

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



Date: July 9, 2025

Location: Metropolitan Nashville Airport Authority
Tennessee Boardroom

Time: 9:57 a.m.

Committee Members Present:

Andrew Byrd, Committee Chair; Glenn Farner

Committee Members Absent:

Glenda Glover, Committee Vice 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, John Cooper, Kristen Deuben, Adam Floyd,
Traci Holton, Eric Johnson, Lisa Leyva, Carrie Logan, Rachel
Moore, Ted Morrissey, Brandi Porter, Josh Powell, and
Robert Ramsey

I. CALL TO ORDER

Chair Byrd called the Joint Meeting of the MNAA and MPC Finance, Diversity & Workforce Development ("Finance") Committees to order at 9:00 a.m. pursuant to Public Notice dated July 4, 2025.

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 June 11, 2025, Minutes of the Joint Meeting of the MNAA & MPC Finance Committees. Commissioner Farner made a motion, and Chair Byrd seconded the motion.

Chair Byrd asked Ms. Saxman for a roll call:

Chair Byrd – Yes

Commissioner Farner – Yes

The motion passed with a vote of 2 to 0.

IV. CHAIR'S REPORT

Chair Byrd stated it is fascinating to see the growth of the airport, and it is going to be more and more imperative to understand the finances surrounding that growth.

V. ITEMS FOR APPROVAL

1. AIClear ("Clear") Concession Agreement

President Kreulen introduced Josh Powell, VP, Airline & Government Relations to brief the Committee on the AIClear Concession Agreement. Mr. Powell stated this is a New Concession Agreement to provide services for the Registered Traveler Program, TSA PreCheck Enrollment Program, and Ambassador Assist Service at BNA. The start date of this contract will be August 1, 2025 and will replace the current agreement which expires July 31, 2025 for a duration of 5 years with a 2 year mutual option. The agreement terms are gross receipts that we receive for each of these services are as follows: Gross Receipts (Years 1-7) Registered Traveler: 11.5%; Increases to 12.5% if MNAA accepts proposed checkpoint layout adjustments, TSA PreCheck: 5%; Ambassador Assistance (new): 12.5%. The Minimum Annual Guarantee (MAG): Year 1 - \$550,000; Subsequent MAG greater of previous year's MAG or 85% gross receipts. The Catchment Area contains 34 Tennessee + 14 Kentucky Counties and includes all new sign-ups/renewals for customers living in those counties.

Mr. Powell stated that the impact of this new Concession Agreement is that we receive a higher percentage rent, Registered Traveler Program increases from 10% years 3-5 to 11.5 - 12.5%; TSA PreCheck increases from 2.5% to 5%; and the New 12.5% Ambassador Assistance. The current MAG increases from \$452,066 year 5 of current contract to \$550,000 year 1, with annual increases based on prior year and an addition of 19 Tennessee and 13 Kentucky counties in the catchment area.

Chair Byrd asked what MAG is. Mr. Powell replied it is the Minimum Annual Guarantee that we will receive off that contract so regardless of what the percentage rent is, we will receive at least \$550K off it the first year. Chair Byrd asked what value this concession adds. Mr. Powell replied

in addition to the revenue we receive; it gives customers the option of how they are able to proceed through the security checkpoint. Clear is one of the companies you can now sign up for and you do not have to take your laptop out of your bag, or take your shoes off, it is the expedited and reduced screening process through the precheck. The registered traveler program allows you to go to the Clear lanes with the biometric verification with your identification and then you go through the normal screening process at that point. At no point does anyone not go through the full TSA precheck. Commissioner Stevenson asked if Clear has a dedicated lane. President Kreulen replied yes, Clear has stanchions and then you get to be next in line to the document checker, and from there you go into the normal screening process.

Chair Byrd asked who supervises Clear operation. President Kreulen replied the Airline Affairs team supervises the overall contract and the Operations team supervises what is going on in the lines. Commissioner Farner asked what the Ambassador Assistance program is. Mr. Powell replied it is a new program that Clear offers. It is their VIP program; they will meet you at the front door and assist you with your airline check-in and through the Clear process for one amount or you can choose a different amount where at the end of the screening process they will take you down to the lounge. It was developed because there is a desire where individuals want a more premium service. The price is if you are doing from the door to the Clear it is \$99 per flight, or if you are doing from the door to the gate, it is \$179 per flight and MNAA will receive 12.5% of that. It is an added level of customer service that passengers can choose to participate in and MNAA gets revenue from it. Commissioner Farner asked when we get revenue from TSA PreCheck, is it all precheck in those counties. Mr. Powell replied the PreCheck revenue at the 5% is when people sign up for PreCheck at BNA onsite. If you are a member of Clear for their annual membership fee, whether you sign up at the airport or sign up at any airport and you live in these counties, we receive your revenue. Or if you do any renewals on line and live in any of these counties we also receive 11.5% at that time. Our ability under this new agreement to expand those number of counties from 15 to a larger number will really help grow that base of what money we are getting.

Commissioner Farner stated when he comes into the airport, TSA PreCheck at BNA is great, the only real problem you have is that people do not realize there are 6 stalls to go through and you have to walk past them and go through next line, with Clear it seems there are just one line. He

asked if they are designated to just one lane. Mr. Powell replied Clear does not guarantee that you are going to get through faster, but Clear people take it to the lines that TSA has designated for them.

Mr. Powell requests the Finance Committee recommend to the Board of Commissioners that it accept the AIClear ("Clear") Concession Agreement; and authorize the Chair, and President and CEO to execute the agreement.

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

Chair Byrd asked Ms. Saxman for a roll call:

Chair Byrd – Yes

Commissioner Farner – Yes

The motion passed with a vote of 2 to 0.

VI. INFORMATION ITEMS

1. Concessions Program Update

President Kreulen introduced Lisa Leyva, VP, Concessions, to brief the Committee on the Concessions Program Update. Ms. Leyva stated last month that she presented several challenges that we have with the Future BNA Concessions Program and talked about two of the challenges with Concourse A with the 8 locations and the 45 expiring locations. Ms. Leyva stated she will go over the background on the three options proposed last month, and talk about the pros and cons of each options and recommendation and next steps.

Ms. Leyva stated Option 1 is to extend the Fraport contract under more favorable terms to MNAA: it grants a 5-year extension to 2034, if negotiations are successful, and includes a conversion to Fee Manager (no capital requirement) and an increase in revenue split to MNAA (currently 70%). Option 2 is to recompute the Developer Model (possible new contractor): rebid Developer Model with Concourse A (10-year term) and roll expiring locations into a new Developer contract. Option 3 is to transition to an MNAA Controlled Prime Operator Packages/Direct Lease Model: MNAA would assume responsibility for tenant management,

marketing & delivery (hire 7 full-time employees and 2 augmented staff), issue RFP for multiple packages, combine new 2028 Concourse A locations with future Fraport locations available on 2/1/29, and ask Fraport to extend subleases with locations expiring in 2027 and 2028 to enable phased re-leasing as of 2/1/29.

Ms. Leyva stated we took the last month to analyze the pros and cons of the 3 options and came up with the following:

- Option 1 to extend Fraport contract under more favorable terms. Pros: No learning curve for Fraport; Continues coordinated management of Common Area Maintenance (CAM) & Delivery; Time to prepare for direct ownership of program. Cons: Continue to share rent; Less control over program; Repetitive offerings across program.
- Option 2: Recompete Developer Model. Pros: More competition; Less repetition of brands; Time to prepare for direct ownership of program. Cons: Continue to share rent; Less control over program; Expiring locations to be included in Concourse A.
- Option 3: Transition to MNAA Controlled Prime Operator Packages/ Direct Lease Model. Pros: Receive all rent revenue; Greater control over program; No MNAA capital required. Cons: Requires MNAA to immediately hire staff to manage program, handle procurement and oversee design & construction; Direct management of tenant issues, deliveries and maintenance services; Timeline does not allow for gradual transition of program.

Ms. Leyva stated MNAA recommends the following: Attempt to negotiate more favorable revenue split with Fraport before August Committee (option 1); Minimum of 85% by 2029; If successful, grant 5-year extension; If unsuccessful by August Committee, pivot to next option (analysis due by July 31, 2025). 2. Recompete developer model (option 2); Develop & Release RFP: Aug – Nov 2025; Award developer contract: Jan – Feb 2026; Fully executed leases: Dec 2026; Design & construct: Jan 2027 – Jul 2028.

Ms. Leyva stated the next steps are for her to return in August and report on the success on negotiations. Commissioner Joslin asked what is going to happen to the SMWBE Program since Trump's new DEI program, will this change how we solicit the new places. Before


Fraport agreed to go 45%. President Kreulen stated he plans to give the Board an update at next week's Board meeting on where we are at on implementing the executive orders and how it affects the SMWBE, MBE and DBE programs. The quick highlight is we are going to have a Small Business Program which will be race and gender neutral but he thinks we will still be able to accomplish the same goals. We are changing the way the rest of the concessionaires are doing work at the airports because they have seen how successful Nashville is at adopting local concepts so even though we might have a Small Business Program in the future we will still have the same emphasis on encouraging women and minorities and small business owners to participate. Commissioner Joslin asked if that would come into play on all future construction contracts as well. President Kreulen replied 100%, we will have to make sure we comply with Federal guidelines because we must comply with grant agreements. We are still waiting on the Federal government for guidance on how they think everything should be implemented.

Chair Byrd asked how much desire is there on the part of the airport to take this program on ourself. President Kreulen stated when we started this challenge in 2017 and 2019 we only had one person and did not have the capability to do it and that is how we ended up with a developer model. It has proven very successful with a lot of hard work and effort. Many of the large airports are running their own programs, and we would rather take it over in 2034 instead of 2039. Now with 130 concessionaires, you are running a big business, and we would need a lot more than the 4 experts we now have.

President Kreulen concluded the presentation.

1) ADJOURN

There being no further business brought before the Finance Committee, Chair Byrd adjourned the meeting at 10:24 a.m.



Andrew W. Byrd, Board Secretary