

Agenda of the Joint Meeting of the MNAA and MPC Finance Committee



Date/Time: Wednesday, September 10, 2025, at 9:40 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 September 8, 2025 at 9:00 a.m.

III. APPROVAL OF MINUTES

August 6, 2025 Minutes of the Joint Meeting of the MNAA and MPC Finance Committee

IV. CHAIR'S REPORT

V. ITEMS FOR APPROVAL

1. Amended FY26 BNA O&M Budget, MNAA Resolution 2025-14

VI. INFORMATION ITEMS

1. Eleventh Amendment to Fraport Lease & Concession Agreement

VII. ADJOURN

Minutes of the Joint Meeting of the MNAA and MPC Finance Committee



Date: August 6, 2025

Location: Metropolitan Nashville Airport Authority
Tennessee Boardroom

Time: 9:40 a.m.

Committee Members Present:

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

Committee Members Absent:

None

Other Board Members Present:

Nancy Sullivan, Jimmy Granbery, and Bobby Joslin

MNAA Staff & Guests Present:

Doug Kreulen, Cindy Barnett, Lisa Lankford, Trish Saxman, Marge Basrai, Kristy Bork, John Cooper, Adam Floyd, Eric Johnson, Lisa Leyva, Carrie Logan, Rachel Moore, Ted Morrissey, Stacey Nickens, Brandi Porter, Josh Powell, and Robert Ramsey

I. CALL TO ORDER

Chair Byrd called the Joint Meeting of the MNAA and MPC Finance Committee to order at 9:40 a.m. pursuant to Public Notice dated August 3, 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 July 9, 2025, Minutes of the Joint Meeting of the MNAA & MPC Finance Committee. 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.

IV. CHAIR'S REPORT

Chair Byrd no Chair's report.

President Kreulen presented a photograph of Chair Byrd and his wife Marianne Byrd. He congratulated Chair Byrd on their Golden Wedding Anniversary, 50 years. Big round of applause.

V. ITEMS FOR APPROVAL

1. None.

VI. INFORMATION ITEMS

1. Quarterly Retirement/OPEB/Treasury Investment Reports

President Kreulen introduced Kristy Bork, VP, Finance, to brief the Commissioners on the Quarterly Retirement/OPEB/Treasury Investment Reports. Ms. Bork presented the 4th Quarter of FY25 update for the quarter ended June 30, 2025. The Retirement Plan market value was \$88.5M, which is an increase of \$4.1M over the prior quarter. The Other Post Employment Benefits ("OPEB") market value was \$46.3M, which is an increase of \$2.4M over the prior quarter. We report funded status on an actuarial basis for the Retirement Plan and on a Market Value basis for the OPEB plan. As of June 30, 2025 the Retirement plan is funded at 105.2% on an Actuarial basis and the OPEB Plan is 196.9% funded on a Market Value basis. Chair Byrd stated he would like to point out what a great job Commissioner Joslin and predecessors have done with this Board to make sure these plans are fully funded.

Ms. Bork stated the Historical Retirement Plan Funding percentages for Pension/Retirement are based on Actuarial value not market value. Ms. Bork shared an historical chart with added FY25. This year actual funding was \$821K for the Retirement Plan. Historical Funding percentages for OPEB are based on market value funding as is required by GASB. FY2017-2021, contribution amounts include employer contributions, OPEB participant contributions, and OPEB expenses paid by the MNAA revenue fund. Starting in FY2022 all expenses were paid by the OPEB trust, so FY2022-2025

contribution amounts include both employer contribution and OPEB participant contributions. These deposits are from the premiums the retirees pay.

The 4Q24 Treasury combined yield was at 3.73%. We had 99.3% invested and the portfolio is in compliance and meeting policy objectives. Total cash and investment earnings was \$12.5M compared to \$12.9M from previous quarter. Even though we had more available funds we are starting to see the interest rates drop and so that is affecting our returns and we are still making good returns on the deposits that we do have. Commissioner Granbery stated compared to where we were, it is commendable.

2. BNA Concessions Program Quarterly Update and Sales Report

President Kreulen introduced Lisa Leyva, VP, Concessions, to brief the Committee on the BNA Concessions Program Quarterly Update and Sales Report. Ms. Leyva stated she will give the Sales Report for the 2nd quarter of Calendar Year 2025 ("Q2 2025") and she has expanded her report this quarter to include rental cars and advertising. She stated this quarter, concession sales are up 7% over Q2 2024. Total calendar year-to-date sales are \$100M, we have \$16.70 sales per enplanement and that increased 5% over 2024. Fraport is doing really well, their total sales are \$96.78M and sales per enplanement are \$16.15 and increased 6% over 2024. Paradies is still struggling; their sales are \$3.4M and sales per enplanement are \$7.66 and sales decreased 16% over 2024.

Ms. Leyva stated the Q2 2025 Rental Car Sales are down 6% over Q2 2024 although the deplanement numbers are up and the total transactions are up; however, the transaction days are down. We are seeing a decrease in about 100K transactions which is correlating to the decrease in sales. We are seeing a lot of passengers taking shorter vacations. She will continue to report on this. The total calendar sales are at \$108M versus last year Q2 2024 sales at \$114M which is a decrease of 4.7%. President Kreulen stated before we move from this slide, he stated we will be able to show Commissioners every movement in a transaction. Ms. Leyva mentioned the shorter vacations, and for the most part the same number of rental cars are being rented and instead of 4 day trips, it is 3 day trips - just smaller trips so that is the kind of level analysis that we are trying to get. We have always had that data and now we are trying to align that more and make better educated decisions.

Ms. Leyva stated the Q2 2025 advertising sales are up 30% over Q2 2024. A lot of people want to know how hot this market is and are putting their money in advertising at BNA. The 2025 calendar year to date is at \$2.8M up from \$2.1M in 2024 . Advertising is doing really well.

3. Future BNA Concessions Development Update

President Kreulen introduced Lisa Leyva, VP, Concessions, to brief the Committee on the Concessions Program Update. Ms. Leyva stated last month the Committee recommendation was to negotiate a more favorable revenue split with Fraport. She is pleased to report that MNAA has reached a tentative deal and our negotiations were successful. Fraport will be granted the development rights for Concourse A 2028 locations, in exchange for an 85% revenue split beginning January 1, 2029, and they will receive a 5-Year extension from February 1, 2029 – January 31, 2034. We are very pleased that we were able to reach favorable negotiations. She stated the Fraport partners are with us today.

Commissioner Joslin asked Sabine Trenk, President and CEO, Fraport USA, how she is doing in German. Ms. Trenk stated after the extension very good. Commissioner Farner asked for an explanation of the 85% revenue split. Ms. Leyva replied it is the blended rate that we get from the concessions program that are sales percentage about 16.6% and the blended rate is that we will start receiving 85% of that and Fraport will receive 15%. As of now our split is 70%/30% so we will go up 15% of that. Chair Byrd asked if the 5 year extension is on their entire contract. Ms. Leyva replied yes, that is correct. Ms. Leyva stated she will be coming to the Commissioners in September with the amendment for approval.

President Kreulen stated that is the biggest challenge between now and the September Finance Committee and Board meeting to complete the negotiations and present for approval. Chair Byrd asked if the new revenue split will be on all the concessions. President Kreulen replied yes. Commissioner Granbery stated except Paradies and stated the new concessions locations in Concourse A will only be a 5 year contract. Ms. Leyva replied yes. President Kreulen replied Concourse A will open in 2028 and Fraport's contract goes to January 2034 and when they are negotiating with different vendors, they may want a 7 year term or longer and then MNAA becomes a party to that agreement. Fraport's agreement is to 2034 with this amendment, and today it is to 2029. Chair Byrd asked what happens to the vendors in Concourse A. Ms. Leyva replied they have all been notified that they will no longer be there beginning October 2025. Chair

Byrd asked if their lease was terminated. Ms. Leyva replied yes. President Kreulen replied Fraport has handled that and we have not heard any problems with that.

Commissioner Joslin stated he would like to commend Fraport for their deliverables and the last few years everyone knows that he was not a fan of these guys, but Fraport has come full circle and he is proud they are here and they have worked a lot of difficulties to get to this point and they have survived it and will continue great service. Ms. Trenk replied that is their intention and they want to continue the partnership and are grateful for the opportunity to continue developing Concourse A for MNAA. She thanked President Kreulen and the Commissioners for trusting in their ability. They will deliver as in the past and make it even better. Fraport is very proud that the contract of the program was recognized with a Concessions Excellence award from the ACI and also testament to the work that they put in. She thanked very much for the continued trust in their abilities and Fraport is looking forward to making improvements wherever they go.

President Kreulen concluded the presentation.

1) ADJOURN

There being no further business brought before the Finance Committee, Chair Byrd adjourned the meeting at 9:54 a.m.

Andrew W. Byrd, Board Secretary

STAFF ANALYSIS

Finance Committee

Date: September 10, 2025

Facility: Nashville International Airport (BNA)

Subject: MNAA Resolution 2025-14
Amended FY26 BNA Operating Budget

I. Recommendation

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

- 1) approve the proposed amended operating budget for Nashville International Airport (BNA) for fiscal year 2026 (FY26); and
- 2) authorize the Chair and President & CEO to execute MNAA Resolution No. 2025-14.

II. Analysis

A. Background

Pursuant to the 3rd and Amended & Restated Bylaws of the Board of Commissioners of MNAA (Bylaws), Section 4.3.2, the President & CEO must submit the operating budget to the Board for approval at least 60 days prior to the beginning of the fiscal year. Requests for additional appropriations shall be submitted to the Board for approval.

MNAA uses three passenger forecasts to monitor growth at BNA: “Moderate Forecast”, “Strategic Forecast”, and an “Aggressive Forecast”. On April 16, 2025, the Board approved the FY26 BNA Operating Budget with a passenger forecast of 25,990,000, which was the “Moderate Forecast” at that time (4% above the FY25 year-end projection). At the beginning of July 2025, the forecasted passengers for FY26 was reduced to growth of 2%/4%/6% over the FY25 year-end projection (Moderate forecast of 2% – 25,246,000). In August 2025, the forecasted passengers for FY26 were reduced again to growth of only 1%/3%/5% (Moderate forecast of 1% - 25,026,700).

The approved budgeted passenger forecasts for FY26 and the new amended forecasts are shown in the table below:

	Approved Budget 2026	Amended Budget 2026
Moderate Forecast	25,990,000	25,026,700
Strategic Forecast	26,480,000	25,522,400
Aggressive Forecast	27,230,000	26,018,000

Revenue and expenses adjustments are proposed due to the new lower passenger forecast; therefore, the new financial rate model projections (original versus amended) are shown below:

**Nashville International Airport
Revenue and Expenses (Rate Model Based)
For the Year ending June 30, 2026**

	FY26 - Original	FY26 - Amended
Operating Revenues:		
Signatory Airlines	\$ 134,298,546	\$ 133,298,546
Parking	113,742,813	110,442,813
Concessions	79,375,714	80,175,714
Space Rental	18,766,307	18,766,307
Other	12,436,835	12,436,835
Total Operating Revenues	358,620,215	355,120,215
Operating Expenses:		
Salaries and Benefits	73,570,572	71,570,572
Contractual Services	93,398,049	92,041,049
Materials and Supplies	9,794,544	9,614,544
Utilities	10,450,182	10,450,182
Other	11,553,060	11,553,060
Total Operating Expenses	198,766,407	195,229,407
Other Rate Model Exp/Rev:		
Total Debt Service - Bonds	208,490,743	208,500,743
Less: Debt paid by Cap Int	(86,790,098)	(86,790,098)
Less: Debt paid by PFCs	(34,689,479)	(34,689,479)
Short Term Credit Facility Interest Expense	8,567,062	8,567,062
Operations & Maintenance Fund	4,696,594	4,696,594
Renewal & Replacement Fund	1,250,000	1,250,000
Airline Facility Fund	15,612,325	15,612,325
Authority/Amortization Facility Fund	24,583,125	24,583,125
NAE (Airline Incentive) Fund	2,000,000	2,000,000
Additional Pension/OPEB Contribution	-	-
Interest Income Transferred to Revenue Fund	(19,000,000)	(19,000,000)
Less: Budgeted Exp Excluded from Rate Model	(2,682,591)	(2,644,500)
Other Non Budgeted Rev Included in Rate Model	(4,243,297)	(4,274,255)
Total Net Other Expenses	117,794,384	117,811,517
Net Income (Deposit to NAE)	\$ 42,059,424	\$ 42,079,291

Based on the new rate model projections, the amended budget for FY26 was prepared. The summary is shown below:

BNA Summary (\$000)	APPROVED BUDGET	AMENDED BUDGET	
	2026	2026	
Non-Airline Revenue	224,322	221,822	②
Signatory Airline Revenue	134,298	133,298	①
Total Operating Revenue	358,620	355,120	
Operating Expense	(198,766)	(195,229)	③
Net Non-Operating Expense	(27,126)	(30,826)	④
Income before Depreciation & Grants	132,728	129,065	

① Signatory Airline Revenue decreased by \$1M:

- As noted in ③ below, operating expense was reduced by \$3.5M. The reduction in expense was run through the airline rates and charges model, which results in less revenue due to MNAA from the Signatory Airlines.

② Non-Airline Revenue decreased by \$2.5M:

- Parking and Concessions revenue decreased \$2.5M overall due to the reduction in forecasted passengers and as a result of the revenue generated per passenger decreasing in FY25. Due to the loss of revenue in FY25, MNAA proactively increased rates slightly in Parking and Ground Transportation in early FY26 to try to compensate for the loss of revenue. Without this increase, the decrease in non-airline revenue for FY26 would have been \$6M-\$7M more.

③ Operating Expense decreased by \$3.5M:

- Salaries and Benefits decreased by \$2M due to a reduction in anticipated salary and benefits (greater vacancy than budgeted) and the removal of MNAA's annual required contribution to the Pension/OPEB plans (no contribution required for FY26 due to both plans being overfunded).
- Contract services decreased by \$1.4M and Materials & Supplies decreased \$180K due to the cancellation/reduction in cost of several FY26 department initiatives as well as other identified areas of savings.

④ Net Non-Operating Expense increased \$3.7M:

- Due to the decrease in forecasted passengers, Passenger Facility Charges and Customer Facility Charges decreased \$1.7M and \$2M, respectively. This decrease in Non-Operating Revenue increases overall Net Non-Operating Expense.

Strategic Priorities

- Invest in MNAA

- Plan for the Future
- Prepare for the Unexpected

B. Options/Alternatives

Revise the FY26 Operating Budget by adding or reducing revenue and expense items.

MNAA RESOLUTION NO. 2025-14

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE METROPOLITAN NASHVILLE AIRPORT AUTHORITY AMENDING MNAA RESOLUTION 2025-04 AND APPROVING THE AMENDED OPERATING BUDGET FOR NASHVILLE INTERNATIONAL AIRPORT COVERING THE FISCAL YEAR BEGINNING JULY 1, 2025 AND ENDING JUNE 30, 2026.

WHEREAS, the President has submitted, for Board approval, an Amended Operating Budget for Nashville International Airport, covering fiscal year beginning July 1, 2025, and ending June 30, 2026, pursuant to Article IV, Section 4.3.2 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 MNAA Resolution No. 2025-04 by approving the Amended Operating Budget as presented, which has been made a part hereof as if copied verbatim herein as the Operating Budget for the Nashville International Airport for fiscal year 2026.

Section 2. 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:

Douglas E. Kreulen, President & CEO

Nancy B. Sullivan, Board Chair

APPROVED AS TO FORM AND LEGALITY:

ATTEST:

MNAA Legal Counsel

Andrew W. Byrd, Board Secretary

This 17th day of September 2025.