

## Agenda of the Joint Meeting of the MNA and MPC Finance, Diversity & Workforce Development Committees



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Date/Time: Wednesday, January 8, 2025, at 9:30 a.m.

Place: Nashville International Airport – Tennessee Board Room

Finance Committee Members: Andrew Byrd, Committee Chair  
Dr. Glenda Glover, Committee Vice Chair  
Glenn Farner

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I. CALL TO ORDER

II. PUBLIC COMMENTS

No requests for public comment received to date. Deadline is January 6, 2025 at 9:00 a.m.

III. APPROVAL OF MINUTES

December 11, 2024 Minutes of the Joint Meeting of the MNA and MPC Finance, Diversity & Workforce Development Committees

IV. CHAIR'S REPORT

V. ITEMS FOR APPROVAL

1. 2<sup>nd</sup> Amendment to Advertising Concession Agreement
2. FY25 and FY26 Capital Improvement Amendment (JWN Apron Pavement Rehabilitation); MNA Resolution 2025-01

VI. INFORMATION ITEMS

None

VII. ADJOURN

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



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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

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## 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. 10<sup>th</sup> Amendment to Fraport Lease & Concession Agreement

President Kreulen introduced Eric Johnson, SVP, Chief Revenue Officer, to brief the Commissioners on the 10<sup>th</sup> 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 10<sup>th</sup> 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. 2<sup>nd</sup> 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 10<sup>th</sup> Amendment to the Fraport Agreement.

Mr. Johnson requested that the Finance Committee recommend to the Board of Commissioners that it accept the 2<sup>nd</sup> 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.

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Andrew W. Byrd, Board Secretary

# STAFF ANALYSIS

## Finance Committee

Date: January 8, 2025  
Facility: Nashville International Airport  
Subject: 2nd Amendment to Advertising Concession Agreement

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### I. Recommendation

Staff requests that the Finance Committee recommend to the Board of Commissioners that it:

- 1) accept the 2<sup>nd</sup> Amendment to the Advertising Concession Agreement between MNAA and Clear Channel Airports, and
- 2) authorize the Chair and President and CEO to execute the Concession Agreement Amendment

### II. Analysis

#### A. Background

In May 2016, a Request for Proposals (RFP) was issued for Advertising Concessions, and the Board approved selection of In-Ter-Space Services, Inc., dba Clear Channel Airports (CCA) on October 16, 2016. CCA entered into a Concession Agreement (Agreement) with The Metropolitan Nashville Airport Authority (MNAA) dated November 1, 2016. The term of the Concession Agreement is ten (10) years, commencing June 30, 2017, and expiring June 30, 2027. The RFP included the Authority having the option to extend the Initial term of the agreement.

The terms of the agreement included:

- Annual concession fees in an amount equal to the greater of (i) 60% of Gross Receipts from concession operations, or (ii) a minimum annual amount determined in accordance with the proposed Concession Agreement.
- Investment of at least \$1.3M in the initial installation and \$375K for a mid-term refurbishment (2022)
  - CCA has invested \$1.9M into the advertising program at BNA.

The agreement was amended in 2023 to update Exhibits A and B for advertising inventory changes under BNA Vision. By comparison, 328 advertising locations were identified and approved in the original contract; following BNA Vision 125 advertising locations were identified and approved, despite the Inventory that was added in Concourse D (2020), Satellite Concourse (2023), and Grand Hall and Central Marketplace (2023).

#### B. 2<sup>nd</sup> Amendment

The proposed 2<sup>nd</sup> Amendment includes 1) updates to Exhibits A and B for additional inventory, 2) 3-year term extension, 3) increase of 4% revenue share, 4) 50% reduction in iHeart Radio commitment, and 5) provisions for the new Concourse A.



- 1) Exhibit A and B will be amended to include the following additional Inventory, increasing the advertising locations to 150:
  - IAF West Escalator Soffit (Near Gate T1; digital screen to match design standard of North and South escalators to Baggage Claim)
  - IAF Center Escalator Soffit (Near Gate T3; digital screen to match design standard of North and South escalators to Baggage Claim)
  - IAF East Escalator Soffit (Near Gate T6; digital screen to match design standard of North and South escalators to Baggage Claim)
  - North and South escalator wall wraps in Baggage Claim
  - Grand Hall/Central Marketplace (Near Gate T4; lit tension fabric display to be installed)
  - Concourse D Extension (8 new locations)
- 2) The 3-year Extension, commencing July 1, 2027, through June 30, 2030, expiration of the agreement, will provide CCA a return on its investment for the Inventory added in the New Horizon construction of the Concourse D Extension.
- 3) In consideration of the extension, there will be a 4% increase in the revenue share paid to MNAA, making the revenue share percentage 64%, effective July 1, 2027, through June 30, 2030, expiration of the Agreement.
- 4) The iHeart Radio Commitment will be reduced by 50% from \$75,000 to \$37,500 per year of the Extension, commencing July 1, 2027, through the June 30, 2030, expiration of the Agreement.
- 5) MNAA will provide all the digital and print assets for new Concourse A, where 11 locations are planned. CCA will provide the network connections and media players to deliver content to those assets and will provide maintenance and repair to the digital and print assets over the three-year term of the extension.

**C. Impact/Findings**

ACDBE Participation Level: 46.3%

ACDBE Commitment: 15%

Contract Start Date: July 1, 2017

Extension Start Date: July 1, 2027

Duration of Extension: Three (3) years, expiring June 30, 2030

MNAA Revenue:	July 2017 – June 2024:	\$14,339,773 (actual, MAG/60%)
	July 2024 – June 2025:	\$ 2,580,038 (projected, 60%)
	July 2025 – June 2025:	\$ 2,734,840 (projected, 60%)
	July 2026 – June 2025:	\$ 2,898,930 (projected, 60%)
	July 2027 – June 2025:	\$ 3,188,824 (projected, 64%)
	July 2028 – June 2025:	\$ 3,507,706 (projected, 64%)
	<u>July 2029 – June 2025:</u>	<u>\$ 3,858,477 (projected, 64%)</u>
	Total Contract:	\$33,108,588

Funding Source:

CCA Capital Investment

### **III. Strategic Priorities**

- Plan for the Future
  - This extension provides for the seamless continuation of the advertising program with the completion of the Concourse D Extension and new Concourse A.
  - This extension provides for the continued investment in BNA by Clear Channel Airports.
- Prepare for the Unexpected
  - This extension ensures continuity of BNA's advertising program as Concourse D Extension and new Concourse A open.
  - This extension ensures the advertising plans for Concourse D Extension and new Concourse A are achieved in a timely and cohesive manner.

### **IV. Options/Alternatives**

If a Second Amendment is not approved, the Concourse D Extension will open with no advertising in place, as MNAA will not have ample time to rebid for Concourse D Extension and Concourse A advertising. It is highly likely that MNAA will not receive bids for a small portion of the advertising at BNA. Further, if CCA was not the awarded bid, MNAA will have competing advertising programs, which will cause confusion to potential advertisers.

# STAFF ANALYSIS

## Finance Committee

Date: January 8, 2025

Facility: John C. Tune Airport (JWN)

Subject: FY25 & FY26 Capital Improvement Amendment (JWN Apron Pavement Rehabilitation)

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### I. Recommendation

Staff requests that the Finance Committee recommend to the Board of Commissioners that it:

- A. Authorize and approve an amendment to the FY25-FY29 CIP by transferring \$500K of the FY26 proposed project budget for the JWN Apron Pavement Rehabilitation Design (Phase 1 of 2; South Area) to FY25 , and
- B. Authorize and approve an amendment to the FY25 CIB by adding the \$500K project budget, and
- C. Authorize the Chair and President & CEO to execute MNAA Resolution 2025-01 amending Resolution 2024-07

### II. Analysis

#### A. Background

On April 17, 2024, the Board adopted Resolution 2024-07 which approved the FY25 JWN Capital Improvements Budget and FY25-29 JWN Capital Improvements Plan. The FY26 JWN Capital Improvements Plan included a project for Apron Pavement Rehabilitation (Phase 1 of 2; South Area) for \$2.6M. MNAA is required to submit an Airport Capital Improvement Plan (ACIP) to the Tennessee Department of Transportation (TDOT) annually, and this project was included on the CY2025 ACIP that was submitted September 13, 2024. The funding for the project includes \$1.4M Bipartisan Infrastructure Law (BIL) Airport Improvement Grant (AIG) funds, \$39K Airport Improvement Program (AIP) funds and \$641K State funding.

On December 20, 2024, TDOT notified MNAA that \$120K of the programmed federal BIL funding will expire on April 16, 2025. To ensure this programmed funding is not lost, a design grant for this project must be executed no later than March 19, 2025. This will allow sufficient time for the completion of the environmental component of the design and 30% of the actual design, as required by TDOT.

The design contract will be issued from the existing JWN Engineering On-Call Agreement with AtkinsRealis (“Atkins”).

#### B. Strategic Priorities

- Invest in JWN

### C. Options/Alternatives

**Do Nothing:** The “Do Nothing” option will result in the expiration of BIL funding, and therefore not available for the project budget.

## MNAA RESOLUTION NO. 2025-01

**A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE METROPOLITAN NASHVILLE AIRPORT AUTHORITY AMENDING RESOLUTION 2024-07, APPROVING AN AMENDMENT TO THE CAPITAL IMPROVEMENTS PLAN FOR JOHN C. TUNE AIRPORT FOR FISCAL YEARS 2025 TO 2029, AND APPROVING THE AMENDED CAPITAL IMPROVEMENTS BUDGET FOR JOHN C. TUNE AIRPORT FOR FISCAL YEAR 2025.**

WHEREAS, the President has submitted, for Board approval, an Amendment to the Capital Improvements Budget for John C. Tune Airport for fiscal year beginning July 1, 2024, and ending June 30, 2025, pursuant to Article IV, Section 4.3.3 of the Third Amended and Restated Bylaws of the Board of Commissioners.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE METROPOLITAN NASHVILLE AIRPORT AUTHORITY AS FOLLOWS:

Section 1. That the Board of Commissioners hereby amends the FY25 Capital Improvements Budget for FY25 for John C. Tune Airport by adding “Apron Pavement Rehab (Phase 1 of 2; South Area)”.

Section 2. That the Board of Commissioners hereby amends the FY25-FY29 Capital Improvements Plan by replacing \$2,600,000 for “Apron Pavement Rehab (Phase 1 of 2; South Area)” with \$2,100,000 for FY26, and adding “Apron Pavement Rehab (Phase 1 of 2; South Area)” with \$500,000 to FY25.

Section 3. This Resolution shall take effect from and after its adoption and be made a part of the Board of Commissioners official Minutes of Record.

**RECOMMENDED:**

**ADOPTED:**

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Douglas E. Kreulen, President & CEO

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Nancy B. Sullivan, Board Chair

**APPROVED AS TO FORM AND LEGALITY:**

**ATTEST:**

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MNAA Legal Counsel

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Andrew W. Byrd, Board Secretary

This 15<sup>th</sup> day of January 2025.