

Minutes of the MNAA Management Committee



Date: September 10, 2025

Location: Metropolitan Nashville Airport Authority
Tennessee Boardroom

Time: 9:55 a.m.

Committee Members Present:

Nancy Sullivan, Committee Chair, Joycelyn Stevenson,
Committee Vice Chair, and Jimmy Granbery

Committee Members Absent:

None

Other Board Members Present:

Bobby Joslin, Andrew Byrd, and Glenn Farner

MNAA Staff & Guests Present:

Doug Kreulen, Cindy Barnett, Lisa Lankford, Trish Saxman,
Marge Basrai, and Rachel Moore

I. CALL TO ORDER

Chair Sullivan called the meeting of the MNAA Management Committee to order at 10:02 a.m. pursuant to Public Notice posted on the BNA website at flynashville.com.

II. PUBLIC COMMENTS

Chair Sullivan stated there were no public comment requests received.

III. APPROVAL OF MINUTES

Chair Sullivan asked for a motion to approve the August 6, 2025 Minutes of the Management Committee meeting.

Commissioner Granbery made a motion and Vice Chair Stevenson seconded the motion.

Chair Sullivan asked Ms. Saxman for a roll call:

Chair Sullivan – Yes

Vice Chair Stevenson – Yes

Commissioner Granbery – Yes

The motion was passed with a vote of 3 to 0.

IV. CHAIR'S REPORT

Chair Sullivan had no Chair's report.

V. Items for Approval

1. FY25 CEO Performance Evaluation

President Kreulen stated that for the FY25 CEO Performance Evaluation, he would give the background then Ms. Marge Basrai, EVP, Chief Financial Officer, and Ms. Lisa Lankford, EVP, Chief Strategy Officer, will give the reports. The CEO Employment Agreement was signed on September 20, 2023 and the Board of Commissioners, at their sole discretion, may increase salary based on annual compensation survey; and will determine eligibility for target bonus payout level, based on CEO's ability to meet or exceed targeted expectations applicable to his position, in accordance with and subject to the terms of any applicable performance-based metrics, compensation plan or program. On September 20, 2023 the Board approved CEO's annual base salary, which will be reviewed and deliberated when we discuss 2025 CEO Compensation Benchmarking Study. On October 16, 2024, the Board approved the FY25 CEO Key Performance Indicators (KPIs). On August 6 and September 3, 2025, the CEO/CFO/CSO provided the FY25 performance summary to the Commissioners.

President Kreulen presented the FY25 CEO Key Performance Indicators (KPIs) report and explained the top half is worth 50% from the Financial criteria and presented by Ms. Basrai, and the bottom half is worth 50% from Operational criteria and presented by Ms. Lankford. The highlighted portion shows where we ended up for the fiscal year.

Ms. Basrai stated 50% of the KPIs is based on Financial metrics. One of those metrics is the Operating Income which is 25%. For the Operating Revenue when we closed our books we ended up with \$334.6M, which is \$1.6M above the budget of \$333M. Once we make all entries and close the books, the final thing is done. The last calculation is the airline true up, i.e., do they owe us money or do we give them money back. We came in under budget in expenses and when you run all those new numbers through the rates and charges model, it resulted in a refund to the airlines of \$8.7M and that brought us under budget in our Operating Revenue at \$25.9M which is \$7.9M below budget. The result based on the Board approved KPIs is 0%.

Chair Sullivan asked what the binary fail/pass zero is. Ms. Basrai replied if we meet the budget at the \$333M, President Kreulen would be at 90%, if it is 5% above budget he gets 100%, if it is 10% over budget he gets 100%, and if it is below budget based on this formula it is 0%. President Kreulen stated the Board never contemplated we would be under budget. Chair Sullivan stated there is no criteria for what that should be. President Kreulen replied correct, we would rather be more conservative. Commissioner Granbery asked what it would be if you did it in a graduated scale. President Kreulen replied \$325 of \$333 is 97.5%.

Ms. Basrai stated the Operating Expenses were \$180.1M, and the budget was \$99.8M; we came in 19.8M below budget, all of which is in salary and benefits. The line items fall in 10% under budget and the CEO would get 110% on his results. One of the points she would like to make is that revenue exceeds expenses by \$146M. Operating Revenue minus Operating Expenses is \$146M and we budgeted Operating Income to be \$133.2M so we had an additional amount to Operating Income of \$12.8M.

Commissioner Granbery stated the contribution to reserves was \$13M higher. Ms. Basrai replied yes, we are going to put more money in our reserves. President Kreulen stated we were planning to put \$57M in our reserves and now we are able to put \$72M in our reserves.

Ms. Basrai presented the Fiscal Responsibility and Strength based on calculations of final numbers. The Senior Debt Service is 5.08X and that is greater than the 1.5X requirement so he would get 110%. The Senior Subordinate Debt Coverage is 2.82X that is greater than the 1.5X requirement and that puts him at the 110%. Days Cash on Hand as of June 30, 2025 using all of our unrestricted cash accounts, which is the legal definition, is 1,262 days and is greater than the 650 days and that puts him at 110%. And then both the Pension funding is 105.2% and OPEB funding is at 196.9% funded, which puts him at 110%.

Commissioner Byrd asked if the Senior Debt is our bond indebtedness and the Subordinate Debt is bond indebtedness as well. Ms. Basrai replied yes, Debt Service coverage and are held by both bond holders.

Ms. Lankford stated Operational Performance has three major areas that go into it. The Overall Airport Satisfaction, which counts for 15%; Average Employee Satisfaction, which counts for 10% and was newly added this year; and the Strategic Goals and Objectives, which counts for 25%.

Ms. Lankford stated that our Airport Customer Satisfaction is performed by an independent contractor. We switched the contractor this year and it is an improvement. We went to ACI Airport Service Quality (ASQ) which gives us the ability to have airport benchmarks on a consistent basis. We scored 87%, which is rated by ASQ as excellent, and equates to a 4.3 overall average. This falls in the 100% eligibility for the CEO. ASQ does provide benchmarks, and Ms. Lankford presented a diagram showing the overall airport satisfaction to global, North America, custom panel and 12 – 25M airport benchmarks. The diagram also showed where the airport scored in major areas.

Ms. Lankford stated the Employee Satisfaction is also conducted by an independent consultant, Flex Surveys, and is done annually in the Spring. We scored 3.8 on a 5.0 scale and that equates to 63% top 2 box. This falls in the 100% eligibility for the CEO. We do not have airport benchmarks, but Flex Surveys provides industry benchmarks. They look at it in percentiles and rate the 75th percentile as best. We have excellent participation at 92% which exceeds the 75th percentile. For overall satisfaction, we were almost at the 75th percentile. Engagement came in at 70% and endorsement, which is the employee's recommendation of the airport as a place to work, came in at 85%. The slide also showed individual large bucket areas, and we scored all at or above industry average.

Ms. Lankford stated the FY25 Strategic Goals Accomplishments are weighted at 25%. These goals are established at our Staff Retreat on an annual basis. We have retreats every 6 months and formally review performance on how we are doing; if we need to make any edits; and what challenges we face. Then at the end of the fiscal year we go goal by goal and verify if we completed it, completed it on time, or partially completed. This is how we calculated the 92.8% score; it is scored on a line-by-line basis, within each individual goal. The 92.8% score falls in the 100% eligibility for the CEO.

Vice Chair Stevenson asked President Kreulen on the Employee Satisfaction Survey what his process is for downloading that information as the CEO and figuring out what is going well, what needs to change, and how does he use it. President Kreulen replied that the company that was hired to do the survey gives an executive presentation. This year is our first year that all the performance criteria for his staff have a similar departmental goal. We know by department how people thought of the

organization and everyone's goal this year is to increase by 10% or more. We are able to look at the trends and this year we did training classes two levels down, himself, the Executive Staff, and then the Senior Staff.

President Kreulen thanked Ms. Basrai and Ms. Lankford and stated that the revenue expense side with our expenses being well below budget and revenue not really making the budget getting a zero, those two averaged together is 55 and then the rest of the report is pretty solid results. If you average the 5 different areas that the is on the CEO evaluation, then the overall evaluation is 93.75%. If that is approved by the Committee and then the Board, then the CEO will receive 93.75% of the eligible bonus. He believes that is a fair evaluation. MNAA made more money this year, last year's revenue goal was \$301M and we made \$334M; this year and with the budget the Finance Committee reviewed, next year's revenue goal will be \$360M. The fact that we were so far below budget this year on expenses and gave the airlines a refund, it pulled the revenue down. Chair Byrd stated that hurts the airline revenue receipts. President Kreulen replied yes, they paid us more than they should have and we had to reduce the revenue to show that. We had a very good year, and we are going to put more money than we anticipated into our savings.

Chair Sullivan stated the only thing that bothers her is the zero; the overall result is exactly what we wanted. She asked Ms. Basrai what she thinks of the formulas not being set up right. Ms. Basrai replied yes, they were not set up to contemplate being below. We were so far above budget since she has been here. Even with a refund to the airlines we still remain above in operating income. She looks at it as a year of operating income. In this case we did better because we were able to not spend and that to her is fiscally responsible. That is a reasonable thing to be looking at.

Vice Chair Stevenson asked if the 93.75% is just for the bonus and they still have some discretion from a compensation standpoint and for her, she agrees. For the next KPI we need to figure out a better way to address that. She is of the mindset that we have a formula and a process in place and should be consistent with that from an optics standpoint. She thinks President Kreulen has done a great job and she is not against him at all in this. But the zero percent was presented and there is no way to figure out how to do that and how to maneuver it differently. She figures she will just say that and will not vote against it, but she will not vote for it either. She believes there are other options to reward President Kreulen for the great work he has done outside of this.

Commissioner Granbery stated he would like to make a motion for the MNAA staff to come back with a different formula that is not zero; it just doesn't make sense that you would go from 90 to zero. Chair Sullivan seconded it. Commissioner Joslin stated we have come a long way since 16 years ago and there was no Management Committee. This is work in progress right here, it is really great. We started this due to President Kreulen's leadership, so can we make it better, he thinks that motion will continue to make it better. It has been a challenge for President Kreulen.

Commissioner Farner said from a new Board member's perspective it is a very impressive set of metrics and very thorough and without that you wouldn't run into the issues that you notice so it is a good problem to have that you have this process.

President Kreulen stated the Chair had a similar comment. With Marge's feedback he went back 4 years and in 2023 if we changed breaking out the revenue and expenses to the Operating Income, based on the ACFR, we should have made \$88M, and we made \$96.8M. In 2024 the budget we put forward was \$124.7M and we made \$137M. This year, 2025 the budget we put forward was \$133.2M and we made \$146.5M. He totally accepts that and if the motion passes, we can modify the 2026 KPIs.

Chair Sullivan asked Commissioner Granbery to repeat his motion.

Commissioner Granbery stated the motion, now that we have this issue, is to request the MNAA staff come back with a formula that does not go to zero. He assumes it would probably have been in the 75% range. And this is not just for President Kreulen, it will be for other CEOs, it is all the metrics for what happens if it goes to zero.

Commissioner Byrd stated he thinks the 50% financial versus the 50% operational is exactly right, looking at operating revenue for any business is a primary criteria, and operating income before debt service is also a critical criteria and to evaluate the bonds as a whole. It is fabulous we have ACI, Flex Surveys and Strategic Goals, and those are entirely appropriate and an excellent way to divide 50%. We need to take a look at the net operating income and what is critical throughout this entire program or any business, is what is your revenue.

Ms. Basrai asked if she could get clarification, she is trying to help come up with metrics. She stated the debt service coverage is the bond ordinance, we are required to maintain the 1.25 for a Senior Bond and a 1.10 for Subordinate Bond combined. She asked if the Management Committee wanted it differently, because that we have to keep, if you fall below your legal requirement, you blew it completely. The Board requirement is the 1.5 and 1.25 coverage. Commissioner Byrd stated in terms of airport performance he thinks the bond criteria is extremely important, and for President Kreulen's performance he thinks what the revenue is, and the net operating income, is extremely important in terms of the success of this enterprise. He stated President Kreulen's performance and the bond criteria are a separate category, revenue, net operating income and ultimately how do you weigh out the factors. Chair Sullivan asked if he is suggesting more of an overhaul, and to look at everything. Commissioner Byrd stated he does not think we need to pay attention to the operational stuff, he thinks revenue is important and what is the revenue minus expenses and look at the bond debt service requirements.

Commissioner Granbery stated that maybe he will table the motion, since there are a lot of factors that are involved. Maybe MNAA Staff come back next year with a new formula for this situation. If Ms. Basrai says we have to have the bond criteria by law, then we cannot put it in there. Commissioner Byrd agreed that we have to comply with the bond criteria. He thinks we need to come up with something besides 90 to 0%. Commissioner Farner stated maybe 50 – 75. Commissioner Granbery stated it is a graduating scale, whatever it is based on true numbers.

Chair Sullivan stated the recommendation at hand is do we want to go with it as it is now, they have discretion, the airport and industry. Commissioner Granbery stated we put this in place and need to stick with it and moving forward next year, it is not going to be zero.

Commissioner Granbery made a motion to approve 93.75% of the bonus based on KPIs. He said he didn't do the math in his head. President Kreulen stated if you approve, we will figure it out. Vice Chair Stevenson seconded the motion.

Commissioner Granbery made a motion and Vice Chair Stevenson seconded the motion.

Chair Sullivan asked Ms. Saxman for a roll call:

Chair Sullivan – Yes

Vice Chair Stevenson– Yes

Commissioner Granbery – Yes

The motion was passed with a vote of 3 to 0.

President Kreulen thanked the Commissioners and stated he told the staff that we did not make the enplanement number, and did not make the revenue number, knowing that this was coming. Assuming the Board approves the 93.75% next week, the MNAA finance team budgeted for bonuses and that gives him authority to award bonuses to the staff. It is already in the budget, payout will be October 10, 2025 pay period. Commissioner Granbery stated the staff have done a great job.

2. FY26 CEO Key Performance Indicators (KPIs)

President Kreulen stated the FY26 CEO Key Performance Indicators which are identical to FY25 but with a new revenue number that goes from \$330 to \$364 for next year. He recommended that the Commissioners do not vote on it, and let the MNAA staff come back and fix the top quarter of this year and make a proposal to you. This is \$30M more next year than this year and what he is really proud of this the \$199.6 is the same as this year. He does not expect to be giving \$8M back to the airlines next year because we did not raise expenses.

President Kreulen concluded the presentation of the approval items.

VI. INFORMATION ITEMS

1. 2025 CEO Compensation Benchmarking Study – Review & Deliberate

President Kreulen stated in the Committee packet there is a compensation study from ADK Consulting & Executive Search. He presented a diagram showing the September 20, 2023 CEO salary was highlighted and stated when the CEO had the salary below midpoint at 33, the salary was bought up in 2023 to above midpoint at 65 and with the bonus structure that was put in the contract, the CEO with a \$600K base, got the bonus, he would be between \$612K - \$642K. He looks at it like the base salary is good, and it was set in 2023 and if he does well on the bonus, he will be at the mid-level total

compensation as other CEOs. If you look at the 2025 ADK report, this is blending 2023, 2024 and 2025 data, his base salary is just a little lower than midpoint, and the bonus capability is sort of in the same area, really at the midpoint. The reason it is showing higher is two of the higher paid, longer running CEOs retired.

In summary, in September 2023 salary, his base salary was the 65th percentile and total compensation was at the 30th – 53rd percentile. There was no salary change in 2024. In September 2025 benchmarking (ADK and Korn Ferry blended) base salary is 57th percentile and total compensation is 41st – 82nd percentile.

Commissioner Farner asked what the bonus level is. President Kreulen replied 40% of base salary. Commissioner Byrd stated it looks like we are in the range of what people are doing. President Kreulen stated it doesn't take into effect is experience, how many years at job, and level of capital expansion. Commissioner Byrd asked which CEO's were lost. Ms. Lankford replied Tampa and DFW. San Diego did not participate this year.

Commissioner Granbery asked President Kreulen to speak on his contract, and when it renews. President Kreulen replied that is coming up as the next information item for discussion. Vice Chair Stevenson asked, assuming the Board wanted to do something to account for the 93.7%, if they talk amongst themselves. President Kreulen stated they can ask him to leave.

Chair Sullivan stated it is not just the salary; it is also the bonus. She would almost rather change the bonus that way next year if it works out with him leaving. Commissioner Granbery asked if that was what Ms. Basrai is going to come back with. Chair Sullivan replied she is going to come back with how it is calculated. Vice Chair Stevenson asked if there is a contract. President Kreulen stated the contract states he is eligible up to 40 but the Board has the authority. If anything is done today, it will be for next year. Ms. Cindy Barnett, Board Counsel, agreed that is correct. Chair Sullivan stated she is ok with President Kreulen staying here for the discussion and asked the other Commissioners. Commissioner Byrd stated he thinks he should do it himself.

The Commissioners asked President Kreulen to leave the room. President Kreulen left the room at 10:49 a.m.

Commissioner Granbery made a motion to raise the CEO salary effective July 1, 2025 based on cumulative CPI adjustments for FY23 plus FY24 moving forward. Chair Sullivan stated she would like President Kreulen to return for the motion, and asked for President Kreulen to return. President Kreulen returned at 11:05 a.m.

Commissioner Granbery made a motion to increase the CEO base salary effective 7/1/2025 by the cumulative CPI (6%) the last two years (2023 and 2024) resulting in a \$36,000 increase. Vice Chair Stevenson seconded the motion. The motion was passed with a vote of 3 to 0.

President Kreulen thanked the Commissioners.

2. CEO Succession Manual

President Kreulen stated the CEO Succession Manual is one of the tasks he was asked by the Chair to put together. It is for the Commissioners' consideration since they are the ones that are going to hire the next CEO. The CEO's contract expires December 31, 2026. The contract says if the Commissioners do not want him to be here beyond 2026, they will give notice 12 months prior. The Chair, Board Counsel and he discussed, and the Commissioners should decide on his contract.

The CEO Succession Manual was put together to put a person in charge if something should happen to him. He was asked to put something in writing for the Commissioners. The President and CEO recommends an Interim President and CEO. The Board of Commissioners appoint interim CEO, if required, at Board's discretion; could be CEO recommended interim CEO or alternate interim CEO; Board executes CEO Succession Plan, taking into consideration CEO's Initial Term and subsequent Renewal Terms.

Commissioner Joslin stated the Commissioners have been through this before, the previous CEO had health issues and did not tell the Board, they did not even have a clue. One of the worst times the airport has been through. A couple of Board members wanted to do outside search, and he wanted President Kreulen to be the CEO. This document may be one of the most important documents the Board reviews.

President Kreulen stated the reason this 12-month decision was made is that you can have a document like this, so now you have a plan to follow. This says the Board will convene and agree or

disagree on that person, but you have an interim President and CEO while you go out and find an executive search company to find the next CEO.

Commissioner Granbery said this is very well done, he knows President Kreulen has been working on it for two years. Chair Sullivan said something to discuss is what happens between the time something happens to you and the Board agrees. President Kreulen stated that is what his designation letter would be. It would be something that the Board Counsel would draft, and it would state something like designating someone as the interim President and CEO until such time as the Board can hold a meeting, then the Commissioners affirm or rejects it. If the Commissioners reject it, that is fine, he has four people that he has a lot of confidence in, Ms. Basrai, Ms. Lankford, Mr. Floyd and Mr. Ramsey. Those are four people who could keep this organization and keep it moving. His goal as CEO is to leave the Commissioners several people to consider.

Vice Chair Stevenson asked when we talk about that. Chair Sullivan suggested they discuss it now. President Kreulen stated that would be a Management Committee discussion. If you give him a letter, then the Management Committee decides how long he stays. Commissioner Granbery asked what if the Commissioners asked him to take his contract through 2028 and no options or renewals, it is a definitive contract. He can speak with Susan and decide. This way the Board has him in place to get Concourse A open, and a long way down the road with siting Terminal II. How would you feel about that.

President Kreulen stated he loves his job and he serves at the Board's discretion. He is appreciative of that. If the Board wants him to leave at end of December 2026, he would accept, but he loves this job. If the Board wanted to offer him an extension, he would accept it and if he was going to do it, he would like it to be July 2028 or the end of 2028, and he would take away all automatic renewals.

Commissioner Granbery stated he would like to make a motion to extend President Kreulen's contract to end of 2028 and the contract no longer includes any automatic renewals. Vice Chair Stevenson seconded the Motion.

Chair Sullivan asked Ms. Saxman for a roll call:

Chair Sullivan – Yes

Vice Chair Stevenson– Yes

Commissioner Granbery – Yes

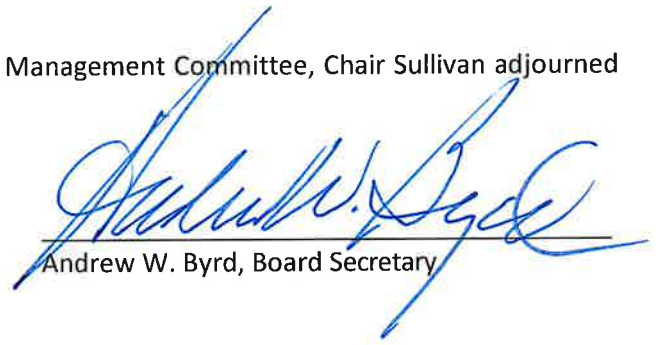
The motion was passed with a vote of 3 to 0.

President Kreulen thanked the Commissioners and stated that regarding the succession plan, he and Ms. Barnett will draft and present to the Commissioners.

President Kreulen concluded the presentation of the informational items.

VII. ADJOURN

There being no further business brought before the Management Committee, Chair Sullivan adjourned the meeting at 10:21 a.m.



Andrew W. Byrd, Board Secretary