

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



Date/Time: Wednesday, February 8, 2023, at 9:40 a.m.

Place: Nashville International Airport – Tennessee Board Room

Finance Committee Members: Andrew Byrd, Committee Chair
Dr. Glenda Glover, Committee Vice Chair
Jimmy Granbery

I. CALL TO ORDER

II. APPROVAL OF MINUTES

[January 11, 2023 Minutes of the Joint Meeting of the MNAA and MPC Finance, Diversity & Workforce Development Committees](#)

III. CHAIR'S REPORT

IV. ITEMS FOR APPROVAL

NONE

V. INFORMATION ITEMS

1. Quarterly Retirement/OPEB/Treasury Investment Reports
2. BNA Concessions Program Update (Terminal & Satellite)
3. Airline Use & Lease Agreement Update (Calendar)
4. Parking Rate Adjustment

VI. ADJOURN

work so we are adding some flexibility on the effective date with both tenants. However, rent would commence on the effective date. Because of the overlap of the MNAA work, we have a 2-year construction term, 30-year initial term, one 5-year renewal option with total potential of 37 years. Base rent is \$3.05 SF, 3% annual escalation, FMRV adjustments in year 10 and 20, the improvements will be a minimum of \$5M which, Ms. Logan believes they will meet easily at this point. It is a Triple Net Lease with Property Condition and Pavement Condition Assessments every 5 years. MNAA will receive an assignment fee based on the years left in the lease. Tenant has a right to sublease with written approval by MNAA and if approved, revenue share is 50% of excess of Tenant's base rent.

Commissioner Granbery asked if the tenants have their own fuel tanks, do they pay \$.06 a gallon. Ms. Logan replied, yes. Chair Byrd asked in year 10 and 20 is the maximum increase 10% over the prior year, which takes into consideration the 3% annual rent escalation. Ms. Logan replied yes, 3% through years 1-9, and year 10 the Fair Market Value Reappraisal ("FMRV") happens and that matches the rent for tenant. Chair Byrd asked if the 3% is simple or compounded. Ms. Logan replied that she believed it is simple – annual 3% escalation and FMVR reset in years 10 and 20. Ms. Logan stated the immediate revenue source is \$223,406.40 in year one and we will have a new asset in 32-37 years.

Ms. Logan requested the Finance Committee recommend to the Board of Commissioners that it approve the terms negotiated between MNAA and Lawrence Hangar LLC; and authorize the Chair and President and CEO to execute a lease agreement consistent with these terms.

Commissioner Granbery congratulated everyone involved and stated that he knows they are under construction. Chair Byrd noted that this is a ground lease and asked if they pay rent while under construction. Ms. Logan replied, yes. Commissioner Freeman asked if we are leasing the parcel to an LLC, what is that financial statement. He said he knows they have a huge financial statement, but he hopes it is not asset LLC. Chair Byrd agreed, single purchase entity with no asset. Ms. Logan stated yes, it is a single purchase entity, but the insurance requirements, should something happen, is the full replacement value. Chair Byrd asked who

is responsible for paying the lease obligations if for whatever reason the tenant defaults. Ms. Logan stated we would take control of the property, and there is no personal guarantee. Commissioner Granbery stated he heard there are some really good subcontractors working on this that are using quality machines, so it is plus \$10M asset.

Chairman Byrd asked for a motion to approve as presented and Commissioner Granbery made a motion, which Chair Byrd seconded. The motion carried by a 2 to 0 vote.

President Kreulen thanked the Board for their leadership over these past several years. President Kreulen remarked that MNAA started off with the Frist hangar and we made improvements when we went into the hotel deal with Chartwell Hospitality. We have learned to include benefits that protect us, and we are getting much smarter on the business side of these assets and these leases are setting the standards for building on MNAA parcels. Commissioner Granbery asked if floor of the original proposals was \$1.25. President Kreulen said we started there, but after further review of costs it went to \$1.85 as a minimum bid. When we went out on parcels, 6-10 it was at \$2.21. Metro got the floor bid because they are our neighbor, and others are bidding above \$2.21 to secure those parcels. Commissioner Granbery asked if we are going to own the Metro hangar and lease it over a term of 30 years. President Kreulen stated yes, it is our hangar and Metro is paying us back the construction costs over 30 years, plus ground fees, development and management fees.

2. JWN North Development Parcels 4 and 5 Lease Terms – V3 Realty LLC

Ms. Logan briefed the Committee on the V3 Realty LLC Lease terms. Rent commences on the effective date of 2/1/2023, with the base rent of \$2.00 SF for two parcels. Ms. Logan stated the remaining terms are consistent with the lease for parcels 2 and 3, except assignment fees. We receive an assignment fee as well as 50% of excess of tenant's base rent if subleased. Chair Byrd inquired as to why the spread \$3.05 for one and \$2.00 for the other. President Kreulen replied that when we went out on the North parcels the minimum bid was \$1.29. When the proposals were submitted, some were only at the low end and we only took the top five prices that came in, \$3.05, \$1.85 (dropped out), and this one at \$2.00. Those averaged

together came up to the new base of \$2.21, which is what Metro got and what was used for the Southern base. President Kreulen explained that with the 3% annual increases, along with the 10 year resets, we are staying ahead of our market all the way to the finish line.

Commissioner Freeman asked who owns V3 Realty. Ms. Logan replied V3 Realty is a local real estate company. President Kreulen stated that V3 Realty is a fairly successful it is a real estate company out of Brentwood and that we looked at their financial statements and team. Commissioner Joslin asked if it is part of Southern Land, to which President Kreulen stated no. Commissioner Granbery asked if the \$0.06 per gallon fuel flow comes to the airport, and if there is any estimation as to what this will equate to in dollars on an annual basis. Ms. Logan replied that we are just starting to receive details on how they intend to use the hangar, what type of planes will occupy the hangar. V3 Realty has given details of 15k to 20k gallon capacity. President Kreulen stated we are waiting to see the math on their usage, but by collecting this there is no disadvantage to us with them getting gas on their own or at the FBO. and They will have to comply with all the environmental requirements.

Commissioner Freeman stated he would like to see names of all the LLCs and President Kreulen stated that staff can easily do that. Chair Byrd asked where these fuel tanks will be located. Ms. Logan responded they will each have their own. Ms. Logan explained that there is a storm water line that runs through parcel 3 and on parcels 2 and 3, there will be a hangar and then the parking lot, so the tanks will be in the middle. Chair Byrd asked if they pay rent on those grounds that are between 4 and 3. President Kreulen stated yes, that is their parking and their part of the ramp that connects to our part of the ramp. Ms. Logan stated on the fuel tanks, they are looking at apron locations versus locations in between the hangars and the parking lot. Commissioner Joslin asked if they can be put on the ground. President Kreulen stated that they probably could, but it would be very expensive and would have environmental restrictions. Commissioner asked if the State hangar has a fuel tank and Ms. Logan said no.

Commissioner Granbery made a motion to approve as presented, which Chair Byrd seconded.

The motion carried by a 2 to 0 vote.

V. INFORMATION ITEMS

1. BNA Concessions Program Update

President Kreulen introduced Colleen Von Hoene, Associate Principal, Paslay Group, to brief the Committee on concession activity. Ms. Von Hoene stated that Tennessee Rickhouse on C Triangle opened December 26, 2022 and 12 locations are expected to open on January 24, 2023. In 2023, she continued, we have 15 locations expected to open in September. Fraport is making great progress on the September openings, with 14 of the September 2023 locations having already gone through 30% design approval and 9 having been approved to Metro for permit.

All 2022 locations are open, however five locations failed to open by the contractual Opening Performance Date, which is an Event of Default. To resolve the default, the Authority requires that Fraport provide flexibility to accommodate future projected growth by: 1) amending the MPC sublease, with the key provision adding a termination for convenience clause, and 2) increasing the lease and concession rent share to 70% from current 60%. We will be sending out those amendments to Fraport this week and we expect them to be returned in March. Commissioner Joslin asked why those were five locations failed to open. Ms. Von Hoene explained that the locations inability to open was based on a variety of reasons. replied it is a variety of things, some longer construction periods, but the bottom line is they did not meet the construction deadline. Commissioner Joslin stated that he gets compliments all the time on the operation of the concessions. Commissioner Joslin reminded the Committee that he was a huge critic of this contract, but acknowledged the improvements to the concessions program . He said he is proud of the concession program, and complemented Ms. Von Hoene for doing a great job, and complemented Matt Jennings for doing a good job as well. Commissioner Stevenson also agreed that she receives many compliments about our concessions and when we publicize them on social media, we get a lot of shares. She stated further that people comment all the time about how they appreciate having more options at various times of the day. President Kreulen stated yes, they were late by a couple of days, but this is what the contract provides, and

we are holding Fraport to that. We are also proud of how far our concessions program has come. Even though 5 were delayed, all opened. All 12 stores will be opened by January 26, 2023, with 15 more in construction, opening opened in September 2023. Pre-Covid there were 52 concession, all 52 closed from 2019 - 2021ed, and there will be 98 or 99 new ones by September 2023. Chair Byrd asked if that count includes the satellite terminal and when is the opening date. President Kreulen replied yes, and that it opens October 19, 2023.

Commissioner Granbery asked why those are not on the list? Ms. Von Hoene explained that they are in 30% design review, and it will be quiet until the spaces are actually turned over. Commissioner Granbery asked who the vendors are. Ms. Von Hoene stated Paradies is the master operator. Commissioner Byrd asked if the count includes the locations in the satellite concourse. President Kreulen stated yes, and explained Fraport will have over 90 stores and Paradies will have 7 of those stores out on the satellite. President Kreulen stated that Ms. Von Hoene had informed him that Metro has 7 electrical inspectors who cover the county and two of them have quit, so that may impact us. We hope that it does not, but this is something that we need to be aware of. Commissioner Granbery stated every project they are working on is delayed due to the electrical inspector shortage, and that Chair Freeman's son, Representative Freeman, is working on a bill that will allow a mechanism to move on with inspection using in-house engineers, which would be extremely helpful to airports and private businesses.

2. Project Funding Sources Overview

President Kreulen introduced Marge Basrai, EVP, Chief Financial Officer, who briefed the Committee on Project Funding Sources. The most common items are: 1) Bonds, \$1.7B as of December 31, 2022; 2) Federal and State Grants, FY22 received \$56.1M, examples are Airport Improvement Program (Federal) and Tennessee Equity Fund (State); and 3) MNAA funds. There are three main types of MNAA Funds – Airline Facility Investment Funds, Authority Facility Investment Funds and O&M Funds. Airline Facility Investment Funds are for airfield Capital Improvement Projects (“CIP”) projects that the airlines have approved and fund each year. There is \$7.8M in there currently and based on the approved FY23 CIP budget \$8.4M, or approximately \$700K/month, will be added to fund to pay for the projects that were approved FY23 CIP. Authority Facility Investment Funds are for

approved CIP projects that MNAA funds each year. Currently there is a \$37.6M balance and the FY23 CIP is budgeted at \$6.5M. O&M Funds are really all of our operating revenue and operating expenses which go into our Revenue Fund for paying out. It has a balance of \$151.4M.

President Kreulen replied that in the previous state funding on the equity funding it had been going down from \$6-7M a year to \$3M, and this year for \$22M out of that \$56M, approximately \$3M of that is from the State. Ms. Basrai explained the number is not what was awarded each year, but is actual constructed worked on projects and we get reimbursed from the State or Federal government based on the expenditures that we spend each year. You can get awarded funds and it may take you 2-3 years to spend it all, you only get the money once you actually spend and start working on that project. In FY22 we actually incurred expenses of that \$56.1M, of which \$29.5M was the Transportation Equity Fund (“TEF”) money that had been accumulating several years’ worth of awards and primarily used for the JWN hangar redevelopment. President Kreulen stated we used a large portion of funds we accumulated from the state for the redevelopment of the JWN’s 100 hangars. In the FY23, the State budget we are getting \$33M which is not shown here. That is a single-year deposit versus the normal \$3M, and will be applied to the Satellite Concourse. We are making good progress and have some more meetings with State officials on February 25, 2023 to try to increase funding from the State.

Commissioner Joslin stated TDOT is trying to encourage bonuses to Superior to expedite their construction, and we ought to be on the same page doing it here. President Kreulen stated recently the FAA has given us authority in some of their documents to allow us to start doing that. Everyone is trying to push through and take the CARES and BIL funds and push it forward. Chair Byrd agreed that it is a good point and asked regarding bonds, if the \$1.7M in bonds is the are the only funds available or we have cash sitting on hand and available for investment in these capital projects. Ms. Basrai replied that is the total debt, not necessarily only cash, and if it was 2015 bonds, has been expended. Chair Byrd asked how much cash we have in addition to the \$1.7B bonds. Ms. Basrai stated she will get the exact amount of cash, which is included in that \$1.7B. We would have paid project expenses and paid all of our consultants out of that money and debt service bonds, Additionally, we must have debt service reserves. President Kreulen stated the Finance team provides quarterly treasury updates, showing the cash balance and what is invested. Chair Byrd asked about the amount in the short term credit facility with Bank of America. Ms. Basrai stated it is \$300M.

VI. ADJOURN

There being no further business brought before the Finance Committee, Chairman Byrd adjourned meeting at 10:15 a.m.

Andrew W. Byrd, Board Secretary

STAFF ANALYSIS

Finance Committee (Information Only)

Date: February 8, 2023
Facility: Nashville International Airport
Subject: FY2023 – 2nd Quarter – MNAA Employee Retirement Plan and Other Post-Employment Benefits (OPEB) Investment Report

I. Reports

Attached is the Performance Report prepared by Principal for the 2nd Quarter of FY2023. The Principal report covers the period from October 1, 2022 through December 31, 2022.

II. Analysis

A. **Summary**

MNAA Retirement Plan

The quarter (three months) total portfolio return gross of fees was 6.05% compared to the designated Composite Benchmark of 5.74%. The three-month total portfolio return net of fees was 5.99%.

The fiscal year-to-date (six months) total portfolio return gross of fees was 0.98% compared to the designated Composite Benchmark of 0.61%. The year-to-date total portfolio return net of fees was 0.88%.

Asset Allocation Summaries – Retirement Plan

Principal resets the asset allocations mid-month. As a result, market fluctuations may result in month-end allocations being temporarily and slightly outside of the limits established in the policy. On the next month's reset date, Principal brings all asset classes back into compliance with the stated policy. All exceptions occurring during any quarter are reviewed by the Retirement Committee and additional action is taken, if needed.

As of October 31, 2022, all asset classes are in compliance with the Retirement Plan Investment Policy 41-011, effective July 22, 2021.

Pension - Asset Allocation as of 10/31/2022 (based on market values)

Category	Balance	Allocation*	Policy dated 7/22/21 Changes implemented 7/31/21 - Present Min-Target-Max	Compliance	Max Allocation	Allocation Variance
Cash and Cash Equivalents	\$ 2,096,392.50	2.86%	0%-3%-100%	Yes	100.00%	97.14%
Bonds and Notes	\$ 33,845,830.48	46.11%	0%-47%-57%	Yes	57.00%	10.89%
Equities - Large Cap Value ^(a)	\$ 6,196,536.99	8.44%	0%-8%-10.40%	Yes	10.40%	1.96%
Equities - S&P 500 Funds ^(a)	\$ 7,922,647.63	10.79%	0%-10.5%-17.40%	Yes	17.40%	6.61%
Equities - Large Cap Growth ^(a)	\$ 5,914,343.88	8.06%	0%-8%-10.40%	Yes	10.40%	2.34%
Equities - Mid Cap ^(a)	\$ 5,297,220.65	7.22%	0%-7.00%-9.10%	Yes	9.10%	1.88%
Equities - Small Cap ^(a)	\$ 3,112,491.76	4.24%	0%-4.00%-5.20%	Yes	5.20%	0.96%
Equities - International ^(a)	\$ 9,024,687.13	12.29%	0%-12.50%-16.10%	Yes	16.10%	3.81%
Total	\$ 73,410,151.02	100.00%				
(a) Total Equities	\$ 37,467,928.04	51.04%	0%-50%-60%	Yes	60.00%	8.96%

*Total Allocation Percentage may not equal 100% due to rounding

As of November 30, 2022, all asset classes are in compliance with the Retirement Plan Investment Policy 41-011, effective July 22, 2021.

Pension - Asset Allocation as of 11/30/2022 (based on market values)

Category	Balance	Allocation*	Policy dated 7/22/21 Changes implemented 7/31/21 - Present Min-Target-Max	Compliance	Max Allocation	Allocation Variance
Cash and Cash Equivalents	\$ 2,324,940.20	3.02%	0%-3%-100%	Yes	100.00%	96.98%
Bonds and Notes	\$ 35,879,768.24	46.54%	0%-47%-57%	Yes	57.00%	10.46%
Equities - Large Cap ^(a)	\$ 6,275,752.66	8.14%	0%-8%-10.40%	Yes	10.40%	2.26%
Equities - S&P 500 Funds ^(a)	\$ 8,184,775.18	10.62%	0%-10.5%-17.40%	Yes	17.40%	6.78%
Equities - Large Cap Growth ^(a)	\$ 6,157,077.47	7.99%	0%-8%-10.40%	Yes	10.40%	2.41%
Equities - Mid Cap ^(a)	\$ 5,440,237.50	7.06%	0%-7.00%-9.10%	Yes	9.10%	2.04%
Equities - Small Cap ^(a)	\$ 3,087,827.23	4.01%	0%-4.00%-5.20%	Yes	5.20%	1.19%
Equities - International ^(a)	\$ 9,747,912.43	12.64%	0%-12.50%-16.10%	Yes	16.10%	3.46%
Total	\$ 77,098,290.91	100.00%				
(a) Total Equities	\$ 38,893,582.47	50.45%	0%-50%-60%	Yes	60.00%	9.55%

*Total Allocation Percentage may not equal 100% due to rounding

As of December 31, 2022, all asset classes are in compliance with the Retirement Plan Investment Policy 41-011, effective July 22, 2021.

Pension - Asset Allocation as of 12/31/2022 (based on market values)

Category	Balance	Allocation*	Policy dated 7/22/21 Changes implemented 7/31/21 - Present Min-Target-Max	Compliance	Max Allocation	Allocation Variance
Cash and Cash Equivalents	\$ 2,236,956.01	2.99%	0%-3%-100%	Yes	100.00%	97.01%
Bonds and Notes	\$ 34,810,608.27	46.59%	0%-47%-57%	Yes	57.00%	10.41%
Equities - Large Cap ^(a)	\$ 6,036,094.97	8.08%	0%-8%-10.40%	Yes	10.40%	2.32%
Equities - S&P 500 Funds ^(a)	\$ 7,859,819.48	10.52%	0%-10.5%-17.40%	Yes	17.40%	6.88%
Equities - Large Cap Growth ^(a)	\$ 5,903,533.21	7.90%	0%-8%-10.40%	Yes	10.40%	2.50%
Equities - Mid Cap ^(a)	\$ 5,294,720.11	7.09%	0%-7.00%-9.10%	Yes	9.10%	2.01%
Equities - Small Cap ^(a)	\$ 3,020,804.10	4.04%	0%-4.00%-5.20%	Yes	5.20%	1.16%
Equities - International ^(a)	\$ 9,558,153.54	12.79%	0%-12.50%-16.10%	Yes	16.10%	3.31%
Total	\$ 74,720,689.69	100.00%				
(a) Total Equities	\$ 37,673,125.41	50.42%	0%-50%-60%	Yes	60.00%	9.58%

*Total Allocation Percentage may not equal 100% due to rounding

Asset Valuation Summaries – Retirement Plan

Below are the Asset Valuation Summaries for the first quarter of fiscal year 2023.

Asset Valuation Summary – MNAA

Month	Cost	Market	Unrealized Gain/Loss
10/31/2022	\$ 69,399,083.64	\$ 73,410,151.02	\$ 4,011,067.38
11/30/2022	\$ 69,276,785.61	\$ 77,098,290.91	\$ 7,821,505.30
12/31/2022	\$ 69,063,706.58	\$ 74,720,689.69	\$ 5,656,983.11

Reconciliation Summary – Retirement Plan

Below is the Pension Reconciliation Summary for the first quarter of fiscal year 2023.

Pension Summary 2nd QTR FY 2023 – MNAA (market value)

	10/31/2022	11/30/2022	12/31/2022	2Q FY-to-Date
Beginning Market Value	71,614,987.52	73,410,151.02	77,098,290.91	71,614,987.52
Total Cash Receipts	60,482.68	270,608.05	178,687.76	509,778.49
Total Cash Disbursements	(431,785.37)	(392,906.08)	(391,766.79)	(1,216,458.24)
Change in Fair Market Value	2,166,466.19	3,810,437.92	(2,164,522.19)	3,812,381.92
Ending Market Value	73,410,151.02	77,098,290.91	74,720,689.69	74,720,689.69

MNAA OPEB

The quarter (three months) total portfolio return gross of fees was 6.78% compared to the designated Composite Benchmark of 6.04%. The three-month total portfolio return net of fees was 6.72%.

The fiscal year-to-date (six months) total portfolio return gross of fees was 1.50% compared to the designated Composite Benchmark of 0.92%. The year-to-date total portfolio return net of fees was 1.40%.

Asset Allocation Summaries – OPEB

Principal resets the asset allocations mid-month. As a result, market fluctuations may result in month-end allocations being temporarily and slightly outside of the limits established in the policy. On the next month's reset date, Principal brings all asset classes back into compliance with the stated policy. All exceptions occurring during any quarter are reviewed by the Retirement Committee and additional action is taken, if needed.

As of October 31, 2022, all asset classes are in compliance with the Retirement Plan Investment Policy, 41-011, effective July 22, 2021.

OPEB - Asset Allocation as of 10/31/2022 (based on market values)

Category	Balance	Allocation*	Policy dated 7/22/21 Changes implemented 7/31/21 - Present Min-Target-Max	Compliance	Max Allocation	Allocation Variance
Cash and Cash Equivalents	\$ 1,043,411.41	2.91%	0%-3%-100%	Yes	100.00%	97.09%
Bonds and Notes	\$ 13,008,359.05	36.28%	0%-37%-42%	Yes	42.00%	5.72%
Equities - Large Cap Value ^(a)	\$ 3,632,008.24	10.13%	0%-9.6%-10.80%	Yes	10.80%	0.67%
Equities - S&P 500 Funds ^(a)	\$ 4,612,532.57	12.86%	0%-12.60%-14.20%	Yes	14.20%	1.34%
Equities - Large Cap Growth ^(a)	\$ 3,404,631.11	9.50%	0%-9.60%-10.80%	Yes	10.80%	1.30%
Equities - Mid Cap ^(a)	\$ 3,096,632.02	8.64%	0%-8.40%-9.50%	Yes	9.50%	0.86%
Equities - Small Cap ^(a)	\$ 1,777,897.20	4.96%	0%-4.80%-5.40%	Yes	5.40%	0.44%
Equities - International ^(a)	\$ 5,281,336.25	14.73%	0%-15%-16.80%	Yes	16.80%	2.07%
Total	\$ 35,856,807.85	100.00%				
(a) Total Equities	\$ 21,805,037.39	60.81%	0%-60%-65%	Yes	65.00%	4.19%

*Total Allocation Percentage may not equal 100% due to rounding

As of November 30, 2022, all asset classes are in compliance with the Retirement Plan Investment Policy, 41-011, effective July 22, 2021.

OPEB - Asset Allocation as of 11/30/2022 (based on market values)

Category	Balance	Allocation*	Policy dated 7/22/21 Changes implemented 7/31/21 - Present Min-Target-Max	Compliance	Max Allocation	Allocation Variance
Cash and Cash Equivalents	\$ 1,078,323.55	2.84%	0%-3%-100%	Yes	100.00%	97.16%
Bonds and Notes	\$ 13,862,165.34	36.55%	0%-37%-42%	Yes	42.00%	5.45%
Equities - Large Cap Value ^(a)	\$ 3,703,538.79	9.76%	0%-9.6%-10.80%	Yes	10.80%	1.04%
Equities - S&P 500 Funds ^(a)	\$ 4,830,555.07	12.73%	0%-12.60%-14.20%	Yes	14.20%	1.47%
Equities - Large Cap Growth ^(a)	\$ 3,648,472.82	9.62%	0%-9.60%-10.80%	Yes	10.80%	1.18%
Equities - Mid Cap ^(a)	\$ 3,210,744.43	8.46%	0%-8.40%-9.50%	Yes	9.50%	1.04%
Equities - Small Cap ^(a)	\$ 1,848,643.61	4.87%	0%-4.80%-5.40%	Yes	5.40%	0.53%
Equities - International ^(a)	\$ 5,748,980.17	15.16%	0%-15%-16.80%	Yes	16.80%	1.64%
Total	\$ 37,931,423.78	100.00%				
(a) Total Equities	\$ 22,990,934.89	60.61%	0%-60%-65%	Yes	65.00%	4.39%

*Total Allocation Percentage may not equal 100% due to rounding

As of December 31, 2022, all asset classes are in compliance with the Retirement Plan Investment Policy, 41-011, effective July 22, 2021.

OPEB - Asset Allocation as of 12/31/2022 (based on market values)

Category	Balance	Allocation*	Policy dated 7/22/21 Changes implemented 7/31/21 - Present Min-Target-Max	Compliance	Max Allocation	Allocation Variance
Cash and Cash Equivalents	\$ 1,022,677.67	2.79%	0%-3%-100%	Yes	100.00%	97.21%
Bonds and Notes	\$ 13,228,249.48	36.04%	0%-37%-42%	Yes	42.00%	5.96%
Equities - Large Cap Value ^(a)	\$ 3,623,861.01	9.87%	0%-9.6%-10.80%	Yes	10.80%	0.93%
Equities - S&P 500 Funds ^(a)	\$ 4,551,994.11	12.40%	0%-12.60%-14.20%	Yes	14.20%	1.80%
Equities - Large Cap Growth ^(a)	\$ 3,667,623.03	9.99%	0%-9.60%-10.80%	Yes	10.80%	0.81%
Equities - Mid Cap ^(a)	\$ 3,351,334.54	9.13%	0%-8.40%-9.50%	Yes	9.50%	0.37%
Equities - Small Cap ^(a)	\$ 1,742,377.08	4.75%	0%-4.80%-5.40%	Yes	5.40%	0.65%
Equities - International ^(a)	\$ 5,518,286.34	15.03%	0%-15%-16.80%	Yes	16.80%	1.77%
Total	\$ 36,706,403.26	100.00%				
(a) Total Equities	\$ 22,455,476.11	61.18%	0%-60%-65%	Yes	65.00%	3.82%

*Total Allocation Percentage may not equal 100% due to rounding

Asset Valuation Summaries - OPEB

Below are the Asset Valuation Summaries for the second quarter of fiscal year 2023.

Asset Valuation Summary – OPEB

Month	Cost	Market	Unrealized Gain/Loss
10/31/2022	\$ 37,706,121.36	\$ 35,856,807.85	\$ (1,849,313.51)
11/30/2022	\$ 37,711,563.36	\$ 37,931,423.78	\$ 219,860.42
12/31/2022	\$ 38,740,910.98	\$ 36,706,403.26	\$ (2,034,507.72)

Reconciliation Summary - OPEB

Below is the OPEB Reconciliation Summary for the second quarter of fiscal year 2023.

OPEB Summary 2nd QTR FY 2023 – MNAA (market value)

	10/31/2022	11/30/2022	12/31/2022	2Q FY-to-Date
Beginning Market Value	34,566,946.37	35,856,807.85	37,931,423.78	34,566,946.37
Total Cash Receipts	40,557.65	63,701.93	1,103,156.18	1,207,415.76
Total Cash Disbursements	(89,528.51)	(58,259.93)	(73,808.56)	(221,597.00)
Change in Fair Market Value	1,338,832.34	2,069,173.93	(2,254,368.14)	1,153,638.13
Ending Market Value	35,856,807.85	37,931,423.78	36,706,403.26	36,706,403.26

B. Impact/Findings

No action is required by the Finance Committee as this staff analysis is presented for informational purposes.

C. Strategic Priorities

- Supports the strategic priority of investing assets in the Pension and OPEB plans without undue risk while focusing on the total growth of capital and capital preservation while protecting against negative results.
- Invest in BNA/JWN
- Plan for the Future
- Prepare for the Unexpected

STAFF ANALYSIS

Finance Committee (Information Only)

Date: February 8, 2023
 Facility: Nashville International Airport
 Subject: FY 2023 – 2nd Quarter – Treasury Investment Report (12/31/2022)

I. Reports

The following Treasury Investment Report covers the period from 10/01/2022 through 12/31/2022.

II. Analysis

A. Summary

For FY 2023, the focus remains on minimizing cash in Demand Deposit Bank accounts. MNAA invests excess cash in authorized investments to maximize interest earnings. Funds are invested by MNAA Staff as well as by PFM Asset Management LLC (“PFMAM”). MNAA staff invests funds primarily in Treasury Money Market Funds and TN LGIP. PFMAM invests funds on MNAA’s behalf in the MNAA Operating CORE Portfolio, the MNAA Common Debt Service Reserve Portfolio, the MNAA 2019A&B Construction Funds Portfolio, the MNAA 2019A&B Capitalized Interest Portfolio, the MNAA 2022A&B Construction Funds Portfolio, and the MNAA 2022A&B Capitalized Interest Portfolio.

The asset allocation for cash and investments (not including accrued interest) at the Authority for the quarters ending September 30, 2022, and December 31, 2022, was as follows:

	<u>9/30/2022</u>	<u>12/31/2022</u>	<u>\$ Change</u>	<u>% Change</u>
U.S. Treasuries	\$228,943,042	\$517,807,610	\$288,864,568	126.17%
Federal Agency	\$64,743,992	\$113,563,149	\$48,819,157	75.40%
Agency Mortgage-Backed Securities	\$13,901,406	\$18,791,937	\$4,890,531	35.18%
Certificates of Deposit	\$1,002,996	\$1,002,996	\$0	0.00%
Commercial Paper	\$93,695,826	\$147,924,888	\$54,229,062	57.88%
Money Market Mutual Funds	\$160,491,447	\$171,505,793	\$11,014,346	6.86%
Tennessee Local Government Investment Pool	\$120,150,806	\$139,296,523	\$19,145,717	15.93%
Cash in Demand Deposit Accounts	\$16,391,381	\$8,312,827	(\$8,078,554)	-49.29%
Investments in Transit	\$0	\$153,836,575	\$153,836,575	NA
Total Funds as of 12/31/2022	\$699,320,896	\$1,272,042,298	\$418,884,827	268.15%

The listing of accounts on December 31, 2022, is shown in Attachment 1, which also shows the ending balances for each month in the quarter. PFMAM's Investment Performance Review Report for the quarter ended December 31, 2022, is also attached. At the end of December PFMAM was still working on purchasing investments/waiting for availability of investments (specifically in the commercial paper market), those are represented as investments in transit in the above table, and the investments were completed in January 2023.

PFMAM portfolio yields for the quarter were 2.86% for the CORE Portfolio, 3.09% for the 2019A&B Construction Funds Portfolio, 2.04% for the Common Debt Service Reserve Portfolio (DSR) and 1.70% for the 2019A&B Capitalized Interest Portfolio. The newly set up 2022A&B Construction Funds Portfolio and 2022A&B Capitalized Interest Portfolio yields were purchased at 4.61% and 4.51% respectively.

The PFMAM CORE Portfolio benchmark yield, the ICE BofAML 1-3 Year U.S. Treasury Index Benchmark, was 4.50%. The PFMAM Common DSR, Construction Funds, and CAP-I benchmark, the ICE BofAML 3mo T-Bill, was 4.13%. The MNAA managed funds yield was 3.22% as compared to the benchmark S&P Rated GIP All Index yield of 3.40%. The combined yield for the MNAA managed and PFMAM Managed Portfolios was 2.73%. The Authority earned a total of \$3,431,946 on cash and investments for 2Q FY 2023.

In comparison, the income received on cash and investments for the 2nd quarter ended December 31, 2021, was \$1,953,812. Total available funds for the second quarter of 2023 were \$1,272M vs \$817M for second quarter 2022 (\$455M more).

B. Investment Program Review

- DDA cash in 2Q FY 2023 was 0.7% of total cash, which outperforms our goal to minimize cash in Demand Deposit Accounts to no more than 8% of total funds.
- As of 2Q FY 2023, per the investment policy, the investment portfolio complies and is meeting the investment policy objectives in all areas.

C. Impact/Findings

No action is required by the Finance Committee as this staff analysis is presented for informational purposes.

D. Strategic Priorities

- Supports the strategic priority of maximizing financial assets while protecting invested principal and minimizing uninvested cash
- Invest in BNA/JWN
- Plan for the Future
- Prepare for the Unexpected

Attachments:

Attachment 1 - Listing of accounts and month-end balances for October 2022, November 2022, and December 2022

Attachment 2 – PFMAM Investment Performance Review as of December 31, 2022

MNAA
Cash and Investment Balances 2Q23

Attachment 1

Bank	AccountName	Cash Balances as of 10/31/2022	% of Total Cash	Monthly Interest earned	Cash Balances as of 11/30/2022	% of Total Cash	Monthly Interest earned	Cash Balances as of 12/31/2022	% of Total Cash	Monthly Interest earned
TRUIST	Tune Operation	200,682.51	0%	3.80	222,534.47	0%	4.26	419,968.96	0%	4.48
TRUIST	Operating Fund	408,862.20	0%	8.19	269,653.77	0%	5.67	487,435.47	0%	8.30
TRUIST	Capital Improvement	9,328.19	0%	0.08	9,328.27	0%	0.08	9,328.35	0%	0.08
TRUIST	Revenue Account	767,276.01	0%	-	2,723,314.03	0%	-	453,815.19	0%	-
TRUIST	PFC Revenue	83,914.60	0%	5.44	3,475,381.21	0%	8.49	159,946.82	0%	1.62
TRUIST	Benefit Bd Fund	22,211.03	0%	-	22,257.31	0%	-	22,303.50	0%	-
TRUIST	Parking Account	1,000.14	0%	0.01	1,000.15	0%	0.01	1,000.16	0%	0.01
TRUIST	Payroll	6,552.24	0%	1.84	6,909.25	0%	1.84	16,673.96	0%	1.19
TRUIST	Parking Credit Card Account	0	0%	-	-	0%	-	0	0%	-
TRUIST	Cargo Account	136.87	0%	-	136.87	0%	-	136.87	0%	-
TRUIST	John C. Tune Airport CPR	0	0%	-	-	0%	-	0	0%	-
TRUIST	Operating Fd CPR	0	0%	-	-	0%	-	0	0%	-
TRUIST	CON Discretionary CPR	0	0%	-	-	0%	-	0	0%	-
TRUIST	International Plaza CPR Acct	0	0%	-	-	0%	-	0	0%	-
TRUIST	MP Building CPR Acct	0	0%	-	-	0%	-	0	0%	-
TRUIST	MPC Holdings CPR	0	0%	-	-	0%	-	0	0%	-
TRUIST	CIP - Construction Payment ZBA	0	0%	-	-	0%	-	0	0%	-
TRUIST	Arts at the Airport	34,956.97	0%	0.29	34,850.19	0%	0.29	34,744.38	0%	0.30
TRUIST	MPC Holdings LLC	696.89	0%	0.01	466.80	0%	0.01	237.8	0%	-
TRUIST	MNAA Properties Corp (Parent)	18,760.71	0%	0.16	18,760.86	0%	0.15	18,761.02	0%	0.16
TRUIST	MPC Global Tire	165,524.81	0%	-	169,797.45	0%	-	175,153.46	0%	-
TRUIST	International Plaza Operating Acct	111,669.26	0%	8.48	146,703.46	0%	1.72	132,883.73	0%	1.76
TRUIST	MP Building Operating Acct	293,155.17	0%	6.38	516,747.40	0%	2.96	51,019.28	0%	3.45
TRUIST	CON CFC Operating Acct	1,006.85	0%	6.85	1,430,050.99	0%	7.04	1,290,640.26	0%	7.37
TRUIST	MNAA DOJ	177,329.73	0%	1.51	202,830.68	0%	1.54	201,268.85	0%	1.69
TRUIST	CONRAC Discretionary Account	348.68	0%	-	96.58	0%	-	379.48	0%	-
TRUIST	CONRAC Excess CFC	243.17	0%	2.10	243.43	0%	0.26	872.07	0%	0.91
TRUIST	Joint Marketing Fund	2,111,493.05	0%	17.93	2,111,472.40	0%	17.35	2,111,452.33	0%	17.93
TRUIST	AVI Revenue	73.75	0%	-	-	0%	-	0	0%	-
TRUIST	Employee Flex Spending	7,192.43	0%	0.06	7,192.49	0%	0.06	7,192.55	0%	0.06
TRUIST	DEA - State	692,834.22	0%	5.87	675,021.12	0%	5.68	614,675.18	0%	5.48
TRUIST	P-Card Payables (Boost)	0	0%	-	-	0%	-	0	0%	-
TRUIST	1% ARTS Fund	1,309.43	0%	-	1,216.60	0%	-	1,123.75	0%	-
TRUIST	Authority Facility Investment Fund	4,288.32	0%	0.23	4,192.56	0%	0.06	8,774.08	0%	0.10
TRUIST	NAE Cash Reserve Fund	22.08	0%	-	22.08	0%	-	22.08	0%	-
TRUIST	Airline Facility Investment Fund	513,243.40	0%	10.52	473,120.13	0%	4.05	204,896.58	0%	2.79
TRUIST	Renewal & Replacement (R&R) Fund	342.26	0%	-	342.26	0%	-	342.26	0%	-
TRUIST	Construction Payment Account	258,778.26	0%	8.12	46,438.53	0%	37.49	287,515.10	0%	22.29
TRUIST	Operation & Maintenance (O&M) Reserve Fund	375.76	0%	-	375.76	0%	-	375.76	0%	-
TRUIST	NAE Fund	0	0%	-	-	0%	-	0	0%	-
TRUIST	DPS Seized Funds	1,518,112.43	0%	12.86	1,556,634.02	0%	12.59	1,599,887.60	0%	13.58
TRUIST	Parking Valet CC Account	0	0%	-	-	0%	-	0	0%	-
TRUIST	Parking Valet Account	0	0%	-	-	0%	-	0	0%	-
TRUIST	Parking Rev Credit Card Account	0.00	0%	-	-	0%	-	0.00	0%	-
TRUIST	Parking Rev Account	0.00	0%	-	2,026,949.67	0%	-	0.00	0%	-
TRUIST	Truist Bank Cash Balances	7,411,721.42	1%	100.73	16,154,040.79	2%	111.60	8,312,826.88	1%	93.55
US Bank	Series 2010/2018 Rental Payment Fund CP SWEEP	39.79	0%	-	42.70	0%	-	-	0%	-
US Bank	Series 2010/2018 Bond Fund Interest Account CP SM	245,572.74	0%	0.73	306,965.91	0%	1.04	368,359.08	0%	1.26
US Bank	Series 2010/2018 Bond Fund Serial Bond Principal CI	1,080,461.21	0%	3.19	1,350,525.69	0%	4.58	1,620,590.17	0%	5.55
US Bank	Series 2010/2018 Bond Reserve Fund CP SWEEP	2,119,750.21	0%	8.83	2,119,759.34	0%	9.13	2,119,768.18	0%	8.84
US Bank	Series 2010/2018 Coverage Fund CP SWEEP	992,871.52	0%	4.14	992,871.52	0%	4.28	992,871.52	0%	4.14
US Bank	Series 2010/2018 Operation & Maintenance Reserve F	915,098.00	0%	3.81	915,098.00	0%	3.94	915,098.00	0%	3.81
US Bank	Series 2010/2018 Renewal & Replacement Fund CP	3,351,566.92	0%	13.96	3,351,566.92	0%	14.43	3,351,566.92	0%	13.96
US Bank	Series 2010/2018 Discretionary Fund Major Maintenan	3,351,566.92	0%	13.96	3,351,566.92	0%	14.43	3,351,566.92	0%	13.96
US Bank	Series Excess CFC Funds	-	0%	-	-	0%	-	-	0%	-
US Bank	2003B P & I (Pd BNA; Mat 7/1/33)	492,880.62	0%	-	605,899.44	0%	14.86	718,918.59	0%	2.15
US Bank	2019 A Debt Service Account	4,075,136.90	0%	8.63	5,093,630.76	1%	14.86	6,112,127.58	0%	17.82
US Bank	2019 B Debt Service Account	10,720,015.11	1%	22.54	13,397,761.83	2%	38.72	16,075,516.72	1%	46.89
US Bank	2015 A Debt Service Account	2,142,593.12	0%	4.76	2,651,684.00	0%	7.88	3,160,776.35	0%	9.35
US Bank	2015 B Debt Service Account	2,466,778.78	0%	5.34	3,069,076.81	0%	9.03	3,671,376.59	0%	10.78
US Bank	MNAA AIRPORT IMP BDS SRS 2022A	-	0%	-	-	0%	-	-	0%	-
US Bank	MNAA AIRPORT IMP BDS SRS 2022B	-	0%	-	-	0%	-	-	0%	-
US Bank	US Bank Cash Balances	31,954,331.84	4%	89.89	37,206,449.84	5%	137.18	42,458,536.62	3%	138.51
Goldman	1% Arts Fund GS 465	192,899.86	0%	488.42	193,478.23	0%	578.37	194,126.57	0%	648.34
Goldman	Airline Facility Investment Fund GS 465	0.15	0%	-	0.15	0%	-	0.15	0%	-
Goldman	Authority Facility Investment Fund GS 465	22,746,188.58	3%	57,771.55	22,363,215.09	3%	67,381.51	21,780,237.07	2%	73,396.72
Goldman	Conrac Excess CFC GS 465	23,093,844.21	3%	57,713.99	24,114,851.92	3%	72,007.71	25,295,886.53	2%	84,034.61
Goldman	NAE Cash Reserve GS 465	7,233,316.00	1%	4,140.94	4,174,385.04	1%	16,686.04	4,188,372.97	0%	13,987.93
Goldman	Nashville Airport Experience GS 465	4,497,772.66	1%	11,388.55	4,511,258.35	1%	13,485.69	4,526,375.12	0%	15,116.77
Goldman	PFC Revenue GS 465	8,540,004.21	1%	21,682.09	8,565,609.70	1%	25,605.49	12,042,343.52	1%	39,918.82
Goldman	Revenue Account GS 465	57,272,864.68	7%	125,495.75	55,744,011.78	7%	170,179.45	73,261,791.08	6%	217,779.30
Goldman	Sr Debt Construction Funds GS 465	-	0%	-	-	0%	-	-	0%	-
Goldman	Sub Debt Construction Funds GS 465	22,356,638.81	3%	57,320.97	23,919,628.21	3%	36,931.93	6,940,653.38	1%	33,142.94
Goldman	NAE Cash Reserve GS 468	360,582.01	0%	903.58	361,648.20	0%	1,066.19	362,857.88	0%	1,209.68
Goldman	Goldman Sachs Investment Balances	146,294,111.17	18%	336,905.84	143,948,086.67	18%	403,922.38	148,592,644.27	12%	479,235.11
TN LGIP	LGIP - Tune	2,574,558.28	0%	1,190.00	1,380,754.10	0%	5,095.01	1,322,244.56	0%	4,513.49
TN LGIP	LGIP - PFC	3,367,284.68	0%	168.26	3,375,897.25	0%	8,612.57	4,916,897.25	0%	12,678.22
TN LGIP	LGIP - Revenue	89,462,218.17	11%	190,914.09	77,749,200.47	10%	246,762.54	77,908,455.51	6%	257,765.49
TN LGIP	LGIP - Nashville Airport Experience	2,248,998.26	0%	5,786.40	2,471,996.76	0%	6,688.67	2,371,251.26	0%	7,987.94
TN LGIP	LGIP - Renewal and Replacement	2,143.70	0%	5.36	2,149.78	0%	6.08	2,149.78	0%	7.10
TN LGIP	LGIP - Operations & Maintenance	626,782.79	0%	1,567.40	1,247,353.35	0%	2,682.56	1,247,353.35	0%	4,120.22
TN LGIP	LGIP - Airline Facility	6,097,426.10	1%	15,247.85	7,566,986.61	1%	19,414.51	7,566,986.61	1%	24,995.05
TN LGIP	LGIP - Authority Facility	14,598,301.16	2%	35,354.58	15,695,198.84	2%	42,960.34	15,695,198.84	1%	51,799.23
TN LGIP	LGIP - NAE Cash Reserve	653,312.69	0%	6,699.96	4,037,119.80	1%	7,278.11	4,037,119.80	0%	13,335.30
TN LGIP	LGIP - Capital Improvement	4,089,393.81	0%	10,226.36	4,100,989.75	1%	11,595.94	4,100,989.75	0%	13,546.27
TN LGIP	LGIP - CONRAC Excess CFC	7,510,501.36	1%	18,781.54	7,284,439.52	1%	20,943.89	7,284,439.52	1%	24,061.75
TN LGIP	LGIP - Multi-Purpose Building	1,435,210.93	0%	2,343.29	1,436,376.66	0%	3,925.32	1,936,376.66	0%	5,237.03
TN LGIP	LGIP - MPC Global Tire	743,618.50	0%	609.22	244,309.31	0%	690.81	244,309.31	0%	807.00
TN LGIP	LGIP - International Plaza Building	7,923,042.60	1%	17,332.75	7,933,036.03	1%	22,171.62	8,083,036.03	1%	26,339.41
TN LGIP	LGIP - CONRAC Discretionary	2,592,392.85	0%	6,482.81	2,579,714.57	0%	7,321.72	2,579,714.57	0%	8,521.24
TN LGIP	TN LGIP BALANCE	143,925,185.88	17%	312,709.87	137,105,522.80	17%	406,149.69	139,296,522.80	11%	455,714.74
CDARS	CITIZENS BANK CDARS - PFC	1,002,996.18	0%	-	1,002,996.18	0%	-	1,002,996.18	0%	-
CDARS	CITIZENS BANK CDARS BALANCE	1,002,996.18	0%	-	1,002,996.18	0%	-	1,002,996.18	0%	-
PFMAM	PFMAM CORE Portfolio	275,815,258.56	33%	161,989.34	276,033,359.65	34%	405,194.17	275,920,235.15	22%	95,640.53
PFMAM	PFMAM COMMON DEBT RESERVE Portfolio	88,228,620.33	11%	7,115.07	88,228,716.72	11%	86,490.28	128,399,358.38	10%	(524,613.01)
PFMAM	PFMAM 2019 A&B CAP I Portfolio	16,682,687.96	2%	16,549.47	15,371,669.55	2%	32,258.98	14,003,272.43	1%	20,898.24
PFMAM	PFMAM 2019A&B Construction Portfolio	118,695,526.89	14%	197,665.28	90,448,994.97	11%	374,272.68	57,644,425.08	5%	163,176.03
PFMAM	PFMAM 2022A&B Construction Portfolio	-	0%	-	-	0%	-	411,967,945.74	32%	-
PFMAM	PFMAM 2022A&B CAP I Portfolio	-	0%	-	-	0%	-	44,443,534.70	3%	-
PFMAM	PFMAM EON Investment Balance	499,422,093.74	60%	383,319.16	470,082,740.89	58%	898,216.11	932,378,771.48	73%	(244,898.21)
PFMAM	Total MNAA Cash/Cash Equivalents in all categories	830,010,440.23	100%	\$1,033,125.49	805,499,837.17	100%	1,708,536.96	1,272,042,298.23	100%	690,283.70
Total Interest Received for Q2 2023										3,431,946.15



METROPOLITAN NASHVILLE AIRPORT AUTHORITY

Investment Performance Review For the Quarter Ended December 31, 2022

Client Management Team

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Current Market Themes



- ▶ The U.S. economy is characterized by:
 - ▶ High inflation that shows signs of slowing
 - ▶ Continued strong labor market
 - ▶ Potentially declining health of U.S. household finances
 - ▶ Expectations for a modest yet broad economic downturn

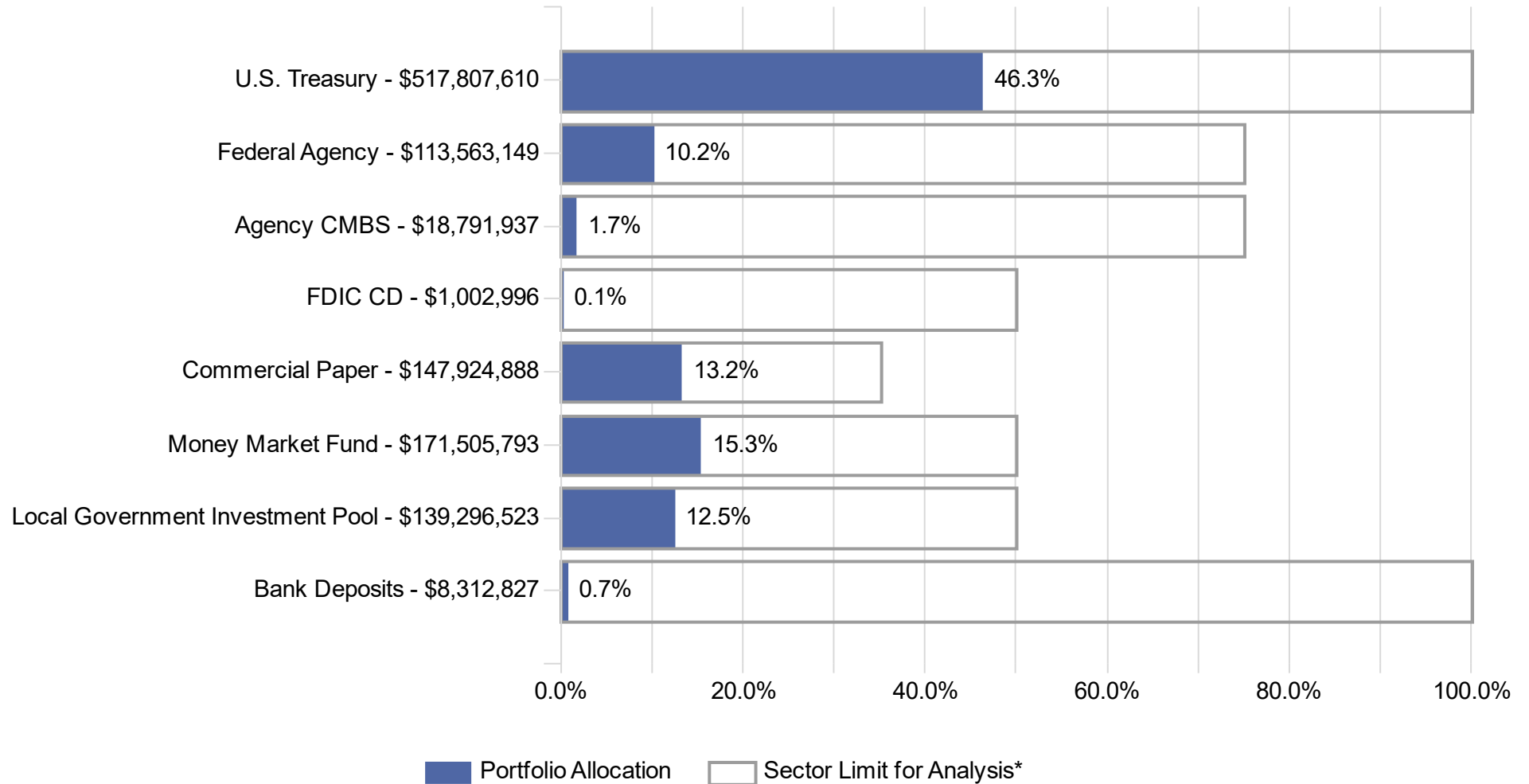


- ▶ The Federal Reserve is expected to wrap up their normalization process
 - ▶ Slowing pace of rate hikes
 - ▶ Fed projecting short-term fed funds rate to reach 5.00% to 5.25% by year-end, with markets expecting rate cuts in the second half of 2023
 - ▶ Fed officials reaffirm that restoring price stability is the utmost priority, despite risks of overtightening



- ▶ Volatile markets potentially calming
 - ▶ Treasury yields in the belly of the curve (3-7 years) ended the quarter slightly lower, while shorter and longer maturities ended higher
 - ▶ Yield curve inversion has deepened further since last quarter
 - ▶ While still elevated, volatility and liquidity challenges have begun subsiding

Sector Allocation Analytics



For informational/analytical purposes only and is not provided for compliance assurance. Includes accrued interest.

*Sector Limit for Analysis is as derived from our interpretation of your most recent Investment Policy as provided.

Issuer Diversification

Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
U.S. Treasury	68.5%	
UNITED STATES TREASURY	68.5%	AA / Aaa / AAA
Federal Agency	15.0%	
FANNIE MAE	3.0%	AA / Aaa / AAA
FEDERAL HOME LOAN BANKS	8.8%	AA / Aa / NR
FREDDIE MAC	3.2%	AA / Aaa / AAA
Agency CMBS	2.5%	
FANNIE MAE	0.3%	AA / Aaa / AAA
FREDDIE MAC	2.2%	AA / Aaa / AAA
Commercial Paper	14.0%	
ABN AMRO BANK	0.7%	A / Aa / A
CITIGROUP INC	0.7%	A / Aa / A
CREDIT AGRICOLE SA	0.7%	A / Aa / A
LMA AMERICAS LLC	1.7%	A / Aa / AA
MANHATTAN ASSET FUNDING CO LLC	0.7%	A / Aa / NR
MITSUBISHI UFJ FINANCIAL GROUP INC	3.2%	A / Aa / A
MIZUHO FINANCIAL GROUP INC.	0.2%	A / Aa / A
NATIXIS NY BRANCH	2.7%	A / Aa / AA
RABOBANK NEDERLAND	0.5%	A / Aa / AA
TORONTO-DOMINION BANK	2.8%	AA / Aa / NR
Total	100.0%	

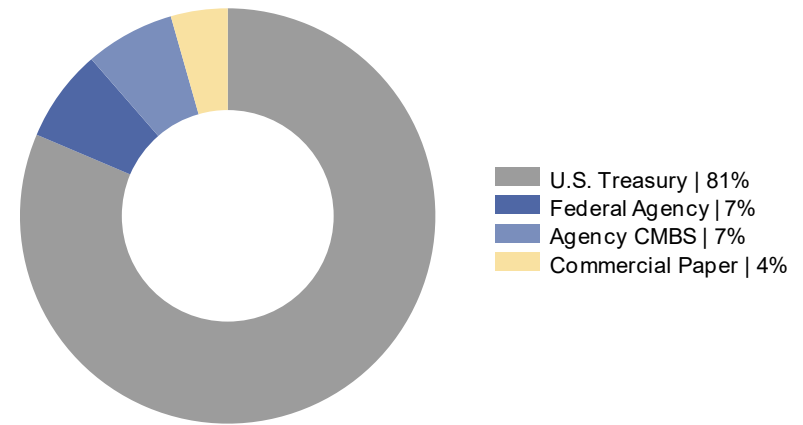
Ratings shown are calculated by assigning a numeral value to each security rating, then calculating a weighted average rating for each security type / issuer category using all available security ratings, excluding Not-Rated (NR) ratings. For security type / issuer categories where a rating from the applicable NRSRO is not available, a rating of NR is assigned. Includes accrued interest and excludes balances invested in overnight funds.

Portfolio Snapshot - MNA OPERATING CORE PORTFOLIO¹

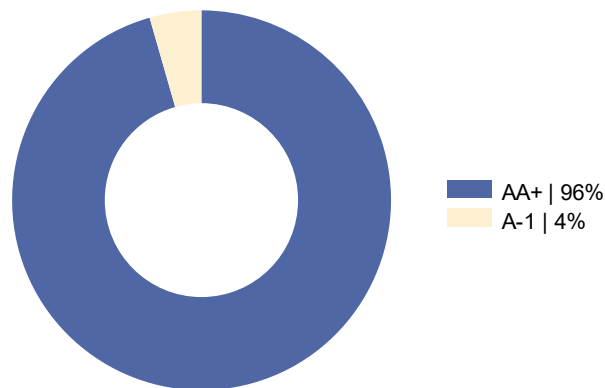
Portfolio Statistics

Total Market Value	\$270,506,851.31
<i>Securities Sub-Total</i>	\$268,649,310.36
<i>Accrued Interest</i>	\$1,025,670.38
<i>Cash</i>	\$831,870.57
Portfolio Effective Duration	1.67 years
Benchmark Effective Duration	1.74 years
Yield At Cost	2.86%
Yield At Market	4.58%
Portfolio Credit Quality	AA

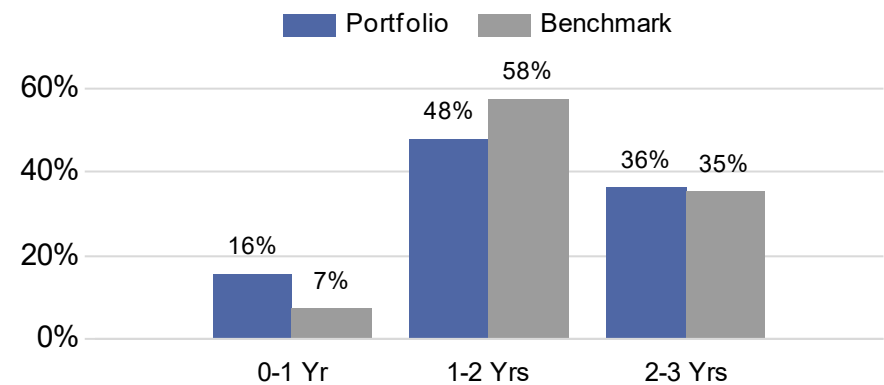
Sector Allocation



Credit Quality - S&P

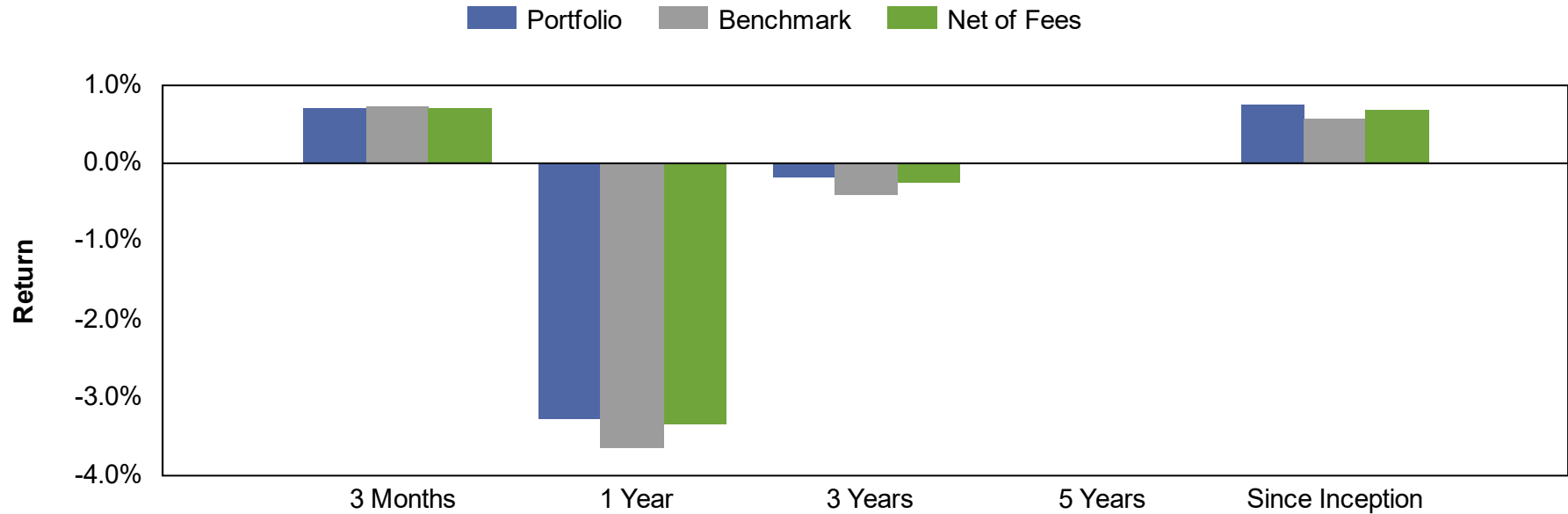


Duration Distribution



1. Yield and duration calculations exclude cash and cash equivalents. Sector allocation includes market values and accrued interest. The portfolio's benchmark is the ICE BofAML 1-3 Year U.S. Treasury Index. Source: Bloomberg. An average of each security's credit rating was assigned a numeric value and adjusted for its relative weighting in the portfolio.

Portfolio Performance



Market Value Basis Earnings	3 Months	1 Year	3 Years	5 Years	Since Inception ¹
Interest Earned ²	\$1,168,016	\$2,243,985	\$5,979,078	-	\$8,045,395
Change in Market Value	\$901,344	(\$6,548,539)	(\$5,921,445)	-	(\$4,236,031)
Total Dollar Return	\$2,069,360	(\$4,304,554)	\$57,633	-	\$3,809,364
Total Return³					
Portfolio	0.72%	-3.27%	-0.18%	-	0.76%
Benchmark ⁴	0.74%	-3.65%	-0.41%	-	0.57%
Basis Point Fee	0.02%	0.06%	0.06%	-	0.07%
Net of Fee Return	0.70%	-3.34%	-0.25%	-	0.69%

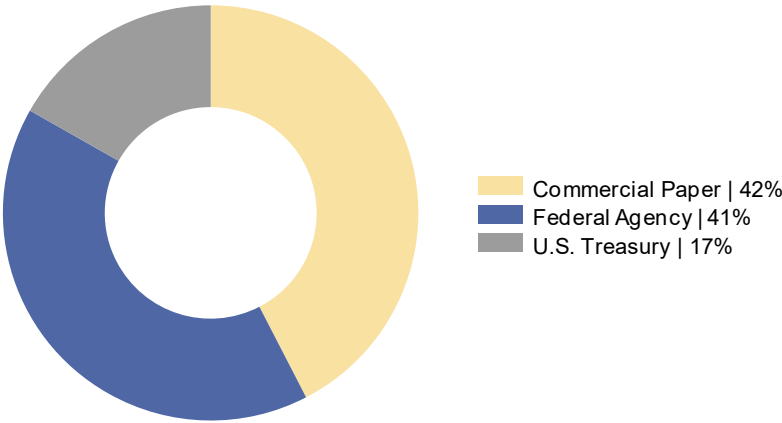
1. The lesser of 10 years or since inception is shown. Since inception returns for periods one year or less are not shown. Performance inception date is December 31, 2018.
 2. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.
 3. Returns for periods one year or less are presented on a periodic basis. Returns for periods greater than one year are presented on an annualized basis.
 4. The portfolio's benchmark is the ICE BofAML 1-3 Year U.S. Treasury Index. Source: Bloomberg.

Portfolio Snapshot - MNA 2019A&B CONSTRUCTION FUNDS¹

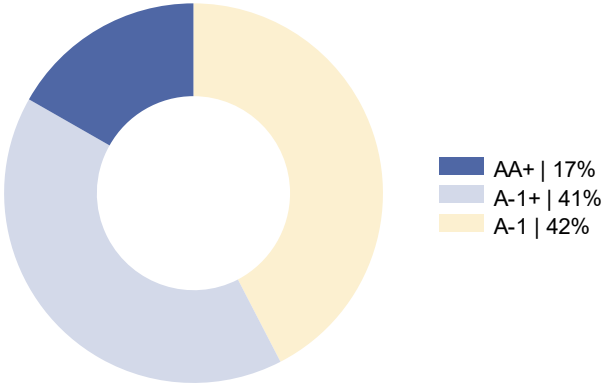
Portfolio Statistics

Total Market Value	\$58,056,342.31
<i>Securities Sub-Total</i>	\$52,679,618.33
<i>Accrued Interest</i>	\$2,870.31
<i>Cash</i>	\$5,373,853.67
Portfolio Effective Duration	0.14 years
Benchmark Effective Duration	0.14 years
Yield At Cost	3.09%
Yield At Market	4.62%
Portfolio Credit Quality	AA

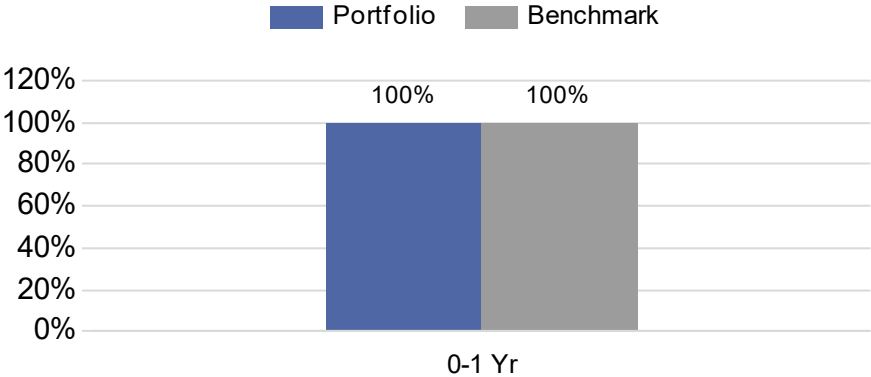
Sector Allocation



Credit Quality - S&P



Duration Distribution



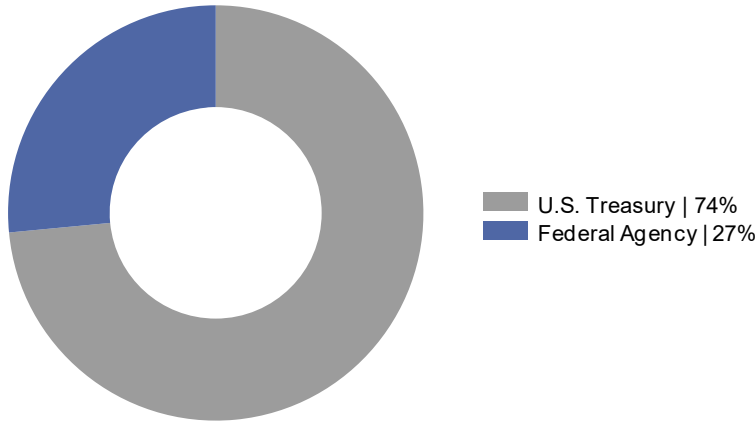
1. Yield and duration calculations exclude cash and cash equivalents. Sector allocation includes market values and accrued interest. The portfolio's benchmark is the ICE BofAML 3 Month U.S. Treasury Index. Source: Bloomberg. An average of each security's credit rating was assigned a numeric value and adjusted for its relative weighting in the portfolio.

Portfolio Snapshot - MNAA COMMON DSRF¹

Portfolio Statistics

Total Market Value	\$137,634,540.21
<i>Securities Sub-Total</i>	\$125,215,350.96
<i>Accrued Interest</i>	\$34,191.14
<i>Cash</i>	\$12,384,998.11
Portfolio Effective Duration	1.83 years
Benchmark Effective Duration	0.14 years
Yield At Cost	2.04%
Yield At Market	4.52%
Portfolio Credit Quality	AA

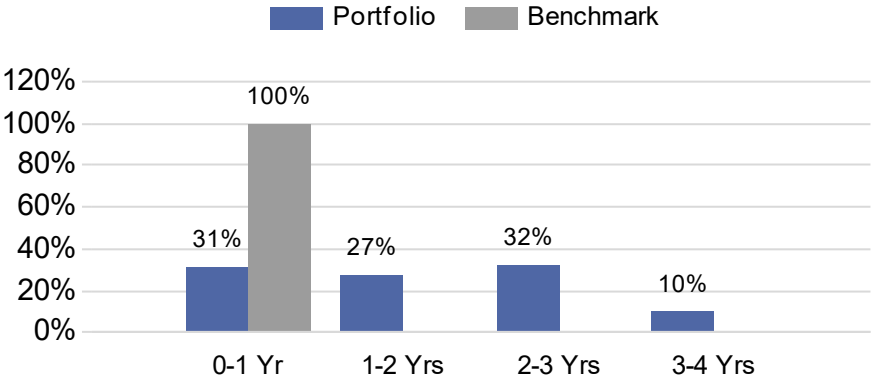
Sector Allocation



Credit Quality - S&P



Duration Distribution



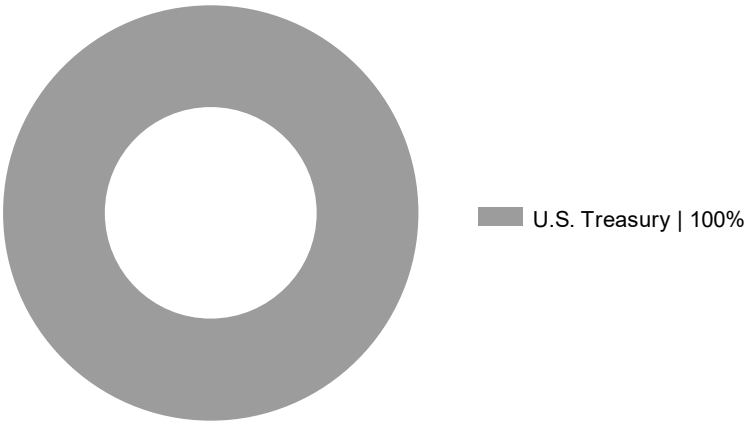
1. Yield and duration calculations exclude cash and cash equivalents. Sector allocation includes market values and accrued interest. The portfolio's benchmark is the ICE BofAML 3 Month U.S. Treasury Index. Source: Bloomberg. An average of each security's credit rating was assigned a numeric value and adjusted for its relative weighting in the portfolio.

Portfolio Snapshot - MNA 2019A&B CAP-I FUNDS¹

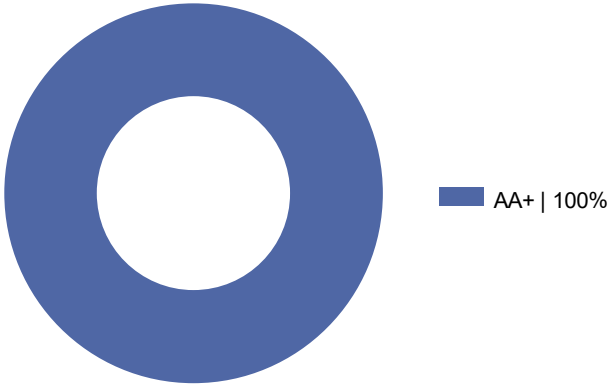
Portfolio Statistics

Total Market Value	\$13,805,028.05
<i>Securities Sub-Total</i>	\$9,432,765.32
<i>Accrued Interest</i>	\$49,836.68
<i>Cash</i>	\$4,322,426.05
Portfolio Effective Duration	0.40 years
Benchmark Effective Duration	0.14 years
Yield At Cost	1.70%
Yield At Market	4.59%
Portfolio Credit Quality	AA

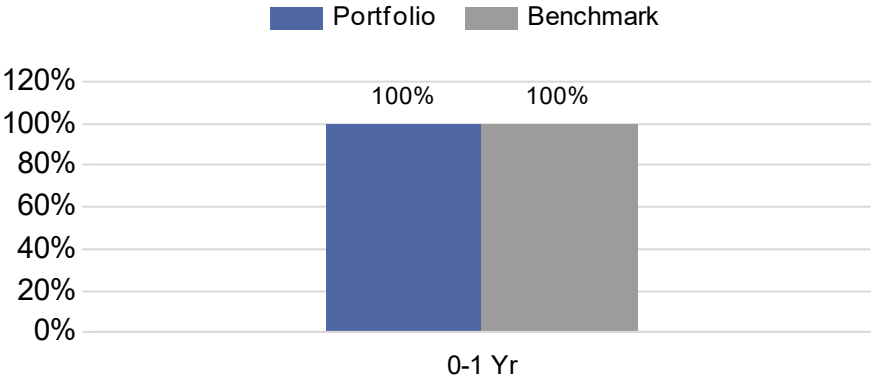
Sector Allocation



Credit Quality - S&P



Duration Distribution



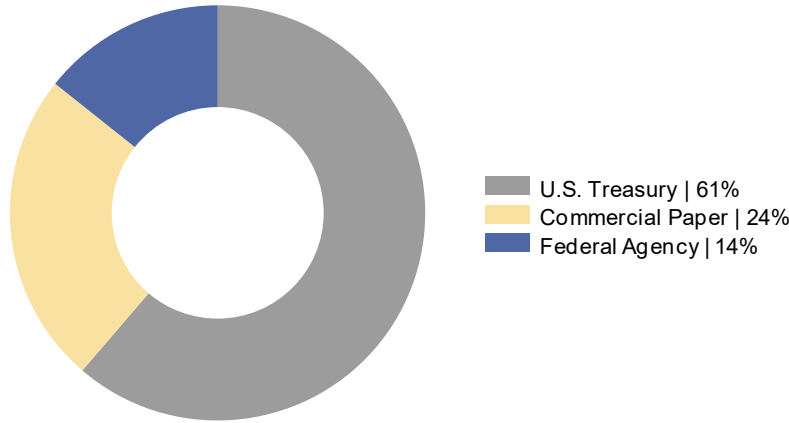
1. Yield and duration calculations exclude cash and cash equivalents. Sector allocation includes market values and accrued interest. The portfolio's benchmark is the ICE BofAML 3 Month U.S. Treasury Index. Source: Bloomberg. An average of each security's credit rating was assigned a numeric value and adjusted for its relative weighting in the portfolio.

Portfolio Snapshot - MNAA SERIES 2022 REVENUE BONDS¹

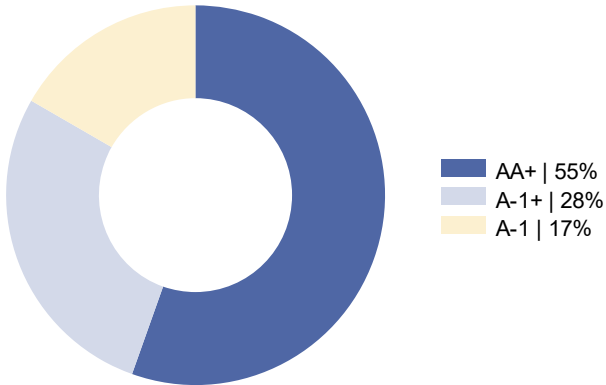
Portfolio Statistics

Total Market Value	\$412,115,423.60
<i>Securities Sub-Total</i>	\$275,670,986.16
<i>Accrued Interest</i>	\$99,437.84
<i>Cash</i>	\$136,344,999.60
Portfolio Effective Duration	0.72 years
Yield At Cost	4.61%
Yield At Market	4.74%
Portfolio Credit Quality	AA

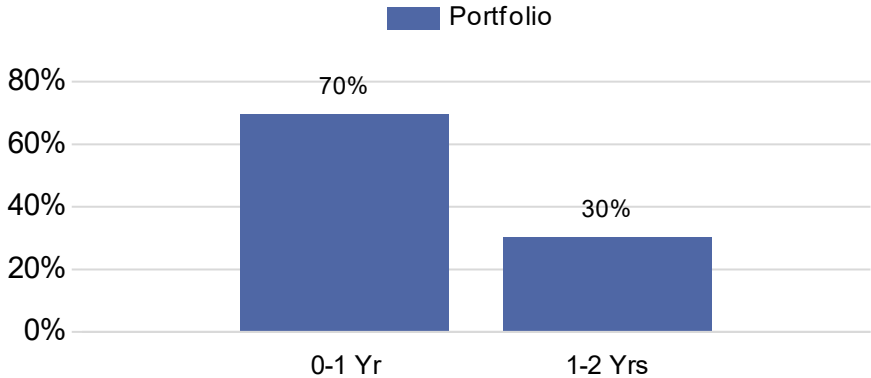
Sector Allocation



Credit Quality - S&P



Duration Distribution



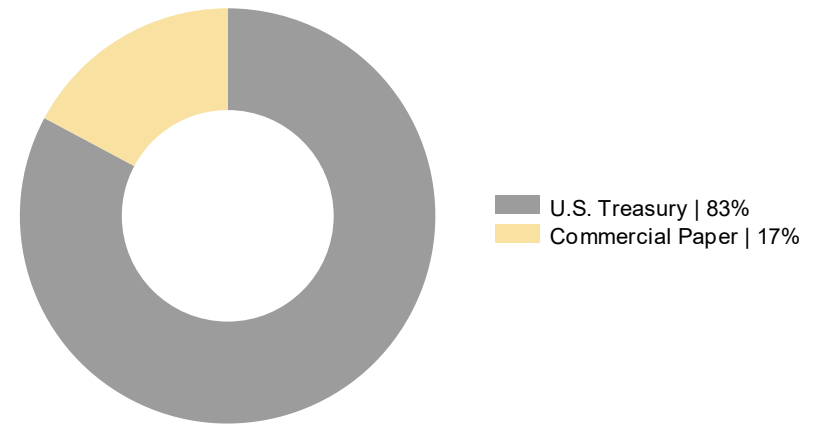
1. Yield and duration calculations exclude cash and cash equivalents. Sector allocation includes market values and accrued interest. An average of each security's credit rating was assigned a numeric value and adjusted for its relative weighting in the portfolio.

Portfolio Snapshot - MNAA SERIES 2022 CAP I¹

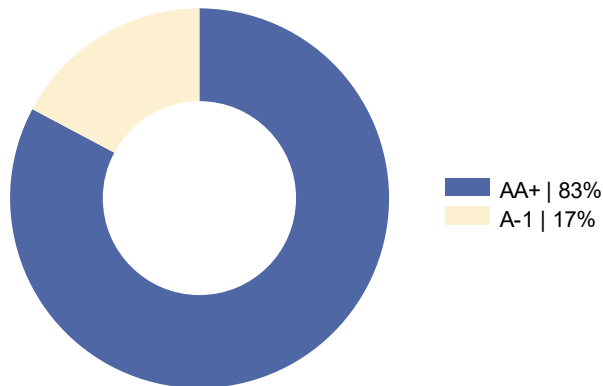
Portfolio Statistics

Total Market Value	\$44,444,622.63
<i>Securities Sub-Total</i>	\$22,732,185.47
<i>Accrued Interest</i>	\$36,824.32
<i>Cash</i>	\$21,675,612.84
Portfolio Effective Duration	1.36 years
Yield At Cost	4.51%
Yield At Market	4.71%
Portfolio Credit Quality	AA

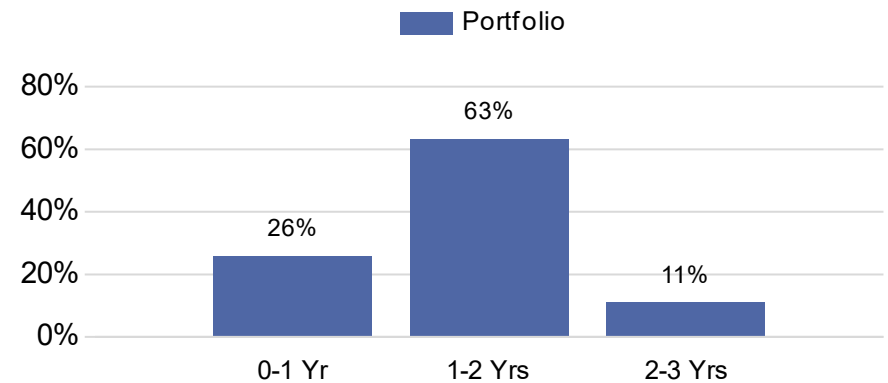
Sector Allocation



Credit Quality - S&P



Duration Distribution



1. Yield and duration calculations exclude cash and cash equivalents. Sector allocation includes market values and accrued interest. An average of each security's credit rating was assigned a numeric value and adjusted for its relative weighting in the portfolio.

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- In accordance with generally accepted accounting principles, information is presented on a trade date basis; forward settling purchases are included in the monthly balances, and forward settling sales are excluded.
- Performance is presented in accordance with the CFA Institute's Global Investment Performance Standards (GIPS). Unless otherwise noted, performance is shown gross of fees. Quarterly returns are presented on an unannualized basis. Returns for periods greater than one year are presented on an annualized basis. Past performance is not indicative of future returns.
- Bank of America/Merrill Lynch Indices provided by Bloomberg Financial Markets.
- Money market fund/cash balances are included in performance and duration computations.
- Standard & Poor's is the source of the credit ratings. Distribution of credit rating is exclusive of money market fund/LGIP holdings.
- Callable securities in the portfolio are included in the maturity distribution analysis to their stated maturity date, although, they may be called prior to maturity.
- MBS maturities are represented by expected average life.

Glossary

- **Accrued Interest:** Interest that is due on a bond or other fixed income security since the last interest payment was made.
- **Agencies:** Federal agency securities and/or Government-sponsored enterprises.
- **Amortized Cost:** The original cost of the principal of the security is adjusted for the amount of the periodic reduction of any discount or premium from the purchase date until the date of the report. Discount or premium with respect to short-term securities (those with less than one year to maturity at time of issuance) is amortized on a straight line basis. Such discount or premium with respect to longer-term securities is amortized using the constant yield basis.
- **Asset-Backed Security:** A financial instrument collateralized by an underlying pool of assets – usually ones that generate a cash flow from debt, such as loans, leases, credit card balances, and receivables.
- **Bankers' Acceptance:** A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill as well as the insurer.
- **Commercial Paper:** An unsecured obligation issued by a corporation or bank to finance its short-term credit needs, such as accounts receivable and inventory.
- **Contribution to Total Return:** The weight of each individual security multiplied by its return, then summed for each sector to determine how much each sector added or subtracted from the overall portfolio performance.
- **Effective Duration:** A measure of the sensitivity of a security's price to a change in interest rates, stated in years.
- **Effective Yield:** The total yield an investor receives in relation to the nominal yield or coupon of a bond. Effective yield takes into account the power of compounding on investment returns, while nominal yield does not.
- **FDIC:** Federal Deposit Insurance Corporation. A federal agency that insures bank deposits to a specified amount.
- **Interest Rate:** Interest per year divided by principal amount and expressed as a percentage.
- **Market Value:** The value that would be received or paid for an investment in an orderly transaction between market participants at the measurement date.
- **Maturity:** The date upon which the principal or stated value of an investment becomes due and payable.
- **Negotiable Certificates of Deposit:** A CD with a very large denomination, usually \$1 million or more, that can be traded in secondary markets.
- **Par Value:** The nominal dollar face amount of a security.
- **Pass-through Security:** A security representing pooled debt obligations that passes income from debtors to its shareholders. The most common type is the mortgage-backed security.

Glossary

- Repurchase Agreements: A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date.
- Settle Date: The date on which the transaction is settled and monies/securities are exchanged. If the settle date of the transaction (i.e., coupon payments and maturity proceeds) occurs on a non-business day, the funds are exchanged on the next business day.
- Supranational: A multinational union or association in which member countries cede authority and sovereignty on at least some internal matters to the group, whose decisions are binding on its members.
- Trade Date: The date on which the transaction occurred; however, the final consummation of the security transaction and payment has not yet taken place.
- Unsettled Trade: A trade which has been executed; however, the final consummation of the security transaction and payment has not yet taken place.
- U.S. Treasury: The department of the U.S. government that issues Treasury securities.
- Yield: The rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.
- YTM at Cost: The yield to maturity at cost is the expected rate of return based on the original cost, the annual interest receipts, maturity value, and the time period from purchase date to maturity, stated as a percentage on an annualized basis.
- YTM at Market: The yield to maturity at market is the rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.

Asset Valuation Summaries - OPEB

Below are the Asset Valuation Summaries for the second quarter of fiscal year 2023.

Asset Valuation Summary – OPEB

Month	Cost	Market	Unrealized Gain/Loss
10/31/2022	\$ 37,706,121.36	\$ 35,856,807.85	\$ (1,849,313.51)
11/30/2022	\$ 37,711,563.36	\$ 37,931,423.78	\$ 219,860.42
12/31/2022	\$ 38,740,910.98	\$ 36,706,403.26	\$ (2,034,507.72)

Reconciliation Summary - OPEB

Below is the OPEB Reconciliation Summary for the second quarter of fiscal year 2023.

OPEB Summary 2nd QTR FY 2023 – MNAA (market value)

	10/31/2022	11/30/2022	12/31/2022	2Q FY-to-Date
Beginning Market Value	34,566,946.37	35,856,807.85	37,931,423.78	34,566,946.37
Total Cash Receipts	40,557.65	63,701.93	1,103,156.18	1,207,415.76
Total Cash Disbursements	(89,528.51)	(58,259.93)	(73,808.56)	(221,597.00)
Change in Fair Market Value	1,338,832.34	2,069,173.93	(2,254,368.14)	1,153,638.13
Ending Market Value	35,856,807.85	37,931,423.78	36,706,403.26	36,706,403.26

B. Impact/Findings

No action is required by the Finance Committee as this staff analysis is presented for informational purposes.

C. Strategic Priorities

- Supports the strategic priority of investing assets in the Pension and OPEB plans without undue risk while focusing on the total growth of capital and capital preservation while protecting against negative results.
- Invest in BNA/JWN
- Plan for the Future
- Prepare for the Unexpected