

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR 2020

July 1, 2019 – June 30, 2020

Metropolitan Nashville Airport Authority

A Component Unit of The Metropolitan Government of Nashville and Davidson County

Nashville, Tennessee

Comprehensive Annual Financial Report

For the Years Ended June 30, 2020 and 2019

Prepared by:

The Finance Department

Metropolitan Nashville Airport Authority
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**Metropolitan Nashville Airport Authority
Introductory Section**

This section contains the following subsections:

Letter of Transmittal

Board of Commissioners and Executive Staff

Organization Chart

Certificate of Achievement for Excellence in Financial Reporting

October 23, 2020

To the Board of Commissioners of the Metropolitan Nashville Airport Authority,

The Comprehensive Annual Financial Report (CAFR) of the Metropolitan Nashville Airport Authority (“the Authority” or “MNA”) as of and for the fiscal year ended June 30, 2020, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Authority. To the best of our knowledge and belief, this report fairly presents and fully discloses the Authority’s financial position, results of operations and cash flows in accordance with generally accepted accounting principles (“GAAP”). It includes disclosures necessary to enable the reader to gain an understanding of the Authority’s financial activities included within the CAFR. The report of the independent auditors on the financial statements is included on pages 1-3 of the CAFR.

The CAFR was prepared following the guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA). The GFOA awards Certificates of Achievement to those governments whose annual financial reports are judged to conform substantially to the high standards of public financial reporting, including GAAP promulgated by the Governmental Accounting Standards Board (GASB).

The management of the Authority is responsible for establishing and maintaining an internal control structure that is designed to ensure that the assets of the Authority are safeguarded. In addition, as a recipient of federal financial assistance, the Authority is responsible to make certain that an adequate internal control structure is in place to ensure compliance with general and specific laws and regulations related to the Airport Improvement Program and the Aviation Safety and Capacity Expansion Act.

The objectives of an internal control structure are to provide management with reasonable assurance that the resources are safeguarded against waste, loss and misuse, and reliable data are recorded, maintained and fairly disclosed in reports. The current internal controls provide the Authority with a solid base of reliable records from which the financial statements are prepared. These accounting controls ensure that accounting data are reliable and available to facilitate the preparation of financial statements on a timely basis. Inherent limitations should be recognized in considering the potential effectiveness of any system of internal control. The concept of reasonable assurance is based on the recognition that the cost of a system of internal control should not exceed the benefits derived and that the evaluation of those factors requires estimates and judgment by management.

The Authority’s financial statements for the year ended June 30, 2020 have received an “unmodified opinion” from Plante & Moran, PLLC, the Authority’s independent certified public accountants. An unmodified opinion is the best opinion that an organization can receive on its financial statements. It indicates that the auditor’s examination has disclosed no conditions that cause them to believe that the financial statements are not fairly presented in all material respects.

An independent audit was also performed by Plante & Moran, PLLC, in accordance with the requirements of the Uniform Grant Guidance (2 CFR Part 200), i.e., Single Audit. The auditor’s reports related specifically to the Single Audit are immediately following the CAFR in the Compliance Section.

A third audit was performed by Plante & Moran, PLLC, as required under Federal Aviation Regulation, Part 158 (Passenger Facility Charges). The auditor’s reports related to the schedule of Passenger Facility Charges are immediately following the CAFR in the Compliance Section.

This CAFR was prepared to meet the needs of a broad spectrum of financial statements readers and is divided into the following sections:

Introductory Section – In addition to serving as a transmittal letter, this section provides the reader an introduction to the CAFR and the Authority. The introductory section includes background information on

Metropolitan Nashville Airport Authority Letter of Transmittal

the reporting entity, its operations and services, accounting systems and budgetary controls, overview of the local economic conditions, its long-term financial planning and certain other pertinent information. It is complementary to financial and analytical data offered in the Management Discussion and Analysis (MD&A) and the Statistical Section of the CAFR discussed below.

Financial Section – The independent auditor’s report, MD&A, financial statements, notes to the financial statements, required supplementary information, and other information are included here. These are the Authority’s basic financial statements and provide an overview of the Authority’s financial position. The MD&A immediately follows the independent auditor’s report and complements this letter of transmittal and should be read in conjunction with it.

Statistical Section – The supplementary information presented in this section is designed to provide additional historical perspective, context and detail to assist a reader to understand and assess the Authority’s economic condition beyond what is provided in the financial statements and notes to the financial statements. The information contained in this section is prepared by the Authority and is not part of the independent auditor’s report.

Compliance Section – This section presents schedules and footnotes prepared to meet the requirements of the U.S. Office of Management and Budget 2 CFR Part 200 as well as Federal Aviation Administration requirements applicable to the Passenger Facility Charge Program and in accordance with 14 CFR Part 158.

REPORTING ENTITY BACKGROUND

The Authority is a metropolitan airport authority created on February 9, 1970, pursuant to state statute and is an independent political subdivision of the State of Tennessee. The major purposes of the Authority are the operation, financing, and development of Nashville International Airport (“BNA”) and John C. Tune Airport (“JWN”), a general aviation reliever airport.

The Authority also owns MNAA Properties Corporation (“MPC”), a Tennessee nonprofit corporation, whose purpose is to support and facilitate the operations of the Authority and to help the economic development of the surrounding area. The Authority has all the powers of a governmental entity necessary to accomplish its purpose, such as acquiring land and constructing airport facilities; issuing revenue bonds and other tax-exempt indebtedness; maintaining its own police and aircraft rescue and firefighting (ARFF); setting rates and charges for airlines; and setting rates for all activities on airport properties. Although the Authority has an independent governing body, based upon the criteria set forth by the Governmental Accounting Standards Board, it has been determined the Authority is a component unit of the Metropolitan Government of Nashville and Davidson County, Tennessee.

A Board of Commissioners governs the Authority and serves without compensation. The Board of Commissioners is made up of ten members, nine of whom are appointed by the Metropolitan Mayor with the tenth being the Metropolitan Mayor. The Metropolitan Council of Nashville and Davidson County confirms all appointments. The appointments are four-year terms, and terms are staggered to provide for continuity of airport development and management. By state law, the commissioners represent different professional and management disciplines, including engineering, aviation, law, commerce, finance, and industry. The Board appoints the Authority’s President and CEO, who is the chief executive and administrative officer responsible for day-to-day operations and planning for both airports and MPC. The President and CEO leads a full-time staff of professional and technical personnel, with a budgeted headcount of 332 positions for fiscal year 2020. Authority staff is actively engaged with many trade and community organizations, often receiving awards, and serving in leadership positions.

Metropolitan Nashville Airport Authority Letter of Transmittal

AUTHORITY OPERATIONS AND SERVICES

The Authority is self-supporting, using aircraft landing fees, fees from terminal and other rentals and revenue from parking, concessions and various additional sources to fund operating expenses. The Authority is not taxpayer-funded. The Capital Improvement Program is funded by bonds issued by the Authority, federal and state grants, passenger facility charges (PFCs) and other discretionary funds.

Airline Use and Lease Agreement

Leases. Revenues received from the airlines are derived from rentals, fees and charges imposed upon airlines operating at BNA under the MNAA Signatory Airline Use and Lease Agreement (the "Airline Agreement"). The following airlines are parties to such agreements: Alaska Airlines, Allegiant Air, American Airlines, Delta Air Lines, Frontier Airlines, Federal Express, JetBlue Airways, Southwest Airlines, Spirit Airlines and United Airlines (collectively the "Signatory Airlines"). The Airline Agreement is effective July 1, 2015 – June 30, 2022.

Rates and Charges. The Airline Agreement establishes three cost centers for purpose of determining rates and charges payable by the Signatory Airlines and other users of Airport facilities: Airfield, Terminal, and Terminal Ramp Area. Baggage and passenger loading bridges fees are also assessed. The Airline Agreement has a "hybrid" airline rate-setting methodology with the Landing Fees being calculated on a residual basis, the Terminal Rental Rates being fixed rates specified in the Agreement that were initially derived based upon a compensatory basis using rental space in the calculation, and Terminal Ramp Area rates generally established through a compensatory methodology. Other than the Airfield, the Signatory Airlines are not required to provide for break-even financial operations of BNA under the Airline Agreement.

Majority-in-Interest Approvals Relating to Authority's Capital Projects. The Signatory Airlines agreed in the Airline Agreement to a Majority-in-Interest ("MII") approval process for each new capital improvement project (with a net cost in excess of \$50,000) in the Airfield that the Authority seeks to fund through airline rates and charges. The Authority must obtain approval in writing from Signatory Airlines representing a MII after providing written notice to all Signatory Airlines containing: (a) a description of the project; (b) drawing showing its location, to the extent available; (c) estimates of its total capital costs; (d) an explanation of the benefits it will provide; (e) a schedule for its implementation; (f) a summary of how the project will be funded; and (g) an estimate of the impact the project will have on the Landing Fees or other airlines rates and charges to be paid by the Signatory Airlines. A capital improvement project in the Airfield shall only be deemed to be approved by a MII when Signatory Airlines representing a MII have provided their written approval of the capital improvement project. In the event of MII disapproval, the Authority may only proceed with the capital improvement project if it's not funded through rates and charges paid by the Signatory Airlines.

The Airline Industry

In calendar year 2020 a new strain of coronavirus ("COVID-19") spread to numerous countries throughout the world, including the United States. The outbreak of COVID-19 has been characterized as a global pandemic by the World Health Organization. As a result of the COVID-19 pandemic, many governmental entities in the United States and throughout the world have issued directives limiting travel, reducing social gatherings, and restricting the movement of individuals.

The pandemic and the resulting restrictions have caused disruption in aviation activity and passenger traffic for all Airlines around the world. In April 2020, the number of people traveling by plane hit a 10-year low with passenger counts down by about 92%.

In March 2020, the United States Congress and the White House agreed to a COVID-19 assistance package to offset the broad disruptive effects of the coronavirus. Under the \$2.3 trillion Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), passenger airlines are eligible for \$25 billion in cash

Metropolitan Nashville Airport Authority Letter of Transmittal

grants for payroll; cargo carriers can get \$4 billion; while airport contractors like caterers and airplane cleaners are eligible for \$3 billion. Airlines are also eligible for a \$25 billion loan package. Airlines are eligible for cash equal to compensation paid to employees from April 1 – September 30, 2020. In October 2020, with air travel leveling off around 30% of last year's levels and the federal aid expiring at the beginning of the month (with no new aid package approved), airlines have begun eliminating approximately 30,000 jobs with more to come. It has been estimated that passenger traffic may not recover to 2019 levels until 2024 resulting in a long recovery period for the airline and airport industry.

Airport Activity

As a result of the pandemic, the disruption in aviation activity and passenger traffic had a significant effect on the Authority. Before the impact of COVID-19, BNA was trending towards another year of increases. BNA ended the fiscal year 2020 with a 20.2 percent decline in enplanements, 9.6 percent decline in landed weights, 12.6 percent decline in aircraft operations, and 22 percent decrease in load factors. This is compared to increases in fiscal year 2019 and 2018 in all categories (except for load factors in 2019 which decreased due to the up-gauging of aircraft by some airlines).

| | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|----------------------------------|-------------|-------------|-------------|
| Enplanements | 6,858,395 | 8,596,307 | 7,466,332 |
| % (decrease) increase | (20.2) | 15.1 | 10.0 |
| Aircraft landed weight (all-000) | 8,995,415 | 9,952,397 | 8,640,900 |
| % (decrease) increase | (9.6) | 15.2 | 8.6 |
| Aircraft operations (all) | 198,722 | 227,425 | 210,357 |
| % (decrease) increase | (12.6) | 8.1 | 4.0 |
| Load factors | 61.8% | 79.2% | 86.0% |
| % (decrease) increase | (17.4) | (6.8) | 2.4 |

In addition to the pandemic, on March 3, 2020, a tornado touched down in the Nashville area and continued its path across Middle Tennessee. JWN, located in west Nashville, sustained significant damage from the storm, including infrastructure damage to the terminal and other buildings (including 17 hangars), airfield, pavement, navigational aids, signage, lighting, fencing, utilities and more.

ACCOUNTING SYSTEM AND BUDGETARY CONTROLS

The Authority's Budget

Prior to the commencement of each fiscal year, the Authority prepares operating and capital budgets which are reviewed by various committees of the Board of Commissioners and legally adopted by the full Board of Commissioners.

The budget contains an estimate of current operational and capital expenses, including for the operation and development of Airports under the jurisdiction of the Authority and the amount necessary to pay the principal and interest of any outstanding bonds or other obligations of the Authority maturing during the ensuing fiscal year. The budget also contains an estimate of revenue of the Authority from all sources for the next fiscal year.

Budgeting serves as an important management tool to plan, control and evaluate the operations and capital needs of the Authority. BNA, JWN, and MPC's operating budgets are the Authority's annual financial plan for operating and maintaining the airport and other properties. The operating expense and revenue budgets must be sufficient to cover the operating and maintenance expenses of the Airports and the debt service payable on bonds and other known financial requirements for the ensuing fiscal year. The Capital Improvement Program budget is the Authority's plan for the design and construction of major improvements and new facilities at the Airports and MPC with a five-year horizon.

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The Authority's basis of budgeting is in accordance with GAAP, which is the same as the Authority's accounting basis.

Budgetary control is required to ensure that expenditures do not exceed appropriations. The Authority maintains this control through the use of an encumbrance system. As purchase orders are issued, corresponding amounts of appropriations are reserved by the use of encumbrances to prevent overspending. Amendments to the budget are subject to approval by the Board in accordance with the terms outlined in the Board resolution adopted with the budget. The independent monitoring of the budget continues throughout the fiscal year for management control purposes. Each month, Finance reviews and analyzes all revenue and expense accounts to compare actual to prior year actual and to budget. The findings are reported to the Board in the monthly board meeting.

AUTHORITY'S ECONOMIC CONDITION

Population and Air Trade Area

BNA resides in a region which the United States Office of Management and Budget (OMB) defines as the Nashville-Davidson-Murfreesboro-Franklin Metropolitan Statistical Area (MSA) and is composed of 14 counties of Cannon, Cheatham, Davidson, Dickson, Hickman, Macon, Maury, Robertson, Rutherford, Smith, Sumner, Trousdale, Williamson, and Wilson Counties. The Nashville-Davidson-Murfreesboro-Franklin MSA is the 36th most populated MSA in the United States with approximately 1.9 million people and serves as the airport "air service area".

BNA is the primary commercial air service facility serving the Nashville metropolitan area and is the largest airport in the state of Tennessee and the only medium hub in the region. BNA serves as the primary commercial service airport for the air service area. This area is generally isolated from competing airport facilities and, hence, the Airport has limited competition of air service. Huntsville International Airport (HSV) is the closest airport, about 125 (driving) miles from the Airport. The next closest airport is Chattanooga Metropolitan Airport (CHA) which is about 145 (driving) miles away. Louisville International Airport (SDF) and Knoxville McGee Tyson Airport (TYS) are about 175 (driving) miles from the Airport. Paducah Barkley Regional Airport (PAH) is a non-hub airport about 150 (driving) miles from the Airport with only Essential Air Service. Memphis International Airport (MEM) is a small hub airport about 220 (driving) miles from the Airport. Other commercial service airports in the region are small facilities and the more comparable small hub airports are over 175 miles away. Other medium and large hub airports are over 250 miles from the Airport, with Hartfield-Jackson Atlanta International Airport (ATL) the nearest at approximately 255 (driving) miles.

In calendar year 2019, BNA ranked 31st nationwide in enplaned passengers with 8,935,654 enplanements, making BNA the largest medium hub airport as classified by the FAA.

Economy

Prior to the pandemic, Nashville had experienced population growth of nearly 10 percent from calendar years 2015-2019, making it the 5th fastest growing city in the United States. The influx of new residents was largely driven by companies expanding to Nashville in search of lower overhead and taxes and the talent produced by local universities. With large corporations such as Facebook and Amazon continuing to expand into Nashville, as well as the pandemic driving people to Nashville from larger cities, the city's population is expected to see continued growth.

At the beginning of the COVID-19 pandemic, the unemployment rate in the Middle Tennessee region was 2.5 percent, but by April 2020 the rate spiked to 15.2 percent, with many businesses having to furlough or reduce staff. Unemployment in the region progressively declined in the following months, sitting at 8.3 percent as of August 2020. The elevated unemployment rate is expected to continue into 2021. The

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Letter of Transmittal

Nashville Chamber of Commerce predicts that the leisure and hospitality industries will return to normal levels by the third quarter of calendar year 2022 as people become comfortable with traveling again.

Before the pandemic, Music City continued to receive high praise, receiving many honors and rankings within the travel industry. Nashville's culturally diverse and friendly environment made it a favorite place for conventioners and tourists alike, as well as a great place to work, live and raise a family. A few of Nashville recent accolades are as follows:



<http://www.nashvillechamber.com/homepage/relocation/relocatebusiness/RecentRankings.aspx>

Nashville Named #2 Hottest U.S. Job Markets
The Wall Street Journal

Nashville was named the #2 hottest job markets in the U.S. by the Wall Street Journal. Nashville has experienced unprecedented growth over the past five years, especially in the tech sector. With Amazon's announcement of 5,000 jobs and an unemployment rate of 2.4%, Nashville's job market is one of the best in the country.

Nashville #2 Best Place for New Business
SmartAdvisor

Nashville was named the second-best place in the U.S. to start a new business according to SmartAdvisor research. Nashville sees only 1% of businesses close due to finances, tied for the third lowest rate in SmartAdvisor's study. The city also has the second-highest percentage of all business receiving a business loan from a bank or financial institution – at approximately 20% and the third highest percentage of businesses receiving at least \$100,000 from a bank or financial institution, at a little more than 17%.

Nashville Ranked Top U.S. City for Job Seekers in 2020
MoneyGeek

MoneyGeek compared over 50 cities with labor forces of at least 500,000 and analyzed five key economic factors for each one, including wage and job growth, unemployment rate, the size of the labor force and housing affordability to rank the top cities in the U.S. for job seekers. Nashville was named the #1 city for job seekers, followed by #2 Seattle, #3 Birmingham, #4 Denver, and #5 Salt Lake City.

Nashville Named #11 on List of Best Cities to Start a Business in 2020
Inc.

For the 2020 Surge Cities index, *Inc.* and innovation policy company Startup Genome analyzed troves of data on seven essential indicators--such as early-stage funding and job creation--to determine the 50 best areas for startup growth. Nashville was named #11 on *Inc.*'s Surge Cities list of Best U.S. Cities to Start a Business in 2020.

Nashville's High Notes

<http://www.visitmusiccity.com/accolades-honors>

- **TripAdvisor's Traveler's Choice Best of the Best 2020** ranked Nashville #12 in Popular Destinations in the United States. (August 2020)
- **Southern Living** ranked Nashville in several categories of **South's Best 2020**: (March 2020)
 - **South's Best Cities**: #3 Nashville
 - **South's Best Food Cities**: #4 Nashville
- **Student & Youth Travel Association (SYTA)** ranked Nashville as one of **The Top 10 Student Destinations of 2020**. (February 2020)
- Nashville made **The Sun's** list of **2020's Hottest Destinations** (January 2020)
- **Forbes Travel Guide** included Nashville on their list of **The Top 20 Destinations for 2020**. (December 2019)
- Nashville landed on **Condé Nast Traveler's** list of **20 Best Places to Go in 2020**. (December 2019)
- Nashville is **Sports Business Journal's Best Sports City**. (December 2019)
- **Fodor's** included the **Thompson Nashville** on their list of **The Best Hotels in the USA 2020**. (October 2019)
- **SoundWaves** was named in TIME Magazine's list of **The World's 100 Greatest Places of 2019**. (August 2019)
- Nashville was named in the **Top 15 Cities in the U.S.** in **Travel + Leisure's World's Best Awards**. (July 2019)



FY20 Awards & Recognitions

In September 2019, BNA ranked #8 among Large Airports in J.D. Power's 2019 North America Airport Satisfaction Study.

In November 2019, The Tennessee Aviation Hall of Fame (TAHF) recognized Nashville International Airport's President and CEO, Douglas E. Kreulen, A.A.E., as "Tennessee's 2019 Aviation Person of the Year."

In February 2020, Douglas E. Kreulen was named president of the Tennessee Association of Air Carrier Airports. TAACA is the trade association of the five commercial airports in Tennessee- Nashville International Airport, Memphis International Airport, Knoxville McGhee Tyson Airport, Chattanooga Airport and Tri Cities Airport. The organization advocates for airport interests and priorities as they relate to state government, including in both the General Assembly and the Executive Branch.

Throughout the fiscal year, BNA also received the following recognition and accolades:

- Air Transport Research Society awarded BNA an Airport Benchmarking Award, naming it the Most Efficient Airport in North American in the 5-15 million passenger category.
- Nashville Business Journal, named MNAA a finalist for the "Best in Business Award"
- BNA's Terminal Garage 2 was awarded Parksmart Bronze certification, making it one of only 35 parking structures in the world and the first in Tennessee to earn this distinction for sustainable design, construction, and operation.
- BNA's Terminal Garage 2 also received as Award of Excellence from the International Parking and Mobility Institute.
- BNA's public relations and marketing campaigns for the airports new branding received honorable mentions from Airports International Council in the medium airport category.

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In July 2019, BNA set a record as the single busiest month in BNA history, with **1,678,165 passengers**.

The Authority cannot accurately predict the economic climate in fiscal year 2021, especially due to the ongoing COVID-19 pandemic. However, we have used conservative budget assumptions, including enplanements and landed weights, and will monitor the changes in travel throughout fiscal year 2021 and update the budget accordingly. This conservative approach should enable the Authority to meet or exceed the budgeted performance in fiscal year 2021.

LONG-TERM FINANCIAL PLANNING

The Authority's long-term financial planning includes the completion of certain approved capital projects and the accumulation of sufficient resources required to service the debt issued to finance these projects, as well as to operate and maintain the Airports. Under the terms of the Airline Agreement, certain fees and charges paid by the Airlines are used along with other non-airline income from BNA to service the debt issued to finance the construction program.

Capital Improvement Program

The Authority maintains an ongoing Capital Improvement Program (CIP) to expand, modernize, and maintain BNA, JWN, and MPC. In addition to renovations and modernization of certain existing facilities, the CIP includes construction of the principal elements of the Master Plan for each Airport. The master plans establish the framework for the CIP that is necessary for the development of the Authority.

The largest capital project currently in process is *BNA Vision*, which is an extensive, multi-phased capital improvement program. *BNA Vision* is a major renovation and expansion project (\$1.4 billion) intended to enable BNA to meet future needs.

Specific elements of BNA Vision include the following:

Terminal Garage 2

A six-story structure to the south of the terminal with approximately 2,200 spaces. This terminal garage 2 opened in December 2018.

Terminal Lobby Renovation and International Arrival Facility (IAF)

The project will provide travelers an expanded and visually engaging central terminal as well as a state-of-the-art international arrivals facility that will replace the existing interim international arrivals facility. Completion of this project is slated for late 2023.

Concourse D, Terminal Wings, Ticketing and Baggage Claim Expansion

This project will revive and expand BNA's fourth concourse, Concourse D; and enlarge the existing ticketing lobby and baggage claim. The north and south terminal wing expansion, expanded baggage claim, and Concourse D are now open.

Terminal Garage 1

This project includes a six-level parking garage near the terminal, a new administrative office building and pedestrian plaza. This project is projected to be completed late 2020/early 2021.

Donelson Pike Relocation and Terminal Access Roadway Improvement

With traffic and airport utilization continuing to rise, the Donelson Pike Relocation and Terminal Access Roadway Improvements projects are vital to improving access and circulation around BNA. Construction is anticipated to start in spring 2021 and end late in 2024.

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Letter of Transmittal

Airport Improvement Program

The Authority participates in the Airport Improvement Program (AIP), the Federal government's airport grant program. The AIP provides funding for airport development, airport planning and noise compatibility program from the Airport and Airway Trust Fund. The AIP also provides both entitlement and discretionary grant for eligible projects. The Authority also receives grants from the State of Tennessee.

Passenger Facility Charges

In 1990, Congress approved the Aviation Safety and Capacity Expansion Act, which authorizes domestic airport to impose a PFC on enplaning passengers. In May 1991, the FAA issued the regulations for the use and report of PFCs. PFCs may be used for projects which meet at least one of the following criteria: preserve or enhance safety, security, or capacity of the national air transportation system, reduce noise or mitigate noise impacts resulting from an airport, or furnish opportunities for enhanced competition between or among air carriers.

The FAA has approved twenty-three PFC applications and amendments submitted by the Authority. The Authority is currently authorized to impose and use a PFC of \$4.50 per enplaned passenger up to \$947 million, which includes amounts for the payment of principal, interest and other financing costs on bonds for which the proceeds are used to pay PFC eligible costs on approved projects.

As of June 30, 2020, the Authority received approximately \$408 million of PFC revenue and interest earnings of approximately \$28 million. The Authority expended approximately \$370 million on approved projects. The current PFC expiration date is estimated at March 1, 2036.

OTHER INFORMATION

Awards and Achievement

The GFOA awarded the Authority's a "Certificate of Achievement" for Excellence in Financial Reporting for its CAFR for the year ended June 30, 2019. This was the nineteenth consecutive year that the Authority has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. The CAFR must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues for conform to the Certificate of Achievement program requirements and are submitting this 2020 CAFR to the GFOA for consideration.

Acknowledgements

The preparation of this report would not be possible without the cooperation of the Authority's Board of Commissioners and senior management and their desire to maintain the Authority as a model of excellence in the management of Nashville International Airport, John C. Tune Airport, and MNAA Properties Corporation, all in an effort to meet the air service needs to the surrounding communities.

Respectfully submitted,



Margaret Basrai, CPA, CGMA, C.M.
Vice President and Chief Financial Officer

**Metropolitan Nashville Airport Authority
Board of Commissioners and Executive Staff**

BOARD OF COMMISSIONERS

Chair

Aubrey B. Harwell, III

Vice Chair

Amanda Farnsworth

Secretary

William "Bill" H. Freeman

Commissioners

Honorable John Cooper, Mayor
Metropolitan Government of Nashville & Davidson County

Kevin Crumbo, Mayor's Representative

James "Jimmy" W. Granbery*

John Doerge*

Robert "Bobby" J. Joslin, Jr.

Christy Smith*

Nancy Sullivan, P.E.*

Joycelyn Stevenson

EXECUTIVE STAFF

Douglas E. Kreulen

President & Chief Executive Officer

Margaret M. Basrai

Vice President & Chief Financial Officer

Gale LaRoche

Vice President & Chief Administrative Officer

Robert L. Ramsey

Senior Vice President & Chief Operating Officer

Margaret Martin

Vice President & Chief Development Officer

Mark (Tom) Jurkovich

Vice President, Communications & Public Affairs

SENIOR STAFF

Carrie R. Logan

Assistant Vice President, Legal Affairs

Edward McDonald

Assistant Vice President, Risk Management

Jeff Roach

Assistant Vice President, Strategic Planning

Kristen M. Deuben

Assistant Vice President, Finance

Lisa K. Lankford

Assistant Vice President, Special Assistant to the President

Theodore G. Morrissey

Assistant Vice President, Legal Affairs

Traci C. Holton

Assistant Vice President, Development and Engineering &
Chief Engineer

Davita L. Taylor

Assistant Vice President, Procurement

Jack Thomas

Assistant Vice President, Business Diversity Development

John Corbitt

Assistant Vice President, Real Estate

Linda Macey

Assistant Vice President, Revenue Development

Shannon Sumrall

Assistant Vice President, Brand Experience

Tom W. Bibb

Assistant Vice President, Operations and Maintenance

Vanessa J. Hickman

Assistant Vice President, Information Technology

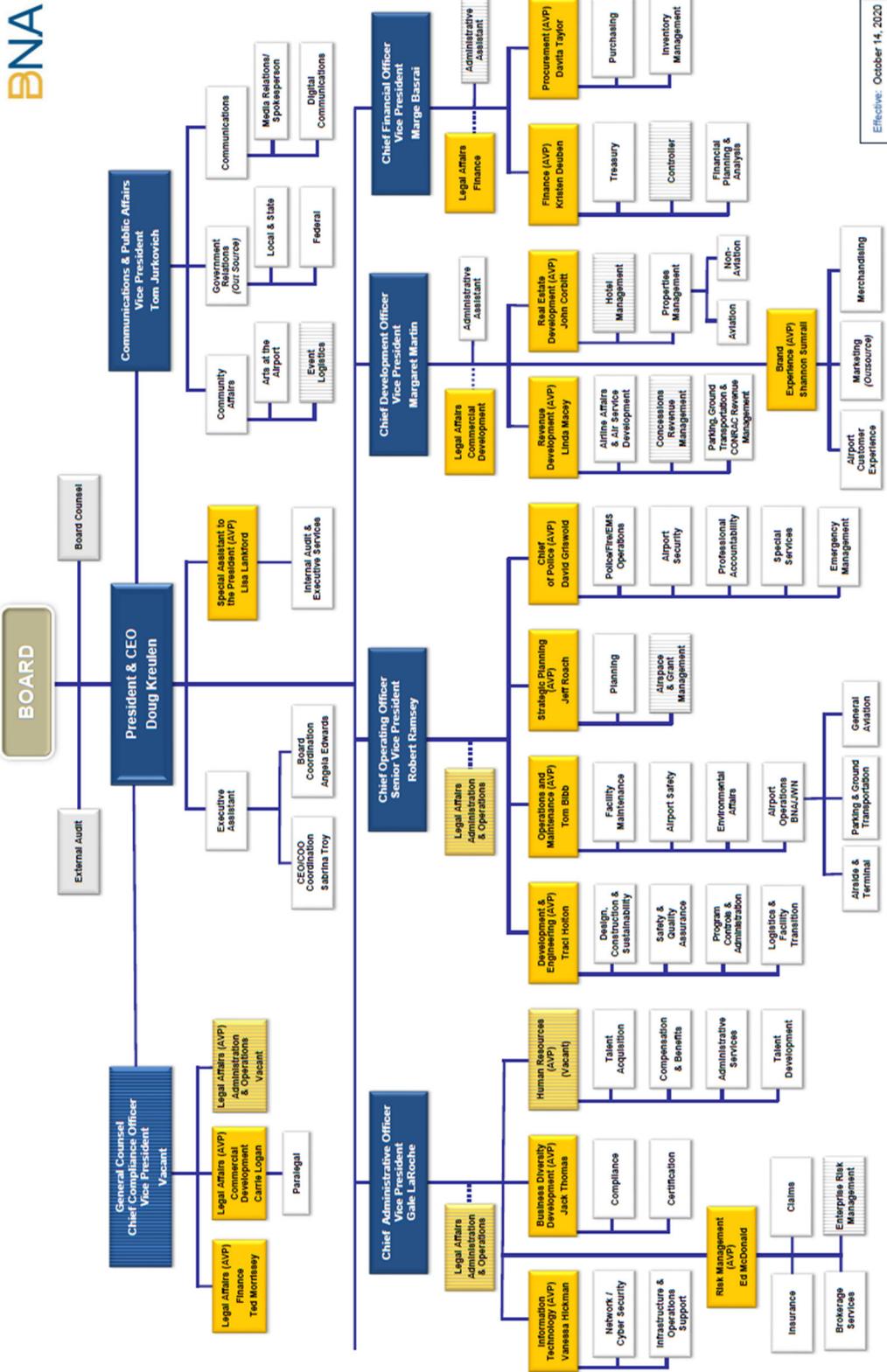
W. David Griswold

Assistant Vice President, Chief of Police

Effective Date: October 14, 2020

* Indicates Audit Committee Member

Metropolitan Nashville Airport Authority Organizational Chart June 30, 2020



Effective: October 14, 2020



Government Finance Officers Association

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Metropolitan Nashville Airport Authority
Tennessee

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

This section contains the following subsections:

Independent Auditors' Report

Management's Discussion and Analysis

Financial Statements

Independent Auditor's Report

To the Board of Commissioners
Metropolitan Nashville Airport Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining funds of the Metropolitan Nashville Airport Authority (the "Authority"), a component unit of the Metropolitan Government of Nashville and Davidson County, Tennessee, as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the Metropolitan Nashville Airport Authority's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the aggregate remaining funds of the Metropolitan Nashville Airport Authority as of June 30, 2020 and the changes in its financial position and, where applicable, cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

To the Board of Commissioners
Metropolitan Nashville Airport Authority

Emphasis of Matter

As discussed in Note 2 to the financial statements, during the year ended June 30, 2020, the Authority adopted the provisions of Governmental Accounting Standard Board (GASB) Statement No. 84, *Fiduciary Activities*, which established accounting and financial reporting standards for the identification and reporting of fiduciary activities. Our opinion is not modified with respect to this matter.

Other Matters

Report on Prior Year Financial Statements and Restatement

The basic financial statements of the business-type activities of the Metropolitan Nashville Airport Authority as of and for the year ended June 30, 2019 were audited by a predecessor auditor, which expressed an unmodified on the financial position and the respective changes in financial position and cash flows. The predecessor auditor's report was dated October 25, 2019.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Metropolitan Nashville Airport Authority's basic financial statements. The other information; the schedule of expenditures of federal awards required by the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements For Federal Awards*; the schedule of passenger facility charge revenues and expenditures required by the *Passenger Facility Charge Audit Guide for Public Agencies*; and the introductory section and statistical section schedules are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The other information, schedule of expenditures of federal awards, and schedule of passenger facility charge revenues and expenditures are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other information, schedule of expenditures of federal awards, and schedule of passenger facility charge revenues and expenditures are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical section schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

To the Board of Commissioners
Metropolitan Nashville Airport Authority

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2020 on our consideration of the Metropolitan Nashville Airport Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Metropolitan Nashville Airport Authority's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 23, 2020

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Metropolitan Nashville Airport Authority Management's Discussion and Analysis (Unaudited)

The following discussion and analysis provide an overview of the financial performance and activities of the Metropolitan Nashville Airport Authority (the "Authority") as of and for the year ended June 30, 2020. It has been prepared by the Authority's management and should be read in conjunction with the basic financial statements and notes thereto, which follow this section.

The Authority is a business-type entity and, as such, the basic financial statements consist of three statements and notes to the basic financial statements. The three basic statements are: (a) Statement of Net Position, which presents the assets, liabilities, deferred inflows and outflows of resources and net position of the Authority as of the end of the fiscal period; (b) Statement of Revenues, Expenses, and Changes in Net Position, which reflects revenues and expense recognized during the fiscal period; and (c) Statement of Cash Flows, which provides information on all the cash inflows and outflows for the Authority by major category during the fiscal period. The Authority includes Fiduciary Funds to account for other postemployment benefit and pension trust funds as well as unadjudicated custodial funds.

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB).

The financial statements include the operations of Nashville International Airport ("BNA"), John C. Tune Airport ("JWN") and MPC Properties Corporation ("MPC").

The Airport Funding Methodology

Funding for BNA's operations is predicated upon the stipulations in the Authority's Signatory Airline Use and Lease Agreement (the "Airline Agreement") between the Authority and the Airlines. Once an Airline signs an agreement, they are designated a "Signatory Airline". The agreements also determine the budget and financing methodology that the Authority and Airlines agree to follow. Airport budget methodologies throughout the United State are usually characterized as either compensatory or residual, although some airports have a hybrid methodology that combines both features.

The Authority operates under a hybrid methodology. Airport revenues are retained by the Authority to be applied in accordance with the provisions in the Senior Bond Resolution and the Subordinate Bond Resolution, to fund capital improvements, establish certain reserve funds, and provide funds for other discretionary purposes. Any excess Net Revenues remaining after making all required deposits to the funds and accounts established under the Senior Bond Resolution and the Subordinate Bond Resolution are accumulated in the Nashville Airport Experience (NAE) fund and may be applied to any lawful purpose of the Authority, including funding of capital improvements.

The Airline Agreement established three cost centers for purpose of determining rates and charges payable by the Signatory Airlines and other users of the Airport facilities: Airfield, Terminal, and Terminal Ramp Area. Baggage and passenger loading bridges fees are also assessed. The Airline Agreement has a "hybrid" airline rate-setting methodology with the Landing Fees being calculated on a residual basis, the Terminal Rental Rates being fixed rates (initially derived based upon a compensatory basis), and Terminal Ramp Area rates generally established through a compensatory methodology. Other than the Airfield, the Signatory Airlines are not required to provide for break-even financial operations of BNA under the Airline Agreement.

More detailed information on the Airline Agreement can be found in Note 10, included in the Notes to the Financial Statements.

Airport Activity Highlights

During fiscal year 2020, the spread of a new strain of coronavirus (COVID-19) impacted the aviation industry significantly and negatively. Beginning in March 2020, in an effort to reduce the spread of the virus, many states and local governments in the United States placed restrictions to limit the movement of individuals. Additionally, many nations effectively closed their borders by restricting entry to only essential travel. The outbreak of COVID-19 and related restrictions have had an adverse effect on both international and domestic travel and travel-related

Metropolitan Nashville Airport Authority Management's Discussion and Analysis (Unaudited)

industries around the world, including airlines serving BNA and its airport concessionaires. Passenger airlines have reported a significant downturn in traffic, causing the cancellation of numerous flights, as well as expectations for continued reduced levels of passenger traffic. In addition, the reduction in air travel has had an adverse effect on food/retail concessions, parking, ground transportation, and rental car activity.

Prior to fiscal year 2020, enplanements at BNA had increased by 15.1 percent and 10.0 percent during fiscal years 2019 and 2018, respectively, and was one of the fastest-growing airports in the United States. During the first eight months of fiscal year 2020 (July 2019 through February 2020), enplanements were up 12.8% year to date over the prior year. As a result of the impact on air travel resulting from COVID-19, BNA finished fiscal year 2020 with an overall decrease in total enplanements of 20.2% over fiscal year 2019. Enplanements totaled 6.9 million in fiscal year 2020, with 13.7 million total passengers served.

When the impact of COVID-19 hit the industry in March 2020, the Authority reacted with an immediate financial response for the remaining three months of fiscal 2020 and with the preparation of the fiscal 2021 budget. The cost containment efforts included, but were not limited to the following:

- Hiring freeze; eliminated vacant positions; eliminated raises and bonuses
- Reduced travel and training
- Closed parking lots; stopped shuttle service
- Reduced contractual and professional services, sponsorships and advertising
- Cancelled Airline and Airport Investment Fund Capital Projects

To offset the broad disruptive effects of COVID-19, the United States Congress approved the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") and the President signed the bill on March 27, 2020. The CARES Act included a number of relief measures, one of which was direct aid for airports as well as direct aid, loans, and loan guarantees for passenger and cargo airlines. The CARES Act provided \$10 billion of assistance to U.S. commercial airports. The Federal Aviation Administration ("FAA") announced that BNA was eligible to receive \$54,963,454 of CARES Act funds. The Authority used \$6.3 million of CARES Act funds in fiscal year 2020.

While the Authority cancelled several small capital projects due to the effect of COVID-19, construction on the Authority's extensive, multi-phased capital improvement program known as the *BNA Vision*, continued. *BNA Vision* is a major renovation and expansion project (\$1.4 billion) intended to enable the airport to meet future needs. Projects include expanded parking, concourse and lobby areas, adding new gates, developing a state-of-the-art International Arrivals Building, and increasing federal security lanes, among other projects. For additional details, please visit www.bnavisionnashville.com.

In December 2019, BNA completed the issuance of its Subordinate Airport Revenue Bonds Series 2019A (Non-AMT) and Series 2019B (AMT). This issuance included nearly \$919.6 million in new bonds that will be used to fund a portion of costs associated with *BNA Vision*.

On March 3, 2020, a tornado touched down in the Nashville area and continued its path across Middle Tennessee. The Authority's general aviation airport, JWN, incurred significant damage from the storm, including infrastructure damage to the terminal and other buildings (17 hangars), airfield, pavement, navigational aids, signage, lighting, fencing, utilities and more. JWN reopened on March 20, 2020. Fortunately, JWN was still able to complete construction on a new aircraft hangar with an attached office and shop space and related aircraft asphalt taxiway, asphalt apron, and vehicle parking, during fiscal year 2020. A study is currently ongoing at JWN to create a new redevelopment plan.

In April 2020, BNA temporarily closed one of four runways (Runway 2R/20L) for a planned reconstruction per FAA Standards. The closure will have no impact on the level of air travel service provided and is scheduled to reopen in July 2021.

The business development organization of the Authority, MPC, continued in 2020 with an occupancy level near 100 percent.

**Metropolitan Nashville Airport Authority
Management's Discussion and Analysis (Unaudited)**

Statement of Net Position

The Statement of Net Position depicts the Authority's financial position as of June 30 and include all assets, liabilities, deferred inflows and outflows of resources, and the resulting net position. Assets and liabilities are generally measured using current values. One exception is capital assets, which are stated at historical cost less an allowance for depreciation. The condensed summary of the Authority's financial position as of June 30, 2020, 2019, and 2018 is as follows:

| | 2020 (000's) | 2019 (000's) | 2018 (000's) |
|----------------------------------|-------------------------------|-------------------------------|-------------------------------|
| ASSETS | | | |
| Current unrestricted assets | \$ 311,827 | \$ 248,353 | \$ 160,716 |
| Restricted Assets | 735,306 | 97,777 | 159,250 |
| Capital assets, net | 1,224,708 | 898,230 | 710,656 |
| Other assets | 6,437 | 1,466 | 1,599 |
| | <u>2,278,278</u> | <u>1,245,826</u> | <u>1,032,221</u> |
| DEFERRED OUTFLOWS | <u>3,132</u> | <u>8,472</u> | <u>6,629</u> |
| LIABILITIES | | | |
| Current liabilities | \$ 87,175 | \$ 75,337 | \$ 70,717 |
| Noncurrent liabilities | 1,408,081 | 448,352 | 307,694 |
| | <u>1,495,256</u> | <u>523,689</u> | <u>378,411</u> |
| DEFERRED INFLOWS | 5,005 | 4,322 | 2,929 |
| NET POSITION | | | |
| Net investment in capital assets | 397,961 | 507,479 | 502,945 |
| Restricted | 307,948 | 154,036 | 80,171 |
| Unrestricted | 75,240 | 64,772 | 74,394 |
| | <u>781,149</u> | <u>726,287</u> | <u>657,510</u> |
| Total Net position | <u>\$ 781,149</u> | <u>\$ 726,287</u> | <u>\$ 657,510</u> |

Current unrestricted assets primarily consist of cash and investments, accounts receivable and amounts due from other governmental agencies. Between 2019 and 2020, current unrestricted assets increased \$63.5 million. This is attributed to an increase in unrestricted cash and investments (\$72.7 million) offset by decreases in accounts receivable (\$6 million) and due from governmental agencies (\$2.5 million). The increase of \$72.7 million in unrestricted cash and investments is primarily the result of net cash provided by operating activities of \$41.4 million and \$26.3 million of passenger facility charges (PFC's) not used in fiscal year 2020. The decrease in accounts receivable of approximately \$6 million is due to the decline in operations (i.e., landed weights, concessions, etc.) as a result of COVID-19. Between 2018 and 2019, current unrestricted assets increased \$87.7 million, which can be attributed to an increase of unrestricted cash and investments (\$94 million) offset by a decrease in due from governmental agencies of \$4.8 million. The increase in unrestricted cash is primarily from \$73.7 million provided by operating activities in fiscal year 2019. The other increases in current unrestricted assets between 2018 and 2019 are due to reclassifications as a result of a change in financial statement presentation in 2020.

Metropolitan Nashville Airport Authority Management's Discussion and Analysis (Unaudited)

Restricted assets consist of cash and investments and accounts receivable which are mainly restricted for debt service and bonded construction. Restricted assets increased approximately \$637.5 million between 2019 and 2020 due to the cash received from the issuance of new airport revenue bonds and decreased by approximately \$61.5 million between 2018 and 2019 due to the spending of construction funds on various projects including the completion of Terminal Garage 2.

Net capital assets have increased by \$326.5 million in 2020 from 2019 and \$187.6 million in 2019 from 2018. The increase in 2020 was due to two major construction projects, Concourse D and Terminal Wings Expansion and Terminal Garage 1, being substantially completed. In December 2018 (fiscal year 2019), Terminal Garage 2 was substantially completed.

Other assets consist primarily of long-term accounts receivable, prepaid expenses and deposits, net OPEB and net pension assets. In fiscal year 2020, the net pension and OPEB liabilities became assets which resulted in an increase of other assets by \$5 million and a corresponding decrease to long-term liabilities. Deferred outflows of resources represent the consumption of net position in one period that is applicable to future periods. They are reported separately from assets and consist of deferred amounts on debt refunding and deferred outflow related to pensions and other post-employment benefits (OPEB).

Current liabilities consist mainly of accounts payable, payroll-related liabilities, accrued paid time off, and security /performance deposits. Long-term liabilities consist primarily of long-term debt and when applicable (as in 2019), net pension liability and net OPEB liability. Current liabilities increased by \$11.8 million and \$4.6 million in 2020 from 2019 and in 2019 from 2018, respectively. These increases came mainly from an increase in accounts payable of \$8.7 million in 2020 from 2019 and \$23.1 million in 2019 from 2018. The increase in accounts payable can be attributed to the increase in construction activity related to the various BNA Vision projects such as the two Terminal Garages, Concourse D and Terminal Wings and the start of the Terminal Lobby and IAF.

Long-term liabilities increased approximately \$960 million in 2020 and by approximately \$140.7 million in 2019. The primary reason for the increase in 2020 was the issuance of approximately \$919.6 million in new general subordinate airport revenue bonds (GARBS) in December 2019. Prior to the issuance of these bonds, MNAA used a short-term credit facility to finance the Vision projects. The Authority drew \$191.3 million in 2020 and \$143.1 million in 2019 on the short-term credit facility but repaid the debt of \$281.5 million when the bonds were issued in December 2019. As stated above, the long-term liability decreased by \$5 million in fiscal year 2020 due to the net OPEB and pension obligations converting to assets. Deferred inflows of resources represent an acquisition of net position that is applicable to future periods. They are recorded separately from liability and consist of deferred inflows related to pensions and other post-employment benefits (OPEB).

Summary of Operations and Changes in Net Position

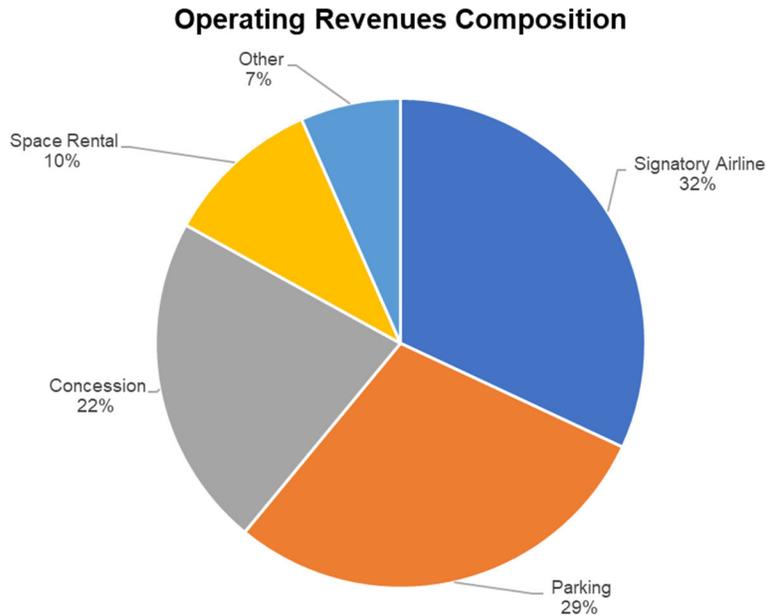
The Statement of Revenues, Expenses and Changes in Net Position presents the operating results of the Authority, as well as the nonoperating revenue and expenses. Operating revenues include both airline and non-airline revenues and consist primarily of landing and related fees, terminal building rentals and fees, parking fees, concession fees, and car rental revenues. Nonoperating revenues consists primarily of passenger facility charges (PFC), federal and state grants, customer facility charges (CFC) and interest income. Interest expense is the most significant nonoperating expense. A summarized comparison of the Authority's revenues, expenses and changes in net position for the years ended June 30, 2020, 2019 and 2018 is as follows:

**Metropolitan Nashville Airport Authority
Management's Discussion and Analysis (Unaudited)**

| | 2020 (000's) | 2019 (000's) | 2018 (000's) |
|---|-------------------------------|-------------------------------|-------------------------------|
| Operating revenues: | | | |
| Signatory airline | \$ 46,012 | \$ 55,264 | \$ 48,092 |
| Parking | 41,736 | 53,154 | 50,369 |
| Concession | 31,730 | 37,203 | 33,499 |
| Space rental | 14,918 | 16,886 | 16,648 |
| Other | 9,522 | 7,525 | 5,872 |
| Operating revenues | <u>143,918</u> | <u>170,032</u> | <u>154,480</u> |
| Operating expenses: | | | |
| Salaries and benefits | 36,982 | 38,470 | 32,879 |
| Contractual services | 42,219 | 41,434 | 36,802 |
| Materials and supplies | 4,545 | 4,047 | 3,841 |
| Utilities | 5,978 | 6,140 | 5,639 |
| Insurance | 1,442 | 1,336 | - |
| Other | 5,270 | 8,287 | 6,101 |
| Depreciation | 49,768 | 44,497 | 39,914 |
| Operating expenses | <u>146,204</u> | <u>144,211</u> | <u>125,176</u> |
| Operating income (loss) | (2,286) | 25,821 | 29,304 |
| Nonoperating revenues (expenses): | | | |
| Investment income | 23,723 | 7,704 | 2,149 |
| Passenger facility charges | 26,385 | 31,417 | 28,300 |
| Customer facility charges | 11,828 | 15,094 | 14,290 |
| Federal and state grants | 8,906 | - | - |
| Insurance reimbursement | 3,126 | - | - |
| Loss on disposal of property and equipment | (113) | (15,927) | (704) |
| Interest expense | (34,057) | (13,267) | (10,262) |
| Bond issuance costs | (3,938) | - | - |
| Other nonoperating, net | - | (244) | 285 |
| | <u>35,860</u> | <u>24,777</u> | <u>34,058</u> |
| Income before capital contributions | 33,574 | 50,598 | 63,362 |
| Capital contributions | <u>21,287</u> | <u>18,179</u> | <u>15,011</u> |
| Increase in net position | 54,861 | 68,777 | 78,373 |
| Total net position - beginning of year | <u>726,288</u> | <u>657,511</u> | <u>579,138</u> |
| Total net position - end of year | <u>\$ 781,149</u> | <u>\$ 726,288</u> | <u>\$ 657,511</u> |

Operating Revenues

The chart below illustrates the sources of total operating revenue for the year ended June 30, 2020:



Operating revenues decreased in fiscal year 2020 from 2019 by approximately \$26.1 million and increased by \$15.6 million in fiscal year 2019 from 2018.

Signatory airline revenue consists of ramp rent, terminal rent, baggage fees, landing fees; offset by in-terminal concession credit. Signatory revenue decreased in 2020 from 2019 by \$9.2 million. In 2019, a \$5 million baggage fee project was charged to the Airlines. This charge stopped in 2020. In addition, there was a decrease of \$7 million in landing fees due to a decrease in landed weights from the lower aviation activity as a result of the effects of COVID-19. These decreases were offset by terminal rents increasing \$1.3 million (contractual increase) and the in-terminal concession credit decreasing approximately \$1 million due to the reduction in concession revenue. The baggage fees project charged to the Airlines is also the main reason that signatory revenue was higher in 2019 than 2018 along with the contractual increase in the terminal rental rates. Per the signatory use and lease agreement, the terminal rental rate for each signatory airline was \$100.55 per square foot in fiscal year 2018, \$103.07 per square foot in fiscal year 2019 and \$105.65 per square foot in 2020.

Parking revenue decreased in 2020 from 2019 by approximately \$11.4 million and increased \$2.8 million in 2019 from 2018. Parking revenues increased from 2018 to 2019 due to an increase in enplanements as well as a parking rate increase. From July 2019 through February 2020 parking revenue was trending approximately \$3.4 million higher than the same time the prior year. Once passenger levels declined as much as 96% in April 2020, compared to the previous year due to COVID-19, the parking occupancy also declined, and prices were reduced to compete for the small number of passengers that were flying. As a result, parking revenue ended the fiscal year 2020 approximately \$11.4 below fiscal year 2019.

Concessions revenue which consist of the food/beverage concessions, retail concession, rental car revenue and ground transportation (including Transportation Network Companies) decreased from 2019 to 2020 by \$5.5 million after increasing from 2018 to 2019 by \$3.7 million. Concession revenue increased in 2019 from 2018 due to increase in-terminal concessions (\$1.1 million), rental car revenue (\$1.6 million), ground transportation revenue

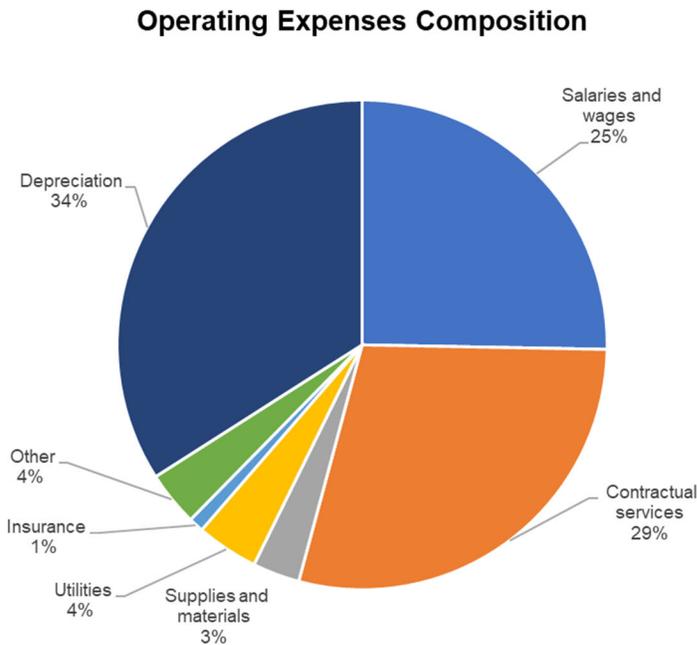
**Metropolitan Nashville Airport Authority
Management’s Discussion and Analysis (Unaudited)**

(\$996 thousand) and advertising revenue (\$393 thousand). For 2020 as compared to 2019, in-terminal concession decreased by \$2.7 million and rental car revenue by \$2.0 million. The ground transportation revenue stayed the same as prior year due to the Authority collecting a new \$2 drop off fee starting January 2020.

Space rental decreased in 2020 from 2019 by \$2 million and increased by \$238 thousand from 2018 to 2019. Other operating income such as non-signatory landing fees increased \$2 million from 2019 to 2020 and \$1.7 million from 2018 to 2019.

Operating Expenses

The chart below illustrates the sources of total operating expenses for the year ended June 30, 2020:



Total operating expenses increased by \$2 million and \$19 million from 2019 to 2020 and 2018 to 2019, respectively. From 2018 to 2019, the Authority was experiencing record growth (15.1 percent increase in enplanements) which led to an increase in costs including salaries and fringe benefits (\$5.6 million), contractual services (\$4.6 million) and depreciation expense (\$4.6 million). In fiscal 2020, two events unfolded which had an impact on the Authority’s operating expenses. The tornado that damaged JWN resulted in approximately \$1.8 million in additional unexpected clean-up/repair expenses. Shortly after, in the middle of March 2020, the COVID-19 pandemic started spreading around the world. Prior to the pandemic, the Authority was experiencing another record year of growth in enplanements which through February was 12.8 percent higher than the prior year. Once the pandemic started to spread, BNA enplanements from March 2020 to June 2020 were 76.2 percent lower resulting in an overall decrease in fiscal year 2020 of 20.2 percent. As the impact of the COVID started to be felt in the Nashville region, the Authority’s CEO and CFO started taking action to reduce costs. Examples of these cost cutting measures were to close all surface parking lots (which reduced parking lot fees and corresponding shuttle service expenses), reducing the number of security guard hours, freeze all open positions, eliminated all travel and training expenses, and eliminated raises and bonuses. Prior to February 2020, BNA expenses were \$11.8 million higher than prior year, but with the cost cutting measures, the Authority ended with only a \$2 million increase over 2019 which the largest increase is from depreciation at \$5.3 million.

**Metropolitan Nashville Airport Authority
Management's Discussion and Analysis (Unaudited)**

Nonoperating, Revenues, Expense and Contributed Capital

Nonoperating revenue and expenses increased in 2020 from 2019 by \$11.1 million and decreased by \$9.3 million in 2019 from 2018. Investment income increased by \$16 million and \$5.6 million in fiscal year 2020 and 2019, respectively, due to the implementation of a new investment strategy and receiving additional bonded construction funds to invest in 2020. Passenger facility charges and customer facility charges decreased in fiscal year 2020 and increased in fiscal year 2019 which is relative to the decrease in passengers in 2020 and the related increase in passengers in 2019. As part of the CARES act, the Authority was allocated \$54.3 million of which \$6.3 million was drawn in fiscal year 2020. Interest expense increased by \$20.8 million in fiscal year 2020 due to issuance of \$919.6 million of airport bonds in December 2019 and by \$3 million in fiscal year 2019 due to an increased use in the short-term credit facility.

Capital contributions increased between 2019 to 2020 and 2018 to 2019 by \$3.1 million. Capital contributions includes funding from the FAA for AIP grants and grants from the State of Tennessee.

Metropolitan Nashville Airport Authority
Statements of Net Position
June 30, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|--|-------------------------|-------------------------|
| ASSETS | | |
| Current assets: | | |
| Unrestricted assets: | | |
| Cash and investments | \$ 301,385,615 | \$ 228,697,385 |
| Accounts receivable (net of allowance for doubtful accounts of \$421,098 in 2020 and \$88,485 in 2019) | 5,459,010 | 11,462,748 |
| Due from governmental agencies | 3,891,045 | 6,355,836 |
| Inventories | 563,747 | 540,569 |
| Prepaid expenses and other | 527,396 | 1,296,106 |
| Total current unrestricted assets | <u>311,826,813</u> | <u>248,352,644</u> |
| Restricted assets: | | |
| Cash and investments | 732,767,445 | 97,776,741 |
| Accounts receivable | 2,538,969 | - |
| Total restricted assets | <u>735,306,414</u> | <u>97,776,741</u> |
| Non-current assets: | | |
| Capital assets: | | |
| Capital assets not being depreciated | | |
| Land and nondepreciable assets | 105,115,818 | 97,169,587 |
| Construction in progress | 139,067,964 | 233,273,255 |
| Capital assets being depreciated | | |
| Buildings and building improvements | 841,349,251 | 422,874,974 |
| Equipment | 194,396,606 | 183,211,887 |
| Infrastructure | 613,663,559 | 588,779,486 |
| Total capital assets | <u>1,893,593,198</u> | <u>1,525,309,189</u> |
| Less accumulated depreciation | <u>(668,885,544)</u> | <u>(627,078,709)</u> |
| Total capital assets, net | <u>1,224,707,654</u> | <u>898,230,480</u> |
| Other assets | | |
| Accounts receivable, net | 1,222,546 | 1,307,777 |
| Prepaid and deposits | 146,646 | 157,793 |
| Net OPEB asset | 1,922,552 | - |
| Net pension asset | 3,145,335 | - |
| Total noncurrent assets | <u>1,231,144,733</u> | <u>899,696,050</u> |
| Total assets | <u>\$ 2,278,277,960</u> | <u>\$ 1,245,825,435</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred outflows from pensions | \$ - | \$ 4,739,293 |
| Deferred outflows from OPEB | 258,337 | 503,855 |
| Deferred amount on refunding | 2,873,706 | 3,229,216 |
| Total deferred outflows of resources | <u>\$ 3,132,043</u> | <u>\$ 8,472,364</u> |

Metropolitan Nashville Airport Authority
Statements of Net Position
June 30, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|---|-------------------------|-----------------------|
| LIABILITIES | | |
| Current liabilities: | | |
| Payable from unrestricted assets: | | |
| Accounts payable | \$ 75,490,777 | \$ 66,782,430 |
| Accrued payroll and related items | 4,804,145 | 4,944,248 |
| Advanced billings and payments received in advance | 5,028,893 | 2,691,253 |
| Current maturities of notes payable | 1,799,232 | 622,182 |
| Accrued interest payable | 51,532 | 296,638 |
| | <u>87,174,579</u> | <u>75,336,751</u> |
| Total current liabilities | | |
| Noncurrent liabilities: | | |
| Payable from restricted assets: | | |
| Accrued interest payable | 29,519,176 | 5,966,036 |
| Current maturities of airport revenue bonds | 8,175,000 | 18,420,000 |
| Net pension liability | - | 1,278,902 |
| Net OPEB liability | - | 4,787,802 |
| Notes payable, less current maturities | 11,677,448 | 158,279,309 |
| Airport revenue bonds, less current maturities | 1,358,709,878 | 259,619,806 |
| | <u>1,408,081,502</u> | <u>448,351,855</u> |
| | <u>\$ 1,495,256,081</u> | <u>\$ 523,688,606</u> |
| | <u>\$ 1,495,256,081</u> | <u>\$ 523,688,606</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred inflow from pensions | \$ 1,139,617 | \$ 5,061 |
| Deferred inflow from OPEB | 3,865,123 | 4,316,471 |
| | <u>\$ 5,004,740</u> | <u>\$ 4,321,532</u> |
| | <u>\$ 5,004,740</u> | <u>\$ 4,321,532</u> |
| NET POSITION | | |
| Net investment in capital assets | \$ 397,961,301 | \$ 507,479,201 |
| Restricted for: | | |
| Capital projects | 42,129,225 | 37,126,396 |
| Debt service | 224,975,853 | 80,514,451 |
| Operations | 35,774,791 | 36,395,405 |
| Net pension asset | 3,145,335 | - |
| Net OPEB asset | 1,922,552 | - |
| Unrestricted net position | 75,240,125 | 64,772,208 |
| | <u>\$ 781,149,182</u> | <u>\$ 726,287,661</u> |
| | <u>\$ 781,149,182</u> | <u>\$ 726,287,661</u> |
| | <u>\$ 781,149,182</u> | <u>\$ 726,287,661</u> |

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Metropolitan Nashville Airport Authority
Statements of Revenues, Expenses and Changes in Net Position
June 30, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|---|-----------------------|-----------------------|
| Operating revenues: | | |
| Signatory airline | \$ 46,012,326 | \$ 55,264,548 |
| Parking | 41,735,515 | 53,153,828 |
| Concession | 31,730,323 | 37,203,600 |
| Space rental | 14,918,277 | 16,885,811 |
| Other | 9,522,197 | 7,524,807 |
| Operating revenues | <u>143,918,638</u> | <u>170,032,594</u> |
| Operating expenses: | | |
| Salaries, wages and fringe benefits | 36,981,912 | 38,469,934 |
| Contractual services | 42,218,732 | 41,434,039 |
| Materials and supplies | 4,544,743 | 4,046,799 |
| Utilities | 5,977,699 | 6,140,029 |
| Insurance | 1,442,491 | 1,336,036 |
| Other | 5,270,166 | 8,287,094 |
| Depreciation | 49,768,473 | 44,497,442 |
| Operating expenses | <u>146,204,216</u> | <u>144,211,373</u> |
| Operating income (loss) | <u>(2,285,578)</u> | <u>25,821,221</u> |
| Nonoperating revenues (expenses): | | |
| Investment income | 23,723,090 | 7,703,826 |
| Passenger facility charges | 26,384,555 | 31,416,941 |
| Customer facility charges | 11,827,674 | 15,094,273 |
| Federal and state grants | 8,906,194 | - |
| Insurance reimbursement | 3,125,867 | - |
| Gain (loss) on disposal of property and equipment | (112,570) | (15,926,784) |
| Interest expense | (34,056,686) | (13,267,265) |
| Bond issuance costs | (3,938,224) | - |
| Other nonoperating, net | - | (244,024) |
| | <u>35,859,900</u> | <u>24,776,967</u> |
| Income before capital contributions | 33,574,322 | 50,598,188 |
| Capital contributions | <u>21,287,199</u> | <u>18,178,942</u> |
| Increase in net position | 54,861,521 | 68,777,130 |
| Total net position - beginning of year | <u>726,287,661</u> | <u>657,510,531</u> |
| Total net position - end of year | <u>\$ 781,149,182</u> | <u>\$ 726,287,661</u> |

Metropolitan Nashville Airport Authority
Statements of Cash Flows
June 30, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|---|-----------------------|-----------------------|
| Cash flows from operating activities: | | |
| Cash received from customers | \$ 148,614,314 | \$ 172,734,915 |
| Cash paid to employees | (42,518,060) | (43,215,691) |
| Cash paid to suppliers | (65,212,183) | (55,789,267) |
| Cash received for lease deposits | 587,251 | - |
| Cash reimbursed for lease deposits | (71,456) | - |
| Other payments | - | (51,734) |
| | <u>41,399,866</u> | <u>73,678,223</u> |
| Cash flows from noncapital financing activities: | | |
| Advance for airline support services | - | (576,556) |
| Grants from federal/state governments | 8,112,924 | - |
| Interest paid on long-term debt | (810,845) | (824,831) |
| Net insurance recoveries | 51,804 | - |
| | <u>7,353,883</u> | <u>(1,401,387)</u> |
| Cash flows from capital and related financial activities: | | |
| Receipt of passenger facility charges | 28,432,852 | 32,278,005 |
| Receipt of customer facility charges | 12,808,026 | 14,980,716 |
| Purchases and construction of property and equipment | (349,577,787) | (232,074,365) |
| Interest paid on long-term debt | (13,200,378) | (12,995,024) |
| Payments on long-term debt | (299,426,708) | (15,810,515) |
| Proceeds from issuance of long-term debt | 1,245,310,977 | 143,135,359 |
| Payment for bond issuance cost | (3,938,224) | - |
| Contributions from governmental agencies | 14,114,119 | 23,502,877 |
| Net insurance recoveries | 3,074,063 | - |
| Receipts from sale of capital assets | - | 15,837 |
| | <u>637,596,940</u> | <u>(46,967,110)</u> |
| Cash flows from investing activities: | | |
| Purchase of investments | (2,123,720,331) | (1,580,000) |
| Proceeds from the sale and maturities of investments | 1,270,150,434 | 900,000 |
| Interest received on investments | 21,328,245 | 7,153,021 |
| | <u>(832,241,652)</u> | <u>6,473,021</u> |
| Net increase/(decrease) in cash and cash equivalents | <u>(145,890,963)</u> | <u>31,782,747</u> |
| Cash and cash equivalents: | | |
| Beginning of year | <u>324,894,127</u> | <u>293,111,380</u> |
| End of year | <u>\$ 179,003,164</u> | <u>\$ 324,894,127</u> |

Metropolitan Nashville Airport Authority
Statements of Cash Flows
June 30, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|--|-------------------------|-----------------------|
| Reconciliation of operating income to net cash provided by operating activities: | | |
| Operating income (loss) | \$ (2,285,578) | \$ 25,821,221 |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | |
| Provision for depreciation | 49,768,473 | 44,497,442 |
| Amortization of unearned rental income | - | 4,485 |
| Payments for nonoperating expenses | - | (51,734) |
| In-kind contributions | 583,560 | - |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 2,916,196 | (390,076) |
| Inventories | (23,178) | (2,633) |
| Prepaid expenses | 779,857 | 325,450 |
| Other assets | - | 174,553 |
| Accounts payable | (6,953,503) | 4,951,032 |
| Accrued payroll and related items | (140,103) | 981,624 |
| Advanced billings and payments received in advance | 1,704,917 | 3,094,242 |
| Lease deposits | 515,797 | - |
| Net pension liability/asset and related deferred inflows/outflows of resources | 2,672,395 | (2,309,916) |
| Net OPEB liability/asset and related deferred inflows/outflows of resources | (8,138,967) | (3,417,467) |
| Net cash provided by operating activities | <u>\$ 41,399,866</u> | <u>\$ 73,678,223</u> |
| Cash and investments - end of year consist of: | | |
| Cash and cash equivalents | \$ 179,003,164 | \$ 189,270,185 |
| Investments | 855,149,896 | 135,623,942 |
| | <u>\$ 1,034,153,060</u> | <u>\$ 324,894,127</u> |
| Noncash investing and financing activities: | | |
| Deferred bond refundings | \$ 355,510 | \$ 548,603 |
| Interest expense, net of bond premium amortization | 3,618,081 | 898,079 |
| Net noncash financing activities | <u>\$ 3,973,591</u> | <u>\$ 1,446,682</u> |
| Change in fair value of derivative financial instruments | <u>\$ (8,445)</u> | <u>\$ (110,344)</u> |
| In-kind capital contribution | <u>\$ 987,943</u> | <u>\$ -</u> |

Metropolitan Nashville Airport Authority
Statements of Fiduciary Net Position
June 30, 2020 and 2019

| | <u>2020</u> Other Post- Employment and Pension Trust Funds | <u>2019</u> Other Post- Employment and Pension Trust Funds |
|-------------------------------------|--|--|
| ASSETS | | |
| Cash and cash equivalents | \$ 10,716,921 | \$ 13,562,625 |
| Investments, at fair value | | |
| Pooled, common and collective funds | 59,392,372 | 51,160,185 |
| Mutual funds | 44,164,271 | 39,897,380 |
| Total assets | <u>114,273,564</u> | <u>104,620,190</u> |
| NET POSITION | | |
| Restricted for: | | |
| OPEB | 34,625,078 | 28,854,095 |
| Pension | 79,648,486 | 75,766,095 |
| Total net position | <u>\$ 114,273,564</u> | <u>\$ 104,620,190</u> |

**Metropolitan Nashville Airport Authority
 Statements of Fiduciary Net Position
 June 30, 2020 and 2019**

| | <u>2020</u> Unadjudicated Funds - Custodial Fund | <u>2019</u> Unadjudicated Funds - Custodial Fund |
|---------------------------|--|--|
| ASSETS | | |
| Cash and cash equivalents | \$ 606,760 | \$ 637,148 |
| Total assets | <u>606,760</u> | <u>637,148</u> |
| NET POSITION | | |
| Restricted for: | | |
| Unadjudicated funds | 606,416 | 637,075 |
| Unrestricted net position | <u>344</u> | <u>73</u> |
| Total net position | <u>\$ 606,760</u> | <u>\$ 637,148</u> |

Metropolitan Nashville Airport Authority
Statements of Changes in Fiduciary Net Position
June 30, 2020 and 2019

| | <u>2020</u> | <u>2019</u> |
|---|---|---|
| | Other Post- Employment and Pension Trust Funds | Other Post- Employment and Pension Trust Funds |
| Additions: | | |
| Employer contributions | \$ 8,982,284 | \$ 11,981,219 |
| Investment income | | |
| Net appreciation in fair value | 5,509,872 | 5,575,585 |
| Interest and dividends | 341,709 | 330,628 |
| Investment expenses | 173,627 | 162,468 |
| Investment income, net | <u>5,677,954</u> | <u>5,743,745</u> |
| Total additions | <u>14,660,238</u> | <u>17,724,964</u> |
| Deductions: | | |
| Benefits paid to participants | 4,947,716 | 4,588,891 |
| Administrative expenses | 59,148 | 52,660 |
| Total deductions | <u>5,006,864</u> | <u>4,641,551</u> |
| Change in net position | <u>9,653,374</u> | <u>13,083,413</u> |
| Net position - beginning of year, as restated | <u>104,620,190</u> | <u>91,536,777</u> |
| Net position - end of year | <u>\$ 114,273,564</u> | <u>\$ 104,620,190</u> |

Metropolitan Nashville Airport Authority
Statements of Changes in Fiduciary Net Position
June 30, 2020 and 2019

| | <u>2020</u> Unadjudicated Funds - Custodial Fund | <u>2019</u> Unadjudicated Funds - Custodial Fund |
|---|--|--|
| Additions: | | |
| Collection of unadjudicated funds | \$ 943,762 | \$ 705,413 |
| Interest and dividends | 271 | 73 |
| Total additions | <u>944,033</u> | <u>705,486</u> |
| Deductions: | | |
| Payout of unadjudicated funds | <u>974,421</u> | 85,144 |
| Total deductions | <u>974,421</u> | <u>85,144</u> |
| Change in net position | <u>(30,388)</u> | 620,342 |
| Net position - beginning of year, as restated | <u>637,148</u> | 16,806 |
| Net position - end of year | <u>\$ 606,760</u> | <u>\$ 637,148</u> |

Metropolitan Nashville Airport Authority
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

1. Metropolitan Nashville Airport Authority

The creation of the Metropolitan Nashville Airport Authority (the “Authority”) was authorized by Public Chapter 174 of the Public Acts of the 86th General Assembly of the State of Tennessee, 1969 Session. The Metropolitan Council of the Metropolitan Government of Nashville and Davidson County, Tennessee (“Metropolitan Government”) created the Authority to operate as a separate enterprise. The Authority owns and operates Nashville International Airport and John C. Tune Airport, a general aviation reliever airport. Based upon the criteria set forth by the Governmental Accounting Standards Board (“GASB”), it has been determined that the Authority is a component unit of the Metropolitan Government.

The Authority’s Board of Commissioners consists of ten members who serve without compensation, nine of whom are appointed by the Metropolitan Government Mayor and approved by the Metropolitan Government Council, with the tenth being the Mayor (or his designee). There are provisions whereby commissioners may be removed by vote of the Metropolitan Government Council. All appointments to the Authority are for a term of four years. The terms are staggered to provide for continuity of Authority development and management. The Board of Commissioners appoints a President and charges him with the responsibility for day-to-day operations.

The Authority formed the MNAA Properties Corporation (“MPC”), a Tennessee non-profit corporation, for the purpose of supporting and facilitating the operations of the Authority and to help the economic development of the surrounding area. The Commissioners of the Authority constitute the Board of Directors of MPC. During fiscal year 2008, MPC Holdings, LLC, a limited liability company in which MPC is the sole member, purchased two separate multi-tenant buildings and commenced operation. Both facilities are on Nashville International Airport property. In July 2012, MPC Holdings, LLC purchased a small commercial building adjoining Nashville International Airport.

During November 2009, the Board of Commissioners approved the formation of a Tennessee nonprofit limited liability company, MPC CONRAC, LLC. This entity was created in connection with the special facilities financing for the Authority’s consolidated rental car facility. MPC CONRAC, LLC is a single-member LLC, wholly owned by MPC. The formation of MPC CONRAC, LLC created an appropriate entity to execute various agreements and secure financing and services for the consolidated rental car (“CONRAC”) facility, which was completed in November 2011, and is located at Nashville International Airport.

MPC, including its subsidiaries MPC Holdings, LLC and MPC CONRAC, LLC, is considered to be a blended component unit for financial reporting purposes based on the following: (i) the Authority’s Board of Commissioners constitutes the Board of Directors of MPC; (ii) management of the Authority has operational responsibility for MPC; (iii) the Authority is financially accountable for MPC, including MPC’s fiscal dependence on the Authority and MPC’s potential to provide specific financial benefits or burden to the Authority; and (iv) MPC was created for the benefit of the Authority. The Authority does not issue separate financial statements for the blended component unit (see Note 18).

The accompanying financial statements also include the accounts of the Arts at the Airport Foundation, a nonprofit organization that facilitates the display and performance of artists within the Nashville International Airport terminal. The Arts at the Airport Foundation qualifies as a blended component unit of the Authority due to it being fiscally dependent on the Authority and due to the Authority’s appointment of the voting majority of its governing board. The financial operations of the Arts at the Airport Foundation are generally immaterial to the Authority’s financial statements and; thus, not shown separately in the financial statements.

Metropolitan Nashville Airport Authority
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

1. Metropolitan Nashville Airport Authority (continued)

Fiduciary Activities

As defined by the GASB, the Authority reports the operations of the pension and other post-employment benefits (“OPEB”), as blended component units in the Fiduciary Fund Financial Statements. The pension and OPEB trust funds provide retirement and health benefits for qualified Authority employees and retired employees. The pension and OPEB trust funds are legally separate entities and the resources of the trust funds cannot be used to finance the Authority’s operations. The assets of the trust funds are held and administered in trust arrangements which are governed by a Retirement Committee (see Note 14 and 15). The Authority is committed to making contributions to the trusts, and therefore assumes a financial burden for the trust funds and thus having financial accountability. As a result, the activity of the fiduciary funds are presented as a blended component unit. The assets in each trust are held only for the Authority employees’ benefit.

The Authority also reports unadjudicated funds as a fiduciary activity. The unadjudicated funds are comprised of cash that was seized from individuals that are suspected of committing a crime. These funds are deposited into a separate bank account in the Authority’s name. The funds are held by the Authority until the court issues a verdict. Once a judgment is rendered the funds are distributed to the individuals, agencies, and/or the Authority in accordance with the judgment.

2. Summary of Significant Accounting Policies

Measurement focus, basis of accounting, and basis of presentation

The financial statements of the Authority are presented using the economic resources measurement focus and the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when incurred. The financial statements include the operations of Nashville International Airport, John C. Tune Airport, and MPC, including MPC CONRAC, LLC, as noted earlier. The Authority’s Pension and Other Post-Employment Benefits Trust funds are reported as component units in the Fiduciary Fund Financial Statements.

Use of estimates in the preparation of financial statements

The preparation of financial statements in conformity with U.S GAAP requires management to make assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the useful lives of capital assets, the fair value of derivative financial instruments, the allowance for doubtful accounts, valuation of net pension and OPEB liabilities or assets and the related deferred inflows and/or outflows, and certain self-insured liabilities. Actual results could differ from those estimates.

Budgets

The Authority prepares an annual operating budget and capital improvement budget and submits for approval to the Board of Commissioners. A five-year capital improvement program, including modifications and reasons therefore, is also submitted each year.

The Authority is not required to demonstrate statutory compliance with its annual operating budget. Accordingly, budgetary data is not included in the basic financial statements. All budgets are prepared in accordance with bond covenants and airport lease and use agreements. Unexpended operating appropriations lapse at year-end.

2. Summary of Significant Accounting Policies (continued)

Employer contributions to the Pension and OPEB trust funds are recognized when the employer has made formal commitments to provide the contribution. The contributions are for each year are based on an actuarial valuation performed as of the year prior to the year for which the contribution relates. The contribution amount for any given year incorporates (1) the current and projected funded status of the funds; (2) recent investment performance, and the advice of the investment consultant; and (3) anticipated changes to the Plans' demographics to the extent reflected in the actuarial assumptions used by the actuary in their most recent actuarial valuation or projections.

Operating and nonoperating revenues and expenses

The Authority distinguishes operating revenues and operating expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the principal, ongoing operations such as space rental and fees, landing fees, parking and other miscellaneous income. Transactions that are capital, financing, or investing related are reported as nonoperating revenues. Such nonoperating revenues include passenger facility charges ("PFCs") as described in Note 7 and customer facility charges ("CFCs") as described in Note 8.

Expenses from employee wages and benefits, purchases of services, materials and supplies, and other miscellaneous expenses are reported as operating expenses. Interest expense and financing costs are reported as nonoperating expenses.

Revenues are reported net of discounts and allowances. Bad debts are expensed using the allowance method. Bad debt expense was \$337,604 and \$52,715 for the years ended June 30, 2020 and 2019, respectively. The allowance for doubtful accounts was \$421,098 and \$88,485 at June 30, 2020 and 2019, respectively.

The Authority's operating revenues are presented in five components as follows:

Signatory airline

Signatory Airline revenue consists of the revenues earned from the signatory airlines operating at Nashville International Airport primarily for terminal space rentals and landing fees. The Airline Agreements have a "hybrid" airline rate-setting methodology with the landing fees being calculated on a residual basis and the terminal rental rates and terminal ramp area rates being compensatory. Other than the airfield, the signatory airlines are not required to provide for break-even financial operation of the airport per the Airline Agreements (See Note 10).

Parking

Parking revenue is generated primarily from the operation of Authority-owned parking facilities at Nashville International Airport. This amount is presented net of 'frequent parker' and other incentive programs.

Concession

Concession revenue is generated through concessionaires and tenants who pay monthly fees for using airport facilities to offer their goods and services to the public. Payments to the Authority are based on negotiated agreements with concessionaires to remit amounts usually based either on a minimum guarantee or on a percentage of gross receipts.

Space rental

Space rental revenue includes non-signatory airline terminal space rental, car rental companies' space rental, and certain other income received from leases of Authority-owned property.

2. Summary of Significant Accounting Policies (continued)

Other

Other revenue consists primarily of non-signatory airline landing fees, cargo airline landing fees, and the Authority's portion of fixed-based operators' fuel sales.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and short-term investments with original maturities of three months or less. Certain cash and cash equivalents are reported as noncurrent as these amounts are restricted to the withdrawal or use.

Investments

Investments are accounted for in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, which requires that certain investments be recorded at fair value (e.g., quoted market prices).

Amounts due from governmental agencies

The Authority has grants for aid in construction and equipment from the Federal Airport Improvement Program ("AIP") of the Federal Aviation Administration ("FAA"), the U.S. Department of Homeland Security ("DHS"), and the Tennessee Department of Transportation ("TDOT"). Amounts due from governmental agencies under the terms of grant agreements are accrued as the related reimbursable costs are incurred which is the point when the criteria for revenue recognition has been satisfied for these arrangements under GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Inventories

Inventories are stated at cost under the first-in, first-out method and consist primarily of supplies and maintenance repair parts.

Restricted assets and payables from restricted assets

Restricted assets consist of cash and cash equivalents, investments, and other resources which are restricted legally or by enabling legislation. The Authority's restricted assets are to be used for purposes specified in the respective bond indentures or other authoritative or legal documents as is the case with the collection of CFCs for the consolidated rental car facility or for purposes specified by the PFC program, as administered by the FAA.

Metropolitan Nashville Airport Authority
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then use unrestricted resources as needed. A summary of the restricted assets at June 30, 2020 and 2019 is as follows:

| | <u>2020</u> | <u>2019</u> |
|-------------------------|-----------------------|----------------------|
| Debt Service: | | |
| Cash and investments | \$ 186,681,145 | \$ 45,428,955 |
| Accounts receivable | 2,538,969 | - |
| Total | <u>189,220,114</u> | <u>45,428,955</u> |
| Construction: | | |
| Cash and investments | 540,858,066 | 46,533,921 |
| Total | <u>540,858,066</u> | <u>46,533,921</u> |
| Operations: | | |
| Cash and investments | 5,228,234 | 5,813,865 |
| Total | <u>5,228,234</u> | <u>5,813,865</u> |
| Total restricted assets | <u>\$ 735,306,414</u> | <u>\$ 97,776,741</u> |

Capital assets

Capital assets are stated at cost, except for contributions of property received from governmental agencies, which are recorded at acquisition value at the time of contribution. The Authority's policy is to capitalize assets with a cost of \$25,000 or more at Nashville International Airport and \$10,000 at John C. Tune Airport and MPC. Routine maintenance and repairs are expensed as incurred. Provision for depreciation of property and equipment is made on a basis considered adequate to depreciate the cost of depreciable assets over their estimated useful lives and is computed on the straight-line method.

Asset lives used in the calculation of depreciation are generally as follows:

| | |
|-------------------------------------|----------------|
| Infrastructure | 10 to 30 years |
| Buildings and building improvements | 10 to 30 years |
| Equipment, furniture and fixtures | 3 to 15 years |

Derivative financial instrument

The Authority's derivative financial instrument consists of an interest rate swap agreement, and is accounted for at fair value in accordance with GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*.

Postemployment benefits

Postemployment pension benefits are accounted for under GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment to GASB Statement No. 27* ("GASB No. 68"), which establishes standards for the measurement, recognition, and display of pension expense and related liabilities, deferred inflows/outflows of resources, note disclosures, and required supplementary information. See additional information regarding the Authority's pension benefits in Note 14.

2. Summary of Significant Accounting Policies (continued)

Postemployment benefits other than pension benefits are accounted for under GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which establishes standards for the measurement, recognition, and display of postemployment benefits expense and related liabilities, assets, deferred inflows/outflows of resources, note disclosures, and required supplementary information. See additional information regarding the Authority's OPEB in Note 15.

Compensated absences

Compensated absences are accrued as payable when earned by employees and are cumulative from one fiscal year to the next. The compensated absences liability is reported with accrued payroll and related items in the accompanying statements of net position.

Self-insurance

The Authority is self-insured, up to certain limits, for employee group health insurance claims. The Authority has purchased reinsurance in order to limit its exposure. The cost of claims reported and an estimate of claims incurred but not reported are charged to operating expenses. Liabilities for unpaid claims are accrued based on management's estimate using historical experience and current trends and are included in accrued payroll and related items on the statements of net position. The appropriateness of the self-insurance accrued liabilities is continually reviewed and updated by management.

Deferred outflows/Inflows of resources

The statement of net position will report a separate section for deferred outflows of resources and/or deferred inflows of resources. *Deferred outflows of resources* represent a consumption of net position that applies to a future period and, therefore, not recognized as an outflow of resources (expense) until then. *Deferred inflows of resources* represent an acquisition of net position that applies to a future period and, therefore, not recognized as an inflow of resources (revenue) until then.

The Authority has several items that qualify for reporting as deferred outflows/inflows of resources. These are losses on bond refundings; GASB No. 68 deferred inflows and outflows from earnings on investments, changes in assumptions, changes in benefit terms, and other experience gains or losses related to the Authority's pension plan, and GASB No. 75 deferred inflows and outflows earnings on investments, changes in assumptions, changes in benefit terms, and other experience gains or losses relating to the Authority's OPEB plan.

A deferred loss on refunding results from the difference between the net carrying amount of the original debt and the reacquisition price, shown as a deferred outflow of resources in the accompanying statements of net position. This amount is deferred and amortized over the term of the new bonds or old bonds, whichever is shorter, using the effective interest method or the straight-line method, when not materially different.

GASB No. 68 and GASB No. 75 variances can occur due to actuarial assumptions that differ between the actual plan experience and the original actuarial assumed rates. Differences can result from, among others, earnings on investments, changes in assumptions, changes in benefit terms, and other experience gains or losses. A variance represents a gain or a loss, shown as deferred inflows of resources or deferred outflows of resources, respectively, in the accompanying statements of net position. These deferred outflows/inflows are amortized in accordance with the provisions of GASB No. 68 and GASB No. 75. Additional items are determined annually based on each subsequent year's variances from actuarial assumptions.

2. Summary of Significant Accounting Policies (continued)

Advanced billings and payments received in advance

Advanced billings and payments received in advance represents incremental amounts due to airlines under the signature airline agreements (Note 10). Incremental amounts due from airlines are reflected in accounts receivable. Incremental amounts due to the airlines arise when amounts assessed, based on the estimated rates used during the year, exceed actual expenses for the year. Incremental amounts due from the airlines arise when amounts assessed, based on the estimated rates used during the year, are less than actual expenses for the year. Amounts due from or to airlines are typically settled in one to three months after period end, and are therefore recorded as a current asset or liability.

The amount also includes lease rentals received in advance under certain ground leases entered into with developers (Note 17). The unearned rental income is being recognized in operating income on a straight-line basis over the terms of the related leases. Unearned revenues are included within liabilities in the accompanying statements of net position as such amounts may be returned to the counterparty if the related agreements were terminated.

Components of net position

The Authority's net position classifications are defined as follows:

Net investment in capital assets

This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, capital lease obligations or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted net position

This component of net position represents restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law or through constitutional provisions or enabling legislation.

Unrestricted net position

This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

Taxes

The Authority is exempt from payment of federal and state income, property, and certain other taxes.

Fair value measurements

Assets and liabilities recorded at fair value in the statements of net position are categorized based on the level of judgment associated with the inputs used to measure their fair value. Level inputs are as follows:

Level 1 - Values are unadjusted quoted prices for identical assets in active markets accessible at the measurement date.

2. Summary of Significant Accounting Policies (continued)

Level 2 - Inputs include quoted prices for similar assets in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.

Level 3 - Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Authority's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

Change in presentation

The Authority has made certain reclassifications to the 2019 financial statements to conform with the presentation of the 2020 financial statements.

Implementation of new accounting pronouncements

GASB Statement No. 83, *Certain Asset Retirement Obligations*, addresses accounting and financial reporting for certain asset retirement obligations and establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for certain asset retirement obligations. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. The Authority implemented this statement in the current fiscal year. The Authority did not have any asset retirement obligations as outlined in the statement as of the effective date and none as of June 30, 2020 or as of June 30, 2019.

GASB Statement No. 84, *Fiduciary Activities*, improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. As a result of the implementation of GASB 84, the Authority has included the Statements of Fiduciary Net Position and Statements of Changes in Fiduciary Net Position for Fiduciary Activities for the pension and OPEB trust funds and unadjudicated funds. Due to the adoption of the statement, the beginning net position in the fiduciary funds has been restated from \$0 to \$91,553,583 as of July 1, 2018.

3. Cash and Cash Equivalents and Investments

The Authority's deposit and investment policy is governed by the laws of the State of Tennessee and bond trust indentures and supplemental resolutions, which govern the investment of bond proceeds. Permissible investments generally include direct obligations of, or obligations guaranteed by, the U.S. Government, obligations issued or guaranteed by specific agencies of the U.S. Government, secured certificates of deposit, secured repurchase agreements, and specifically rated obligations of state governments, commercial paper and money market funds.

Cash and cash equivalents

The Authority's unrestricted and restricted cash and cash equivalent bank balances totaling \$962,201,913 and \$319,401,428 at June 30, 2020 and 2019, respectively, (with a carrying value of \$1,034,153,060 and \$324,892,127) represent a variety of time deposits and cash equivalents.

Metropolitan Nashville Airport Authority
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

3. Cash and Cash Equivalents and Investments (continued)

Cash deposits, maintained at four financial institutions, are carried at cost plus interest, which approximates fair value. Cash deposits are required by State statute to be secured and collateralized by such institutions.

The collateral must meet certain requirements and must have a total minimum market value of 105% of the value of the deposits placed in the institutions less the amount protected by federal depository insurance or the bank must be a member of the State's Bank Collateral Pool.

The amount of collateral required to secure public deposits for Collateral Pool participants ranges between 90% and 115% of the average daily balance of public deposits held, depending on the participant's status and compliance with certain benchmarks established by the Collateral Pool. Collateral securities pledged by the participating banks are pledged to the State Treasurer on behalf of the Collateral Pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each individual account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure in accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures*.

The Authority's financial institutions are members of the State of Tennessee's Bank Collateral Pool that collateralizes public funds accounts, including those of the Authority. Financial institutions participating in the Collateral Pool determine the aggregate balance of their public fund accounts and the required collateral for the Authority. The amount of collateral required to secure these public deposits must be equal to 105% of the average daily balance of public deposits held.

Cash equivalents are held at another financial institution and consist of money market and other short-term investments with original maturities of three months or less. Investment risk for such cash equivalent funds is governed by the Authority's investment policy.

Investments

Interest rate risk

The Authority's investment policy states that the investment portfolio may be allocated among U.S. Treasury Obligations (0 - 100%), Government National Mortgage Association Securities (0 – 40%), U.S. Government Guaranteed AID and GTC (0 – 10%), Federal Agency Instruments (0 - 75%, 40% per agency cap for FMNA, FHLMC, FHLB, FFCB and 10% cap for all other Government Sponsored Enterprises), Non-Negotiable Collateralized Bank Deposits or Savings Accounts (0 – 50%), Commercial Paper (0 - 35%, 10% cap per issuer), Repurchase Agreements (0 - 20%), Money Market Mutual Funds (0 - 50%, 25% per fund), Tennessee Local Government Investment Pool (0 - 50%), and Cash Equivalents (0 - 100%). In addition, the maximum maturity of investments is 270 days for commercial paper, one year for repurchase agreements, two years for certificates of deposit, time deposits and bankers acceptances, no time restriction on money market mutual funds or Tennessee Local Government Investment Pool, and 4 years for all other permitted investments. No more than 50% of the portfolio can have a maturity date greater than two (2.0) years. To control the volatility of the portfolio and limit exposure to interest rate risk, the Authority's Chief Financial Officer ("CFO") determines a duration target for the portfolio, which typically does not exceed 3 years.

Metropolitan Nashville Airport Authority
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

3. Cash and Cash Equivalents and Investments (continued)

At June 30, 2020, the average maturities of cash and investments subject to interest rate risk are as follows:

| | <u>Fair Value</u> | <u>Average Maturity</u> |
|---|-------------------------|-----------------------------|
| Primary Government: | | |
| Investments subject to risk: | | |
| U.S. agencies | \$ 685,670,254 | 1.8 years |
| Commercial paper | 124,211,710 | 2.7 months |
| Certificate of deposit | 1,016,084 | 3.5 months |
| Investments subject to risk | <u>810,898,048</u> | |
| Deposits/investments not subject to risk: | | |
| Investment pool | \$ 67,343,522 | |
| Deposits | 2,700,441 | |
| Money market funds | 153,211,049 | |
| Total Primary Government | <u>\$ 1,034,153,060</u> | |
| Fiduciary Fund | | |
| Investments subject to risk: | | |
| Pooled, common and collective funds | 2,081,374 | 5.6 months |
| Mutual funds | 616,049 | 5.6 months |
| Investments subject to risk | <u>2,697,423</u> | |
| Deposits/investments not subject to risk: | | |
| Deposits | 606,760 | |
| Money market funds | 10,716,921 | |
| Pooled, common and collective funds | 57,310,998 | |
| Mutual funds | 43,548,222 | |
| Total Fiduciary Funds | <u>\$ 114,880,324</u> | |

Metropolitan Nashville Airport Authority
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

3. Cash and Cash Equivalents and Investments (continued)

At June 30, 2019, the average maturities of cash and investments subject to interest rate risk are as follows:

| | <u>Fair Value</u> | <u>Average Maturity</u> |
|---|-----------------------|-----------------------------|
| Primary Government: | | |
| Investments subject to risk: | | |
| U.S. agencies | \$ 97,480,239 | 2.3 years |
| Commercial paper | 19,381,455 | 3.7 months |
| Certificate of deposit | <u>1,000,000</u> | 9.5 months |
| Investments subject to risk | 117,861,694 | |
| Deposits/investments not subject to risk: | | |
| Investment pool | 26,299,679 | |
| Deposits | 97,808,723 | |
| Money market funds | 84,504,030 | |
| Total Primary Government | <u>\$ 326,474,126</u> | |
| Fiduciary Fund | | |
| Investments subject to risk: | | |
| Pooled, common and collective funds | \$ 1,488,869 | 5.6 months |
| Mutual funds | <u>490,451</u> | 5.6 months |
| Investments subject to risk | 1,979,320 | |
| Deposits/investments not subject to risk: | | |
| Deposits | 637,148 | |
| Money market funds | 13,562,625 | |
| Pooled, common and collective funds | 49,671,316 | |
| Mutual funds | 39,406,929 | |
| Total Fiduciary Funds | <u>\$ 105,257,338</u> | |

Credit risk

The investment policy specifies acceptable credit ratings by instrument type; however, the investment policy requires all investments must be ranked in the Highest Fund Quality or Rating for its individual investment category.

Metropolitan Nashville Airport Authority
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

3. Cash and Cash Equivalents and Investments (continued)

At June 30, 2020, the credit quality ratings of investments (other than the U.S. agency issues) are as follows:

| Investment | Fair Value | Rating | Organization |
|-------------------------------------|-------------------|---------------|---------------------|
| Primary Government: | | | |
| Commerical Paper | \$ 124,211,710 | A1, P1 | S&P, Moody |
| Fiduciary Funds: | | | |
| Pooled, common and collective funds | 11,520,898 | AA | S&P, Moody, Fitch |
| Pooled, common and collective funds | 11,520,339 | A | S&P, Moody, Fitch |
| Pooled, common and collective funds | 11,519,304 | BBB | S&P, Moody, Fitch |
| Mutual funds | 11,528,674 | BBB | S&P, Moody, Fitch |

At June 30, 2019, the credit quality ratings of investments (other than the U.S. agency issues) are as follows:

| Investment | Fair Value | Rating | Organization |
|-------------------------------------|-------------------|---------------|---------------------|
| Primary Government: | | | |
| Commerical Paper | \$ 23,385,182 | A1, P1 | S&P, Moody |
| Fiduciary Funds: | | | |
| Pooled, common and collective funds | 8,321,577 | AA | S&P, Moody, Fitch |
| Pooled, common and collective funds | 8,289,759 | A | S&P, Moody, Fitch |
| Pooled, common and collective funds | 8,327,510 | BBB | S&P, Moody, Fitch |
| Mutual funds | 8,253,164 | BBB | S&P, Moody, Fitch |

Custodial credit risk

All investment securities purchased by the Authority are held in third-party safekeeping at a financial institution, acting solely as agent of the Authority and qualified to act in this capacity. As a means to limit custodial credit risk, all trades of marketable securities are executed on the basis of delivery versus payment and avoid the physical delivery of securities (bearer form) to ensure that securities are deposited with a custodian prior to the release of Authority funds. The Authority's investments at June 30, 2020 and 2019, are collateralized by securities held by the Authority's agent in the Authority's name.

Financial Instruments Reported at Fair Value

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Authority's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

3. Cash and Cash Equivalents and Investments (continued)

The Authority has the following recurring fair value measurements as of June 30, 2020:

- U.S agency issues of \$685,670,254 are valued using quoted market prices (Level 1 inputs).
- Mutual funds of \$44,164,271 are valued using quoted market prices (Level 1 inputs).
- Money market funds of \$153,211,049 are valued using quoted market prices (Level 1 inputs).
- Cash and cash equivalents include \$5,317,656 of money market funds valued using quoted market prices (Level 1 inputs).
- Commercial paper of \$124,211,710 are valued using quoted market prices and various market and industry inputs (Level 2 inputs).
- Pooled, common and collective funds of \$59,392,372 are valued using quoted market prices and various market and industry inputs (Level 2 inputs).
- Cash and cash equivalents include \$5,398,323 of money market funds valued using quoted market prices and various market and industry inputs (Level 2 inputs).

The Authority has the following recurring fair value measurements as of June 30, 2019:

- U.S agency issues of \$97,480,239 are valued using quoted market prices (Level 1 inputs).
- Mutual funds of \$39,897,380 are valued using quoted market prices (Level 1 inputs).
- Money market funds of \$84,504,030 are valued using quoted market prices (Level 1 inputs).
- Cash and cash equivalents include \$2,844,381 of money market funds valued using quoted market prices (Level 1 inputs).
- Commercial paper of \$19,381,455 are valued using quoted market prices and various market and industry inputs (Level 2 inputs).
- Pooled, common and collective funds of \$51,160,185 are valued using quoted market prices and various market and industry inputs (Level 2 inputs).
- Cash and cash equivalents include \$10,718,244 of money market funds valued using quoted market prices and various market and industry inputs (Level 2 inputs).
- Derivative financial instrument – interest rate swap of \$8,445 are valued using quoted market prices and various market and industry inputs (Level 2 inputs)

A total of \$67,343,522 and \$26,299,679 is invested in the Tennessee Local Government Investment Pool at June 30, 2020 and 2019, respectively. The amounts are recorded at amortized cost in accordance with GASB Statement No. 79 and are not included in the fair value disclosures above.

Metropolitan Nashville Airport Authority
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

4. Capital Assets

Capital assets and related accumulated depreciation activity for the years ended June 30, 2020 and 2019, were as follows:

| | Balance July 1, 2019 | Additions | Retirements | Transfers and Adjustments | Balance June 30, 2020 |
|--|---------------------------------|-----------------------|---------------------|--------------------------------------|----------------------------------|
| Capital assets not being depreciated: | | | | | |
| Land & nondepreciable assets | \$ 97,169,587 | \$ 7,318,809 | \$ - | \$ 627,422 | \$ 105,115,818 |
| Construction in progress | 233,273,255 | 364,662,226 | - | (458,867,517) | 139,067,964 |
| Total capital assets not being depreciated | 330,442,842 | 371,981,035 | - | (458,240,095) | 244,183,782 |
| Capital assets being depreciated: | | | | | |
| Infrastructure | 588,779,486 | 5,385,779 | (7,138,301) | 26,636,595 | 613,663,559 |
| Buildings and building improvements | 422,874,974 | 68,559 | (1,729,383) | 420,135,101 | 841,349,251 |
| Equipment, furniture, and fixtures | 183,211,887 | - | (283,680) | 11,468,399 | 194,396,606 |
| Total capital assets being depreciated | 1,194,866,347 | 5,454,338 | (9,151,364) | 458,240,095 | 1,649,409,416 |
| Less accumulated depreciation: | | | | | |
| Infrastructure | (373,532,882) | (19,649,079) | 7,131,528 | (1,077,155) | (387,127,588) |
| Buildings and building improvements | (170,297,360) | (20,117,546) | 1,643,033 | - | (188,771,873) |
| Equipment, furniture, and fixtures | (83,248,467) | (10,001,848) | 264,232 | - | (92,986,083) |
| Total accumulated depreciation | (627,078,709) | (49,768,473) | 9,038,793 | (1,077,155) | (668,885,544) |
| Net capital assets being depreciated | 567,787,638 | (44,314,135) | (112,571) | 457,162,940 | 980,523,872 |
| Net capital assets | <u>\$ 898,230,480</u> | <u>\$ 327,666,900</u> | <u>\$ (112,571)</u> | <u>\$ (1,077,155)</u> | <u>\$ 1,224,707,654</u> |

| | Balance July 1, 2018 | Additions | Retirements | Transfers and Adjustments | Balance June 30, 2019 |
|--|---------------------------------|-----------------------|------------------------|--------------------------------------|----------------------------------|
| Capital assets not being depreciated: | | | | | |
| Land & nondepreciable assets | \$ 97,169,587 | \$ - | \$ - | \$ - | \$ 97,169,587 |
| Construction in progress | 153,579,003 | 247,653,596 | - | (167,959,344) | 233,273,255 |
| Total capital assets not being depreciated | 250,748,590 | 247,653,596 | - | (167,959,344) | 330,442,842 |
| Capital assets being depreciated: | | | | | |
| Infrastructure | 576,918,742 | - | (22,212,591) | 34,073,335 | 588,779,486 |
| Buildings and building improvements | 315,970,461 | 39,689 | (24,080,684) | 130,945,508 | 422,874,974 |
| Equipment, furniture, and fixtures | 182,051,284 | 322,198 | (2,102,096) | 2,940,501 | 183,211,887 |
| Total capital assets being depreciated | 1,074,940,487 | 361,887 | (48,395,371) | 167,959,344 | 1,194,866,347 |
| Less accumulated depreciation: | | | | | |
| Infrastructure | (369,228,638) | (19,683,474) | 15,379,230 | - | (373,532,882) |
| Buildings and building improvements | (169,571,169) | (15,788,040) | 15,061,849 | - | (170,297,360) |
| Equipment, furniture, and fixtures | (76,232,932) | (9,026,209) | 2,010,674 | - | (83,248,467) |
| Total accumulated depreciation | (615,032,739) | (44,497,723) | 32,451,753 | - | (627,078,709) |
| Net capital assets being depreciated | 459,907,748 | (44,135,836) | (15,943,618) | 167,959,344 | 567,787,638 |
| Net capital assets | <u>\$ 710,656,338</u> | <u>\$ 203,517,760</u> | <u>\$ (15,943,618)</u> | <u>\$ -</u> | <u>\$ 898,230,480</u> |

Metropolitan Nashville Airport Authority
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

4. Capital Assets (continued)

The amount of construction in progress at June 30, 2020, is attributable to the following:

| | |
|---|-----------------------|
| Terminal Lobby and International Arrivals Facility | \$ 57,851,399 |
| Terminal & Taxilane Expansion | 23,172,026 |
| Terminal & Landside Area Programming & Initial Design | 9,995,047 |
| Reconstruct Runway 2R/20L | 9,853,450 |
| Other projects | <u>38,196,042</u> |
| Total construction in progress | <u>\$ 139,067,964</u> |

During FY20, \$458,867,517 of CIP was substantially completed and transferred to capital assets as follows:

| | |
|--------------------------------------|-----------------------|
| D Concourse Expansion | \$ 248,923,066 |
| Terminal Garage "C" | 148,169,680 |
| Taxiway Alpha Kilo Intersection | 12,079,290 |
| Taxiway Alpha South | 10,956,788 |
| Baggage Handling System Improvements | 9,463,978 |
| Other projects | <u>29,274,715</u> |
| Total transferred to capital assets | <u>\$ 458,867,517</u> |

The amount of construction in progress at June 30, 2019, is attributable to the following:

| | |
|---|-----------------------|
| D Concourse Expansion | \$ 89,300,826 |
| Terminal Garage "C" | 40,361,734 |
| Terminal & Taxilane Expansion | 22,356,501 |
| Terminal & Landside Area Programming & Initial Design | 14,951,590 |
| Taxiway Alpha South | 11,001,008 |
| Terminal Lobby & International Arrivals Facility | 9,800,439 |
| Baggage Handling System Improvements | 9,154,915 |
| Other projects | <u>36,346,241</u> |
| Total construction in progress | <u>\$ 233,273,254</u> |

During FY19, \$167,959,344 of CIP was substantially completed and transferred to capital assets as follows:

| | |
|-------------------------------------|-----------------------|
| Terminal Garage "A" | \$ 118,684,725 |
| Taxiway Lima Rehabilitation | 12,303,248 |
| Employee Parking Lot Expansion | 7,242,238 |
| Other projects | <u>29,729,133</u> |
| Total transferred to capital assets | <u>\$ 167,959,344</u> |

See construction commitments as of June 30, 2020 at Note 13.

Metropolitan Nashville Airport Authority
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

5. Long-term Debt

The following is a detail of long-term debt at June 30:

| | <u>2020</u> | <u>2019</u> |
|---|-------------------------|-----------------------|
| Airport Revenue Bonds - Direct Borrowing: | | |
| Senior lien, CONRAC Series 2018, 3.40%, due 7/1/2028 | \$ 27,358,295 | \$ 27,358,295 |
| Total Direct Borrowing Airport Revenue Bonds | <u>27,358,295</u> | <u>27,358,295</u> |
| Airport Revenue Bonds - Other: | | |
| Senior lien, Series 2003B, 5.49% to 5.94%, due 7/1/2033 | 13,235,000 | 13,235,000 |
| Senior lien, Series 2008A, 4.49%, due 7/1/2019 | - | 3,800,000 |
| Senior lien, Series 2009A, 4.13% to 5.25%, due 7/1/2019 | - | 7,970,000 |
| Senior lien, CONRAC Series 2010, 4.82% to 5.79%, due 7/1/2020 | 3,000,000 | 5,840,000 |
| Senior lien, Series 2015A, 4.00% to 5.00%, due 7/1/2045 | 88,475,000 | 90,205,000 |
| Senior lien, Series 2015B, 4.00% to 5.00%, due 7/1/2045 | 104,535,000 | 106,615,000 |
| Subordinate lien, Series 2019A, 4.00% to 5.00%, due 7/1/2054 | 254,435,000 | - |
| Subordinate lien, Series 2019B, 4.00% to 5.00%, due 7/1/2054 | 665,150,000 | - |
| Total Other Airport Revenue Bonds | <u>1,128,830,000</u> | <u>227,665,000</u> |
| Note Payables - Direct Borrowing: | | |
| Energy Loan Phase II | 880,802 | 1,221,141 |
| Geothermal Loan | 3,469,861 | 3,751,705 |
| Total Direct Borrowing Note Payables | <u>4,350,663</u> | <u>4,972,846</u> |
| Other Long-term Debt - Other: | | |
| BNA Credit Facility 2 | 7,971,944 | 153,928,645 |
| BNA Valet Express Parking Facility | 1,154,073 | - |
| Total Other Long-term Debt - Other | <u>9,126,017</u> | <u>153,928,645</u> |
| Total Authority bonds payable and other debt | 1,169,664,975 | 413,924,786 |
| Add: | | |
| Unamortized bond premiums | 210,696,583 | 23,016,511 |
| Total Authority bonds payable and other debt, net | <u>1,380,361,558</u> | <u>436,941,297</u> |
| Less current portion | 9,974,232 | 19,042,182 |
| Total Authority bonds payable and other debt, noncurrent | <u>\$ 1,370,387,326</u> | <u>\$ 417,899,115</u> |

Metropolitan Nashville Airport Authority
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

5. Long-term Debt (continued)

The annual requirements to pay principal and interest on the Authority's debt outstanding at June 30, 2020 are summarized as follows:

| | Principal | | | | Total |
|--------------|---|--|---|-------------------------------------|-------------------------|
| | Direct Placement Airport Revenue Bonds | Other Airport Revenue Bonds | Direct Placement Note Payables | Other Long-term Debt | |
| 2021 | - | 8,175,000 | 645,159 | 1,154,073 | 9,974,232 |
| 2022 | 3,028,385 | 4,835,000 | 660,032 | 7,971,944 | 16,495,361 |
| 2023 | 3,132,780 | 5,080,000 | 453,087 | - | 8,665,867 |
| 2024 | 3,240,774 | 5,320,000 | 303,474 | - | 8,864,248 |
| 2025 | 3,350,795 | 16,455,000 | 309,136 | - | 20,114,931 |
| 2026-2030 | 14,605,561 | 95,165,000 | 1,634,379 | - | 111,404,940 |
| 2031-2035 | - | 122,915,000 | 345,396 | - | 123,260,396 |
| 2036-2040 | - | 140,885,000 | - | - | 140,885,000 |
| 2041-2045 | - | 155,175,000 | - | - | 155,175,000 |
| 2046-2050 | - | 269,655,000 | - | - | 269,655,000 |
| 2051-2054 | - | 305,170,000 | - | - | 305,170,000 |
| Total | \$ 27,358,295 | \$ 1,128,830,000 | \$ 4,350,663 | \$ 9,126,017 | \$ 1,169,664,975 |

| | Interest | | | |
|--------------|---|--|---|-------------------------|
| | Direct Placement Airport Revenue Bonds | Other Airport Revenue Bonds | Direct Placement Note Payables | Total |
| 2021 | 945,685 | 54,465,257 | 105,751 | 55,516,693 |
| 2022 | 890,475 | 54,177,702 | 90,980 | 55,159,157 |
| 2023 | 784,265 | 53,972,977 | 76,928 | 54,834,170 |
| 2024 | 674,395 | 53,674,434 | 67,850 | 54,416,679 |
| 2025 | 562,462 | 53,366,466 | 59,335 | 53,988,263 |
| 2026-2030 | 1,026,570 | 254,613,928 | 163,279 | 255,803,777 |
| 2031-2035 | - | 228,588,382 | 4,801 | 228,593,183 |
| 2036-2040 | - | 196,260,344 | - | 196,260,344 |
| 2041-2045 | - | 153,440,220 | - | 153,440,220 |
| 2046-2050 | - | 96,534,334 | - | 96,534,334 |
| 2051-2054 | - | 30,085,350 | - | 30,085,350 |
| Total | \$ 4,883,852 | \$ 1,229,179,394 | \$ 568,924 | \$ 1,234,632,170 |

The Revenue bonds contain default provisions as defined in the agreements. In each and every case of default, unless cured by the Authority within 30 days after written notice, the Trustee may declare all of the Outstanding Bonds and accrued interest immediately due and payable. Upon the event of default, the Trustee may demand the Authority Net Revenues and all Funds and Accounts established under the General Resolution be transferred to and administered by the Trustee. The Trustee may exercise any of the following remedies to the extent they are legally available:

- (i) the Trustee may protect and enforce its rights and the rights of the holders of the Bonds by suit or suits of equity.

5. Long-term Debt (continued)

- (ii) the Trustee may obtain the appointment of receiver, where the receiver may enter upon and take possession of the Airport and fix rates and charges and collect all Airport Revenues. The receiver will collect and dispose of Airport Revenues in accordance with the terms and conditions of the General Resolution or as the court directs.

Net revenues (as defined in the various bond ordinances) of the Authority in the operation of the Airport System have been pledged toward the repayment of the Airport Revenue Bonds. Net revenues consist of operating revenues reduced by operating expenses not including depreciation.

All of the Authority's bonds were issued under the Airport Improvement Revenue Bond Resolution adopted by the Board of Commissioners of the Authority on August 15, 1991, (as amended and supplemented, the "General Resolution") and a nineteenth Supplemental Resolution adopted by the Board on October 21, 2015. In 2019, the Board approved the 2019 Master Subordinate Resolution and the First Supplemental Resolution. Bonds issued under the First Supplemental Resolution payable from net revenues are subordinate to bonds issued under the General Resolution. The Authority is using PFC revenues that were approved under PFC Program Application for its annual debt service costs on the 2009A bonds (these bonds were paid off in 2020) and the Series 2010A bonds, and anticipate using PFC funds for approximately \$4,400,000, and \$8,400,000 of the Series 2015A and Series 2015B bonds, respectively (Note 7). Although the CONRAC Series 2010 and 2018 Bonds were issued under the General Resolution, the CFCs are not in and of themselves a part of airport revenues or net revenues as defined in the General Resolution. Therefore, airport revenues derived by the Authority from the operation of the Airport are not pledged for payment of and do not constitute security for the CONRAC Series 2010 and 2018 Bonds. All other bonds are secured by a pledge of and lien on net revenues derived by the Authority from the operation of the airports.

Operating Revenues (as defined in the various bond ordinances) of the Authority in the operation of the Airport System have been pledged toward the repayment of the Airport Revenue Bonds. For the years ended June 30, 2020 and 2019, operating revenues were \$140,324,281 and \$166,845,829, compared to the net debt service (principal and interest) of \$25,991,353 and \$17,037,101, respectively. In addition, a portion of the Airport Revenue Bonds has been approved by the FAA to be funded by Passenger Facility Charges. For the years ended June 30, 2020 and 2019, the PFC revenues were \$26,384,555 and \$31,416,941, compared to the net debt service (principal and interest) of \$573,900 and \$6,560,025, respectively.

Net CONRAC revenues have been pledged toward the repayment of the CONRAC Series 2010 Revenue Bonds and CONRAC Series 2018 Refunding Revenue Bonds. For the years ended June 30, 2020 and 2019, the CONRAC revenues were \$11,827,674 and \$15,094,273, compared to the net debt service (principal and interest) of \$4,025,706 and \$3,638,847, respectively.

Direct Placement Debt:

Special facility revenue bond (MPC CONRAC LLC Project) Refunding Series 2018 bonds

During May 2018, the Authority issued CONRAC Refunding Series 2018 bonds in the principal amount of \$27,358,295. The bonds, together with \$23,334,428 available customer facility charge ("CFC") revenues were placed in an irrevocable trust to advance refund the Series 2010 Bonds maturing in the years 2021 through 2029 and pay the costs of issuance of the bond of \$150,858. Accordingly, the trust account assets and the liability on the defeased bonds are not included in the Authority's financial statements. At June 30, 2020, \$45,680,000 of defeased bonds remain outstanding. The difference between the reacquisition price and the net carrying amount of the refunded debt was \$3,614,352. This difference is reported as a deferred outflow of resources and is being amortized through fiscal year 2029. The refunding resulted in an economic gain of approximately \$6,400,000.

5. Long-term Debt (continued)

The CONRAC Refunding Series 2018 bonds are payable from and secured by a pledge of certain rental payments derived from CFCs under leases with rental car agencies (Note 8). The remaining CONRAC Refunding Series 2018 bonds contain serial bonds at an interest rate of 3.4%, maturing in progressive annual amounts ranging from \$3,028,385 on July 1, 2021, to \$3,838,790 on July 1, 2028.

Energy savings performance contract

The Authority has entered into an energy savings performance contract with an energy service company (ESCO) that conducted a comprehensive energy audit and identified improvements to save energy. The ESCO worked with the Authority to design and construct the approved projects, as well as to assist it with project financing. The ESCO guarantees that the improvements will generate energy cost savings sufficient to pay for the project over the term of the contract. After the contract ends, the Authority continues to benefit with additional energy cost savings as a result of the contract.

The Authority agreed to an energy saving project known as "Comprehensive Energy and Operational Services", Phases I and II. The project primarily included lighting retrofits and replacement of a chiller, but also a conceptual design for a quarry geothermal system.

In December 2012, the Authority entered into another financing agreement in the amount of \$2,777,500 with a financial institution for phase II of the energy enhancement project. The annual interest rate is 1.85%. Principal and interest payments are due in progressive monthly installments between \$23,700 and \$31,178 from January 2014 through November 2022. The principal balance outstanding was \$880,802 and \$1,221,141 at June 30, 2020 and 2019, respectively.

In July 2015, the Authority entered into an equipment lease purchase agreement in the amount of \$4,300,000 with a financial institution providing for the equipment to be installed in the Geothermal project. The annual interest rate is 2.78%. Principal payments are due annually beginning July 2017; interest payments are due semi-annually beginning January 2016. The final principal and interest payment are due in July 2030. The principal balance outstanding was \$3,469,861 and \$3,751,705 at June 30, 2020 and 2019.

Other Debt:

Airport improvement revenue bonds, Series 2003B

During November 2003, the Authority issued Series 2003B taxable bonds in the principal amount of \$19,585,000. These bonds were issued to provide funding for a portion of the projected unfunded liability of the Metropolitan Nashville Airport Authority Retirement Plan for Employees (See Note 14).

The remaining Series 2003B bonds contain serial bonds at interest rates ranging from 5.49% to 5.94%, with annual sinking fund requirements in progressive annual amounts ranging from \$1,185,000 on July 1, 2020, to \$1,280,000 on July 1, 2033. The annual amounts accumulated in the sinking fund will be used to pay bond holders on July 1, 2023, and 2033. The 2003B bonds are subject to an extraordinary optional redemption, in whole at any time, at a redemption price equal to the principal amount plus accrued interest to the date of redemption only in the event of the destruction or damage to all or substantially all of the Nashville International Airport or the condemnation of the airport facility.

5. Long-term Debt (continued)

Airport improvement revenue bonds, refunding Series 2008A

During June 2008, the Authority issued Refunding Series 2008A in the principal amount of \$37,600,000. These bonds were issued to provide funds to refund \$37,600,000 aggregate outstanding principal amount of the Authority's Series 1993 bonds. The purpose of the refunding was to replace the liquidity facility agreement with a direct pay letter of credit. There was no significant economic gain as a result of the refunding. There were no changes to the debt service schedule or other terms of the bonds. The refunding of the Series 1993 bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$2,124,070. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being amortized through fiscal year 2020.

The Series 2008A issue contains serial bonds bearing interest at a weekly variable rate. In order to limit its exposure to changes in interest rates, the Authority transferred its existing 1993 interest rate swap agreement to the 2008A bonds ("2008A Swap Agreement"), resulting in a fixed interest rate of 4.49% (See Note 6). The 2008A bonds matured on July 1, 2019 with a final principal payment of \$3,800,000.

Airport improvement revenue bonds, Series 2009A

During March 2009, the Authority issued Series 2009A bonds in the principal amount of \$36,000,000. The bonds were issued to provide funds for the majority of the costs associated with the second phase of the terminal renovation project, and to fund a deposit to the debt service reserve account for the Series 2009A bonds.

The remaining Series 2009A bonds contained serial bonds at interest rates ranging from 4.125% to 5.25%, matured on July 1, 2019. The debt service reserve account and interest earned on that account was used to pay a portion of the final principal payment on July 1, 2019.

Special facility revenue bonds (MPC CONRAC LLC Project) Series 2010

During February 2010, the Authority issued CONRAC Series 2010 bonds in the principal amount of \$66,300,000. The bonds, together with customer facility charge ("CFC") collections on hand and collected during the construction period, were used for the development and construction of a new consolidated rental car ("CONRAC") facility and related improvements, including quick turnaround facilities at the Airport, to fund certain deposits to the debt service reserve fund and coverage fund, and to pay bond issue costs of \$2,268,828. The CONRAC Series 2010 bonds are payable from and secured by a pledge of certain rental payments derived from CFCs under leases with rental car agencies (Note 8). The bonds maturing in the years 2021 through and including 2029 were refunded with the Special facility revenue bond (MPC CONRAC LLC Project) Refunding Series 2018 bonds in May 2018.

The remaining CONRAC Series 2010 bonds contain serial bonds at interest rates ranging from 4.816% to 5.787%. The Series 2010 bonds mature on July 1, 2020 with a final principal payment of \$3,000,000.

5. Long-term Debt (continued)

Airport improvement revenue bonds, Series 2015A&B

During December 2015, the Authority issued Series 2015A bonds in the principal amount of \$91,855,000 and Series 2015B in the principal amount of \$108,145,000, collectively the "Series 2015A&B Bonds". The Series 2015A&B Bonds were issued to finance certain capital improvement at Nashville International Airport and John C. Tune Airport, fund capitalized interest on the Series 2015A&B Bonds, make deposits to the reserve accounts in the Airport Improvement Bond Reserve Fund, and pay certain costs of their issuance. The bonds were issued at a premium of \$13,825,131 and \$13,078,625 for 2015A and 2015B, respectively. This amount is being amortized through 2045.

Interest on the Series 2015A&B Bonds is payable on each January 1 and July 1, commencing July 1, 2016.

The Series 2015A bonds contain serial bonds at interest rates ranging from 4% to 5%, maturing in amounts ranging from \$1,820,000 on July 1, 2020, to \$3,575,000 on July 1, 2035. \$20,730,000 of term bonds at 5% are due on July 1, 2040, and \$26,460,000 of term bonds at 5% are due on July 1, 2045.

The Series 2015B bonds contain serial bonds at interest rates ranging from 4% to 5%, maturing in amounts ranging from \$2,170,000 on July 1, 2020, to \$4,475,000 on July 1, 2035. \$23,525,000 of term bonds at 5% are due on July 1, 2040, \$17,130,000 of term bonds at 5% are due on July 1, 2043, and \$12,825,000 of term bonds at 3.875% are due on July 1, 2045.

The Series 2015A&B bonds maturing on and after July 1, 2026, are subject to redemption prior to maturity, at the option of the Authority, at a redemption price equal to the principal amount plus interest to the date of redemption. The first optional call date is July 1, 2025.

Subordinate Airport improvement revenue bonds, Series 2019A&B

During December 2019, the Authority issued, under the First Supplemental Resolution, Series 2019A bonds in the principal amount of \$254,435,000 and Series 2019B in the principal amount of \$665,150,000, collectively the "Series 2019A&B Bonds". The Series 2019A&B Bonds were issued to finance certain capital improvement at Nashville International Airport, fund capitalized interest on the Series 2019A&B Bonds, make deposits to the reserve accounts in the Airport Improvement Bond Reserve Fund, and pay certain costs of their issuance. The bonds were issued at a premium of \$56,925,475 and \$134,372,678 for 2019A and 2019B, respectively. This amount is being amortized through 2054.

Interest on the Series 2019A&B Bonds is payable on July 1, commencing July 1, 2020.

The Series 2019A bonds contain serial bonds at interest rates ranging from 4% to 5%, maturing in amounts ranging from \$2,965,000 on July 1, 2025, to \$6,530,000 on July 1, 2039. \$37,870,000 of term bonds at 5% are due on July 1, 2044, \$25,000,000 and \$39,200,000 of term bonds at 4% and 5%, respectively, are due on July 1, 2049, and \$25,000,000 and \$60,120,000 of term bonds at 4% and 5%, respectively, are due on July 1, 2054.

The Series 2019B bonds contain serial bonds at interest rates ranging from 4% to 5%, maturing in amounts ranging from \$7,920,000 on July 1, 2025, to \$17,260,000 on July 1, 2039. \$100,175,000 of term bonds at 5% are due on July 1, 2044, \$50,000,000 and \$116,170,000 of term bonds at 4% and 5%, respectively, are due on July 1, 2049, and \$62,500,000 and \$157,550,000 of term bonds at 4% and 5%, respectively, are due on July 1, 2054.

The Series 2019A&B bonds maturing on and after July 1, 2031, are subject to redemption prior to maturity, at the option of the Authority, on or after July 1, 2030, in whole or in part at any time, at a redemption price equal to the principal amount plus interest to the date of redemption.

5. Long-term Debt (continued)

BNA credit facility loan agreement

On December 5, 2016, the Authority entered into a Credit Facility Loan Agreement (BNA Credit Facility 1) with a financial institution. The Lender made available to the Authority a non-revolving line of credit in the maximum principal of \$100,000,000, the proceeds of which were to be used to finance a portion of the cost of the Authority's capital improvement program, including land acquisition and the acquisition, construction, rehabilitation, replacement, repair, renovation, improvement and reconstruction of terminal, airfield, parking, hangar, roadway, hotel, multi-modal transit facilities and the acquisition of airport equipment and other facilities and improvements as necessary and appropriate for the operation of such airport facilities at the Nashville International Airport or John C. Tune Airport. The note was payable from, but not secured by, available revenues of the Authority, including, without limitation, various grant funds to be received by the Authority for these projects. The Loan carried interest at a variable rate equal to LIBOR (as adjusted by Lender on the first calendar day of each month) plus 75 basis points per annum. Interest on this Credit Facility during fiscal years 2020 and 2019 were \$0 and \$441,634 respectively.

On January 7, 2019, the Authority entered into a new Credit Facility Loan Agreement (BNA Credit Facility 2) with a financial institution, which repaid the draws on BNA Credit Facility 1 in full. The Lender made available to the Authority a non-revolving line of credit in the maximum principal amount of \$300,000,000, the proceeds of which were to be used to finance a portion of the cost of the Authority's capital improvement program, including land acquisition and the acquisition, construction, rehabilitation, replacement, repair, renovation, improvement and reconstruction of terminal, airfield, parking, hangar, roadway, hotel, multi-modal transit facilities and the acquisition of airport equipment and other facilities and improvements as necessary and appropriate for the operation of such airport facilities at the Nashville International Airport or John C. Tune Airport. The Credit Facility was amended in December 2019 to increase the maximum principal amount to \$400,000,000. Principal and interest on this line of credit are payable from the net revenues subject and subordinate, and secured by a lien and pledge on the net revenues junior and inferior, to the lien and pledge on the Net Revenues created under the General Resolution including the Master Subordinate Resolution for the payment and security of the Bonds but on a parity with the Parity Other Obligations. The note matures on January 7, 2022. The taxable portion of the Credit Facility bears interest at a variable interest rate equal to 1 month LIBOR plus 40 basis points. The nontaxable portion of the Credit Facility bears interest at a variable interest rate equal to 80% of 1 month LIBOR plus 33 basis points. The rates at June 30, 2020 were 0.57357% for the taxable Credit Facility, and 0.46952% for the nontaxable credit facility. Interest on this Credit Facility totaled \$2,042,827 and \$1,112,926 during fiscal years 2020 and 2019, respectively. Accrued interest on this line of credit was \$3,301 and \$244,490 at June 30, 2020 and 2019, respectively.

The Credit Facility contains default provisions as defined in the agreements. In the Event of Default, the Obligations shall bear interest at the Default Rate – PRIME plus 3%. In the Event of Default, the lender may make one or more of the following actions at any time and from time to time (the actions may be taken at the same time or at different times):

- (iii) The lender may terminate the Available Commitment and declare the outstanding amount due under the obligations immediately due and payable.
- (iv) The lender may sell or otherwise transfer all or a portion of the Notes.
- (v) At the expense of the Authority, the lender may cure any Default, Event of Default or event of nonperformance, bringing all delinquent balances current and adding the delinquent balances to the total outstanding owed by the Authority.

Metropolitan Nashville Airport Authority
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

5. Long-term Debt (continued)

BNA Valet Express Parking Facility

In July 2015, the Authority entered into an agreement, which was amended in July 2016, with a parking facilities management contractor. As a result of the agreement the contractor would construct the BNA Express Valet Parking Facility. The Authority would reimburse the contractor through payment of a management fee. The amount paid to the contractor for the year ended June 30, 2020 was \$1,115,144. As of June 30, 2020, the remaining amount owed to the contractor was \$1,154,073 which is included in the current maturities of notes payable in the statement of net position.

Long-term debt activity for the years ended June 30, 2020 and 2019 were as follows:

| | Balance July 1, 2019 | New Borrowings | Principal Repayment | Amortization | Balance June 30, 2020 | Due within one year |
|--|-------------------------|-------------------------|-------------------------|-----------------------|--------------------------|------------------------|
| Direct Placement - airport revenue bond: | \$ 27,358,295 | \$ - | \$ - | \$ - | \$ 27,358,295 | \$ - |
| Other - airport revenue bonds | 227,665,000 | 919,585,000 | (18,420,000) | - | 1,128,830,000 | 8,175,000 |
| Direct Placement - note payables | 4,972,846 | - | (622,183) | - | 4,350,663 | 645,159 |
| Other - long-term debt | 153,928,645 | 136,697,041 | (281,499,669) | - | 9,126,017 | 1,154,073 |
| Add: | | | | | | |
| Unamortized bond premiums | 23,016,511 | 191,298,153 | - | (3,618,081) | 210,696,583 | - |
| Total long-term debt | <u>\$ 436,941,297</u> | <u>\$ 1,247,580,194</u> | <u>\$ (300,541,852)</u> | <u>\$ (3,618,081)</u> | <u>\$ 1,380,361,558</u> | <u>\$ 9,974,232</u> |

| | Balance July 1, 2018 | New Borrowings | Principal Repayment | Amortization | Balance June 30, 2019 | Due within one year |
|--|-------------------------|-----------------------|------------------------|-----------------------|--------------------------|------------------------|
| Direct Placement - airport revenue bond: | \$ 27,358,295 | \$ - | \$ - | \$ - | \$ 27,358,295 | \$ - |
| Other - airport revenue bonds | 242,880,000 | - | (15,215,000) | - | 227,665,000 | 18,420,000 |
| Direct Placement - note payables | 5,568,362 | - | (595,516) | - | 4,972,846 | 622,182 |
| Other - long-term debt | 10,793,285 | 143,135,360 | - | - | 153,928,645 | - |
| Add: | | | | | | |
| Unamortized bond premiums | 24,158,916 | - | - | (1,142,405) | 23,016,511 | - |
| Total long-term debt | <u>\$ 310,758,858</u> | <u>\$ 143,135,360</u> | <u>\$ (15,810,516)</u> | <u>\$ (1,142,405)</u> | <u>\$ 436,941,297</u> | <u>\$ 19,042,182</u> |

6. Derivative Financial Instruments

The Authority maintained a pay-fixed, receive-variable interest rate swap agreement during 2019, in order to manage its exposure to market risk from fluctuations in interest rates.

2008A interest rate swap agreement

During 2008, in connection with the refunding of the Authority's Series 1993 bonds with the Series 2008A bonds, the Authority's 1993 Swap Agreement was transferred from the 1993 bonds to the 2008A bonds. All the terms of the 1993 Swap Agreement, now the "2008A Swap Agreement," remained intact and apply to the Series 2008A bonds. In general, the 2008A Swap Agreement provided that the Authority will pay a fixed rate of 4.49% to the counterparty on a notional amount, which is equal to the principal amount of the Series 2008A bonds outstanding.

Metropolitan Nashville Airport Authority
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

6. Derivative Financial Instruments (continued)

The fair value of the interest rate swap agreement was \$0 at June 30, 2020, and a liability of \$8,446 at June 30, 2019. The interest rate swap agreement matured on July 1, 2019. Other details of the interest rate swap are as follows:

| <u>Description</u> | <u>Notional Amount June 30, 2020</u> | <u>Maturity Date</u> | <u>Terms</u> | <u>Counterparty Credit Rating Moody's / S&P</u> |
|--------------------|--|--------------------------|-----------------------------------|---|
| 2008A Swap | \$ - | 7/1/2019 | pay 4.49% fixed; receive SIFMA | A2/A |

7. Passenger Facility Charges

On January 1, 1993, the airlines began collecting a Passenger Facility Charge ("PFC") on qualifying enplaning passengers at Nashville International Airport on behalf of the Authority. PFCs are fees imposed on enplaning passengers by airports to finance eligible airport-related projects that preserve or enhance safety, capacity, or security of the national air transportation system, reduce noise from an airport that is part of such system, or furnish opportunities for enhanced competition between or among air carriers. Both the fee and intended projects must be reviewed and approved by the FAA. Federal guidance on the PFC program has been updated from time to time since 1993, and the current maximum fee that can be authorized through federal regulation is \$4.50 per enplaning passenger. PFCs are recorded as nonoperating revenue. PFC revenue during fiscal years 2020 and 2019 totaled \$26,384,555 and \$31,416,941, respectively.

Effective September 2010, the Authority was allowed to collect a \$3.00 PFC per enplaning passenger. In May 2015, the Authority began collecting at a \$4.50 PFC per enplaning passenger. The Authority anticipates remaining at this \$4.50 collection level. The following project summary has been approved by the FAA as of June 30, 2020:

| | |
|----------------------|-----------------------|
| Airfield development | \$ 220,910,934 |
| Terminal development | 704,766,710 |
| Land acquisition | <u>21,260,411</u> |
| | <u>\$ 946,938,055</u> |

As of June 30, 2020, cumulative expenditures to date on approved PFC projects totaled \$370,059,541.

8. Customer Facility Charges

On January 1, 2008, the Authority began requiring the car rental companies at Nashville International Airport to charge a Customer Facility Charge (“CFC”) to be used to pay, or to reimburse the Authority, for costs, fees and expenses associated with the planning, design, construction, financing, maintenance and operation of the Consolidated Rental Car (“CONRAC”) Facility, and other costs, fees, and expenses that may be paid from CFC proceeds. The CFC is a \$4.50 per transaction day fee and is collected by on-airport car rental companies from each of their customers and subsequently remitted to the Authority. The Authority has pledged the CFC proceeds as collateral security for the payment of the CONRAC Series 2010 and 2018 bonds issued in February 2010 and May 2018, respectively. Additionally, in accordance with the terms of the CONRAC Series 2010 and 2018 bond agreements, CFCs must be used to establish bond principal, interest, and reserve funds, as well as various other funds for the operation and maintenance of the CONRAC facility (See Note 5). The Authority can use CFCs collected in excess of the various refunded funds for any lawful purpose. CFC revenue during fiscal years 2020 and 2019 totaled \$11,827,674 and \$15,094,273, respectively. CFC revenue is reported as non-operating revenues.

The Authority is leasing the facility to MPC CONRAC LLC under a lease agreement and is leasing-back the facility from MPC CONRAC LLC under a sublease agreement. In turn, the Authority will lease the CONRAC facility to on-airport rental car companies under the consolidated rental car lease agreements. Under these lease agreements, on-airport rental car companies have agreed to collect the CFC on all vehicle rental transactions as specifically set forth in the CFC enabling resolution and the related lease agreements.

Net position relating to CFCs totaled \$30,644,955 and \$35,145,880 at June 30, 2020 and 2019, respectively, and is included in net investment in capital assets and restricted net position in the statements of net position.

9. Special Facility Revenue Bonds

Special facility revenue bonds, series 2005

During April 2005, the Authority issued \$9,500,000 of Special Facility Revenue Bonds, Series 2005, on behalf of Embraer Aircraft Maintenance Services, Inc. The bonds were issued to finance the development and construction of an aircraft maintenance facility at Nashville International Airport.

The outstanding Special Facility Revenue Bonds, Series 2005, are special obligations of the Authority, and the debt service thereon shall be payable solely from revenues provided by Embraer Aircraft Maintenance Services, Inc., pursuant to a special facility sublease agreement or from letter of credit drawings made by the trustee. These bonds mature in April 2030. The principal balance outstanding as of June 30, 2020 and 2019 was \$9,500,000. Since these bonds do not represent a claim on the Authority’s assets or require the Authority to incur future obligations, they represent conduit debt and have not been recorded in the Authority’s financial statements.

Special facility revenue bonds, series 2006/refunding series 2010

During July 2006, the Authority approved an amendment to the ground lease with Aero Nashville, LLC, whereby the Authority agreed to issue \$6,515,000 of Special Facility Revenue Bonds, Series 2006, on behalf of Aero Nashville, LLC. Aero Nashville is an affiliate of Aeroterm US, Inc., the firm selected by Federal Express Corporation to be the developer of a 69,000-square-foot cargo and support facility on approximately 15 acres of land at Nashville International Airport in 2005.

During November 2010, the Authority issued \$6,200,000 in Special Facility Revenue Bonds, Refunding Series 2010, the proceeds of which were used to currently refund the outstanding Series 2006 bonds. The Refunding Series 2010 bonds are term bonds with mandatory sinking fund requirements annually through July 2026.

9. Special Facility Revenue Bonds (continued)

The Special Facility Revenue Bonds, Series 2006, and outstanding Refunding Series 2010 bonds are special obligations of the Authority and the debt service thereon shall be payable solely from revenues provided by Aero Nashville, LLC pursuant to a special facility sublease agreement or from letter of credit drawings made by the trustee. The principal balance outstanding as of June 30, 2020 and 2019 was \$3,335,000 and \$3,755,000, respectively. Since these bonds do not represent a claim on the Authority's assets or require the Authority to incur future obligations, they represent conduit debt and have not been recorded in the Authority's financial statements.

10. Airline Use and Lease Agreement

During fiscal year 2015, the Authority entered into a Signatory Airline Use and Lease Agreement with a term from July 1, 2015 to June 30, 2022 (the "Airline Agreement") with American Airlines, Delta Air Lines, Southwest Airlines and United Airlines.

The Airline Agreements establish three cost centers for the purpose of determining rates and charges payable by the signatory airlines and other users of Airport facilities: Airfield, Terminal, and Terminal Ramp Area. Baggage and passenger loading bridge fees are also assessed. The Airline Agreements have a "hybrid" airline rate-setting methodology with Landing Fees calculated on a residual basis (as described below); whereas, Terminal Rental Rates (as described below) and Terminal Ramp Area rates are compensatory. Other than the Airfield, the signatory airlines are not required to provide for break-even financial operation of the Nashville International Airport ("Airport") per the Airline Agreements.

Landing Fees under the Airline Agreements are calculated on a primarily residual basis. Capital cost allocable to the Airfield, including debt service on Bonds, may be included in the calculation of the Landing Fees with Majority-in-Interest ("MII") approval. While debt service on Bonds allocable to the Airfield may be included in the Landing Fees, the Airline Agreements do not permit inclusion in the Landing Fees of coverage on Bonds allocable to the Airfield or any amount required for replenishing the Airport Improvement Bond Reserve Fund Requirement allocable to such Bonds.

The Terminal Rental Rate under the Airline Agreements is calculated on a compensatory basis with fixed rates. There is no provision in the New Airline Agreements for increasing the Terminal Rental Rate to provide for the payment of debt service on Outstanding or Additional Bonds, as defined, allocable to the Terminal or coverage on such Bonds or any amount required to replenish the Airport Improvement Bond Reserve Fund Requirement allocable to such Bonds. However, it should be noted that when the fixed Terminal Rental Rates were established, the Authority assumed allowances for Outstanding Bonds, the funding of its approximately \$150.3 million capital improvement program for the Terminal from various sources including the debt service on Additional Bonds required to support approximately \$66.5 million of projects costs, and typical Operations and Maintenance Expense escalations. With limited exceptions, there is no provision in the Airline Agreements for increasing the Terminal Rental Rates for payment of debt service on Additional Bonds or increases in Operations and Maintenance Expenses, greater than modeled and assumed.

Additionally, other than revenues allocable to the Airfield and the sharing with airlines a portion of revenues from in-terminal concessions and rental car concessions, the Authority is permitted to retain all other revenues.

Except as provided in the next succeeding paragraph, there is no provision in the Airline Agreements for including debt service on Outstanding or Additional Bonds in airline rates and charges for Bonds issued for other Airport improvements not included in the Airfield or Terminal cost centers with or without MII approval.

10. Airline Use and Lease Agreement (continued)

Debt service on Bonds allocable to the acquisition of Passenger Loading Bridges or for Baggage Claim Equipment, Baggage Make-up Equipment and the Baggage Claim Areas may be included in the Passenger Loading Bridge fees or baggage fees that may be imposed under the Airline Agreements without MII approval. There is no provision in the Airline Agreements for increasing the Passenger Loading Bridge fees or baggage fees to provide for coverage on such Bonds or any amount required to replenish the Airport Improvement Bond Reserve Fund Requirement allocable to such Bonds. Debt Service on Bonds allocable to capital improvements in the Terminal Ramp Area may be included in the Terminal Ramp Area rate without MII approval. There is no provision in the Airline Agreements for increasing the Terminal Ramp Area rate to provide for coverage on such Bonds or any amount required to replenish the Airport Improvement Bond Reserve Fund Requirement allocable to such Bonds.

Debt service on Bonds that are not allocated to Airfield improvements or the acquisition of Passenger Loading Bridges, as well as coverage or amounts required to replenish the Airport Improvement Bond Reserve Fund Requirement allocable to any Bonds, must be paid from sources other than signatory airlines rates and charges, which would principally be the Authority's share of in-terminal concession revenues, rental car concessions, parking fees, and other non-airline lease revenues. Under the Airline Agreement, the Authority shares a portion of in-terminal concession and rental car concession revenue with the signatory airlines by means of revenue sharing credits. The Authority does not share parking fees with the signatory airlines.

The Authority is obligated under the Airline Agreements to undertake \$250,312,000 of capital improvement projects that may not be funded through rates and charges to be paid by signatory airlines. It is anticipated that a large portion of the capital improvement project costs will be funded from sources other than rates and charges to be paid by signatory airlines (e.g. Federal and state grants, Passenger Facility Charges (PFCs), Authority net revenues, and new, additional non-airline revenues). Principal amount of Bonds allocable to the funding of capitalized interest are not counted toward these requirements.

The Airline Agreements provide signatory airline support for John C. Tune Airport, including the inclusion of certain Reliever Airport Support Costs in the Landing Fees and the use of amounts in the Operations and Maintenance Reserve Fund to pay Operating Expenses at John C. Tune Airport.

The Authority also owns MPC, a Tennessee nonprofit corporation, whose purpose is to support and facilitate the operations of the Authority and to help the economic development of the surrounding area. The Airline Agreements do not provide any signatory airline support for MPC. MPC financial obligations are not included within the Master Resolution, and any MPC shortfalls or deficits must be paid from other available Authority funds.

11. Risk Management and Insurance Arrangements

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors or omissions; illnesses or injuries to employees; and natural disasters.

Self-insured employee medical benefit claims are accrued as incurred. The liability for reported claims and claims incurred but not reported, an estimate of which is based on historical experience and management projections, is reported with accrued payroll and related items in the financial statements. This liability does not include non-incremental claims adjustment expenses.

Metropolitan Nashville Airport Authority
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

11. Risk Management and Insurance Arrangements (continued)

The following summarizes the changes in the estimated claims payable liability at June 30:

| | 2020 | 2019 |
|-------------------------------|-------------------|-------------------|
| Balance - Beginning of year | \$ 251,298 | \$ 288,597 |
| Provision for incurred claims | 4,287,976 | 3,616,518 |
| Claim payments | (3,709,297) | (3,653,817) |
| Balance - End of year | <u>\$ 829,977</u> | <u>\$ 251,298</u> |

The Authority carries commercial insurance for other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

12. Compensated Absences

Compensated absences are another component of the Authority's employee benefits program. Based on years of service, employees earn annual leave and may accumulate earned hours to certain limits for future use. In 2020 and 2019, employees sold back \$202,351 and \$212,094 of their annual leave balances to the Authority in exchange for cash. Additional payments of \$321,823 and \$292,504 were made to employees who left employment with the Authority during the years ended June 30, 2020 and 2019, respectively. The change in accrued compensated absences balance is charged to salaries, wages and fringe benefits expense.

The following summarizes the changes in the compensated absences liability at June 30, which is included in accrued payroll and related items on the statements of net position:

| | 2020 | 2019 |
|------------------------------------|---------------------|---------------------|
| Balance - Beginning of year | \$ 2,251,415 | \$ 2,078,856 |
| Provision for compensated absences | 3,550,056 | 2,566,984 |
| Annual leave used | (2,202,419) | (1,889,827) |
| Annual leave buy-back and other | (524,174) | (504,598) |
| Balance - End of year | <u>\$ 3,074,878</u> | <u>\$ 2,251,415</u> |

13. Commitments and Contingencies

Uncompleted construction contracts

Estimated costs of completion of construction in progress at June 30, 2020, total \$97,540,000 and relate to various projects. The estimated costs to complete construction in progress are anticipated to be received from the following sources:

| | |
|--|-----------------------|
| Reimbursed by governmental agencies, grant contracts | \$ 4,965,000 |
| Reimbursed from PFC funds | 2,275,000 |
| Funded by the Authority | <u>103,110,000</u> |
| | <u>\$ 110,350,000</u> |

13. Commitments and Contingencies (continued)

Environmental remediation

On October 9, 2012, the Authority entered into a Consent Order with the Tennessee Department of Environment and Conservation in response to a routine inspection which identified that a local area stream had been contaminated by untreated de-icing chemicals. In the Consent Order, the Authority was assessed a penalty of \$22,500, and it was determined that Natural Resource Damages in the amount of \$218,520 exist. In lieu of payment, the Authority proposed to upgrade its de-icing fluid collection and treatment system. Multiple projects, worth over \$8,000,000, were undertaken. The upgrades diverted uncontaminated storm water away from the treatment system so that only storm water containing deicer fluid is collected for treatment. This allows for additional fluid storage and improves the treatment system process by systematically feeding the fluids to the biological treatment lagoon. The Authority continues to perform monitoring and reporting to the Tennessee Department of Environment and Conservation in compliance with NPDES Permit TN0064041.

The Authority is a defendant to various legal proceedings incidental to its operations. In the opinion of management and the Authority's legal counsel, while the ultimate outcome of these matters, including an estimate of potential loss, cannot presently be determined, any losses sustained would not be material to the Authority's financial position or operations. Additionally, losses sustained would be recoverable through the Authority's leases with certain airlines discussed in Note 10.

14. Retirement Benefit Plan

General information about the pension plan

Plan description

Effective September 1, 1989, the Metropolitan Nashville Airport Authority (the "Authority") adopted a single-employer public employee retirement system ("PERS") for its employees, whereby the net position restricted for benefits relative to the Authority's employees were transferred from the retirement system of the Metropolitan Government of Nashville and Davidson County (the "Metropolitan Government") to the Metropolitan Nashville Airport Authority Retirement Plan for Employees. Those net assets transferred from the Metropolitan Government's retirement system to the Plan included accumulated employee contributions and allocated investment income. The Plan is a defined benefit pension plan.

The Plan is administered by management of the Authority and is governed by a Retirement Committee (the "Committee"). The Committee members are appointed by the Authority. At June 30, 2020, the Committee consists of 7 voting members, four of whom are active Authority senior management, two of whom are active Authority employees and members of the Plan. Non-voting members of the Committee consist of an Advisor Member (retiree in the plan), and the Authority's paralegal and cash manager.

Benefits provided

Eligible employees become 100% vested in their accrued pension benefit after 5 years of credited service and may elect to retire at any time after age 65 (or after age 55 for safety and security employees with completion of 10 years of service).

Metropolitan Nashville Airport Authority
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

14. Retirement Benefit Plan (continued)

The employees who retire at or after age 65 (55 for safety and security employees) are entitled to a retirement benefit, payable monthly for life, equal to one-twelfth of the product of 2% of average earnings multiplied by years of credited service. Average earnings are the average of annual earnings for the five full consecutive calendar years in which earnings were the highest or for such lesser number of full calendar years of service as have been actually completed. Credited service is the total number of years and completed one-half months of service from the date of hire to date of termination, adjusted for some certain periods of unpaid absence. Certain supplemental benefits have been provided for in the Plan as incentives for certain prior officers of the Authority.

Early retirement under the Plan is retirement from service prior to the participant's normal retirement date and on or after the date as of which the participant has attained both the age of 55 years and completed 5 years of vesting service. A participant classified as a safety and security employee is eligible for early retirement on or after the date as of which such employee has attained both the age of 50 years and completed 5 years of vesting service. Participants electing early retirement, as defined above, receive reduced benefits immediately or may defer and receive full benefits at normal retirement age. There are also certain benefit provisions upon death or disability.

Changes to the Plan, including benefits provided thereunder can be made only by formal resolutions of the Authority's Board of Commissioners. Additionally, cost-of-living adjustments are made only as approved by the Board of Commissioners. Cost-of-living adjustments are provided to members and beneficiaries at the discretion of the Authority. Benefit provisions are established and may be amended by the Authority.

Employees covered by benefit terms

At June 30, 2020, the following employees were covered by the benefit terms:

| | |
|-----------------|------------|
| Retired | 180 |
| Deferred vested | 50 |
| Active vested | <u>71</u> |
| | <u>301</u> |

Effective June 27, 2003, the Plan was closed to new participants; therefore, employees hired after June 27, 2003, are not eligible to participate in the Plan.

Contributions

The Plan is non-contributory for employees; accordingly, no contributions shall be required or permitted to be made by plan participants. The Authority's Board of Commissioners has approved a funding plan which establishes the expected employer contributions to the Plan through fiscal year 2022. In determining the funding plan, the Authority considers the actuarially determined contribution, as recommended by an independent actuary. The actuarially determined contribution is the estimated amount necessary to finance the costs of benefits earned by plan participants, with an additional amount to finance the net pension liability.

Metropolitan Nashville Airport Authority
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

14. Retirement Benefit Plan (continued)

Pension Net Position

The investments of the Plan are governed by an investment policy approved by the Authority's Retirement Committee. The investment policy establishes the Plan's investment objectives, portfolio benchmarks, and asset allocation parameters. The investment policy also requires certain qualifications of investment managers, review of investment returns, and reporting requirements. Generally, the investment policy specifies a long-term investment horizon with investment returns to be achieved without undue investment risk. Changes to the investment policy can be made only by formal resolution of the Board of Commissioners. The investment policy for the Retirement Plan for Employees of the Metropolitan Nashville Airport Authority and the Metropolitan Nashville Airport Authority Other Post-Employment Benefit Plans was updated and became effective August 2019.

The Plan's investment assets are held in trust by the Plan's trustee for the benefit of plan participants. Investments in equity and bond mutual funds are stated at fair value using quoted market prices in active markets (level 1) and various market and industry inputs (level 2). Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. The Plan's investment assets are held in trust by the Plan's trustee, Wells Fargo Bank N.A.

The Plan's investments which represented 5% or more of net position as of June 30, 2020 and 2019 are as follows:

| <u>Description of Investment</u> | | <u>2020</u> | <u>2019</u> |
|----------------------------------|---|----------------------|----------------------|
| Wells Fargo | Wells Fargo Core Bond | \$ 9,051,242 | \$ 6,185,662 |
| Metropolitan West | Total Return Bond Fund Class I | 9,059,808 | 6,116,478 |
| Wells Fargo | Wells Fargo/Federated Total Return Bond | 9,048,091 | 6,185,076 |
| Wells Fargo | Wells Fargo/Dodge & Cox Intermediate Bond | 9,050,784 | 6,162,530 |
| Wells Fargo | Wells Fargo/Blackrock S&P Midcap | 5,297,293 | 5,031,250 |
| Wells Fargo | Wells Fargo/Blackrock S&P 500 | 8,089,644 | 7,594,407 |
| Wells Fargo | Cash Equivalents | 5,398,323 | 10,711,026 |
| | Other funds representing less than 5% | <u>24,653,301</u> | <u>27,779,666</u> |
| | Total investment and net position | <u>\$ 79,648,486</u> | <u>\$ 75,766,095</u> |

* Balance was not reportable as an investment in excess of 5% of plan net position.

Net pension liability/asset

The Authority's net pension liability/asset was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability/asset was determined by an actuarial valuation as of that date.

Metropolitan Nashville Airport Authority
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

14. Retirement Benefit Plan (continued)

Actuarial assumptions

The net pension asset in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|---|
| Inflation | 2.25%, compounded annually |
| Salary increases | 4% per annum, compounded annually |
| Investment rate of return | 6% per annum, compounded annually, net of pension plan investment expense and inflation |

Mortality table was changed from the RP-2014 Generational Mortality Table for Males and Females, as applicable, with adjustments for mortality improvements based on Scale MP-2018 to the RP-2014 Generational Mortality table for Males and Females with Improvement Scale MP-2019. The discount rate remained unchanged at 6%.

The long term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-----------------------------|--------------------------|---|
| Domestic Equity - Small Cap | 4.00% | 8.05% |
| Domestic Equity - Large Cap | 26.50% | 6.35% |
| Domestic Equity - Mid Cap | 7.00% | 7.35% |
| International Equity | 12.50% | 6.45% |
| Fixed Income | 47.00% | 1.35% |
| Cash | 3.00% | 0.00% |

Rate of Return

For the years ended June 30, 2020 and 2019, the annual money-weighted rate of return on plan investments, net of investment expenses, was 6.05% and 6.20%, respectively.

Discount rate

The discount rate used to measure total pension liability is 6%, compounded annually. The Authority's Board of Commissioners has approved the funding policy, as described in the contributions section above.

The Authority intends to make contributions under the funding plan, as required to keep the Plan solvent, and to meet the minimum funding requirements of the State of Tennessee. Having a formal funding policy and statutory contributions in the future supports the position that the Plan's fiduciary net position will remain positive in the future. Accordingly, the long-term rate of return on investment assets has been used as the discount rate for all future periods.

Metropolitan Nashville Airport Authority
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

14. Retirement Benefit Plan (continued)

Changes in the Net Pension Liability (Asset)

| | Total Pension Liability (a) | Plan Net Position (b) | Net Pension Liability (Asset) (a) - (b) |
|--|-----------------------------------|--------------------------|---|
| Balances at July 1, 2019 | \$ 77,044,997 | \$ 75,766,095 | \$ 1,278,902 |
| Changes for the year: | | | |
| Service cost | 823,410 | - | 823,410 |
| Interest | 4,622,700 | - | 4,622,700 |
| Difference between expected and actual experience | (1,902,545) | - | (1,902,545) |
| Change in assumptions | (219,979) | - | (219,979) |
| Contributions - Employer | - | 3,450,000 | (3,450,000) |
| Net investment income | - | 4,297,823 | (4,297,823) |
| Benefits paid | (3,865,432) | (3,865,432) | - |
| Net changes | (541,846) | 3,882,391 | (4,424,237) |
| Balance as June 30, 2020 | \$ 76,503,151 | \$ 79,648,486 | \$ (3,145,335) |
| | | | |
| | Total Pension Liability (a) | Plan Net Position (b) | Net Pension Liability (Asset) (a) - (b) |
| Balances at July 1, 2018 | \$ 65,783,404 | \$ 66,225,255 | \$ (441,851) |
| Changes for the year: | | | |
| Service cost | 685,843 | - | 685,843 |
| Interest | 4,604,838 | - | 4,604,838 |
| Difference between expected and actual experience | 2,027,120 | - | 2,027,120 |
| Change in assumptions | 7,451,464 | - | 7,451,464 |
| Contributions - Employer | - | 8,900,000 | (8,900,000) |
| Net investment income | - | 4,148,512 | (4,148,512) |
| Benefits paid | (3,507,672) | (3,507,672) | - |
| Net changes | 11,261,593 | 9,540,840 | 1,720,753 |
| Balance as June 30, 2019 | \$ 77,044,997 | \$ 75,766,095 | \$ 1,278,902 |

Changes in assumption primarily relate to updated mortality table information.

Metropolitan Nashville Airport Authority
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

14. Retirement Benefit Plan (continued)

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

Sensitivity of the net pension liability to changes in the discount rate

The following represents the net pension liability/(asset) calculated using the stated discount rate, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

| | 1% Decrease 5.00% | Current Rate 6.00% | 1% Increase 7.00% |
|-------------------------------|----------------------|-----------------------|----------------------|
| Net pension liability (asset) | \$ 5,514,084 | \$ (3,145,335) | \$(10,472,615) |

Pension plan fiduciary net position

For the years ending June 30, 2020 and 2019, the Authority recognized pension expense of \$4,899,611 and \$7,031,933, respectively. At June 30, 2020 and 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | June 30, 2020 | |
|--|-------------------------------------|------------------------------------|
| | Deferred Outflow of Resources | Deferred Inflow of Resources |
| Experience gains or losses | \$ - | \$ 951,272 |
| Change of assumptions | - | 109,989 |
| Net difference between projected and actual earnings on investment | - | 78,356 |
| Total | <u>\$ -</u> | <u>\$ 1,139,617</u> |

| | June 30, 2019 | |
|--|-------------------------------------|------------------------------------|
| | Deferred Outflow of Resources | Deferred Inflow of Resources |
| Experience gains or losses | \$ 1,013,560 | \$ - |
| Change of assumptions | 3,725,732 | - |
| Net difference between projected and actual earnings on investment | - | 5,063 |
| Total | <u>\$ 4,739,292</u> | <u>\$ 5,063</u> |

Metropolitan Nashville Airport Authority
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

14. Retirement Benefit Plan (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions as of June 30, 2020, will be recognized in pension expense as follows:

| <u>Year Ended</u> <u>June 30,</u> | |
|--------------------------------------|----------------|
| 2021 | \$ (1,484,498) |
| 2022 | 115,410 |
| 2023 | 182,335 |
| 2024 | 47,136 |
| 2025 | - |
| Thereafter | - |

15. Other Postemployment Benefits (OPEB)

General information about the OPEB plan

Plan description

On April 22, 2009, the Board of Commissioners approved MNAA Resolution 2009-07 establishing an investment trust for the purpose of funding OPEB as provided in Tennessee Code Annotated, Title 8, Chapter 50, Part 12. The Tennessee State Funding Board approved the formation of the trust on June 17, 2009. There is no obligation to fund the trust; however, management has a plan whereby cash contributions are intended to be made to help offset the anticipated increased outflows in future years to cover retiree benefits.

The Plan is administered by management of the Authority and is governed by a Retirement Committee (the "Committee"). The Committee members are appointed by the Authority. At June 30, 2020, the Committee consists of 7 voting members, four of whom are active Authority senior management, two of whom are active Authority employees and members of the Plan. Non-voting members of the Committee consist of an Advisor Member (retiree in the plan), and the Authority's paralegal and cash manager.

The Authority voluntarily provides postemployment healthcare benefits to certain eligible employees who retire under either the Authority's PERS or the Metropolitan Government's PERS.

Benefits provided/Contributions

As part of the OPEB actuarial evaluation on July 1, 2013, which was effective for the Authority's 2014 fiscal year, certain changes to the OPEB Trust were considered, including the following: The Authority adopted an Employer Group Waiver Plan (EGWP) for post-65 retiree pharmacy benefits effective January 1, 2014. Additionally, the Authority adopted certain post-65 stop loss coverage.

Effective January 1, 2017, MNAA offered a Medicare Supplement Plan. Retirees and spouses (post 65) had the option to enroll in the Medicare Supplement Core or Core Plus plans through AmWINS Group Benefits if they desired to continue coverage through MNAA. If they desired not to enroll in MNAA supplemental plans they have the option to enroll in the individual Market Medicare Plans.

MNAA makes a monthly contribution of \$250 for each participant (retiree and spouse) in a Health Reimbursement Account (HRA). These contributions are to be used toward the monthly premiums of those who have elected MNAA plans or an individual market plan.

**Metropolitan Nashville Airport Authority
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019**

15. Other Postemployment Benefits (OPEB) (continued)

The account reimburses the participant for their individual medical, dental, or vision premiums along with out of pocket health care expenses such as copays, deductibles, coinsurance, etc.

For retirees under 65, the Authority pays approximately 75% of the medical, dental, vision, and prescription coverage cost, with retirees paying the remaining 25%. The Authority also pays 100% of the premium cost of a \$14,000 life insurance policy on each retiree. In addition, the retirees have the option to pay 100% of the cost of supplemental life insurance coverage. Currently, 27 under 65 retirees and 12 under 65 retiree spouses/dependents are receiving OPEB benefits. The monthly contribution requirements for participants in the Authority’s medical plan range from \$90.15 (single “Core Wellness” premium) to \$585.23 (family “Core Plus” non-well premium). The Authority decided it would not provide postemployment benefits to any new entrants on January 1, 2009. Therefore, any employee hired on or after this date is not eligible for any postemployment benefits through the Authority.

Under the Metropolitan Government’s PERS, the Authority pays 75% of the cost of medical and dental coverage, while the retirees pay the remaining 25%. The Authority also pays 100% of the premium cost of a \$14,000 life insurance policy on each retiree. As of June 30, 2020 and 2019, there were 8 and 8 retirees, respectively, receiving benefits under the PERS. During the years ended June 30, 2020 and 2019, payments of \$93,648 and \$75,262, respectively, were made to the Metropolitan Government for postemployment benefits under this PERS.

Employees covered by benefit terms

At June 30, 2020, the following employees were covered by the benefit terms:

| | |
|------------------------------------|-------------------|
| Actives (with medical coverage) | 116 |
| Actives (without medical coverage) | 194 |
| Retirees (with medical coverage) | <u>143</u> |
| | <u><u>453</u></u> |

OPEB Net Position

The Authority does not issue separate financial statements for postemployment benefits. The OPEB’s net position consists solely of the Plan’s investments at fair value as there are no significant related liabilities or deferred inflows or outflows.

The investments of the Plan are governed by an investment policy approved by the Authority’s Retirement Committee. The investment policy establishes the Plan’s investment objectives, portfolio benchmarks, and asset allocation parameters. The investment policy also requires certain qualifications of investment managers, review of investment returns, and reporting requirements. Generally, the investment policy specifies a long-term investment horizon with investment returns to be achieved without undue investment risk. Changes to the investment policy can be made only by formal resolution of the Board of Commissioners. The investment policy for the Retirement Plan for Employees of the Metropolitan Nashville Airport Authority and the Metropolitan Nashville Airport Authority Other Post-Employment Benefit Plans was updated and became effective August 2019.

The Plan’s investment assets are held in trust by the Plan’s trustee for the benefit of plan participants. Investments in equity and bond mutual funds are stated at fair value using quoted market prices in active markets (level 1). Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. The Plan’s investment assets are held in trust by the Plan’s trustee, Wells Fargo Bank N.A.

Metropolitan Nashville Airport Authority
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

15. Other Postemployment Benefits (OPEB) (continued)

The Plan's investments which represented 5% or more of net position as of June 30, 2020 and 2019 are as follows:

| <u>Description of Investment</u> | <u>2020</u> | <u>2019</u> |
|---|----------------------|----------------------|
| Wells Fargo Wells Fargo Core Bond | \$ 2,469,657 | \$ 2,135,915 |
| Metropolitan West Total Return Bond Fund Class I | 2,468,866 | 2,136,686 |
| Wells Fargo Wells Fargo/Federated Total Return Fund Class I | 2,471,214 | 2,142,434 |
| Wells Fargo Wells Fargo/Northern Mid Cap Index Fund | 2,724,838 | 2,178,650 |
| Wells Fargo Wells Fargo/Dodge & Cox Income Fund | 2,469,555 | 2,127,229 |
| Wells Fargo Wells Fargo/Vanguard 500 Index Fund | 4,120,486 | 3,309,155 |
| Wells Fargo Wells Fargo/Lazard International Equity | * | 1,596,939 |
| Wells Fargo Wells Fargo/Europacific Growth Fund Class F3 | * | 1,537,306 |
| Wells Fargo Wells Fargo/Causeway International Value Fund | * | 1,544,717 |
| Wells Fargo Cash Equivalents | 5,317,656 | * |
| Other funds representing less than 5% | <u>12,582,805</u> | <u>10,145,064</u> |
| Total investment and net position | <u>\$ 34,625,077</u> | <u>\$ 28,854,095</u> |

* Balance was not reportable as an investment in excess of 5% of plan net position.

Net OPEB liability/asset

The Authority's net OPEB liability/asset was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date.

Actuarial assumptions

Actuarial valuations of an ongoing postemployment benefits plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of Trust assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive postemployment benefits (the plan as understood by the employer and retirees) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and retirees to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Metropolitan Nashville Airport Authority
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

15. Other Postemployment Benefits (OPEB) (continued)

The total OPEB liability in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|--|--|
| Actuarial valuation method | Entry age normal method |
| Discount rate | 5% |
| Expected long-term rate of return on plan assets | 5% |
| Health care cost trend rate | 7.25% graded down using the Getzen model |
| Dental and vision rate | 5% |
| Retirement rates | Varying rates beginning with 5% at age 50 to 100% retirement at age 65 |

The mortality was changed from mortality table RP-2014 with improvement scale MP-2018 to mortality table RP-2014 mortality table adjusted to 2006 with generational mortality improvement projected under Projection Scale MP-2019. The Medical and Prescription trend was changed from 7.25% graded using the 2019 Getzen Model to 7.25% graded using an updated 2020 Getzen Model.

Effective January 1, 2017 Medicare-eligible retirees, retiree spouses, and disabled participants will receive \$3,000 per year to purchase health coverage on an exchange.

Claims were adjusted for aging based on the Yamamoto aging table for Non-Medicare participants, normalized at age 65.

The long-term expected rate of return on plan assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-----------------------------|--------------------------|---|
| Domestic Equity - Small Cap | 5.20% | 8.30% |
| Domestic Equity - Large Cap | 34.45% | 6.60% |
| Domestic Equity - Mid Cap | 9.10% | 7.60% |
| International Equity | 16.25% | 6.70% |
| Fixed Income | 32.00% | 1.60% |
| Cash | 3.00% | 0.25% |
| Total | 100% | 5.00% |

Due to the Plan's funded status, the long-term rate of return of 5.0% was selected; matching the return of 5.00% calculated using the percentages above. Plan assets, together with projected future contributions based on historic experience, are expected to cover benefit payments for the duration of the Plan.

Metropolitan Nashville Airport Authority
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

15. Other Postemployment Benefits (OPEB) (continued)

Rate of Return

For the years ended June 30, 2020 and 2019, the annual money-weighted rate of return on plan investments, net of investment expenses, was 4.79% and 6.31%, respectively.

Changes in the net OPEB liability

| | Total OPEB Liability (a) | Plan Net Position (b) | Net OPEB Liability (a) - (b) |
|--|--------------------------------|-----------------------------|------------------------------------|
| Balances at July 1, 2019 | 33,641,899 | 28,854,095 | 4,787,804 |
| Change for the year: | | | |
| Service cost | 838,087 | - | 838,087 |
| Interest | 1,669,885 | - | 1,669,885 |
| Difference between expected and actual experience | (2,752,567) | - | (2,752,567) |
| Changes of assumptions | 387,506 | - | 387,506 |
| Net investment income | - | 1,380,131 | (1,380,131) |
| Contributions - Employer | - | 5,532,284 | (5,532,284) |
| Benefits paid | (1,082,284) | (1,082,284) | - |
| Administrative expenses | - | (59,148) | 59,148 |
| Net changes | (939,373) | 5,770,983 | (6,710,356) |
| Balance at June 30, 2020 | <u>32,702,526</u> | <u>34,625,078</u> | <u>(1,922,552)</u> |

| | Total OPEB Liability (a) | Plan Net Position (b) | Net OPEB Liability (a) - (b) |
|--|--------------------------------|-----------------------------|------------------------------------|
| Balances at July 1, 2018 | 36,106,811 | 25,311,522 | 10,795,289 |
| Change for the year: | | | |
| Service cost | 1,110,421 | - | 1,110,421 |
| Interest | 1,445,441 | - | 1,445,441 |
| Difference between expected and actual experience | (2,713,939) | - | (2,713,939) |
| Changes of assumptions | (1,225,616) | - | (1,225,616) |
| Net investment income | - | 1,595,233 | (1,595,233) |
| Contributions - Employer | - | 3,081,219 | (3,081,219) |
| Benefits paid | (1,081,219) | (1,081,219) | - |
| Administrative expenses | - | (52,660) | 52,660 |
| Net changes | (2,464,912) | 3,542,573 | (6,007,485) |
| Balance at June 30, 2019 | <u>33,641,899</u> | <u>28,854,095</u> | <u>4,787,804</u> |

Metropolitan Nashville Airport Authority
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

15. Other Postemployment Benefits (OPEB) (continued)

The Authority made \$5,532,284 and \$3,081,219 in contributions to the OPEB Trust during fiscal years 2020 and 2019, respectively. These contributions were considered in the June 30, 2020 and 2019 actuarial valuations, respectively.

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rate

The following represents the net OPEB liability/(asset) calculated using the stated health care cost trend assumption, as well as what the OPEB liability/(asset) would be if it were calculated using the healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the assumed trend rate:

| | 6.25% Decreasing using the Getzen model | 7.25% Decreasing using the Getzen model | 8.25% Decreasing using the Getzen model |
|----------------------------|---|---|---|
| Net OPEB Liability (Asset) | | | |
| June 30, 2020 | \$ (4,535,725) | \$ (1,922,552) | \$ 1,126,761 |

Sensitivity of the net OPEB liability to changes in the discount rate

The following represents the net OPEB liability/(asset) calculated using the stated discount rate, as well as what the net OPEB liability/(asset) would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

| | 1% Decrease 4.00% | Current Rate 5.00% | 1% Increase 6.00% |
|----------------------------|----------------------|-----------------------|----------------------|
| Net OPEB Liability (Asset) | | | |
| June 30, 2020 | \$ 1,082,628 | \$ (1,922,552) | \$ (4,525,357) |

Metropolitan Nashville Airport Authority
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

15. Other Postemployment Benefits (OPEB) (continued)

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the years ending June 30, 2020 and 2019, the Authority recognized OPEB expense of (\$1,383,900) and (\$336,247), respectively. At June 30, 2020 and 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | June 30, 2020 | |
|--|--------------------------------------|-------------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Experience gains or losses | \$ - | \$ 2,739,692 |
| Change of assumption | 258,337 | 408,538 |
| Net difference between projected and actual earnings on investments | - | 716,893 |
| Total | \$ 258,337 | \$ 3,865,123 |

| | June 30, 2019 | |
|--|--------------------------------------|-------------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Experience gains or losses | \$ 202,497 | \$ 2,589,366 |
| Change of assumption | 301,358 | 817,077 |
| Net difference between projected and actual earnings on investments | - | 910,028 |
| Total | \$ 503,855 | \$ 4,316,471 |

**Year Ended
June 30,**

| | |
|------------|----------------|
| 2021 | \$ (2,433,683) |
| 2022 | (1,008,657) |
| 2023 | (136,642) |
| 2024 | (27,804) |
| 2025 | - |
| Thereafter | - |

16. Defined Contribution Plans

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457, which is administered by a third party, ICMA-RC Services LLC. The plan, available to all Authority employees, permits the deferral of a portion of salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The assets of the plan are held in custodial and annuity accounts for the exclusive benefit of plan participants, and accordingly, the related assets of the plan are not reflected on the Authority's statement of net position. Beginning January 1, 2001, the Authority's matching contributions have been made to a deferred compensation plan created in accordance with Internal Revenue Code Section 401(a). Employer contributions vest after six months of employment. Any forfeitures are refunded to the Authority. Amounts contributed by the Authority to the deferred compensation plan were \$1,149,290 and \$1,031,884 in 2020 and 2019, respectively. Employees contributed through payroll deductions to the plan \$1,560,790 and \$1,442,045 in 2020 and 2019, respectively.

During May 2013, the Board of Commissioners approved an additional 401(a) defined contribution retirement plan, which is administered by a third party, ICMA-RC Services LLC. Under this additional plan, the Authority contributed 10% of an employee's base compensation on an annual basis. The new 401(a) plan is available only to employees hired after June 27, 2003, who do not participate in the Authority's defined benefit pension plan described in Note 14. All contributions by the Authority are discretionary, and vest after three years of employment. Any forfeitures are refunded to the Authority. Amounts contributed by the Authority to the deferred retirement compensation plan were \$1,455,009 and \$1,192,739 in 2020 and 2019, respectively.

17. Land Leases and Land Options

The Authority leases, or has entered into options to lease, several tracts of land to developers. The leases expire in 2058. In accordance with the terms of the lease agreements, the Authority received advance rental payments totaling \$2,533,613. This amount is being amortized into income over the terms of the leases. The unamortized amount was \$1,317,826 and \$1,352,730 at June 30, 2020 and 2019, respectively, and is included in advanced billings and payments received in advance in the statements of net position. The buildings and any other improvements constructed on the land become the property of the Authority upon the expiration or termination of the leases.

Metropolitan Nashville Airport Authority
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

18. Condensed Financial Information by Entity

| | June 30, 2020 | | | |
|---|---------------------------------------|-------------------------|---|------------------------|
| | Airports | | Blended Component Unit | |
| | Nashville International Airport | John C. Tune Airport | MNA Properties Corporation ⁽¹⁾ | Total |
| Condensed statement of net position: | | | | |
| Assets: | | | | |
| Current assets | \$ 303,030,864 | \$ 3,893,897 | \$ 4,902,052 | \$ 311,826,813 |
| Restricted assets | 735,306,414 | - | - | 735,306,414 |
| Capital assets, net | 1,174,158,748 | 43,965,207 | 6,583,699 | 1,224,707,654 |
| Net pension asset | - | - | - | - |
| Other assets | 6,437,079 | - | - | 6,437,079 |
| Total assets | 2,218,933,105 | 47,859,104 | 11,485,751 | 2,278,277,960 |
| Deferred outflows of resources | 3,132,043 | - | - | 3,132,043 |
| Total assets and deferred outflows of resources | \$2,222,065,148 | \$ 47,859,104 | \$ 11,485,751 | \$2,281,410,003 |
| Liabilities: | | | | |
| Current liabilities | \$ 86,156,816 | \$ 643,924 | \$ 373,839 | \$ 87,174,579 |
| Noncurrent liabilities | 1,408,081,502 | - | - | 1,408,081,502 |
| Total liabilities | 1,494,238,318 | 643,924 | 373,839 | 1,495,256,081 |
| Deferred inflows of resources | 5,004,740 | - | - | 5,004,740 |
| Net position: | | | | |
| Net investment in capital assets | 347,412,395 | 43,965,207 | 6,583,699 | 397,961,301 |
| Restricted for: | | | | |
| Capital projects | 42,129,225 | - | - | 42,129,225 |
| Debt service | 224,975,853 | - | - | 224,975,853 |
| Operations | 35,774,791 | - | - | 35,774,791 |
| Net pension asset | 3,145,335 | - | - | 3,145,335 |
| Net OPEB asset | 1,922,552 | - | - | 1,922,552 |
| Unrestricted net position | 67,461,939 | 3,249,973 | 4,528,213 | 75,240,125 |
| Total net position | 722,822,090 | 47,215,180 | 11,111,912 | 781,149,182 |
| Total liabilities, deferred inflows of resources, and net position | \$2,222,065,148 | \$ 47,859,104 | \$ 11,485,751 | \$2,281,410,003 |
| Condensed statement of revenues expenses, changes in net position: | | | | |
| Operating revenues | \$ 139,512,747 | \$ 811,534 | \$ 3,594,357 | \$ 143,918,638 |
| Operating expenses | 138,621,274 | 5,681,115 | 1,901,827 | 146,204,216 |
| Operating income (loss) | 891,473 | (4,869,581) | 1,692,530 | (2,285,578) |
| Nonoperating revenues (expenses) | 31,974,495 | 3,840,015 | 45,390 | 35,859,900 |
| Transfers | (3,785,225) | 3,785,225 | - | - |
| Capital contributions | 20,754,550 | 532,649 | - | 21,287,199 |
| Increase in net position | 49,835,293 | 3,288,308 | 1,737,920 | 54,861,521 |
| Net position, beginning of year | 672,986,797 | 43,926,872 | 9,373,992 | 726,287,661 |
| Net position, end of year | \$ 722,822,090 | \$ 47,215,180 | \$ 11,111,912 | \$ 781,149,182 |
| Condensed statement of cash flows: | | | | |
| Cash flows from operating activities | \$ 41,878,529 | \$ (2,854,350) | \$ 2,375,687 | \$ 41,399,866 |
| Cash flows from noncapital financing activities | 7,353,883 | - | - | 7,353,883 |
| Cash flows from capital and related financing activities | 638,939,210 | (517,013) | (825,257) | 637,596,940 |
| Cash flows from investing activities | (832,332,434) | 35,238 | 55,544 | (832,241,652) |
| Intercompany | (3,658,845) | 3,797,339 | (138,494) | - |
| Increase (decrease) in cash and cash equivalents | (147,819,657) | 461,214 | 1,467,480 | (145,890,963) |
| Cash and cash equivalents beginning of year | 319,443,268 | 2,007,809 | 3,443,050 | 324,894,127 |
| Cash and cash equivalent, end of year | \$ 171,623,611 | \$ 2,469,023 | \$ 4,910,530 | \$ 179,003,164 |

Metropolitan Nashville Airport Authority
Notes to the Financial Statements
Years Ended June 30, 2020 and 2019

18. Condensed Financial Information by Entity (continued)

| | June 30, 2019 | | | |
|---|---------------------------------------|-------------------------|--|-------------------------|
| | Airports | | Blended Component Unit | |
| | Nashville International Airport | John C. Tune Airport | MNAA Properties Corporation ⁽¹⁾ | Total |
| Condensed statement of net position: | | | | |
| Assets: | | | | |
| Current assets | \$ 242,373,665 | \$ 2,603,201 | \$ 3,375,778 | \$ 248,352,644 |
| Restricted assets | 97,776,741 | - | - | 97,776,741 |
| Capital assets, net | 848,951,076 | 42,970,269 | 6,309,135 | 898,230,480 |
| Other assets | 1,465,570 | - | - | 1,465,570 |
| Total assets | 1,190,567,052 | 45,573,470 | 9,684,913 | 1,245,825,435 |
| Deferred outflows of resources | 8,472,364 | - | - | 8,472,364 |
| Total assets and deferred outflows of resources | \$ 1,199,039,416 | \$ 45,573,470 | \$ 9,684,913 | \$ 1,254,297,799 |
| Liabilities: | | | | |
| Current liabilities | \$ 73,379,232 | \$ 1,646,598 | \$ 310,921 | \$ 75,336,751 |
| Noncurrent liabilities | 448,351,855 | - | - | 448,351,855 |
| Total liabilities | 521,731,087 | 1,646,598 | 310,921 | 523,688,606 |
| Deferred inflows of resources | 4,321,532 | - | - | 4,321,532 |
| Net position: | | | | |
| Net investment in capital assets | 458,421,351 | 42,986,767 | 6,071,083 | 507,479,201 |
| Restricted for: | | | | |
| Capital projects | 37,126,396 | - | - | 37,126,396 |
| Debt service | 80,514,451 | - | - | 80,514,451 |
| Operations | 36,395,405 | - | - | 36,395,405 |
| Net pension asset | - | - | - | - |
| Net OPEB asset | - | - | - | - |
| Unrestricted net position | 60,529,194 | 940,105 | 3,302,909 | 64,772,208 |
| Total net position | 672,986,797 | 43,926,872 | 9,373,992 | 726,287,661 |
| Total liabilities, deferred inflows of resources, and net position | \$ 1,199,039,416 | \$ 45,573,470 | \$ 9,684,913 | \$ 1,254,297,799 |
| Condensed statement of revenues expenses, changes in net position: | | | | |
| Operating revenues | \$ 165,925,821 | \$ 920,008 | \$ 3,186,765 | \$ 170,032,594 |
| Operating expenses | 139,565,890 | 2,609,235 | 2,036,248 | 144,211,373 |
| Operating income (loss) | 26,359,931 | (1,689,227) | 1,150,517 | 25,821,221 |
| Nonoperating revenues (expenses) | 20,092,473 | 4,682,197 | 2,297 | 24,776,967 |
| Transfers | (4,642,018) | 4,642,018 | - | - |
| Capital contributions | 18,004,235 | 174,707 | - | 18,178,942 |
| Increase in net position | 59,814,621 | 7,809,695 | 1,152,814 | 68,777,130 |
| Net position, beginning of year | 608,530,158 | 40,759,195 | 8,221,178 | 657,510,531 |
| Net position, end of year | \$ 668,344,779 | \$ 48,568,890 | \$ 9,373,992 | \$ 726,287,661 |
| Condensed statement of cash flows: | | | | |
| Cash flows from operating activities | \$ 71,197,202 | \$ 438,790 | \$ 2,042,232 | \$ 73,678,224 |
| Cash flows from noncapital financing activities | (1,401,387) | - | - | (1,401,387) |
| Cash flows from capital and related financing activities | (41,566,288) | (5,389,759) | (11,064) | (46,967,111) |
| Cash flows from investing activities | 6,454,227 | 10,866 | 7,928 | 6,473,021 |
| Intercompany | (4,981,662) | 5,122,625 | (140,963) | - |
| Increase (decrease) in cash and cash equivalents | 29,702,092 | 182,522 | 1,898,133 | 31,782,747 |
| Cash and cash equivalents beginning of year | 289,741,176 | 1,825,287 | 1,544,917 | 293,111,380 |
| Cash and cash equivalent, end of year | \$ 319,443,268 | \$ 2,007,809 | \$ 3,443,050 | \$ 324,894,127 |

19. Upcoming Reporting Changes

In June 2017, the Governmental Accounting Standards Board issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement were originally effective for the Authority's financial statements for the year ending June 30, 2021 were extended to June 30, 2022 with the issuance of GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*.

In August 2018, the Governmental Accounting Standards Board issued Statement No. 90, *Majority Equity Interests*. This statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement were originally effective for the Authority's financial statements for the year ending June 30, 2020 were extended to June 30, 2021 with the issuance of GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*, which clarifies the existing definition of conduit debt, provides a single method of reporting conduit debt obligations by issuers, and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. As a result, issuers should not recognize a liability for items meeting the definition of conduit debt; however, a liability should be recorded for additional or voluntary commitments to support debt service if certain recognition criteria are met. The standard also addresses the treatment of arrangements where capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by a third-party obligor. The provisions of this statement were originally effective for the Authority's financial statements for the year ending June 30, 2022 were extended to June 30, 2023 with the issuance of GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. This statement addresses eight unrelated practice issues and technical inconsistencies in authoritative literature. The standard addresses leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The standard has various effective dates. The Authority does not believe this pronouncement will have a significant impact on its financial statements but is still making a full evaluation.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. With the London Interbank Offered Rate (LIBOR) expecting to cease existence in its current form at the end of 2021, this statement addresses accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR) in hedging derivative instruments and leases. The standard is effective for the Authority's financial statements for the June 30, 2021 fiscal year. Lease modification requirements are effective one year later.

19. Upcoming Reporting Changes (continued)

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, to bring a uniform guidance on how to report public-private and public-public partnership arrangements. As a result, transferors in public-private or public-public arrangements will recognize receivables for installment payments, deferred inflows of resources, and, when applicable, capital assets. Operators will recognize liabilities for installment payments and intangible right-to-use assets, and when applicable, deferred outflows of resources and liabilities for assets being transferred. This statement also provides guidance for accounting and financial reporting for availability payment arrangements, in which a government compensates an operator for services such as designing, constructing, financing, maintaining, or operating an underlying asset for a period of time in an exchange of exchange-like transaction. The provisions of this statement are effective for the Authority's financial statements for the year ending June 30, 2023.

In May 2020, the Governmental Accounting Standards Board issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs), which defines SBITAs and provides accounting and financial reporting for SBITAs by governments. This statement requires a government to recognize a subscription liability and an intangible right-to-use subscription asset for SBITAs. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Authority's financial statements for the year ending June 30, 2023.

In June 2020, the Governmental Accounting Standards Board issued GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. While this standard had certain aspects impacting defined contribution pension and OPEB plans and other employee benefit plans that were effective immediately, it also clarifies when a 457 should be considered a pension plan or an other employee benefit plan to assist in the application of GASB Statement No. 84 to these types of plans. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement related to 457 plans are effective for the Authority's financial statements for the year ending June 30, 2022.

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**Metropolitan Nashville Airport Authority
Required Supplementary Information**

This section contains the following subsections:

Schedule of Changes in Net Pension Liability

Schedule of Pension Contributions

Schedule of Investment Returns for Pension

Schedule of Changes in Net OPEB Liability

Schedule of OPEB Contributions

Schedule of Investment Returns for OPEB

**Metropolitan Nashville Airport Authority
Schedule of Changes in Net Pension Liability
Year Ended June 30 for Each of the Years Presented**

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|----------------|--------------|--------------|----------------|--------------|---------------|---------------|
| Total pension liability: | | | | | | | |
| Service cost | \$ 823,410 | \$ 685,843 | \$ 667,297 | \$ 741,608 | \$ 679,217 | \$ 645,437 | \$ 845,864 |
| Interest | 4,622,700 | 4,604,838 | 4,218,823 | 4,482,097 | 4,342,076 | 3,987,395 | 3,521,317 |
| Differences between expected and actual experience | (1,902,545) | 2,027,120 | 745,177 | (1,259,978) | 537,929 | 677,000 | 356,625 |
| Changes of assumptions | (219,979) | 7,451,464 | 2,942,473 | (616,820) | 2,516,013 | 1,676,218 | 3,581,969 |
| Benefit payments | (3,865,432) | (3,507,672) | (3,059,272) | (2,839,298) | (2,589,887) | (2,552,544) | (2,479,800) |
| Net change in total pension liability | (541,846) | 11,261,593 | 5,514,498 | 507,609 | 5,485,348 | 4,433,506 | 5,825,975 |
| Total pension liability - beginning | 77,044,997 | 65,783,404 | 60,268,906 | 59,761,297 | 54,275,949 | 49,842,443 | 44,016,468 |
| Total pension liability - ending (a) | 76,503,151 | 77,044,997 | 65,783,404 | 60,268,906 | 59,761,297 | 54,275,949 | 49,842,443 |
| Plan fiduciary net position: | | | | | | | |
| Contributions - employer | 3,450,000 | 8,900,000 | 2,000,000 | 5,160,905 | 11,951,995 | 8,000,000 | 8,000,000 |
| Net investment income | 4,297,823 | 4,148,512 | 4,968,584 | 6,771,977 | 205,790 | 1,428,204 | 4,574,509 |
| Benefit payments | (3,865,432) | (3,507,672) | (3,059,272) | (2,839,298) | (2,589,887) | (2,552,544) | (2,479,800) |
| Net change in plan fiduciary net position | 3,882,391 | 9,540,840 | 3,909,312 | 9,093,584 | 9,567,898 | 6,875,660 | 10,094,709 |
| Plan fiduciary net position - beginning | 75,766,095 | 66,225,255 | 62,315,943 | 53,222,359 | 43,654,461 | 36,778,801 | 26,684,092 |
| Plan fiduciary net position - ending (b) | 79,648,486 | 75,766,095 | 66,225,255 | 62,315,943 | 53,222,359 | 43,654,461 | 36,778,801 |
| Authority's net pension liability (asset) - ending (a) - (b) | \$ (3,145,335) | \$ 1,278,902 | \$ (441,851) | \$ (2,047,037) | \$ 6,538,938 | \$ 10,621,488 | \$ 13,063,642 |
| Plan fiduciary net position as a percentage of the total pension liability | 104.1% | 98.3% | 100.7% | 103.4% | 89.1% | 80.4% | 73.8% |
| Covered-employee payroll | \$ 6,534,870 | \$ 6,811,701 | \$ 8,493,682 | \$ 8,497,486 | \$ 8,078,834 | \$ 7,895,716 | \$ 7,732,080 |
| Net pension liability as a percentage of covered-employee payroll | (48.13%) | 18.8% | (5.20%) | (24.09%) | 80.9% | 134.5% | 169.0% |

**Metropolitan Nashville Airport Authority
Schedule of Pension Contributions
Year Ended June 30 for Each of the Years Presented**

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|----------------|----------------|----------------|----------------|-----------------|----------------|----------------|
| Actuarially determined contribution | \$ 945,088 | \$ 790,495 | \$ 717,344 | \$ 1,101,679 | \$ 1,652,788 | \$ 2,165,146 | \$ 2,667,945 |
| Contributions in relation to the actuarially determined contribution | 3,450,000 | 8,900,000 | 2,000,000 | 5,160,905 | 11,951,995 | 8,000,000 | 8,000,000 |
| Contribution deficiency (excess) | \$ (2,504,912) | \$ (8,109,505) | \$ (1,282,656) | \$ (4,059,226) | \$ (10,299,207) | \$ (5,834,854) | \$ (5,332,055) |
| Covered-employee payroll | \$ 6,534,870 | \$ 6,811,701 | \$ 7,440,484 | \$ 8,493,682 | \$ 8,497,486 | \$ 8,078,834 | \$ 7,895,716 |
| Contributions as a percentage covered-employee payroll | 52.8% | 130.7% | 26.9% | 60.8% | 140.7% | 99.0% | 101.3% |

Notes to Schedule of Changes in the Net Pension Liability (Asset) and Schedule of Pension Contributions

Actuarially determined contribution rates for each year presented in the Schedule of Pension Contributions are based on an actuarial valuation performed as of the first day of each year for which the contributions relate. Methods and assumptions used to determine the contribution rate for the June 30, 2020 actuarially determined contribution are below. For each year presented in the Schedule of Changes in Net Pension Liability (Asset), assumption changes relate to an annual update of the mortality table, as noted below:

| | |
|----------------------------|--|
| Actuarial valuation method | Entry age normal |
| Asset valuation method | Fair market value for Statement No. 67 and Statement No. 68 Fair market value is based on quoted market prices |
| Amortization method | Level Dollar |
| Amortization period | For Statement No. 68 as of June 30, 2019 and June 30, 2020 Investment gains or losses are amortized over 5 years. Experience gains or losses are amortized over the average working lifetime of all participants which for the current period is 2 years. Plan amendments are recognized immediately. Changes in actuarial assumptions are amortized over the average working lifetime of all participants. |
| Inflation | 2.25%, per annum, compounded annually |
| Salary increases | 4%, per annum, compounded annually |
| Investment rate of return | 6%, per annum, compounded annually |
| Discount rate | 6%, per annum for funding purposes |
| Retirement age | Estimated experience for general employees (10% at age 55, 40% at age 62, and 50% at age 65) Normal retirement age of 55 with 10 years of service, but no later than 65, for public safety employees |
| Mortality | The 2020 actuarially determined contribution was based on the RP-2014 Generational Mortality Table for Males and Females with Improvement Scale MP-2018. Assumption changes in the Schedule of Changes in Net Pension Liability (Asset) relate to a change in the mortality tables used for each year presented, as follows: June 30, 2020: RP-2014 Generational Mortality Table for Males and Females with Improvement Scale MP-2019 June 30, 2019: RP-2014 Generational Mortality Table for Males and Females with improvement Scale MP-2018 June 30, 2018: RP-2014 Generational Mortality Table for Males and Females with improvement Scale MP-2017 June 30, 2017: RP-2014 Generational Mortality Table for Males and Females with improvement Scale MP-2016 June 30, 2016: RP-2014 Generational Mortality Table for Males and Females with improvement Scale MP-2015 June 30, 2015: RP-2014 Generational Mortality Table for Males and Females with improvement Scale MP-2014 June 30, 2014: RP-2000 Combined Mortality Table (Generational) |

Note: Information in this schedule is presented for the year in which information is available. Information will be added each year until a full 10-year trend is presented.

**Metropolitan Nashville Airport Authority
Schedule of Investment Returns for Pension
Year Ended June 30 for Each of the Years Presented**

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|--------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Annual money-weighted rate of return, net of investment expense | 6.05% | 6.20% | 8.40% | 13.04% | 0.76% | 4.04% | 17.24% |

**Metropolitan Nashville Airport Authority
Schedule of Changes in Net OPEB Liability
Year Ended June 30 for Each of the Years Presented**

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|-----------------------|---------------------|----------------------|----------------------|
| Total OPEB liability: | | | | |
| Service cost | \$ 838,087 | \$ 1,110,421 | \$ 1,287,152 | \$ 1,259,595 |
| Interest | 1,669,885 | 1,445,441 | 1,478,732 | 1,346,638 |
| Differences between expected and actual experience | (2,752,567) | (2,713,939) | (2,340,217) | 809,991 |
| Changes of assumptions | 387,506 | (1,225,616) | - | 1,205,435 |
| Benefit payments | <u>(1,082,284)</u> | <u>(1,081,219)</u> | <u>(1,346,874)</u> | <u>(1,191,983)</u> |
| Net change in total OPEB liability | (939,373) | (2,464,912) | (921,207) | 3,429,676 |
| Total OPEB liability - beginning | <u>33,641,899</u> | <u>36,106,811</u> | <u>37,028,018</u> | <u>33,598,342</u> |
| Total OPEB liability - ending (a) | <u>32,702,526</u> | <u>33,641,899</u> | <u>36,106,811</u> | <u>37,028,018</u> |
| Plan fiduciary net position: | | | | |
| Contributions - employer | 5,532,284 | 3,081,219 | 10,195,977 | 7,983,073 |
| Net investment income | 1,380,131 | 1,595,233 | 1,204,489 | 1,016,930 |
| Benefit payments | (1,082,284) | (1,081,219) | (1,346,874) | (1,191,983) |
| Administrative expenses | <u>(59,148)</u> | <u>(52,660)</u> | <u>(31,165)</u> | <u>(18,854)</u> |
| Net change in plan fiduciary net position | 5,770,983 | 3,542,573 | 10,022,427 | 7,789,166 |
| Plan fiduciary net position - beginning | <u>28,854,095</u> | <u>25,311,522</u> | <u>15,289,095</u> | <u>7,499,929</u> |
| Plan fiduciary net position - ending (b) | <u>34,625,078</u> | <u>28,854,095</u> | <u>25,311,522</u> | <u>15,289,095</u> |
| Authority's net OPEB liability (asset) - ending (a) - (b) | <u>\$ (1,922,552)</u> | <u>\$ 4,787,804</u> | <u>\$ 10,795,289</u> | <u>\$ 21,738,923</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | 105.9% | 85.8% | 70.1% | 41.3% |
| Covered-employee payroll | \$ 10,303,336 | \$ 9,777,169 | \$ 11,523,443 | \$ 16,792,985 |
| Net OPEB liability as a percentage of covered-employee payroll | -18.7% | 49.0% | 93.7% | 129.5% |

Metropolitan Nashville Airport Authority
Schedule of OPEB Contributions
Year Ended June 30 for Each of the Years Presented

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| Actuarially determined contribution | \$ 605,418 | \$ 1,200,138 | \$ 1,911,323 | \$ 3,167,615 |
| Contributions in relation to the actuarially determined contribution | <u>5,532,284</u> | <u>3,081,219</u> | <u>10,195,977</u> | <u>7,983,073</u> |
| Contribution deficiency (excess) | <u>\$ (4,926,866)</u> | <u>\$ (1,881,081)</u> | <u>\$ (8,284,654)</u> | <u>\$ (4,815,458)</u> |
| Covered-employee payroll | \$ 10,303,336 | \$ 9,777,169 | \$ 10,678,528 | \$ 11,523,443 |
| Contributions as a percentage covered-employee payroll | 53.7% | 31.5% | 95.5% | 69.3% |

Notes to Schedule of Changes in the Net OPEB Liability (Asset) and Schedule of OPEB Contributions

Actuarially determined contribution rates for each year presented in the Schedule of OPEB Contributions are based on an actuarial valuation performed as of the first day of each year for which the contributions relate. Methods and assumptions used to determine the contribution rate for the June 30, 2020 actuarially determined contribution are below. For each year presented in the Schedule of Changes in Net OPEB Liability (Asset), assumption changes relate to an annual update of the mortality table, as noted below:

| | |
|-----------------------------|---|
| Actuarial valuation method | Entry age normal method |
| Discount rate | As of June 30, 2019: the discount rate used was 5%. Prior to June 30, 2019: the discount rate used was 4%. |
| Health care cost trend rate | The following health care trends were used for the year presented: June 30, 2020: 7.25% graded down using the Getzen 2020 model June 30, 2019: 7.25% graded down using the Getzen 2019 model June 30, 2018: 7.50% graded down using the Getzen model June 30, 2017: 7.75% graded down using the Getzen model |
| Dental and vision rate | 5% |
| Retirement rates | Varying rates beginning with 5% at age 50 and 100% retirement at age 65. |
| Mortality | The 2020 actuarially determined contribution was based on the RP-2014 Generational Mortality Table for Males and Females with Improvement Scale MP-2018. Assumption changes in the Schedule of Changes in Net OPEB Liability (Asset) relate to a change in the mortality tables used for each year presented, as follows: June 30, 2020: RP-2014 Generational Mortality Table for Males and Females with Improvement Scale MP-2019 June 30, 2019: RP-2014 Generational Mortality Table for Males and Females with improvement Scale MP-2018 June 30, 2018: RP-2014 Generational Mortality Table for Males and Females with improvement Scale MP-2017 June 30, 2017: RP-2014 Generational Mortality Table for Males and Females with improvement Scale MP-2016 |

Note: Information in this schedule is presented for the year in which information is available. Information will be added each year until a full 10-year trend is presented.

**Metropolitan Nashville Airport Authority
Schedule of Investment Returns for OPEB
Year Ended June 30 for Each of the Years Presented**

| | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|-------------|-------------|-------------|-------------|
| Annual money-weighted rate of return, net of investment expense | 4.79% | 6.31% | 7.53% | 13.02% |

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Other Information
Metropolitan Nashville Airport Authority

This section contains the following subsections:

Combining Schedule of Net Position Information by Entity

**Combining Schedule of Revenues, Expenses and Changes
in Net Position Information by Entity**

**Combining Schedule of Fiduciary Net Position Information
by Entity**

**Combining Schedule of Changes in Fiduciary Net Position
Information by Entity**

**Schedule of Airport Revenue Bonds, Principal, and Interest
Requirements by Fiscal Year**

Schedule of Changes in Long-term Debt by Individual Issue

Metropolitan Nashville Airport Authority
Combining Schedule of Net Position Information by Entity
June 30, 2020

| | Nashville International Airport ⁽¹⁾ | John C. Tune Airport | MNA Properties Corporation ⁽¹⁾ | Total |
|---------------------------------------|--|-------------------------|---|-------------------------|
| ASSETS | | | | |
| Current assets: | | | | |
| Unrestricted assets: | | | | |
| Cash and investments | \$ 294,006,063 | \$ 2,469,023 | \$ 4,910,529 | \$ 301,385,615 |
| Accounts receivable, net | 5,401,859 | 12,449 | 44,702 | 5,459,010 |
| Due from governmental agencies | 2,470,791 | 1,420,254 | - | 3,891,045 |
| Inventories | 563,586 | 161 | - | 563,747 |
| Due from (to) other funds | 108,267 | (7,990) | (100,277) | - |
| Prepaid expenses and other | 480,298 | - | 47,098 | 527,396 |
| Total current unrestricted assets | <u>303,030,864</u> | <u>3,893,897</u> | <u>4,902,052</u> | <u>311,826,813</u> |
| Restricted assets: | | | | |
| Cash and investments | 732,767,445 | - | - | 732,767,445 |
| Accounts receivable | 2,538,969 | - | - | 2,538,969 |
| noncurrent assets: | | | | |
| Capital assets: | | | | |
| Capital assets not being depreciated | | | | |
| Land and nondepreciable assets | 101,700,697 | 3,214,304 | 200,817 | 105,115,818 |
| Construction in progress | 136,836,983 | 1,312,395 | 918,586 | 139,067,964 |
| Capital assets being depreciated | | | | |
| Buildings and building improvements | 813,858,495 | 14,912,501 | 12,578,255 | 841,349,251 |
| Equipment | 192,111,292 | 630,124 | 1,655,190 | 194,396,606 |
| Infrastructure | 568,822,954 | 44,840,605 | - | 613,663,559 |
| Total capital assets | <u>1,813,330,421</u> | <u>64,909,929</u> | <u>15,352,848</u> | <u>1,893,593,198</u> |
| Less accumulated depreciation | <u>(639,171,673)</u> | <u>(20,944,722)</u> | <u>(8,769,149)</u> | <u>(668,885,544)</u> |
| Net capital assets | <u>1,174,158,748</u> | <u>43,965,207</u> | <u>6,583,699</u> | <u>1,224,707,654</u> |
| Other assets: | | | | |
| Accounts receivable, net | 1,222,546 | - | - | 1,222,546 |
| Prepaid and deposits | 146,646 | - | - | 146,646 |
| Net OPEB asset | 1,922,552 | - | - | 1,922,552 |
| Net pension asset | 3,145,335 | - | - | 3,145,335 |
| Total noncurrent assets | <u>1,180,595,827</u> | <u>43,965,207</u> | <u>6,583,699</u> | <u>1,231,144,733</u> |
| Total assets | <u>\$ 2,218,933,105</u> | <u>\$ 47,859,104</u> | <u>\$ 11,485,751</u> | <u>\$ 2,278,277,960</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred outflow s from pensions | \$ - | \$ - | \$ - | \$ - |
| Deferred outflow s from OPEB | 258,337 | - | - | 258,337 |
| Deferred amount on refunding | 2,873,706 | - | - | 2,873,706 |
| Total deferred outflow s of resources | <u>\$ 3,132,043</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,132,043</u> |

(1) The financial information of MPC CONRAC LLC is included in Nashville International Airport as the sole purpose of MPC CONRAC LLC relates to the CONRAC facility at Nashville International Airport; therefore, it is integrated with the Airport for reporting purposes.

Metropolitan Nashville Airport Authority
Combining Schedule of Net Position Information by Entity
June 30, 2020

| | Nashville International Airport ⁽¹⁾ | John C. Tune Airport | MNAA Properties Corporation ⁽¹⁾ | Total |
|---|--|-------------------------|--|-------------------------|
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Payable from unrestricted assets: | | | | |
| Accounts payable | \$ 74,718,434 | \$ 597,009 | \$ 175,334 | \$ 75,490,777 |
| Accrued payroll and related items | 4,774,187 | 29,958 | - | 4,804,145 |
| Advanced billings and payments received in advance | 4,813,431 | 16,957 | 198,505 | 5,028,893 |
| Current maturities of notes payable | 1,799,232 | - | - | 1,799,232 |
| Accrued interest payable | 51,532 | - | - | 51,532 |
| Total current liabilities | <u>86,156,816</u> | <u>643,924</u> | <u>373,839</u> | <u>87,174,579</u> |
| Noncurrent liabilities: | | | | |
| Payable from restricted assets: | | | | |
| Accrued interest payable | 29,519,176 | - | - | 29,519,176 |
| Current maturities of airport revenue bonds | 8,175,000 | - | - | 8,175,000 |
| Notes payable, less current maturities | 11,677,448 | - | - | 11,677,448 |
| Airport revenue bonds, less current maturities | 1,358,709,878 | - | - | 1,358,709,878 |
| Total noncurrent liabilities | <u>1,408,081,502</u> | <u>-</u> | <u>-</u> | <u>1,408,081,502</u> |
| Total liabilities | <u>\$ 1,494,238,318</u> | <u>\$ 643,924</u> | <u>\$ 373,839</u> | <u>\$ 1,495,256,081</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred inflow s from pensions | \$ 1,139,617 | \$ - | \$ - | \$ 1,139,617 |
| Deferred inflow s from OPEB | 3,865,123 | - | - | 3,865,123 |
| Total deferred inflow s of resources | <u>\$ 5,004,740</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 5,004,740</u> |
| NET POSITION | | | | |
| Net investment in capital assets | \$ 347,412,395 | \$ 43,965,207 | \$ 6,583,699 | \$ 397,961,301 |
| Restricted for: | | | | |
| Capital projects | 42,129,225 | - | - | 42,129,225 |
| Debt service | 224,975,853 | - | - | 224,975,853 |
| Operations | 35,774,791 | - | - | 35,774,791 |
| Net pension asset | 3,145,335 | - | - | 3,145,335 |
| Net OPEB asset | 1,922,552 | - | - | 1,922,552 |
| Unrestricted net position | 67,461,939 | 3,249,973 | 4,528,213 | 75,240,125 |
| Total net position | <u>\$ 722,822,090</u> | <u>\$ 47,215,180</u> | <u>\$ 11,111,912</u> | <u>\$ 781,149,182</u> |

(1) The financial information of MPC CONRAC LLC is included in Nashville International Airport as the sole purpose of MPC CONRAC LLC relates to the CONRAC facility at Nashville International Airport; therefore, it is integrated with the Airport for reporting purposes.

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Metropolitan Nashville Airport Authority
Combining Schedule of Revenues, Expenses and Changes in Net Position Information by
Entity
For the Year Ended June 30, 2020

| | Nashville International Airport ⁽¹⁾ | John C. Tune Airport | MNA Properties Corporation ⁽¹⁾ | Total |
|---|---|---------------------------------|--|-----------------------|
| Operating revenues: | | | | |
| Signatory airline | \$ 46,012,326 | \$ - | \$ - | \$ 46,012,326 |
| Parking | 41,735,515 | - | - | 41,735,515 |
| Concession | 31,730,323 | - | - | 31,730,323 |
| Space rental | 10,762,618 | 695,162 | 3,460,497 | 14,918,277 |
| Other | 9,271,965 | 116,372 | 133,860 | 9,522,197 |
| Total operating revenue | <u>139,512,747</u> | <u>811,534</u> | <u>3,594,357</u> | <u>143,918,638</u> |
| Operating expenses: | | | | |
| Salaries, wages and fringe benefits | 36,454,522 | 527,390 | - | 36,981,912 |
| Contractual services | 38,872,588 | 2,851,465 | 494,679 | 42,218,732 |
| Materials and supplies | 4,458,144 | 62,579 | 24,020 | 4,544,743 |
| Utilities | 5,557,854 | 60,883 | 358,962 | 5,977,699 |
| Insurance | 1,406,137 | 18,758 | 17,596 | 1,442,491 |
| Other | 4,889,903 | 17,716 | 362,547 | 5,270,166 |
| Depreciation | 46,982,126 | 2,142,324 | 644,023 | 49,768,473 |
| Total operating expenses | <u>138,621,274</u> | <u>5,681,115</u> | <u>1,901,827</u> | <u>146,204,216</u> |
| Operating income (loss) | <u>891,473</u> | <u>(4,869,581)</u> | <u>1,692,530</u> | <u>(2,285,578)</u> |
| Nonoperating revenues (expenses): | | | | |
| Investment income | 23,640,288 | 31,665 | 51,137 | 23,723,090 |
| Passenger facility charges | 26,384,555 | - | - | 26,384,555 |
| Customer facility charges | 11,827,674 | - | - | 11,827,674 |
| Federal and state grants | 8,059,337 | 846,857 | - | 8,906,194 |
| Insurance reimbursement | 51,804 | 3,074,063 | - | 3,125,867 |
| Gain (loss) on disposal of assets | - | (112,570) | - | (112,570) |
| Interest expense | (34,050,939) | - | (5,747) | (34,056,686) |
| Bond issuance costs | (3,938,224) | - | - | (3,938,224) |
| Income (loss) before capital contributions and transfers | <u>32,865,968</u> | <u>(1,029,566)</u> | <u>1,737,920</u> | <u>33,574,322</u> |
| Transfers | (3,785,225) | 3,785,225 | - | - |
| Capital contributions | 20,754,550 | 532,649 | - | 21,287,199 |
| Increase in net position | <u>49,835,293</u> | <u>3,288,308</u> | <u>1,737,920</u> | <u>54,861,521</u> |
| Net position - beginning of year | <u>672,986,797</u> | <u>43,926,872</u> | <u>9,373,992</u> | <u>726,287,661</u> |
| Net position - end of year | <u>\$ 722,822,090</u> | <u>\$ 47,215,180</u> | <u>\$ 11,111,912</u> | <u>\$ 781,149,182</u> |

(1) The financial information of MPC CONRAC LLC is included in Nashville International Airport as the sole purpose of MPC CONRAC LLC relates to the CONRAC facility at Nashville International Airport; therefore, it is integrated with the Airport for reporting purposes.

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Metropolitan Nashville Airport Authority
Combining Schedule of Fiduciary Net Position Information by Entity
June 30, 2020

| | Other Post- Employment Benefit Trust Fund | Pension Benefit Trust Fund | Total |
|-------------------------------------|--|---|-----------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 5,317,809 | \$ 5,399,112 | \$ 10,716,921 |
| Investments, at fair value: | | | |
| Pooled, common and collective funds | - | 59,392,372 | 59,392,372 |
| Mutual funds | 29,307,269 | 14,857,002 | 44,164,271 |
| Total assets | <u>34,625,078</u> | <u>79,648,486</u> | <u>114,273,564</u> |
| NET POSITION | | | |
| Restricted for: | | | |
| OPEB | 34,625,078 | - | 34,625,078 |
| Pension | - | 79,648,486 | 79,648,486 |
| Unadjudicated funds | - | - | - |
| Unrestricted net position | - | - | - |
| Total net position | <u>\$ 34,625,078</u> | <u>\$ 79,648,486</u> | <u>\$ 114,273,564</u> |

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Metropolitan Nashville Airport Authority
Combining Schedule of Changes Fiduciary Net Position Information by Entity
For the Year Ended June 30, 2020

| | Other Post- Employment Benefit Trust Fund | Pension Benefit Trust Fund | Total |
|---|--|---|-----------------------|
| Additions: | | | |
| Employer contributions | \$ 5,532,284 | \$ 3,450,000 | \$ 8,982,284 |
| Investment income | | | |
| Net appreciation in fair value | 1,380,131 | 4,129,741 | 5,509,872 |
| Interest and dividends | - | 341,709 | 341,709 |
| Investment expenses | - | 173,627 | 173,627 |
| Investment income, net | <u>1,380,131</u> | <u>4,297,823</u> | <u>5,677,954</u> |
| Total additions | <u>6,912,415</u> | <u>7,747,823</u> | <u>14,660,238</u> |
| Deductions: | | | |
| Benefits paid to participants | 1,082,284 | 3,865,432 | 4,947,716 |
| Administrative expenses | 59,148 | - | 59,148 |
| Total deductions | <u>1,141,432</u> | <u>3,865,432</u> | <u>5,006,864</u> |
| Change in net position | <u>5,770,983</u> | <u>3,882,391</u> | <u>9,653,374</u> |
| Net position - beginning of year, as restated | <u>28,854,095</u> | <u>76,091,031</u> | <u>104,945,126</u> |
| Net position - end of year | <u>\$ 34,625,078</u> | <u>\$ 79,973,422</u> | <u>\$ 114,598,500</u> |

**Metropolitan Nashville Airport Authority
Schedule of Airport Revenue Bonds, Principal, and Interest Requirements by Fiscal Year
June 30, 2020**

| Year Ending June 30, | Series 2003B Revenue Bonds | | CONRAC Series 2010 Revenue Bonds | | CONRAC Refunding Revenue Bonds | | Series 2015A Revenue Bonds | |
|----------------------------|-------------------------------|---------------------|-------------------------------------|------------------|-----------------------------------|---------------------|-------------------------------|----------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2021 | 610,000 | 782,283 | 3,000,000 | 83,055 | - | 945,685 | 1,820,000 | 4,245,200 |
| 2022 | 645,000 | 782,283 | - | - | 3,028,385 | 890,475 | 1,910,000 | 4,151,950 |
| 2023 | 680,000 | 782,283 | - | - | 3,132,780 | 784,265 | 2,005,000 | 4,064,100 |
| 2024 | 720,000 | 688,290 | - | - | 3,240,775 | 674,395 | 2,085,000 | 3,982,300 |
| 2025 | 760,000 | 594,297 | - | - | 3,350,795 | 562,462 | 2,170,000 | 3,897,200 |
| 2026 | 805,000 | 594,297 | - | - | 3,468,000 | 443,220 | 2,255,000 | 3,808,700 |
| 2027 | 855,000 | 594,297 | - | - | 3,587,550 | 321,593 | 2,350,000 | 3,716,600 |
| 2028 | 905,000 | 594,297 | - | - | 3,711,220 | 195,773 | 2,440,000 | 3,620,800 |
| 2029 | 960,000 | 594,297 | - | - | 3,838,790 | 65,985 | 2,540,000 | 3,508,500 |
| 2030 | 1,015,000 | 594,297 | - | - | - | - | 2,665,000 | 3,378,375 |
| 2031 | 1,075,000 | 594,297 | - | - | - | - | 2,800,000 | 3,241,750 |
| 2032 | 1,140,000 | 594,297 | - | - | - | - | 2,940,000 | 3,098,250 |
| 2033 | 1,210,000 | 594,297 | - | - | - | - | 3,085,000 | 2,947,625 |
| 2034 | 1,280,000 | 297,148 | - | - | - | - | 3,240,000 | 2,789,500 |
| 2035 | - | - | - | - | - | - | 3,405,000 | 2,623,375 |
| 2036 | - | - | - | - | - | - | 3,575,000 | 2,448,875 |
| 2037 | - | - | - | - | - | - | 3,750,000 | 2,359,500 |
| 2038 | - | - | - | - | - | - | 3,940,000 | 2,359,500 |
| 2039 | - | - | - | - | - | - | 4,135,000 | 2,359,500 |
| 2040 | - | - | - | - | - | - | 4,345,000 | 2,359,500 |
| 2041 | - | - | - | - | - | - | 4,560,000 | 1,841,250 |
| 2042 | - | - | - | - | - | - | 4,790,000 | 1,323,000 |
| 2043 | - | - | - | - | - | - | 5,025,000 | 1,323,000 |
| 2044 | - | - | - | - | - | - | 5,280,000 | 1,323,000 |
| 2045 | - | - | - | - | - | - | 5,545,000 | 1,323,000 |
| 2046 | - | - | - | - | - | - | 5,820,000 | 661,500 |
| 2047 | - | - | - | - | - | - | - | - |
| 2048 | - | - | - | - | - | - | - | - |
| 2049 | - | - | - | - | - | - | - | - |
| 2050 | - | - | - | - | - | - | - | - |
| 2051 | - | - | - | - | - | - | - | - |
| 2052 | - | - | - | - | - | - | - | - |
| 2053 | - | - | - | - | - | - | - | - |
| 2054 | - | - | - | - | - | - | - | - |
| | <u>\$ 12,660,000</u> | <u>\$ 8,680,960</u> | <u>\$ 3,000,000</u> | <u>\$ 83,055</u> | <u>\$ 27,358,295</u> | <u>\$ 4,883,853</u> | <u>\$ 88,475,000</u> | <u>\$ 72,755,850</u> |
| Bond | - | - | - | - | - | - | 11,523,976 | - |
| Premium | <u>\$ 12,660,000</u> | <u>\$ 8,680,960</u> | <u>\$ 3,000,000</u> | <u>\$ 83,055</u> | <u>\$ 27,358,295</u> | <u>\$ 4,883,853</u> | <u>\$ 99,998,976</u> | <u>\$ 72,755,850</u> |

**Metropolitan Nashville Airport Authority
Schedule of Airport Revenue Bonds, Principal, and Interest Requirements by Fiscal Year
For the Year Ended June 30, 2020**

| Series 2015B Revenue Bonds | | Subordinate Series 2019A Revenue Bonds | | Subordinate Series 2019B Revenue Bonds | | Total Debt Service | | |
|-------------------------------|---------------|--|----------------|--|----------------|--------------------|------------------|------------------|
| Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest | Total |
| 2,170,000 | 5,000,469 | - | 12,221,750 | - | 32,132,500 | 7,600,000 | 55,410,942 | 63,010,942 |
| 2,280,000 | 4,889,219 | - | 12,221,750 | - | 32,132,500 | 7,863,385 | 55,068,177 | 62,931,562 |
| 2,395,000 | 4,772,344 | - | 12,221,750 | - | 32,132,500 | 8,212,780 | 54,757,242 | 62,970,022 |
| 2,515,000 | 4,649,591 | - | 12,221,750 | - | 32,132,500 | 8,560,775 | 54,348,826 | 62,909,601 |
| 2,640,000 | 4,520,719 | 2,965,000 | 12,221,750 | 7,920,000 | 32,132,500 | 19,805,795 | 53,928,928 | 73,734,723 |
| 2,775,000 | 4,399,219 | 3,120,000 | 12,073,500 | 8,315,000 | 31,736,500 | 20,738,000 | 53,055,436 | 73,793,436 |
| 2,885,000 | 4,271,593 | 3,270,000 | 11,917,500 | 8,735,000 | 31,320,750 | 21,682,550 | 52,142,333 | 73,824,883 |
| 3,030,000 | 4,123,719 | 3,430,000 | 11,754,000 | 9,170,000 | 30,884,000 | 22,686,220 | 51,172,589 | 73,858,809 |
| 3,180,000 | 3,968,469 | 3,600,000 | 11,582,500 | 9,625,000 | 30,425,500 | 23,743,790 | 50,145,251 | 73,889,041 |
| 3,340,000 | 3,805,469 | 3,790,000 | 11,402,500 | 10,110,000 | 29,944,250 | 20,920,000 | 49,124,891 | 70,044,891 |
| 3,505,000 | 3,634,344 | 3,970,000 | 11,213,000 | 10,610,000 | 29,438,750 | 21,960,000 | 48,122,141 | 70,082,141 |
| 3,680,000 | 3,454,719 | 4,175,000 | 11,014,500 | 11,145,000 | 28,908,250 | 23,080,000 | 47,070,016 | 70,150,016 |
| 3,865,000 | 3,266,094 | 4,380,000 | 10,805,750 | 11,700,000 | 28,351,000 | 24,240,000 | 45,964,766 | 70,204,766 |
| 4,060,000 | 3,067,969 | 5,000,000 | 10,586,750 | 13,240,000 | 27,766,000 | 26,820,000 | 44,507,367 | 71,327,367 |
| 4,260,000 | 2,859,969 | 5,245,000 | 10,336,750 | 13,905,000 | 27,104,000 | 26,815,000 | 42,924,094 | 69,739,094 |
| 4,475,000 | 2,641,594 | 5,640,000 | 10,074,500 | 14,920,000 | 26,408,750 | 28,610,000 | 41,573,719 | 70,183,719 |
| 4,255,000 | 2,529,719 | 5,920,000 | 9,792,500 | 15,655,000 | 25,662,750 | 29,580,000 | 40,344,469 | 69,924,469 |
| 4,470,000 | 2,529,719 | 6,210,000 | 9,496,500 | 16,445,000 | 24,880,000 | 31,065,000 | 39,265,719 | 70,330,719 |
| 4,695,000 | 2,529,719 | 6,530,000 | 9,186,000 | 17,260,000 | 24,057,750 | 32,620,000 | 38,132,969 | 70,752,969 |
| 4,930,000 | 2,529,719 | 6,855,000 | 8,859,500 | 18,130,000 | 23,194,750 | 34,260,000 | 36,943,469 | 71,203,469 |
| 5,175,000 | 1,941,593 | 7,195,000 | 8,516,750 | 19,040,000 | 22,288,250 | 35,970,000 | 34,587,843 | 70,557,843 |
| 5,435,000 | 1,353,468 | 7,555,000 | 8,157,000 | 19,990,000 | 21,336,250 | 37,770,000 | 32,169,718 | 69,939,718 |
| 5,705,000 | 1,353,468 | 7,935,000 | 7,779,250 | 20,985,000 | 20,336,750 | 39,650,000 | 30,792,468 | 70,442,468 |
| 5,990,000 | 925,220 | 8,330,000 | 7,382,500 | 22,030,000 | 19,287,500 | 41,630,000 | 28,918,220 | 70,548,220 |
| 6,290,000 | 496,970 | 8,750,000 | 6,966,000 | 23,130,000 | 18,186,000 | 43,715,000 | 26,971,970 | 70,686,970 |
| 6,535,000 | 248,485 | 12,940,000 | 6,560,550 | 33,340,000 | 17,095,100 | 58,635,000 | 24,565,635 | 83,200,635 |
| - | - | 13,535,000 | 5,964,150 | 34,900,000 | 15,528,900 | 48,435,000 | 21,493,050 | 69,928,050 |
| - | - | 14,165,000 | 5,340,550 | 36,540,000 | 13,889,750 | 50,705,000 | 19,230,300 | 69,935,300 |
| - | - | 14,810,000 | 4,688,050 | 38,260,000 | 12,173,800 | 53,070,000 | 16,861,850 | 69,931,850 |
| - | - | 15,500,000 | 4,006,000 | 40,045,000 | 10,377,500 | 55,545,000 | 14,383,500 | 69,928,500 |
| - | - | 16,225,000 | 3,276,200 | 41,940,000 | 8,488,400 | 58,165,000 | 11,764,600 | 69,929,600 |
| - | - | 16,990,000 | 2,512,450 | 43,915,000 | 6,510,100 | 60,905,000 | 9,022,550 | 69,927,550 |
| - | - | 17,785,000 | 1,712,850 | 45,995,000 | 4,439,100 | 63,780,000 | 6,151,950 | 69,931,950 |
| - | - | 18,620,000 | 875,950 | 48,115,000 | 2,270,300 | 66,735,000 | 3,146,250 | 69,881,250 |
| \$ 104,535,000 | \$ 79,763,580 | \$ 254,435,000 | \$ 294,942,750 | \$ 665,110,000 | \$ 772,953,200 | \$ 1,155,573,295 | \$ 1,234,063,248 | \$ 2,389,636,543 |
| 10,607,285 | - | 56,112,254 | - | 132,453,069 | - | 210,696,584 | - | 210,696,584 |
| \$ 115,142,285 | \$ 79,763,580 | \$ 310,547,254 | \$ 294,942,750 | \$ 797,563,069 | \$ 772,953,200 | \$ 1,366,269,879 | \$ 1,234,063,248 | \$ 2,600,333,127 |

Metropolitan Nashville Airport Authority
Schedule of Changes in Long-term Debt by Individual Issue
June 30, 2020

| Description of Indebtedness | Original Amount of Issue | Interest Rate | Date of Issue | Last Maturity Date | Outstanding July 1, 2019 | Issued During Period | Paid and/or Matured During Period | Refunded During Period | Outstanding June 30, 2020 |
|---|--------------------------|-----------------|---------------|--------------------|--------------------------|----------------------|-----------------------------------|------------------------|---------------------------|
| Nashville International Airport | | | | | | | | | |
| NOTES PAYABLE | | | | | | | | | |
| <u>Payable through General Fund</u> | | | | | | | | | |
| Energy Loan Phase II | \$ 2,777,500 | 1.85% | 12/1/2012 | 11/30/2023 | \$ 1,221,141 | \$ - | \$ (340,339) | \$ - | \$ 880,802 |
| Geothermal Loan | 4,300,000 | 2.78% | 7/1/2015 | 6/30/2031 | 3,751,705 | - | (281,844) | - | 3,469,861 |
| Total Notes Payable through General Fund | | | | | \$ 4,972,846 | \$ - | \$ (622,183) | \$ - | \$ 4,350,663 |
| BONDS PAYABLE | | | | | | | | | |
| <u>Payable through General Fund</u> | | | | | | | | | |
| General Airport Revenue Bond, Series 2003B | \$ 19,585,000 | 5.49 to 5.94% | 11/1/2003 | 7/1/2033 | \$ 13,235,000 | \$ - | \$ - | \$ - | \$ 13,235,000 |
| General Airport Revenue Bond, Series 2008A | 37,600,000 | Variable | 6/30/2008 | 7/1/2019 | 3,800,000 | - | (3,800,000) | - | - |
| General Airport Revenue Bond, Series 2009A | 36,000,000 | 4.125 to 5.25% | 3/1/2009 | 7/1/2019 | 7,970,000 | - | (7,970,000) | - | - |
| General Airport Revenue Bond, Series 2015A | 91,855,000 | 4.0 to 5.0% | 12/1/2015 | 7/1/2045 | 90,205,000 | - | (1,730,000) | - | 88,475,000 |
| General Airport Revenue Bond, Series 2015B | 108,145,000 | 4.0 to 5.0% | 12/1/2015 | 7/1/2045 | 106,615,000 | - | (2,080,000) | - | 104,535,000 |
| Subordinate, General Airport Revenue Bond, Series 2019A | 254,435,000 | 4.0 to 5.0% | 12/17/2019 | 7/1/2054 | - | 254,435,000 | - | - | 254,435,000 |
| Subordinate, General Airport Revenue Bond, Series 2019B | 665,150,000 | 4.0 to 5.0% | 12/17/2019 | 7/1/2054 | - | 665,150,000 | - | - | 665,150,000 |
| Total Bonds Payable through General Fund | | | | | \$ 221,825,000 | \$ 919,585,000 | \$ (15,580,000) | \$ - | \$ 1,125,830,000 |
| <u>Payable through Customer Facility Charges</u> | | | | | | | | | |
| CONRAC, Series 2010 | 66,300,000 | 4.816 to 5.787% | 2/1/2010 | 7/1/2020 | \$ 5,840,000 | \$ - | \$ (2,840,000) | \$ - | \$ 3,000,000 |
| CONRAC, Series 2018 | 27,358,295 | 3.40% | 5/1/2018 | 7/1/2028 | 27,358,295 | - | - | - | 27,358,295 |
| Total Bonds Payable through Customer Facility Charges | | | | | \$ 33,198,295 | \$ - | \$ (2,840,000) | \$ - | \$ 30,358,295 |

This part of the Authority's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the government's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time (schedules on pages 112, 115, 116, 117, and 118)

Revenue Capacity

These schedules contain information to help the reader assess the Authority's most significant revenue sources (schedules on pages 113, 114, 115, 120, 121, and 122)

Debt Capacity

These schedules present information to help the reader assess the affordability of the Authority's current levels of outstanding debt and its ability to issue additional debt in the future (schedules on pages 116 and 119)

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place (schedules on pages 123, 124, 125, and 126)

Operating Information

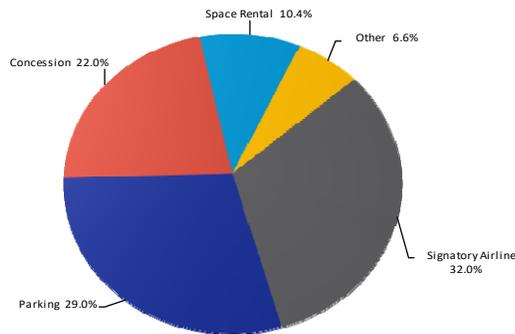
These schedules contain service data to help the reader understand how the information in the Authority's financial report relates to the services it provides and the activities it performs (schedule on page 124)

Metropolitan Nashville Airport Authority Statistical Information

Metropolitan Nashville Airport Authority Operating Revenues Analysis (000s)

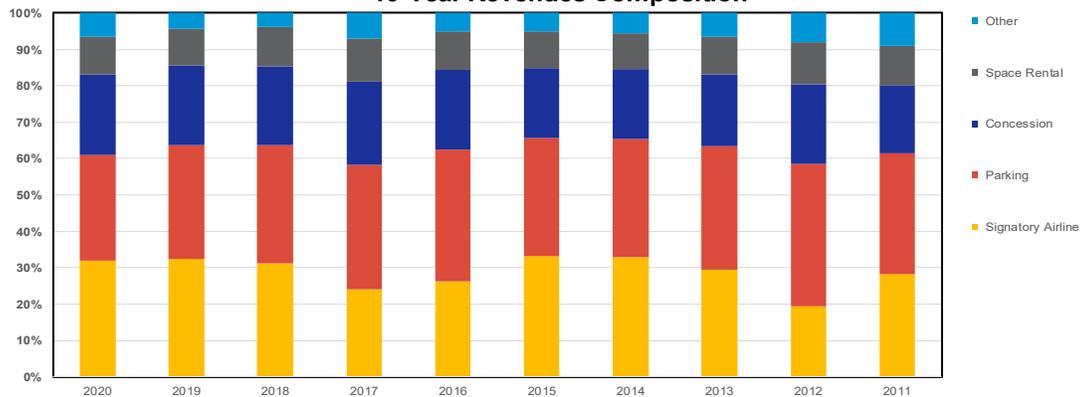
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------------|------------------|------------------|
| Operating Revenues: | | | | | | | | | | |
| Signatory Airline | \$ 46,012 | \$ 55,264 | \$ 48,092 | \$ 30,672 | \$ 30,561 | \$ 39,414 | \$ 37,027 | \$ 29,373 | \$ 16,132 | \$ 25,306 |
| Parking | 41,736 | 53,154 | 50,369 | 43,977 | 41,890 | 38,726 | 36,258 | 34,020 | 32,468 | 29,744 |
| Concession | 31,730 | 37,204 | 33,499 | 29,338 | 25,454 | 22,873 | 21,520 | 19,491 | 18,220 | 16,610 |
| Space Rental | 14,918 | 16,886 | 16,648 | 15,121 | 12,325 | 11,989 | 11,045 | 10,308 | 9,545 | 9,804 |
| Other | 9,522 | 7,525 | 5,872 | 8,988 | 5,960 | 5,993 | 6,279 | 6,600 | 6,749 | 7,978 |
| Total | \$ 143,918 | \$ 170,033 | \$ 154,480 | \$ 128,096 | \$ 116,190 | \$ 118,995 | \$ 112,129 | \$ 99,792 | \$ 83,114 | \$ 89,442 |

Operating Revenues Composition



Operating revenues have increased 60.9% since 2011. Enplanements increased 45.2% to 6,858,395 compared to 4,724,974 ten years ago. Parking revenue increased \$12.0 million since 2011.

10-Year Revenues Composition

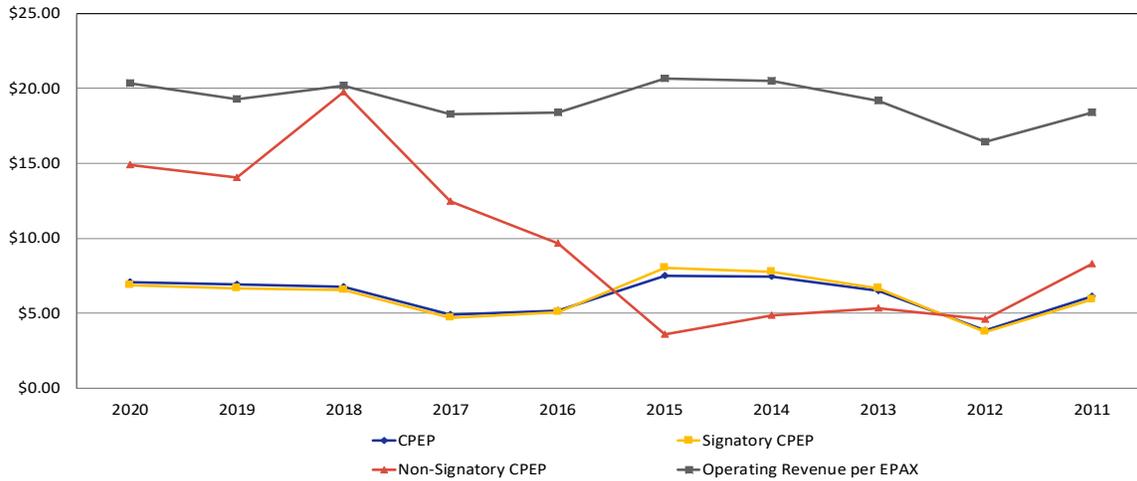


Metropolitan Nashville Airport Authority Statistical Information

Nashville International Airport Cost per Enplaned Passenger (CPEP)

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Signatory Airlines: | | | | | | | | | | |
| Space and Ramp Fees | \$ 25,268 | \$ 34,170 | \$ 28,288 | \$ 12,245 | \$ 11,399 | \$ 28,886 | \$ 27,027 | \$ 21,552 | \$ 13,565 | \$ 14,874 |
| Landing Fees | 20,744 | 21,094 | 19,804 | 18,427 | 19,162 | 10,528 | 10,000 | 7,821 | 2,567 | 10,432 |
| Total Signatory Revenue | 46,012 | 55,264 | 48,092 | 30,672 | 30,561 | 39,414 | 37,027 | 29,373 | 16,132 | 25,306 |
| Signatory Enplaned (000s) | 6,703 | 8,306 | 7,349 | 6,571 | 6,021 | 4,926 | 4,791 | 4,425 | 4,331 | 4,278 |
| Cost per Signatory Enplaned | \$ 6.86 | \$ 6.65 | \$ 6.54 | \$ 4.67 | \$ 5.08 | \$ 8.00 | \$ 7.73 | \$ 6.64 | \$ 3.72 | \$ 5.92 |
| Non-signatory Airlines: | | | | | | | | | | |
| Space and Ramp Fees | \$ 866 | \$ 1,674 | \$ 1,108 | \$ 1,747 | \$ 502 | \$ 986 | \$ 1,156 | \$ 1,313 | \$ 746 | \$ 944 |
| Landing Fees | 1,450 | 2,399 | 1,203 | 979 | 657 | 1,452 | 1,380 | 1,943 | 1,771 | 2,751 |
| Total Non-signatory Revenue | 2,316 | 4,073 | 2,311 | 2,726 | 1,159 | 2,438 | 2,536 | 3,256 | 2,517 | 3,695 |
| Non-signatory Enplaned (000s) | 156 | 290 | 117 | 219 | 120 | 678 | 521 | 613 | 552 | 447 |
| Cost per Non-signatory Enplaned | \$ 14.89 | \$ 14.03 | \$ 19.75 | \$ 12.45 | \$ 9.66 | \$ 3.60 | \$ 4.87 | \$ 5.31 | \$ 4.56 | \$ 8.27 |
| Summary Analysis: | | | | | | | | | | |
| Total Signatory & Non-signatory Revenue | \$ 48,328 | \$ 59,337 | \$ 50,403 | \$ 33,398 | \$ 31,720 | \$ 41,852 | \$ 39,563 | \$ 32,629 | \$ 18,649 | \$ 29,001 |
| Blended Cost per Enplaned | \$ 7.05 | \$ 6.90 | \$ 6.75 | \$ 4.92 | \$ 5.17 | \$ 7.47 | \$ 7.45 | \$ 6.48 | \$ 3.82 | \$ 6.14 |
| Operating Revenues (BNA Only) | \$ 139,513 | \$ 165,926 | \$ 150,498 | \$ 124,093 | \$ 112,946 | \$ 115,755 | \$ 108,918 | \$ 96,693 | \$ 80,192 | \$ 86,749 |
| Total Enplaned (includes charters) | 6,858 | 8,596 | 7,466 | 6,790 | 6,141 | 5,604 | 5,312 | 5,038 | 4,883 | 4,725 |
| Operating Revenues per Enplaned | \$ 20.34 | \$ 19.30 | \$ 20.16 | \$ 18.28 | \$ 18.39 | \$ 20.66 | \$ 20.50 | \$ 19.19 | \$ 16.42 | \$ 18.36 |

Enplaned Passenger (EPAX) Revenues Analysis



Metropolitan Nashville Airport Authority Statistical Information

Metropolitan Nashville Airport Authority Operating Revenues Analysis - Activity Detail (000s)

Signatory & Non-signatory rate history effective July 1 of each fiscal year (unless noted below).

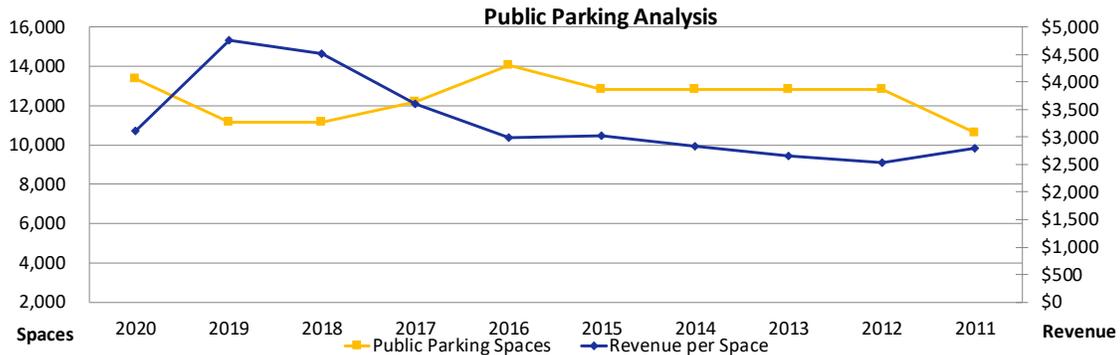
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|----------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Signatory Rates: | | | | | | | | | | |
| Landing fee | \$ 2.52 | \$ 3.09 | \$ 3.21 | \$ 2.99 | \$ 3.25 | \$ 1.65 | \$ 1.69 | \$ 1.52 | \$ 0.32 | \$ 2.05 |
| Ramp fees (See note below) | 2.07 | 2.23 | 2.34 | 1.71 | 1.71 | 266.99 | 223.05 | 133.09 | 84.78 | 101.26 |
| Main terminal | 105.65 | 103.07 | 100.55 | 90.00 | 90.00 | 180.58 | 164.54 | 130.84 | 78.84 | 93.16 |
| North concourse | 105.65 | 103.07 | 100.55 | 90.00 | 90.00 | 112.07 | 79.11 | 62.55 | 36.13 | 41.29 |
| South concourse | 105.65 | 103.07 | 100.55 | 90.00 | 90.00 | 104.35 | 113.96 | 57.62 | 37.51 | 41.12 |

Per the airline agreement effective July 1, 2015 there is a flat fee for all terminal area rent per square foot. The methodology for ramp fees was previously charged per linear foot and under the agreement has been changed to per square foot. This resulted in the rate looking substantially smaller; the actual billed amount is not materially different.

Non-signatory Rates:

| | | | | | | | | | | |
|------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Landing fee | 3.84 | 4.29 | 4.23 | 3.74 | 4.07 | 4.23 | 4.10 | 3.17 | 3.92 | 5.02 |
| Per use fee (see note below) | 3.38 | 4.30 | 3.55 | 3.51 | 3.66 | N/A | N/A | N/A | N/A | N/A |
| Ramp (see note above) | 2.59 | 2.79 | 2.93 | 2.14 | 2.14 | 397.15 | 349.31 | 327.15 | 309.47 | 301.87 |
| Main terminal | 132.06 | 128.84 | 125.69 | 112.50 | 112.50 | 312.16 | 294.36 | 271.07 | 245.48 | 238.37 |
| North concourse | 132.06 | 128.84 | 125.69 | 112.50 | 112.50 | 113.74 | 111.78 | 107.23 | 98.44 | 90.13 |
| South concourse | 132.06 | 128.84 | 125.69 | 112.50 | 112.50 | 121.36 | 121.11 | 114.82 | 104.64 | 92.73 |

Per the airline agreement effective July 1, 2015, the non-signatory airlines may be charged on a per use fee per departing seat. The per use fee covers the use of the ticket counter, baggage make up, baggage claim and gate usage.



| | | | | | | | | | | |
|------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Parking lot revenue (000) | \$ 41,736 | \$ 53,154 | \$ 50,369 | \$ 43,977 | \$ 41,890 | \$ 38,725 | \$ 36,258 | \$ 34,020 | \$ 32,468 | \$ 29,744 |
| Spaces available (actual) | 13,377 | 11,169 | 11,172 | 12,203 | 14,041 | 12,811 | 12,811 | 12,811 | 12,811 | 10,605 |
| Revenue per space | \$ 3,120 | \$ 4,759 | \$ 4,509 | \$ 3,604 | \$ 2,983 | \$ 3,023 | \$ 2,830 | \$ 2,656 | \$ 2,534 | \$ 2,805 |
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
| Short term | 4,192 | 2,201 | 2,318 | 2,369 | 2,369 | 2,369 | 2,369 | 2,369 | 2,369 | 1,706 |
| Long term A | 1,125 | 1,034 | 830 | 1,810 | 2,060 | 2,060 | 2,060 | 2,060 | 2,060 | 1,959 |
| Long term B | 2,124 | 2,124 | 2,124 | 2,124 | 2,124 | 2,124 | 2,124 | 2,124 | 2,124 | 2,129 |
| Economy | 3,625 | 3,499 | 3,625 | 3,625 | 3,690 | 3,690 | 3,690 | 3,690 | 3,690 | 3,660 |
| Express Park | 1,230 | 1,230 | 1,230 | 1,230 | 1,230 | | | | | |
| Valet | 1,081 | 1,081 | 1,045 | 1,045 | 1,152 | 1,152 | 1,152 | 1,152 | 1,152 | 1,151 |
| Overflow | | | | | 1,416 | 1,416 | 1,416 | 1,416 | 1,416 | |
| Public parking spaces | 13,377 | 11,169 | 11,172 | 12,203 | 14,041 | 12,811 | 12,811 | 12,811 | 12,811 | 10,605 |

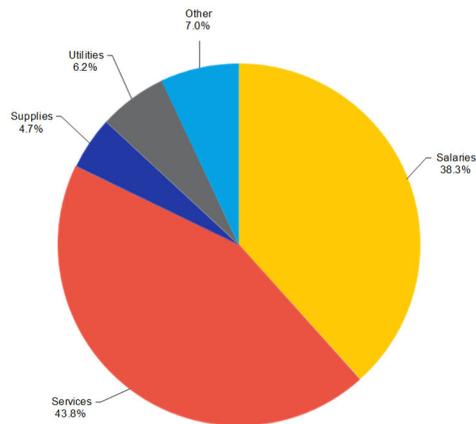
Metropolitan Nashville Airport Authority Statistical Information

Metropolitan Nashville Airport Authority Operating Expenses Analysis (000s)

| | 2020 | 2019 | 2018 | (as restated) 2017 | (as restated) 2016 | 2015 | (as restated) 2014 | 2013 | 2012 | 2011 |
|----------------------------|-------------------|-------------------|-------------------|-----------------------|-----------------------|-------------------|-----------------------|-------------------|-------------------|------------------|
| Operating Expenses: | | | | | | | | | | |
| Salaries and wages | \$ 36,982 | \$ 38,470 | \$ 32,879 | \$ 33,862 | \$ 34,666 | \$ 32,019 | \$ 30,602 | \$ 32,118 | \$ 30,744 | \$ 28,570 |
| Contractual services | 42,219 | 41,434 | 36,802 | 28,611 | 26,271 | 25,962 | 27,887 | 24,783 | 24,215 | 21,851 |
| Supplies and materials | 4,545 | 4,047 | 3,841 | 3,510 | 3,374 | 3,987 | 4,133 | 3,437 | 3,156 | 2,876 |
| Utilities | 5,978 | 6,140 | 5,639 | 5,971 | 5,945 | 6,256 | 5,888 | 5,971 | 6,115 | 6,318 |
| Depreciation | 49,768 | 44,497 | 39,914 | 38,980 | 37,224 | 36,535 | 35,773 | 35,648 | 33,001 | 29,680 |
| Other | 6,712 | 9,523 | 6,101 | 5,611 | 5,677 | 4,902 | 4,645 | 3,786 | 3,147 | 2,680 |
| Total | \$ 146,204 | \$ 144,111 | \$ 125,176 | \$ 116,545 | \$ 113,157 | \$ 109,661 | \$ 108,928 | \$ 105,743 | \$ 100,378 | \$ 91,975 |

*FY 2017 & FY 2016 Salaries and wages has been restated due to implementation of GASB 75 and FY 2014 Salaries and wages has been restated due to implementation of GASB 68.

FY 2020 Operating Expenses before Provision for Depreciation

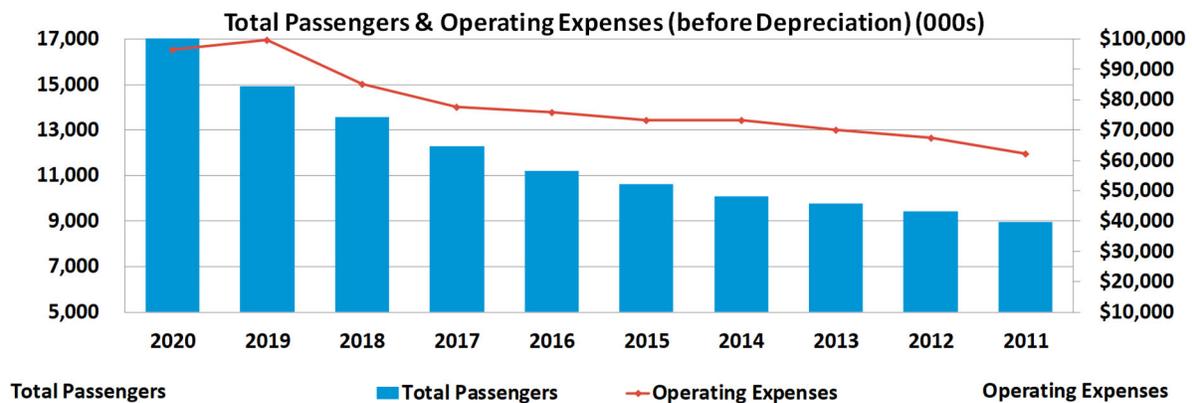


The unfunded liability for OPEB decreased by \$6,710,355 in 2020 causing it to become an asset. The unfunded liability for OPEB decreased by \$6,007,485 in 2019, \$10,943,634 in 2018, \$4,359,490 in 2017, and by \$48,780 in 2016. Prior years saw an increase in liability of \$226,926 in 2015, \$1,020,425 in 2014, \$4,011,455 in 2013, \$4,636,773 in 2012 and \$4,124,748 in 2011. During 2018, the Authority recognized the adjustment for GASB 75 as related to OPEB plans. The effect on the Salary Expense from the GASB 75 adjustment for 2017 and 2018 was \$239,908 and \$539,010 respectively.

The Authority had a net Pension asset in 2020 of \$3,145,335, and liability in 2019 of \$1,278,902. Previously the Authority had a pension assets of \$441,851 and \$ 2,047,037 in 2018 and 2017, respectively. The Pension liability was \$6,538,938 in 2016, \$10,621,488 in 2015, and \$13,063,642 in 2014.

Pension costs as a component of Salaries and Wages were \$4,899,611 in 2020, \$7,031,933 in 2019, \$2,517,599 in 2018, \$2,770,594 in 2017, \$3,944,669 in 2016, \$2,512,326 in 2015, as restated \$1,916,154 in 2014, \$2,872,767 in 2013, \$2,943,508 in 2012, and \$2,608,858 in 2011. During 2015, the Authority recognized the adjustments for GASB 68 as related to the Pension plan. The effect on the FY 2014 Salary Expense from the GASB 68 adjustment was a decrease in the amount of \$ 725,612.

OPEB costs as a component of Salaries and Wages were (\$1,383,900) in 2020, (\$336,247) in 2019, \$1,539,140 in 2018, and \$2,559,382 in 2017.



Metropolitan Nashville Airport Authority Statistical Information

Metropolitan Nashville Airport Authority Schedule of Capital Assets At June 30 for Each Year Presented

| | 2020 | % | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|--|-------------------------|------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Land and nondepreciable assets | \$ 105,115,818 | 43.0% | \$ 97,169,587 | \$ 97,169,587 | \$ 96,968,771 | \$ 96,968,770 | \$ 96,968,770 | \$ 96,992,465 | \$ 96,992,465 | \$ 96,992,465 | \$ 97,211,465 |
| Construction in progress | 139,067,964 | 57.0% | 233,273,255 | 153,579,003 | 72,814,778 | 42,890,290 | 62,125,107 | 36,845,372 | 20,469,818 | 14,275,669 | 113,187,969 |
| Total capital assets not being depreciated | 244,183,782 | 100.0% | 330,442,842 | 250,748,590 | 169,783,549 | 139,859,060 | 159,093,877 | 133,837,837 | 117,462,283 | 111,268,134 | 210,399,434 |
| Infrastructure | 613,663,559 | 37.2% | 588,779,486 | 576,918,742 | 561,704,513 | 541,464,084 | 487,401,089 | 476,885,301 | 474,449,844 | 473,328,967 | 458,112,921 |
| Buildings and building improvements | 841,349,251 | 51.0% | 422,874,974 | 315,970,461 | 298,911,276 | 264,629,088 | 258,305,083 | 255,460,891 | 254,508,281 | 253,445,668 | 183,122,322 |
| Equipment, furniture and fixtures | 194,396,606 | 11.8% | 183,211,887 | 182,051,284 | 165,348,939 | 129,795,510 | 114,296,965 | 108,530,594 | 103,981,903 | 95,181,689 | 57,665,911 |
| Total capital assets being depreciated | 1,649,409,416 | 100.0% | 1,194,866,347 | 1,074,940,487 | 1,025,964,728 | 935,888,682 | 860,003,137 | 840,876,786 | 832,940,028 | 821,956,324 | 698,901,154 |
| Less accumulated depreciation | (668,885,544) | 40.6% | (627,078,709) | (615,032,739) | (578,686,474) | (539,922,435) | (503,403,886) | (466,909,686) | (431,262,318) | (395,789,389) | (362,901,122) |
| Net capital assets | \$ 1,224,707,654 | N/A | \$ 898,230,480 | \$ 710,656,338 | \$ 617,061,803 | \$ 535,825,307 | \$ 515,693,128 | \$ 507,804,937 | \$ 519,139,993 | \$ 537,435,069 | \$ 546,399,466 |

Ratios of Outstanding Revenue Bond Debt as a Percentage of Total Revenue Bond Debt At June 30 for Each Year Presented

| | 2020 | % | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|-------------------------|------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Series 2003 PFC Revenue Bonds | - | N/A | - | - | - | - | - | - | - | 3,925,000 | 7,750,000 |
| Series 2003B Revenue Bonds | 13,235,000 | 1.1% | 13,235,000 | 14,785,000 | 14,785,000 | 14,785,000 | 15,250,000 | 15,695,000 | 16,115,000 | 17,260,000 | 17,260,000 |
| Series 2008A Revenue Bonds | - | N/A | 3,800,000 | 7,400,000 | 10,800,000 | 12,000,000 | 12,200,000 | 12,400,000 | 12,500,000 | 12,600,000 | 19,300,000 |
| Series 2009A Revenue Bonds | - | N/A | 7,970,000 | 12,160,000 | 16,180,000 | 20,040,000 | 23,755,000 | 27,310,000 | 30,765,000 | 34,085,000 | 35,285,000 |
| Series 2010A Revenue Bonds | - | N/A | - | - | 3,835,000 | 7,525,000 | 11,085,000 | 14,520,000 | 17,855,000 | 21,220,000 | 24,515,000 |
| Series 2010 CONRAC Revenue Bonds | 3,000,000 | 0.3% | 5,840,000 | 8,535,000 | 56,695,000 | 58,980,000 | 61,070,000 | 62,975,000 | 64,720,000 | 66,300,000 | 66,300,000 |
| Series 2018 CONRAC Revenue Bonds | 27,358,295 | 2.4% | 27,358,295 | 27,358,295 | - | - | - | - | - | - | - |
| Series 2010B Revenue Bonds | - | N/A | - | - | - | - | 16,475,000 | 31,965,000 | 46,545,000 | 60,410,000 | 70,400,000 |
| Series 2010C Revenue Bonds | - | N/A | - | - | - | 1,740,000 | 4,340,000 | 7,145,000 | 10,155,000 | 13,365,000 | 16,170,000 |
| Series 2015A Revenue Bonds | 88,475,000 | 7.7% | 90,205,000 | 91,855,000 | 91,855,000 | 91,855,000 | - | - | - | - | - |
| Series 2015B Revenue Bonds | 104,535,000 | 9.0% | 106,615,000 | 108,145,000 | 108,145,000 | 108,145,000 | - | - | - | - | - |
| Series 2019A Revenue Bonds | 254,435,000 | 22.0% | - | - | - | - | - | - | - | - | - |
| Series 2019B Revenue Bonds | 665,150,000 | 57.5% | - | - | - | - | - | - | - | - | - |
| Total Revenue Bonds | 1,156,188,295 | 100.0% | 255,023,295 | 270,238,295 | 302,295,000 | 315,070,000 | 144,175,000 | 172,010,000 | 198,655,000 | 229,165,000 | 256,980,000 |
| Plus unamortized premium | 210,686,583 | N/A | 23,016,511 | 24,158,916 | 25,296,995 | 26,648,869 | 787,902 | 2,207,486 | 3,627,071 | 5,046,652 | 6,466,233 |
| Net Outstanding Debt | \$ 1,366,874,878 | N/A | \$ 278,039,806 | \$ 294,397,211 | \$ 327,591,995 | \$ 341,718,869 | \$ 144,962,902 | \$ 174,217,486 | \$ 202,282,071 | \$ 234,211,652 | \$ 263,446,233 |
| Enplanements | 6,858,395 | n/a | 8,596,307 | 7,466,332 | 6,790,099 | 6,141,092 | 5,604,148 | 5,312,021 | 5,037,975 | 4,883,374 | 4,724,974 |
| Net Outstanding Debt per Enplanement | \$ 199.30 | n/a | \$ 32.34 | \$ 39.43 | \$ 48.25 | \$ 55.65 | \$ 25.87 | \$ 32.80 | \$ 40.16 | \$ 47.97 | \$ 55.76 |

**Metropolitan Nashville Airport Authority
Statistical Information**

| | 2020 | 2019 | 2018 | (as restated) 2017 | (as restated) 2016 | 2015 | (as restated) 2014 | (as restated) 2013 | 2012 | 2011 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Operating Revenues: | | | | | | | | | | |
| Signatory Airline | \$ 46,012,326 | \$ 55,264,548 | \$ 48,091,521 | \$ 30,671,634 | \$ 30,561,053 | \$ 39,414,175 | \$ 37,026,998 | \$ 29,373,222 | \$ 16,132,099 | \$ 25,305,820 |
| Parking | 41,735,515 | 53,153,828 | 50,369,200 | 43,977,208 | 41,889,907 | 38,725,346 | 36,258,325 | 34,020,205 | 32,467,762 | 29,743,911 |
| Concession | 31,730,323 | 37,203,600 | 33,498,728 | 29,338,439 | 25,453,862 | 22,873,310 | 21,520,372 | 19,490,760 | 18,220,104 | 16,609,629 |
| Space Rental | 14,918,277 | 16,885,811 | 16,648,433 | 15,121,337 | 12,324,959 | 11,989,094 | 11,045,009 | 10,308,115 | 9,545,208 | 9,804,161 |
| Other | 9,522,197 | 7,524,807 | 5,871,735 | 8,987,603 | 5,959,737 | 5,993,198 | 6,278,417 | 6,599,423 | 6,748,967 | 7,978,056 |
| Total Operating Revenues | 143,918,638 | 170,032,594 | 154,479,617 | 128,096,221 | 116,189,518 | 118,995,123 | 112,129,121 | 99,791,725 | 83,114,140 | 89,441,577 |
| Operating Expenses: | | | | | | | | | | |
| Salaries and wages | 36,981,912 | 38,469,934 | 32,879,302 | 33,862,254 | 34,666,038 | 32,019,144 | 30,602,436 | 32,118,328 | 30,744,071 | 28,570,046 |
| Contractual Services | 42,218,732 | 41,434,039 | 36,801,980 | 28,610,678 | 26,270,995 | 25,962,137 | 27,886,714 | 24,783,144 | 24,214,616 | 21,851,020 |
| Materials and Supplies | 4,544,743 | 4,046,799 | 3,840,490 | 3,509,520 | 3,374,113 | 3,987,451 | 4,132,884 | 3,436,780 | 3,156,304 | 2,875,601 |
| Utilities | 5,977,699 | 6,140,029 | 5,639,206 | 5,971,391 | 5,944,858 | 6,255,942 | 5,887,708 | 5,970,579 | 6,115,153 | 6,317,661 |
| Insurance | 1,442,491 | 1,336,036 | - | - | - | - | - | - | - | - |
| Other | 5,270,166 | 8,287,094 | 6,101,266 | 5,610,734 | 5,677,177 | 5,451,870 | 4,645,047 | 3,786,262 | 3,147,215 | 2,680,441 |
| Total Operating Expenses | 96,435,743 | 99,713,931 | 85,262,244 | 77,564,577 | 75,933,181 | 73,676,544 | 73,154,789 | 70,095,093 | 67,377,359 | 62,294,769 |
| Provision for Depreciation | 49,768,473 | 44,497,442 | 39,914,221 | 38,979,958 | 37,223,834 | 36,534,617 | 35,773,468 | 35,648,323 | 33,000,622 | 29,679,570 |
| Nonoperating Revenues: | | | | | | | | | | |
| Investment income | 23,723,090 | 7,703,826 | 2,149,362 | 730,198 | 333,542 | 359,790 | 328,349 | 426,259 | 305,715 | 342,616 |
| Passenger facility charges | 26,384,555 | 31,416,941 | 28,300,013 | 25,982,494 | 23,735,979 | 15,703,411 | 13,502,385 | 13,262,426 | 12,522,227 | 13,300,248 |
| Customer facility charges | 11,827,674 | 15,094,273 | 14,290,386 | 13,561,430 | 12,956,481 | 11,692,265 | 10,825,490 | 10,307,062 | 10,090,579 | 9,074,716 |
| Other nonoperating revenues | 12,032,061 | - | 130,025 | 86,599 | 614,433 | 396,880 | 313,559 | 553,407 | 21,911 | 1,874,664 |
| Total Nonoperating Revenues | 73,967,380 | 54,215,040 | 44,869,786 | 40,360,721 | 37,640,435 | 28,152,346 | 24,969,783 | 24,549,154 | 22,940,432 | 24,592,244 |
| Nonoperating Expenses: | | | | | | | | | | |
| Debt-related expenses | 37,994,910 | 13,267,265 | 10,262,472 | 10,299,910 | 8,874,244 | 7,610,829 | 9,000,146 | 10,231,288 | 10,281,744 | 11,854,314 |
| Other nonoperating expenses | 112,570 | 16,170,808 | 548,726 | (461,510) | 1,234,522 | 302,080 | - | - | - | (1,138,286) |
| Total Nonoperating Expenses | 38,107,480 | 29,438,073 | 10,811,198 | 9,838,400 | 10,108,766 | 7,912,909 | 9,000,146 | 10,231,288 | 10,281,744 | 10,716,028 |
| Capital Contributions | 21,287,199 | 18,178,942 | 15,010,688 | 14,552,791 | 28,763,278 | 28,056,580 | 12,739,063 | 6,023,925 | 6,807,058 | 16,861,226 |
| Increase in Net Position | 54,861,521 | 68,777,130 | 78,372,428 | 56,626,798 | 59,327,450 | 57,079,979 | 31,909,564 | 14,390,100 | 2,201,905 | 28,204,680 |
| Total Net Position - End of Year | \$ 781,149,182 | \$ 726,287,661 | \$ 657,510,531 | \$ 579,138,103 | \$ 522,511,305 | \$ 463,183,855 | \$ 406,103,876 | \$ 374,194,312 | \$ 386,387,255 | \$ 384,185,350 |

* Fiscal 2013 ending net position was restated in fiscal 2015 for the effects of the retrospective application of GASB Statement No. 68.

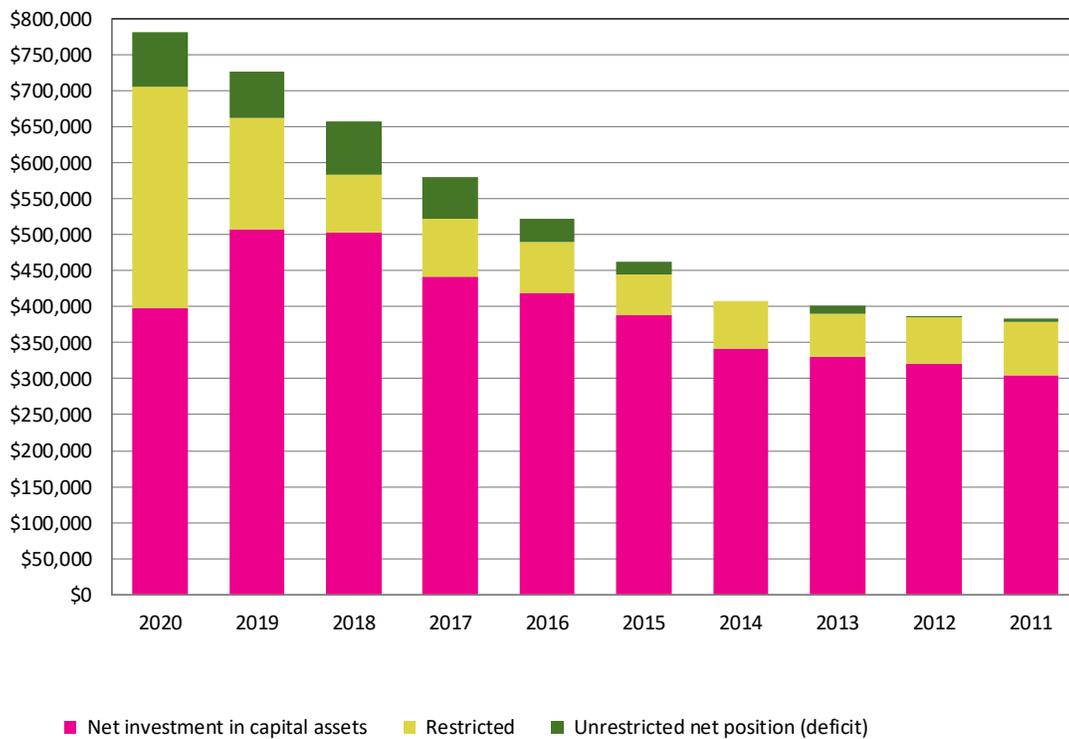
**Fiscal 2016 ending net position was restated in fiscal 2018 for the effects of the retrospective application of GASB Statement No. 75.

Metropolitan Nashville Airport Authority Statistical Information

Metropolitan Nashville Airport Authority Net Position Analysis (000s)

| | 2020 | 2019 | 2018 | (as restated) 2017 | (as restated) 2016 | 2015 | (as restated) 2014 | (as restated) 2013 | 2012 | 2011 |
|-------------------------------------|-------------------|-------------------|-------------------|-----------------------|-----------------------|-------------------|-----------------------|-----------------------|-------------------|-------------------|
| Net Position: | | | | | | | | | | |
| Net investment in capital assets | \$ 397,961 | \$ 507,479 | \$ 502,945 | \$ 441,690 | \$ 419,177 | \$ 387,595 | \$ 342,148 | \$ 329,877 | \$ 321,079 | \$ 305,011 |
| Restricted | 307,948 | 154,036 | 80,172 | 80,759 | 70,955 | 56,559 | 65,801 | 60,319 | 63,987 | 73,639 |
| Unrestricted net position (deficit) | 75,240 | 64,772 | 74,394 | 56,689 | 32,379 | 19,030 | (1,845) | 10,581 | 1,321 | 5,535 |
| Total | \$ 781,149 | \$ 726,287 | \$ 657,511 | \$ 579,138 | \$ 522,511 | \$ 463,184 | \$ 406,104 | \$ 400,777 | \$ 386,387 | \$ 384,185 |

Net Position as of June 30 for Each of the Years Presented



Metropolitan Nashville Airport Authority

Statistical Information

Nashville International Airport (Senior Debt) Debt Service Coverage Analysis (000s)

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|--|-------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Operating Revenue | \$ 139,513 | \$ 165,926 | \$ 150,498 | \$ 124,093 | \$ 112,946 | \$ 115,755 | \$ 108,918 | \$ 96,693 | \$ 80,192 | \$ 86,749 |
| Less Operating Expenses (net of non-cash items) | (87,550) | (91,324) | (77,946) | (80,453) | (80,752) | (72,488) | (70,746) | (63,820) | (56,648) | (51,941) |
| Less Capital Items Funded with Operating Revenues | (1,317) | (13,796) | (9,757) | (1,891) | (1,715) | (13,536) | (5,184) | (4,018) | (2,473) | (2,656) |
| Change in Working Capital & Other Items | 37,432 | 28,776 | (22,374) | 3,738 | 12,695 | (3,452) | 2,213 | 6,179 | 2,312 | 696 |
| Add Investment Income | 23,640 | 6,920 | 2,040 | 668 | 300 | 309 | 345 | 294 | 310 | 233 |
| Add Various Transfers | - | - | - | - | - | - | - | 3,000 | - | - |
| Add Transfer from CIF* | - | - | - | - | - | 3,574 | 5,619 | 727 | 8,167 | 3,555 |
| COVERAGE CASH FLOW | \$ 111,718 | \$ 96,502 | \$ 42,461 | \$ 46,155 | \$ 43,474 | \$ 30,162 | \$ 41,165 | \$ 39,055 | \$ 31,860 | \$ 36,636 |
| INTEREST | 10,126 | 12,353 | 7,499 | 3,420 | 6,672 | 2,246 | 3,527 | 4,033 | 4,485 | 4,572 |
| PRINCIPAL | 15,580 | 8,330 | 7,235 | 3,915 | 3,430 | 19,740 | 18,940 | 18,110 | 18,320 | 19,495 |
| TOTAL DEBT SERVICE | 25,706 | 20,683 | 14,734 | 7,335 | 10,102 | 21,986 | 22,467 | 22,143 | 22,805 | 24,067 |
| DEBT SERVICE COVERAGE | 434.6% | 466.6% | 288.2% | 629.2% | 430.4% | 137.2% | 183.2% | 176.4% | 139.7% | 152.2% |

Nashville International Airport (Senior Subordinate Debt) Debt Service Coverage Analysis (000s)

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|--|-------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Operating Revenue | \$ 139,513 | \$ 165,926 | \$ 150,498 | \$ 124,093 | \$ 112,946 | \$ 115,755 | \$ 108,918 | \$ 96,693 | \$ 80,192 | \$ 86,749 |
| Less Operating Expenses (net of non-cash items) | (87,550) | (91,324) | (77,946) | (80,453) | (80,752) | (72,488) | (70,746) | (63,820) | (56,648) | (51,941) |
| Less Capital Items Funded with Operating Revenues | (1,317) | (13,796) | (9,757) | (1,891) | (1,715) | (13,536) | (5,184) | (4,018) | (2,473) | (2,656) |
| Change in Working Capital & Other Items | 37,432 | 28,776 | (22,374) | 3,738 | 12,695 | (3,452) | 2,213 | 6,179 | 2,312 | 696 |
| Add Investment Income | 23,640 | 6,920 | 2,040 | 668 | 300 | 309 | 345 | 294 | 310 | 233 |
| Add Various Transfers | - | - | - | - | - | - | - | 3,000 | - | - |
| Add Transfer from CIF* | - | - | - | - | - | 3,574 | 5,619 | 727 | 8,167 | 3,555 |
| COVERAGE CASH FLOW | \$ 111,718 | \$ 96,502 | \$ 42,461 | \$ 46,155 | \$ 43,474 | \$ 30,162 | \$ 41,165 | \$ 39,055 | \$ 31,860 | \$ 36,636 |
| INTEREST | 34,028 | 12,353 | 7,499 | 3,420 | 6,672 | 2,246 | 3,527 | 4,033 | 4,485 | 4,572 |
| PRINCIPAL | 15,580 | 8,330 | 7,235 | 3,915 | 3,430 | 19,740 | 18,940 | 18,110 | 18,320 | 19,495 |
| TOTAL DEBT SERVICE | 49,608 | 20,683 | 14,734 | 7,335 | 10,102 | 21,986 | 22,467 | 22,143 | 22,805 | 24,067 |
| DEBT SERVICE COVERAGE | 225.2% | 466.6% | 288.2% | 629.2% | 430.4% | 137.2% | 183.2% | 176.4% | 139.7% | 152.2% |

CFC - 2010 & 2018 CONRAC Debt Service Coverage Analysis (000s)

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|-----------------|-----------------|------------------|------------------|-----------------|------------------|------------------|-----------------|-----------------|
| Customer Facility Charges | \$ 11,828 | \$ 15,094 | \$ 14,290 | \$ 13,561 | \$ 12,956 | \$ 11,692 | \$ 10,825 | \$ 10,307 | \$ 10,091 |
| Less Operating Expenses | (1,607) | (1,681) | (1,537) | (1,585) | (1,500) | (1,475) | (138) | (692) | (396) |
| Change in Working Capital & Other Items | (7,631) | (7,407) | (1,014) | (1,491) | (1,480) | (100) | (72) | (437) | (2,429) |
| Add Investment Income | 289 | 261 | 45 | 34 | 21 | 12 | 8 | 15 | 15 |
| COVERAGE CASH FLOW | \$ 2,879 | \$ 6,267 | \$ 11,784 | \$ 10,519 | \$ 9,997 | \$ 10,129 | \$ 10,623 | \$ 9,193 | \$ 7,281 |
| INTEREST | 956 | 944 | 3,282 | 3,571 | 3,673 | 3,759 | 3,830 | 3,903 | 3,903 |
| PRINCIPAL | 2,840 | 2,695 | 20,802 | 2,480 | 2,285 | 2,090 | 1,905 | 1,745 | 1,580 |
| TOTAL DEBT SERVICE | 3,796 | 3,639 | 24,084 | 6,051 | 5,958 | 5,849 | 5,735 | 5,648 | 5,483 |
| DEBT SERVICE COVERAGE | 75.8% | 172.2% | 48.9% | 173.8% | 167.8% | 173.2% | 185.2% | 162.8% | 132.8% |

*Coverage calculations presented in this schedule differ from those required by the Master Bond Ordinance and all series ordinances as shown in the Continuing Disclosures.

Metropolitan Nashville Airport Authority Statistical Information

Nashville International Airport Passenger Enplanements Market Share

as of July 1, 2015 the Authority entered into a new agreement.

| | % of | Total | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|--|--------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|---------|
| SIGNATORY AIRLINES: | | | | | | | | | | | | |
| Alaska Airlines | 1.3% | 87,807 | 115,960 | 87,309 | 58,533 | 41,233 | - | - | - | - | - | - |
| Allegiant Air | 1.7% | 115,305 | - | - | - | - | - | - | - | - | - | - |
| American Airlines (A) | 16.0% | 1,070,173 | 1,348,801 | 1,235,501 | 1,176,043 | 1,156,141 | 454,897 | 460,153 | 430,900 | 381,231 | 413,028 | - |
| American Eagle (A) | 0.0% | - | - | - | - | - | - | 218,520 | 280,860 | 282,113 | 279,504 | 208,880 |
| Continental Express d/b/a ExpressJet (B) | 0.0% | - | - | - | - | - | - | 223,995 | 324,175 | 285,903 | 173,929 | 153,341 |
| Delta Air Lines Inc. (B) | 14.5% | 971,443 | 1,278,183 | 1,138,922 | 988,137 | 926,454 | 623,480 | 552,169 | 444,584 | 412,008 | 381,859 | - |
| Frontier Airlines | 1.9% | 126,000 | 177,341 | 146,184 | 9,979 | - | - | 81,596 | 94,385 | 89,549 | 125,423 | 115,004 |
| Jet Blue | 1.5% | 99,316 | 138,189 | 130,541 | 138,985 | 22,570 | - | - | - | - | - | - |
| Southwest Airlines | 53.3% | 3,571,632 | 4,517,284 | 4,009,180 | 3,655,441 | 3,426,391 | 3,114,815 | 2,879,200 | 2,723,295 | 2,643,725 | 2,619,094 | - |
| Spirit Airlines | 1.8% | 122,176 | - | - | - | - | - | - | - | - | - | - |
| United Airlines/Comair (C) | 8.0% | 539,013 | 730,243 | 600,988 | 543,704 | 448,396 | 6,400 | 115 | 2,994 | 31,750 | 77,136 | - |
| US Airways (A) | 0.0% | - | - | - | - | - | - | 202,656 | 200,169 | 165,577 | 191,640 | 173,905 |
| Sub Total | 97.7% | 6,702,865 | 8,306,001 | 7,348,625 | 6,570,822 | 6,021,185 | 4,926,359 | 4,791,226 | 4,424,915 | 4,239,210 | 4,142,247 | |

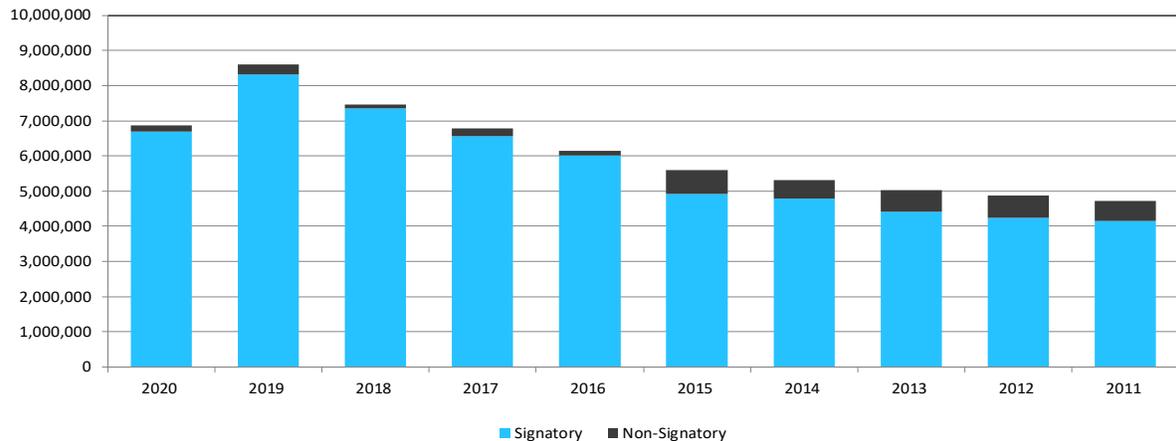
MNAA entered into a new agreement with the airlines beginning July 1, 2015. Only major carriers are Signatory and subsidiary carrier activity will be consolidated under the Signatory carrier beginning FY 2016. Some previously Non-Signatory carriers now fly consolidated under multiple Signatory carriers. American Affiliates (A); Delta Affiliates (B); United Affiliates (C).

NON-SIGNATORY AIRLINES:

| | | | | | | | | | | | | |
|----------------------------------|-------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--------|
| Air Canada d/b/a Jazz Air | 0.0% | 24,745 | 292 | 174 | 1,034 | 371 | 229 | 18,558 | 19,234 | 18,053 | 17,874 | - |
| Air Georgian dba Air Canada | 0.5% | 8,549 | 45,204 | 44,229 | 42,739 | 29,589 | 26,056 | 4,542 | - | - | - | - |
| Air Wisconsin (A) | 0.0% | - | - | - | - | - | - | 75,888 | 49,802 | 64,339 | 36,560 | 31,531 |
| Allegiant Air | 0.9% | - | 80,170 | 6,136 | - | - | - | - | - | - | - | - |
| American Connection/Chautauqua | 0.0% | - | - | - | - | - | - | - | - | - | - | - |
| Astral Aviation d/b/a Skyway | 0.0% | - | - | - | - | - | - | - | - | - | - | - |
| British Airways | 0.5% | 32,684 | 43,289 | 8,671 | - | - | - | - | - | - | - | - |
| Continental Airlines | 0.0% | - | - | - | - | - | - | - | - | - | 880 | 297 |
| Contour Airlines | 0.2% | 12,303 | 14,290 | 10,432 | 8,038 | - | - | - | - | - | - | - |
| Delta/Chautauqua | 0.0% | - | - | - | - | - | - | 546 | 168 | 3,396 | 5,503 | - |
| JetBlue Airways | 0.0% | - | - | - | - | - | - | - | - | - | - | - |
| Frontier Airlines | 0.0% | - | - | - | 130,449 | 71,840 | - | - | - | - | - | - |
| Mesa Airlines (A) | 0.0% | - | - | - | - | - | 43,348 | 47,608 | 70,822 | 48,693 | 63,566 | - |
| Republic | 0.0% | - | - | - | - | - | 77,117 | 69,823 | 41,761 | 65,239 | 63,933 | - |
| Various/Trans State Airlines (A) | 0.0% | - | - | - | - | - | 26,324 | - | 25,962 | 27,849 | 18,120 | - |
| United/Skywest (C) | 0.0% | - | - | - | - | - | 37,261 | - | 433 | 6,861 | 29,434 | - |
| Westjet Airlines | 0.3% | 8,848 | 23,559 | 11,591 | 2,252 | - | - | - | - | - | - | - |
| Westjet /Encore | 0.3% | 19,673 | 22,339 | 22,210 | 20,479 | 1,115 | - | - | - | - | - | - |
| All Others (includes Charters) | 0.7% | 48,728 | 61,163 | 14,264 | 14,286 | 16,992 | 391,566 | 329,916 | 390,341 | 436,633 | 352,469 | - |
| Sub Total | 3.4% | 155,530 | 290,306 | 117,707 | 219,277 | 119,907 | 677,789 | 520,795 | 613,060 | 644,164 | 582,727 | |

TOTAL 100.0% 6,858,395 8,596,307 7,466,332 6,790,099 6,141,092 5,604,148 5,312,021 5,037,975 4,883,374 4,724,974

Enplanement History



Continental Airlines officially transitioned from signatory to non-signatory status during 2007.

Metropolitan Nashville Airport Authority Statistical Information

Nashville International Airport Passenger Airline Landed Weights (000's)

| | % of Total | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|--|------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| SIGNATORY AIRLINES: | | | | | | | | | | | |
| Alaska Airlines | 1.2% | 104,358 | 129,001 | 99,354 | 55,390 | 43,248 | - | - | - | - | - |
| Allegiant Air | 1.7% | 145,579 | - | - | - | - | - | - | - | - | - |
| American Airlines (A) | 15.6% | 1,356,238 | 1,549,447 | 1,415,662 | 1,352,169 | 1,332,377 | 523,970 | 518,096 | 516,356 | 426,041 | 524,980 |
| American Eagle (A) | 0.0% | - | - | - | - | - | 261,251 | 334,087 | 359,788 | 361,390 | 250,201 |
| Continental Express d/b/a ExpressJet (B) | 0.0% | - | - | - | - | - | 219,248 | 325,905 | 295,511 | 175,644 | 170,289 |
| Delta Air Lines Inc. (B) | 13.2% | 1,147,250 | 1,427,507 | 1,287,034 | 1,148,263 | 1,051,357 | 693,222 | 650,841 | 538,467 | 487,302 | 463,462 |
| Frontier Airlines | 1.5% | 130,207 | 166,271 | 140,496 | 8,784 | - | 85,862 | 98,132 | 96,648 | 140,569 | 138,158 |
| JetBlue | 1.4% | 126,152 | 156,958 | 147,967 | 152,321 | 23,986 | - | - | - | - | - |
| Northwest Airlines Inc. | 0.0% | - | - | - | - | - | - | - | - | - | - |
| Southwest Airlines | 52.4% | 4,564,368 | 4,947,577 | 4,391,669 | 4,065,313 | 3,807,965 | 3,600,935 | 3,468,480 | 3,343,472 | 3,274,838 | 3,256,494 |
| Spirit Airlines | 1.9% | 167,604 | - | - | - | - | - | - | - | - | - |
| United Airlines/Comair (C) | 8.1% | 707,738 | 859,945 | 683,646 | 614,443 | 485,586 | 15,306 | 1,887 | 4,976 | 38,451 | 93,016 |
| US Airways (A) | 0.0% | - | - | - | - | - | 230,945 | 251,464 | 202,766 | 229,524 | 226,543 |
| Sub Total | 97.0% | 8,449,494 | 9,236,706 | 8,165,828 | 7,396,683 | 6,744,519 | 5,630,739 | 5,648,892 | 5,357,984 | 5,133,759 | 5,123,143 |

MNAA entered into a new agreement with the airlines beginning July 1, 2015. Only major carriers are Signatory and subsidiary carrier activity will be consolidated under the Signatory carrier beginning FY 2016. Some previously Non-Signatory carriers now fly consolidated under multiple Signatory carriers. American Affiliates (A); Delta Affiliates (B), United Affiliates (C).

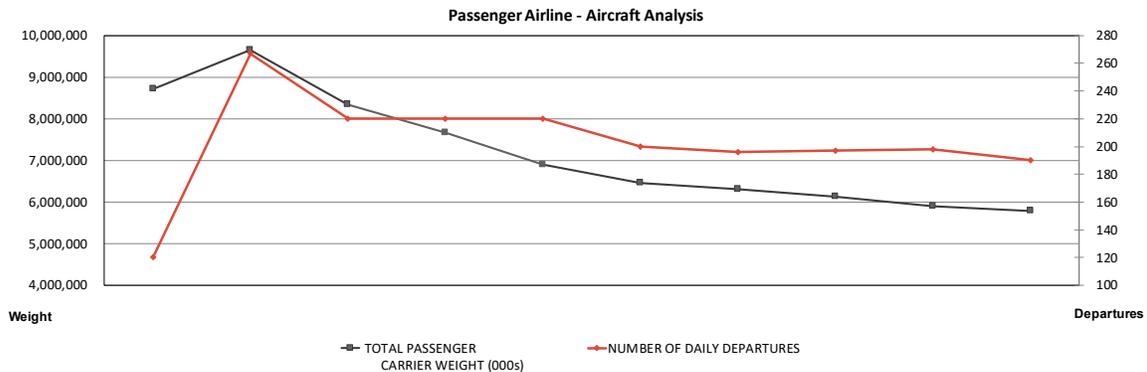
NON-SIGNATORY AIRLINES:

| | | | | | | | | | | | |
|--------------------------------|------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Air Canada d/b/a Jazz Air | 0.4% | 32,799 | 1,840 | 2,752 | 2,987 | 2,583 | 2,111 | 25,304 | 33,760 | 28,618 | 28,905 |
| Air Georgian dba Air Canada | 0.1% | 8,997 | 48,594 | 47,422 | 47,610 | 33,506 | 30,759 | 4,740 | - | - | - |
| Air Wisconsin (A) | 0.0% | - | - | - | - | - | 85,865 | 55,225 | 72,662 | 42,582 | 35,438 |
| Express Jet/Delta (B) | 0.0% | - | - | - | - | - | 57,364 | 83,788 | 88,227 | 111,302 | 83,119 |
| Branson Air Express | 0.0% | - | - | - | - | - | - | - | - | - | 1,940 |
| British Airways | 1.0% | 85,225 | 101,865 | 15,960 | - | - | - | - | - | - | - |
| Continental Airlines | 0.0% | - | - | - | - | - | - | - | - | 3,568 | 1,134 |
| Compass Airlines (B) | 0.0% | - | - | - | - | 2,296 | 24,437 | 47,283 | 25,445 | 63,789 | 63,789 |
| Delta, Midwest Connect | 0.0% | - | - | - | - | - | 85 | 4,617 | 3,077 | 3,574 | 4,170 |
| Express Jet/United Express (C) | 0.0% | - | - | - | - | - | - | - | - | 90,106 | 91,151 |
| Frontier Airlines | 0.0% | - | - | - | 126,550 | 70,424 | - | - | - | - | - |
| Mesa Airlines | 0.0% | - | - | - | - | - | 45,879 | 48,918 | 75,699 | 51,517 | 67,808 |
| Pinnacle/Endeavor Airlines | 0.0% | - | - | - | - | - | 107,398 | 117,366 | 116,432 | 75,435 | 76,510 |
| Republic | 0.0% | - | - | - | - | - | 183,157 | 92,102 | 55,122 | 78,253 | 70,635 |
| Trans States Airlines | 0.0% | - | - | - | - | - | 25,662 | 84 | 25,572 | 27,520 | 18,126 |
| SkyWest | 0.0% | - | - | - | - | - | 157,259 | 129,226 | 149,781 | 129,188 | 72,522 |
| All Others (includes charters) | 1.5% | 142,317 | 262,979 | 102,944 | 94,068 | 46,700 | 124,323 | 82,701 | 114,095 | 101,752 | 49,709 |
| Sub Total | 3.0% | 269,338 | 415,278 | 169,078 | 271,215 | 153,213 | 822,158 | 668,508 | 781,710 | 768,860 | 664,956 |

TOTAL PASSENGER

| | | | | | | | | | | | |
|---|---------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| CARRIER WEIGHT (000s) | 100.0% | 8,718,832 | 9,651,984 | 8,334,906 | 7,667,898 | 6,897,732 | 6,452,897 | 6,317,400 | 6,139,694 | 5,902,619 | 5,788,099 |
| CARGO & MISC CARRIER WEIGHT (000s) | | 276,583 | 300,413 | 305,994 | 285,758 | 305,642 | 304,279 | 300,986 | 261,389 | 244,138 | 250,181 |
| TOTAL WEIGHT ALL AIRCRAFT (000s) | | 8,995,415 | 9,952,397 | 8,640,900 | 7,953,656 | 7,203,374 | 6,757,176 | 6,618,386 | 6,401,083 | 6,146,757 | 6,038,280 |
| % PASSENGER CARRIER WEIGHT | | 97% | 97% | 96% | 96% | 96% | 95% | 95% | 96% | 96% | 96% |

Differences between total gross landed weight summarized here and carrier-specific activity are attributable to adjustments made during the year. There continues to be charter activity at BNA. However, much of the supporting services are reported by airlines with their scheduled operating activity.



Metropolitan Nashville Airport Authority Statistical Information

Metropolitan Nashville Airport Authority Aircraft Activity

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|------------------|------|------|------|------|------|------|------|------|------|------|
| Daily Departures | 120 | 267 | 220 | 220 | 220 | 200 | 196 | 197 | 198 | 190 |

This represents a typical business day during June of each fiscal year and the number of departures scheduled for that particular day.

Aircraft Operations:

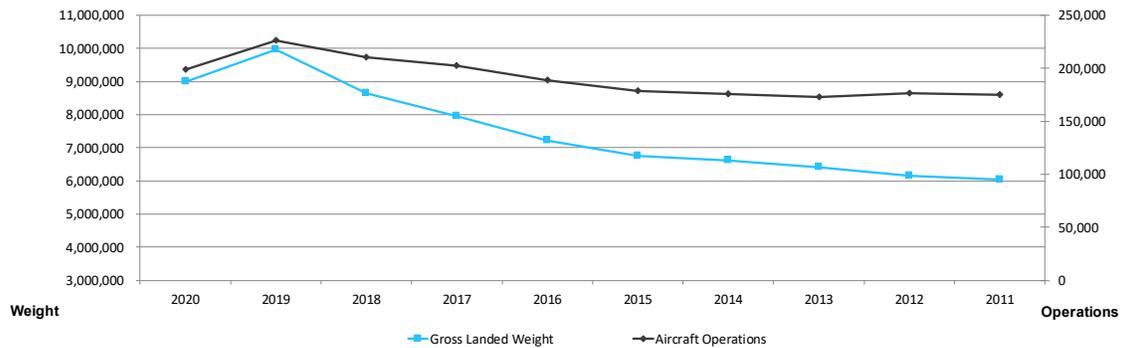
| | | | | | | | | | | |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Cargo Carrier | 1,948 | 2,512 | 2,666 | 2,586 | 2,880 | 2,702 | 2,288 | 2,064 | 2,462 | 2,526 |
| Charter Carrier (all) | - | - | - | - | - | - | - | 26 | 20 | 8 |
| General Aviation | 31,126 | 37,258 | 36,424 | 35,402 | 35,428 | 32,861 | 30,947 | 28,631 | 29,902 | 27,979 |
| General Aviation Air Taxi | 23,097 | 29,963 | 30,530 | 33,598 | 33,338 | 37,261 | 46,021 | 48,609 | 51,275 | 55,334 |
| Mainline Carrier | 101,863 | 104,649 | 90,560 | 80,066 | 73,998 | 68,087 | 60,402 | 53,289 | 50,235 | 50,883 |
| Military Aircraft | 2,902 | 2,697 | 3,123 | 4,225 | 4,219 | 2,901 | 1,782 | 1,942 | 3,332 | 3,612 |
| Regional Carrier | 37,786 | 48,733 | 47,054 | 46,207 | 38,891 | 34,920 | 33,912 | 38,200 | 38,834 | 34,256 |
| Total Aircraft Operations | 198,722 | 225,812 | 210,357 | 202,084 | 188,754 | 178,732 | 175,352 | 172,761 | 176,060 | 174,598 |

Gross Landed Weight (000s)

| | | | | | | | | | | |
|----------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Cargo Carrier | 278,208 | 300,695 | 305,994 | 285,758 | 305,642 | 304,279 | 300,986 | 262,110 | 242,987 | 250,181 |
| Charter Carrier (all) | 19,634 | 28,963 | 30,754 | 30,294 | 33,325 | 27,548 | 16,761 | 16,078 | 6,766 | 6,552 |
| Mainline Carrier | 7,618,541 | 8,206,249 | 8,165,828 | 7,396,683 | 6,744,519 | 5,630,738 | 5,648,894 | 5,357,984 | 5,133,758 | 5,123,142 |
| Military Aircraft | - | - | - | - | - | - | - | - | - | - |
| Regional Carrier | 1,079,032 | 1,416,490 | 138,324 | 240,921 | 119,888 | 794,611 | 651,746 | 765,632 | 763,242 | 659,907 |
| Total Gross Landed Weight | 8,995,415 | 9,952,397 | 8,640,900 | 7,953,656 | 7,203,374 | 6,757,176 | 6,618,387 | 6,401,804 | 6,146,753 | 6,039,782 |

Differences between total gross landed weight summarized here and carrier-specific activity are attributable to adjustments made during the year. The Authority does not receive information in order to track gross landed weight for general aviation activity.

Aircraft Operations and Gross Landed Weight (000s)



| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|---------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Cargo (tons): | | | | | | | | | | |
| Air Mail | 710 | 787 | 644 | 855 | 601 | 163 | - | 1 | 1 | 2 |
| Air Freight | 9,106 | 8,440 | 8,799 | 7,751 | 6,905 | 3,151 | 3,095 | 3,231 | 6,403 | 3,467 |
| Air Cargo - Domestic | 36,681 | 42,034 | 41,703 | 38,894 | 32,670 | 13,749 | 14,999 | 16,056 | 36,445 | 17,177 |
| Air Cargo - International | 2,251 | 3,047 | 291 | - | - | - | - | - | - | - |
| Total Cargo | 48,748 | 54,308 | 51,437 | 47,500 | 40,176 | 17,063 | 18,094 | 19,288 | 42,849 | 20,646 |

Metropolitan Nashville Airport Authority

Statistical Information

Major Tenants at Nashville International Airport and John C. Tune Airport

Signatory Carriers:

Alaska Airlines
 Allegiant Air
 American Airlines (A)
 Delta Air Lines (B)
 Frontier Airlines
 JetBlue
 Southwest Airlines
 Spirit Airlines (Signatory effective 10/2019)
 United Airlines (C)

Signatory Affiliate Carriers:*

Air Wisconsin (A & C)
 Endeavor Air (B)
 Envoy (A)
 ExpressJet (Multiple)
 GoJet Airlines (Multiple)
 Mesa Airlines (A)
 Republic Airways (Multiple)
 Shuttle America (Multiple)
 SkyWest Airlines (Multiple)
 TransStates Airlines (Multiple)

Non-signatory Carriers:

AeroMexico
 Air Georgian
 Boutique Air (terminated 4/2019)
 British Airways
 Contour Airlines
 Sun Country
 Sunwing
 Swift Air
 VivaAerobus
 WestJet
 WestJet Encore
 Xtra Airways

Signatory Cargo Carriers:

Federal Express

Non-signatory Cargo Carriers:

Air General, Inc
 Air Transport Int'l.
 Airborne Express
 CSA
 DHL
 Mountain Air Cargo

Fixed-base Operators:

Atlantic Aviation
 Signature Flight Support

Other Airport Tenants:

121 @ BNA
 Above and Beyond
 Aeronautical Radio / Rockwell Collins
 Aircraft Services International
 Airline Maint. Svcs
 AMD Freight (terminated 12/2018)
 Embraer Aircraft Maintenance
 Federal Aviation Administration
 Genesco, Inc
 Graphic Ticket & Systems
 Marisol
 Metro Air Services
 Metro Government
 Miller Transfer
 Monell's at the Manor
 Simino Electric
 State of Tennessee
 Swissport
 TN Aeronautics Commission
 TN Dept of Transportation
 US Customs Border Patrol
 US DEA
 US Govt Weather Service
 US Postal Service
 Wilson Tire & Auto

Other Terminal Tenants:

24 Hour Flower
 Clear Channel Airports
 Concourse Communications / Boingo
 CTN Superior Shine
 Delaware North (Food & Beverage Concession)
 Fifth Third Bank
 First Class Seats
 Gaylord Opryland Resort
 Graycliff
 Green Bean Coffee Company
 HMSHost (Food & Beverage Concession)
 Hudson Group (News & Gift Concession)
 In Motion
 Massage Bar Inc
 Mobile Cubes (terminated 1/2019)
 Morpho Trust (TSA Pre)
 Nashville Nails
 New Zoom Systems
 Ready Credit
 Security Point Media
 Smarte Carte
 TSA
 Vino Volo

Vehicle Parking:

ABM Parking
 Nissan North America

Private Hangar Rentals:

Nashville Hangar
 Owl Hill Holdings
 SATA, Inc.
 Skywest
 The Martin Companies

Rental Car:

Avis
 Advantage Car Rental
 Budget
 Dollar
 Enterprise
 Hertz
 Thrifty
 Payless
 Vanguard (Alamo/National)
 ZipCar
 EZ Rent A Car

Ground Transportation:

Hotel Shuttles
 Taxicab Companies
 Limousine Companies
 TNC's (Uber, Lyft)

Ground Handlers:

Airport Terminal Services (ATS)
 Delta Global Services (DGS)
 dnata
 Dynair/Swissport
 Menzies Aviation
 PrimeFlight Aviation
 Trego Dugan
 United Ground Express (GSE)

Tenants at John C. Tune Airport:

Contour Flight Support dba/Corporate
 Flight Management
 Helistar
 Plane Hangar
 Mid America Jet

* MNAA entered into a new agreement with the airlines beginning July 1, 2015. Only major carriers are Signatory and subsidiary carrier activity will be consolidated under the Signatory carrier beginning FY 2016. Some previously Non-Signatory carriers now fly consolidated under multiple Signatory carriers. American Affiliates (A); Delta Affiliates (B), United Affiliates (C).

Metropolitan Nashville Airport Authority Statistical Information

Metropolitan Nashville Airport Authority Staffing - Full-time Equivalents

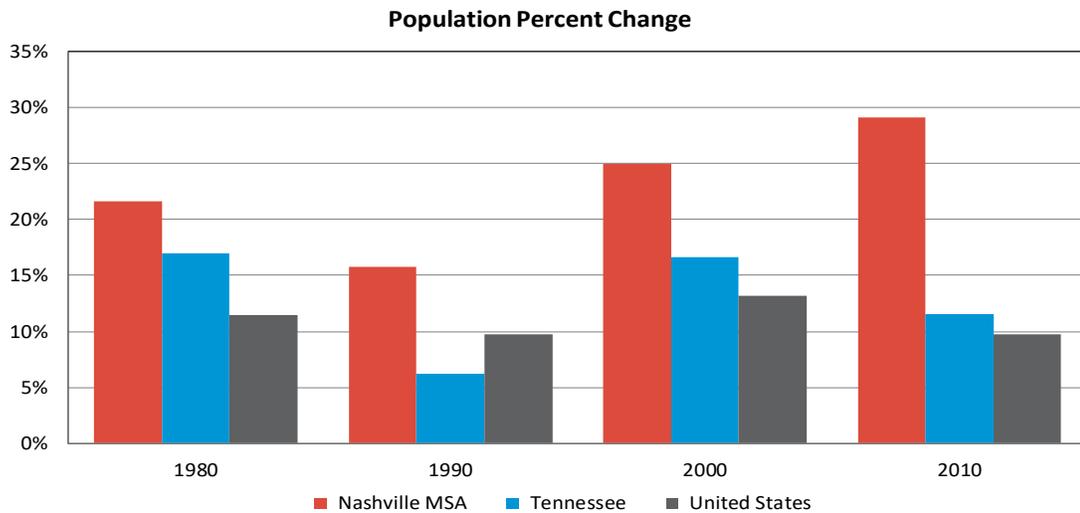
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Administration | 109.0 | 100.0 | 89.5 | 87.5 | 89.5 | 89.5 | 96.5 | 90.5 | 91.5 | 96.2 |
| Engineering & Maintenance | 113.0 | 98.5 | 72.0 | 75.0 | 72.0 | 72.0 | 76 | 72.5 | 74.5 | 71.3 |
| Operations, Safety, Security | 110.0 | 112.5 | 134 | 126.5 | 125.5 | 127.0 | 129 | 117.5 | 120.5 | 109.5 |
| Total Authority Full-time Equivalents | 332.0 | 311.0 | 295.5 | 289.0 | 287.0 | 288.5 | 301.5 | 280.5 | 286.5 | 277.0 |

Note: Staffing levels represent fulltime equivalents as of the last pay cycle of each fiscal year. MPC has no employees.

Nashville - Davidson - Murfreesboro Metropolitan Statistical Area Population

| Year | Nashville MSA* | Tennessee | United States |
|------|----------------|-----------|---------------|
| 1970 | 699,144 | 3,923,687 | 203,211,926 |
| 1980 | 850,505 | 4,591,120 | 226,545,805 |
| 1990 | 985,026 | 4,877,185 | 248,709,873 |
| 2000 | 1,231,311 | 5,689,283 | 281,421,906 |
| 2010 | 1,589,934 | 6,346,105 | 308,745,538 |

* The Nashville MSA consists of Cannon, Cheatham, Davidson, Dickson, Hickman, Macon, Robertson, Rutherford, Smith, Sumner, Trousdale, Williamson and Wilson Counties.



**Metropolitan Nashville Airport Authority
Statistical Information**

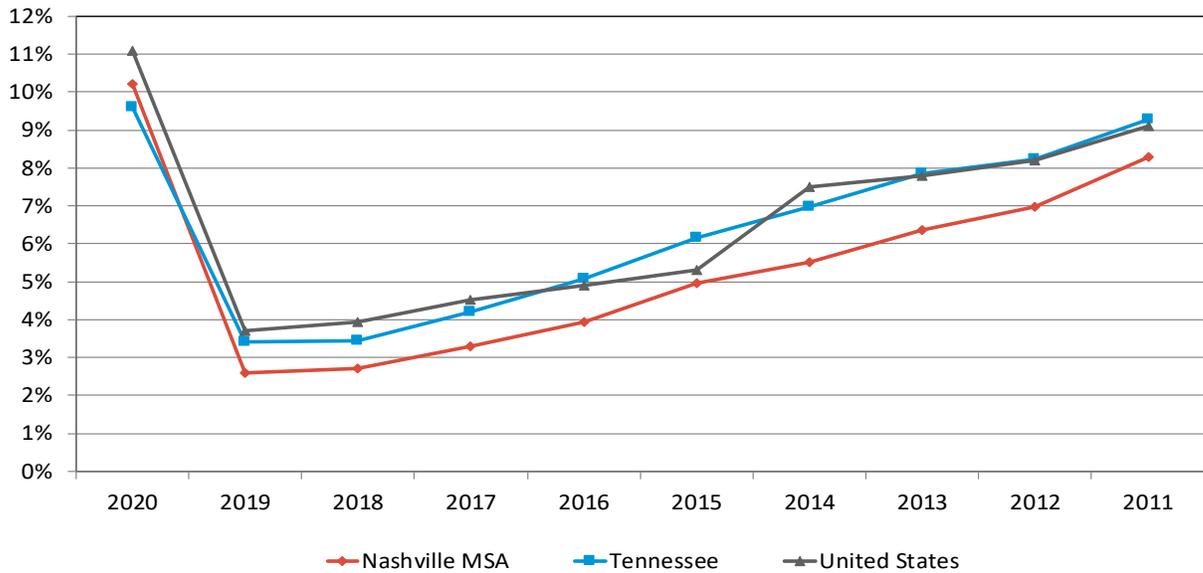
Nashville Metropolitan Statistical Area* Average Unemployment Rate

| <u>Year</u> | <u>Nashville MSA</u> | <u>Tennessee</u> | <u>United States</u> |
|-------------|----------------------|------------------|----------------------|
| 2020 | 10.20% | 9.60% | 11.10% |
| 2019 | 2.60% | 3.40% | 3.70% |
| 2018 | 2.71% | 3.45% | 3.93% |
| 2017 | 3.30% | 4.20% | 4.52% |
| 2016 | 3.94% | 5.07% | 4.90% |
| 2015 | 4.96% | 6.17% | 5.30% |
| 2014 | 5.51% | 6.97% | 7.50% |
| 2013 | 6.35% | 7.85% | 7.80% |
| 2012 | 6.98% | 8.23% | 8.20% |
| 2011 | 8.28% | 9.28% | 9.10% |

*Nashville Metropolitan Statistical Area consists of Davidson, Murfreesboro and Franklin Tennessee.

Source: U.S Bureau of Labor Statistics (<http://data.bls.gov>)

Average Unemployment Rates



Metropolitan Nashville Airport Authority Statistical Information

Nashville Area Top 25 Employers* (Ranked by Number of Local Employees)

| 2019 | Staff | Employer | Headquarters | 2018 | Staff |
|------|--------|---|-----------------|------|--------|
| 1 | 26,833 | State of Tennessee | Nashville | 1 | 26,348 |
| 2 | 24,039 | Vanderbilt University Medical Center and Monroe Carroll Jr. | Nashville | 2 | 23,627 |
| 3 | 13,518 | U.S. Government | Washington, DC | 3 | 13,220 |
| 4 | 11,000 | Nissan North America, Inc. | Franklin | 5 | 10,750 |
| 5 | 10,600 | HCA, Inc. | Nashville | 6 | 10,613 |
| 6 | 10,452 | Metropolitan Nashville-Davidson County Public Schools | Nashville | 4 | 11,000 |
| 7 | 10,331 | Vanderbilt University | Nashville | 9 | 5,695 |
| 8 | 8,700 | Metropolitan Government of Nashville and Davidson County | Nashville | 7 | 8,700 |
| 9 | 8,335 | Saint Thomas Health Service | Nashville | 8 | 6,100 |
| 10 | 6,360 | Williamson County Public Schools and County Government | Franklin | 11 | 5,024 |
| 11 | 5,500 | Rutherford County Government | Murfreesboro | 10 | 5,500 |
| 12 | 4,675 | Sumner County Government and Public Schools | Gallatin | 13 | 4,678 |
| 13 | 4,550 | Randstad Work Solutions | Atlanta, GA | 14 | 4,557 |
| 14 | 4,170 | Asurion | Nashville | 16 | 3,750 |
| 15 | 4,000 | Clarksville-Montgomery County School System | Clarksville | 15 | 4,000 |
| 16 | 3,692 | Amazon.com | Seattle, WA | 21 | 3,094 |
| 17 | 3,878 | Community Health Systems, Inc. | Franklin | 12 | 4,700 |
| 18 | 3,614 | Lowe's Cos. Inc | Mooresville, NC | 24 | 2,890 |
| 19 | 3,520 | The Kroger Co. | Cincinnati, OH | 18 | 3,523 |
| 20 | 3,335 | Bridgestone Americas Inc. | Nashville | 17 | 3,539 |
| 21 | 3,400 | Electrolux Home Products of North America | Charlotte, NC | 20 | 3,200 |
| 22 | 3,389 | Cracker Barrel Old Country Store, Inc. | Lebanon | 22 | 3,085 |
| 23 | 3,028 | National HealthCare Corporation | Murfreesboro | 19 | 3,250 |
| 24 | 3,000 | Shoney's, Inc. | Nashville | 23 | 3,000 |
| 25 | 2,715 | Walgreens | Deerfield, IL | 25 | 2,716 |

*Ranked by number of Middle Tennessee employees as of July 3, 2020 publication.

Source: Nashville Business Journal's [Book of Lists 2019-20](http://nashville.bizjournals.com) (nashville.bizjournals.com)

Middle Tennessee Top 25 Public Companies**

| 2019 | 2018 | Employer | Headquarters |
|------|------|--|----------------|
| 1 | 1 | HCA Holdings, Inc. | Nashville |
| 2 | 2 | Dollar General Corporation | Goodlettsville |
| 3 | 3 | Community Health Systems, Inc. | Franklin |
| 4 | 5 | Delek US Holdings, Inc. | Brentwood |
| 5 | 6 | Tractor Supply Co. | Brentwood |
| 6 | 8 | Brookdale Senior Living Co. | Brentwood |
| 7 | NA | Change Healthcare Inc. | Nashville |
| 8 | 11 | Acadia Healthcare Co, Inc. | Franklin |
| 9 | 9 | Cracker Barrel Old Country Store, Inc. | Lebanon |
| 10 | 12 | Louisiana-Pacific Corporation | Nashville |
| 11 | 10 | Genesco, Inc. | Nashville |
| 12 | 14 | CoreCivic Inc. | Brentwood |
| 13 | 15 | Surgery Partners Inc. | Brentwood |
| 14 | 16 | Ryman Hospitality Properties | Nashville |
| 15 | 21 | Tivity Health Inc. | Franklin |
| 16 | 18 | Pinnacle Financial Partners, Inc | Nashville |
| 17 | 17 | National HealthCare Corporation | Murfreesboro |
| 18 | NA | SmileDirect Club | Nashville |
| 19 | 19 | Kirkland's, Inc. | Brentwood |
| 20 | 22 | Delek Logistics Partners | Brentwood |
| 21 | 23 | Healthcare Realty Trust, Inc. | Nashville |
| 22 | NA | i3 Veritcals Inc. | Nashville |
| 23 | 25 | FB Financial Corp. | Nashville |
| 24 | NA | National Health Investors Inc. | Murfreesboro |
| 25 | NA | HealthStream Inc. | Nashville |

**Ranked by 2019 Revenue (Published July 3, 2020)

Source: Nashville Business Journal's [Book of Lists 2019-20](http://nashville.bizjournals.com) (nashville.bizjournals.com)

**Metropolitan Nashville Airport Authority
Compliance Section**

This section contains the following subsections:

Single Audit Under Uniform Guidance

Passenger Facility Charges

**Metropolitan Nashville Airport Authority
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2020**

| <u>Airport</u> | <u>Program Title</u> | <u>CFDA Number</u> | <u>Grantor Agency</u> | <u>Expenditures</u> |
|----------------------------|---|------------------------|--|-----------------------------|
| Federal Assistance: | | | | |
| Direct Awards: | | | | |
| Nashville International | Airport Improvement Program | 20.106 | Federal Aviation Administration | |
| | Master Plan Update | | | \$ 834,470 |
| | Taxiway Lima Rehabilitation | | | 1,933,337 |
| | Reconstruct Taxiway Alpha/Kilo Intersection | | | 8,834,123 |
| | Reconstruct Runway 2R/20L - Design | | | 2,000,000 |
| | COVID-19 Coronavirus Aid, Relief, & Economic Security | | | 5,630,615 |
| | Total Airport Improvement Program | | | <u>19,232,545</u> |
| | Disaster Grants - Public Assistance | 97.036 | Federal Emergency Management Agency | 583,560 |
| | Equitable Sharing Agreement and Certification | 16.922 | Department of Justice | <u>120,169</u> |
| | | | Total federal assistance | <u>\$ 19,936,274</u> |
| State Assistance: | | | | |
| Nashville International | Airport Improvements | | Tennessee Department of Transportation | |
| | Fiber Backbone | | | \$ 194,803 |
| | Annual Landside Paving | | | 12,590 |
| | Consolidated Service Facility Roof Replacement | | | 14,785 |
| | Eastside Creek Crossing Improvements | | | 78,985 |
| | Westside General Aviation Land Development | | | 45,755 |
| John C. Tune | Terminal Pavement Reconstruction | | | 804,514 |
| | Wildlife Assessment | | | 32,094 |
| | Air Traffic Control Tower & Access Road | | | 467,898 |
| | Airfield Maintenance Equipment | | | 60,000 |
| | Maintenance Grant | | | 15,000 |
| | Total Airport Improvements | | | <u>1,726,424</u> |
| Nashville International | Asset Forfeiture Equitable Sharing Program | | | 98,186 |
| | | | Total state assistance | <u>\$ 1,824,610</u> |
| | | | Grand total | <u>\$ 21,760,884</u> |

See notes to schedule of expenditures of federal and state awards.

Metropolitan Nashville Airport Authority
Notes to Schedule of Expenditures of Federal and State Awards

1. Basis of Presentation

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of the Metropolitan Nashville Airport Authority. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the Comptroller of the Treasury of the State of Tennessee.

2. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Authority has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

3. Contingency

The grant revenue amounts received are subject to audit and adjustment. If any expenditures are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of the Authority. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal and state laws and regulations.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management and the Board of Commissioners
Metropolitan Nashville Airport Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate remaining funds of the Metropolitan Nashville Airport Authority, (the "Authority"), a component unit of the Metropolitan Government of Nashville and Davidson County, Tennessee, as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 23, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To Management and the Board of Commissioners
Metropolitan Nashville Airport Authority

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

October 23, 2020

Report on Compliance for the Major Federal Program and Passenger Facility Charge Program; Report on Internal Control Over Compliance as Required by the Uniform Guidance and the *Passenger Facility Charge Audit Guide for Public Agencies*

Independent Auditor's Report

To the Board of Commissioners
Metropolitan Nashville Airport Authority

Report on Compliance for the Major Federal Program and for the Passenger Facility Charge Program

We have audited the Metropolitan Nashville Airport Authority's (the "Authority") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on the Authority's major federal program for the year ended June 30, 2020. In addition, we audited compliance with the applicable requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, for the year ended June 30, 2020. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. The Authority's passenger facility charge program is identified in the schedule of passenger facility charges.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program and the passenger facility charge program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Authority's major federal program and the passenger facility charge program based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance") and the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (the "Guide"). Those standards, the Uniform Guidance, and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program or the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program and the passenger facility charge program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on the Major Federal Program and Passenger Facility Charge Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program and the passenger facility charge program for the year ended June 30, 2020.

To the Board of Commissioners
Metropolitan Nashville Airport Authority

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program or the passenger facility charge program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and the passenger facility charge program, and to test and report on internal control over compliance in accordance with the Uniform Guidance and the Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or the passenger facility charge program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or the passenger facility charge program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or the passenger facility charge program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the Guide. Accordingly, this report is not suitable for any other purpose.

Plante & Moran, PLLC

October 23, 2020

**Metropolitan Nashville Airport Authority
Schedule of Findings and Questioned Costs**

Section I - Summary of Audit Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified that are not considered to be material weaknesses?

_____ Yes X None Reported

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified that are not considered to be material weaknesses?

_____ Yes X None Reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ Yes X No

Identification of Major Programs

CFDA Number

Name of Federal Program or Cluster

20.106

Airport Improvement Program

Dollar threshold used to distinguish between type A and type B programs

\$ 750,000

Auditee qualified as low-risk auditee?

_____ Yes X No

**Metropolitan Nashville Airport Authority
Schedule of Findings and Questioned Costs**

Section II – Financial Statement Audit Findings

| Reference Number | Finding |
|--------------------------|---------|
| Current Year None | |

Section III – Federal Program Audit Findings

| Reference Number | Finding |
|--------------------------|---------|
| Current Year None | |

Metropolitan Nashville Airport Authority
Schedule of Collections and Expenditures of Passenger Facility Charges
For the Year Ended June 30, 2020

| | Amended Amount Approved | Cumulative Total June 30, 2019 | Quarter Ended | | | | Total FY 2020 | Life-to-date Cumulative |
|--|-------------------------------|--------------------------------------|-----------------------|----------------------|-------------------|------------------|------------------|----------------------------|
| | | | September 30, 2019 | December 31, 2019 | March 31, 2020 | June 30, 2020 | | |
| COLLECTIONS: | | | | | | | | |
| PFC Revenue Received | \$ 946,938,055 | \$ 379,771,615 | \$ 10,200,782 | \$ 8,368,352 | \$ 8,974,024 | \$ 901,068 | \$ 28,444,226 | \$ 408,215,841 |
| Interest Earned/Fees Incurred | N/A | 26,182,990 | 281,981 | 235,429 | 324,140 | 493,528 | 1,335,078 | 27,518,068 |
| Total Collections | \$ 946,938,055 | \$ 405,954,605 | \$ 10,482,763 | \$ 8,603,781 | \$ 9,298,164 | \$ 1,394,596 | \$ 29,779,304 | \$ 435,733,909 |
| EXPENDITURES (REFUNDS): | | | | | | | | |
| APPLICATION 1: | | | | | | | | |
| Taxiway C Extension | \$ 6,118,900 | \$ 6,118,900 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 6,118,900 |
| Land Acquisition for ASR (P, F, I - 2003 PFC) | 6,806,412 | 6,806,412 | - | - | - | - | - | 6,806,412 |
| Land Acquisition (P, F, I - 2003 PFC) | 13,986,000 | 13,986,000 | - | - | - | - | - | 13,986,000 |
| Runway 2C/20C Relocation | 41,343,955 | 41,343,955 | - | - | - | - | - | 41,343,955 |
| Runway 13/31 Extension | 7,541,800 | 7,541,800 | - | - | - | - | - | 7,541,800 |
| Runway 2C/20C Extension | 8,840,000 | 8,840,000 | - | - | - | - | - | 8,840,000 |
| Total | 84,637,067 | 84,637,067 | - | - | - | - | - | 84,637,067 |
| APPLICATION 2: | | | | | | | | |
| Concourse Connector (P, F, I - 2003 PFC) | 4,814,500 | 4,814,500 | - | - | - | - | - | 4,814,500 |
| International Arrivals Building (P, F, I - 2003 PFC) | 6,898,801 | 6,898,801 | - | - | - | - | - | 6,898,801 |
| Total | 11,713,301 | 11,713,301 | - | - | - | - | - | 11,713,301 |
| APPLICATION 3 - MUFIDS | | | | | | | | |
| Total | 1,439,174 | 1,439,174 | - | - | - | - | - | 1,439,174 |
| APPLICATION 4 - Curbside Expansion | | | | | | | | |
| Total | 17,641,859 | 17,641,859 | - | - | - | - | - | 17,641,859 |
| APPLICATION 5: | | | | | | | | |
| ARFF Facility Expansion | 55,000 | 55,000 | - | - | - | - | - | 55,000 |
| Moving Sidewalk, Concourse A | 1,101,204 | 1,101,204 | - | - | - | - | - | 1,101,204 |
| Outbound Baggage Conveyor System | 1,495,482 | 1,495,482 | - | - | - | - | - | 1,495,482 |
| Total | 2,651,686 | 2,651,686 | - | - | - | - | - | 2,651,686 |

**Metropolitan Nashville Airport Authority
Schedule of Collections and Expenditures of Passenger Facility Charges
For the Year Ended June 30, 2020**

| | Amended Amount Approved | Cumulative Total June 30, 2019 | Quarter Ended | | | | Total FY 2020 | Life-to-date Cumulative |
|---|-------------------------------|--------------------------------------|-----------------------|----------------------|-------------------|------------------|------------------|----------------------------|
| | | | September 30, 2019 | December 31, 2019 | March 31, 2020 | June 30, 2020 | | |
| APPLICATION 6: | | | | | | | | |
| Airfield Lighting Control Panel | 443,438 | 443,438 | - | - | - | - | - | 443,438 |
| Airport Operations Center Relocation | 2,158,667 | 2,158,667 | - | - | - | - | - | 2,158,667 |
| Runway Deicer Truck | 228,300 | 228,300 | - | - | - | - | - | 228,300 |
| SMGCS (2) | 1,329,594 | 1,329,594 | - | - | - | - | - | 1,329,594 |
| Total | 4,159,999 | 4,159,999 | - | - | - | - | - | 4,159,999 |
| APPLICATION 7 - Air Cargo Ramp | | | | | | | | |
| Total | 2,094,000 | 2,094,000 | - | - | - | - | - | 2,094,000.00 |
| APPLICATION 8: | | | | | | | | |
| Air Cargo Ramp Expansion | 846,000 | 846,000 | - | - | - | - | - | 846,000 |
| Airfield Pavement Rehabilitation | 1,249,012 | 1,249,012 | - | - | - | - | - | 1,249,012 |
| Airport Master Plan | 169,635 | 169,635 | - | - | - | - | - | 169,635 |
| BIDS (3) | 353,758 | 353,758 | - | - | - | - | - | 353,758 |
| Terminal Access Roadway - Design | 451,037 | 451,037 | - | - | - | - | - | 451,037 |
| Radio Communication System | 980,951 | 980,951 | - | - | - | - | - | 980,951 |
| Terminal Apron Reconstruction | 172,223 | 172,223 | - | - | - | - | - | 172,223 |
| Update Noise Exposure Maps | 106,272 | 106,272 | - | - | - | - | - | 106,272 |
| Total | 4,328,888 | 4,328,888 | - | - | - | - | - | 4,328,888 |
| APPLICATION 9: | | | | | | | | |
| ARFF Vehicle | 493,143 | 493,143 | - | - | - | - | - | 493,143 |
| Airfield Hold Bar Modifications | 420,391 | 420,391 | - | - | - | - | - | 420,391 |
| Airfield Pavement Rehabilitation | 1,763,421 | 1,763,421 | - | - | - | - | - | 1,763,421 |
| Westside Infrastructure and Utility Development | 677,004 | 677,004 | - | - | - | - | - | 677,004 |
| Elevator on A Concourse | 207,040 | 207,040 | - | - | - | - | - | 207,040 |
| Live Scan Fingerprint Equipment | 49,374 | 49,374 | - | - | - | - | - | 49,374 |
| Total | 3,610,373 | 3,610,373 | - | - | - | - | - | 3,610,373 |
| APPLICATION 10: | | | | | | | | |
| 1500 Gallon ARFF Vehicle | 72,486 | 72,486 | - | - | - | - | - | 72,486 |
| Airfield Pavement Rehabilitation - East | 535,748 | 535,748 | - | - | - | - | - | 535,748 |
| Airport Vehicle Driving Simulator | 73,571 | 73,571 | - | - | - | - | - | 73,571 |
| Land Acquisition RW Ext. Approach | 468,000 | 468,000 | - | - | - | - | - | 468,000 |

Metropolitan Nashville Airport Authority
Schedule of Collections and Expenditures of Passenger Facility Charges
For the Year Ended June 30, 2020

| | Amended Amount Approved | Cumulative Total June 30, 2019 | Quarter Ended | | | | Total FY 2020 | Life-to-date Cumulative |
|--|-------------------------------|--------------------------------------|-----------------------|----------------------|-------------------|------------------|------------------|----------------------------|
| | | | September 30, 2019 | December 31, 2019 | March 31, 2020 | June 30, 2020 | | |
| Public Address System | 789,116 | 789,116 | - | - | - | - | 789,116 | |
| Security Enhancements | 378,750 | 378,750 | - | - | - | - | 378,750 | |
| Widen Three Taxiway Fillets | 274,012 | 274,012 | - | - | - | - | 274,012 | |
| Total | 2,591,683 | 2,591,683 | - | - | - | - | 2,591,683 | |
| APPLICATION 11: | | | | | | | | |
| Aircraft Rescue and Firefighting Equipment | 345,529 | 345,529 | - | - | - | - | 345,529 | |
| Pavement Sweeper | 99,643 | 99,643 | - | - | - | - | 99,643 | |
| Snow Removal Equipment | 418,887 | 418,887 | - | - | - | - | 418,887 | |
| Runway 13/31 W of 2L/20R | 220,765 | 220,765 | - | - | - | - | 220,765 | |
| Airfield Construction | 18,935 | 18,935 | - | - | - | - | 18,935 | |
| Txy Kilo W and Lima Rehab | 352,061 | 352,061 | - | - | - | - | 352,061 | |
| Txy Lima between T4 & T6 | 230,400 | 230,400 | - | - | - | - | 230,400 | |
| Reconstruction Txy Tango 6 at Terminal Ramp | 188,894 | 188,894 | - | - | - | - | 188,894 | |
| Reconstruction Txy Tango 6 at Juliet | 428,576 | 428,576 | - | - | - | - | 428,576 | |
| Reconstruction Txy Tango 6 at Terminal Ramp | 844,829 | 844,829 | - | - | - | - | 844,829 | |
| Reconstruction Txy Tango 2 | 164,855 | 164,855 | - | - | - | - | 164,855 | |
| Rehabilitate Taxiway Alpha North | 217,278 | 217,278 | - | - | - | - | 217,278 | |
| Shoulder Replacement Rwy 2L-20R | 593,673 | 593,673 | - | - | - | - | 593,673 | |
| Upgrade Trench Drain at De-Icing Area | 14,673 | 14,673 | - | - | - | - | 14,673 | |
| Rwy 2R20L & Txy H Add'l Work | 798,122 | 798,122 | - | - | - | - | 798,122 | |
| Airfield Pavement Rehab (Ph. 1-5), Rwy 2R/20L J & C Repair | 2,160,724 | 2,160,724 | - | - | - | - | 2,160,724 | |
| Airfield Resigning | 515,467 | 515,467 | - | - | - | - | 515,467 | |
| Engineering Study to Develop Land North of 13/31 | 36,000 | 36,000 | - | - | - | - | 36,000 | |
| Noise Mitigation (Principal) | 24,065,949 | 24,065,949 | - | - | - | - | 24,065,949 | |
| Noise Mitigation (F&I) | 30,381,472 | 22,435,287 | - | - | - | - | 22,435,287 | |
| Relocate Electrical Vault on Westside | 501,004 | 501,004 | - | - | - | - | 501,004 | |
| Runway 2C/20C Extension Part B | 4,646,757 | 4,646,757 | - | - | - | - | 4,646,757 | |
| Runway 2C/20C Extension Part B (F&I) | 6,694,961 | 6,694,960 | - | - | - | - | 6,694,960 | |
| Storm Water Treatment Facility Engineering Study/Upgrade | 100,055 | 100,055 | - | - | - | - | 100,055 | |
| Two Elevators in Terminal Building | 691,166 | 691,166 | - | - | - | - | 691,166 | |
| Widen Taxiway Fillets at Taxiways L2, K2, T3, LIMA KILO | 356,096 | 356,096 | - | - | - | - | 356,096 | |
| Total | 75,086,771 | 67,140,585 | - | - | - | - | 67,140,585 | |
| APPLICATION 12: | | | | | | | | |
| Runway 13-31 Reconstruction | 5,355,535 | 5,355,535 | - | - | - | - | 5,355,535 | |
| MUFIDS | 2,672,278 | 2,672,278 | - | - | - | - | 2,672,278 | |
| Design of 2L-20R and 2R-20L Runway Safety Areas | 146,767 | 146,767 | - | - | - | - | 146,767 | |

Metropolitan Nashville Airport Authority
Schedule of Collections and Expenditures of Passenger Facility Charges
For the Year Ended June 30, 2020

| | Amended Amount Approved | Cumulative Total June 30, 2019 | Quarter Ended | | | | Total FY 2020 | Life-to-date Cumulative |
|---|-------------------------------|--------------------------------------|-----------------------|----------------------|-------------------|------------------|------------------|----------------------------|
| | | | September 30, 2019 | December 31, 2019 | March 31, 2020 | June 30, 2020 | | |
| ARFF Building Expansion | 186,384 | 186,384 | - | - | - | - | 186,384 | |
| Ticketing Level Canopy Extension | 501,250 | 501,250 | - | - | - | - | 501,250 | |
| Retaining Wall on Taxiways Juliet and Lima | 65,421 | 65,421 | - | - | - | - | 65,421 | |
| Hangar Lane Access Improvements | 151,583 | 151,583 | - | - | - | - | 151,583 | |
| General Aviation Master Plan | 27,058 | 27,058 | - | - | - | - | 27,058 | |
| Loading Bridges (4) | 309,527 | 309,527 | - | - | - | - | 309,527 | |
| Replace Oshkosh Snow Broom | 40,620 | 40,620 | - | - | - | - | 40,620 | |
| Master Drainage Plan/Deicing Runoff Plan | 277,567 | 277,567 | - | - | - | - | 277,567 | |
| Lighting Upgrade on Airfield 2L & 13/31 | 122,635 | 122,635 | - | - | - | - | 122,635 | |
| Surface Sweeper | 154,844 | 154,844 | - | - | - | - | 154,844 | |
| Exhibit A Property Map | 20,011 | 20,011 | - | - | - | - | 20,011 | |
| Airport Rotating Beacon | 8,892 | 8,892 | - | - | - | - | 8,892 | |
| Lightning Protection for Apron Lights | 5,158 | 5,158 | - | - | - | - | 5,158 | |
| Total | 10,045,530 | 10,045,530 | - | - | - | - | 10,045,530 | |
| APPLICATION 13: | | | | | | | | |
| Security Checkpoint - Design & Construction | 3,300,000 | 3,300,000 | - | - | - | - | 3,300,000 | |
| Terminal Renovation - Not to Exceed Eligible Portion of Phase I | 10,000,000 | 10,000,000 | - | - | - | - | 10,000,000 | |
| Reconstruct Taxiway Bravo South Design | 22,853 | 22,853 | - | - | - | - | 22,853 | |
| Reconstruct Taxiway Alpha South Design | 76,000 | 76,000 | - | - | - | - | 76,000 | |
| Outbound Baggage Conveyor System Design & Construction | 417,838 | 417,838 | - | - | - | - | 417,838 | |
| Access Control System Replacement | 729,755 | 729,755 | - | - | - | - | 729,755 | |
| Construct 2L-20R Runway Safety Area | 407,240 | 407,240 | - | - | - | - | 407,240 | |
| Pavement Mgmt. and Modifi. of Standards Identification Study | 51,390 | 51,390 | - | - | - | - | 51,390 | |
| Runway Weather Information System (RWIS) | 6,915 | 6,915 | - | - | - | - | 6,915 | |
| Construct 2R-20L Runway Safety Area | 472,899 | 472,899 | - | - | - | - | 472,899 | |
| Aircraft Flight Track Monitoring System | 120,376 | 120,376 | - | - | - | - | 120,376 | |
| Total | 15,605,266 | 15,605,266 | - | - | - | - | 15,605,266 | |
| APPLICATION 14: | | | | | | | | |
| In-Line EDS | 6,340,079 | 6,340,079 | - | - | - | - | 6,340,079 | |
| In-Line EDS Financing | 174,919 | 174,919 | - | - | - | - | 174,919 | |
| Reconstruct Taxiway Bravo South Construction | 244,994 | 244,994 | - | - | - | - | 244,994 | |
| Rehabilitate FIS Facility | 476,141 | 476,141 | - | - | - | - | 476,141 | |
| Reconstruct Taxiway Alpha South Construction | 223,718 | 223,718 | - | - | - | - | 223,718 | |
| Term Reno Phase II 2009A Bond | 32,320,700 | 31,483,696 | - | - | - | - | 31,483,696 | |
| Term Reno Phase II 2009A Bond Financing | 11,032,543 | 10,640,404 | - | - | - | - | 10,640,404 | |
| Westside Spill Gates | 15,931 | 15,931 | - | - | - | - | 15,931 | |

**Metropolitan Nashville Airport Authority
Schedule of Collections and Expenditures of Passenger Facility Charges
For the Year Ended June 30, 2020**

| | Amended Amount Approved | Cumulative Total June 30, 2019 | Quarter Ended | | | | Total FY 2020 | Life-to-date Cumulative |
|---|-------------------------------|--------------------------------------|-----------------------|----------------------|-------------------|------------------|------------------|----------------------------|
| | | | September 30, 2019 | December 31, 2019 | March 31, 2020 | June 30, 2020 | | |
| TARI Phase I - Road & Bridge Work | 11,815,394 | 11,815,394 | - | - | - | - | - | 11,815,394 |
| Total | 62,644,419 | 61,415,276 | - | - | - | - | - | 61,415,276 |
| APPLICATION 15: | | | | | | | | |
| Reconstruct Rwy 2L-20R | 4,010,198 | 4,010,198 | - | - | - | - | - | 4,010,198 |
| Reconstruct Rwy 2L-20R Financing | 2,752 | 2,752 | - | - | - | - | - | 2,752 |
| Sprinkler System in Utility Tunnels | 106,299 | 106,299 | - | - | - | - | - | 106,299 |
| Terminal Roof Replacement | 173,447 | 173,447 | - | - | - | - | - | 173,447 |
| Total | 4,292,696 | 4,292,696 | - | - | - | - | - | 4,292,696 |
| APPLICATION 16: | | | | | | | | |
| Upgrade Security Camera System | 187,500 | 187,500 | - | - | - | - | - | 187,500 |
| Airport Master Plan Update | 1,472,042 | 1,472,042 | - | - | - | - | - | 1,472,042 |
| Upgrade Stormwater Treatment Plant | 120,000 | 120,000 | - | - | - | - | - | 120,000 |
| Reconstruct Taxiways T4 & Sierra | 3,226,155 | 3,226,155 | - | - | - | - | - | 3,226,155 |
| Total | 5,005,697 | 5,005,697 | - | - | - | - | - | 5,005,697 |
| APPLICATION 17: | | | | | | | | |
| Reconstruct Taxiway Kilo | 2,569,517 | 2,569,517 | - | - | - | - | - | 2,569,517 |
| LED Taxiway Lighting Upgrade 2L | - | - | - | - | - | - | - | - |
| PCI Airfield Inspection | 48,483 | 48,483 | - | - | - | - | - | 48,483 |
| Total | 2,618,000 | 2,618,000 | - | - | - | - | - | 2,618,000 |
| APPLICATION 18: | | | | | | | | |
| Outbound Baggage and Check-in Counter Replacement | 346,626 | 346,626 | - | - | - | - | - | 346,626 |
| Reconstruct Taxiways B & T3 | 1,175,207 | 1,175,207 | - | - | - | - | - | 1,175,207 |
| Total | 1,521,833 | 1,521,833 | - | - | - | - | - | 1,521,833 |
| APPLICATION 19: | | | | | | | | |
| Improve Stormwater Collection & Treatment System | 945,500 | 945,499 | - | - | - | - | - | 945,499 |
| Reconstruct Runway 13-31 West | 3,875,000 | 3,479,416 | - | - | - | - | - | 3,479,416 |
| Total | 4,820,500 | 4,424,915 | - | - | - | - | - | 4,424,915 |
| APPLICATION 20: | | | | | | | | |
| Reconstruct Taxiway Lima and Juliet East | 2,700,000 | 1,882,125 | - | - | - | - | - | 1,882,125 |
| Reconstruct Taxiway T3 | 2,200,000 | 1,407,796 | - | - | - | - | - | 1,407,796 |
| Total | 4,900,000 | 3,289,921 | - | - | - | - | - | 3,289,921 |

**Metropolitan Nashville Airport Authority
Schedule of Collections and Expenditures of Passenger Facility Charges
For the Year Ended June 30, 2020**

| | Amended Amount Approved | Cumulative Total June 30, 2019 | Quarter Ended | | | | Total FY 2020 | Life-to-date Cumulative |
|--|-------------------------------|--------------------------------------|-----------------------|----------------------|-------------------|------------------|------------------|----------------------------|
| | | | September 30, 2019 | December 31, 2019 | March 31, 2020 | June 30, 2020 | | |
| APPLICATION 21: | | | | | | | | |
| Reconstruct Taxiway Sierra-PayGo | 2,225,000 | 2,225,000 | - | - | - | - | - | 2,225,000 |
| Reconstruct Taxiway Sierra-Bond | 4,375,000 | - | - | - | - | - | - | - |
| Reconstruct Taxiway Sierra-Financing | 3,500,000 | 945,036 | - | - | - | - | - | 945,036 |
| AOA Fence Line Perimeter Road | 1,270,000 | 826,861 | - | - | - | - | - | 826,861 |
| Terminal Generator Replacement | 925,000 | 831,835 | - | - | - | - | - | 831,835 |
| Switchgear Replacement, Ph IV | 2,835,000 | 1,297,785 | - | - | - | - | - | 1,297,785 |
| Terminal Remote Group Check-in | 500,000 | 10,680 | - | - | - | - | - | 10,680 |
| AHU & IAB HVAC Replacement | 737,000 | 691,224 | - | - | - | - | - | 691,224 |
| Concourse Curtain Wall Replacement | 900,000 | 44,837 | - | - | - | - | - | 44,837 |
| Total | 17,267,000 | 6,873,258 | - | - | - | - | - | 6,873,258 |
| APPLICATION 22: | | | | | | | | |
| Reconstruct Taxiway Bravo/Taxiway Lima Intersection-Pay Go | 4,900,000 | 3,763,074 | - | - | - | - | - | 3,763,074 |
| Rehabilitate Taxiway Lima (2L to L2) including the Lima/Alpha Intersecti | 6,850,000 | 5,279,488 | 43,256 | 597 | - | 864 | 44,717 | 5,324,205 |
| Replace Stormwater Pipe-Pay Go | 1,000,000 | 1,000,000 | - | - | - | - | - | 1,000,000 |
| Rehabilitate Taxiway Lima (T-4 to 2L)-Pay Go | 5,730,663 | 126,463 | 401,248 | 625,238 | 4,982 | 4,223 | 1,035,691 | 1,162,154 |
| Reconstruct Taxiway Alpha South-Pay Go | 13,100,000 | 9,999,943 | 5,402 | 916,735 | 34,593 | - | 956,730 | 10,956,673 |
| Passenger Terminal Improvements, Phase 2-Jet Bridges-Pay Go | 23,980,000 | 23,825,389 | - | - | - | - | - | 23,825,389 |
| Passenger Terminal Improvements, Phase 2-Jet Bridges-Bond | 8,420,000 | - | - | - | - | - | - | - |
| Passenger Terminal Improvements, Phase 2-Jet Bridges-Financing | 7,465,838 | 1,745,748 | 143,475 | 143,475 | 143,475 | 143,475 | 573,900 | 2,319,648 |
| Passenger Terminal Improvements, Phase 2-Two additional elevators in | 1,000,000 | 847,206 | 17,838 | - | - | - | 17,838 | 865,044 |
| Passenger Terminal Improvements, Phase 2-Concourse FIDS & PA/Visu | 4,760,000 | 2,843,967 | 486,258 | 143,694 | 20,735 | 247,693 | 898,380 | 3,742,347 |
| Total | 77,206,501 | 49,431,278 | 1,097,477 | 1,829,739 | 203,785 | 396,255 | 3,527,256 | 52,958,534 |
| APPLICATION 23: | | | | | | | | |
| Terminal Expansion and Rehabilitation Bond Capital | 216,526,934 | - | - | - | - | - | - | - |
| Terminal Expansion and Rehabilitation Financing and Interest | 314,528,878 | - | - | - | - | - | - | - |
| Total | 531,055,812 | - | - | - | - | - | - | - |
| Total Expenditures, net | 946,938,055 | 366,532,285 | 1,097,477 | 1,829,739 | 203,785 | 396,255 | 3,527,256 | 370,059,541 |

Metropolitan Nashville Airport Authority
Notes to the Schedule of Collections and Expenditures of Passenger Facility Charges
For the Year Ended June 30, 2020

1. General

The Schedules of Collections and Expenditures of Passenger Facility Charges presents the activity of the Passenger Facility Charge (PFC) program of the Metropolitan Nashville Airport Authority (the "Authority"), a component unit of the Metropolitan Government of Nashville and Davidson County, Tennessee. The information in the schedules is presented under the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration ("FAA").

PFCs are fees imposed on enplaning passengers by airports to finance eligible airport-related projects that preserve or enhance safety, capacity, or security of the national air transportation system, reduce noise from an airport that is part of such system, or furnish opportunities for enhanced competition between or among air carriers. Both the fee and intended projects must be reviewed and approved by the FAA.

2. Basis of Accounting

The accompanying Schedules of Collections and Expenditures of Passenger Facility Charges are presented using the cash basis of accounting.

3. Contingency

The Authority's PFC program is subject to review by the FAA. If any expenditures are disallowed as a result of such review, the Authority would be required to reimburse the PFC program. In the opinion of management, all PFC expenditures have been made in compliance with the rules and regulations of the PFC program.



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