk and manage the contract at that point. Commissioner Farner asked what defines it as a construction manager at risk. Ms. Holton replied they are the builder of the project and the

construction manager, and at GMP is when they become more at risk. They are at risk for each CGMP and are fully at risk for scheduling costs at the end. It is the same thing we have done on our progressive design builds to date, the only difference is that with CMAR they have contact with the designer instead of the builder having the contract with the designer.

Commissioner Farner asked what CGMP stands for. Ms. Holton replied Component Guaranteed Maximum Price, MNAA anticipates 6 CGMPs for various scopes to get to the final GMP price. Vice Chair Granbery asked how MNAA got to the \$650M. Ms. Holton replied that MNAA had a contractor and consultant perform a cost estimate at 10% design, and that made the project budget at \$855M. We broke that out based on the soft costs and the \$650M was the anticipated value. Commissioner Glover asked if it is more front loaded. Ms. Holton replied for the CGMP, no, it will vary. These are going to be spread out and ebb and flow, and we do not have an exact amount for each of the future CGMP's, but will bring each of them back to the Board for approval. Commissioner Glover asked if the Board is approving it in concept today. Ms. Holton replied we are asking for approval for the pre-construction phase (CGMP 1) for Hensel Phelps at \$32M. Secretary Byrd stated Hensel Phelps is the general contractor for Concourse D. Vice Chair Granbery replied the construction manager, not the general contractor. Ms. Holton replied that is correct.. Secretary Byrd asked if that means they are building it. Ms. Holton replied they are still the construction manager, design-build is the name of the contract, they serve more as a construction manager. Secretary Byrd asked if they have a history with MNAA. Ms. Holton replied yes, Hensel Phelps did Concourse D and the Grand Lobby and IAF, and the Concourse D Extension project is what is underway right now.

President Kreulen stated it is the 4<sup>th</sup> largest project here at BNA.

Secretary Byrd asked if the 2<sup>nd</sup> largest bidder was \$4M higher. President Kreulen replied there was a significant difference in scoring and there was a price difference. Ms. Holton agreed stating this is qualification and price-based, Hensel Phelps had a more comprehensive and detailed approach to building this project as well as the CGMP 1 cost was lower. President Kreulen stated the scores were Hensel Phelps at 800 and J.E. Dunn was under 700 and the price was \$4M less for this first phase. Commissioner Glover asked if the SMWBE participation shown is for CGMP 1 only. Ms. Holton replied the goal of what Hensel Phelps committed to is for the entire contract of \$650M and they have committed to meeting it. Commissioner

Farner asked if any of the components as a construction manager at risk could be self-performed. Ms. Holton replied they will do minimal self-perform duties, a lot of times on these they may do doors, and things like that, nothing heavy.

Chair Sullivan asked Ms. Saxman for a roll call:

Chair Sullivan – Yes

Vice Chair Granbery – Yes

Secretary Byrd – Yes

Commissioner Joslin – Yes

Commissioner Stevenson – Yes

Commissioner Glover – Yes

Commissioner Farner – Yes

The motion passed with a vote of 7 to 0.

President Kreulen stated before we transition to the next approval, we had some questions at the committee regarding the SMWBE participation. The SMWBE participation is for the entire program and based on the \$650M, probably \$130M minimum to meet that goal would be small minority and women-owned businesses. Commissioner Glover stated some of those could be duplicated. Ms. Holton replied if they are a minority they fall under MBE. Ms. Davita Taylor, VP, Procurement and Business Diversity, replied correct, they are not duplicate. If you are an ethnic female, you are listed under the MBE category and are not duplicate for that exact reason, you do not want to have someone be able to double count. Ethnic females fall under the MBE category and Caucasian females fall under WBE. The 4% SBE is the target because that is generally what MNAA has been able to accomplish for small businesses' participation on some of these large projects, so that is a target for them to try to hit and the other ones are commitments. Commissioner Glover stated this is pitiful, 4% of \$650M. Ms. Taylor replied these are based on what the market calls for and the demand that is out in the market for the people to do the work and it is about the capacity of who is available for those particular divisions.

3. First Amendment to Paradies Lease and Concession Agreement (Finance)

President Kreulen introduced Eric Johnson, SVP, Chief Revenue Officer, to brief the Committee on the First Amendment to the Paradies Lease and Concession Agreement. Mr.

Johnson stated for background MNAA has a Lease and Concession Agreement with Paradies-Lagardere@Nashville, LLC (Paradies), to develop and operate a concessions program in the Satellite Concourse. The term of the agreement started on October 19, 2023, and expires on October 18, 2033. The airline activity in the Satellite Concourse has not reached levels forecasted by Paradies in the first year of the Agreement. In order to provide relief to Paradies and its ACDBE partners until airline activity reaches 90% of Paradies' expected levels, MNAA Staff is recommending a temporary adjustment to the Minimum Annual Guarantee ("MAG") for the period January 1, 2024 - December 31, 2025. Mr. Johnson presented a chart showing the current contract MAG levels, the proposed temporary MAG and the impact of the reduction. Paradies will pay the temporary adjusted MAG until the earlier of the second consecutive month after which enplanements reach 90% of Paradies' forecast, or December 31, 2025.

Mr. Johnson requested that the Board of Commissioners approve the First Amendment to the Paradies Agreement and authorize the Chair and President & CEO to execute the Amendment.

Secretary Byrd stated the Finance Committee voted 2 to 0 to recommend approval on September 11, 2024. He recommended that the Board of Commissioners accept the proposed amendment. Secretary Byrd made a motion to approve, and Commissioner Glover seconded the motion.

Chair Sullivan asked Ms. Saxman for a roll call:

Chair Sullivan – Yes

Vice Chair Granbery – Yes

Secretary Byrd – Yes

Commissioner Joslin – Yes

Commissioner Stevenson – Yes

Commissioner Glover – Yes

Commissioner Farner – Yes

The motion passed with a vote of 7 to 0.

4. FY24 CEO Performance Evaluation (Management)



Chair Sullivan stated the FY24 CEO Performance Evaluation summary was presented to the Management Committee on September 11, 2024, as well as the August Management Committee. She asked if anyone had any questions.

Chair Sullivan stated the Management Committee voted 3 to 0 to recommend approval of 104.5% award of eligible bonus on September 11, 2024. Chair Sullivan made a motion to approve and Vice Chair Granbery seconded the motion.

Chair Sullivan stated as compared to what was previously presented the total changed a couple of percentage points because operating revenue and operating expenses were finalized for the year and added 2% to the total. President Kreulen replied that is correct, overall MNAA exceeded revenue by \$144M and the deposit to the NAE cash reserve this year will be \$121M. Secretary Byrd asked if there was a motion to continue to visit the KPIs for next year so the Board can define how the KPIs will be implemented. Chair Sullivan replied yes, that will be next month. President Kreulen stated he has met with Chair Sullivan and his Executive Team and will come up with some proposals for the Board to consider in October and wrap it up in November at the latest. Secretary Byrd stated whatever you think Madam Chair.

Chair Sullivan recommend the Board of Commissioners approve CEO's FY24 Performance and award of performance bonus per contract at 104.5% eligibility.

Chair Sullivan asked Ms. Saxman for a roll call:

Chair Sullivan – Yes

Vice Chair Granbery – Yes

Secretary Byrd – Yes

Commissioner Joslin – Yes

Commissioner Stevenson – Yes

Commissioner Glover – Yes

Commissioner Farner – Yes

The motion passed with a vote of 7 to 0.

Chair Sullivan thanked President Kreulen.

President Kreulen stated that he would like for the two new members, Roman Keselman and Austin Fay, of our management team to stand up for a minute. He stated he would like to give them a round of applause.

I. INFORMATION ITEMS

1. BNA Development Update (Operations)

President Kreulen presented photographs of the Concourse D extension construction progress, showing the record node and the poured concrete. The completion date is July 2, 2025, 286 days to opening. MNAA is happy with the progress Hensel Phelps is making. President Kreulen presented another photograph showing Jones Bros. removing the old Donelson Pike and how much earth is being moved. Terminal Access Roadway Improvements (TARI) completion is September 29, 2025. In terms of development, Concourse D extension and roadwork are moving along.

2. JWN Development Update (Operations)

President Kreulen presented a panoramic photograph of the JWN North Development area with the parcels identified. President Kreulen pointed out that Jet Access and Jet Right are working on 7460s to get those approved moving forward. V3 hangar is in progress and MNAA is waiting for September 27, 2024, to get our proposals in on our next FBO. JWN has a lot of activity and we do have a slide to outline those priorities at the Board Retreat in October.

3. Air Service Incentive Plan Update (Finance)

President Kreulen stated the NAE Airline Incentive Account is at \$8,690,590. MNAA puts \$2M in that account per year and are well positioned for what is next. The only active incentive right now is with WestJet in the amount of \$20,832. MNAA hopes in the next few weeks and months to make some international announcements to Europe and other areas. Vice Chair Granbery asked if WestJet to Winnipeg did not require an incentive. Mr. Josh Powell, AVP, Airline Affairs, replied, WestJet flight frequency did not hit the threshold per our Incentive Policy. President Kreulen stated we now go to 6 of the 7 largest cities in Canada. Vice Chair Granbery asked if WestJet saw an increase if they would come back to MNAA for an incentive. Mr. Powell replied yes, if they hit the threshold, they would be eligible for an incentive at that point. The North American incentive is not as robust as the Transatlantic one, so it would not make a big impact. President Kreulen

stated it is \$40K - \$60K in marketing and helps some. President Kreulen stated as soon as we get more information we will present to the Board.

Commissioner Glover asked when the nonstop service to Indianapolis starts. President Kreulen replied in March.

Vice Chair Granbery asked back on the activity for October/November, you had the CEO KPIs tentative in red, and if it would be discussed at the October Committee or November Committee meeting. President Kreulen replied as soon as he gets a couple of options, and if the Board wants to talk about it in October, we will remove it as tentative, and if the Board wants several other options, then probably present it in November.

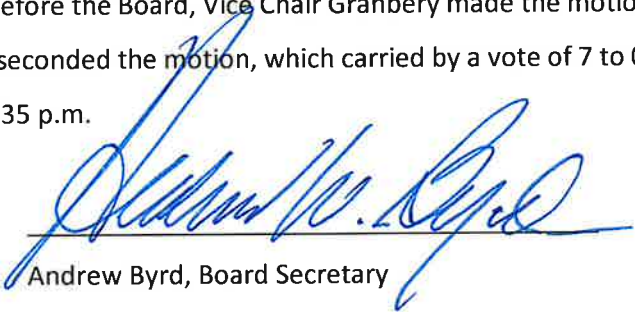
Chair Sullivan stated she believes the Board will be ready in October. President Kreulen stated if it is the basic no change, it will be ready in October. There may be changes for the passenger and employee surveys and then the best plan to prepare we have columns of strategic items and that was rated at 25%. The Board asked if staff could put in a little more effort on those columns, so MNAA Staff and he will figure it out and come back with some concrete options for the Board. Secretary Byrd stated he thinks it is a good idea, if you have KPIs and keep the bonus based on specifics, it is probably a good idea to be as specific as possible because when he went through the materials there were 50 different KPI objectives he was looking at and he was trying to figure out which ones apply and how does he address them. President Kreulen replied several years ago, we had 50, then 40 and now we are down to 20 strategic goals and trying to focus our attention on that. What we have done in that category, where we have 25% of it, we put all of those together and gave ourselves a score of 86.4%. We could give a score by strategic column. Secretary Byrd stated the Board can decide on how to handle that information and get ready to allocate the bonus – do we allocate them all or give specific allocations to each one. He does not suggest 20 different KPIs, as that is what we are incentivizing. Vice Chair Granbery stated he thinks it is important and does not want to rush it, he would like to table it for now. Chair Sullivan stated we are close for now. President Kreulen stated yes, we have some thoughts, and we need to be able to answer your questions and give to the Board. We will provide options to the Board and give time to answer questions and do one more flex. Chair Sullivan would like it in October Committee and would like to get a draft within the first part of the month. Commissioner Stevenson stated once it is sent out in October if the Board has any questions, they can contact

President Kreulen directly to discuss. Vice Chair Granbery stated that is not much time. President Kreulen stated he owes the Board that information.

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 Stevenson seconded the motion, which carried by a vote of 7 to 0. Chair Sullivan adjourned the meeting at 1:35 p.m.



Andrew Byrd, Board Secretary