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

Date/Time:	Wednesday, July 9, 2025, at 10:00 a.m.
Place:	Nashville International Airport – Tennessee Board Room
Finance Committee Members**:**	Andrew Byrd, Committee Chair Dr. Glenda Glover, Committee Vice Chair Glenn Farner

I. CALL TO ORDER

II. PUBLIC COMMENTS

No requests for public comment received to date. Deadline is July 7, 2025 at 9:00 a.m.

III. APPROVAL OF MINUTES

June 11, 2025 Minutes of the Joint Meeting of the MNAA and MPC Finance, Diversity & Workforce Development Committees

IV. CHAIR'S REPORT

V. ITEMS FOR APPROVAL

1. AlClear ("CLEAR") Concession Agreement

VI. INFORMATION ITEMS

1. Concourse A / Future BNA Concessions Program Update (Recommendation)

VII. ADJOURN

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

Date: June 11, 2025	Location: Metropolitan Nashville Airport Authority Tennessee Boardroom
Time: 9:00 a.m.	
Committee Members Present:	Glenda Glover, Committee Vice Chair; Glenn Farner
Committee Members Absent:	Andrew Byrd, Committee Chair
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, Kristen Deuben, Aaron Flake, KC Hampton, Traci Holton, Eric Johnson, Roman Keselman, Lisa Leyva, Carrie Logan, Rachel Moore, Ted Morrissey, Brandi Porter, Robert Ramsey, and Steven Woods

I. CALL TO ORDER

Vice Chair Glover called the Joint Meeting of the MNAA and MPC Finance, Diversity & Workforce Development ("Finance") Committees to order at 9:00 a.m. pursuant to Public Notice dated June 6, 2025.

II. PUBLIC COMMENT

Vice Chair Glover stated there were no public comment requests received.

III. APPROVAL OF MINUTES

Vice Chair Glover asked for a motion to approve the April 9, 2025, Minutes of the Joint Meeting of the MNAA & MPC Finance Committees. Commissioner Farner made a motion, and Vice Chair Glover seconded the motion.

Vice Chair Glover asked Ms. Saxman for a roll call:

Vice Chair Glover – Yes

Commissioner Farner – Yes

The motion passed with a vote of 2 to 0.

IV. CHAIR'S REPORT

Vice Chair Glover stated she would like to join with Commissioner Granbery in thanking the President and MNAA Staff for all their hard work and they have done a wonderful job.

V. ITEMS FOR APPROVAL

1. First Amendment to JWN North Development Lease – DN, LLC (Parcel 1)

President Kreulen introduced Roman Keselman, AVP, Real Estate, to brief the Committee on the First Amendment to JWN North Development Lease – DN, LLC , parcel 1. Mr. Keselman stated on August 16, 2023, the Board approved the lease terms between MNAA and DN LLC. On October 1, 2023, the lease was executed, which included 0.84 acres of unimproved land at JWN on North Parcel #1. The lease required DN LLC to complete improvements within 18 months, concluding on April 1, 2025. Due to DN LLC terminating their relationship with their design/build firm six months into the process and starting over, construction commenced in February of 2025 and is still ongoing.

Mr. Keselman stated the Amendment extends the construction term by 12 months, to allow the Tenant to continue building the improvements which will vest with MNAA on April 1, 2055. Apart from fuel flowage fees, this amendment will not impact revenue to MNAA. DN, LLC has been paying rents. During the initial 18-month Construction term (October 2023 – March 2025) revenue was $148,327.20. Year one of the lease term (April 2025 – March 2026) revenue will be $101,851.34. The rate will increase 3% each year except in years 10 and 20 of the initial term, upon which rent will be increased based on an appraisal.

Mr. Keselman stated the as of the date of Board approval (June 18, 2025), Tenant will have 60 days to obtain all necessary permits from the Metropolitan Government of Nashville and Davidson County. At the earlier of the 61st day or the date Tenant obtains all necessary permits, Tenant will be granted 12 months to complete all proposed construction. The 12-month extension includes contractual milestones. Five months to complete site work. Two months to complete framing. Five months to complete interior work. The 60-day and 12-month extensions have corresponding contract penalties in the amount of $150 per day until the contractual milestone is complete. The 60-day or 12-month extensions do not extend the lease term. If the hangar is not complete after the 60-day and 12-month extensions, the executed lease includes the following: Invest $2.5M by the Construction Deadline or pay the difference between $2.5M and the amount spent, not to exceed 25% soft costs, and complete the improvements unless otherwise approved in writing by the Authority.

Vice Chair Glover asked him to repeat the part about the $2.5M or the difference between that and amount spent. Mr. Keselman replied that they are required to invest as part of their construction and design work at least $2.5M. At the end of this process if there is no hangar, then they owe MNAA that money. Vice Chair Glover asks if that gets approved by the Board. President Kreulen replied the theory was that we specified the size of parcel and what could go there and it would be $2.5M hangar, and that was part of the lease terms approved by the Board. They will exceed $2.5M to build that facility.

Mr. Keselman requested the Finance Committee recommend to the Board of Commissioners that it accept the First Amendment to the lease agreement between MNAA and DN LLC, extending the construction term; and authorize Chair and President and CEO to execute the First Amendment.

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

Vice Chair Glover asked Ms. Saxman for a roll call:

Vice Chair Glover – Yes

Commissioner Farner – Yes

The motion passed with a vote of 2 to 0.

2. <u>First Amendment to JWN North Development Lease – Jet Access (Parcels 6 & 7)</u>

Mr. Keselman stated the First Amendment to JWN North Development Lease for Jet Access for Parcels 6 & 7 is similar to DN, LLC, and he highlighted some differences. On March 15, 2023, the

Board approved the lease terms between MNAA and Jet Access and on June 15, 2023, the lease was executed, which included 1.68 acres of unimproved land at JWN on North Parcels #6 and #7. The lease required Jet Access to complete improvements within 18 months, concluding on December 15, 2024. Due to a lengthy general contractor selection process, several iterations of hangar designs, and an extended FAA 7460 review, Jet Access has been unable to commence construction.

Mr. Keselman stated as of the date of Board approval (June 18, 2025), Tenant will have 60 days to obtain all necessary permits from the Metropolitan Government of Nashville and Davidson County. At the earlier of the 61st day or the date Tenant obtains all necessary permits, Tenant will be granted 12 months to complete all proposed construction. The 12-month extension includes contractual milestones. The 60-day and 12-month extensions have corresponding contract penalties in the amount of $150 per day until the contractual milestone is complete. The 60-day or 12-month extensions do not extend the lease term. If the hangar is not complete after the 60-day and 12-month extensions, the executed lease includes the following; Invest $6M by the Construction Deadline, or pay the difference between $6M and the amount spent, not to exceed 25% soft costs, and complete the improvements unless otherwise approved in writing by the Authority.

Mr. Keselman requested the Finance Committee recommend to the Board of Commissioners that it accept the First Amendment to the lease agreement between MNAA and Aero Management Gorup LLC D/B/A Jet Access, extending the construction term; and authorize Chair and President and CEO to execute the First Amendment.

Commissioner Joslin asked if Jet Access has already paid $400K in rent, then why are they so late in getting this to the table. President Kreulen stated they struggled to finalize the design and they tweaked their design and couldn't get approved by FFA. Mr. Keselman replied FAA also took 6 months to review their 7460.

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

Vice Chair Glover asked Ms. Saxman for a roll call:

Vice Chair Glover – Yes

Commissioner Farner – Yes

The motion passed with a vote of 2 to 0.

3. First Amendment to JWN North Development Lease JetRight (Parcels 8 & 9)

Mr. Keselman stated On March 15, 2023, the Board approved the lease terms between MNAA and JetRight Properties LLC. On June 15, 2023, the lease was executed, which included 1.68 acres of unimproved land at JWN on North Parcels #8 and #9. The lease required JetRight to complete improvements within 18 months, concluding on December 15, 2024. Multiple designs iterations were required to resolve line-of-sight issues identified in the 7460 process, which prevented JetRight to commence construction.

Mr. Keselman stated upon completion of the 7460 process, this Amendment will allow JetRight 90 days to continue designing the hangar to meet FAA guidance, 60 days to submit their designs to MNAA, and 12 months to build the improvements, which will vest with MNAA on December 15, 2054. Apart from fuel flowage fees, this amendment will not impact revenue to MNAA. The rate will increase 3% each year except in years 10 and 20 of the initial term, upon which rent will be increased based on an appraisal. Once 7460 determination is received from the FAA, Tenant will have 90 days to submit plans to MNAA and receive approval through the AIR process. At the earlier of the 91st day or the date AIR approval is received, Tenant will be granted 60 days to obtain all necessary Metropolitan Government of Nashville and Davidson County permits. At the earlier of the 61st day or the date Tenant obtains all necessary permits, Tenant will be granted 12 months to complete construction.

The 90-day, 60-day and 12-month extensions have corresponding contract penalties in the amount of $150 per day until the contractual milestone is complete. The 90-day, 60-day or 12-month extensions do not extend the lease term. If the hangar is not complete after the 90-day, 60-day and 12-month extensions, the executed lease includes the following: Invest $5M by the Construction Deadline, or pay the difference between $5M and the amount spent, not to exceed 25% soft costs, and Complete the improvements unless otherwise approved in writing by the Authority.

Mr. Keselman requested the Finance Committee recommend to the Board of Commissioners that it accept the First Amendment to the lease agreement between MNAA and Jet Right Properties, LLC, extending the construction term; and authorize Chair and President and CEO to execute the First Amendment.

President Kreulen stated it is always good to reflect back and as they will recall MNAA recommended that the tower be on the other side, but FAA made the decision to put on this side. On the development side of the house, all tenants knew the rules of building hangars and that they could not build too tall to block view of tower. And this is what they have been doing and we have not allowed them to block the view as you go down Alpha. They have resigned themselves to that and have modified their hangar to fit their business needs and FAA requirements, but it has cost them some money on rent.

Commissioner Granbery commented that he would like to say that the legal team put together a good lease that protects the airport on the revenue side. President Kreulen replied yes, as we learned from hangars built on BNA, those became a template to JWN, and JWN is now a template for the two big hangars we built on BNA. We are more sophisticated about what we want and need and people still want to build hangars on both airports. Commissioner Granbery asked if they had to go through the 7460 on their hangars. President Kreulen replied yes, because they are doing construction on the airfield.

Commissioner Sullivan asked what are they losing by reducing the height of the hangars. President Kreulen replied the bigger the hangar, the bigger jets in it.

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

Vice Chair Glover asked Ms. Saxman for a roll call:

Vice Chair Glover – Yes

Commissioner Farner – Yes

The motion passed with a vote of 2 to 0.

4. Air Service Incentive Policy

President Kreulen introduced Lisa Lankford, EVP, Chief Strategy Officer, to brief the Committee on the Air Service Incentive Policy. Ms. Lankford stated the Air Service Incentive Policy (ASIP) helps BNA remain competitive with other US airports trying to attract additional non-stop international and domestic service. The ASIP is in accordance with FAA Policy Regarding Air Carrier Incentive Program, FAA Air Carrier Incentive Program Guidebook, FAA Policy and Procedures Concerning the Use of Airport Revenue (64 Fed. Reg 7696, 49 USC SS 7107(b), and 47133 Revenue Use Policy) and FAA Policy Regarding Airport Rates & Charges. The ASIP was last approved by the Board on February 21, 2024, effective through December 31, 2025. This policy is reviewed annually, and updates are recommended to strengthen our incentives to "New Scheduled Service to Other Americas Markets". Ms. Lankford noted that all proposed marketing incentives and landing fee and facility abatements, outside of the Domestic Market Agreements, require Board of Commissioners approval to execute any Letter of Agreement (LOA).

Ms. Lankford stated the changes that we are requesting are for the Other Americas Market year-round service, which includes Canada, Mexico, Caribbean, Bahamas, Central America, South America, Alaska, Puerto Rico. The changes to Other Americas Markets are Landing Fee Abatement: Year 1 – No change; Year 2 – from 50% to 75%; Facility Fee Abatement: Year 1 – from 0% to 100%; Year 2 – from 0% to 75%; Marketing Incentive: Year 1 – from $150K to $250K; Year 2 – from $100K to $250K.

Ms. Lankford stated for Seasonal Service, the changes that we are requesting are for the Other Americas Markets including: Landing Fee Abatement: No Change; Facility Fee Abatement: Year 1 – from 0% to 75%; Years 2 – 3 from 0% to 50%; and Marketing Incentive: Year 1 – from $75K to $150K; Year 2 – 3 from $15K/year to $50K/year.

Ms. Lankford requested the Finance Committee recommend to the Board of Commissioners that it approve the Air Service Incentive Policy (ASIP), effective for new service announced June 18, 2025 – December 31, 2026; and authorize the President and CEO to execute the policy.

Commissioner Joslin asked why there is such a difference between Americas and Europe markets. Ms. Lankford replied MNAA felt that was a competitive number for the flight distance. President Kreulen stated this is an increase; Trans-Oceanic is a much farther flight. You can get to Mexico or Canada in half the time it takes to get to England and main Europe. We are incentivizing the longer flights with more money than the shorter flights. Vice Chair Glover asked if the season is the holidays. Ms. Lankford stated the FAA definition of seasonal is 6 months or less service.

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

Vice Chair Glover asked Ms. Saxman for a roll call:

Vice Chair Glover – Yes

Commissioner Farner – Yes

The motion passed with a vote of 2 to 0.

5. Third Amendment to Paradies Lease & Concession Agreement

President Kreulen introduced Lisa Leyva, VP, Concessions, to brief the Committee on the Third Amendment to Paradies Lease & Concession Agreement. Ms. Leyva stated MNAA has a Lease and Concession Agreement (Agreement) with Paradies Lagardère @ Nashville, LLC (Paradies) to develop and operate a concessions program, including food, beverage, services, retail and vending offerings at the Satellite Concourse. The agreement was approved by the Board on August 17, 2022. The term of the agreement commenced on October 18, 2023, and will expire on October 18, 2033. MNAA and Paradies entered into a First Amendment, effective September 18, 2024, in which the Minimum Annual Guarantee (MAG) was reduced from $2.4M to $1.775M for calendar year 2024 and $2.067M for 2025. MNAA and Paradies entered into a Second Amendment, effective December 18, 2024, in which “Street Price” and “Street Pricing” were replaced with “Acceptable Concession Price” and “Acceptable Concession Pricing” and allowed for the price of a good or service to be no more than 110% of the regular price of the good or service charged at an off Airport comparable location.

The Satellite Concourse is programmed for 2.35M enplaned passengers. Paradies based their RFP proposal and financial projections on 1.65M or 70% of stated capacity. In the first full year operations, enplanements were 1.05M, a difference of 36%. Enplanements have not reached levels anticipated by Paradies and have declined 26% year over year from October to April. Enplanements are projected to increase 1.5 – 2% from May – September, however this still results in a 12-month 15% decline. Four Satellite concession locations were approved to close temporarily on March 21, 2025 to right size the program based on the level of enplaned passengers. The Satellite Concourse concessions are highly distressed businesses and are operating at unsustainable monthly losses. Paradies and its ACDBE partners cumulative cash losses reached $3.4M as of year-end 2024.

Ms. Leyva stated in order to provide Paradies some relief, we are offering the Third Amendment will provide further relief to Paradies and its ACDBE partners, as follows: 1) Delete Minimum Annual Guarantee (MAG); 2) Redefine "Percentage Rent" to mean 7% of gross receipts from all sales commencing as of the Effective Date of the Third Amendment until certain triggers are met at which time Paradies and MNAA will enter into a 50/50 Profit Share agreement; 3) Define Financial Recovery as the date at which Paradies recuperates its Initial Capital Improvements $12.5M; and 4) Extend the Lease Term up to 10 years which shall commence at the earlier of July 1, 2031, or when Profit Share has been attained, and Year 6 of extension MNAA will receive 60% of gross profits.

Ms. Leyva stated MNAA receives 1) the reopening of closed concessions will be the sooner of when Profit Share is achieved, July 1, 2031, OR at the discretion of MNAA; 2) Extended Lease Term "Reinvestment Improvements" up to $3.78M after Profit Share is achieved (prior midterm investment requirement was $934,950); and 3) Payment of outstanding Contract Penalties $970,000 to be paid in monthly installments over a 5-year period.

Vice Chair Glover asked about the financial liability of Satellite Concourse, and if it show profits and loss of it. Commissioner Farner asked for a description of why that proposal would be better than the original. Ms. Leyva replied because of the sustained losses that Paradies is seeing right now, MNAA thought this would be the best opportunity to help our ACDEBE partners not go into bankruptcy and also be able to provide for MNAA to still receive rent. The fear is if we do not and they leave, then we will have to go back out to the market for a new concessionaire and we could risk getting an even lower percentage. Also, MNAA wants to have concessions operating to provide for our passengers. President Kreulen stated that although Paradies may be able to sustain this loss, their business deal with two local businesses from Nashville, they will bankrupt those too. So, if they walk away, we will have nothing in the Satellite Concourse, so we have downsized by having them close four stores and as they recover then they open those back up. In trade for them staying and working through this, then they start sharing more of the revenue with us.

Vice Chair Glover asked what the breaking point is. Ms. Levya replied the way it is structured now, and the fact that we do not have a minimum annual guarantee is incredibly helpful, and we are receiving 7% of all of the sales. Being able to close down 4 locations also helped them with labor costs and overhead, so we have been working close with them to help them get through this time. President Kreulen replied 7% covers our operational costs and we need those concessions at the Satellite Concourse because we do have 8 gates out there, but we have to have services for customers.

Commissioner Joslin asked how many concessions total. President Kreulen replied it is 8, but Fat Bottoms took 2 spots. Commissioner Farner stated asked if there is a way to utilize that gate space, maybe push non-low-cost business that way. President Kreulen replied that when Concourse D fully opens, and we close Concourse A, everyone moves, United moves to Concourse B and Jet Blue has moved to Satellite Concourse, and Allegiant and Spirit are adding more flights. We have to balance that operationally because we cannot steal from Concourse B, because there are concessions there. As we have the ability to push more flights into the Satellite Concourse we will, and in the long run this will work out for all of us.

Commissioner Stevenson asked if there is entertainment at the Satellite Concourse. President Kreulen replied they do have a stage at Fat Bottoms. Our Concessions Team has met with Paradies multiple times about controlling their own success and their need to market. Vice Chair Glover asked if the food and beverage or retail concessions are doing better. Ms. Leyva replied the food and beverage concessions do better. Commissioner Farner asked how the per passenger spend compared to the other concourses. Ms. Leyva replied the main Terminal is $16.21 and the

Satellite Concourse is $8.14. Commissioner Farner stated there might be other incentives we can do since the airport has revenue sharing. President Kreulen stated we are promoting that ability but we cannot invest a lot of money and promote Paradies and not dedicate the same amount of money to other businesses. We have to balance our support.

Commissioner Joslin asked if the concessions were empty and boarded up. President Kreulen replied we were very specific on that and allowed them to close the two concessions on each end and they put up temporary walls and have renderings. Commissioner Farner asked how much transportation via shuttle hurts us, and if a walking sidewalk be more desirable. President Kreulen stated if you market it, they will go there. It is only 3 minutes and we have 9 buses to have buses going back and forth. It is at least $400M to tunnel and there is no way we could afford to go any other way than shuttle busses. Commissioner Granbery stated he met friends out for dinner and they chose a restaurant on this side before going to Satellite Concourse, because they did not know the offerings at the Satellite. President Kreulen agreed, yes, Paradies need to advertise. Vice Chair Glover asked is this our bottom line. Ms. Leyva stated yes, she thinks the way it is structured allows us not to have to come back. Keep in mind that it is in their best interest to meet these market triggers because the 50/50 market share goes into place no matter what, so it is in their best interest to drive sales, drive advertising, so that they have realized this debt by the time we get to the profit share market.

Vice Chair Glover asked if we require an advertising plan. Ms. Leyva replied, we do not require an advertising plan at this time, we are trying to get them to this point, and then we will work with them to make sure they have opportunity for advertising. We have a noncompete agreement in the concourses where Fraport cannot advertise in the Satellite Concourse and same for Paradies. President Kreulen stated he agrees with Ms. Leyva, this is the bottom line. BNA has been a good business partner because we do not want to see Paradies partners go bankrupt and we do not want an empty concourse. Not only have we compromised with them and they agreed with these terms, but we have given them twice as long to pay off, so this is a win for both sides. Commissioner Sullivan asked if there is a contingency plan if they walked away. President Kreulen replied, we do.

Ms. Leyva requested the Finance Committee recommend to the Board of Commissioners that it accept the Third Amendment to the Agreement; and authorize the Chair and President & CEO to execute the Third Amendment.

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

Vice Chair Glover asked Ms. Saxman for a roll call:

Vice Chair Glover – Yes

Commissioner Farner – Yes

The motion passed with a vote of 2 to 0.

6. <u>Purchase of Equipment (Infrastructure) & Maintenance Services Agreement for Parking and Revenue Control System (PARCS) Upgrade</u>

President Kreulen introduced Adam Bouchard, VP, Operations, to brief the Committee on the Purchase of Equipment & Maintenance Services Agreement for the Parking Access and Revenue Control System (PARCS) upgrade. Mr. Bouchard stated MNAA generates more than $100M annually from parking across all the Airport's parking products. A PARCS is mission critical to our parking operation, as it includes ticketing devices, gate arms, revenue management systems and tools, license plate readers, etc. The current PARCS with Scheidt & Bachmann was implemented in 2017 and is not capable of leveraging more recent technological advancements such as Advanced License Plate Recognition (LPR), Scan to Pay with QR codes, faster ticket processing, and data analytical tools. After an extensive review of the existing PARCS system and numerous alternate PARCS providers, it is recommended by MNAA staff and our PARCS consultant, CK Consulting, that MNAA upgrade our current PARCS system with Scheidt & Bachmann. The PARCS Upgrade was approved in the FY24 BNA Capital Improvement Plan (CIP) on April 19, 2023.

This Purchase Agreement with Scheidt & Bachmann (S&B) is to upgrade the Parking Access Revenue Control System (PARCS), which includes equipment, hardware, and software; Maintenance Services and Extended Vehicle Recognition Software License Agreements with S&B, which includes all software and licensing fees.

The Equipment Purchase cost is $3.6M and this cost is carried in our capital budget. The Equipment Purchase Date is July 2025; the Maintenance Services Agreement Start Date is 2 years after conclusion of warranty period for hardware and 1 year after hardware acceptance for software; and the Maintenance Services Agreement Duration is 5 years, with 2, one-year renewal Options.

Mr. Bouchard requested the Finance Committee recommend to the Board of Commissioners that it approve the purchase agreement and maintenance services agreement with Scheidt & Bachmann; and authorize the Chair and President & CEO to execute proposed contract amount of $9,100,000.

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

Vice Chair Glover asked Ms. Saxman for a roll call:

Vice Chair Glover – Yes

Commissioner Farner – Yes

The motion passed with a vote of 2 to 0.

7. <u>Purchase of Network Equipment for Parking and Revenue Control System (PARCS) Upgrade</u>

President Kreulen introduced Steven Woods, VP, Information Technology, to brief the Committee on the Purchase of Network Equipment for Parking and Revenue Control System (PARCS) Upgrade. Mr. Woods stated the networking equipment that facilitates secure, real-time communication between the PARCS system components was installed in 2017 and has reached or soon will reach end-of-service-life which means the manufacturer no longer sells nor provides maintenance for these items. This contract includes the purchase of forty-four (44) new network switches (including peripherals) to replace end-of-service-life equipment for the purpose of supporting the PARCS upgrade. The anticipated start date is June 23, 2025 with completion June 22, 2026. The contract cost is $568,236.56 and the funding source is CIP.

Mr. Woods requested the Finance Committee recommend to the Board of Commissioners accept the proposed contract to purchase the network equipment for the PARCS upgrade and authorize the Chair and President and CEO to execute the contract with Trace3 for a total value of $568,236.56.

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

Vice Chair Glover asked Ms. Saxman for a roll call:

Vice Chair Glover – Yes

Commissioner Farner – Yes

The motion passed with a vote of 2 to 0.

8. Contract for Renewal of Microsoft Licensing

Mr. Woods stated this is the contract for the Renewal of Microsoft Enterprise Agreement (EA) to license essential software and cloud services used across the organization. The Microsoft EA consolidates licensing under a single contract, offering cost savings through volume discounts, simplified licensing management, and predictable annual pricing. This contract is with Insight Public Sector for a 3-year term beginning June 1, 2025 and ending May 31, 2028. The total contract cost is $1,631,935.50 and the funding source is O&M. Mr. Woods noted that factors influencing the increase in cost of this renewal are an increase in user licenses, two price increases by Microsoft over the last three years, and an increase in Windows Server licenses to support additional applications/services.

Commissioner Farner asked if it includes security. Mr. Woods replied yes, we have Microsoft governmental licensing and G5 tier.

Mr. Woods requested the Finance Committee recommend to the Board of Commissioners accept the renewal of the Microsoft Enterprise Agreement and authorize the Chair and President and CEO to execute the proposed contract with Insight for the total contract value of $1,631,935.50.

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

Vice Chair Glover asked Ms. Saxman for a roll call:

Vice Chair Glover – Yes

Commissioner Farner – Yes

The motion passed with a vote of 2 to 0.

9. FY26 Commercial Insurance Policies Renewal

President Kreulen introduced Kristen Deuben, VP, Finance, to brief the Committee on the FY26 Commercial Insurance Policies Renewal. Ms. Deuben stated that the current insurance policies are on a 7/1/24 – 7/1/25 cycle. All policies will be renewed effective July 1, 2025. At our annual insurance renewal planning strategy meeting, Marsh, our broker, and Dickson Consulting, were present and Marsh indicated that our overall market conditions were favorable with adequate capacity and no need for coverage restrictions. Marsh negotiated with the incumbent carriers on select lines of coverage as they performed extensive marketing in the previous years.

Ms. Deuben stated the FY26 proposed policy premiums increased 4.9% from the prior year to a value of $5,759,071 NTE and is within the FY26 budgeted insurance amounts for BNA, JWN, and MPC. The key reasons for the 4.9% increase over FY25 is the Property Insurance increased to $3.9M (+1.0%). This is due to our total insured value of assets increased from $3.0B to $3.1B due to increase in replacement values on current assets; as well as the addition of the Concourse D Extension, which is offset by the demolition of Concourse A.

Ms. Deuben stated the Aviation General Liability increased to $270K (+6.3%) due to a projected 5% enplanement increase and the projected 11% revenue growth. The Worker's Compensation increased to $295K (+17.8%) due to our projected wages increased from $50M to $52M. Our experience modification factor increased from 0.77 to 0.83 due to an increase in number and severity of claims. The Cyber Liability/Network Security increased to $207K (+36.6%) due to the increase in coverage from $10M to $15M.

Vice Chair Glover asked if there have been any incidents. Ms. Deuben replied no, it is a really hard market to get money, so as they are offering more coverage, we accepted it. President Kreulen stated Ms. Deuben is doing a great job of getting us more coverage. Commissioner Farner stated he assumes we are quoting different carriers. Ms. Deuben replied Marsh is our broker.

Ms. Deuben requested the Finance Committee recommend to the Board of Commissioners that it approve the FY26 commercial insurance policies renewal at a NTE amount of $5,759,071 and authorize the President and CEO to execute the FY26 policies through Marsh.

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

Vice Chair Glover asked Ms. Saxman for a roll call:

Vice Chair Glover – Yes

Commissioner Farner – Yes

The motion passed with a vote of 2 to 0.

INFORMATION ITEMS

1. Concourse A / Future BNA Concessions Program Update (Options)

Ms. Leyva presented the Committee with the Concourse A / Future BNA Concessions Program Update Options. Ms. Leyva stated she will go over the Background, Concourse A Layout & Timeline, Expiring Locations and the Two Challenges. Fraport was selected in 2018 as Developer Concessions Model Fraport and contracted 2019-2029. They have 92 locations inside of the terminal, 53 Food and Beverage and 37 Retail. Fraport put in $17M base building facilities. MNAA lacked the expertise to effectively oversee the program at the time. Ms. Leyva presented a diagram of the Concourse A Layout stating it is 95% design with 6 Food & Beverage and 2 Retail with future space for food and beverages and retail spaces.

President Kreulen stated this is showing a smarter approach because before when we did it, we built everything for Concourse A, B, C and now D. Now when we open Concourse A, instantaneously, we will not be at maximum volume. We will have enough passengers for the 6 food and 2 retail and build out the other two as needed. Ms. Leyva stated the New Concourse A concession locations need to be leased by December 2026 in order to be designed, constructed and open by July 11, 2028. She presented a timeline starting 2025 through 2028. President Kreulen stated we need to make business decisions now in 2025 and 2026 in order to be ready for 2028. Ms. Leyva stated from 2027 to 2049 there are 45 Fraport locations that will be expiring. Those will end before the end of Fraport's contract in 2029.

President Kreulen stated our problem is not only the new Concourse A and outfitting it correctly, but half of the food and beverage and retail spaces expire during this same time period and we will have to replace or refresh 45 locations. Ms. Leyva stated MNAA has two challenges: Concourse A Development and the Expiring Locations; and we are exploring three options.

Ms. Leyva stated Option 1 for the future leasing structure is to recompete the developer model. This includes rebidding the developer model with Concourse A and rolling expiring locations into new Developer contract. This would have the potential for two developer contracts from 2026-2029 with the developer taking over the entire program in 2029. It would require a 10-year agreement 2026-2036.

Ms. Leyva stated option 2 for the future leasing structure is to maintain Fraport under new financial terms, including: Provide development rights of Concourse A to Fraport in exchange for the Conversion to Fee Manager contract (same scope, but without capital investment requirement); More favorable financial terms to MNAA than the current where Fraport receives 30% (negotiate new revenue split); and negotiate extended term by exercise first 5-year option (Fraport term would extend to 2034).

Commissioner Farner asked more favorable to BNA, not Fraport. Ms. Leyva replied yes.

Ms. Leyva stated Option 3 for future leasing structure is to transition to MNAA Controlled Prime Operator Packages/Direct Lease Model. MNAA would issue RFP for multiple packages, combining new Concourse A locations opening in 2028 with future Fraport locations available on 2/1/29. MNAA would have to assume responsibility for tenant management, marketing and delivery. This would require hiring new MNAA staff with 7 full-time employees and 2 staff augmented. Fraport would need to extend subleases with locations expiring in 2027 and 2028 to enable phased re-leasing as of 2/1/29.

Ms. Leyva stated the next steps are for the next 30 days to analyze proposed options and in July present Commissioners with findings and recommendations, and in August gain concurrence from Commissioners on the path forward.

Vice Chair Glover asked if next month we would have more details. Ms. Leyva replied yes. Commissioner Farner stated he was looking forward to hearing more about Option 3. President Kreulen replied yes, the staff wanted to make sure that we are looking at this from different sides. Commissioner Granbery asked if MNAA staff could include best practices from other airports. President Kreulen replied yes, the staff attends conferences and are benchmarking. Commissioner Sullivan asked them what the percentage is for others to operate themselves. President Kreulen replied the developer model is the smaller of the models. There are less using the developer and back in 2017 – 2018, MNAA decided we needed the help and decided to bring that program on and use their expertise.

President Kreulen concluded the presentation.

Vice Chair Glover thanked everyone and gave a special thanks to Trish Saxman, Executive Assistant to the Board, for her assistance with getting her grandson who flew from DC. She has 3 grandchildren here for the summer.

1) ADJOURN

There being no further business brought before the Finance Committee, Chair Byrd adjourned the meeting at 10:33 a.m.

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Andrew W. Byrd, Board Secretary

STAFF ANALYSIS
Finance Committee

Date: July 9, 2025

Facility: Nashville International Airport (BNA)

Subject: AlClear ("CLEAR") Concession Agreement

I. Recommendation

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

1) Approve the AlClear ("Clear") Concession Agreement; and

2) Authorize the Chair, and President and CEO to execute the agreement.

II. Analysis

A. Background

Effective August 1, 2020, The Metropolitan Airport Authority's (MNAA), entered into a five-year concession agreement with Clear to provide the registered traveler program at BNA. The airport's revenue for the concession agreement on any enrollment into Clear's registered traveler program in a 15-county area was as follows:

- Year 1 – 8.5% of gross revenue
- Year 2 – 9.0%
- Years 3-5 – 10.0%

The initial Minimum Annual Agreement ("MAG") for the agreement was $82,753 and was adjusted each year to 80% of gross revenue from the preceding year. By year 5 the MAG had risen to $452,066, with an estimated percentage of gross revenue for the final year exceeding $600,000.

On June 1, 2022, MNAA amended the concession agreement to allow TSA PreCheck enrollments. The airport's revenue for TSA PreCheck enrollment through Clear was 2.5% of gross revenues. This was in line with other similar agreements for this service at BNA.

Under the new concession agreement with Clear, we have negotiated better business terms, including a higher percentage of gross receipts and a larger number of counties included in the catchment area.

The three services that Clear provides at BNA are:

1) Registered Traveler Program - refers to the Transportation Security Administration's (TSA) program as a means to accelerate the screening process at participating airports for passengers who voluntarily choose to enroll in the program. This program involves biometrics to be used for identification purposes.

2) TSA PreCheck Enrollment Program - refers to the Transportation Security Administration's (TSA) program as a means to accelerate the screening process at participating airports for passengers who voluntarily choose to enroll in the program. This program may involve biometrics to be used for identification purposes.

3) Ambassador Assist Service - a meet and greet service to escort and assist members with baggage, airline check-in, and navigation of the terminal. Ambassadors will remain inside the terminal while providing these services.

B. Overview

	Current Agreement	**New Agreement**
Effective Date	August 1, 2020	August 1, 2025
Term	5 years	5 years + 2-year mutual option
Privileges and gross receipts	Registered Travel Program Year 1 – 8.5%	Registered Travel Program Years 1-7 – 11.5%
	Year 2 – 9.0%	(if/when checkpoint layout is adjusted) – 12.5%
	Years 3-5 – 10.0%	
	TSA PreCheck 2.5%	TSA PreCheck 5.0%
	Ambassador Assistance n/a	Ambassador Assistance (new) 12.5%
Initial MAG	$82,753	$550,000
Year 5 MAG	$452,066	TBD
Subsequent MAG	Greater of previous year's MAG or 80% gross receipts	Greater of previous year's MAG or 85% gross receipts
Catchment Area*	15 Tennessee Counties	34 Tennessee Counties + 13 Kentucky Counties

*Catchment area includes all new sign-ups or renewals for customers living in those counties

C. Strategic Priorities

- Invest in BNA
- Plan for the Future

D. Options/Alternatives

- Do not approve the new Clear Concession Agreement and either a..) eliminate the service or b) renegotiate terms