

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



Date: December 11, 2024

Location: Metropolitan Nashville Airport Authority
Tennessee Boardroom

Time: 9:16 a.m.

Committee Members Present:

Andrew Byrd, Committee Chair; Glenda Glover, Committee Vice Chair; and Glenn Farner

Committee Members Absent:

None

Other Board Members Present:

Nancy Sullivan, Jimmy Granbery, Bobby Joslin, and Joycelyn Stevenson

MNAA Staff & Guests Present:

Doug Kreulen, Cindy Barnett, Lisa Lankford, Trish Saxman, Marge Basrai, Adam Bouchard, John Cooper, Adam Floyd, KC Hampton, Eric Johnson, Roman Keselman, Carrie Logan, Rachel Moore, Ted Morrissey, Stacey Nickens, Brandi Porter, Josh Powell, Robert Ramsey, and Destiney Williams

I. CALL TO ORDER

Chair Byrd called the Joint Meeting of the MNAA and MPC Finance, Diversity & Workforce Development (“Finance”) Committees to order at 9:16 a.m. pursuant to Public Notice dated December 6, 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 November 13, 2024 Minutes of the Joint Meeting of the MNAA & MPC Finance Committees. Commissioner Farner made a motion and Vice Chair Glover seconded the motion.

Chair Byrd asked Ms. Saxman for a roll call:

Chair Byrd – Yes

Vice Chair Glover – Yes

Commissioner Farner – Yes

The motion passed with a vote of 3 to 0.

IV. CHAIR'S REPORT

Chair Byrd had no Chair's report.

V. ITEMS FOR APPROVAL

1. Service Contract for Common Use System

President Kreulen introduced KC Hampton, AVP, Information Technology, to brief the Commissioners on the Service Contract for Common Use System. Mr. Hampton stated that the Service contract will provide a Common Use System at BNA for ticketing and gate boarding operations to include software, hardware, management, and maintenance. Mr. Hampton stated the selected contract vendor is AeroCloud Systems, Ltd. for a 5-year contract with a \$2M total contract value. Mr. Hampton stated the procurement method was a Carahsoft Cooperative Agreement. The project will begin early January 2025. There was a 0% SMWBE goal and the funding source is existing budget through CIP and FY25 O&M. President Kreulen noted this system is a huge component to better scheduling and is used by many airports and airlines.

Mr. Hampton recommended that the Finance Committee recommend to the Board of Commissioners that it authorize the Chair and President & CEO to execute the proposed contract with AeroCloud Systems Ltd. for \$2,054,350.

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

Chair Byrd asked Ms. Saxman for a roll call:

Chair Byrd – Yes

Vice Chair Glover – Yes

Commissioner Farner – Yes

The motion passed with a vote of 3 to 0.

2. 10th Amendment to Fraport Lease & Concession Agreement

President Kreulen introduced Eric Johnson, SVP, Chief Revenue Officer, to brief the Commissioners on the 10th Amendment to Fraport Lease & Concession Agreement. Mr. Johnson stated MNAA has a Lease and Concession Agreement (Agreement) with Fraport, Tennessee, Inc. (Fraport) to develop and operate terminal-wide concessions program, including food, beverage, services, retail and vending offerings. The term of the agreement commenced on February 1, 2019, and will expire on January 31, 2029. Fraport has requested modifications to certain operating provisions of the Agreement to ease operating costs for concession tenants. The first change requested is to amend concession pricing to allow prices comparable to street prices plus up to 10% which allows concession tenants to recover higher airport operating costs and aligns BNA with most U.S. airports. Mr. Johnson stated the second change requested is to amend the concession operating hours which requires tenants to remain open until the last scheduled departure from their respective concourse. The current language has a requirement that all tenants must remain open until the last actual departure in the entire terminal which results in higher operating costs and impacts employee retention. As a note, even with this modification, MNAA will still have the ability to require the Tenants to remain open beyond the last scheduled departure when needed to provide service due to flight delays.

Mr. Johnson requested that the Finance Committee recommend to the Board of Commissioners that it accept the 10th Amendment to the Fraport Agreement and authorize the Chair and President & CEO to execute the Amendment.

Vice Chair Glover asked what the purpose of the amendment is. Mr. Johnson replied right now the language states that they must remain open until the last actual flight regardless of which concourse that flight goes out of. This amendment allows a tenant that is in Concourse C not to have to stay open for a flight departing out of Concourse A. Fraport has been working with staff to create a plan so that we make sure that there are always concessions available in areas where passengers will still be. Chair Byrd asked what the last scheduled departure time is typically. Mr. Johnson replied that it varies day-to-day. Mr. Adam Floyd, COO, replied around 10:30 p.m. President Kreulen replied a good example is when Southwest is still flying, and Delta has shut down for the evening at 8:00 p.m.,

on Concourse B the concessions could close because all the remaining flights will be out of Concourse C or D. President Kreulen also stated if BNA has a weather-related event, there is a caveat that we can request the concessions to remain open. Vice Chair Glover stated that MNAA can make that call. President Kreulen replied yes, that is correct. Vice Chair Glover asked why we have not been doing it that way. President Kreulen replied when BNA only had a small number of concessions open and operating, passengers would walk to other concourses. Commissioner Sullivan asked about arriving flights. President Kreulen replied that data shows most arriving passengers do not stop to shop, they go to baggage and leave.

Chair Byrd asked what the red eye flight is. President Kreulen replied leaving at 10:00 p.m. and arrivals at 4:40 a.m. Chair Byrd asked if there is anything open then. President Kreulen replied yes, they start opening back up at 3:30 a.m. Commissioner Granbery asked what happens if British Airways launches at 9:30 p.m. and has mechanical issues and leaves later, will the concessions stay open. President Kreulen replied yes, we have only had a couple of instances, mainly it will be weather-related. Chair Byrd asked who communicates with tenants concerning staying open. President Kreulen replied that Mr. Johnson will communicate to Fraport and Fraport communicates to those tenants. Chair Byrd asked in terms of street pricing and 10%, if you adjust what the street pricing is. President Kreulen replied yes, we are always adjusting and make sure that we are staying around street pricing. Most airports now have gone to charging whatever the market will bear, and BNA goes through street pricing and there is enough competition that street pricing plus 10% works.

Commissioner Farner stated the operating hours may have changed, he came in at 8:00 p.m. at night and wanted Chic Fil A and it was already closed. President Kreulen replied we will check into that.

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

Chair Byrd asked Ms. Saxman for a roll call:

Chair Byrd – Yes

Vice Chair Glover – Yes

Commissioner Farner – Yes

The motion passed with a vote of 3 to 0.

3. 2nd Amendment to Paradies Lease & Concession Agreement

Mr. Johnson stated MNAA has a Lease and Concession Agreement (Agreement) with Paradies-Lagardere@Nashville, LLC (Paradies) to develop and operate a concessions program in the Satellite Concourse. The term of the agreement commenced on October 19, 2023, and will expire on October 18, 2033. MNAA would like to amend concession pricing to allow prices comparable to street prices plus up to 10% to allow concession tenants to recover higher airport operating costs, align BNA with most U.S. airports, and aligns concession pricing provisions with those in the 10th Amendment to the Fraport Agreement.

Mr. Johnson requested that the Finance Committee recommend to the Board of Commissioners that it accept the 2nd Amendment to the Paradies Agreement and authorize the Chair and President & CEO to execute the Amendment.

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

Chair Byrd asked Ms. Saxman for a roll call:

Chair Byrd – Yes

Vice Chair Glover – Yes

Commissioner Farner – Yes

The motion passed with a vote of 3 to 0.

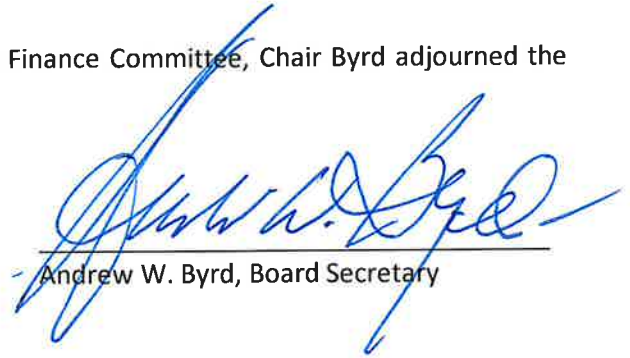
Vice Chair Glover asked for an explanation of street pricing plus 10%. Mr. Johnson replied as of now the tenants are required to maintain the street pricing and MNAA checks every quarter to make sure that they are pricing within their comparable street locations. This action allows the tenants to go up to 10% above street pricing to recover some of the additional operating costs.

VI. INFORMATION ITEMS

1. None.

VII. ADJOURN

There being no further business brought before the Finance Committee, Chair Byrd adjourned the meeting at 9:34 a.m.



Andrew W. Byrd, Board Secretary