Agenda of the Joint Meeting of the MNAA Board of Commissioners and MPC Board of Directors

Date/Time:	Wednesday, June 18, at 1:00 p.m.
Place:	Nashville International Airport – Tennessee Board Room
Board Members:	Nancy Sullivan, Chair Jimmy Granbery, Vice Chair Andrew Byrd, Secretary Bobby Joslin Joycelyn Stevenson Dr. Glenda Glover Glenn Farner

I. CALL TO ORDER

II. PUBLIC COMMENTS

No requests for public comments received to date. Deadline is June 16, 2025 at 1:00 p.m.

III. APPROVAL OF MINUTES

May 21, 2025 Minutes of the Joint Meeting of the MNAA Board of Commissioners & MPC Board of Directors

IV. CHAIR'S REPORT

V. PRESIDENT'S REPORT

VI. ITEMS FOR APPROVAL

1. New Horizon NES Invoices (Concourse A & TARI) (Operations)
2. Concourse A Builder's Risk Insurance (Operations)
3. 1st Amendment to JWN North Development Lease - DN, LLC (Finance)
4. 1st Amendment to JWN North Development Lease - Jet Access (Finance)
5. 1st Amendment to JWN North Development Lease – JetRight (Finance)
6. Air Service Incentive Policy (ASIP) (Finance)
7. 3rd Amendment to Paradies Lease & Concession Agreement (Finance)
8. Purchase of Equipment (Infrastructure) & Maintenance Services Agreement for Parking and Revenue Control System (PARCS) Upgrade (Finance)
9. Purchase of Network Equipment for Parking and Revenue Control System (PARCS) Upgrade (Finance)

10. Contract for Renewal of Microsoft Licensing (Finance)
11. FY26 Commercial Insurance Polices Renewal (Finance)

VII. ADJOURN

Minutes of the Meeting of the MNAA Board of Commissioners and MPC Board of Directors

Date:	May 21, 2025	Location:	Metropolitan Nashville Airport Authority Tennessee Boardroom
Time:	1:00 p.m.		
Board Members Present:		Nancy Sullivan, Chair; Jimmy Granbery, Vice Chair; Andrew Byrd, Secretary; Bobby Joslin; Joycelyn Stevenson; and Glenda Glover, and Glenn Farner	
Board Members Absent:		None	
MNAA Staff & Guests Present:		Doug Kreulen, Cindy Barnett, Lisa Lankford, Trish Saxman, Marge Basrai, Kristy Bork, Daniel B. Brown, John Cooper, Adam Floyd, Traci Holton, Eric Johnson, Captain Keene, Carrie Logan, Rachel Moore, Ted Morrissey, Stacey Nickens, Brandi Porter, Josh Powell, Robert Ramsey and Puneet Vedi	

I. CALL TO ORDER

In accordance with the 3rd Amended and Restated Bylaws of the MNAA Board of Commissioners, Section 2.4, Chair Sullivan called the MNAA Board of Commissioners and MPC Board of Directors Meeting to order at 1:00 p.m., pursuant to Public Notice dated May 16, 2025.

II. PUBLIC COMMENTS

Chair Sullivan stated there were no public comment requests received.

III. APPROVAL OF MINUTES

Chair Sullivan called for a motion to approve the Minutes of the April 16, 2025 Joint Meeting of the MNAA Board of Commissioners and MPC Board of Directors. A motion to approve was made by Secretary Byrd and seconded by Commissioner Farner.

Chair Sullivan asked Ms. Saxman for a roll call:

Chair Sullivan – Yes

Vice Chair Granbery – Yes

Secretary Byrd – Yes

Commissioner Joslin – Yes

Commissioner Stevenson – Yes

Commissioner Glover – Yes

Commissioner Farner – Yes

The motion passed with a vote of 7 to 0.

IV. CHAIR'S REPORT

Chair Sullivan had no Chair's report and thanked President Kreulen and the MNAA Staff for all their hard work.

V. PRESIDENT'S REPORT

President Kreulen stated on April 17, 2025, MNAA Engineering received notification that the estimated costs for the permanent Nashville Electric Service (NES) Transmission Line Relocation for Terminal Access Roadway Improvements (TARI) Phase 2 were $702,856.65. Pursuant to the MNAA Bylaws the President is authorized, after consultation with the Chair, to execute any contract, lease, agreement, amendment, supplemental agreement or change order when necessary to comply with federal or state laws or regulations so long as the contract, lease, agreement, amendment, supplement agreement or change order is presented to the Board at the next regularly scheduled Board meeting. This is to maintain the TARI schedule and allow NES to begin work 22 days earlier. MNAA is responsible only for the actual costs expended by NES. On April 21, 2025, in accordance with Section 4.4.1.8 of the bylaws, the President and CEO consulted with the Board Chair, who concurred with proceeding with the execution of the relocation agreement and payment of the subsequent invoice.

President Kreulen stated on April 24, 2025 MNAA was honored with the Prestigious Stevie Award. The MNAA Communications and Marketing team received the Public Relations (Government) Bronze Award for FY24 Annual Report Video – *The Story of Nashville International Airport: People, Growth and Future*. There were over 12,000 nominations, and the banquet will be held on June 10, 2025. The Grand Stevie is approximately 16 inches tall and is hand-cast and finished in 24-karat gold.

President Kreulen stated in May BNA hosted AAAE Rental Car Industry & Airports Workshop at the Hilton BNA, which is extremely convenient for us. The MNAA team, Eric Johnson, Traci Holton, Lisa Leyva, Aaron Flake and Lisa Lankford, contributed invaluable insights to critical discussions that are shaping the future of the rental car and aviation industries. They highlighted the larger and improved rental car complex coming to BNA as part of New Horizon, the latest renovation and construction program at BNA.

President Kreulen announced Icelandair has extended its route from October 27, 2025, through January 6, 2026. This flight was originally scheduled to begin on May 16, 2025, and was accelerated to April 10, 2025. Icelandair will offer three weekly flights between Nashville and Keflavik International Airport through November and December, providing travelers with direct access to Iceland and beyond, into Europe.

President Kreulen stated on May 15, 2025 members of our Honor Guard traveled to Washington, DC to participate in the National Peace Officers Memorial Day. He presented a photograph of a memorial plaque which is located outside the BNA Police Department., where Officer Richardson was remembered and honored alongside the nation's fallen heroes. Officer Richardson passed away April 29, 1999 in an accident on I-40 in which his canine, Tossy, survived. He was one of our canine officers. Officer Richardson is survived by his wife and two children.

President Kreulen presented six photographs of artists, comedians and a chef who are new voices of BNA. When you are in the terminal, you will soon hear the voices of Nate Bargatze, Dierks Bentley, Luke Combs, Rodney Atkins, Tyler Hubbard, and Sean Brock.

President Kreulen stated the MNAA Quarterly Retirement OPEB & Treasury Investment Reports were presented at the Finance Committee, and since only one Committee member was present, it is being repeated at this Board meeting. The Retirement Plan FY25-Q3 Market value was $84.4M and the Other Post Employment Benefits (OPEB) for FY25-Q3 Market value was $43.9M. The Treasury Investment for FY25-Q3 Market value was $1.189B which has 99.6% funds invested.

President Kreulen reported the BNA Passengers for May FY25 are projected to be at 24.8M – 25M total passengers by the end of the fiscal year. We are expecting to have a good month in June

and will break another record. Some of the big Nashville events in June are CMA, Bonnaroo and FIFA Club World Cup bringing in lots of people.

President Kreulen presented the Committee 30-day Outlook for June, stating there are 2 items for approval planned in the Operations Committee and 9 items for approval in the Finance Committee. The Management Committee has nothing scheduled at this time. The Committee 60-Day Outlook for July plans for 4 items for approval in the Operations Committee. The Finance Committee will have 1 item for approval. And again, no items planned for the Management Committee.

President Kreulen concluded the President's update.

VI. ITEMS FOR APPROVAL

1. CGMP3 of 4 for Central Ramp Expansion (Fill Placement & Drainage Infrastructure) (Operations)

   President Kreulen introduced Traci Holton, VP, New Horizon, to brief the Commissioners on the Component Guaranteed Maximum Price 3 (CGMP3) for Central Ramp Expansion. Ms. Holton stated that CGMP3 consists of the installation of drainage infrastructure and the placement of fill material. Next month in July, she will return for approval of the CGMP4 for the actual pavement, markings, etc. This Amendment is for $135M NTE, and there is no change to SMWBE participation or the schedule.

   This was presented to the Operations Committee on May 14, 2025, which recommended approval by the Board. Ms. Holton requested that the Board of Commissioners authorize the Chair and President & CEO to execute Amendment 2 for Component Guaranteed Maximum Price #3 (CGMP3) for $135,000,000 NTE.

   Vice Chair Granbery stated the Operations Committee met on May 14, 2025 and voted 3 to 0 to recommend approval by the Board. Vice Chair Granbery made a motion for approval and Commissioner Stevenson seconded the motion.

Chair Sullivan asked Ms. Saxman for a roll call:

Chair Sullivan – Yes
Vice Chair Granbery – Yes
Secretary Byrd – Yes
Commissioner Joslin – Yes
Commissioner Stevenson – Yes
Commissioner Glover – Yes
Commissioner Farner – Yes

The motion passed with a vote of 7 to 0.

2. CGMP2 of 4 for Concourse A Reconstruction (Enabling, Demo, Foundations, etc.) (Operations)

Ms. Holton stated the CGMP2 of 4 for Concourse A Reconstruction scope includes enabling construction/relocations, building renovations, site utilities, demolition, building foundations, turnkey concrete, jet fueling, structure steel and passenger boarding bridges. Hensel Phelps Construction Co. is the contractor. The amount is $110,206,783. There is no change to schedule and no change to SMWBE participation.

This was presented to the Operations Committee on May 14, 2025, which recommended approval by the Board. Ms. Holton requested the Board of Commissioners authorize the Chair and President & CEO to execute Amendment 1 for Component Guaranteed Maximum Price #2 (CGMP2) with Hensel Phelps for $110,206,783.

Vice Chair Granbery stated the Operations Committee met on May 14, 2025 and voted 3 to 0 to recommend approval by the Board. Vice Chair Granbery made a motion for approval and Commissioner Farner seconded the motion.

Chair Sullivan asked Ms. Saxman for a roll call:

Chair Sullivan – Yes
Vice Chair Granbery – Yes
Secretary Byrd – Yes
Commissioner Joslin – Yes
Commissioner Stevenson – Yes
Commissioner Glover – Yes

Commissioner Farner – Yes

The motion passed with a vote of 7 to 0.

3. Task Order for Design of Taxiway Fillet Widening (TDG6) (Operations)

President Kreulen introduced Puneet Vedi, VP, Airport Capital Planning, to brief the Commissioners on the Task Order for Design of Taxiway Fillet Widening (TDG6). Mr. Vedi stated that as of April 28, 2025, MNAA has reached the limits of the contract and has 4 months remaining on that contract. Mr. Vedi stated based on the expected projects engineering has, including TDG6, Taxiway T4 Reconstruction, Taxiway T5/Lima Reconstruction, Airside Roadway Repairs and additional miscellaneous airfield projects, MNAA is recommending the Board to amend and increase the On Call Engineering Services Year 2 contract in the amount of $7.5M. Additionally, Garver submitted a Scope of Work and Fee Proposal in the amount of $650,820 for design, bidding and construction administration services for the CDG6 project.

This was presented to the Operations Committee on May 14, 2025, which recommended approval by the Board. Mr. Vedi requested the Board of Commissioners 1) authorize the increase the On-Call Engineering Services Year 2 NTE limit to $7,500,000, and 2) authorize the Chair and President & CEO to execute the proposed Task Order through the Engineering On-Call Contract with Garver for $650,820.

Vice Chair Granbery stated the Operations Committee met on May 14, 2025 and voted 3 to 0 to recommend approval by the Board. Vice Chair Granbery made a motion for approval and Commissioner Stevenson seconded the motion.

Chair Sullivan asked Ms. Saxman for a roll call:

Chair Sullivan – Yes

Vice Chair Granbery – Yes

Secretary Byrd – Yes

Commissioner Joslin – Yes

Commissioner Stevenson – Yes

Commissioner Glover – Yes

Commissioner Farner – Yes

The motion passed with a vote of 7 to 0.

4. Task Order for Rehabilitate T/W T4 @ T/W Lima and South Terminal Apron (Operations)

Mr. Vedi stated this Task Order is for Rehabilitation of Taxiway Tango 4 at T/W Lima & South Terminal Apron Intersection and presented a diagram showing Tango 4 (yellow box) at Lima and South Terminal Apron (blue Box). This Task Order is for the full reconstruction of 2,000 SY of failing concrete with 17" of FAA-specified P-501 concrete. Hi-Way submitted a proposal utilizing the On-Call Contract for $2.5M NTE.

Commissioner Joslin asked what shape Tango 6 apron is in today. Mr. Robert Ramsey, EVP, CDO, replied Tango 6 is in pretty good shape, as we had some reconstruction recently. Commissioner Joslin stated that it is a very used taxiway. Mr. Ramsey stated T4 and T5 are showing more signs of distress and are in the Capital Improvement Plan.

This was presented to the Operations Committee on May 14, 2025, which recommended approval by the Board. Mr. Vedi requested the Board of Commissioners authorize the Chair and President and CEO to execute the proposed Task Order with Hi-Way Paving, Inc. in an amount Not-to-Exceed $2,500,000.

Vice Chair Granbery stated the Operations Committee met on May 14, 2025 and voted 3 to 0 to recommend approval by the Board. Vice Chair Granbery made a motion for approval and Commissioner Stevenson seconded the motion.

Chair Sullivan asked Ms. Saxman for a roll call:

Chair Sullivan – Yes
Vice Chair Granbery – Yes
Secretary Byrd – Yes
Commissioner Joslin – Yes
Commissioner Stevenson – Yes
Commissioner Glover – Yes
Commissioner Farner – Yes

The motion passed with a vote of 7 to 0.

5. Contract for Vehicle and Equipment Fuel Services for BNA & JWN (Operations)

President Kreulen introduced Daniel B. Brown, VP, Facility Management, to brief the Commissioners on the Contract for Vehicle and Equipment Fuel Services for BNA and JWN. Mr. Brown stated this contract is to provide an unlimited/uninterrupted supply of non-ethanol and diesel fuel on hand twenty-four (24) hours a day, 365 days a year for MNAA vehicles and equipment at BNA and JWN. The normal budget is around $330K per year and this contract is for $350K. This contract will make sure that Kimbro Oil Company is available 24 hours a day to provide gas and or diesel for BNA and JWN.

This was presented to the Operations Committee on May 14, 2025, which recommended approval by the Board. Mr. Brown requested the Board of Commissioners accept the proposal submitted by Kimbro Oil Company, for the Vehicle and Equipment Fuel Services Contract for BNA and JWN; and authorize the Chair and President and CEO to execute the contract for vehicle and fuel services with Kimbro Oil Company for $1,750,000.

Vice Chair Granbery stated the Operations Committee met on May 14, 2025 and voted 3 to 0 to recommend approval by the Board. Vice Chair Granbery made a motion for approval and Commissioner Stevenson seconded the motion.

Chair Sullivan asked Ms. Saxman for a roll call:

Chair Sullivan – Yes
Vice Chair Granbery – Yes
Secretary Byrd – Yes
Commissioner Joslin – Yes
Commissioner Stevenson – Yes
Commissioner Glover – Yes
Commissioner Farner – Yes

The motion passed with a vote of 7 to 0.

6. Contract for Oil Water Separator Cleaning (Operations)

Mr. Brown stated that the Contract for Oil Water Separator Cleaning is to clean 10 oil water separators twice per year to ensure BNA complies with the National Pollution Discharge Elimination System Permit. It is recommended to be awarded to Hull's Environmental, Inc. to

start on June 1, 2025, with a one-year contract with 3 one-year options. The contract cost per year is $261,300.

This was presented to the Operations Committee on May 14, 2025 to recommend approval by the Board. Mr. Brown requested that the Board of Commissioners accept the proposal submitted by Hull's Environmental, Inc., for the Oil Water Separator Cleaning Contract; and authorize the Chair and President and CEO to execute the contract of Oil Water Separator Cleaning with Hull's Environmental, Inc. for $1,045,200.

Vice Chair Granbery stated the Operations Committee met on May 14, 2025 and voted 3 to 0 to recommend approval by the Board. Vice Chair Granbery made a motion for approval and Commissioner Stevenson seconded the motion.

Chair Sullivan asked Ms. Saxman for a roll call:

Chair Sullivan – Yes
Vice Chair Granbery – Yes
Secretary Byrd – Yes
Commissioner Joslin – Yes
Commissioner Stevenson – Yes
Commissioner Glover – Yes
Commissioner Farner – Yes

The motion passed with a vote of 7 to 0.

7. Purchase of Aircraft Rescue and Fire Fighting (ARFF) Vehicle (Operations)

Mr. Brown stated the purchase of the Aircraft Rescue and Fire Fighting (ARFF) Vehicle will replace the 2001 Osh Kosh firetruck. The cost is $1.3M with an anticipated purchase date of July 1, 2025 and anticipated receipt on March 1, 2027. It is funded through the Airline Investment Fund.

Chair Sullivan asked if there is a maintenance agreement associated with this contract. Mr. Brown replied that there is a warranty for the first year and MNAA has trained staff that will maintain and work with Rosenbauer, LLC hand in hand.

This was presented to the Operations Committee on May 14, 2025 to recommend approval by the Board. Mr. Brown requested that the Board of Commissioners accept the proposal by Rosenbauer for the purchase of 1 new Airport Rescue and Fire Fighting (ARFF) vehicle; and authorize the Chair and President & CEO to execute the purchase of the ARFF vehicle with Rosenbauer for $1,266,348.

Vice Chair Granbery stated the Operations Committee met on May 14, 2025 and voted 3 to 0 to recommend approval by the Board. Vice Chair Granbery made a motion for approval and Commissioner Farner seconded the motion.

Chair Sullivan asked Ms. Saxman for a roll call:

Chair Sullivan – Yes
Vice Chair Granbery – Yes
Secretary Byrd – Yes
Commissioner Joslin – Yes
Commissioner Stevenson – Yes
Commissioner Glover – Yes
Commissioner Farner – Yes

The motion passed with a vote of 7 to 0.

8. Contract Purchase of Aircraft Multi-Tasking Snow Removal Machine (Operations)

Mr. Brown presented the Purchase of Aircraft Multi-Tasking Snow Removal Machine. It will be purchased from MB Companies, Inc. on July 1, 2025 with an anticipated receipt date of November 1, 2026. The purchase price is $1.1M funded by the Airline Investment Fund and is under a Sourcewell contract. This was approved in the FY26 CIP and it is funded by the MNAA Airline Investment Fund. Chair Sullivan asked if there is the same maintenance agreement. Mr. Brown replied yes, MB Companies, Inc. has always worked with the MNAA staff and they have great customer service.

This was presented to the Operations Committee on May 14, 2025, which recommended approval by the Board. Mr. Brown requested that the Board of Commissioners accept the

proposal by MB Companies, Inc. for the purchase of 1 new M-B Company MB5C Multi-Tasking Snow Removal Machine; and authorize the Chair and President & CEO to execute the purchase of the MB5C Multi-Tasking Snow Removal Machine with MB Companies, Inc. for $1,117,675.

Vice Chair Granbery stated the Operations Committee met on May 14, 2025 and voted 3 to 0 to recommend approval by the Board. Vice Chair Granbery made a motion for approval and Commissioner Stevenson seconded the motion.

Chair Sullivan asked Ms. Saxman for a roll call:

Chair Sullivan – Yes
Vice Chair Granbery – Yes
Secretary Byrd – Yes
Commissioner Joslin – Yes
Commissioner Stevenson – Yes
Commissioner Glover – Yes
Commissioner Farner – Yes

The motion passed with a vote of 7 to 0.

9. Revisions of the Investment Policy for Retirement Plan for MNAA Employees and OPEB Plan, MNAA Resolution 2025-08 (Finance)

President Kreulen introduced Marge Basrai, EVP, CFO, to brief the Board on the Commissioners on the Revisions of the Investment Policy for Retirement Plan for MNAA Employees and the OPEB Plan. Ms. Basrai stated on February 5, 2025, MNAA's Retirement Committee met with Principal (our Investment Advisors) and USI (our actuary) to review various items in our retirement and OPEB plans. We discussed risk reduction, asset allocation, and the discount rate used in each plan. USI provided the current asset allocations and long-term rate of return (shown on first table on slide). Retirement: 50/50 allocation; 5.5% discount rate; OPEB: 60/40 allocation; 6% discount rate. USI also discussed future asset return expectations, which have increased over recent years. The second table shows the new return expectations for each equity asset allocation from 50-65%.

Based on recommendations, the Retirement Committee approved 2 changes: First - Increase the Retirement Plan's current discount rate from 5.5% to 6% to align with the new expected long-term rate of return. The discount rate selected affects the pension liability – increase in the rate will decrease the liability. Using the 6% discount rate, the Plan was estimated to be funded at 104% ($3.6M excess) on 12/31/24. On May 7, 2025, the Retirement Committee met and it was estimated at 4% as of March 31, 2025. Second - Change the OPEB Plan's portfolio asset allocation from 60% equities/40% Fixed Income to 50/50 asset allocation. The plan is fully funded, so, a more conservative asset allocation is prudent. In 2021, the first allocation change was approved to move from a 65/35 allocation to a 60/40 allocation. Principal has recommended that with higher interest rates, and a rising long-term expected rate of return over the past three years for similar equity allocations, the timing is right to make the second planned shift to the 50/50 allocation. The same approach was taken several years ago when the retirement plan became fully funded. This is really to help reduce the impact of the market volatility.

There is no Change in the OPEB discount rate required - the current rate of 6% aligns with the new expected long-term rate of return on a 50/50 asset allocation (50% equities/50% fixed income). With the change in asset allocation and a 6% discount rate, the OPEB Plan was estimated to be funded at 173% ($18.7M excess) at 12/31/24.

Based on the changes just mentioned and from annual review of the Policy, the following revisions are needed to Policy 41-011: (as an FYI – the discount rates used for each plan are considered actuarial assumptions and are not included in the investment policy). We will add a table to show the new asset allocation, subcategory ranges, and composite benchmarks for OPEB. This table was in the staff analysis. The OPEB allocation will be updated to show the new 50/50 allocation and will now match the Retirement table.

We also did our annual review of the policy and made the following minor wording changes to the policy: Changed "Director of Treasury" to "Finance Designee" and "Treasury Staff" to "Finance staff"; Updated the name of the MNAA Board Finance Committee to: "Finance, Diversity & Workforce Development Committee"; and deleted a duplicate sentence on the first page of the Policy.

Ms. Basrai stated as an FYI, the discount rate used for each of these plans, are considered actuarial assumptions so they are not actually in our policy, they are used by the actuary when doing our actuary valuations, so no changes are needed to the policy for those discount rates.

Commissioner Glover asked about the chart on page 3, it has a minimum of zero and a maximum of 60%, so the minimum is not really there. Why is there no minimum? Ms. Basrai replied that we try to have the 50/50 and it will fluctuate from time to time, and this is what Principal uses for them to invest. Commissioner Glover asked if the minimum is actually 40/50%. Ms. Basrai replied that it is usually 40-50%. Commissioner Farner asked if the discount rate is the assumption rate. Ms. Basrai replied that it is the actuary's assumption rate and the interest. Commissioner Farner asked if the initial is already at 50/50. Ms. Basrai replied that the Retirement Plan is already at 50/50, and we brought that down a few years ago when that became fully funded. The OPEB Plan was not fully funded, and we did not bring it down until it became fully funded. Commissioner Farner asked what the funding level of the Retirement Plan is. Ms. Basrai replied 104%, and as of December 31, 2024 it was 177%. Ms. Basrai stated that moving from a 5.5% to a 6% discount rate reduces the liability we have on our books. Commissioner Farner asked if we get the returns. Ms. Basrai replied we do, they stretch it over 3-5 years and the last time we did this, discount rates went down. President Kreulen stated this is a real success story for BNA because at one time we were not fully funded and under Ms. Basrai's leadership we are now 100% funded.

This was presented to the Finance Committee on May 14, 2025, which recommended approval by the Board but due to the lack of a quorum, it was not voted on. Ms. Basrai requested the Board of Commissioners approve the revisions to the MNAA Investment Policy for the Retirement Plan and OPEB, Policy 41-011, and authorize the Chair and President and CEO to execute MNAA Resolution No. 2025-08.

Secretary Byrd made a motion for approval and Commissioner Glover seconded the motion.

Chair Sullivan asked Ms. Saxman for a roll call:

Chair Sullivan – Yes

Vice Chair Granbery – Yes

Secretary Byrd – Yes

Commissioner Joslin – Yes

Commissioner Stevenson – Yes

Commissioner Glover – Yes

Commissioner Farner – Yes

The motion passed with a vote of 7 to 0.

10. MNAA 55th Anniversary, MNAA Resolution 2025-11(Management)

President Kreulen stated MNAA's 55th Anniversary is on June 5, 2025. MNAA Staff presented MNAA Resolution 2025-11 to the Management Committee. Once it is approved by the Board today, the Board will sign and we will then have it framed and celebrate next month at the next Board meeting with photographs and cupcakes. Ms. Lisa Lankford is the prime author of this Resolution and presented the history of this organization since 1970. The airport went from $2M a year in revenue to now at $350M a year in revenue. This recognizes the outstanding work of the Board and former 69 Commissioners. Chair Sullivan stated great work Lisa.

This was presented to the Management Committee on May 14, 2025, which recommended approval by the Board. President Kreulen requested that the Board of Commissioners approve MNAA Resolution 2025-11.

Chair Sullivan stated the Management Committee met on May 14, 2025 and voted 2 to 0 to recommend approval by the Board. Chair Sullivan made a motion for approval and Commissioner Stevenson seconded the motion.

Chair Sullivan asked Ms. Saxman for a roll call:

Chair Sullivan – Yes

Vice Chair Granbery – Yes

Secretary Byrd – Yes

Commissioner Joslin – Yes

Commissioner Stevenson – Yes

Commissioner Glover – Yes

Commissioner Farner – Yes

The motion passed with a vote of 7 to 0.

11. MNAA DBE, ACDBE & SMWBE Programs (Management)

President Kreulen stated he will give the history of the MNAA DBE, ACDBE & SMWBE Program. On January 21, 2025, President Trump issued Executive Order 14173 to terminate all discriminatory & illegal preferences, mandates, policies, programs, activities, guidance, regulations, enforcement actions, consent orders & requirements, enforce civil-rights laws and combat illegal private-sector DEI preferences, mandates, policies, programs & activities. On April 24, 2025 the Secretary of US Department of Transportation issued a letter to Grant Applicants: Any discriminatory actions in your policies, programs, and activities based on prohibited categories constitute a clear violation of Federal law and the terms of your grant agreements. On April 25, 2025 the FAA updated Grant Assurances for Airport Sponsors to require compliance with Executive Order 14173. On April 28 & May 6, 2025 the FAA updated FY25 Grant Agreement templates requiring grant recipients to agree that its compliance with all applicable Federal anti-discrimination laws is material to government's payment decisions; and to certify that it does not operate any programs promoting diversity, equity, and inclusion (DEI) initiatives that violate any applicable Federal anti-discrimination laws.

President Kreulen stated this was reviewed at the Management Committee on May 18, 2025 and options provided to Board Counsel and Board Chair and deferred recommendation. The Management Committee requested more information and he spoke with legal counsel and each of the Commissioners. There were 3 solicitations on street pending potential amendment: JWN Custodial Services (ITB – due 5/29/25); CONRAC (RFP – due 6/5/25); and Dedicated Valet/Hotel Lane (ITB – due 6/18/25). Solicitations requiring re-solicitation: Construction Contract for Rehabilitate T/W S/S6/S7/T4 Intersection and Wind Cone Relocation (emergency procurement). For the solicitations pending advertising see the 120-day outlook for items requiring Board approval.

President Kreulen stated for the Commissioners who were unable to attend the Committee Meetings last week, he pulled those 3 solicitations because he did not

want to sign a document that had previous language in there from the Federal government, and to preclude a possible legal exposure to MNAA.

President Kreulen stated the question was asked how much Federal money is involved if we do not make these changes. In the next two years, FAA Open/Planned Grants are BNA $121.8M; JWN $3.8M for a total of $125.6M. If we do not make or implement these changes, we risk losing this money and subsequently every year an additional $10M MNAA receives.

This was presented to the Management Committee on May 14, 2025. After discussions with Commissioners and Board Counsel, one on ones, the MNAA Staff recommends the Board of Commissioners authorize the President and CEO to revise the MNAA DBE, ACDBE and SMWBE programs in accordance with CEO memorandum dated May 21, 2025, as detailed below:

- no goal for the DBE and ACDBE programs in both solicitations and contracts, and
- no goal for the SMWBE program in both solicitations and contracts, and
- no scoring criteria related to any of the above programs, and
- authorize the Chair and President and CEO to execute MNAA Resolution No. 2025-12.

Commissioner Farner asked what happens to the procurements that are already pending award. President Kreulen stated anything that has been awarded is awarded. That is why he pulled those 3 contracts; and everything from this point going forward we will make the modifications to stay compliant with the Federal government.

Secretary Byrd asked if Board Counsel has had an opportunity to review. President Kreulen replied yes. Commissioner Stevenson stated she appreciates President Kreulen speaking with all the Board members individually and the Board Counsel's discussions. Obviously at her firm, they are also looking at these issues and confirming they are in compliance as well. She would like to strongly encourage President Kreulen and the MNAA Staff to continue to make the airport accessible to everyone and figure out ways to keep the community involved and stay in compliance with the laws. President Kreulen stated he appreciates Commissioner

Stevenson's comment and that the Board members to allow him time for the calls. The MNAA Staff has worked very hard for the 55-year history of this Airport Authority on all the programs we have always complied with Federal law and will continue to do so. And the same with JWN. We will not be stopping with any of our engagements with our community partners as we move forward. We are proud about where we are standing and we will continue to do the right thing.

Commissioner Glover thanked President Kreulen for the approach the Airport Authority is taking. She stated personal opinions do not matter in this case because there is a Federal mandate to do things in a different way now. It is not worth a fight with the White House and this will keep the authority from having such a fight because we have such positive position and we do not want to be the airport that is in the news. Having said that there are so many lawsuits regarding DEI, let the fight take place at that level, at the Court level, that is the proper place for it to take place, and not for us to be the one to lead that fight. We may in our hearts want to be involved in it but she believes the Court system needs to take on that fight not us. She stated she and Commissioner Stevenson shared that the 3 words that should bother everyone is diversity, equity and inclusion and the way to be inclusive and reach the market place without having time for diversity, equity and inclusion, we have community engagement, community marketing and there are so many ways we can reach the community and share that we are a team and our goals that we are trying to achieve. She has some notes, but she will not go into them. She said we are talking about success and opportunity for all and we know how to do that without having to engage publicly in something else. We have to run our own playbook and do what is right and stay in compliance no matter how difficult it may be. President Kreulen agreed, stating MNAA staff is reflective of the community and he feels comfortable with legal counsel, Board Counsel, and outside counsel assistance that has been provided to us and it is to our advantage to comply with the law and do things the right way and that is what we will do. Secretary Byrd agreed stating we should wait for the Courts to decide.

Chair Sullivan thanked President Kreulen, Board Counsel and the MNAA Staff pulling all this information together so quickly, including the historical Resolution.

Chair Sullivan stated the Management Committee met on May 14, 2025 and recommended to defer approval. Chair Sullivan made a motion for approval and Vice Chair Granbery seconded the motion.

Chair Sullivan asked Ms. Saxman for a roll call:

Chair Sullivan – Yes
Vice Chair Granbery – Yes
Secretary Byrd – Yes
Commissioner Joslin – Yes
Commissioner Stevenson – Yes
Commissioner Glover – Yes
Commissioner Farner – Yes

The motion passed with a vote of 7 to 0.

President Kreulen concluded the presentation.

VII. ADJOURN

There being no further business brought before the Board, Chair Sullivan made the motion to adjourn, and Vice Chair Granbery seconded the motion, which carried by a vote of 7 to 0. Chair Sullivan adjourned the meeting at 1:46 p.m.

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Andrew Byrd, Board Secretary

STAFF ANALYSIS
Board of Commissioners

Date: June 18, 2025

Facility: Nashville International Airport

Subject: New Horizon - Nashville Electric Service Invoices (Concourse A & TARI)

I. Recommendation

Staff requests the Board of Commissioners:

1) Authorize the Chair and the President and CEO to pay multiple Nashville Electric Service (NES) invoices to relocate transmission lines and transformers impacted by the New Horizon program I & II Programs at a Not-to-Exceed amount of $11,600,000.

II. Analysis

A. Background

The existing NES service to the airport runs from the pole farm, next to the old Cell Lot, underground through Lot A and behind the garages to the CUP. This infrastructure conflicts with the expansion of Lot B and the new CONRAC (Projects TARI Phases 3.1 and 3.2, and new CONRAC). To eliminate conflicts with the existing NES infrastructure, the pole farm will be relocated to the north boundary of the airport and a new multi-conduit underground pathway will be constructed. The pathway will run from the new pole farm, located on the west side of Old Donelson at I-40 through Lot B to the new revenue plaza, then east along Fly Nashville Way and south in the area between New Donelson and Terminal Drive to near the CUP. In addition to the main pathway, branches will be constructed to connect to provide service to Concourse A, existing and new CONRAC, the garage, Admin Building, Hotel, and CUP/Terminal. Redundant circuits from the Donelson substation and Airport substation will be included for all these facilities. The pathway will be constructed by MNAA then the new cables and associated equipment will be installed by NES.

Additionally, to reconstruct Concourse A, NES will first provide one new 5,000 kVA 4160V transformer adjacent to the CUP and remove the two transformers located adjacent to Concourse A. This scope will be completed in the summer of 2025. Second, NES will add two new 5000 kVA transformers, one on the Donelson side next to CCA and the other one on the Airport side next to the CUP. This work will occur sometime after Summer 2026.

Pre-payment to NES is required before starting work. MNAA is responsible only for the actual costs expended by NES.

Costs are within the Concourse A Reconstruction $855,000,000 New Horizon I Budget and Terminal Access Roadway Improvements (TARI) $300,000,000 New Horizon II budget.

B. Impact/Findings

Invoice Costs:

-	Concourse A Reconstruction:	$ 1,600,000 NTE
-	TARI Ph 3.1 and 3.2:	$10,000,000 NTE
	Total	$11,600,000 NTE

C. Strategic Priorities

- Invest in BNA
- Plan for the Future

D. Options/Alternatives

Do Nothing: The "Do Nothing" option will result in the inability to complete TARI Phase 2 or construct the TARI roadway as currently proposed.

III. Committee Review

This item was presented to the Operations Committee on June 11, 2025. The Operations Committee voted 3 to 0 to recommend approval to the Board of Commissioners.

STAFF ANALYSIS
Board of Commissioners

Date: June 18, 2025

Facility: Nashville International Airport

Subject: Concourse A Builder's Risk Insurance

I. Recommendation

Staff requests the Board of Commissioners:

1) accept the Builders Risk policy for the Reconstruction of Concourse A at a Not-To-Exceed ("NTE") amount of $4,100,000; and
2) authorize the President and CEO to execute the Builder's risk policy with Marsh.

II. Analysis

A. Background

I. On March 15, 2023, MNAA staff requested and received approval from the Board of Commissioners to authorize the President and CEO to execute Builder's risk policies for the Concourse D Extension and Baggage Handling System projects. At the time of approval, MNAA staff stated they would come back to the Board of Commissioners to seek approval for other projects when the projects were closer to starting. As a reminder, Builder's Risk insurance protects owners and contractors in the event of direct physical loss of or damage to a project; and typically includes building materials while in transit, awaiting installation, or being installed. Builder's risk insurance is most often purchased by a project owner for major capital projects and includes owner's interest of the general contractor or project manager and all subcontractors. The advantages of the owner-controlled builders risk policies include:

- Owner controls its reputational risk associated with each project as MNAA would be getting the attention even if the loss is caused by a contractor.

III. Owner is the principal insured and controls all aspects of coverage terms and conditions.

- Owner has the ability to tailor policy to specific project requirements.
- Limits liability dedicated to specific project.
- Ensures insurer financial ratings and claims paying experience to the satisfaction of the owner.
- Duration of coverage – policy will be in effect for entire project period and can ensure any repairs meet MNAA expectations.

The Builder's Risk policies are purchased on a project specific basis. The threshold for a builder's risk project is any building or structure project over $10 million. Any project under $10 million is covered by our property coverage for owner losses. Currently, the estimated cost for builder's risk policies is 0.48% of the contract value.

Since Builder's Risk policies are project specific and with an uncertain property market, MNAA seeks approval for a Reconstruction of Concourse A builder's risk policy as the construction phase is set to begin in the next couple of months. When other projects that are subject to the above criteria are approved and close to starting, MNAA will then bring these policies to the Board of Commissioners for approval.

Impact/Findings

The overall estimated cost of the policy is as follows:

Estimated Premiums		
Concourse A Construction	$	855,000,000
Estimated rate of Builder's Risk		0.48%
Proposed Not to Exceed (rounded)	$	4,100,000

The proposed program premiums are included as part of the individual project budgets. Marsh will market the policy individually to ensure that the deductible and premium are appropriate based on market conditions.

A. Strategic Priorities

- Invest in BNA
- Prepare for the Unexpected

Options/Alternatives

Not approve builder's risk insurance policy and require each contractor to supply their own coverage. For a Project of this scale, size and exposure it is not recommended as there are too many uncertainties regarding the quality, limits, and availability of general contractor provided coverage to give MNAA adequate protection.

IV. Committee Review

This item was presented to the Operations Committee on June 11, 2025. The Operations Committee voted 3 to 0 to recommend approval to the Board of Commissioners.

STAFF ANALYSIS
Board of Commissioners

Date: June 18, 2025

Facility: John C. Tune Airport

Subject: First Amendment to Lease Agreement - Deez-Nuts LLC (DN, LLC)
North Development Parcel #1 - Construction Extension

I. Recommendation

Staff requests the Board of Commissioners:

1) accept the First Amendment to the lease agreement between MNAA and Deez-Nuts LLC, extending the construction term, and

2) authorize Chair and President and CEO to execute the First Amendment.

II. Analysis

A. Background

On August 16, 2023, the Board approved the terms negotiated between MNAA and Deez-Nuts LLC (the "Tenant"). On October 1, 2023 (the "Effective Date") MNAA and Deez-Nuts LLC executed a lease agreement for 0.84 acres of unimproved land at JWN North Parcel #1. The lease required the Tenant to complete improvements within 18 months, concluding on April 1, 2025. Due to terminating their relationship with their design/build firm six months into the process and starting over, the Tenant has only begun construction in February 2025 and therefore did not have improvements complete by the Construction Deadline.

B. Amendment Terms

1. As of the date of Board approval (June 18, 2025), Tenant will be granted 12 months to complete all proposed construction.

    a. The 12-month extension includes contractual milestones and corresponding contract penalties if milestones are not met.
        i. Five months to complete site work.
        ii. Two months to complete framing.
        iii. Five months to complete interior work.
    b. If milestones i or ii are missed, there will be contract penalties in the amount of $150 per day until the contractual milestone is complete.
    c. If milestone iii is missed, MNAA, in its sole discretion, will exercise the remedies entitled to it in the executed lease, as amended.

2. If the hangar is not complete after the 12-month extension, the executed lease includes the following:
    a. Invest $2.5M by the construction deadline or pay the difference between $2.5M and the amount spent, not to exceed 25% soft costs, and
    b. Complete the improvements unless otherwise approved in writing by the authority.

3. The 12-month extension for construction does not extend the lease term.
    a. Initial Term: 30 years + 18-months
    b. Renewal Option: 5 years
    c. Total Potential Term: 36.5 years

C. Impact/Findings

The Amendment will allow the Tenant to continue building the improvements. The improvements will vest with MNAA on April 1, 2055.

Apart from fuel flowage fees, this amendment will not impact revenue to MNAA. During the initial 18-month Construction term (October 2023 – March 2025) revenue was $148,327.20 and year one of the lease term (April 2025 - March 2026) will be $101,851.34. The rate will increase each year by 3% except for in years 10 and 20 of the initial term, upon which rent will be increased based on an appraisal.

D. Strategic Priorities

- Invest in JWN

III. Plan for the Future

A. Options/Alternatives

The Finance Committee could decline to recommend approval of the proposed Amendment, pursue its $2.5 million remedy (less amount spent, not to exceed 25% soft costs), provide Tenant with a default notice with a -day cure period as provided in the executed lease, and, if not cured, terminate the lease and issue a Notice of Availability (NOA) for parcel #1.

IV. Committee Review

This item was presented to the Finance Committee on June 11, 2025. The Finance Committee voted 2 to 0 to recommend approval to the Board of Commissioners.

STAFF ANALYSIS
Boad of Commissioners

Date: June 18, 2025

Facility: John C. Tune Airport

Subject: First Amendment to Lease Agreement - Aero Management Group LLC D/B/A Jet Access North Development Parcels #6 and #7 – Construction Extension

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I. Recommendation

Staff requests the Board of Commissioners:

1) accept the first amendment to the lease agreement between MNAA and Aero Management Group LLC D/B/A Jet Access, extending the construction term, and

2) authorize the Chair and President & CEO to execute the First Amendment.

II. Analysis

Background

On March 15, 2023, the Board approved the terms negotiated between MNAA and Aero Management Group LLC D/B/A Jet Access (the "Tenant"). On June 15, 2023 (the "Effective Date"), MNAA and Jet Access entered into a Lease Agreement for 1.68 acres of unimproved land at JWN North Parcels #6 and #7. The terms of the lease required the Tenant to complete improvements within 18 months, concluding on December 15, 2024. Due to a lengthy General Contractor (GC) selection process, several iterations of hangar designs, and an extended FAA 7460 process, the Tenant has been unable to commence construction and therefore did not have improvements complete by the Construction Deadline.

To date, the Tenant has completed design and is going through the permitting process.

Amendment Terms

1. As of the date of Board approval (June 18, 2025), Tenant will have 60 days to obtain all necessary permits from the Metropolitan Government of Nashville and Davidson County.

2. At the earlier of the 61st day or the date Tenant obtains all necessary permits, Tenant will be granted 12 months from that date to complete all proposed construction.

    a. The 12-month extension includes contractual milestones and corresponding contract penalties if milestones are not met.
        i. Five months to complete site work.

ii. Two months to complete framing.
iii. Five months to complete interior work.

b. If the 60-day permitting period or milestones i or ii are missed, there will be contract penalties in the amount of $150 per day until the permit is obtained or the contractual milestone is complete.
c. If milestone iii is missed, MNAA, in its sole discretion, will exercise the remedies entitled to it in the executed lease, as amended.

3. If the hangar is not complete after the 60-day and 12-month extensions, the executed lease includes the following;
   a. Invest $6M by the construction deadline, or pay the difference between $6M and the amount spent, not to exceed 25% soft costs, and
   b. Complete the improvements unless otherwise approved in writing by the authority.

4. The 60-day and 12-month extensions for construction do not extend the lease term.
   a. Initial Term: 30 years + 18-months
   b. Renewal Option: 5 years
   c. Total Potential Term: 36.5 years

Impact/Findings

This Amendment will allow the Tenant to continue obtaining all necessary permits and to commence building the improvements. The improvements will vest with MNAA in 29.5 years (December 15, 2054).

Apart from fuel flowage fee, this amendment will not impact revenue to MNAA. Year one (June 2023–June 2024) revenue was $201,432.00, year two (June 2024-June 2025) will be $207,291.84. The rate will increase each year by 3% except for in years 10 and 20 of the initial term, upon which rent will be increased based on an appraisal.

Strategic Priorities

- Invest in JWN

III. Plan for the Future

Options/Alternatives

The Finance Committee could decline to recommend approval of the proposed Amendment, pursue its $6 million remedy (less amount spent, not to exceed 25% soft costs), provide Tenant with a default notice with a 30-day cure period as provided in the executed lease, and, if not cured, terminate the lease and issue a Notice of Availability (NOA) for parcels #6 & #7.

IV. <u>Committee Review</u>

This item was presented to the Finance Committee on June 11, 2025. The Finance Committee voted 2 to 0 to recommend approval to the Board of Commissioners.

STAFF ANALYSIS
Board of Commissioners

Date: June 11, 2025

Facility: John C. Tune Airport

Subject: First Amendment to Lease Agreement - JetRight Properties LLC
North Development Parcels #8 & #9 - Construction Extension

I. Recommendation

Staff requests the Board of Commissioners:

1) accept the First Amendment to the lease agreement between MNAA and JetRight Properties LLC, extending the construction term, and

2) authorize the Chair and President and CEO to execute the First Amendment.

II. Analysis

Background

On March 15, 2023, the Board approved the terms negotiated between MNAA and JetRight Properties LLC (the "Tenant"). On June 15, 2023 (the "Effective Date"), MNAA and JetRight Properties LLC executed a lease agreement for 1.68 acres of unimproved land at JWN North Parcels #8 and #9. The terms of the lease required the Tenant to complete improvements within 18 months, concluding on December 15, 2024. Due to an extended FAA 7460 process and two negative determinations thereof, and due to line-of-sight issues, the Tenant has been unable to commence construction and therefore did not have improvements complete by the Construction Deadline.

Amendment Terms

1. Once 7460 determination is received from the FAA, Tenant will have 90 days to submit plans and specifications to MNAA and receive approval through the AIR process.

2. At the earlier of the 91st day or the date approval from the AIR process has been received, Tenant will be granted 60 days to obtain all necessary Metropolitan Nashville permits.

3. At the earlier of the 61st day or the date Tenant obtains all necessary Metropolitan Nashville permits, Tenant will be granted 12 months to complete all proposed construction.

    a. The 12-month extension includes contractual milestones and corresponding contract penalties if milestones are not met.

i. Five months to complete site work.
ii. Two months to complete framing.
iii. Five months to complete interior work.

b. If the 90-day design and AIR period, the 60-day permitting period or milestones i or ii are missed, there will be contract penalties in the amount of $150 per day until AIR approval is granted, the permit is obtained or the contractual milestone is complete.
c. If milestone iii is missed, MNAA, in its sole discretion, will exercise the remedies entitled to it in the executed lease, as amended.

4. If the hangar is not complete after the 90-day, 60-day and 12-month extensions, the executed lease includes the following;
    a. Invest $5M by the Construction Deadline, or pay the difference between $5M and the amount spent, not to exceed 25% soft costs, and
    b. Complete the improvements unless otherwise approved in writing by the authority.

5. The 90-day, 60-day and 12-month extensions for construction do not extend the lease term.
    a. Initial Term: 30 years + 18-months
    b. Renewal Option: 5 years
    c. Total Potential Term: 36.5 years

Impact/Findings

The Amendment will allow the Tenant to continue designing the hangar to meet FAA guidance, to submit their designs to MNAA and to commence building the improvements. The improvements will vest with MNAA in 29.5 years (December 15, 2054).

Apart from fuel flowage fee, this amendment will not impact revenue to MNAA. Year one (June 23 – June 2024) revenue was $219,744.00, year two (June 2024 - June 2025) will be $226,336.32. The rate will increase each year by 3% except for in years 10 and 20 of the initial term, upon which rent will be increased based on an appraisal.

Strategic Priorities

- Invest in JWN

III. Plan for the Future

Options/Alternatives

The Finance Committee could decline to recommend approval of the proposed Amendment, pursue its $5 million remedy (less amount spent, not to exceed 25% soft costs) provide Tenant with a default notice with a 30-day cure period as provided in the executed lease, and, if not cured, terminate the lease and issue a Notice of Availability (NOA) for parcels #8 & #9.

IV. Committee Review

This item was presented to the Finance Committee on June 11, 2025. The Finance Committee voted 2 to 0 to recommend approval to the Board of Commissioners.

STAFF ANALYSIS
Board of Commissioners

Date: June 18, 2025

Facility: Nashville International Airport (BNA)

Subject: Air Service Incentive Policy 2025 (Policy 61-001)

I. Recommendation

Staff requests the Board of Commissioners:

1) approve the Air Service Incentive Policy (ASIP); and

2) authorize the President and CEO to execute the policy.

II. Analysis

A. Background

The Metropolitan Airport Authority's (MNAA) ASIP, approved by the Board of Commissioners on February 21, 2024, is currently scheduled to expire on December 31, 2025. This policy is reviewed annually and amended as needed.

An ASIP is important to remain competitive with other US airports in our efforts to attract additional non-stop international and domestic service. This policy outlines marketing funds, other marketing initiatives, and landing fee & facility fee abatements available to carriers who meet the required criteria. This policy applies to all passenger airlines servicing BNA.

This policy update strengthens our incentives to our "New Scheduled Service to Other Americas Markets" category to remain competitive in helping attract new service to those regions. No other categories are recommended to be adjusted at this time.

This policy is consistent with the FAA Policy Regarding Air Carrier Incentive Program; the FAA Air Carrier Incentive Program Guidebook; FAA Policy and Procedures Concerning the Use of Airport Revenue 64 Fed. Reg 7696, 49 USC §§ 7107(b), 47133 Revenue Use Policy; and the FAA Policy Regarding Airport Rates and Charges.

An airline / route specific Letter of Agreement (LOA) will be executed outlining the specifics of the incentive agreement between MNAA and the carrier. All proposed marketing incentives and landing fee and facility abatements, outside of the Domestic Market Agreements, require approval of the Board of Commissioners.

B. Overview

Tiers and Types of Incentives

- 3 tiers of incentives **(no change)**
  - Domestic Markets
  - Other Americas Markets
    - Includes any city in the Americas (Canada, Mexico, the Caribbean, the Bahamas, Bermuda, Central America, South America, etc.), to also include Alaska, Puerto Rico, and Guam.
  - Trans-Oceanic Markets (includes Hawaii)
- Types of incentives **(no change)**
  - Landing Fees
  - Facility Fees
    - Includes ticket counters, gate, ramp, baggage claim, baggage make-up, Federal Inspection Station (FIS) fees, common use fees.
    - Does not include any leased space
  - Marketing Funds
  - Marketing Initiatives
    - Includes up to press release/conference, website, billboards, and gate events

Funding

The marketing incentive, and the landing fee and facility fee abatement will be funded from the NAE Incentive Fund. All proposed marketing incentives and landing fee and facility abatements, outside of the Domestic Market Agreements, require a separate approval of the Board of Commissioners.

The current planned deposits into the Nashville Airport Experience (NAE) Incentive Fund account are $2 million per year. The balance as of March 31, 2025, is $10.09 million.
The active incentives total $5.05M and include:

- Icelandair; $2.3M; April 10, 2025 – April 9, 2028; Board approved November 20, 2024
- Aer Lingus; $2.75M; April 12, 2025 – April 11, 2027; Board approved November 20, 2024

A year-end summary for each route receiving incentive money will be provided to the Chief Financial Officer each year within 60 days of the end of the fiscal year.

Air Service Incentive Policy Public Postings

The Air Service Incentive Policy, as well as a fiscal year-end annual summary of incentivized routes, airlines, and the total incentive amount will be posted online at flynashville.com.

Summary of Changes from Existing Policy

- Revised effective period – New service announced from 6/18/2025 – 12/31/2026
- Increased the "New Scheduled Service to Other Americas Markets" category as follows:

  Year-Round Service
  - Landing fees abatement year 2 increased from 50% to 75% abatement
  - Added facility fee abatement, previously not included, at 100% year 1 and 75% year 2
  - Increased marketing from $250,000 over two years to $500,000 over two years

  Seasonal Service
  - Added facility fee abatement, previously not included, at 75% year 1 and 50% years 2 and 3
  - Increased marketing from $105,000 over three years to $250,000 over three years

The Incentive Plan Matrix from the policy is included as an attachment to this document.

C. Strategic Priorities

- Invest in BNA
- Plan for the Future

D. Options/Alternatives

- Do not approve the ASIP update and potentially decrease the chances of new service to the Other Americas Markets.

III. Committee Review

This item was presented to the Finance Committee on June 11, 2025. The Finance Committee voted 2 to 0 to recommend approval to the Board of Commissioners.

Incentive Plan Matrix

Year-Round Service

Type of Service	Landing Fees – Year 1	Landing Fees – Year 2	Facility Fees – Year 1	Facility Fees – Year 2	Marketing Incentive – Year 1	Marketing Incentive – Year 2	Marketing Initiatives
New Scheduled Service to Domestic Markets:	None	None	None	None	up to $25,000	None	Press release, website splash page - up to 4 week run, Air Service Billboard - up to 4 week run
New Scheduled Service to Other Americas Markets (Canada, Mexico, the Caribbean, the Bahamas, Bermuda, Central America, South America, Alaska, and Puerto Rico)	100% abatement	75% abatement	100% abatement	75% abatement	up to $250,000	up to – $250,000	Press release, website splash page - up to 4 week run, Air Service Billboard - up to 6 week run Gate Event for inaugural flight
New Scheduled Service to Trans-Oceanic Markets (Includes Hawaii)	100% abatement	Year round service – 100% abatement	Year round service – 100% abatement	Year round service – 100% abatement	Year round service – Up to $500,000	Year round service – Up to $500,000	Press release, website splash page - up to 6 week run, Air Service Billboard - up to 8 week run Gate Event for inaugural flight

Seasonal Service

Type of Service	Landing Fees – Year 1	Landing Fees – Years 2&3	Facility Fees – Year 1	Facility Fees – Years 2&3	Marketing Incentive – Year 1	Marketing Incentive – Years 2&3	Marketing Initiatives
New Scheduled Service to Other Americas Markets (Canada, Mexico, the Caribbean, the Bahamas, Bermuda, Central America, South America, Alaska, and Puerto Rico)	75% abatement	50% abatement	75% abatement	50% abatement	up to $150,000	up to $50,000 / year	Press release, website splash page - up to 4 week run, Air Service Billboard - up to 6 week run Gate Event for inaugural flight
New Scheduled Service to Trans-Oceanic Markets (Includes Hawaii)	100% abatement	100% abatement	100% abatement	100% abatement	Up to $400,000	Up to $300,000 / year	Press release, website splash page - up to 6 week run, Air Service Billboard - up to 8 week run Gate Event for inaugural flight

STAFF ANALYSIS
Board of Commissioners

Date: June 18, 2025

Facility: Nashville International Airport (BNA)

Subject: Third Amendment to the Lease and Concession Agreement with Paradies Lagardère @ Nashville, LLC.

I. Recommendation

Staff requests the Board of Commissioners:

1) accept the Third Amendment to the Lease and Concession Agreement between MNAA and Paradies Lagardère @ Nashville, LLC for the BNA Satellite Concourse concession program; and

2) authorize the Chair and President & CEO to execute the Third Amendment.

II. Analysis

A. Background

MNAA (the Authority) has a Lease and Concession Agreement (Agreement) with Paradies Lagardère @ Nashville, LLC (Paradies), pursuant to which Paradies is authorized and obligated to develop and operate food and retail concessions in the Satellite Concourse. The agreement was approved by the Board on August 17, 2022. The term of the Agreement commenced on October 19, 2023, and expires on October 18, 2033. Paradies entered into ACDBE joint venture partnership agreements with (i) Amy Billings, of Wine Down Nashville, LLC, with a percentage of ownership of 12%, and (ii) E.J. Odom, of EJO Ventures, with an ownership percentage of 3%.

Authority and Paradies entered into a First Amendment to the Agreement (First Amendment), effective September 18, 2024, which adjusted the Minimum Annual Guarantee (MAG) from $2,400,000 to $1,775,805 for calendar year 2024 and $2,067,494 for calendar year 2025.

Authority and Paradies entered into a Second Amendment to the Agreement (Second Amendment), effective December 18, 2024, which amended the Agreement to remove “Street Pricing” or “Street Price” and insert in its place “Acceptable Concession Price” or “Acceptable Concession Pricing” which allowed for the price of a good or service to be no more than 110% of the regular price of the good or service charged at an off Airport comparable location.

In the Request for Proposal to which Paradies responded, the enplanements were provided for the entire airport. The RFP stated the “Satellite Concourse is programmed to support 2.35M enplaned passengers (or an average of 6,438 daily enplaned passengers) and is expected to serve primarily ultra-low-cost airline carriers.” Paradies projected Year 1 enplanements to be 1.645M, or 70% of the

stated satellite terminal capacity of 2.35M. The first full Year (2024) the Satellite Concourse had a total of 1,046,915 enplanements. The Satellite Concourse has not reached anticipated levels and has declined 26% Year Over Year from October to April.

ULCC Airline	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24
Allegiant Air	41,699	38,381	36,088	22,567	29,078	41,498	35,793
Spirit Airlines	45,003	45,015	49,439	35,933	37,155	50,460	43,474
Avelo	3,304	806	367	266	541	1,189	1,026
Contour	2,050	1,974	2,110	1,439	1,737	2,266	1,813
Silver	872	0	0	0	0	0	0
Sun Country	5,523	4,749	2,701	1,508	1,614	2,969	4,006
Monthly Totals	**98,451**	**90,925**	**90,705**	**61,713**	**70,125**	**98,382**	**86,112**

ULCC Airline	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25
Allegiant Air	30,766	25,213	29,000	15,292	12,100	24,903	19,526
Spirit Airlines	46,516	36,463	28,771	25,326	26,993	45,727	32,395
Avelo	2,104	1,297	705	607	863	2,246	4,410
Contour	701	616	640	518	447	550	495
Silver	0	0	0	0	0	0	0
Sun Country	5,337	4,988	3,158	1,622	1,745	3,246	3,384
Monthly Totals	**85,424**	**68,577**	**62,274**	**43,365**	**42,148**	**76,672**	**60,210**

May – September 2024 actuals, and May – September 2025 projections, based on airline scheduled seats and an estimated load factor of 70% are shown below. A 1.5 – 2% increase in enplanements is projected for May – September Year Over Year, however this still results in a 12-month 15% decline, and still lower than anticipated by Paradies.

Year	May	Jun	Jul	Aug	Sep	5-month Total
2024 Actual	109,132	116,994	119,101	92,369	76,712	514,308
2025 Projected	102,021	113,829	109,007	98,947	99,788	523,592

Due to the lower than anticipated passenger activity, Paradies and its ACDBE partners have been operating at a loss since the inception of the program, is highly distressed and continues to operate at unsustainable losses. Paradies and its ACDBE JV partners had an initial capital investment of $12.5M for the build-out of the Satellite Concourse concessions program. They have incurred EBIT losses of $0.9M in 2023 and $2.5M in 2024. Due to the continued EBIT losses, Paradies has not begun to depreciate its initial capital improvements.

To provide financial relief for Paradies and its ACDBE partners in an effort to avoid further losses, in addition to the First and Second Amendments, the Authority, on February 15, 2025, approved the

temporary closure of four (4) concessions locations known as: Distillery District Market, Jimmy John's, Nashville Supply Co., and TX/MX Café. Those closures occurred approximately thirty (30) days later, on March 21, 2025.

Staff further recommends the following relief in a Third Amendment. The Financial models show with the recommended relief set forth in the Third Amendment, the ACDBE JV partners will break even at the end of 2034.

B. Impact/Findings

Staff is recommending approval of a Third Amendment to the Agreement (Third Amendment) which includes the following key provisions:

- Authority reserves the right to give sixty (60) days' notice to Paradies for the reopening of the temporary closures. The reopening of all Temporary Closures shall occur at the earlier of:
    - July 1, 2031, or
    - 1,746,000 annual enplanements, or
    - Financial Recovery is achieved Authority may, in its sole discretion, determine if one or more locations need to reopen to meet passenger demand should the need arise before July 1, 2031, or 1,746,000 annual enplanements, or before Financial Recovery is achieved.
- Delete the Minimum Annual Guarantee in its entirety and any references to "MAG"
    - MAG will go from $172,291 per month to $0 for the remainder of 2025
    - MAG will go from $200,000 per month to $0 from January 1, 2026, through the end of the contract
- Redefine "Percentage Rent" from a blended rate of 17% of gross receipts in excess of MAG to a seven percent (7%) of gross receipts from all sales commencing as of the Effective Date of the Third Amendment until the earlier of:
    - July 1, 2031, or
    - 1,746,000 annual enplanements, or
    - Financial Recovery is achieved (defined as the date at which Paradies recuperates its initial Capital Improvements of $12.5M)
- Financial Recovery is projected to be achieved in 2031, based on financial models that show a conservative 1.08% year over year growth in enplanements and 10% growth in sales. Paradies and Authority will enter into a 50/50 Profit share agreement, which shall commence at the earlier of:
    - July 1, 2031, or
    - Enplanements at the Satellite Concourse reach 1,746,000 per year, or
    - Financial Recovery is achieved
- Provide for up to a 10-year extension to the Lease Term which shall commence when Contractor first pays Profit Share Amount. Paradies and Authority will each receive fifty percent (50%) of the Gross Profits in years 1-5 of the extension term, and in years 6-10, Authority will receive sixty percent (60%) of the Gross Profits.
    - Under this model, Authority will receive approximately $63,655,000 in revenue over the course of the entire agreement from 2023-2041.

- Extension Term Capital Investment, referred to as "Reinvestment Improvements", of $3.78M by Paradies in accordance with Authority standards and to be complete 120 days after receiving approval. The "Reinvestment Improvement" amount of $3.78M, invested at the beginning of the extension term, replaces the contracted mid-term investment of $934,950.00.

C. Strategic Priorities

Invest in BNA

Plan for the future

D. Options/Alternatives

The Board of Commissioners could decline to approve the Third Amendment, which would severely impact the financial viability of the Satellite Concourse concession program and put ACDBE JV partners into personal bankruptcy.

Under the current financial model, MNAA would potentially receive $68M, under the proposed new financial terms, MNAA is projected to receive $63.6M. The proposed new financial terms are $4.5M less to MNAA throughout the entire term of the agreement including the extension, however, due to the dire financial position of the businesses at the Satellite Concourse, it would be difficult for MNAA to find a new operator to take over operations without decreasing the revenue to MNAA even further.

III. Committee Review

This item was presented to the Finance Committee on June 11, 2025. The Finance Committee voted 2 to 0 to recommend approval to the Board of Commissioners.

STAFF ANALYSIS
Board of Commissioners

Date: June 18, 2025

Facility: Nashville International Airport (BNA)

Subject: Purchase of Equipment (Infrastructure) & Maintenance Services Agreement for Parking Access Revenue Control System (PARCS) Upgrade

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I. Recommendation

Staff requests the Board of Commissioners:

1) accept the Parking Access Revenue Control System (PARCS) equipment and software upgrades and associated maintenance services Agreement with Scheidt & Bachmann (S&B); and

2) authorize the Chair and President and CEO to purchase the necessary equipment and software improvements with S&B for a Not to Exceed expenditure of $3.6M; and

3) authorize the Chair and President and CEO to execute the maintenance services and extended vehicle recognition software license agreements with S&B for a Not to Exceed amount of $5,500,000, commencing two years after equipment acceptance date for a term of five years, with two, one year renewal options.

II. Analysis

A. Background

MNAA generates more than $100M annually from parking across all the Airport's parking products. A Parking Access Revenue Control System (PARCS) is mission critical to our parking operation, as it includes ticketing devices, gate arms, revenue management systems and tools, license plate readers, etc.

MNAA completed installation of the current PARCS with Scheidt & Bachmann in 2017, which replaced the previous PARCS system, provided by a different vendor (Amano). Since the 2017 upgrade, there have been additional technological advancements within the parking industry such as advanced License Plate Recognition (LPR), Scan to Pay with QR code technology, faster ticket processing, data analytical tools, and greater reliability and performance of the newer technology.

Due to the aging nature of the existing PARCS system and technological advancements, MNAA staff undertook a review over the past 15 months of numerous alternate PARCS providers at other airports. After this review was completed, it is recommended by MNAA staff and our PARCS consultant, CK Consulting, that MNAA maintain our current PARCS with Scheidt & Bachmann and upgrade our existing technology. This recommendation best balances cost, operational need, and

customer service.

The purchase of equipment will be made through an approved procurement waiver under project title PARCS Upgrade via a purchase agreement with Scheidt & Bachmann due to the proprietary nature of the equipment. Once the new equipment is installed and accepted by MNAA, a two-year warranty period commences from the acceptance date on all new equipment, which includes all parts and labor.

Once the warranty period concludes, a maintenance services agreement, including vehicle recognition systems, and all parts and labor, will commence with Scheidt & Bachmann, for an initial term of five years, with two, one year renewal options. The total Not to Exceed for the maintenance services agreement is $5,500,000.

This project was approved in the FY24 BNA Capital Improvement Plan (CIP) on April 19, 2023.

B. Budget and Equipment List

BNA PARKING SYSTEM REPLACEMENT PROJECT			
ITEM/AREA	**DESCRIPTION**		**EXTENDED PRICE**
Garage 1	Refurbishment of Entry/Exit Lanes and Barrier Gates: New LPR, LCD Rate/Messaging Displays, CCTV, AVI, etc.	$	308,875.18
Garage 2	New Entry/Exit devices, LPR, Barrier Gates, LCD Rate/Messaging Displays, CCTV, AVI, Credit Card Machines, Cashier Terminals,	$	461,635.97
Terminal Lot A	Removed	$	-
Economy Lot B	New Entry/Exit devices, LPR, Barrier Gates, LCD Rate/Messaging Displays, CCTV, AVI, Credit Card Machines, Cashier Terminals,	$	245,696.52
Economy Lot C	New Entry/Exit devices, LPR, Barrier Gates, LCD Rate/Messaging Displays, CCTV, AVI, Credit Card Machines, Cashier Terminals,	$	490,887.27
Employee Lot Conversion	New Entry/Exit devices, LPR, Barrier Gates, LCD Rate/Messaging Displays, CCTV, AVI, Credit Card Machines, Cashier Terminals,	$	215,141.22
Test Bed Area	New Entry/Exit devices, LPR, Barrier Gates, LCD Rate/Messaging Displays, CCTV, AVI, Credit Card Machines, Cashier Terminals,	$	91,467.19
Misc. Components	Validators, Workstations, Networking Equipment, CCTV, etc.	$	253,787.50
Consumables Year 1	Tickets, Receipts, Gate Arms, etc.	$	57,240.00
Highly-Available Server Infrastructure	Dual locations with failover/mirroring	$	386,100.00
Various PARCS Software Modules	PARCS Backend Updates, Reporting, Access Controls, Analytics, etc.	$	148,430.14
Additional Software to meet the specifications	Smart Tenant/Smart Contract/SmartGO/Mobility-Connect/Q-Watch Services	$	60,193.00
API Licenses		$	15,190.60
Highly-available Intercom Solution (VOIP)		$	55,900.00
Training		$	8,000.00
Shipping/Freight		$	131,938.00
Equipment Buyback & Re-use of CC components		$	(22,650.00)
Estimated Taxes ($250,000 if applicable)		$	-
SUBTOTAL - EQUIPMENT COSTS (CAPEX)		$	2,907,832.59
Vehicle Recognition System (VRS)/License Plate Recognition (LPR) - (CAPEX) - NOT TO EXCEED		$	254,627.07
PARCS Grand Total		$	3,162,459.66
S&B Tariff Exposure Potential (estimated at 25% of the remaining hardware only) NOT TO EXCEED		$	330,000.00
Contingency 3%		$	104,773.79
PARCS Total - NOT TO EXCEED		$	3,597,233.45

Tariff information gathered from vendor Scheidt and Bachmann with corporate offices in Germany and the United States Department of International Trade Commission website https://www.usitc.gov.

BNA PARKING SYSTEM REPLACEMENT PROJECT			
ITEM/AREA		**EXTENDED PRICE**	
PARCS - OPEX *includes option years*			
EXTENDED SERVICES			
MAINTENANCE COSTS	PARCS		
Years 1 & 2	$ -	Included in PARCS CAPEX	
yeAR 3	$ 430,560.00	$ 430,560.00	
yeAR 4	$ 442,001.00	$ 442,001.00	
yeAR 5	$ 453,784.00	$ 453,784.00	
yeAR 6	$ 465,922.00	$ 465,922.00	
yeAR 7	$ 478,423.00	$ 478,423.00	
Year 8 (1 Year Option)	$ 491,300.00	$ 491,300.00	
Year 9 (1 Year Option)	$ 415,074.00	$ 415,074.00	
SOFTWARE LICENSE FEES (Years 2-10)	PARCS		
Year 2	$ 85,096.00	$ 85,096.00	
Year 3	$ 128,730.00	$ 128,730.00	
Year 4	$ 140,755.00	$ 140,755.00	
Year 5	$ 143,252.00	$ 143,252.00	
Year 6	$ 145,825.00	$ 145,825.00	
Year 7	$ 148,475.00	$ 148,475.00	
Year 8 (1 Year Option)	$ 151,204.00	$ 151,204.00	
Year 9 (1 Year Option)	$ 154,015.00	$ 154,015.00	
SUB TOTAL - OPEX			**$ 4,274,416.00**
OTHER COSTS			
VRS EXTENDED SERVICES			
Year 1		Included in PARCS CAPEX	
Year 2	$135,874.43	$135,874.43	
Year 3	$139,950.66	$139,950.66	
Year 4	$144,149.18	$144,149.18	
Year 5	$148,473.66	$148,473.66	
Year 6	$152,927.87	$152,927.87	
Year 7	$157,515.70	$157,515.70	
Year 8 (1 Year Option)	$162,241.18	$162,241.18	
Year 9 (1 Year Option)	$167,108.41	$167,108.41	
Technolgy Fees (Years 2-9)	PARCS		
SUB TOTAL - VRS TECHOLOGY FEES (OPEX)			**$1,208,241.09**
PARCS TOTAL (OPEX) *includes option years*			**$5,482,657.09**

C. Impact/Findings

SMWBE Goal:	0.00%
Anticipated Purchase Date:	June/July 2025
Anticipated Service Agreement Start Date:	2 years after conclusion of warranty period
Duration of Service Agreement:	5 years, with 2 one-year renewal options
Equipment & Contract Cost:	Equipment $3,600,000 NTE Service Agreement $5,500,000NTE (5 years+2 Options) Total $ 9,1000,000NTE
Funding Source:	MNAA CIP and O&M

D. Strategic Priorities

- Invest in BNA
- Plan for the Future

E. Options/Alternatives

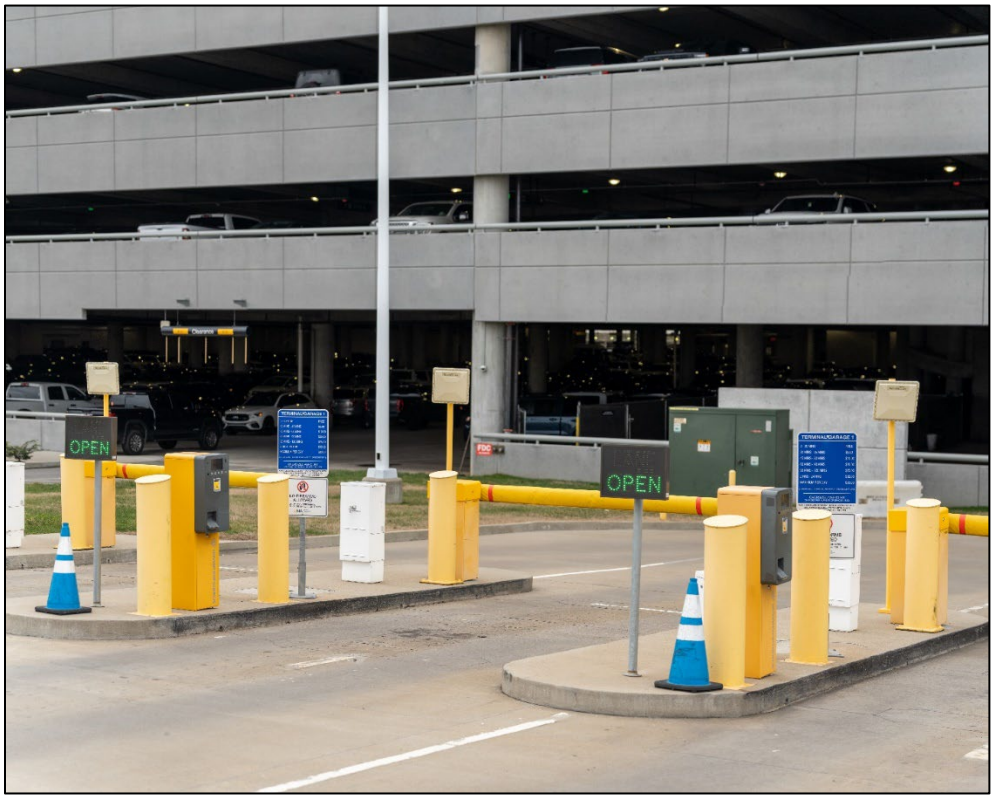
1. Do nothing: The "Do Nothing" option will result in continued decline of our existing PARCS system, added cost for maintenance, and deteriorating reliability, which could lead to reduced customer satisfaction and longer lines during peak periods of activity.

2. Issue an RFP to assess other technology providers. This option is likely to come at a considerably higher cost than the proposal to upgrade our existing technology and would take 12-18 months, at a minimum, to complete before we begin to see technological improvements for our customers.

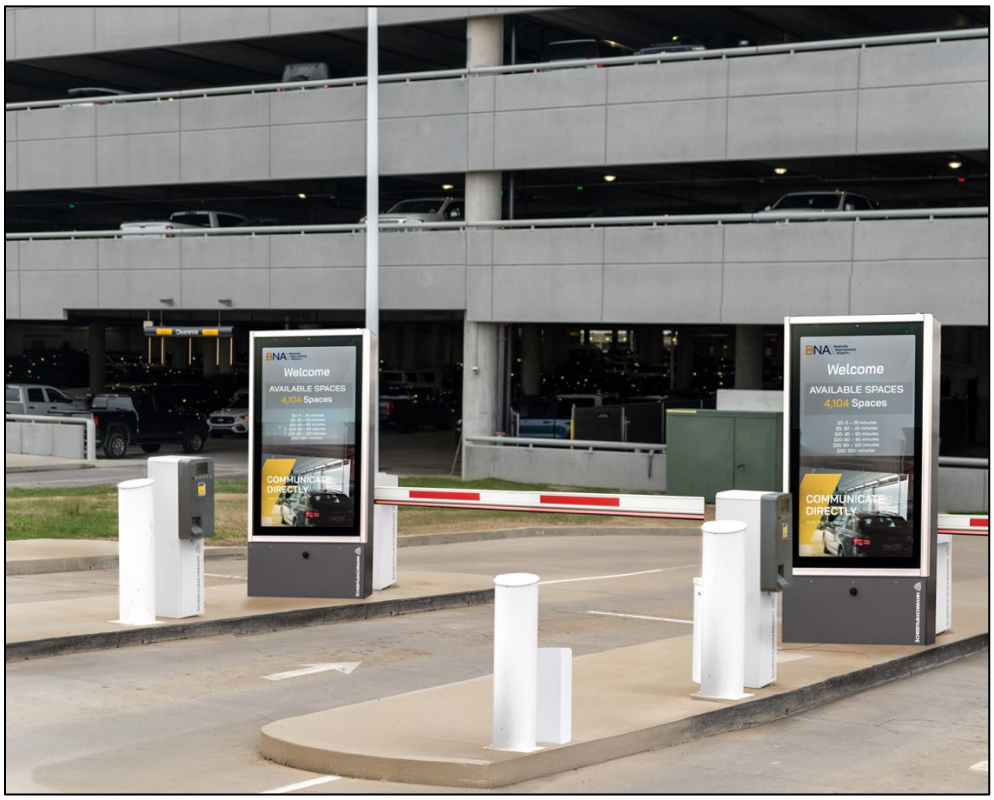
III. Committee Review

This item was presented to the Finance Committee on June 11, 2025. The Finance Committee voted 2 to 0 to recommend approval to the Board of Commissioners.

Current and Future Renderings:



Current Garage 1 Entrance Plaza.



Future Rendering of Garage 1 Entrance Plaza.

STAFF ANALYSIS
Board of Commissioners

Date: June 18, 2025

Facility: Nashville International Airport (BNA)

Subject: Purchase of Network Equipment for Parking and Revenue Control System (PARCS) Upgrade

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I. Recommendation

Staff requests the Board of Commissioners:

1) accept the contract with Value Added Reseller (VAR) Trace3 to purchase the necessary network equipment for the Parking Access and Revenue Control System (PARCS) upgrade; and

2) authorize the Chair and President and CEO to execute the contract with Trace3 for $568,236.56.

II. Analysis

A. Background

MNAA generates more than $100M annually from parking across all the Airport's parking products. A Parking Access and Revenue Control System (PARCS) is mission critical to our parking operation, as it includes ticketing devices, gate arms, revenue management systems and tools, license plate readers, etc.

MNAA completed installation of the current Parking Access and Revenue Control System (PARCS) with Scheidt & Bachmann in 2017, which replaced the previous PARCS system, provided by a different vendor (Amano). Since the 2017 upgrade, there have been additional technological advancements within the parking industry such as Advanced License Plate Recognition (LPR), Scan to Pay with QR code technology, faster ticket processing, data analytical tools, and greater reliability and performance of the newer technology.

Due to the aging nature of the existing PARCS system and technological advancements, MNAA staff undertook a review over the past 15 months of numerous alternate PARCS providers at other airports. After this review was completed, it is recommended by MNAA staff and our PARCS consultant, CK Consulting, that MNAA maintain our current PARCS system with Scheidt & Bachmann and upgrade our existing technology. This recommendation best balances cost, operational need, and customer service.

The networking equipment that facilitates secure, real-time communication between the PARCS system components was installed in 2017 and has reached or soon will reach end-of-service-life which means the manufacturer no longer sells nor provides maintenance for these items. As part of the overall PARCS upgrade project, it is necessary to install 44 new switches (including

peripherals) to reliably connect PARCS system components and have maintenance on these switches which helps to ensure the security of the network.

The network equipment will be procured through the Value-Added Reseller (VAR) Trace3 under Omnia Partners R200803 contract, a national cooperative contract for Cyber Security Solutions and Associated Products & Services, which has an effective date of 10/1/2023 for a 36-month period with two 1-year renewal options along with a survival clause.

This project was approved in the FY24 BNA Capital Improvement Plan (CIP) on April 19, 2023.

B. Impact/Findings

SMWBE Goal:	0.00%
Anticipated Contract Start Date:	June 23, 2025
Duration of Contract:	1 year
Contract Completion Date:	June 22, 2026
Contract Cost:	$568,236.56
Funding Source:	MNAA CIP

Description	Quantity	Per Unit Cost	Extended Cost
Lane switches	36	$ 8,389.49	$ 302,021.64
Distribution switches	6	$ 15,161.72	$ 90,970.32
Core Switches	2	$ 20,845.34	$ 41,690.68
10Gig Fiber Connectors	32	$ 1,942.37	$ 62,155.84
1Gig Fiber Connectors	144	$ 495.82	$ 71,398.08
			$ 568,236.56

C. Strategic Priorities

- Invest in BNA
- Plan for the Future

Options/Alternatives

1. Do nothing: The “Do Nothing” option will result in the lack of necessary network equipment to support the PARCS upgrade project.

2. Issue an RFP to assess other network equipment providers. This option is likely to come at a considerably higher cost than the proposed network equipment being purchased through the Omnia Partners contract.

III. Committee Review

This item was presented to the Finance Committee on June 11, 2025. The Finance Committee voted 2 to 0 to recommend approval to the Board of Commissioners.

STAFF ANALYSIS
Board of Commissioners

Date: June 18, 2025

Facility: Nashville International Airport (BNA)

Subject: Contract for Renewal of Microsoft Licensing

I. Recommendation

Staff requests the Board of Commissioners:

1) accept the renewal of the Microsoft Enterprise Agreement.

2) authorize the President and CEO to execute the proposed contract documents for the amount contained herein.

II. Analysis

A. Background

The Metropolitan Nashville Airport Authority maintains a Microsoft Enterprise Agreement (EA) to license essential software and cloud services used across the organization. This agreement provides access to Microsoft 365 G3 (including Outlook, Word, Excel, Teams, OneDrive, and Sharepoint), Dynamics 365 for business applications, SQL Server for data management, and Windows Server for infrastructure support. The Microsoft EA consolidates licensing under a single contract, offering cost savings through volume discounts, simplified licensing management, and predictable annual pricing. The existing three-year agreement is set to expire, and renewal is necessary to ensure continued access to these mission-critical systems and services.

Although the Microsoft EA has been in place for several years, this renewal is the first to reach the financial threshold requiring Board approval. Several factors have contributed to this change, including a steady increase in employee headcount, which drives higher demand for user-based licensing. Additionally, Microsoft has implemented multiple unit price increases over the prior three-year term. The expansion of supported applications and services has also resulted in the need for additional server licensing, further increasing the total contract value.

This Microsoft EA renewal V6-MSEA-CPY will be procured through the Value-Added Reseller (VAR) Insight under the following contract: STATE OF TENNESSEE NASPO VALUEPOINT SOFTWARE VAR# CTR060025/SWC 3999/77151, which is effective 1/1/2023 for a 36-month period with two 1-year renewal options and contains a survival clause.

B. Impact/Findings

SMWBE Goal:	0.00%
Anticipated Contract Start Date:	June 1, 2025 * ** 30-day grace period granted by Microsoft*
Duration of Contract:	3 years
Contract Completion Date:	May 31, 2028
Operating Cost Year 1:	$ 543,978.50
Operating Cost Year 2:	$ 543,978.50
Operating Cost Year 3:	$ 543,978.50
Contract Cost:	$1,631,935.50
Funding Source:	Operations & Maintenance (O&M)

C. Strategic Priorities

- Plan for the Future
- Prepare for the Unexpected

D. Options/Alternatives

1. Do Nothing: Failure to renew the Microsoft Enterprise Agreement would result in loss of access to critical software and services. This would immediately negatively impact staff productivity, system security, and ongoing airport operations reliant on these platforms. Additionally, failure to renew the agreement would eliminate volume licensing discounts, leading to significantly higher costs if services were activated later.

III. Committee Review

This item was presented to the Finance Committee on June 11, 2025. The Finance Committee voted 2 to 0 to recommend approval to the Board of Commissioners.

STAFF ANALYSIS
Board of Commissioners

Date: June 18, 2025

Facility: Nashville International Airport (BNA)

Subject: FY26 Commercial Insurance Policies Renewal

I. Recommendation

Staff requests the Board of Commissioners:

1) approve the FY26 Commercial Insurance policies renewal at a Not-To-Exceed ("NTE") amount of $5,759,071

2) authorize President and CEO to execute the FY26 Commercial Insurance policies.

II. Analysis

A. Background

At MNAA's annual Renewal Strategy Planning Meeting with Marsh (MNAA's insurance broker) and Davidson Consulting (MNAA's insurance consultant), Marsh indicated that the overall market conditions were favorable with adequate capacity limits with no major coverage restrictions subject to loss experience. Since Marsh performed extensive marketing on our various lines of coverage the last two years, it was decided that Marsh would negotiate with our current incumbent providers. If the results were not favorable to MNAA based on the terms and price Marsh has been experiencing with other clients, then they would market the policy to other insurers. The exceptions to this strategy are the Aviation Liability insurance policies which were two-year policies expiring on July 1, 2025, and the Special Crime, Pollution Legal Liability and the Contractor's Pollution Liability that are covered under multi-year policies.

B. Impact/Findings

FY2025 and FY2026 Renewal Comparison and Variance		
FY25 Total Policy Premiums Executed	$	5,489,050
Projected Annual Premium Increase for FY26	$	270,021
FY26 Total Proposed Policy Premiums (NTE)	$	5,759,071

The FY26 proposed policy premiums (4.9% increase over prior year) are within the FY26 budgeted insurance amounts for BNA, JWN and MPC approved by the Board April 16, 2025.

The details of each line of coverage, excluding the applicable limits are provided in Table 1 (page 5), are:

1) **Property & Property Excess: $3,930,102 policy period July 1, 2025 - July 1, 2026**

This represents an estimated 1.0% increase over the prior year premium of $3,894,148. The estimate for the property insurance is based on initial discussions with our insurer, FM Global, as property insurers tend to submit bids 15 days before the expiration of the previous policy. Marsh also reached out to American International Group (AIG), a major property insurer that leads many airport programs and has reviewed MNAA's program in the past to determine their level of interest. One contributor to the increase in premiums is that the Total Insured Value ("TIV") is increasing (3.9%) from the prior year amount of $3,004,959,655 to $3,123,398,708. The increase in the TIV is due to an increase in the replacement values on current assets as well as the addition of the Concourse D Extension, which is offset by the reduction for the demolition of Concourse A. The premium rate for our primary property coverage remained the same but decreased on the terrorism and excess layer coverages. FY25 was the first year MNAA was insured by FM Global (the parent company of AFM) since being transferred from our previous carrier Affiliated FM (AFM) due to the size of the account. Bi-annually, Marsh runs a maximum foreseeable loss model for fire, convective storms and earthquakes, and based on the models, MNAA purchases coverage in excess of the maximum foreseeable loss and feels that the overall limit is consistent with our airport peers.

Once Marsh receives the quotes from the carriers and evaluates the terms and conditions, Marsh will approach the insurer to evaluate the possibility of MNAA self-insuring a portion of the coverage (through an increase in the deductibles) as was done in the previous years. Since the property premium is over 65% of our total insurance premiums, Marsh indicated that this would be the area in which we could see the most impact if MNAA chose to self-insure with higher deductibles which MNAA did in FY24. Based on the quotes received in FY25, with consultation from Marsh, MNAA did not increase the property insurance deductible as it was not deemed beneficial to MNAA.

Three years ago, MNAA engaged Anderson Kreiger to find an outside insurance consultant to review MNAA's insurance program. Anderson Kreiger engaged Albert Risk Management Consultants (ARMC) to conduct the review. One recommended area for discussion with Marsh was to evaluate the named perils vs. all risk (subjected to excluded perils). Based on discussion with Marsh, our property insurance is considered an all risk, except for four bridges which have a sublimit of $55 million. Last year when the quotes for the property insurance policy were received, Marsh requested the exceptions be removed, which was declined by FM Global. FM Global has taken the same position this year.

In FY24, MNAA engaged Marsh to conduct appraisals of various buildings and infrastructure including the four bridges that are being insured under a named peril. The appraised value for one of the bridges came in higher than previous values and due to the bridge collapse in Baltimore, property insurers are seeking to limit their exposure associated with higher valued bridges with a sublimit. In FY25, MNAA purchased an additional $45 million limit for the bridges for a total insured value of $100 million (excluding flood and earthquake).

2) **Fine Arts: $10,969 policy period July 1, 2025 - July 1, 2026**

This represents an increase of 29.2% in premium cost due to an increase in the TIV from $4,139,903 to $5,339,903 for the art installation on the Concourse D Extension. The rate per TIV remained flat at .205.

3) **Aviation General Liability: $269,850 policy period July 1, 2025 - July 1, 2026**

The incumbent, Chubb, quoted renewal premiums of $553,192 for a two-year policy. The first

year's premium is $269,850, which is a 6.26% increase from the prior year based on a 5% enplanement and 11% revenue growth. The second year is quoted at $283,342, which represents a 5% increase. MNAA plans to bind the two-year policy to lock in the rates, but if market conditions improve then Marsh will re-market the coverage after the first year. Only the first year of the policy is included in this approval. Marsh marketed this policy to Starr, who indicated that they would offer $500M of coverage (which equals the primary plus the excess layer) for a premium of $549,500. This amount is higher than the quotes received from Chubb ($269,850 plus the excess of $112,455) for both the primary and excess coverage.

4) **Excess Aviation General Liability: $112,455 period July 1, 2025 – July 1, 2026**

The incumbent, Chubb, quoted renewal premiums of $224,910 for a two-year policy. The first- and second-years premium are $112,455, which is a 5% increase in year one and will stay flat in year two. MNAA plans to bind the two-year policy to lock in the rates, but if market condition improves then Marsh will re-market the coverage after the first year. Only the first year of the policy is included in this approval. As stated above, Starr included the excess coverage in their quote.

5) **Worker's Compensation: $294,739 policy period July 1, 2025 – July 1, 2026**

Marsh negotiated with the incumbent, Starr as the policy was extensively marketed last year. Starr has quoted a premium of $294,739 based on projected payroll of $52,000,000 (prior year $50,000,000) and increase in the experience modification from 0.77 to 0.83, which represents a 17.8% premium increase. The experience modification factor increased due to an increase in the number and severity of claims. Starr completes an annual audit of the payroll and will provide a return premium if the actual payroll is less than projected.

6) **Automobile: $142,724 policy period July 1, 2025 – July 1, 2026**

The Automobile premium quote of $142,724 represents a minimal increase of 1.3%. The increase is due to two factors: 1) an increase in rate from $958.07 per unit to $977.56; 2) MNAA had a decrease in the total number of units (147 in the current year versus 146 in the prior year), however, most of the recently added autos are newer and more expensive.

7) **Cyber Liability/Network Security: $207,387 policy period July 1, 2025 – July 1, 2026**

Last year's premium was $151,820 for $10 million of coverage. In the past, it was difficult to obtain Cyber coverage as capacity for this type of insurance was limited. Current market conditions are indicating capacity may be available to increase our coverage. In consultation with Marsh, it is estimated that it would cost approximately $48,000 for an additional $5 million in coverage which is reflected in the premium stated above.

8) **Management Liability (D&O/EPL/Fiduciary Liability/Crime): $362,560 policy period July 1, 2025 – July 1, 2026**

The premiums for the above policies were collectively quoted at $362,060, which represents a 0.6% decrease. Chub, the incumbent carrier of the public entity policy, indicated a preference to monitor the development of two open claims over the next year rather than implementing a material change to the program structure at this time. The premium remained flat with the current limits, retentions and terms and conditions remaining the same. The third excess layer was marketed due to Hartford declining to renew the policy and MNAA received a favorable quote from Crum & Foster, which lowered the premium by $2,103. The fiduciary liability policy increased by $20, while the crime and excess crime remained flat.

9) **Special Crime: Policy period July 1, 2023 – July 1, 2026 ($0 premium due for FY26)**

This is the third year of a three-year policy. The total three-year premium of $6,816 was paid in FY24. Each year's premium is $2,272.

10) **Pollution Legal Liability: Policy period July 1, 2023 – July 1, 2026 ($0 premium due for FY26)**

This is the third year of a three-year policy with Beazley. The total three-year premium of $97,837 was paid in FY24. Each year's premium is approximately $32,612 with policy retention of $500,000.

11) **Contractor's Pollution Liability: Policy period July 1, 2023 – July 1, 2028 ($0 premium due for FY26)**

This is the third year of a five-year policy. The five-year policy term is similar to the rolling OCIP program since both policies cover MNAA's risk associated with contractors. The total five-year premium of $252,111 was paid in FY24. Each year's premium is approximately $50,422.

12) **Law Enforcement Professional: $266,933 policy period July 1, 2025 – July 1, 2026**
This policy represents a 1.3% premium increase. The renewal strategy was to approach the incumbent carrier, Chubb, and negotiate the best possible terms. The estimated premiums are based on market increases. Marsh is currently reviewing the quote, along with the terms and conditions, and if these are not deemed favorable, we may elect to reach out to other carriers.

13) **Additional Fees/Surplus Taxes/Premiums: $161,352**

An additional contingency of $161,352 is added to the NTE approval amount to account for the following:

- Per review of prior year insurance invoices, additional fees and surplus taxes were added to several premiums. This contingency should cover these fees.
- Contingency will be used to cover any additional premiums in case the actual policy comes in higher than the quotes or estimates.
- Contingency will be used to cover any deductibles or small claims.

C. Strategic Priorities

- Invest in BNA/JWN
- Prepare for the Unexpected

D. Options/Alternatives

Non-approval of the FY26 commercial insurance policy renewal will result in lack of insurance coverage and would require the Authority to cover all its insurable risk exposures from the operating budget or cash reserves.

III. Committee Review

This item was presented to the Finance Committee on June 11, 2025. The Finance Committee voted 2 to 0 to recommend approval to the Board of Commissioners.

Table 1

Insurance Program	Primary Limit	Excess Limit	Estimated Premiums FY26
Property	$1,000,000,000		$3,060,102
Property Excess		$625,000,000	$870,000
Fine Arts	$5,350,693		$10,969
Aviation General Liability Primary	$100,000,000		$269,850
Aviation General Liability Excess		$400,000,000	$112,455
Worker's Comp	$1,000,000	$50,000,000	$294,739
Auto	$1,000,000	$50,000,000	$142,724
Cyber	$5,000,000	$10,000,000	$207,387
FINEX Package (D&O, Fiduciary, Crime, SCR) Primary and Excess	$15,000,000	$10,000,000	$362,560
Special Crime 3yr	$1,000,000		$0
Pollution 3yr	$5,000,000		$0
Contractor's Pollution Liability 5yr	$5,000,000		$0
Law Enforcement Professional	$10,000,000		$266,933
Additional Fees/Surplus Taxes/Premiums	N/A	N/A	$161,352
TOTALS:			**$5,759,071**