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

Date/Time:	Wednesday, June 11, 2025, at 10:00 a.m.
Place:	Nashville International Airport – Tennessee Board Room
Finance Committee Members:	Andrew Byrd, Committee Chair Dr. Glenda Glover, Committee Vice Chair Glenn Farner

I. CALL TO ORDER

II. PUBLIC COMMENTS

No requests for public comment received to date. Deadline is June 9, 2025 at 9:00 a.m.

III. APPROVAL OF MINUTES

April 9, 2025 Minutes of the Joint Meeting of the MNAA and MPC Finance, Diversity & Workforce Development Committees

IV. CHAIR'S REPORT

V. ITEMS FOR APPROVAL

1. 1st Amendment to JWN North Development Lease - DN, LLC
2. 1st Amendment to JWN North Development Lease - Jet Access
3. 1st Amendment to JWN North Development Lease - JetRight
4. Air Service Incentive Policy (ASIP)
5. 3rd Amendment to Paradies Lease & Concession Agreement
6. Purchase of Equipment (Infrastructure) & Maintenance Services Agreement for Parking and Revenue Control System (PARCS) Upgrade
7. Purchase of Network Equipment for Parking and Revenue Control System (PARCS) Upgrade
8. Contract for Renewal of Microsoft Licensing
9. FY26 Commercial Insurance Polices Renewal

VI. INFORMATION ITEMS

1. Concourse A / Future BNA Concessions Program Update (Options)

VII. ADJOURN

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

Date: April 9, 2025 Time: 9:00 a.m.	Location: Metropolitan Nashville Airport Authority Tennessee Boardroom
Committee Members Present:	Andrew Byrd, Committee Chair; Glenda Glover, Committee Vice Chair; Glenn Farner
Committee Members Absent:	None
Other Board Members Present:	Nancy Sullivan, Jimmy Granbery, Bobby Joslin, and Joycelyn Stevenson
MNAA Staff & Guests Present:	Doug Kreulen, Cindy Barnett, Lisa Lankford, Trish Saxman, Marge Basrai, Kristy Bork, Daniel B. Brown, John Cooper, Ben Dearman, Kristen Deuben, Adam Floyd, Traci Holton, Eric Johnson, Carrie Logan, Rachel Moore, Brandi Porter, Josh Powell, and Robert Ramsey

I. CALL TO ORDER

Chair Byrd called the Joint Meeting of the MNAA and MPC Finance, Diversity & Workforce Development ("Finance") Committees to order at 9:00 a.m. pursuant to Public Notice dated April 4, 2025.

II. PUBLIC COMMENT

Chair Byrd stated there were no public comment requests received.

III. APPROVAL OF MINUTES

Chair Byrd asked for a motion to approve the March 12, 2025, Minutes of the Joint Meeting of the MNAA & MPC Finance Committees. Commissioner Farner made a motion, and Vice Chair Glover seconded the motion.

Chair Byrd asked Ms. Saxman for a roll call:

Chair Byrd – Yes

Vice Chair Glover – Yes

Commissioner Farner – Yes

The motion passed with a vote of 3 to 0.

IV. CHAIR'S REPORT

Chair Byrd thanked all for attending and also thanked the Jackson Municipal Airport Authority ("JMAA") for visiting. Vice Chair Glover also thanked JMAA and introduced the visiting members: Vice Chair Rickey Jones, Samuel Washington, and Jerome Benjamin. She mentioned she once served on the Board at JMAA and expressed that it is a great airport. She stated Jackson is a great city and is amazed at how much the Jackson airport has grown.

V. ITEMS FOR APPROVAL

1. FY25 BNA CIP Budget Amendment, MNAA Resolution No. 2025-02

President Kreulen introduced Marge Basrai, EVP, Chief Financial Officer, to brief the Committee on the FY25 BNA CIP Budget Amendment. Ms. Basrai stated she has 8 budgets for approval and will go through each one. Ms. Basrai started with the amended FY25 BNA CIP Budget. The original budget for FY25 is $1.27B, and the amended budget is $1.494B, an overall increase of $225.9M. The first 3 changes are the Westside Development Study, Snow Equipment Building, & Gassaway Parking Lot Rehab, which were all canceled until Terminal II planning is further along. Terminal Access Roadway Improvements (TARI) Phase II and III added $133.5M to match what was approved by the Board ($300M) as part of New Horizon II in January 2025. The next 3 had no change in cost, only funding changes. Deicing Storage Modifications ($2M) will not be bond funded, it will be charged directly to airlines in 2025. Airport Master Plan & Rehabilitate Taxiway projects now have Federal Grants secured. Central Ramp Expansion added $88.1M to agree to updated budget of $242.4M in New Horizon I, which was briefed to the Board in March 2025. Administration Building Reconfiguration added $1.3M cost, due to added scope that the Board approved in November 2024. Gassaway roof replacement is $1M, and the project moved from FY27 due to current roof leaks. Taxiway Design Group 6 was added at $14M as the project was needed to address airfield needs. It will be paid with a combination of Federal grants and PFCs.

Vice Chair Glover asked if the snow equipment building was not needed. Ms. Basrai replied that we had taken it off for now, instead of building it and then having to remove it when we build Terminal II. Wherever we move the Consolidated Services Facility (CSF) building (maintenance building), we will also build the snow equipment building. Chair Byrd asked what TARI stands for. Ms. Basrai replied Terminal Access Roadway Improvements.

Vice Chair Glover asked if some costs were shifted. Ms. Basrai replied that MNAA took $1M out of FY27 and moved it over to FY25 for the roof replacement. All of this will be updated again, when she presents the FY26 CIP budget. Commissioner Joslin asked if Group 6 will start, and if it is in the design phase now. President Kreulen replied that it is in the design phase now and may be completed by April 1, 2026, to allow British Airways to bring in the 736.

Ms. Basrai requested the Finance Committee recommend to the Board that it approve the amended FY25-FY29 BNA 5-year Capital Improvement Plan; amended FY25 BNA Capital Improvement Budget; and authorize the Chair and President & CEO to execute MNAA Resolution No. 2025-02.

Chair Byrd asked for a motion to approve as presented. Vice Chair Glover made a motion, and Commissioner Farner seconded the motion.

Chair Byrd asked Ms. Saxman for a roll call:

Chair Byrd – Yes
Vice Chair Glover – Yes
Commissioner Farner – Yes

The motion passed with a vote of 3 to 0.

2. <u>FY26 BNA Amended O&M Budget, MNAA Resolution No. 2025-03</u>

Ms. Basrai presented a chart of the amended FY26 BNA O&M Budget with financial metrics highlighted. All of the numbers are still very strong. Debt Service Coverage (DSC), Signatory Landing Fees, Cost per Enplanement (CPE) are all lower due to less Airline revenue collected primarily from canceled CIP projects. DSC & Days Cash on Hand metrics exceed Board-approved requirements.

Ms. Basrai reported that total operating revenue decreased by $17M. There are two main categories of operating revenue: Signatory Airline Revenue and Non-Airline Revenue. Signatory Airline Revenue decreased $9M. The landing fees decreased $7.3M; a $5.1M reduction is due to the cancellation of the Virtual Ramp Control Tower FY24 project ($5.4M) after the budget was approved, which lowered the rate from $3.75 to $3.38. The Airlines were informed of the change in the landing fee and have been paying the $3.38 rate since the beginning of the year. This is adjusting the budget to what the airlines have actually been paying us this year. An additional decrease of $2.2M was made due to the changes in funding for 3 projects approved in the FY25 BNA CIP Amendment (Deicing Storage Modifications, Airport Master Plan, and Rehabilitate TW S/S6/S7/T4), offset by a decrease in projected landed weights. Other signatory fees decreased by $1.7M due to the projected airline year-end true-up where a refund is expected. Terminal rental rates, baggage fees, and terminal ramp fees are projected to decrease related to less operating expenses allocated to the terminal cost center. Non-Airline revenue will decrease by $8M. Concessions decreased $7.7M due to the anticipated receipt of federal relief funds (ARPA Concessions Grant) for concessions. This results in a reclassification of revenue, a decrease in concessions revenue, and an increase in other non-operating revenue. Non-signatory landing fees decreased $300K due to the cancellation of the Virtual Ramp Control Tower project.

Vice Chair Glover asked if there is Non-Operating Revenue on the chart. Ms. Basrai explained that this is an accounting re-class, and that the last grant made a significant impact on concessions revenue. She showed Vice Chair Glover the Non-Operating Revenue on page 2 of the staff analysis.

Ms. Basrai presented a summary of the adjusted budget: Total operating revenue $324.7M, Total operating expense $195.7M, and Net Income before depreciation and capital grants $141.6M.
Ms. Basrai requested the Finance Committee recommend to the Board that it approve the amended FY25 BNA operating budget and authorize the Chair and President & CEO to execute MNAA Resolution No. 2025-03.

Chair Byrd asked for a motion to approve as presented. Commissioner Farner made a motion, and Vice Chair Glover seconded the motion.

Chair Byrd asked Ms. Saxman for a roll call:

Chair Byrd – Yes

Vice Chair Glover – Yes

Commissioner Farner – Yes

The motion passed with a vote of 3 to 0.

Ms. Basrai stated she will now present the 6 budgets for FY26.

3. FY26 BNA O&M Budget, MNAA Resolution No. 2025-04

Ms. Basrai presented a chart of BNA FY26 Passenger Projections. The FY25 budget was approved on April 17, 2024, at 24.8M passengers. The FY25 projection for year-end is 25-25.1M passengers (1% above the budgeted amount). The FY26 Budget is using the moderate forecast of 25.99M passengers (4% increase over the FY25 year-end projection). Overall passenger projections are estimated at a 5% increase over our FY25 budgeted amount.

Ms. Basrai reported the financial metrics with the proposed BNA budget are: DSC 3.11x Senior; DSC 2.03x Senior/Subordinate combined; Landing Fee $3.50; CPE $10.76; Days cash as of 3/31 is 939 days; DSC and Days Cash exceed Board Approved Requirements.

Ms. Basrai stated that the Operating Revenue increased $34.0M, and the two main categories of Operating Revenue are the Non-Airline Revenue and Signatory Airline Revenue. The Non-Airline Revenue is Concessions $11.3M increase with food & retail $8.0M and $7.7M related to reversal of one-time reclass of Federal Relief Grant (made FY25 Amended Budget). The remaining $300K related to increased passengers. Rental Car Concessions increased $2.1M and TNCs/Ground Transportation increased $700K due to higher expected passengers. Advertising increased $500K due to the updated advertising contract. Space Rent & Other Operating Revenues increased $3.8M. Higher non-signatory airline per use fees. Increased rental rates and Increased Reimbursable Services (Utilities passthrough are expected to be higher). Take out $7.7M reclass, non-airline revenue is only increasing 3.7% over prior year with the largest non-airline revenue Parking ($113.7M) staying relatively flat and anticipating it to be below budget in FY25.

Vice Chair Glover asked if this is not parking, are passengers just getting dropped off. Ms. Basrai replied it is a combination of all those things. May be having family drop off, using the TNC or

using some other mode, other airports were seeing this a year or two ago. Vice Chair Glover asked how we compare with Memphis. President Kreulen replied Memphis is about 1/5th our size, Memphis has about 5M passengers, BNA has 25M. Memphis built more garage spaces years ago and because of that, they under-charge for the value of parking and they do not have any operable competition. BNA has under 20K spaces today and has approximately 10K spaces off airport. Ms. Basrai reported that she attended the Airport CFO Summit, and all the CFOs were discussing that their non-airline revenue was decreasing and they were looking for other ways to generate non-airline revenue.

Ms. Basrai stated the Signatory Airline Revenue (second Operating Revenue category) increased $18.8M. She reminded the Commissioners that our Airline Agreement with our Signatory Airlines dictates how we set the rates each year. There are contractual calculations within each one of these cost centers, which are based on operating expenses, debt service, and capital projects that are actually charged to each one of those cost centers. The main terminal rent increased $8.8M. Rental rate increased by ~ $27 per sq ft due to an increase in debt service with the completion of Concourse D Extension opening in July 2025. The first principal payment of 2022 bonds is also due in FY26. Baggage fees increased $3M due to the increase in terminal rental rates allocated to the baggage area. Landing fees increased $4.5M due to a slight increase in debt service and capital projects charged to airlines. Also, there was a small increase in landed weights. Terminal Ramp Fees, Signatory Per Use Fees, and Passenger Boarding Bridges increased by $1.4M, due to increases in O&M expenses and debt service. The Airline Revenue Sharing Credit (revenue we share with the airlines) decreased $900k due to a decrease in the Airline Use and Lease Agreement (AULA) contractual calculation. Each year, we contractually share less and less revenue with the airlines, so it is going down.

Ms. Basrai reported that the Operating Expenses increased $3.1M, which is 1.6% over the prior year, and we are trying to keep that below the non-airline revenue increase. MNAA was able to put in all of our contractual increases from our agreements. MNAA opened a Satellite Concourse, International Arrivals Facility, and the Terminal Grand Hall. The prior 2 years had estimates for the new facilities and we were able to adjust these to the actual in FY26. Salaries & benefits increased $616K, with 10-15 potential new positions, upgrades, contract staff conversions, and COLA coupled with results of the compensation study. This is offset by a decrease in salaries due

to the creation of a vacancy allowance of approximately 6% (28 positions). MNAA never had a vacancy analysis, it was never a lot because we had a lot fewer employees, and now we have 530 positions. When you look at this vacancy analysis, we are running millions of dollars under budget in salaries. We created a 6% vacancy allowance, which is a couple of million dollars, and we will keep track of what our actual vacancy rate is and see how that compares against what we budgeted. With the number of people we have, putting that in there helps keep the cost contained. Contractual services decreased $860K, including shuttle bus services decreased $1.7M due to revised assumptions of TARI construction impact. Less usage for Satellite Concourse. Elevator and Escalator Maintenance increased $400K. New contract that provides more coverage (24/7). Landscaping increased $300K due to a new contract.

Ms. Basrai stated the Material and Supplies increased $370K, with Snow and Ice Removal supplies increased $250K to adjust to the cost of recent snow events. Passenger Boarding Bridges and Baggage Handling Systems increased $100K (maintaining aging infrastructure). Utilities increased $1.9M (finance performed additional usage analysis) due to an estimated increase in usage and rates. Electricity increased $800K due to a 6.5% increase in usage and a 3.3% increase in rates primarily in the terminal. Natural Gas increased $250K due a 7% rate increase. Water and Sewer increased $750K due to an increase in usage and a 2.6% rate increase. Other Operating Expenses increased $1M. Airport Promotions and Memberships increased $700K mainly due to approved airline incentives (Icelandair and Aer Lingus). Insurance increased $300K due to expected increases in rates.

Ms. Basrai reported that the Net Non-Operating Revenue decreased $39.7M and is now a net non-operating expense. Non-Operating Revenue increased $12.9M. Customer Facility Charges increased $21.9M due to a rate increase from $4.50 to $10.00 on Feb 1, 2025. Passenger Facility Charges increased $4.6M due to expected passenger increases. Interest Income increased $800K due to higher expected rates than our FY25 estimates. Other Non-Operating Revenue decreased $14.2M due to exhaustion of all federal relief funds by June 30, 2025. Non-Operating Expense increased $52.6M. Interest Expense increased $50.0M due to expected bond issuance in December 2025. Bond Issuance Costs increased $3.0M for anticipated bond issuance of $1.3B in December 2025.

Ms. Basrai presented the summary on FY26 BNA O&M Budget, stating the Total Operating Revenue is $358.6M, Total Operating Expense $198.8M, and Net Income before depreciation and capital grants $132.7M.

Ms. Basrai requested the Finance Committee recommend to the Board that it approve the FY26 BNA operating budget and authorize the Chair and President & CEO to execute MNAA Resolution No. 2025-04.

Vice Chair Glover inquired about the Operating Revenue year to year. Ms. Basrai replied that Operating Revenue is going up by $34M. Commissioner Stevenson asked if the 30-minute free parking had an impact on the budget. President Kreulen replied yes, there are a lot of people using the 30 minutes free and also reduced rate on the increments up to 1 hour. MNAA has a CARES program that must be assessed to the grant assurances, and we may wind that program down; it has been a couple of million dollars per year. The Finance team has been working hard reviewing budgets and looking at parking. It is nice giving people 30 minutes free and getting cars off the curb, but now we must adjust our practices. Vice Chair Glover stated that 30 minutes free is a lot, and she remembers debating around the Board table.

President Kreulen stated there are more people taking advantage of the BNA CARES program than was intended, so we are taking a look at that. The other side is on enplanements, this is MNAA being good fiduciaries, and we were at 23.9M passengers last year, and we are on the same track and about 2M bigger this year. Chair Byrd agreed with President Kreulen, stating BNA parking revenue is a very important feature in our ability to service our debt and is a lynch pin to our success. President Kreulen stated that we may adjust some of our ground transportation fees and adjust our parking fee by $1, and that will make a big difference. Vice Chair Glover asked if we adjust the ground transportation fees if there will be blowback from the drivers and if they will be back. President Kreulen replied that we may hear some of it, but for instance, we had our rental cars come in when we went up to $10.00 for CFCs, and there have been no complaints. We have good benchmarks and have talked with our business partners and have not heard anything back.

Commissioner Granbery stated we announced the TDOT incentive and asked how quickly we could get back to a normal operation, no 30 minutes free, no 60 minutes for $10. If we could get

an announcement of when we think that number will get back to normal, then we may make the call. Commissioner Joslin stated we do not want to get out of it and have it backfire and still have all the traffic issues. Commissioner Granbery stated that we would hope that by then we would have the lanes widened. President Kreulen stated the Board has been very supportive of the MNAA staff and we widened the exit 2 lanes and we are going to get TDOT to widen the actual interstate. Next will be a new garage and new rental car facility, and a parking rate increase may be necessary to pay for another 3K parking spaces coming in the next year. Chair Byrd stated that the budget is in line and the Finance team has done an excellent job. Ms. Basrai replied that is why we are looking at the expenses, and what the airlines are doing, and the impact of the economy softening for this coming fiscal year, and all are reasons we want to keep costs down this year.

Chair Byrd asked for a motion to approve as presented. Commissioner Farner made a motion, and Vice Chair Glover seconded the motion.

Chair Byrd asked Ms. Saxman for a roll call:

Chair Byrd – Yes

Vice Chair Glover – Yes

Commissioner Farner – Yes

The motion passed with a vote of 3 to 0.

4. <u>FY26 BNA Capital Improvements Budget & FY26-30 Capital Improvements Plan, MNAA Resolution No. 2025-05</u>

Ms. Basrai presented a summary of the 5-year CIP and stated that the details were included in the staff analysis. The total FY26 CIP is $1.1B and the total 5-year CIP $2.3B. Major projects for FY26 (~94%) include: CONRAC/Public Parking Garage for $877.5M will be Bond/CFC funded; Surface Parking Lot for employees will be $95M and will be Bond funded; Taxiway T4/T5 Reconstruction/Repairs will be $30M ($11M Fed Grants, $19M Bonds). FY26 funding of the $1.1B includes: $835M bonds; $26M Federal; $25M Authority Fund; $17M Airline Funds; $171M CFC's; and $665K other sources. Projects for FY27-FY30 are just a planning tool and only show estimates. These will be updated and brought back to the Board next year. The approval of the CIP does not

mean you are approving these projects. Individual projects/contracts will be brought back to the Board for approval.

Ms. Basrai requested the Finance Committee recommend to the Board that it approve BNAs FY26-FY30 5-year Capital Improvement Plan; FY26 BNA Capital Improvement Budget; authorize MNAA to accept any grants and designate the President & CEO (or designee) as the authorized representative of the Authority; and authorize the Chair and President & CEO to execute MNAA Resolution No. 2025-05.

Vice Chair Glover asked what the expectations are for the Federal cuts. President Kreulen replied the good news is that all of the money from the previous Administration, government, the CARES, CARISA, ARFA, all of it we had the ability to execute through 2025. There are no extra covid funds, it has all been spent.

Chair Byrd asked for a motion to approve as presented. Commissioner Farner made a motion, and Vice Chair Glover seconded the motion.

Chair Byrd asked Ms. Saxman for a roll call:

Chair Byrd – Yes

Vice Chair Glover – Yes

Commissioner Farner – Yes

The motion passed with a vote of 3 to 0.

Commissioner Sullivan left the meeting at 9:44 AM.

5. <u>FY26 JWN O&M Budget, MNAA Resolution No. 2025-06</u>

Ms. Basrai reported that the FY26 JWN O&M Budget Operating Revenue increased $918K. Land and hangar rent increased $902K; the MNPD lease added $801K, and hangar rent increase was effective July 1, 2025 (4%). Space rental increased $6K due to contractual increases for the Fixed Base Operator (FBO). Flowage fees increased $10K due to an increase in aviation fuel sales. Operating Expenses increased $219K. Salaries and benefits increased $106K as a result of the

Cost-of-Living Adjustment (COLA) and Compensation Study. Contractual services decreased $3K due to a reduction in landscaping services ($29K), offset by increases in various repairs/maintenance ($18K) and janitorial services ($8K). Materials & supplies increased $35K due to increases in various supplies: Electrical, Machinery & Equipment, Mobile Equipment Supplies, and Janitorial. Other Operating Expense increased $80K, primarily due to increases in JWN's allocation of BNA administrative expenses ($70K) and insurance expense ($15K). Non-Operating Revenue increased $156K. Interest Income increased $169K due to increases in cash balances, which is offset by Grant Revenue decrease of $13K (received FY24 & FY25 equipment grants in FY25; will receive FY26 grant in FY26).

Ms. Basrai presented a summary of the FY26 JWN O&M Budget. Total Operating Revenue is $3.9M and total Operating Expense $2.5M. Net Income before depreciation, capital grants, and Transfers to/from MNAA is $1.7M. The $1.7M net income will pay JWN's funding portion of the FY26 CIP projects.

Ms. Basrai requested the Finance Committee recommend to the Board that it approve the FY26 JWN operating budget and authorize the Chair and President & CEO to execute MNAA Resolution No. 2025-06.

Chair Byrd asked for a motion to approve as presented. Commissioner Farner made a motion, and Vice Chair Glover seconded the motion.

Chair Byrd asked Ms. Saxman for a roll call:

Chair Byrd – Yes

Vice Chair Glover – Yes

Commissioner Farner – Yes

The motion passed with a vote of 3 to 0.

6. FY26 JWN Capital Improvements Budget & FY26-30 Capital Improvements Plan, MNAA Resolution No. 2025-07

Ms. Basrai presented a summary of the 5-year CIP (details included with staff analysis). Total FY26 CIP is $3.3M and total 5-year CIP is $19M. Major projects for FY26 (82%) include: Apron Rehab South Area for $2.1M (Phase 1 of 2) funded with all Federal Grants; Engineered Materials Arresting System ("EMAS") Rehab for $300K will be JWN Funded; and Precision Approach Path Indicator ("PAPI") Replacement for $500k will be funded by all Federal Grants. FY26 Funding of the $3.3M includes: $1.7M JWN funding and $1.6M in federal grants.

Ms. Basrai stated that the projects for FY27-FY30 are just a planning tool and only show estimates. These will be updated and brought back to the Board next year. The approval of the CIP does not mean you are approving these projects. Individual projects/contracts will be brought back to the Board for approval.

Ms. Basrai requested the Finance Committee recommend to the Board that it approve JWN's FY26-FY30 5-year Capital Improvement Plan; FY26 JWN Capital Improvement Budget; authorize MNAA to accept any grants and designate the President & CEO (or designee) as the authorized representative of the Authority; and authorize the Chair and President & CEO to execute MNAA Resolution No. 2025-07.

Commissioner Joslin asked for more information about the EMAS rehab. Ms. Basrai stated it was installed in 2015, and the FAA recommends it be rehabbed every 10-12 years. Vice Chair Glover asked how many MNAA employees there are at JWN now. President Kreulen replied 6.

Chair Byrd asked for a motion to approve as presented. Vice Chair Glover made a motion, and Commissioner Farner seconded the motion.

Chair Byrd asked Ms. Saxman for a roll call:

Chair Byrd – Yes

Vice Chair Glover – Yes

Commissioner Farner – Yes

The motion passed with a vote of 3 to 0.

7. FY26 MPC O&M Budget, MPC Resolution No. 2025-01

Operating Revenue decreased $382K to account for revisions to prior-year revenue assumptions. Operating expenses decreased $9K: Utilities decreased $15K – electricity and water are expected to rise $85K but be offset by a reduction in Natural Gas and Trash Removal of $100K. Contractual services increased in elevator and escalator maintenance services by $6K. Non-Operating Revenue. Interest Income increased $5K due to projected interest income increases. Non-Operating Expenses. Inter-Company Expenses decreased $206K due to revisions in prior-year estimates.

Ms. Basrai presented the summary of the FY26 MPC O&M Budget. Total Operating Revenue $4.96M. Total Operating Expense $1.84M. Net Income before depreciation $3.27M.

Ms. Basrai requested the MPC Finance Committee recommend to the MPC Board of Directors that it approve the FY26 MPC operating budget and authorize the Chair and President & CEO to execute MPC Resolution No. 2025-01.

Commissioner Joslin asked if there is a decrease in the Gold building. President Kreulen replied that we budgeted last year for 100% occupancy, and we are now at 95%. Commissioner Granbery asked where we see this in the next 5 years. President Kreulen replied that we have done analysis and the Gold building will likely go away around 2030 because the expenses of it will be so monumental for a 30-year-old building. It will need a new HVAC system, new roof, new windows, and other things and the money that needs to be put in would force us to keep it for another 20 years or so. Commissioner Granbery stated it is a situation that is happening all through industry and that the land and building area is in long-range plan and the land is worth more.

Chair Byrd asked for a motion to approve as presented. Commissioner Farner made a motion, and Vice Chair Glover seconded the motion.

Chair Byrd asked Ms. Saxman for a roll call:

Chair Byrd – Yes

Vice Chair Glover – Yes

Commissioner Farner – Yes

The motion passed with a vote of 3 to 0.

8. FY26 MPC Special Projects Budget & FY26-30 Special Projects Plan, MPC Resolution No. 2025-02

Ms. Basrai presented a summary of the MPC 5-year CIP and stated that the details were included in the staff analysis. FY26 CIP is $800K. The total 5-year CIP is $4.1M. Only one project for FY26 for International Plaza Building ("IPB"). There are $800K of tenant improvements for VA and FAA, and they will pay us back. Will be funded by their cash balance, which is $13M.

Ms. Basrai stated that the projects for FY27-FY30 are just a planning tool and only show estimates. These will be updated and brought back to the Board next year. The approval of the CIP does not mean you are approving these projects. Individual projects/contracts will be brought back to the Board for approval.

Ms. Basrai requested the Finance Committee recommend to the MPC Board of Directors that it approve MPC's FY26-FY30 5-year Special Projects Plan; FY26 MPC Special Projects Budget; authorize MPC to accept any grants and designate the President & CEO (or designee) as the authorized representative of the Authority; and authorize the Chair and President & CEO to execute MPC Resolution No. 2025-02.

Commissioner Granbery asked regarding the analysis on the revenue side, what the longest lease terms are, and if there are any options in our favor. President Kreulen replied that all leases in the Gold building are aligned to end in the 2030 time period, and we are trying not to go beyond that date.

Chair Byrd asked for a motion to approve as presented. Vice Chair Glover made a motion, and Commissioner Farner seconded the motion.

Chair Byrd asked Ms. Saxman for a roll call:

Chair Byrd – Yes
Vice Chair Glover – Yes
Commissioner Farner – Yes

The motion passed with a vote of 3 to 0.

I. INFORMATION ITEMS

None.

President Kreulen concluded the presentation.

Commissioner Farner thanked Ms. Basrai and the Finance team for all their hard work and the many hours that went into these budgets. Ms. Basrai said thank you and introduced several members of the Finance team that spent multiple hours putting all this information together: Ms. Kristen Deuben, VP, Finance Deputy; Ms. Kristy Bork, AVP, Finance; and Mr. Ben Dearman, Director, Budget & Treasury. The Commissioners thanked all of the Finance team. Round of applause.

Vice Chair Glover asked if we could add percentages to the slides and staff summaries for year-to-year for the Board meeting.

1) ADJOURN

There being no further business brought before the Finance Committee, Chair Byrd adjourned the meeting at 9:58 a.m.

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Andrew W. Byrd, Board Secretary

STAFF ANALYSIS
Finance Committee

Date: June 11, 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 Finance Committee recommend to the Board of Commissioners that it:

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 amendment execution date, 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.

STAFF ANALYSIS
Finance Committee

Date: June 11, 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 Finance Committee recommend to the Board of Commissioners that it:

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 amendment execution date, 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.

STAFF ANALYSIS
Finance Committee

Date: May 27, 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 Finance Committee recommend to the Board of Commissioners that it:

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.

STAFF ANALYSIS
Finance Committee

Date: June 11, 2025

Facility: Nashville International Airport (BNA)

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

I. Recommendation

Staff requests the Finance Committee recommend to the Board of Commissioners that it:

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.

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
Finance Committee

Date: June 11, 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 Finance Committee recommend that the Board of Commissioners that it:

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. at 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.

STAFF ANALYSIS

Finance Committee

Date: June 11, 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 Finance Committee recommend to the Board of Commissioners that it:

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

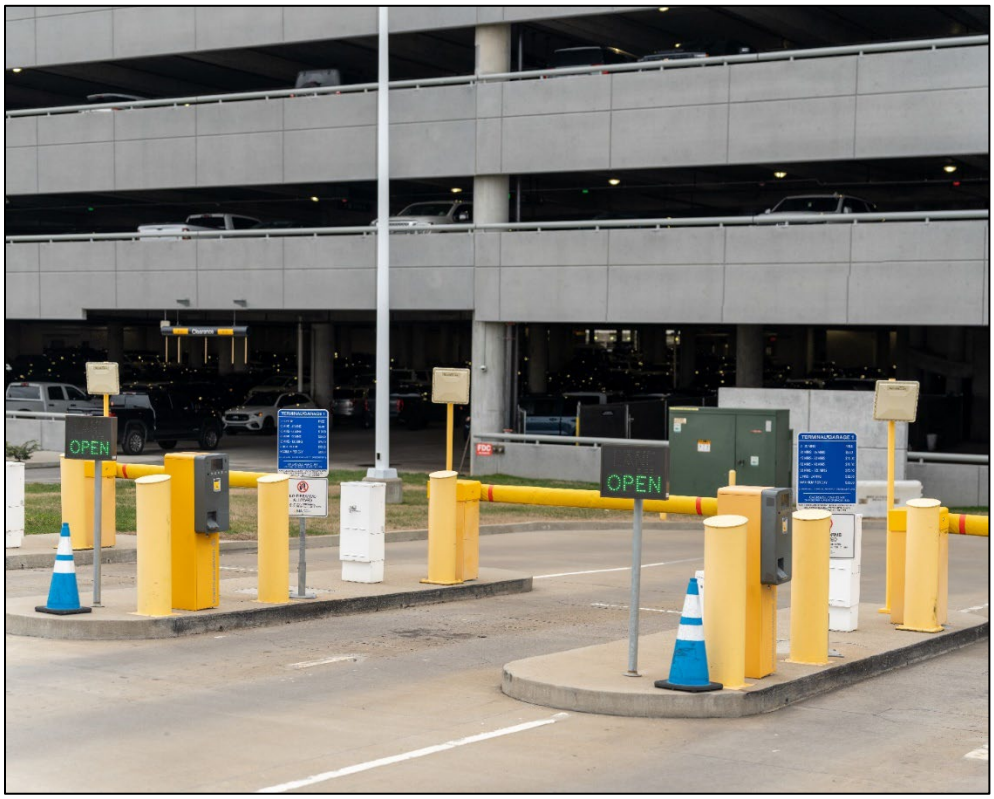
- Invest in BNA
- Plan for the Future

E. Options/Alternatives

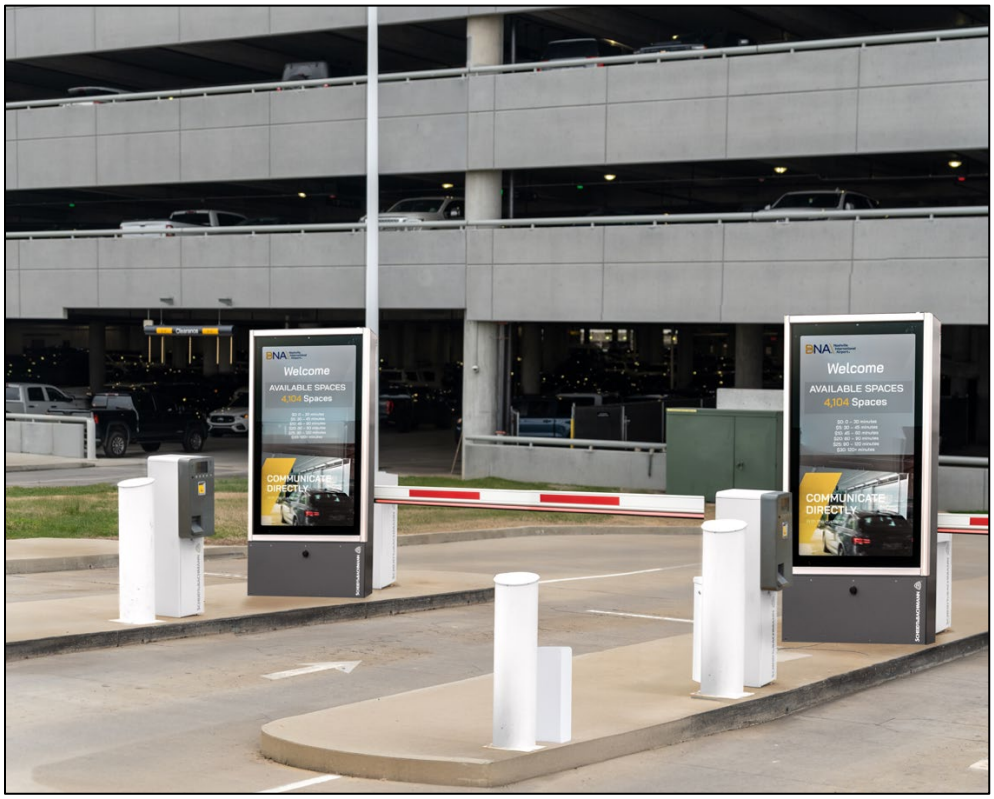
1. Do nothing: The "Do Nothing" option will result in continued decline of our existing PARCS system, added cost for maintenance, and deteriorating reliability, which could lead to reduced customer satisfaction and longer lines during peak periods of activity.

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.

Current and Future Renderings:



Current Garage 1 Entrance Plaza.



Future Rendering of Garage 1 Entrance Plaza.

STAFF ANALYSIS

Finance Committee

Date: June 11, 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 Finance Committee recommend to the Board of Commissioners that it:

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.

STAFF ANALYSIS

Finance Committee

Date: June 11, 2025

Facility: Nashville International Airport (BNA)

Subject: Contract for Renewal of Microsoft Licensing

I. Recommendation

Staff requests the Finance Committee recommend to the Board of Commissioners that it:

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.

STAFF ANALYSIS
Finance Committee

Date: June 11, 2025

Facility: Nashville International Airport (BNA)

Subject: FY26 Commercial Insurance Policies Renewal

I. Recommendation

Staff requests the Finance Committee recommend to the Board of Commissioners that it:

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.

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**