TENNESSEE
COMPTROLLER
OF THE TREASURY

JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Chief of Staff

May 3, 2018

Mr. Douglas Kreulen, President and CEO
and Board of Commissioners
Metropolitan Nashville Airport Authority
One Terminal Drive, Suite 501
Nashville, TN 37214

Dear Mr. Kreulen and Members of the Board:

Please provide a copy of this report to each member of the governing body at the public meeting during which the report is reviewed. Additionally, this letter, report, and plan of refunding (the "Plan"), are to be posted on the website of the Metropolitan Nashville Airport Authority (the "Authority").

We acknowledge receipt on April 25, 2018, of a request from the Authority to review its Plan for the issuance of an estimated $39,035,000 Special Facility Revenue Bonds (MPC CONRAC LLC Project), Refunding Series 2018 (taxable) (the "Series 2018 Refunding Bonds").

Pursuant to the provisions of Tennessee Code Annotated Title 9 Chapter 21, a plan must be submitted to our office for review. The information presented in the Plan includes the assertions of the Authority and may not reflect either current market conditions or market conditions at the time of sale.

Plan of Refunding

The Authority intends to advance refund $45,680,000 Special Facility Revenue Bonds (MPC CONRAC LLC Project), Series 2010 (taxable) (the "Series 2010 Bonds"), maturing July 1, 2021, through July 1, 2029. The Series 2010 Bonds are callable July 1, 2020.

In addition to the $39,035,000 in proceeds from the Series 2018 Refunding Bonds, the Authority intends to contribute $11,969,258 to fund the transaction from the following sources: $721,745 from debt service reserve fund releases, $10,000,000 from excess customer facility charge revenues, and $1,247,513 from interest earnings in the Series 2010 Bond Fund.

Authority's Proposed Refunding Objective

The Series 2018 Refunding Bonds are being issued to achieve net present value debt service savings.

Balloon Indebtedness

The structure of the Series 2018 Refunding Bonds presented in the Plan does not appear to be balloon indebtedness. If the structure is revised, the Authority should determine if the new structure complies with the requirements of T.C.A. § 9-21-134 concerning balloon indebtedness. If it is determined that the bond structure constitutes balloon indebtedness, the Authority must submit a Plan of Balloon Indebtedness to the Director of the Office of State and Local Finance for approval prior to the Authority adopting the resolution authorizing the issuance of the debt.

Compliance with the Authority's Debt Management Policy

The Authority provided a copy of its debt management policy and within forty-five (45) days of issuance of the debt approved in this letter is required to submit a Report on Debt Obligation that indicates that this debt complies with its debt policy. If the Authority amends its policy, please submit the amended policy to this office.

Financial Professionals

The Authority has indicated that PFM Financial Advisors LLC is its municipal advisor. Municipal advisors have a fiduciary responsibility to the Authority. Underwriters have no fiduciary responsibility to the Authority. They represent the interests of their firm and are not required to act in the Authority's best interest without regard to their own or other interests. The Plan was prepared by the Authority with the assistance of its municipal advisor.

Report of the Review of a Plan of Refunding

The enclosed report must be presented to the Authority Commission for review prior to the adoption of a refunding bond authorizing resolution.

The enclosed report does not constitute approval or disapproval for the plan or a determination that a refunding is advantageous or necessary nor that any of the outstanding obligations should be called for redemption on the first or any subsequent available redemption date or remain outstanding until their respective dates of maturity.

The enclosed report is effective for a period of ninety (90) days from the date of the report. If the refunding transaction has not been completed during this ninety (90) day period, a new plan of refunding, with new analysis and estimates based on market conditions at that time, must be submitted to this office. We will then issue a report on the new plan for the Authority Commission to review prior to adopting a new refunding bond authorizing resolution.

This letter and the enclosed report do not address compliance with federal tax regulations and are not to be relied upon for that purpose. The Authority should discuss these issues with a bond counsel.

Required Notification

We recognize that the information provided in the Plan submitted to our office is based on preliminary analysis and estimates and that actual results will be determined by market conditions at the time of sale. However, if the actual results significantly differ from the information provided in the submitted Plan, the Authority and our office should be notified after the sale by either the Chief Executive Officer or the Chief Financial Officer of the local government regarding these differences.

Notification will be necessary only if there is a change of ten percent (10%) or more in any of the following:

(1) An increase in the principal amount of the debt issued;
(2) An increase in costs of issuance; or
(3) A decrease in the cumulative savings or increase in the loss.

The notification must include an explanation for any significant differences and the justification for change of ten percent (10%) or more from the amounts in the plan. This notification should be presented to the Authority's governing body and our office with the required filing of the Report on Debt Obligation, Form CT-0253.

Municipal Securities Rulemaking Board (MSRB) Voluntary Disclosure of Bank Loans

The Municipal Securities Rulemaking Board (MSRB) released regulatory notices: MSRB Notice 2011-52, providing guidance on the use of "bank loans" that could be a private placement of municipal securities subject to specific regulatory requirements including disclosure; and MSRB Notice 2012-18, encouraging the voluntary disclosure of bank loan financings through the MSRB's Electronic Municipal Market Access (EMMA®) website (emma.msrb.org). For more information, see the preceding notices on the MSRB's website (msrb.org). To learn how to submit disclosures, see the link at the bottom of the EMMA website labeled Submit Documents or the Education Center of the MSRB's website.

Report on Debt Obligation

We are enclosing a Report on Debt Obligation, Form CT-0253. Pursuant to T.C.A. § 9-21-151, this form is to be completed and filed with the governing body of the Authority no later than forty-five (45) days after the issuance of this debt, with a copy (including attachments, if any) filed with the Director of the Office of State and Local Finance by mail to the address on this letterhead or by email to stateandlocalfinance.publicdebtform@cot.tn.gov. No public entity may enter into additional debt if it has failed to file the Report on Debt Obligation. A fillable PDF of the form can be found at http://www.comptroller.tn.gov/sl/pubdebt.asp.

If you should have questions or need assistance, please feel free to contact your financial analyst, Steve Osborne, at 615.747.5343 or Steve.Osborne@cot.tn.gov. You may also contact our office by mail at the address located at the bottom of this page. Please send it to the attention of your analyst at the Office of State and Local Finance.

Sincerely,

Sandra Thompson
Director of the Office of State and Local Finance

cc: Mr. David Sturtevant, Contract Audit Manager, Division of Local Government Audit
Ms. Marge Basrai, Metropolitan Nashville Airport Authority
Mr. Robert Ramsey, Metropolitan Nashville Airport Authority
Ms. Lauren Lowe, PFM Financial Advisors, LLC
Mr. Bill Case, PFM Financial Advisors, LLC
Ms. Olivia Menick, PFM Financial Advisors, LLC
Ms. Cindy Barnett, Adams & Reese, LLP
Mr. John Pirog, Hawkins, Delafield, and Woods

Enclosures: Report of the Director of the Office of State and Local Finance
Report on Debt Obligation

REPORT OF THE DIRECTOR OF THE OFFICE OF STATE AND LOCAL FINANCE CONCERNING THE PROPOSED ISSUANCE OF SPECIAL FACILITY REVENUE BONDS, REFUNDING SERIES 2018 METROPOLITAN NASHVILLE AIRPORT AUTHORITY

The Metropolitan Nashville Airport Authority (the "Authority") submitted a plan of refunding (the "Plan"), as required by TCA § 9-21-1003 regarding the issuance of an estimated $39,035,000 Special Facility Revenue Bonds (MPC CONRAC LLC Project), Refunding Series 2018 (taxable) (the "Series 2018 Refunding Bonds").

The Plan was prepared with the assistance of the Authority's municipal advisor, PFM Financial Advisors, LLC. Municipal advisors have a fiduciary responsibility to you, the issuer. Underwriters have no fiduciary responsibility to you. They represent the interests of their firm. An evaluation of the preparation, support and underlying assumptions of the Plan has not been performed by this office. This report provides no assurances of the reasonableness of the underlying assumptions. This report must be presented to the governing body prior to the adoption of a refunding bond resolution. The Series 2018 Refunding Bonds may be issued with a structure different from that of the Plan. The Authority provided a copy of its debt management policy.

Plan of Refunding

The Authority intends to advance refund $45,680,000 Special Facility Revenue Bonds (MPC CONRAC LLC Project), Series 2010 (taxable) (the "Series 2010 Bonds"), maturing July 1, 2021, through July 1, 2029. The Series 2010 Bonds are callable July 1, 2020.

In addition to the $39,035,000 in proceeds from the Series 2018 Refunding Bonds, the Authority intends to contribute $11,969,258 to fund the transaction from the following sources: $721,745 from debt service reserve fund releases, $10,000,000 from excess customer facility charge revenues, and $1,247,513 from interest earnings in the Series 2010 Bond Fund.

Authority's Proposed Refunding Objective

The Series 2018 Refunding Bonds are being issued to achieve net present value debt service savings.

Balloon Indebtedness

The structure of the Series 2018 Refunding Bonds presented in the Plan does not appear to be balloon indebtedness. If the structure is revised, the Authority should determine if the new structure complies with the requirements of T.C.A. § 9-21-134 concerning balloon indebtedness. If it is determined that the bond structure constitutes balloon indebtedness, the Authority must submit a Plan of Balloon Indebtedness to the Director of the Office of State and Local Finance for approval prior to the Authority adopting the resolution authorizing the issuance of the debt.

Refunding Analysis

- The results of the refunding are based on the private direct placement of $39,035,000 Series 2018 Refunding Bonds with SunTrust Bank, priced at par.
- The Authority plans to contribute a total of $11,969,258 to fund the transaction.
- The estimated net present value debt service savings is $6,199,136, or 13.57% of the refunded principal amount of $45,680,000 for the Series 2010 Bonds.
- The refunding generates savings in part by reducing the interest rate on the outstanding debt from an average coupon of 6.66% for the Series 2010 Bonds to an average coupon of 3.43% for the Series 2018 Refunding Bonds.
- The final maturity of the Series 2018 Refunding Bonds is 2028 or, one year earlier than the final maturity (2029) of the Series 2010 Bonds (which was a maturity with a balloon payment).
- Estimated cost of issuance for the Series 2018 Refunding Bonds is $162,535 or $4.16 per $1,000 of the par amount. See Table 1 for individual costs of issuance.

Table 1
Costs of Issuance
Series 2018 Refunding Bonds

	Amount	Price per $1,000 Bond
Municipal Advisor (PFM Financial Advisors, LLC)	$ 39,035	$ 1.00
Bond Counsel (Hawkins Delafield)	50,000	1.28
Issuer's Counsel (Adams and Reese, LLP)	25,000	0.64
Miscellaneous	48,500	1.24
Total Cost of Issuance	$ 162,535	$ 4.16

This report of the Office of State and Local Finance does not constitute approval or disapproval by the office for the Plan or a determination that a refunding is advantageous or necessary nor that any of the refunded obligations should be called for redemption on the first or any subsequent available redemption date or remain outstanding until their respective dates of maturity. This report is based on information as presented in the Plan by the Authority. The assumptions included in the Authority's Plan may not reflect either current market conditions or market conditions at the time of sale.

If all the Series 2010 Bonds are not refunded as a part of the Series 2018 Refunding Bonds, and the Authority wishes to refund them in a subsequent bond issue, then a new plan will have to be submitted to this office for review.

This report is effective for a period of ninety (90) days from the date of the report. If the refunding transaction has not been completed during this ninety (90) day period, a new plan of refunding, with new analysis and estimates based on market conditions at that time, must be submitted to this office.

Sandra Thompson
Director of the Office of State and Local Finance
Date: May 3, 2018