

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



Date: December 13, 2023

Location: Metropolitan Nashville Airport Authority
Tennessee Boardroom

Time: 10:23 a.m.

Committee Members Present:

Andrew Byrd, Committee Chair; Glenda Glover,
Committee Vice Chair, Jimmy Granbery

Committee Members Absent:

None

Others Board Members Present:

Joycelyn Stevenson, Bill Freeman, and Nancy Sullivan

MNAA Staff & Guests Present:

Doug Kreulen, Neale Bedrock, Lisa Lankford, Trish Saxman
Marge Basrai, Daniel B. Brown, Chris Davidson, Kristen
Deuben, Adam Floyd, Traci Holton, Ijeoma Ike, Carrie
Logan, Rachel Moore, Ted Morrissey, Josh Powell, Stacey
Nickens, Robert Ramsey, Davita Taylor, Colleen Von Hoene,
George Cate (Bradley Arant), Laura Lowe (PFM) and Cory
Czyzewski (BofA)

I. CALL TO ORDER

Chair Byrd called the Joint Meeting of the MNAA and MPC Finance, Diversity & Workforce Development (Finance) Committees to order at 10:23 a.m. pursuant to Public Notice dated December 8, 2023.

II. CHAIR'S REPORT

Chair Byrd stated that he is pleased to be back in this Chair and that he is looking forward to successfully resolving some issues.

III. APPROVAL OF MINUTES

Chair Byrd asked for a motion to approve the October 11, 2023 Minutes of the Joint Meeting of the MNAA & MPC Finance, Diversity & Workforce Development ("Finance") Committees, stating on the record that per Adams and Reese, the prior minutes are approved solely for the purpose of

documenting the records of MNAA, including the date, time, location, attendance, and actions that occurred on the relevant meeting dates by the relevant body, and per Adams and Reese, such approval does not in any way comment on the legality or substance of the proceedings and actions taken or any contract considered with any such actions.

Commissioner Granbery made a motion and Vice Chair Glover seconded the motion. Chair Byrd asked Ms. Saxman for a roll call:

Chair Byrd – Yes

Vice Chair Glover – Yes

Commissioner Granbery – Yes

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

As recommended by Adams and Reese, staff provided all Commissioners affidavits from the minute taker and preparers, certifying that the prior minutes were taken and prepared in accordance with MNAA's standard meeting procedures and are an accurate record of the same.

Chair Byrd asked for a motion to approve the November 8, 2023 Minutes of the Joint Meeting of the MNAA & MPC Finance, Diversity & Workforce Development ("Finance") Committees. Commissioner Granbery made a motion and Vice Chair Glover seconded the motion. Chair Byrd asked Ms. Saxman for a roll call:

Chair Byrd – Yes

Vice Chair Glover – Yes

Commissioner Granbery – Yes

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

IV. PUBLIC COMMENTS

Chair Byrd stated the attorneys had left and there were no public comments.

V. BOARD CHAIR'S STATUS REPORT

Chair Byrd stated the Board Chair Status Report would be the July – October 2023 Finance Committee Actions (5 Items). President Kreulen replied correct, there were five items, and the plan is to ratify them in the Operations Committee. Affidavits were provided covering the five items that were all handled in accordance with the 3rd Amended and Restated Bylaws of the Board of Commissioners of

the MNAA, the Procurement Policy of the MNAA, and all applicable rules and regulations. Two of those contracts have already been executed and the others are waiting for the President and CEO, Board Chair, and Board Secretary to sign documents coming forward. Chair Byrd asked if item 13 and 14, JWN North Development LOI/Lease Terms – Parcel 1 and Amendment to Fraport Subleases, were previously approved by the Board and executed. President Kreulen replied yes, previously approved by the former Board and this Board reviewed those items on November 6, 2023 and November 8, 2023. Now we are back after those discussions and outside counsel recommended ratification to protect the airport going forward. Chair Byrd asked if any provisions were made in those contracts for potential litigation or concerns about litigation when those contracts were put into effect. President Kreulen replied not pertaining to the differences in the Boards. Chair Byrd stated there was pending litigation at the time that the Boards were meeting and when the contracts were approved, and we might ask the staff that. Mr. Neale Bedrock, General Counsel, asked if he could clarify the question, is Chair Byrd asking if any of those approved contracts have a clause in it where the parties acknowledged that there was litigation involving the state and Metropolitan Government of Nashville and Davidson County with regard to the appointing authority to the Board. Chair Byrd replied yes. Mr. Bedrock stated the answer is no, there is no clause in any of those contracts acknowledging that there was existing litigation between the Metropolitan Government and the State over the appointing authority over the Board. Chair Byrd asked if the Board counsel had any comment. Ms. Cindy Barnett, Board Counsel with Adams and Reese LLP asked if there were any type of notice provided to the contracting parties due to the ongoing litigation, and if there was any type of notice provided with regards to the litigation. Mr. Bedrock replied that he did not understand the relevance.

Vice Chair Glover asked if the financial statements reference the litigation, so that the public is aware of the lawsuit. Commissioner Granbery stated that the financial statements were reviewed by this Board last month and the audit results presented covered the period through the end of June. Ms. Marge Basrai, EVP, Chief Financial Officer, replied, yes, the disclosures were in the report. Vice Chair Glover also stated the disclosures were there.

Commissioner Granbery made a motion to approve the July – October 2023 Finance Committee Actions as presented. Commissioner Granbery added a footnote to say that two contracts were signed by Commissioner Granbery, acting as Chair of the state Board, and stated that everything that the state Board did under this Chairmanship were identical 100% to anything that was done before the state Board took over, and identical to what has happened right now and going back to Chair

Freeman and Chair Samuels. Commissioner Granbery replied that nothing changed and we drilled that down, but he would like to make that point.

Chair Byrd stated the first two contracts, the Fraport and Steve Smith contracts, have already been approved, and the issue at hand is the three contracts: Scott Sohr, British Airways, and the Nashville Airport hotel partners. President Kreulen replied they have been approved and under that they have not been executed yet because he does not have the official document to sign yet. The document with Scott Sohr is planned to be modified in this meeting when we get to the approval items, British Airways has the document to accept the incentive program, and the hotel license agreement is waiting for final agreement between the use of Hilton BNA. Chair Byrd stated asked if the other two contracts are a matter of public record. President Kreulen replied all of these are a matter of public record. Chair Byrd asked if they are available to the Board's counsel if they request them as a public records President Kreulen replied, yes, nothing is being hidden from counsel, the issue here is the ratification. Chair Byrd stated the ratification of all five actions. Mr. Bedrock asked if he could just point out for the record that Adams and Reese, LLP assisted in the negotiation of the Hilton BNA contract. Chair Byrd replied thank you.

Commissioner Granbery made a motion to ratify the 5 items, and Vice Chair Glover seconded the motion. Chair Byrd asked Ms. Saxman for a roll call:

Chair Byrd – Yes

Vice Chair Glover – Yes

Commissioner Granbery – Yes

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

The five items recommended for ratification were: 1) JWN North Development LOI/Lease Terms – Parcel 1; 2) Amendment to Fraport Subleases; 3) BNA Westside Development LOI/Lease Terms; 4) Amendment to British Airways Incentive Agreement (London); and 5) Trademark License Agreement.

Commissioner Granbery stated that Vice Chair Glover had talked about Disadvantaged Business Enterprise (“DBE”) and asked if the cumulative performance was at the 40% range. President Kreulen replied yes, the annual report speaks to it in terms of volume and last year the Authority did \$49M in Small, Minority and Women Owned Businesses (“SMWBE”). Before BNA Vision it averaged \$10M a year, and now averages \$50M a year, so 5 times the 2017 level. The original goal for BNA Vision was

\$240M and we are north of \$300M SMWBE with BNA Vision and New Horizon. Some contracts have a smaller goal and some are bigger. In Fraport's case Airport Concessions Disadvantaged Business Enterprise ("ACDBE") is near 40%. Commissioner Granbery asked if that was a cumulative number. President Kreulen replied that is correct.

Chair Byrd stated we have a motion and a second. Chair Byrd asked Ms. Saxman for a roll call:

Chair Byrd – Yes

Vice Chair Glover – Yes

Commissioner Granbery – Yes

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

President Kreulen then announced that staff would review Finance Committee approval items.

VI. ITEMS FOR APPROVAL

1. Short Term Credit Facility – 3rd Amendment to Note Purchase Agreement with Bank of America, N.A.

Ms. Basrai stated that MNAA is planning to do a third amendment to the Note Purchase Agreement with Bank of America ("BofA"). On January 7, 2019, MNAA entered into a Note Purchase Agreement ("NPA") with BofA to provide short-term cash flow to fund MNAA's capital projects during early stages of construction, and all of these draws are expected to be taken out with bonds. The terms of the NPA included a commitment to make advances up to \$300M; variable rate interest rates for both taxable and tax-exempt borrowings based on LIBOR; 5-year commitment with initial maturity of three years based on state law; and commitment fee of 15 bps until 50% is drawn.

On November 26, 2019, MNAA executed the First Amendment of the NPA with BofA that increased the commitment to \$400M, due to the addition of BNA Vision 2.0. MNAA added an accordion feature to increase/decrease the commitment amount from base amount of \$100M as needed in order to save on commitment fees.

On December 1, 2021, MNAA executed the Second Amendment of the NPA with BofA. The amendment decreased commitment to \$300M because that was really all that was needed. The accordion feature was removed because that was at the time of the pandemic and capital was very hard to get and MNAA was worried that it may not have the ability to get back up to \$300M at the

time. The maturity date was extended to January 7, 2024 and LIBOR ceased on June 30, 2024 so the interest rates and indices were updated. Ms. Basrai presented a chart with the amended interest rates in the Second Amendment. The commitment fee increased to 20 bps from 15bps until 50% is drawn.

With the maturity date of January 7, 2024 approaching, MNAA began discussions on new short-term credit facility with PFM, MNAA's financial advisor. Based on current market conditions (limited commercial banks willing to lend at the \$300M+ without other significant business relationships) and the excellent results of the current NPA and flexibility from BofA, PFM's recommendation was to begin negotiations directly with BofA for a new NPA. As MNAA was finalizing negotiations, Bond Counsel from Hawkins Delafield & Wood indicated that this new NPA would need to be treated as a new issuance of debt, which would be very time consuming to execute and likely could not be completed prior to the maturity date of January 7, 2024. In order to not lose the ability to use a credit facility, MNAA and BofA agreed to an extension of the maturity of the notes and the commitment expiration date not to exceed one year of January 7, 2025. All other terms of the NPA remain the same. This will give time to complete negotiations, prepare all the documents and resolutions, and obtain board approval for the NPA.

Chair Byrd asked will there be meetings before January 7, 2024. Ms. Basrai replied we do not have to meet before January 7, 2024, this will just give MNAA the ability to continue as an extension to the current agreement. We will get back to the negotiations and work on the document, so maybe this spring we will be back to the Board to approve a new agreement.

Ms. Basrai presented the main business terms under the Third Amendment to the NPA and stated the only change is the maturity date of January 7, 2025. MNAA's Bond Counsel, who is also tax counsel, stated that MNAA does not need to hold a TEFRA hearing or have a new Authorizing Resolution for this Third Amendment. A new Authorizing Resolution will be done with the NPA next year.

Ms. Basrai re requested the Finance Committee recommend to the Board of Commissioners that it approve MNAA Resolution No. 2023-12, which authorizes both the extension of the maturity of the notes and the commitment expiration date for a period not to exceed one year, in the NPA with BofA, and authorize the President and CEO to execute the Third Amendment to the NPA with BofA.

Chair Byrd asked when this will be executed. Ms. Basrai replied that it will be within the next week after the approval by the Board. Commissioner Granbery asked what the current balance is. Ms. Basrai replied a little over \$14M. Chair Byrd asked if there is a plan to draw on the available line of credit. Ms. Basrai replied not in the next couple of months, it will start back up in March or April when there will be some bigger draws. From the last bond issue, MNAA paid off the \$300M it had on it, except for that \$14M, which MNAA left that because it is taxable. MNAA will have some new projects starting that it will be using the credit facility for. Vice Chair Glover asked if this allows MNAA to continue to draw down. Ms. Basrai replied yes.

Vice Chair Glover made a motion and Commissioner Granbery seconded the motion. Chair Byrd asked Ms. Saxman for a roll call:

Chair Byrd – Yes

Vice Chair Glover – Yes

Commissioner Granbery – Yes

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

2. Amendment to Fraport Sublease

President Kreulen introduced Coleen Von Hoene, Associate Principal, Paslay Group. Ms. Von Hoene stated the Lease and Concession Agreement with Fraport Tennessee, Inc. ("Fraport") expires on January 31, 2029. For sublease terms that extend beyond January 31, 2029, MNAA must become a party to the sublease so that all rights & obligations of the sublease attach to MNAA at the expiration of Fraport's Lease and Concession Agreement. Fraport has a sublease with Pyramids of Nashville, Inc. for a restaurant that opened on June 5, 2021, with a term that expires on January 31, 2029. The Pyramids sublease provides an option to extend the term to a full ten years from the Date of Beneficial Occupancy, subject to Fraport and MNAA approval. Fraport has requested to exercise the extension option based on 1) the additional term provides more time for the tenant to amortize its construction costs, which were among the highest construction costs/square foot for airport food and beverage tenants; and 2) the ten-year term is consistent with industry standards for food and beverage locations.

Ms. Von Hoene requested the Finance Committee recommend to the Board of Commissioners that it approve the sublease amendment between Fraport, Pyramids of Nashville, Inc and MNAA and authorize the Chair and President & CEO to execute the sublease amendment.

Commissioner Granbery made a motion and Vice Chair Glover seconded the motion. Chair Byrd asked Ms. Saxman for a roll call:

Chair Byrd – Yes

Vice Chair Glover – Yes

Commissioner Granbery – Yes

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

3. BNA West Development – Revised LOIs – SF Aviation, LLC and HCA Management Services, L.P.

President Kreulen introduced Carrie Logan, Vice President, Deputy General Counsel. Ms. Logan stated this is a revision to an item previously approved at the September Board meeting. Ms. Logan presented an aerial of the property and a drawing of the lease, taxilane and access easement areas. The current Letter of Intent (“LOI”) is with SF Aviation, LLC for the entire parcel. The drawing showed how the property will be divided between SF Aviation, LLC and HCA Management Services, L.P. (“HCA”). MNAA is planning for two LOIs and two leases to break the previous LOI into two pieces. Previously the Board asked what aircraft SF Aviation, LLC and HCA plans to have in these hangars. HCA plans to have 2 Falcon 2000 LSF aircraft with a third on order and SF Aviation, LLC plans to have 3 Falcon 900 and 1 Falcon 2000. Ms. Logan presented the terms, which are MNAA’s standard terms, with the addition of an easement fee which is unique to this property. The property is divided between SF Aviation, LLC, and HCA. The effective date and term are standard terms, the base rent is \$2.40 sf with MNAA’s standard 3% annual escalation and FMRV adjustments in year 10 and 20 of initial term. At this property there is an easement fee of \$0.50 beginning on the effective date of the lease for the Taxilane B extension (SF Aviation, LLC) and \$0.25 for this tract’s share of Taxilane A & B (both tenants); the easement fee includes a 3% annual escalation. The Board also asked about the ability to assign the property. They do have the ability to assign to an affiliate or successor organization that is currently related to either one of these entities, any other assignment will notice to MNAA and will require prior written consent to MNAA and that is MNAA’s standard term across any of these leases. These leases provide an immediate combined revenue source of over \$500K in year 1 and new assets that will vest in 31.5 to 36.5 years. SF Aviation, LLC has also committed to

executing a lease for the entire 5.97-acre tract should the other tenant not execute a lease by January 15, 2024. If for some reason HCA cannot execute by that time it allows MNAA to have 1 tenant instead of having to break up and go find another tenant.

Ms. Logan requested the Finance Committee recommend to the Board of Commissioners that it approve the terms negotiated between MNAA and SF Aviation, LLC via Letter of Intent; and authorize the Chair and President and CEO to execute a lease agreement with SF Aviation, LLC consistent with these terms.

Ms. Logan requested the Finance Committee recommend to the Board of Commissioners that it approve the terms negotiated between MNAA and HCA Management Services, L.P. via Letter of Intent; and authorize the Chair and President and CEO to execute a lease agreement with HCA Management Services, L.P., consistent with these terms.

Chair Byrd asked if these are MNAA's standard commercial terms. Ms. Logan replied yes, with the addition of the easement fee which is unique to this property. Chair Byrd asked if there is any reason that MNAA should be reopening our valuation or rental rates. Ms. Logan replied Finance did validate the rental rates and it is compliant with the models that they ran. President Kreulen stated it is comparable to what has been done with John C. Tune, it is good deal for them and a good deal for the airport.

Commissioner Granbery made a motion and Vice Chair Glover seconded the motion. Chair Byrd asked Ms. Saxman for a roll call:

Chair Byrd – Yes

Vice Chair Glover – Yes

Commissioner Granbery – Yes

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

VII. INFORMATION ITEMS

BNA Concessions Program Update

Ms. Von Hoene updated the Committee on concessions activity. Ms. Von Hoene reported that the Fraport Terminal Concessions Program started construction on December 1, 2023 on the last 2 food

and beverage locations, Prince's Hot Chicken and Half Moon Empanadas scheduled to open in April 2024. Paradies has opened 3 retail and 3 food and beverage locations. Fat Bottom is the last one to open. They received their U&O this morning so they are allowed to stock and train and plan to open mid-December. Ms. Von Hoene presented pictures of the new locations, Bongo Java, and Jimmy Johns. Commissioner Granbery asked if there are any early sales reports for the Satellite Concession Program. Ms. Von Hoene replied there are some and she will prepare it for the Board meeting next week.

VIII. ADJOURN

There being no further business brought before the Finance Committee, Chair Byrd adjourned the meeting at 10:50 a.m.



Andrew W. Byrd, Board Secretary