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

BNA Nashville International Airport

Date: February 12, 2025	Location: Metropolitan Nashville Airport Authority Tennessee Boardroom
Time: 9:42 a.m.	
Committee Members Present:	Andrew Byrd, Committee Chair; Glenda Glover, Committee Vice Chair; and 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, Kristy Bork, John Cooper, Kristen Deuben, Chief Findlen, Adam Floyd, Eric Johnson, Lisa Leyva, Carrie Logan, Rachel Moore, Ted Morrissey, Stacey Nickens, Brandi Porter, 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 9:42 a.m. pursuant to Public Notice dated February 7, 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 January 8, 2025 Minutes of the Joint Meeting of the MNAA & MPC Finance Committees. Commissioner Farner 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 Farner – Yes

The motion passed with a vote of 3 to 0.

IV. CHAIR'S REPORT

Chair Byrd had no Chair's report.

V. ITEMS FOR APPROVAL

1. None.

VI. INFORMATION ITEMS

1. Quarterly Retirement/OPEB/Treasury Investment Reports

President Kreulen introduced Kristy Bork, AVP, Finance, to brief the Commissioners on the Quarterly Retirement/OPEB/Treasury Investment Reports. Ms. Bork presented the 2nd Quarter of FY25 update for the quarter ended December 31, 2024. The Retirement Plan market value was $85.3M, which is a decrease of $3.0M over the prior quarter. The OPEB market value was $44.2M, which is a decrease of $1.2M over the prior quarter. MNAA did have negative returns for the fiscal quarter, but for the fiscal year, returns are up over 3% in both funds.

Ms. Bork reported the Quarterly Treasury Investment Report for the 2nd quarter of FY2025 MNAA had total available funds of $1.240B with 99.4% of those funds invested. We had $7M in DDA accounts. Total cash investment earnings for the quarter were $13,697,566.

2. BNA Concessions Program Update

President Kreulen introduced Lisa Leyva, VP, Concessions, to brief the Commissioners on the BNA Concessions Program Update. He stated Ms. Leyva is a new member to the MNAA Leadership team from Raleigh-Durham International Airport (RDU). Ms. Leyva stated she is happy to be part of the team. Ms. Levya stated she will give the quarterly sales report, the top reporting units for 2024 as well as progress on Concourse D Extension. Ms. Leyva reported that the year-end for 2024 Fraport

ended with $190.5M, which was $15.51 sales per enplanement. Paradies ended their year with $8.1M which worked out to $7.78 sales per enplanement. This is a total of $22.5M to MNAA and the 2024 year-end shows that sales growth of 8.38% trended along with enplanement growth of 7.9%. Ms. Leyva reported that there will be an Amendment to Paradies soon to help with the Satellite Concourse. The Paradies program is suffering and MNAA has seen a 3% decrease. President Kreulen stated he attended the ACI NA Conference and had the opportunity to talk with several large hub CEOs. The Paradies Amendment is a smart decision, it goes back to the health of Spirit Airlines, and Allegiant and if they can keep up with the pace. The Satellite Concourse is built for a lot more operations that are going through there. When MNAA closes Concourse A in July, we may make more use of the Satellite Concourse. To make sure the contractor and the minority subs are successful, we are going to look at right sizing the number of concessions open. As the volume increases the concessions are already there and can be re-opened accordingly.

Chair Byrd asked which one of the airlines is having the most impact concerning enplanements. President Kreulen replied all of the airlines that are out there. Contour is flying normal ops, but not a big aircraft. Spirit, Allegiant, and Jet Blue are all also out there. And our air service team moves a couple of more to use those gates, it is really about the turn of the gates that we need to achieve. They are not as robust as the main part of the airport, but without people and jets out there it is hard to keep concessions open. Other airports throughout the US are losing service, Spirit and Allegiant are adding flights here and we want them to use more flights and that is the biggest challenge. President Kreulen stated we push 2-3 million passengers a year through there we have to help those contractors survive.

Vice Chair Glover asked how January looks compared to last year. President Kreulen replied January is our lowest month for enplanements so it is all proportional to that. We should be heading back up to summer and most of the carriers that support the Satellite Concourse should be building through the summer time period and we should see a greater volume. Commissioner Byrd asked if there was a similar impact on the main terminal. President Kreulen replied no, the main terminal is growing and adding flights and we are seeing twice as much with the Fraport concessions and that is really the volume. Chair Byrd asked if the Fraport sales were $190M. Ms. Leyva confirmed $190M. Chair Byrd asked what sales per enplanement are. Ms. Leyva stated that is the average sales per enplaned passenger.

Commissioner Joslin asked if there are high-end restaurants at the Satellite Concourse. President Kreulen replied that Fat Bottom Brewery is high-end and will remain open at the Satellite Concourse. The coffee shop and retail space will close, Jimmy Johns and the TexMex will also close. As it grows, we will reopen those concessions. The entities at the Satellite Concourse are splitting the sales and they are all suffering so we are going to try to narrow it down, to give a better level of service.

Commissioner Granbery asked how many gates are currently in the Concourse A terminal. President Kreulen replied 6 gates now, going to 16 gates. Commissioner Granbery asked how many passengers. President Kreulen stated he would get those numbers. Commissioner Granbery asked when we will take those 6 gates offline, and what is the timeline to get the 16 gates built back. President Kreulen stated when we close the existing Concourse A on approximately July 3, 2025, it will open back up in July 2028. The main carrier on Concourse A is United and it will move to Concourse B and we will see sales go up in Concourse B. There will be no more Concourse A, the smaller jets will move to the Satellite Concourse, so they will see a bump in concessions.

Commissioner Sullivan asked what the plan is to open some of these concessions back in July. President Kreulen stated we are working on a plan and building a financial model and if they hit these passengers, then one concession will open, and then with another increase in passengers, another will open. We will have triggers that tell us how and when to open the concessions. Commissioner Sullivan asked how long will it take the concessions to open back up. President Kreulen stated not long. At this time, the concessions are working on the plans now, they can close any time because they have the gates that they close nightly but we are going to put up false walls so it does not look like closed stores. There are 3 gates on each end and 2 in the middle, so there will be first-class service with Fat Bottom Brewery and then some vending machines on the ends.

Chair Byrd asked if contractually Paradies is the obligor to us and pays us and then they subcontract to other users. President Kreulen replied yes, Paradies has 2 minority business partners, Amy Billings and EJ Odom, as well as the Paradies Corporation and they are all in on all 7 of those. Chair Byrd asked if they are the obligors on all 7. President Kreulen replied yes, and they have to pay their capital costs and employees, and the good news is that it is one big package and they are asking us for relief and we are helping them survive. MNAA has a consequential program stating once Paradies gets

back and starts opening based on the triggers, they will share more revenue to make up for the loss. In the end, they will be healthier and we will be healthier.

Chair Byrd stated Paradies is having a revenue shortfall at this point. President Kreulen replied over time if MNAA does not do something, they will be $20M down. Chair Byrd stated Paradies has paid for building out these restaurants so they have the big equipment and capital expenditures inside these restaurants and they are going to have to pay debt service and they have a drop in revenue and asking for help. President Kreulen stated that MNAA is being a good business partner by helping them. They will close, put the store in hibernation, and put up the false walls. There may be a door to go in and inspect for security purposes or water leaks, but all they will have to do is clean, turn on the lights, and take down the false wall. Chair Byrd asked if they would want to reopen the same restaurants. President Kreulen replied that would be their call and if they wanted to change it they would have to let us know and they would bear those costs. Vice Chair Glover stated we are not amending Fraport. President Kreulen replied right, Fraport is doing well.

Ms. Leyva reported the 2024 Top Performing Units overall are Ole Red, Evolve by Hudson and Tootsies. All 3 locations are doing really well. Ms. Leyva stated she would like to point out that Evolve, a retail location, is doing really well, they have great products as well as good sales associates. She presented a slide showing the top performers for food and beverage, news and gift, coffee and specialty retail.

Ms. Leyva reported that the Concourse D Extension has 8 new locations, 5 food and beverage and 3 retail. All permits have been received and MNAA gave Fraport a 30-day notice of turnover on January 30, 2025. All 8 pre-con meetings have been scheduled with 4 of them completed last week. MNAA has a construction start date of March 4, 2025 and tenant opening date of July 2, 2025. President Kreulen added that Concourse A has 6 gates out there today and 3 years later when it reopens there will be 16 gates. The MNAA Real Estate Staff is working on a concessions plan, how do we go out and get a company like Fraport or Paradies. When we jump instantaneously to 70 gates, there are more concessions needed. We will build out Concourse A with a couple of spaces not built out and we will have ideas of concepts to go in there and we can expand when we grow from 30 MAP to 35 MAP. Chair Byrd asked if MNAA is in discussion with American Airlines taking over a significant portion of Concourse A. President Kreulen replied Ms. Lisa Lankford, EVP, Chief Strategy Officer, Mr. Josh

Powell, AVP, Airline and Government Relations, and himself recently visited Southwest Airlines and American Airlines. At American Airlines the team laid out the plans the Board has approved and they endorsed MNAA's plan they plan to take 10 of those 16 gates so we have tenants for those already and United wants the others. Some of them are going to be Common Use Gates. We are still in negotiations with American Airlines, but the big news for MNAA is that their current lounge is 7,000 SF and we will have a new lounge on top of Concourse A food court which is 15,000 SF but could be 20,000 SF and they may want it all. We are making stops at each large carrier to make sure we understand and are meeting their needs.

President Kreulen concluded the presentation.

VII. ADJOURN

There being no further business brought before the Finance Committee, Chair Byrd adjourned the meeting at 10:06 a.m.

Andrew W. Byrd, Board Secretary