

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



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

Place: Nashville International Airport – Tennessee Board Room

Finance Committee Members: Stuart McWhorter, Committee Chair
Jack Johnson, Committee Vice Chair
Tony Giarratana
Jimmy Granbery

I. CALL TO ORDER

II. APPROVAL OF MINUTES

July 12, 2023 Minutes of the Joint Meeting of the MNAA and MPC Finance, Diversity & Workforce Development Committees

III. PUBLIC COMMENTS

No requests for public comment received to date. Deadline is August 7 at 9 pm.

IV. CHAIR'S REPORT

V. ITEMS FOR APPROVAL

1. JWN North Development LOI/Lease Terms – Parcel 1 (Future SPE for Steve Smith)
2. Amendment to Fraport Subleases with Ferncroft Airport, LLC (Titan's Sports Bar, The All Day, Nashville Music City)

VI. INFORMATION ITEMS

1. BNA Concessions Program Update
2. Quarterly Retirement/OPEB/Treasury Investment Reports

VII. ADJOURN

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



Date: July 12, 2023

Location: Metropolitan Nashville Airport Authority
Tennessee Boardroom

Time: 9:28 a.m.

Committee Members Present:

Stuart McWhorter, Committee Chair; Tony Giarratana;
Jimmy Granbery

Committee Members Absent:

Jack Johnson, Committee Vice Chair

Others Present:

Bobby Joslin, Masami Tyson

MNAA Staff Present:

Doug Kreulen, Neale Bedrock, Lisa Lankford, Trish Saxman
Marge Basrai, Kristy Bork, Chris Davidson, David Griswold,
Traci Holton, Ijeoma Ike, Carrie Logan, Rachel Moore,
Ted Morrissey, Stacey Nickens, Robert Ramsey, Davita Taylor

I. CALL TO ORDER

Chair McWhorter called the Joint Meeting of the MNAA and MPC Finance, Diversity & Workforce Development (Finance) Committees to order at 9:28 a.m. pursuant to Public Notice dated July 7, 2023.

II. APPROVAL OF MINUTES

Chair McWhorter stated there was no meeting in June.

III. PUBLIC COMMENTS

Chair McWhorter stated there were no public comment requests received.

IV. CHAIR'S REPORT

Chair McWhorter expressed that he was honored to serve as Chair on the Finance Committee and he thanked all the other members for also serving.

V. ITEMS FOR APPROVAL

There were no items scheduled for approval.

VI. INFORMATION ITEMS

President Kreulen provided several informational items to the Finance Committee members regarding ongoing projects at MNAA and budgets for the next fiscal year.

1. BNA Concessions Program Update

President Kreulen stated that since 2019, MNAA has been working with Fraport on the Terminal Concessions Program and that during that time, 75 retail and food and beverage concessions have been built. There are 15 locations scheduled to open to the public on September 27, 2023. President Kreulen said that on the evening of September 25th, MNAA hopes to have all the retail and food and beverage locations open so that guests will be able to walk around and visit the new facilities before passengers arrive the following day. All are on track at this point. The Satellite Concourse has 7 locations scheduled to open by Paradies in October 2023 and all are on track and had their first construction meeting recently. Two locations have some paperwork that needs to be resolved with Metro regarding sewer discharge issues. All retail concession spaces have to be built out within 90 days; and all food and beverage concessions have 120 days. MNAA does not perceive any problems with Fraport in the September time period and Paradies has a couple that we are watching, and staff will update the Commissioners of any challenges.

Commissioner Granbery asked if the team could share with the new Commissioners a map of all concessions in the Grand Hall and the new tenants as well. President Kreulen stated when guests enter through security, they will see the Acme Feed & Seed, Titans Press Box, and Kitty Hawk. Fraport is also adding local businesses including Hattie B's, Slim & Huskies and more retail spaces. When we started this program in 2019, we only had 13% minority participation and no local restaurants. Now we have about 45% minority participation and almost 50% of all concepts are local. At BNA, passengers can enjoy local fare in the city and at the airport. Commissioner Joslin stated the Board received a map a couple of months ago, which President Kreulen confirmed. President Kreulen said that he would share the map with the new Board. Chair McWhorter asked what the financial arrangements are. President Kreulen replied that MNAA has a lease with Fraport, our developer, and they put proposals together. President Kreulen introduced Matt Jennings, the Vice President of Fraport Tennessee.

Chair McWhorter asked if Fraport issues leases to the tenants. Mr. Jennings replied yes, Fraport solicits proposals and find tenants for all the spaces. Currently all the spaces are leased, and we have the Concourse D extension coming up soon and will be send out a new proposal to attract new tenants.

President Kreulen stated MNAA holds Fraport responsible for all compliance and contractual requirements and there may be amendments to the lease, or they may have liquidated damages. Commissioner Joslin stated that it is a 10-year deal, which President Kreulen confirmed, adding that it began in 2019, terminates in 2029, and when we open this here at the end of the year, the contract will be at its midpoint. MNAA signed Amendment 8 which gave Fraport Concourse D extension, and now Fraport will contract with new tenants. It is similar to when the Satellite Concourse was awarded to Paradies except they own all 7 of the retail and food and beverages and are putting in places like Jimmy John's, a Tex-Mex restaurant, Fat Bottom Brewery and several others. Companies compete and display what they will offer and MNAA observes how Fraport organizes teams and understands our priority to respect our local community as much as possible.

Commissioner Joslin asked if Metro Council approved the 24" water main. President Kreulen replied no and explained that Metro asked to defer for one session and that we are now working on a white paper so that we can inform the rest of Metro Council of the issues. President Kreulen stated that we are investing in three strategic goals, one of which is preparing for the unexpected. We only have one water line to the airport and if Metro has a failure, then the airport is shut down. At MNAA's expense, the plan is to put in a new pump station and a second water line. Metro wants us to increase the water line from 16" to 24" so they can pump water through the airport to other parts of the city. We hope to get it back on track and we want it for security. Memphis just shut down for 24 hours because they had a water issue, and it would cost millions of dollars if that happened at BNA. Commissioner Tyson asked why Metro deferred it. President Kreulen explained we are trying to get Metro to change its position. It puts MNAA at risk if there is a water main break. President Kreulen stated that Commissioners would hear more on this matter during executive session.

Commissioner Granbery reiterated his request for President Kreulen to share the map of all the concessions and also asked President Kreulen to provide a brief abstract of sales. Commissioner Granbery stated that 22M passengers is good for both Fraport and BNA.

President Kreulen presented pictures of the concession construction today of Acme Feed & Seed, Titans Press Box and Slim & Husky's, and stated that more photos would be shared as progress continues.

2. Airline Use & Lease Agreement Update

President Kreulen complimented Marge Basrai, Executive Vice President & Chief Financial Officer, and the Finance team on a great job negotiating the Airline Use & Lease Agreement (“AULA”). Prior to 2015 MNAA was considered a residual airport, which meant that if BNA made money it went to the airlines. From 2015 -2022 MNAA became a compensatory airport and signed a one-year extension to 2023. Under a compensatory agreement, when BNA makes money, it retains it. This is our second compensatory agreement. It is 8 year agreement, with a possible two-year extension, and all terms are better for MNAA. MNAA gets more money from the airlines and shares less of the concession revenue.

President Kreulen provided a report displaying the Signatory Airlines and he explained the ones with check marks have executed documents and the ones with stars are onboard but only have quarterly Board meetings and have not met yet. MNAA has a letter from those stating that the charges will concur at the new rate. Chair McWhorter asked when MNAA expects to have all of the executed documents. Ms. Basrai stated they have until July 31st. President Kreulen stated the non-signatories pay a 25% premium. The AULA provides that if we do not open the new Concourse A in 2028, we automatically get a two-year extension which is when all the debt will come online. Any airline that goes out to Satellite terminal, like Allegiant or Spirit, get a 2.5% discount in their rate, but MNAA does not lose that 2.5% because the other airlines make that up inside the airport. MNAA has increased the amount of our Renewal and Replacement and O&M Reserve accounts. The airlines will contribute \$500K a year to JWN, with a 3% escalator, because JWN takes some traffic off of Nashville. Commissioner Joslin stated if the taxiway is not built, BNA will receive more traffic. President Kreulen said he will work on that. President Kreulen stated airlines get to keep preferential gates if they use it 6 times a day or have bigger jets doing 900 seats a day.

3. FY24 Operating & CIP Budget Update

President Kreulen explained that the budgets were approved by the Board on April 19, 2023. BNA’s operating budget was based on 10.97M enplanements and continues to grow so fast making that number attainable this fiscal year. Staff will give a mid-year update in January. President Kreulen presented the overall guidance that he gives to Ms. Basrai and the Finance team. Additionally, he explained how MNAA uses the Federal Relief Grants. ARPA, CARES, and CARISA are COVID relief grants that the Federal Government provided to BNA. \$126M was provided based on our size, and we will spend approximately \$31M this year, which leaves about \$6M to be used in FY25. Each year MNAA receives between \$5-\$6M from the Federal Government for infrastructure. There are a lot of grant insurances attached to those

funds. This funding has helped MNAA maintain its financial strength. Chair McWhorter asked what the Federal Relief Grants can be used for. Ms. Basrai replied O&M and Debt Service. President Kreulen replied it is approximately 99% goes towards debt service. MNAA asked the State for permission to use the funds for Capital, O&M and Debt Service, which they said no to Debt Service.

President Kreulen presented the budgets for BNA, JWN and MPC. He highlighted that BNA received \$226M in revenue last year and that BNA is on track this year to reach \$282M, and expenses are at \$165M. Commissioner Granbery noted JWN is now in the black, and that JWN is making more money and will only get stronger. President Kreulen reported that MPC's International Plaza, known as the Gold Building, is fully rented and generates positive revenue; however, at some point MNAA will need to demolish the Gold Building because it is so old and the upkeep is costly. Plus, there are other aeronautical uses for that space. Commissioner Joslin stated that replacing the windows was estimated to cost \$9M, which President Kreulen confirmed and stated that the building is not worth that.

4. Quarterly Retirement/OPEB/Treasury Investment Reports

President Kreulen presented the Quarterly Retirement Plan. MNAA is very strong on funding with payments planned to get it to 100%. The Retirement Plan's market value for 3rd quarter was \$77.3M. For the OPEB at 3rd quarter, MNAA has \$38M, and did not have to make a contribution last year because it was overfunded. There is an investment policy stating that the Finance team works with the CEO to move money in these different areas and staff will disclose those funds to the Commissioners in the future.

The Quarterly Treasury Investment Report shows all the money that we have, and President Kreulen presented the breakdown into various accounts. He noted the previous CEO did not invest BNA funds, so this is one of the things MNAA changed with the new CEO. Percent invested is the key metric and shows in 2017 that MNAA had zero funds invested. The total available funds were \$1.2B for FY23-Q3. Commissioner Joslin asked Ms. Basrai how many checking accounts we have now. Ms. Basrai replied approximately 30 now but may have been over 100 previously. Commissioner Joslin remarked that MNAA was not investing any money, it was just sitting there. President Kreulen replied, yes, when the Board realized that, they said it was unacceptable and asked the CEO to do his fiduciary duties so these changes were made.

President Kreulen stated the last slide shows a new aerial photograph of the International Arrivals Facility (“IAF”). New aerials are taken monthly to show construction progress. He highlighted the former 50 feet hole, that served as the lay down yard to build the center. and is now starting to have the concrete put in for international jets to park. The satellite is just off Concourse C. Demolition of the Air Freight Building will begin as soon as next year, so 5 gates can be added to Concourse D. By summer 2025 Concourse A goes away and the new concourse will come back double the size from 8 to 16 gates. Donelson Pike is moving to provide a bigger ring road. With all of the activity and moving pieces to juggle, President Kreulen said, the Board’s support is critical to do the right thing for the city and State of Tennessee. He assured the Board that the staff is thinking far enough in advance. We have plans to go to 2028 today and when we meet at the Board retreat in October, we will look at next steps for 2035. Chair McWhorter asked what the delivery date is for the hotel. President Kreulen replied that according to the contract, the delivery date is December 31, 2023; however, Chartwell Hospitality is little behind, though they believe that they can catch up.

VII. ADJOURN

There being no further business brought before the Finance Committee, Chair McWhorter adjourned the meeting at 9:53 a.m.

Masami I. Tyson, Board Secretary

President Kreulen stated the last slide shows a new aerial photograph of the International Arrivals Facility (“IAF”). New aerials are taken monthly to show construction progress. He highlighted the former 50 feet hole, that served as the lay down yard to build the center. and is now starting to have the concrete put in for international jets to park. The satellite is just off Concourse C. Demolition of the Air Freight Building will begin as soon as next year, so 5 gates can be added to Concourse D. By summer 2025 Concourse A goes away and the new concourse will come back double the size from 8 to 16 gates. Donelson Pike is moving to provide a bigger ring road. With all of the activity and moving pieces to juggle, President Kreulen said, the Board’s support is critical to do the right thing for the city and State of Tennessee. He assured the Board that the staff is thinking far enough in advance. We have plans to go to 2028 today and when we meet at the Board retreat in October, we will look at next steps for 2035. Chair McWhorter asked what the delivery date is for the hotel. President Kreulen replied that according to the contract, the delivery date is December 31, 2023; however, Chartwell Hospitality is little behind, though they believe that they can catch up.

VII. ADJOURN

There being no further business brought before the Finance Committee, Chair McWhorter adjourned the meeting at 9:53 a.m.

Masami I. Tyson, Board Secretary

STAFF ANALYSIS

Finance Committee

Date: August 9, 2023
Facility: North Development Parcel #1 at John C. Tune Airport
Subject: Steve Smith Future SPE Letter of Intent/Lease Terms

I. Recommendation

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

- 1) approve the terms negotiated between MNAA and a future Special Purpose Entity for Steve Smith (the “Tenant”) via Letter of Intent (LOI).
- 2) authorize **the Chair and President and CEO** to execute a lease agreement between MNAA and Tenant that is consistent with the LOI terms.

II. Analysis

A. Background

Following the second Notice of Availability (NOA) that was advertised on October 6, 2022, MNAA received a LOI that met all the necessary requirements for the remaining 0.84-acre vacant parcel of land, commonly referred to as the North Development. The remaining vacant parcel is listed as parcel 1 and located next to the State hangar at the north end of the airport.

B. Lease Terms

1. Tenant will lease one parcel of land for a total of 0.84 acres. This parcel is depicted as #1 on the attached exhibit.
2. Tenant will have an 18-month Construction Term, 30-year initial term, and one 5-year renewal option for a total potential term of 36.5 years.
3. Tenant will pay rent at \$2.70 p/sf beginning on the effective date of the lease. Rent will increase each year by 3% except for in years 10 and 20 of the initial term, upon which rent will be increased based on an appraisal. In no event will rent increase by more than 110% of the immediately prior year, nor will rent decrease.
4. Tenant will pay a monthly fuel flowage fee for all fuels dispensed and the current rate is \$0.06 per gallon.

5. During construction, the Tenant will invest a minimum of \$2.5M for construction of a hangar facility. The design of the improvements is ongoing, but Tenant is planning to construct at least one large hangar of at least 10K square feet, with adjacent vehicle parking.
6. Tenant will complete the improvements within 18 months of the effective date.
7. Tenant is responsible for obtaining all necessary permits to complete the project, including compliance with MNAA's AIR process.
8. The lease is a triple net lease; therefore, Tenant will be responsible for all costs associated with the property during the term of the lease including maintenance, insurance, and taxes.
9. Tenant will be responsible for completing property condition and pavement condition assessments every 5 years. These assessments will be submitted to MNAA with a report from the Tenant setting forth any deficiencies that have been repaired in the prior 5-year period and a plan for the repairs needed during the following 5-year period.
10. Tenant holds the right to assign the lease to an affiliate or successor organization of Tenant with notice to MNAA. Any other assignment or transfer must be approved by MNAA and will include payment to MNAA of a percentage of the gross transaction value. MNAA's percentage of the proceeds is based on scale dependent upon how far along in the term such assignment or transfer is done. MNAA will receive 20% of the transaction value if there are 10 or more years remaining on the term, 15% if there are less than 10 years remaining but more than 5 years, and 10% if there are less than 5 years remaining.
11. Tenant is permitted to use the property for commercial operations under 14 CFR Part 91 and 14 CFR Part 135. This includes managing, maintaining, fueling, and otherwise supporting the aeronautical activities of individuals or entities who have an ownership interest in aircraft stored on the leasehold who are under a written contract with Tenant to provide such services.

C. Impact/Findings

This lease will provide MNAA with an immediate revenue source of \$98,884.80 in year one and a new asset that will vest in 31.5-36.5 years.

This redevelopment is being supported by MNAA project "JWN 2297 - North Development, Airside Improvements and Apron Expansion" whereby MNAA will be constructing facilities to support the tenant(s) development including an access road, natural gas, electricity, water, and sewer utilities and taxiway and taxiway connections.

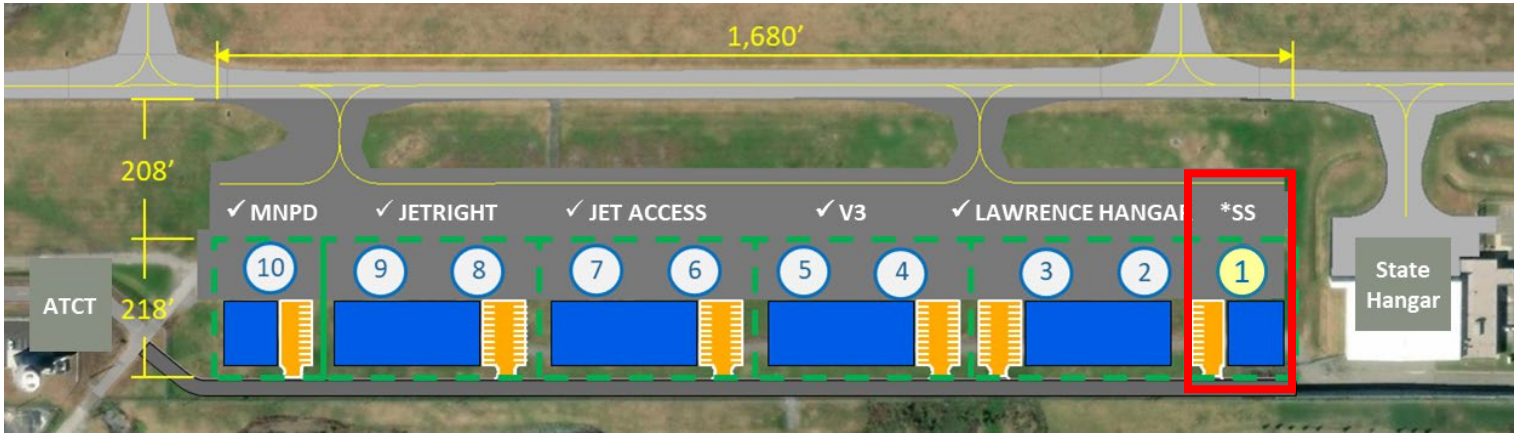
D. Strategic Priorities

- Invest in JWN
- Plan for the future

E. Options/Alternatives

The Finance Committee could decline to recommend approval of the proposed Tenant and Real Estate could attempt to negotiate with another entity for the lease of parcel #1.

EXHIBIT



- ✓ Lease Executed
- LOI Executed

STAFF ANALYSIS

Finance Committee

Date: August 9, 2023
Facility: Nashville International Airport
Subject: Amendment to Fraport Subleases with Ferncroft Airport, LLC

Recommendation

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

- 1) approve amendments to two subleases between Fraport, Ferncroft Airport, LLC and MNAA for the terminal concessions program, and
- 2) authorize the Chair and President & CEO to execute the sublease amendments.

Analysis

A. Background

MNAA has a Lease and Concession Agreement (Agreement) with Fraport, Tennessee, Inc. (Fraport) to develop and manage a terminal-wide concessions program. The term of the agreement commenced on February 1, 2019, and expires on January 31, 2029. In 2022, Fraport negotiated subleases with Ferncroft Airport, LLC (Ferncroft) for three concession locations: Titan's Sports Bar, The All Day and Nashville Music City, for a ten-year term. As the subleases expire after the expiration of Fraport's agreement, MNAA became a party to the subleases, with all rights and obligations of the subleases to atturn to MNAA at the expiration of Fraport's Lease and Concession Agreement.

Ferncroft requested to change the names of its concession locations as follows:

<u>Original Name</u>	<u>New Name</u>
Nashville Music City	The Music City Shop
The All Day	Kitty Hawk Eat and Drink
Titans Sports Bar	The Titans Press Box

These name changes were incorporated in Amendment 8 to the Agreement, which was approved by the Board of Commissioners in June 2023. The tenant subleases need to be amended to reflect the approved name changes, and as MNAA is a party to the subleases, the amendments require approval by the Board of Commissioners.

B. Impact/Findings

At this time, staff is requesting that the Finance Committee recommend approval of the above subleases.

C. Strategic Priorities

- Invest in BNA/JWN
- Plan for the Future

D. Options/Alternatives

The Finance Committee could decline to recommend approval of the above sublease amendments.

STAFF ANALYSIS

Finance Committee (Information Only)

Date: August 9, 2023
Facility: Nashville International Airport
Subject: FY2023 – 4th 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 4th Quarter of FY2023. The Principal report covers the period from April 1, 2023 through June 30, 2023.

II. Analysis

A. **Summary**

MNAA Retirement Plan

The quarter (three months) total portfolio return gross of fees was 2.99% compared to the designated Composite Benchmark of 2.77%. The three-month total portfolio return net of fees was 2.94%.

The fiscal year-to-date (twelve months) total portfolio return gross of fees was 9.16% compared to the designated Composite Benchmark of 8.33%. The year-to-date total portfolio return net of fees was 8.94%.

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 April 30, 2023, all asset classes are in compliance with the Retirement Plan Investment Policy 41-011, effective July 22, 2021.

Pension - Asset Allocation as of 4/30/2023 (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	\$ 2,155,678.35	2.78%	0%-3%-100%	Yes	100.00%	97.22%
Bonds and Notes	\$ 36,670,937.67	47.23%	0%-47%-57%	Yes	57.00%	9.77%
Equities - Large Cap ^(a)	\$ 6,236,180.52	8.03%	0%-8%-10.40%	Yes	10.40%	2.37%
Equities - S&P 500 Funds ^(a)	\$ 8,148,043.97	11.38%	0%-10.5%-17.40%	Yes	17.40%	6.02%
Equities - Large Cap Growth ^(a)	\$ 6,283,515.74	8.77%	0%-8%-10.40%	Yes	10.40%	1.63%
Equities - Mid Cap ^(a)	\$ 5,450,295.50	7.02%	0%-7.00%-9.10%	Yes	9.10%	2.08%
Equities - Small Cap ^(a)	\$ 3,050,060.28	3.93%	0%-4.00%-5.20%	Yes	5.20%	1.27%
Equities - International ^(a)	\$ 9,645,019.88	12.42%	0%-12.50%-16.10%	Yes	16.10%	3.68%
Total	\$ 77,639,731.91	101.56%				
(a) Total Equities	\$ 38,813,115.89	49.99%	0%-50%-60%	Yes	60.00%	10.01%

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

As of May 31, 2023, all asset classes are in compliance with the Retirement Plan Investment Policy 41-011, effective July 22, 2021.

Pension - Asset Allocation as of 5/31/2023 (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	\$ 2,203,349.61	2.89%	0%-3%-100%	Yes	100.00%	97.11%
Bonds and Notes	\$ 35,985,662.87	47.17%	0%-47%-57%	Yes	57.00%	9.83%
Equities - Large Cap ^(a)	\$ 5,977,692.85	7.84%	0%-8%-10.40%	Yes	10.40%	2.56%
Equities - S&P 500 Funds ^(a)	\$ 8,183,502.75	11.43%	0%-10.5%-17.40%	Yes	17.40%	5.97%
Equities - Large Cap Growth ^(a)	\$ 6,395,975.06	8.93%	0%-8%-10.40%	Yes	10.40%	1.47%
Equities - Mid Cap ^(a)	\$ 5,275,561.87	6.92%	0%-7.00%-9.10%	Yes	9.10%	2.18%
Equities - Small Cap ^(a)	\$ 2,949,014.52	3.87%	0%-4.00%-5.20%	Yes	5.20%	1.33%
Equities - International ^(a)	\$ 9,315,044.30	12.21%	0%-12.50%-16.10%	Yes	16.10%	3.89%
Total	\$ 76,285,803.83	101.25%				
(a) Total Equities	\$ 38,096,791.35	49.94%	0%-50%-60%	Yes	60.00%	10.06%

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

As of June 30, 2023, all asset classes are in compliance with the Retirement Plan Investment Policy 41-011, effective July 22, 2021.

Pension - Asset Allocation as of 6/30/2023 (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	\$ 3,568,820.69	4.48%	0%-3%-100%	Yes	100.00%	95.52%
Bonds and Notes	\$ 36,657,901.63	46.05%	0%-47%-57%	Yes	57.00%	10.95%
Equities - Large Cap ^(a)	\$ 6,359,859.77	7.99%	0%-8%-10.40%	Yes	10.40%	2.41%
Equities - S&P 500 Funds ^(a)	\$ 8,260,036.65	11.53%	0%-10.5%-17.40%	Yes	17.40%	5.87%
Equities - Large Cap Growth ^(a)	\$ 6,299,993.50	8.80%	0%-8%-10.40%	Yes	10.40%	1.60%
Equities - Mid Cap ^(a)	\$ 5,545,283.88	6.97%	0%-7.00%-9.10%	Yes	9.10%	2.13%
Equities - Small Cap ^(a)	\$ 3,185,664.01	4.00%	0%-4.00%-5.20%	Yes	5.20%	1.20%
Equities - International ^(a)	\$ 9,728,870.43	12.22%	0%-12.50%-16.10%	Yes	16.10%	3.88%
Total	\$ 79,606,430.56	102.04%				
(a) Total Equities	\$ 39,379,708.24	49.47%	0%-50%-60%	Yes	60.00%	10.53%

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

Asset Valuation Summaries – Retirement Plan

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

Asset Valuation Summary – MNAA

Month	Cost	Market	Unrealized Gain/Loss
4/30/2023	\$ 68,500,831.78	\$ 77,639,731.91	\$ 9,138,900.13
5/31/2023	\$ 68,162,038.86	\$ 76,285,803.83	\$ 8,123,764.97
6/30/2023	\$ 69,625,435.84	\$ 79,606,430.56	\$ 9,980,994.72

Reconciliation Summary – Retirement Plan

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

Pension Summary 4th QTR FY 2023 – MNAA (market value)

	4/30/2023	5/31/2023	6/30/2023	4Q FY-to-Date
Beginning Market Value	77,288,037.74	77,639,731.91	76,285,803.83	77,288,037.74
Total Cash Receipts	251,451.63	67,780.00	1,871,410.70	2,190,642.33
Total Cash Disbursements	(438,548.37)	(406,572.92)	(408,013.72)	(1,253,135.01)
Change in Fair Market Value	538,790.91	(1,015,135.16)	1,857,229.75	1,380,885.50
Ending Market Value	77,639,731.91	76,285,803.83	79,606,430.56	79,606,430.56

MNAA OPEB

The quarter (three months) total portfolio return gross of fees was 3.42% compared to the designated Composite Benchmark of 3.90%. The three-month total portfolio return net of fees was 3.37%.

The fiscal year-to-date (twelve months) total portfolio return gross of fees was 10.73% compared to the designated Composite Benchmark of 10.88%. The year-to-date total portfolio return net of fees was 10.50%.

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 April 30, 2023, all asset classes are in compliance with the Retirement Plan Investment Policy, 41-011, effective July 22, 2021.

OPEB - Asset Allocation as of 4/30/2023 (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	\$ 1,054,843.87	2.73%	0%-3%-100%	Yes	100.00%	97.27%
Bonds and Notes	\$ 14,391,469.85	37.25%	0%-37%-42%	Yes	42.00%	4.75%
Equities - Large Cap Value ^(a)	\$ 3,736,367.78	9.67%	0%-9.6%-10.80%	Yes	10.80%	1.13%
Equities - S&P 500 Funds ^(a)	\$ 4,870,970.74	12.61%	0%-12.60%-14.20%	Yes	14.20%	1.59%
Equities - Large Cap Growth ^(a)	\$ 3,754,944.21	9.72%	0%-9.60%-10.80%	Yes	10.80%	1.08%
Equities - Mid Cap ^(a)	\$ 3,231,732.74	8.36%	0%-8.40%-9.50%	Yes	9.50%	1.14%
Equities - Small Cap ^(a)	\$ 1,784,597.54	4.62%	0%-4.80%-5.40%	Yes	5.40%	0.78%
Equities - International ^(a)	\$ 5,811,091.10	15.04%	0%-15%-16.80%	Yes	16.80%	1.76%
Total	\$ 38,636,017.83	100.00%				
(a) Total Equities	\$ 23,189,704.11	60.02%	0%-60%-65%	Yes	65.00%	4.98%

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

As of May 31, 2023, all asset classes are in compliance with the Retirement Plan Investment Policy, 41-011, effective July 22, 2021.

OPEB - Asset Allocation as of 5/31/2023 (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	\$ 1,049,921.38	2.76%	0%-3%-100%	Yes	100.00%	97.24%
Bonds and Notes	\$ 14,239,330.26	37.43%	0%-37%-42%	Yes	42.00%	4.57%
Equities - Large Cap Value ^(a)	\$ 3,581,234.70	9.41%	0%-9.6%-10.80%	Yes	10.80%	1.39%
Equities - S&P 500 Funds ^(a)	\$ 4,891,974.49	12.86%	0%-12.60%-14.20%	Yes	14.20%	1.34%
Equities - Large Cap Growth ^(a)	\$ 3,821,865.44	10.05%	0%-9.60%-10.80%	Yes	10.80%	0.75%
Equities - Mid Cap ^(a)	\$ 3,128,412.14	8.22%	0%-8.40%-9.50%	Yes	9.50%	1.28%
Equities - Small Cap ^(a)	\$ 1,724,050.38	4.53%	0%-4.80%-5.40%	Yes	5.40%	0.87%
Equities - International ^(a)	\$ 5,610,579.03	14.75%	0%-15%-16.80%	Yes	16.80%	2.05%
Total	\$ 38,047,367.82	100.00%				
(a) Total Equities	\$ 22,758,116.18	59.82%	0%-60%-65%	Yes	65.00%	5.18%

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

As of June 30, 2023, all asset classes are in compliance with the Retirement Plan Investment Policy, 41-011, effective July 22, 2021.

OPEB - Asset Allocation as of 6/30/2023 (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	\$ 1,346,367.42	3.41%	0%-3%-100%	Yes	100.00%	96.59%
Bonds and Notes	\$ 14,518,263.63	36.77%	0%-37%-42%	Yes	42.00%	5.23%
Equities - Large Cap Value ^(a)	\$ 3,810,610.77	9.65%	0%-9.6%-10.80%	Yes	10.80%	1.15%
Equities - S&P 500 Funds ^(a)	\$ 4,985,387.79	12.63%	0%-12.60%-14.20%	Yes	14.20%	1.57%
Equities - Large Cap Growth ^(a)	\$ 3,800,763.39	9.63%	0%-9.60%-10.80%	Yes	10.80%	1.17%
Equities - Mid Cap ^(a)	\$ 3,347,583.64	8.48%	0%-8.40%-9.50%	Yes	9.50%	1.02%
Equities - Small Cap ^(a)	\$ 1,864,291.07	4.72%	0%-4.80%-5.40%	Yes	5.40%	0.68%
Equities - International ^(a)	\$ 5,813,352.23	14.72%	0%-15%-16.80%	Yes	16.80%	2.08%
Total	\$ 39,486,619.94	100.00%				
(a) Total Equities	\$ 23,621,988.89	59.82%	0%-60%-65%	Yes	65.00%	5.18%

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

Asset Valuation Summaries - OPEB

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

Asset Valuation Summary – OPEB

Month	Cost	Market	Unrealized Gain/Loss
4/30/2023	\$ 38,045,413.13	\$ 38,636,017.83	\$ 590,604.70
5/31/2023	\$ 38,013,853.18	\$ 38,047,367.82	\$ 33,514.64
6/30/2023	\$ 38,298,077.67	\$ 39,486,619.94	\$ 1,188,542.27

Reconciliation Summary - OPEB

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

OPEB Summary 4th QTR FY 2023 – MNAA (market value)

	4/30/2023	5/31/2023	6/30/2023	4Q FY-to-Date
Beginning Market Value	38,328,944.70	38,636,017.83	38,047,367.82	38,328,944.70
Total Cash Receipts	38,238.07	38,375.64	270,748.57	347,362.28
Realized Gain/(Loss)	71,226.16	11,856.79	128,342.66	211,425.61
Total Cash Disbursements	(105,018.55)	(81,792.38)	(114,866.74)	(301,677.67)
Change in Fair Market Value	302,627.45	(557,090.06)	1,155,027.63	1,111,990.63
Ending Market Value	38,636,017.83	38,047,367.82	39,486,619.94	39,486,619.94

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: August 9, 2023
 Facility: Nashville International Airport
 Subject: FY 2023 – 4th Quarter – Treasury Investment Report (06/30/2023)

I. Reports

The following Treasury Investment Report covers the period from 04/01/2023 through 06/30/2023.

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 fund allocation for cash and investments (not including accrued interest) at the Authority for the quarters ending March 31, 2023, and June 30, 2023, was as follows:

	<u>3/31/2023</u>	<u>6/30/2023</u>	<u>\$ Change</u>	<u>% Change</u>
NAE Fund	\$ 132,545,820	\$ 202,941,166	\$ 70,395,346	53.11%
Operating Cash	212,943,599	169,736,255	(43,207,344)	-20.29%
Construction Accounts	469,870,793	451,151,356	(18,719,437)	-3.98%
Debt Service Accounts	202,787,028	215,776,292	12,989,264	6.41%
PFC Accounts	149,736,843	161,457,253	11,720,410	7.83%
CONRAC Accounts	58,324,760	62,670,010	4,345,250	7.45%
Total Funds	<u>1,226,208,843</u>	<u>1,263,732,332</u>	<u>37,523,489</u>	<u>3.06%</u>

The asset allocation for cash and investments (not including accrued interest) at the Authority for the quarters ending March 31, 2023, and June 30, 2023, was as follows:

	3/31/2023	6/30/2023	\$ Change	% Change
U.S. Treasuries	\$ 544,679,970	\$ 485,873,478	\$ (58,806,492)	-10.80%
Federal Agency	63,826,551	115,668,118	51,841,567	81.22%
Agency Mortgage-Backed Securities	20,417,257	19,470,478	(946,779)	-4.64%
Certificates of Deposit	1,002,996	1,006,804	3,808	0.38%
Commercial Paper	165,228,989	186,610,877	21,381,888	12.94%
Money Market Mutual Funds	271,336,820	265,725,139	(5,611,681)	-2.07%
Tennessee Local Government Investment Poc	152,714,148	183,770,984	31,056,836	20.34%
Cash in Demand Deposit Accounts	7,002,112	5,606,454	(1,395,658)	-19.93%
Total Funds	1,226,208,843	1,263,732,332	37,523,489	3.06%

The listing of accounts on June 30, 2023, 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 March 31, 2023, is also attached. Note the difference between these reports is due to Attachment 1 reporting investments at cost and the PFMAM report showing market values.

During March 2023, the financial markets took a hit due to certain bank failures. To understand our risks, management reached out or was contacted by our banking partners. Based on these conversations, correspondence provided by our banking and investment institutions, and our own research, management does not believe there is a risk of exposure or loss within our treasury and investment pools. Management continues to monitor the markets and our investments to ensure compliance with our investment policy and to ensure our risk of losses are mitigated appropriately.

PFMAM portfolio yields for the quarter were 3.28% for the CORE Portfolio, 2.83% for the 2019A&B Construction Funds Portfolio, 2.03% for the Common Debt Service Reserve Portfolio (DSR), 1.72% for the 2019A&B Capitalized Interest Portfolio, 4.65% for the 2022A&B Capitalized Interest Portfolio, and 4.91% for the 2022A&B Construction Funds Portfolio.

The PFMAM CORE Portfolio benchmark yield, the ICE BofAML 1-3 Year U.S. Treasury Index Benchmark, was 4.573%. The PFMAM Common DSR, Construction Funds, and CAP-I benchmark, the ICE BofAML 3mo T-Bill, was 5.15%. The MNAA managed funds yield was 4.91% as compared to the benchmark S&P Rated GIP All Index yield of 4.97%. The combined yield for the MNAA managed and PFMAM Managed Portfolios was 4.24%.

The actual yields on the investments with PFMAM are underperforming to the benchmarks due to large increases in treasury rates in the last 12 months. The rate for a 1-year treasury note is up approximately 295 bps (basis points) between 3/31/2022 to 3/31/2023 and 273 bps between 6/30/2022 and 6/30/2023, which is a similar increase in yields we've seen in our CORE portfolio performance over the past year. The CORE portfolio yield at 3/31/2022 was 0.59% compared to the 3/31/2023 yield of 3.23%, an increase of 264 bps and at 6/30/2022 was 0.89% compared to the 6/30/2023 yield of 3.28% an increase of 239 bps. As investments mature, we continue to reinvest at higher yields to continue to maximize our returns.

The Authority earned a total of \$9,921,972 on cash and investments for 4Q FY 2023. In comparison, the income received on cash and investments for the 4th quarter ended June 30, 2022, was \$1,814,041. Total available funds for the fourth quarter of 2023 were \$1.263B vs \$814M for fourth quarter 2022 (\$449M more).

B. Investment Program Review

- DDA cash in 4Q FY 2023 was 0.4% of total cash, which outperforms our goal to minimize cash in Demand Deposit Accounts to no more than 8% of total funds.
- As of 4Q 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 April 2023, May 2023, and June 2023

Attachment 2 – PFMAM Investment Performance Review as of June 30, 2023

Cash and Investment Balances Q4 2023

Bank	AccountName	Cash Balances as of 4/30/2023	% of Total Cash	Monthly Interest earned	Cash Balances as of 5/31/2023	% of Total Cash	Monthly Interest earned	Cash Balances as of 6/30/2023	% of Total Cash	Monthly Interest earned
TRUIST	Tune Operation	646,707.51	0%	3.19	461,060.34	0%	2.96	148,042.90	0%	5.39
TRUIST	Operating Fund	97,031.06	0%	4.45	1,242,991.27	0%	5.54	324,180.79	0%	5.41
TRUIST	Capital Improvement	9,328.66	0%	0.08	9,328.74	0%	0.08	9,328.82	0%	0.08
TRUIST	Revenue Account	753,385.33	0%	-	1,703,272.59	0%	-	1,027,143.95	0%	-
TRUIST	PFC Revenue	229,579.31	0%	1.18	315.88	0%	0.15	18,492.54	0%	0.95
TRUIST	Benefit Bd Fund	22,489.66	0%	-	22,523.83	0%	-	22,556.10	0%	-
TRUIST	Payroll	5,121.41	0%	0.92	57,424.02	0%	1.27	1,447.28	0%	1.26
TRUIST	John C. Tune Airport CPR	-	0%	-	-	0%	-	-	0%	-
TRUIST	Operating Fd CPR	-	0%	-	-	0%	-	-	0%	-
TRUIST	International Plaza CPR Acct	-	0%	-	-	0%	-	-	0%	-
TRUIST	MP Building CPR Acct	-	0%	-	-	0%	-	-	0%	-
TRUIST	CIP - Construction Payment ZBA	-	0%	-	-	0%	-	-	0%	-
TRUIST	Arts at the Airport	62,853.63	0%	0.52	62,723.94	0%	0.53	62,594.26	0%	0.52
TRUIST	MPC Holdings LLC	220.90	0%	-	91.00	0%	-	62.00	0%	-
TRUIST	MNAA Properties Corp (Parent)	18,761.63	0%	0.15	18,761.79	0%	0.16	18,761.94	0%	0.15
TRUIST	MPC Global Tire	18,111.84	0%	-	22,310.33	0%	-	26,509.15	0%	-
TRUIST	International Plaza Operating Acct	255,601.43	0%	1.78	475,283.27	0%	3.42	54,091.80	0%	4.34
TRUIST	MP Building Operating Acct	82,405.22	0%	0.65	138,948.85	0%	1.11	38,935.25	0%	1.40
TRUIST	CON CFC Operating Acct	1,268,084.95	0%	5.70	1,423,826.46	0%	6.91	1,543,014.44	0%	8.08
TRUIST	MNAA DOJ	454,165.59	0%	3.68	454,169.45	0%	3.86	444,443.21	0%	3.73
TRUIST	CONRAC Discretionary Account	4.28	0%	-	226.08	0%	-	47.88	0%	-
TRUIST	CONRAC Excess CFC	27.12	0%	0.37	161.59	0%	0.52	105.22	0%	0.30
TRUIST	Joint Marketing Fund	2,120,985.92	0%	17.43	2,120,965.93	0%	18.01	44.59	0%	4.65
TRUIST	AVI Revenue	-	0%	-	-	0%	-	-	0%	-
TRUIST	DEA - State	1,029,928.39	0%	4.24	980,130.52	0%	8.36	758,342.91	0%	7.07
TRUIST	1% ARTS Fund	692.25	0%	-	579.34	0%	-	466.42	0%	-
TRUIST	Authority Facility Investment Fund	33,651.73	0%	0.10	33,501.61	0%	0.28	427.96	0%	0.07
TRUIST	NAE Cash Reserve Fund	22.08	0%	-	22.08	0%	-	22.08	0%	-
TRUIST	Airline Facility Investment Fund	7,843.16	0%	0.03	8,002.32	0%	0.07	104.27	0%	0.02
TRUIST	Construction Payment Account	143,548.24	0%	4.90	40,580.36	0%	13.64	172,442.92	0%	8.93
TRUIST	DPS Seized Funds	884,018.96	0%	11.50	889,322.48	0%	7.52	890,968.80	0%	7.32
TRUIST	Parking Rev Credit Card Account	-	0%	-	-	0%	-	-	0%	-
TRUIST	Parking Rev Account	-	0%	-	1,652,929.54	0%	-	43,877.00	0%	-
TRUIST	Trust Bank Cash Balances	8,144,570.26	1%	60.87	11,819,453.61	1%	74.39	5,606,454.48	0%	59.67
US Bank	Series 2010/2018 Rental Payment Fund CP SWEEP	90.62	0%	-	48.01	0%	-	38,340.82	0%	-
US Bank	Series 2010/2018 Bond Fund Interest Account CP SWI	241,568.83	0%	0.78	301,961.09	0%	1.06	362,353.28	0%	972.99
US Bank	Series 2010/2018 Bond Fund Serial Bond Principal CP	2,700,848.09	0%	10.47	2,970,913.32	0%	11.90	3,240,977.80	0%	9,572.94
US Bank	Series 2010/2018 Bond Reserve Fund CP SWEEP	2,119,803.81	0%	9.13	2,119,813.23	0%	9.42	2,126,643.71	0%	6,830.48
US Bank	Series 2010/2018 Coverage Fund CP SWEEP	992,871.52	0%	4.27	992,871.80	0%	4.42	992,871.52	0%	3,199.25
US Bank	Series 2010/2018 Operation & Maintenance Reserve Fi	915,098.00	0%	3.94	915,098.00	0%	3.81	915,098.00	0%	2,948.65
US Bank	Series 2010/2018 Renewal & Replacement Fund CP S	3,351,566.92	0%	14.43	3,351,567.85	0%	14.89	3,351,566.92	0%	10,799.49
US Bank	Series 2010/2018 Discretionary Fund Major Maintenanc	3,351,566.92	0%	14.43	3,351,567.85	0%	14.89	3,351,566.92	0%	10,799.49
US Bank	Series Excess CFC Funds	-	0%	-	-	0%	-	-	0%	-
US Bank	2003B P & I (Pd BNA; Mat 7/1/33)	852,895.98	0%	2.88	965,916.24	0%	3.26	1,078,937.22	0%	3.98
US Bank	2019 A Debt Service Account	4,075,211.85	0%	10.47	5,093,706.15	0%	14.30	6,112,206.53	0%	20.38
US Bank	2019 B Debt Service Account	10,720,214.70	1%	27.56	13,397,961.30	1%	37.60	16,075,723.90	1%	53.60
US Bank	2015 A Debt Service Account	3,185,146.50	0%	10.18	3,694,242.43	0%	11.93	4,203,341.56	0%	15.13
US Bank	2015 B Debt Service Account	3,724,340.14	0%	11.85	4,326,644.07	0%	13.93	4,928,951.78	0%	17.71
US Bank	MNAA AIRPORT IMP BDS SRS 2022A	1,806,166.86	0%	4.64	2,257,713.20	0%	6.34	2,709,262.23	0%	22.23
US Bank	MNAA AIRPORT IMP BDS SRS 2022B	10,100,999.77	1%	25.96	12,626,276.19	1%	35.42	15,151,567.69	1%	50.50
US Bank	US Bank Cash Balances	48,138,390.51	4%	150.99	56,366,300.73	4%	183.17	64,639,409.88	5%	45,306.82
Goldman	1% Arts Fund GS 465	197,002.88	0%	766.30	197,832.25	0%	829.37	198,646.26	0%	814.01
Goldman	Airline Facility Investment Fund GS 465	0.15	0%	-	18,011,064.93	1%	14,792.78	8,486,404.75	1%	42,981.46
Goldman	Authority Facility Investment Fund GS 465	19,356,443.15	2%	77,858.36	19,437,930.81	2%	81,487.66	18,526,636.65	1%	79,705.84
Goldman	Conrac Excess CFC GS 465	28,823,887.59	2%	111,772.97	29,885,932.81	2%	125,045.22	31,106,248.14	2%	127,315.33
Goldman	NAE Cash Reserve GS 465	4,250,430.84	0%	16,533.38	4,268,324.50	0%	17,893.66	4,285,886.77	0%	17,562.27
Goldman	Nashville Airport Experience GS 465	4,593,441.08	0%	17,867.67	4,612,778.78	0%	19,337.70	4,631,758.34	0%	18,979.56
Goldman	PFC Revenue GS 465	18,185,102.66	0%	70,736.76	18,224,051.62	1%	76,448.96	18,434,982.18	1%	74,930.56
Goldman	Revenue Account GS 465	80,542,973.42	7%	311,643.06	88,391,685.44	7%	348,712.02	95,865,966.66	8%	374,281.22
Goldman	Sub Debt Construction Funds GS 465	19,942,848.83	2%	79,150.47	15,852,755.72	1%	74,042.87	11,021,684.13	1%	50,618.52
Goldman	Joint Marketing Fund	-	0%	-	-	0%	-	2,139,341.35	0%	6,441.35
Goldman	NAE Cash Reserve GS 468	368,208.89	0%	1,416.12	369,747.60	0%	1,538.71	371,259.52	0%	1,511.92
Goldman	Goldman Sachs Investment Balances	176,260,339.49	14%	687,745.09	199,252,104.46	16%	760,128.95	195,068,814.75	15%	795,142.04
TN LGIP	LGIP - Tune	2,576,001.01	0%	10,073.36	3,010,896.28	0%	12,465.00	3,560,710.74	0%	12,646.09
TN LGIP	LGIP- PFC	12,088,544.02	1%	42,426.26	17,687,673.94	1%	59,129.92	20,988,673.94	2%	74,475.15
TN LGIP	LGIP- Revenue	5,443,835.98	0%	209,879.76	9,571,615.51	1%	43,172.55	15,204,917.61	1%	68,159.05
TN LGIP	LGIP - Nashville Airport Experience	2,849,306.68	0%	10,597.89	2,908,722.59	0%	11,664.46	2,949,548.57	0%	11,858.30
TN LGIP	LGIP - Renewal and Replacement	2,189.17	0%	8.45	2,198.30	0%	9.13	2,198.30	0%	9.14
TN LGIP	LGIP - Operations & Maintenance	2,825,721.05	0%	9,752.30	3,146,490.24	0%	11,825.19	3,455,434.24	0%	13,128.53
TN LGIP	LGIP - Airline Facility	10,761,195.99	1%	39,449.19	11,241,097.54	1%	44,132.55	11,575,799.54	1%	45,999.85
TN LGIP	LGIP - Authority Facility	28,547,638.70	2%	83,790.69	28,028,598.82	2%	117,667.31	27,091,050.82	2%	112,051.85
TN LGIP	LGIP - NAE Cash Reserve	73,418,213.62	6%	112,330.26	73,714,750.42	6%	296,536.80	73,714,750.42	6%	299,661.07
TN LGIP	LGIP - Capital Improvement	4,176,113.45	0%	16,116.15	4,193,528.40	0%	17,414.95	4,193,528.40	0%	17,440.15
TN LGIP	LGIP - CONRAC Excess CFC	6,779,725.24	1%	26,636.64	6,681,235.78	1%	28,255.31	6,554,491.01	1%	27,768.51
TN LGIP	LGIP- Multi-Purpose Building	2,148,764.06	0%	8,299.45	2,154,961.39	0%	8,956.92	2,302,201.80	0%	9,022.58
TN LGIP	LGIP- MPC Global Tire	426,073.97	0%	1,644.27	427,850.76	0%	1,776.79	427,850.76	0%	1,779.36
TN LGIP	LGIP- International Plaza Building	8,596,385.54	1%	33,360.97	8,607,595.37	1%	35,814.98	9,182,463.19	1%	36,029.59
TN LGIP	LGIP - CONRAC Discretionary	2,576,621.38	0%	9,980.81	2,577,364.89	0%	10,743.51	2,567,364.89	0%	10,717.42
TN LGIP	TN LGIP BALANCE	163,216,329.86	13%	614,346.45	173,954,580.23	14%	699,565.37	183,770,984.23	15%	740,746.64
CDARS	CITIZENS BANK CDARS - PFC	1,006,804.32	0%	3,808.14	1,006,804.32	0%	3,868.89	1,006,804.32	0%	3,328.03
CDARS	CITIZENS BANK CDARS BALANCE	1,006,804.32	0%	3,808.14	1,006,804.32	0%	3,868.89	1,006,804.32	0%	3,328.03
PFMAM	PFMAM CORE Portfolio	277,182,620.39	22%	446,356.82	277,920,176.35	22%	758,940.23	278,269,178.79	22%	460,516.80
PFMAM	PFMAM COMMON DEBT RESERVE Portfolio	129,525,983.94	11%	7,418.08	129,526,011.88	10%	27.94	130,526,542.50	10%	1,000,530.62
PFMAM	PFMAM 2019 A&B CAP I Portfolio	8,550,532.41	1%	14,125.89	7,184,049.81	1%	55,960.27	5,831,150.46	0%	15,512.15
PFMAM	PFMAM 2019A&B Construction Portfolio	8,917,584.45	1%	69,651.58	8,965,886.30	1%	5,032.32	8,997,728.83	1%	12,207.37
PFMAM	PFMAM 2022A&B CAP I Portfolio	34,219,029.93	3%	39,616.35	31,751,556.09	3%	143,992.16	29,158,607.89	2%	18,517.80
PFMAM	PFMAM 2022A&B Construction Portfolio	378,341,758.33	31%	519,683.14	369,647,851.85	29%	934,652.99	360,856,655.64	29%	1,064,714.11
PFMAM	PFMAM EON Investment Balance	836,737,509.45	68%	1,096,851.86	824,995,532.28	65%	1,898,605.91	813,639,864.11	64%	2,571,998.65
	Total MNAA Cash/Cash Equivalents in all categories	1,233,503,943.89	100%	2,402,963.40	1,267,394,775.63	100%	3,362,426.68	1,263,732,331.77	100%	4,156,581.85

Total Interest Received for Q4 2023 **9,921,971.93**



METROPOLITAN NASHVILLE AIRPORT AUTHORITY

Investment Performance Review For the Quarter Ended June 30, 2023

Client Management Team

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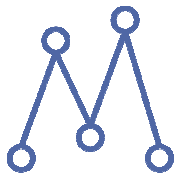
Current Market Themes



- ▶ The U.S. economy is characterized by:
 - ▷ Headline inflation numbers trending lower, but the Fed's current focus, "supercore inflation," is showing little sign of slowing
 - ▷ A labor market that has proven to be exceptionally strong
 - ▷ A more optimistic sentiment around economic growth due to resilient consumer spending

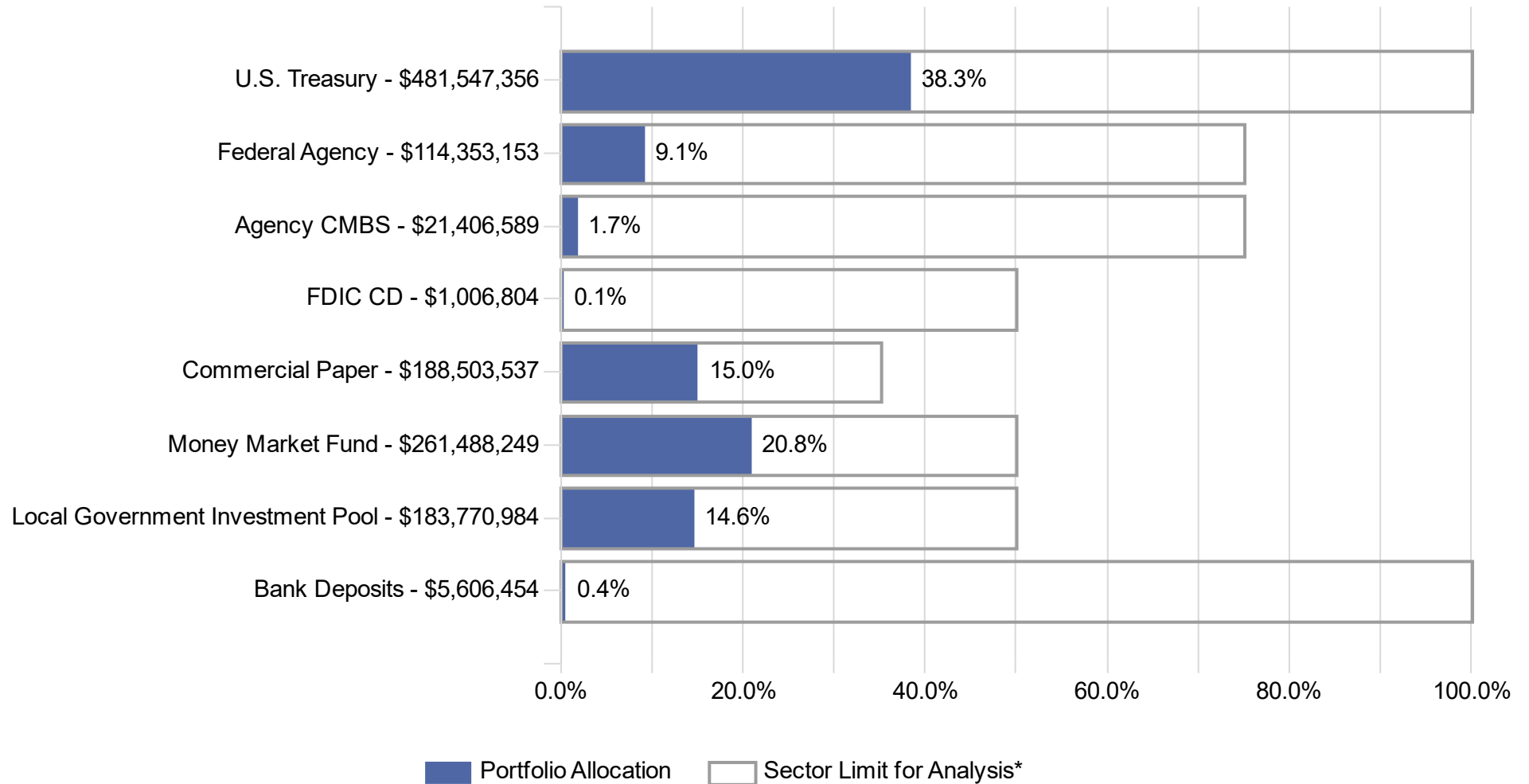


- ▶ Fed temporarily pauses rate hikes
 - ▷ The most aggressive series of interest rate hikes in recent history has come to a temporary pause in June
 - ▷ The Fed's most recent dot plot shows the potential for two additional rate hikes by the end of the year
 - ▷ Rates have moved up due to the Fed's rate trajectory shifting higher, the economy remaining stronger than expected, persistent inflation, and the market's "higher-for-longer" mindset



- ▶ Bond markets see continued volatility
 - ▷ The debt ceiling saga incited a separate spate of market volatility due to concern about a potential U.S. default
 - ▷ After plummeting at the end of Q1 due to volatility in the banking sector, short and medium-term yields steadily climbed throughout the quarter, with the 2-year rising over 100 basis points
 - ▷ The curve inversion fell dramatically at the start of Q2, but moved toward historic levels in June

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	65.0%	
UNITED STATES TREASURY	65.0%	AA / Aaa / AAA
Federal Agency	15.4%	
FANNIE MAE	2.8%	AA / Aaa / AAA
FEDERAL HOME LOAN BANKS	10.5%	AA / Aa / NR
FREDDIE MAC	2.1%	AA / Aaa / AAA
Agency CMBS	2.9%	
FANNIE MAE	0.2%	AA / Aaa / AAA
FREDDIE MAC	2.7%	AA / Aaa / AAA
Commercial Paper	16.7%	
CHARIOT FUNDING LLC	1.1%	A / Aa / AA
ING GROEP NV	1.6%	A / Aa / NR
LMA AMERICAS LLC	0.1%	A / Aa / AA
MANHATTAN ASSET FUNDING CO LLC	1.5%	A / Aa / NR
MITSUBISHI UFJ FINANCIAL GROUP INC	1.9%	A / Aa / A
NATIXIS NY BRANCH	1.9%	A / Aa / AA
OLD LINE FUNDING LLC	3.0%	AA / Aa / AA
RABOBANK NEDERLAND	1.0%	A / Aa / AA
STARBIRD FUNDING CORP	1.5%	A / Aa / NR
TORONTO-DOMINION BANK	2.9%	AA / Aa / NR
Total	100.0%	

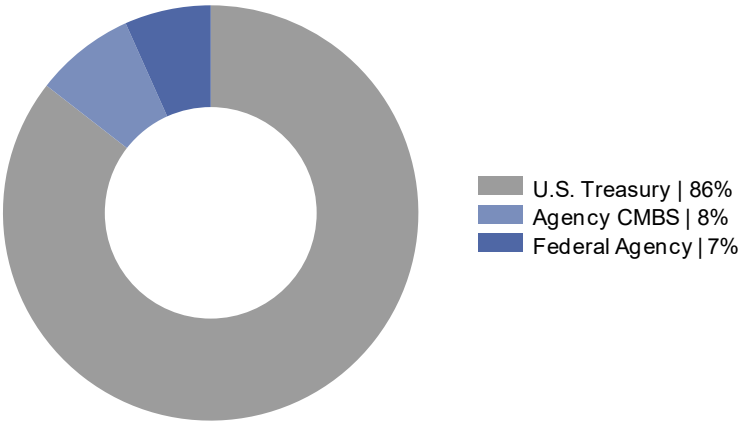
Ratings shown are calculated by assigning a numeral value to each security rating, then calculating a weighted average rating for each security type / issuer category using all available security ratings, excluding Not-Rated (NR) ratings. For security type / issuer categories where a rating from the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

Portfolio Snapshot - MNAA OPERATING CORE PORTFOLIO¹

Portfolio Statistics

Total Market Value	\$273,987,556.41
<i>Securities Sub-Total</i>	\$272,289,557.44
<i>Accrued Interest</i>	\$1,578,505.58
<i>Cash</i>	\$119,493.39
Portfolio Effective Duration	1.77 years
Benchmark Effective Duration	1.75 years
Yield At Cost	3.28%
Yield At Market	5.05%
Portfolio Credit Quality	AA

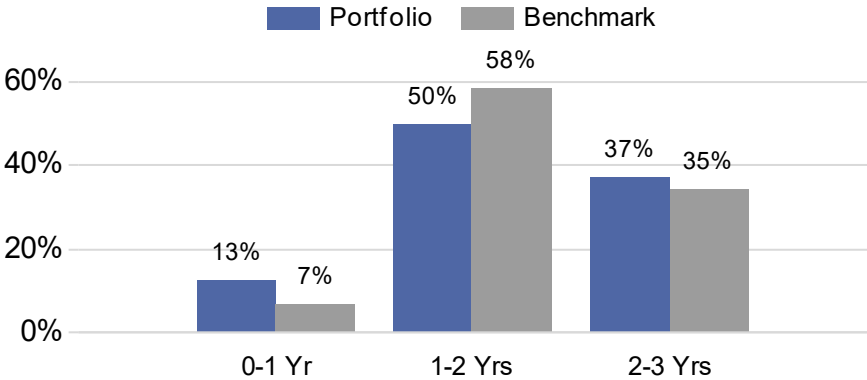
Sector Allocation



Credit Quality - S&P

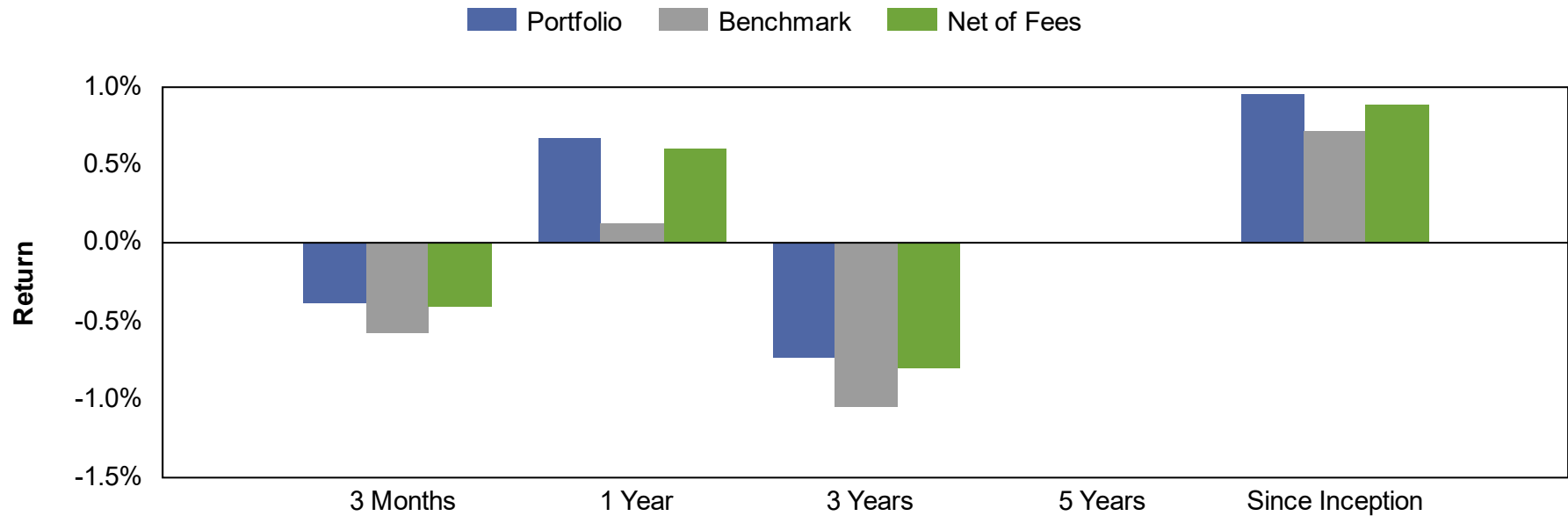


Duration Distribution



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 BofA 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	\$1,691,989	\$4,970,346	\$8,002,925	-	\$11,394,893
Change in Market Value	(\$2,743,690)	(\$1,525,428)	(\$9,075,816)	-	(\$4,104,823)
Total Dollar Return	(\$1,051,701)	\$3,444,918	(\$1,072,891)	-	\$7,290,070
Total Return³					
Portfolio	-0.38%	0.67%	-0.73%	-	0.96%
Benchmark ⁴	-0.57%	0.13%	-1.05%	-	0.72%
Basis Point Fee	0.02%	0.06%	0.06%	-	0.07%
Net of Fee Return	-0.40%	0.61%	-0.80%	-	0.89%

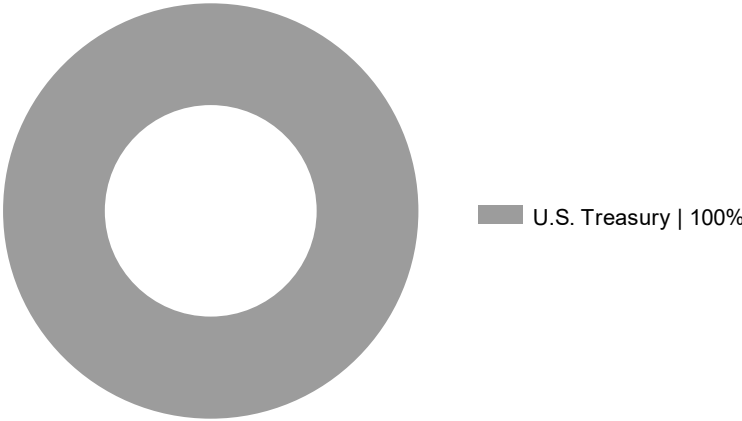
1. The lesser of 10 years or since inception is shown. Since inception returns for periods one year or less are not shown. Performance inception date is December 31, 2018.
 2. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.
 3. Returns 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 BofA 1-3 Year U.S. Treasury Index. Source: Bloomberg.

Portfolio Snapshot - MNA 2019A&B CONSTRUCTION FUNDS¹

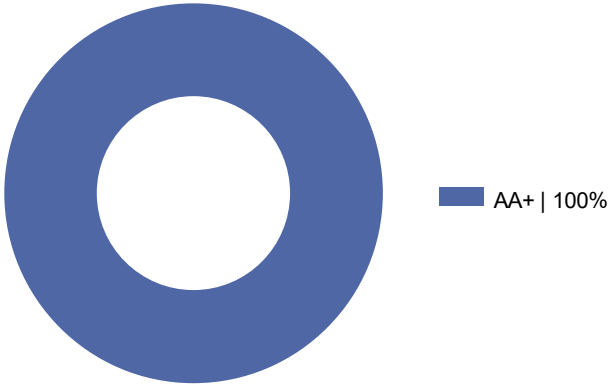
Portfolio Statistics

Total Market Value	\$4,860,694.53
<i>Securities Sub-Total</i>	\$4,859,012.50
<i>Accrued Interest</i>	\$1,681.03
<i>Cash</i>	\$1.00
Portfolio Effective Duration	0.25 years
Benchmark Effective Duration	0.14 years
Yield At Cost	2.83%
Yield At Market	5.13%
Portfolio Credit Quality	AA

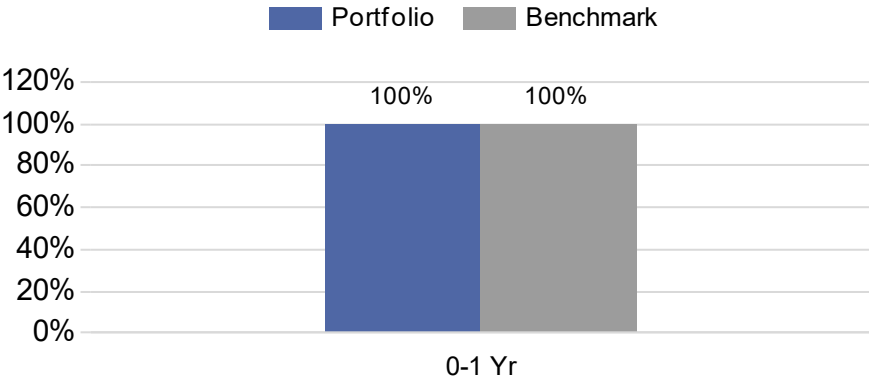
Sector Allocation



Credit Quality - S&P



Duration Distribution



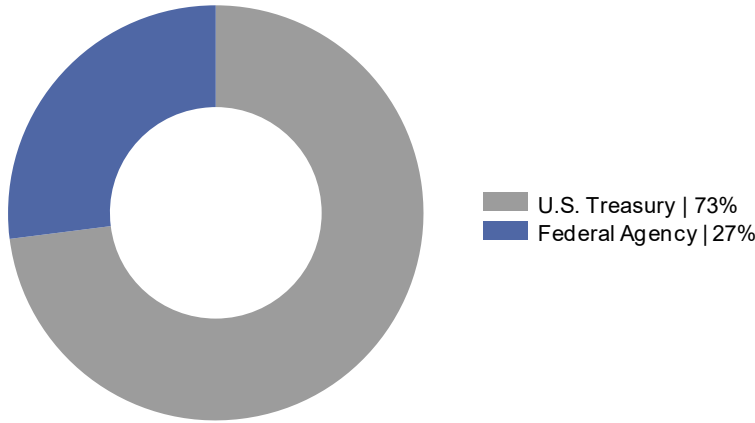
1. Yield and duration calculations exclude cash and cash equivalents. Sector allocation includes market values and accrued interest. The portfolio's benchmark is the ICE BofA 3 Month U.S. Treasury Index. Source: Bloomberg. An average of each security's credit rating was assigned a numeric value and adjusted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

Portfolio Snapshot - MNAA COMMON DSRF¹

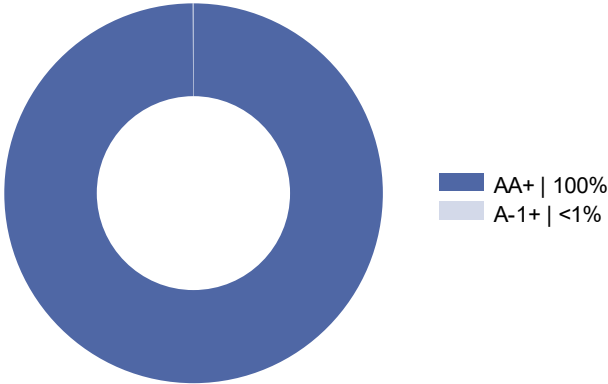
Portfolio Statistics

Total Market Value	\$127,302,292.59
<i>Securities Sub-Total</i>	\$126,257,263.66
<i>Accrued Interest</i>	\$33,438.39
<i>Cash</i>	\$1,011,590.54
Portfolio Effective Duration	1.35 years
Benchmark Effective Duration	0.14 years
Yield At Cost	2.03%
Yield At Market	4.83%
Portfolio Credit Quality	AA

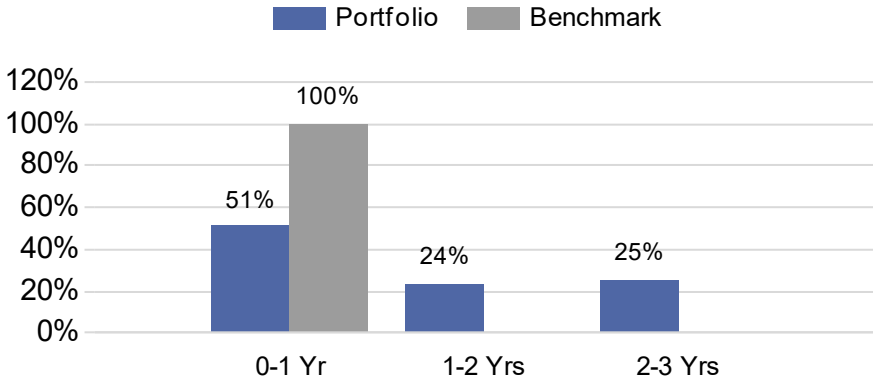
Sector Allocation



Credit Quality - S&P



Duration Distribution



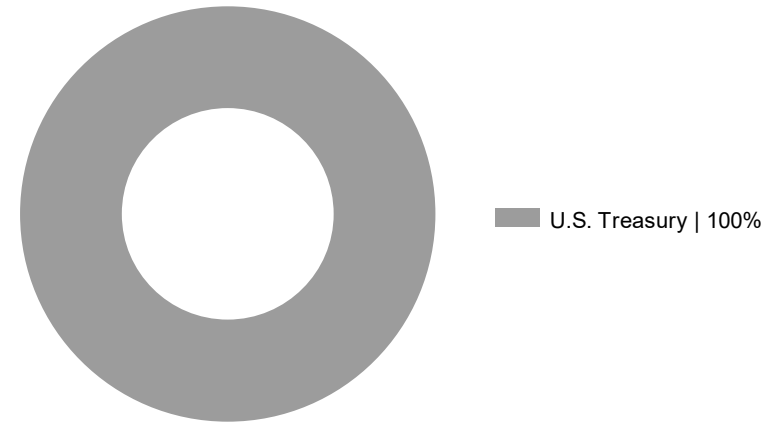
1. Yield and duration calculations exclude cash and cash equivalents. Sector allocation includes market values and accrued interest. The portfolio's benchmark is the ICE BofA 3 Month U.S. Treasury Index. Source: Bloomberg. An average of each security's credit rating was assigned a numeric value and adjusted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

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

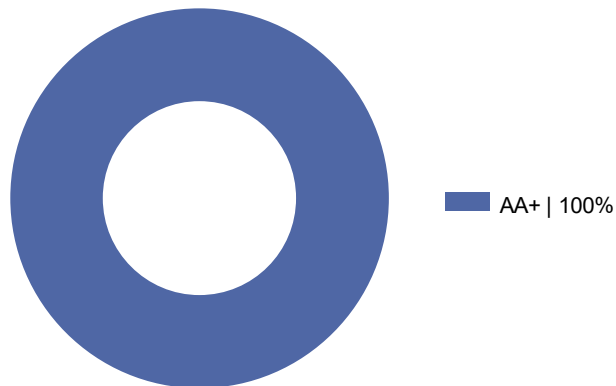
Portfolio Statistics

Total Market Value	\$5,778,712.33
<i>Securities Sub-Total</i>	\$2,243,958.02
<i>Accrued Interest</i>	\$12,293.47
<i>Cash</i>	\$3,522,460.84
Portfolio Effective Duration	0.27 years
Benchmark Effective Duration	0.14 years
Yield At Cost	1.72%
Yield At Market	5.23%
Portfolio Credit Quality	AA

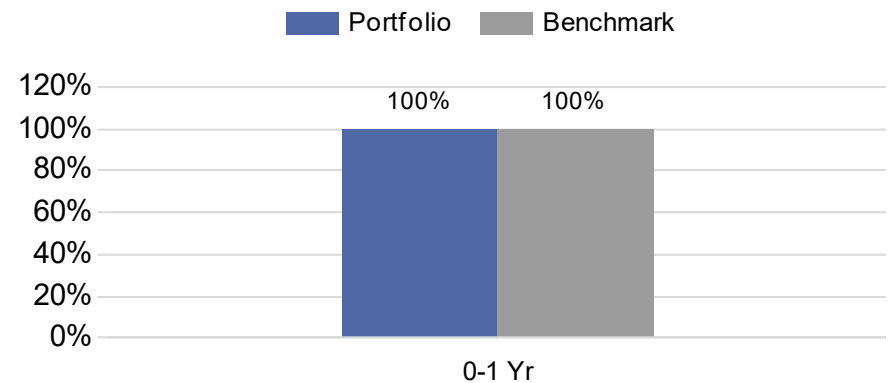
Sector Allocation



Credit Quality - S&P



Duration Distribution



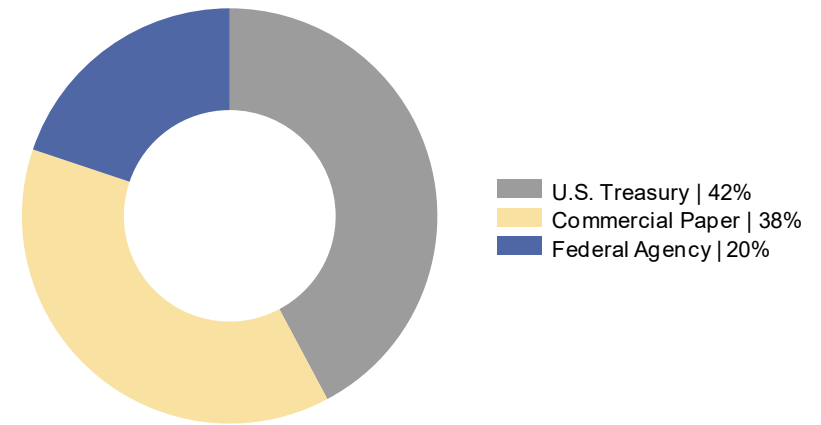
1. Yield and duration calculations exclude cash and cash equivalents. Sector allocation includes market values and accrued interest. The portfolio's benchmark is the ICE BofA 3 Month U.S. Treasury Index. Source: Bloomberg. An average of each security's credit rating was assigned a numeric value and adjusted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

Portfolio Snapshot - MNAA SERIES 2022 REVENUE BONDS¹

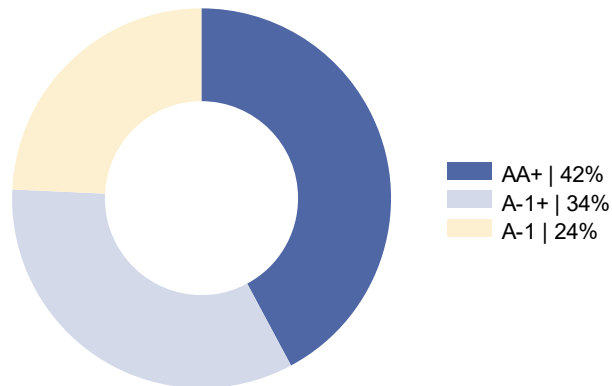
Portfolio Statistics

Total Market Value	\$366,096,307.36
<i>Securities Sub-Total</i>	\$305,796,756.65
<i>Accrued Interest</i>	\$59,319.96
<i>Cash</i>	\$60,240,230.75
Portfolio Effective Duration	0.34 years
Yield At Cost	4.91%
Yield At Market	5.38%
Portfolio Credit Quality	AA

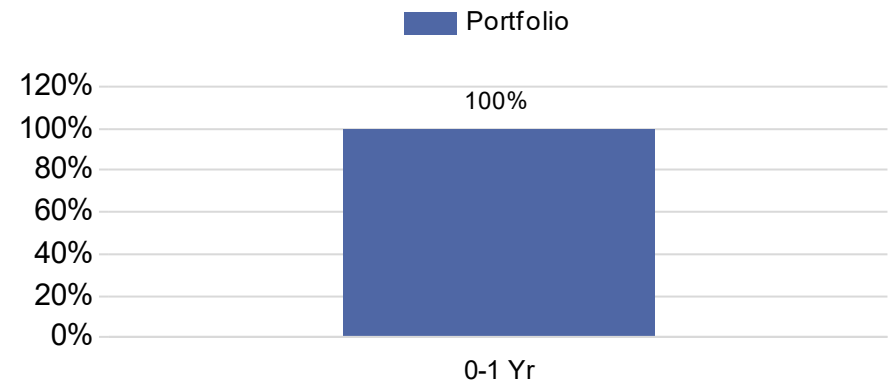
Sector Allocation



Credit Quality - S&P



Duration Distribution



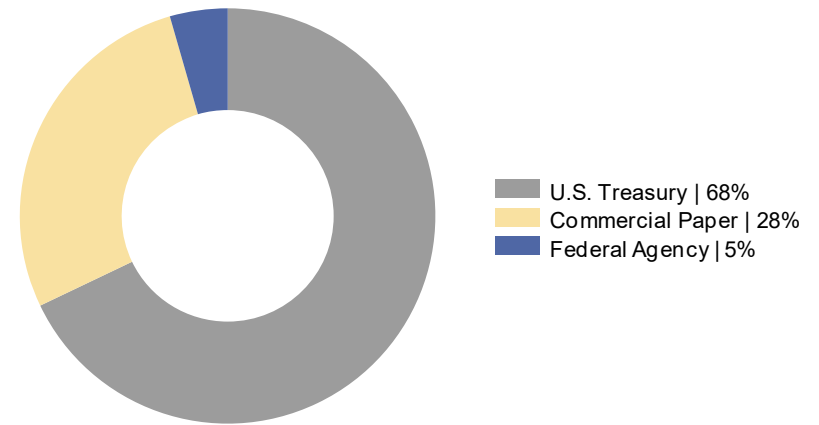
1. Yield and duration calculations exclude cash and cash equivalents. Sector allocation includes market values and accrued interest. An average of each security's credit rating was assigned a numeric value and adjusted for its relative weighting in the portfolio.

Portfolio Snapshot - MNAA SERIES 2022 CAP I¹

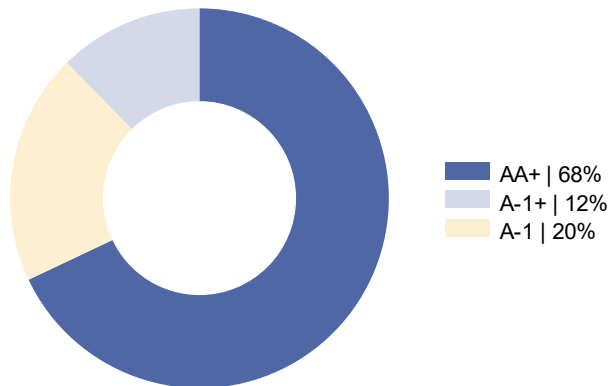
Portfolio Statistics

Total Market Value	\$29,565,096.40
<i>Securities Sub-Total</i>	\$28,003,126.08
<i>Accrued Interest</i>	\$36,312.70
<i>Cash</i>	\$1,525,657.62
Portfolio Effective Duration	0.76 years
Yield At Cost	4.65%
Yield At Market	5.35%
Portfolio Credit Quality	AA

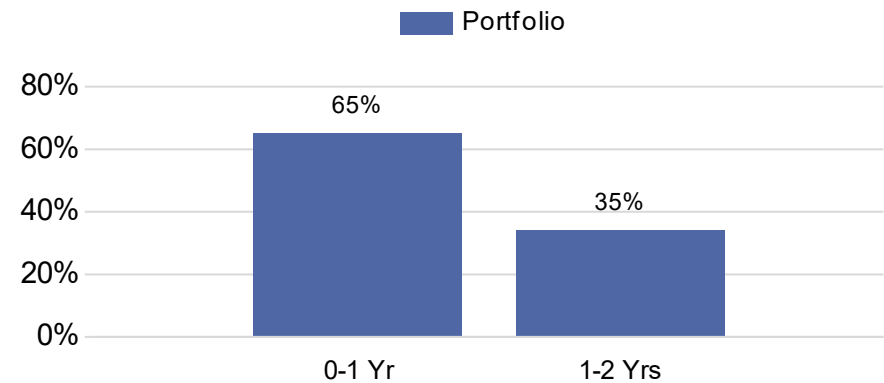
Sector Allocation



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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It is not possible to invest directly in an index. The index returns shown throughout this material do not represent the results of actual trading of investor assets. Third-party providers maintain the indices shown and calculate the index levels and performance shown or discussed. Index returns do not reflect payment of any sales charges or fees an investor would pay to purchase the securities they represent. The imposition of these fees and charges would cause investment performance to be lower than the performance shown.

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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.