

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



Date: September 10, 2025

Location: Metropolitan Nashville Airport Authority
Tennessee Boardroom

Time: 9:30 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, 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,
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 9:30 a.m. pursuant to Public Notice posted on the BNA website at flynashville.com.

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 August 6, 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.

V. ITEMS FOR APPROVAL

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

President Kreulen introduced Marge Basrai, EVP, Chief Financial Officer, to brief the Committee on the FY25 BNA O&M Budget. Ms. Basrai stated she will give a brief background for BNA's budget and passenger projections. She presented a graph of BNA FY26 Passenger Projections stating the grey bar on the left shows the FY25 Actual passengers which were 24.78M. The FY26 Budget was based on the February 2025 Moderate forecast of 25.99M passengers, which is 4.8% above FY25 Actual. MNAA created new FY26 passenger projections (1%, 3%, 5%) using the Moderate forecast of 25.03M passengers (1% increase over the FY25 Actual). President Kreulen stated this year we are at 2% so we are at Strategic, between that 1% and 3%.

Ms. Basrai stated the metrics for the proposed amended BNA budget shows the Debt Service Coverage remains the same (Rev and Exp cut at same amount) & above the Board requirements. The Signatory Landing Fee is less at \$3.47 due from Airlines due to Operations Expense reductions. The Cost Per Enplanement (CPE) is up to \$11.07 based on lower passenger numbers. Days Cash on Hand metrics are not changing and exceed Board approved requirements. Total Operating Revenue decreased \$3.5M. Two main categories of Operating Revenue are the Non-Airline Revenue and the Signatory Airline Revenue. The Non-Airline Revenue decreased \$2.5M, and the total Parking & Concessions reduced by \$2.5M, due to a reduction in passengers and an adjustment made for a decrease in revenue per passenger in FY25. The Signatory Airline Revenue decreased \$1M. Budgeted Operating Expenses decreased \$3.5M, based on running through the rates and charges model, which results in a reduction in airline fees due to MNAA.

Ms. Basrai stated the Operating Expense decreased \$3.5M. Salaries & benefits decreased \$2M. We are looking at a reduction in anticipated salary and benefits. This year in the budget we

instituted a vacancy allowance of about 5% - 6% and we are actually seeing that right now at 11% - 13% so we have excess in our budget and will reduce salaries at \$1M. The other part of the salary and benefits decrease is where we removed our budgeted contributions for Pension/OPEB plans. We always have \$1M in our budget in case we have to make contributions but as we brought to the Board last month, both our Pension Plan and OPEB plans are overfunded, so we took that out of the budget.

Vice Chair Glover asked if any salaries are being cut. Ms. Basrai replied no, that no salaries are being cut. We have always budgeted salaries and wages at 100% because everyone was here, but there is turnover, so we are 95% funded, and we are running below that and are trying to eliminate that.

Ms. Basrai stated the Pension and OPEB Plans are fully funded; no contributions needed for FY26. Contractual services and materials & supplies decreased \$1.5M in total due to: cancellation/reduction in cost of several department initiatives, Maximo software cancellation/Tadera Software enhancement postponed, shop tools reduced in 1/2, Economic Impact Study contract came in below budget, various other areas identified for savings, miscellaneous contract savings, equipment/supplies reduction, and removal of Finance Bloomberg subscription.

Ms. Basrai stated the Net Non-Operating Expense increased \$3.7M. The PFC/CFC revenue decreased \$1.7M and \$2M respectively, due to less passengers. Ms. Basrai presented a summary slide on the adjusted budget showing: Total Operating Revenue \$355.1M, Total Operating Expenses \$195.2M, and Net Income before depreciation and capital grants \$129.1M.

Vice Chair Glover asked what the net increase is. Ms. Basrai replied we are reducing Operating Revenue by \$3.5M, and Operating Expenses by \$3.5M, which net itself out because we are also reducing Non-Operating Income by \$3.5M. Chair Byrd asked if this is a trend and how it affects us as to where we are in our historical performance or a particular airlines or across the board reduction in traffic. Ms. Basrai replied all airports are seeing reductions below what they had in prior years.

President Kreulen stated of the top 45 airports in the United States, we are 1 of 6 that are positive. The others are in the red and are not growing. We were plus 7% in January, and February was below our projections. The next months, March, April, May, June and July were slower growth; we went from plus 7% to plus 4.7% for June 30th starting the next fiscal year. Ms. Basrai is about to go to the bond market and we wanted to run new numbers at a lower growth rate so we changed from what you approved last year (2%, 4%, 6%) to 1%, 3%, 5% and move forward with the New Horizon program. Chair Byrd stated the airport is performing well.

President Kreulen stated Meade & Hunt did a good financial assessment of all the airlines. The Big 3 plus Southwest are booming here at BNA. Southwest is making structural changes so that they are getting what Delta, United and American Airlines are earning. Of all the Southwest bases they make more money in Nashville than anywhere else. Chair Byrd asked if it is just falling passenger load. President Kreulen replied yes, and people with disposable income are not getting on the cheaper flights. Spirit, as an example, have not reduced or dropped out of Nashville, but Chattanooga just got them and now lost them. Chair Byrd stated it is not easy running an airline. President Kreulen stated this is the MNAA finance team being proactive. Chair Byrd asked if we are going back into the bond market between November and February. Ms. Basrai replied the project cost \$1B and it will be more than that once you add all of these expenses to it. Right now we are targeting pricing going to the market in January.

Commissioner Glover stated the net income is about the same, and asked if the Board has to approve something this small. President Kreulen replied by the Bylaws, the Board approves the budget. He is not allowed to move any money in the budget. This might look smaller, and it would be a bigger movement if we did not make some strategic decisions earlier on parking and other fees we could change before the beginning of the year to charge what other large hubs are charging. This small adjustment gives us the comfort that we can handle this and show that the Board just adjusted this. Ms. Basrai stated she does not want to show a FY26 projection that does not equal to what the Board approved in the budget. Commissioner Farner stated the important thing is the practice of updating and approving is just as important. President Kreulen replied we are about 4 – 5 months ahead of when we would normally come to the Board.

Commissioner Joslin asked if tariffs affected cargo. President Kreulen replied tariffs come in every discussion we have with any new foreign carrier, but he is not sure if we have seen a drop. Commissioner Joslin stated we are going to 6 Canadian cities, and asked if that has that dropped any. President Kreulen replied they have reduced a number of flights per week, but we have not lost a destination yet. Americans are flying in large amounts to go to Canada, but Canadians are not as enthusiastic about coming to America. Chair Byrd stated that it is one of the factors that is having an input.

Commissioner Granbery asked Ms. Basrai on the vacancy for employment that she had a budget of 5-6% and is seeing closer to 11%, if it is a trend that we normally see on hiring people. Ms. Basrai replied she does not think it is that, but she would defer to the Human Resources department. What she is seeing is in the last year or two we opened 150 new positions and they were all put in and we are still catching up for all of those new positions. Commissioner Granbery asked if she budgeted those positions. Ms. Basrai replied yes, once we put them in, 100% was budgeted and we are now starting to track what that vacancy is and the numbers become much bigger, so a vacancy allowance made sense. We look at it after every payroll.

President Kreulen stated strategically we had a 69% fill rate, and we have the goal at 95%. We have not reached that goal; we are near 88% and in the strategic budget discussions the Finance team is calculating that if we ever got to 95%, it would still be 5% unoccupied positions so they started budgeting that. She is taking the savings from that budget to counteract and reduce revenue. Commissioner Granbery asked in adding those new jobs, numbers, what is the total new number fully staffed. Mr. John Cooper, EVP, Chief Administrative Officer, replied we have 533. Commissioner Granbery stated that it is a big jump, we were previously at 300. Chair Byrd asked to keep the Commissioners informed on the passenger traffic. President Kreulen replied every Monday morning at 9:00 a.m. passenger traffic is reviewed

Commissioner Stevenson asked about the new nonstops internationally, Ireland and Iceland. She realizes Doug just went to Iceland. President Kreulen replied the flight he was on there and back was full. BNA is probably at 80% load factor on both of them. Mr. Josh Powell, VP, Airline & Government Relations, replied Aer Lingus and Icelandair are both really pleased and running well over 80% load factors which is great for the first year. British Airways continues to be pleased

with their performance and is looking to upgrade their aircraft next year based on how well they are doing. He stated he flew Aer Lingus last week and it was completely fully. Commissioner Farner was looking at the Aer Lingus flights and the flights coming back were more full than the flights going to Dublin. Chair Byrd stated BNA is a major hub.

Ms. Basrai requested that the Finance Committee recommends to the Board that it approve the Amended FY26 BNA O&M Budget and authorize the Chair and President & CEO to execute MNAA Resolution 2025-14.

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.

VI. INFORMATION ITEMS

1. Eleventh Amendment to Fraport Lease & Concession Agreement

President Kreulen introduced Lisa Leyva, VP, Concessions, to brief the Commissioners on the 11th Amendment to Fraport Lease & Concession Agreement. MNAA has a Lease and Concession Agreement (Agreement) with Fraport Nashville, LLC to develop and operate a concessions program, including food and beverage, services and retail and vending offerings in the main terminal. The agreement has a term of ten years expiring January 31, 2029, with two 5-year options to extend the agreement beyond 2029, should the Authority choose to do so. Contract must be negotiated for 8 Concourse A locations opening July 11, 2028 as well as the 45 locations expiring 2027 – 2029.

Ms. Leyva stated in July the Committee she recommended to negotiate a more favorable revenue split with Fraport and if unsuccessful by August Committee, pivot to next option to recompute the developer model. In August she presented to the Committee that the negotiations with Fraport for more favorable revenue split were successful, and MNAA has reached a tentative deal. Today she


anticipated coming to the Committee for approval of the 11th Amendment. However, we did receive some comments from Fraport on the Amendment on Monday and felt that opposed to coming to you for approval, that it would be best to push the approval of the 11th Amendment to next month. She does feel certain that we are going to be able to reach a consensus on the verbiage, but if negotiations are unsuccessful by October Committee (analysis due by September 22, 2025), MNAA will pivot to next option which would be to do a Request for Proposal.

Commissioner Granbery asked how the new Concourse D concessionaires are doing. Ms. Leyva stated she believes they are doing well, we are seeing the uptick and with Concourse A closing, moving some to Concourse D and we have received very positive feedback. President Kreulen replied we have to walk to the record node and when Southwest brings in a lot of jets, it is amazing.

President Kreulen concluded the presentation.

1) ADJOURN

There being no further business brought before the Finance Committee, Chair Byrd adjourned the meeting at 9:55 a.m.



Andrew W. Byrd, Board Secretary