

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



Date/Time: Wednesday, November 8, 2023, at 10:15 a.m.
Place: Nashville International Airport – Tennessee Board Room
Finance Committee Members: Andrew Byrd, Committee Chair
Dr. Glenda Glover, Vice Chair
Jimmy Granbery

I. CALL TO ORDER

II. APPROVAL OF MINUTES

[October 11, 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 November 6, 2023 at 9 p.m.](#)

IV. CHAIR'S REPORT

V. REVIEW OF JULY – OCTOBER 2023 BOARD ACTIONS

- [1. JWN North Development LOI/Lease Terms – Parcel 1 - Future Special Purpose Entity \(SPE\) for Steve Smith \(August\)](#)
- [2. Amendment to Fraport Subleases \(August\)](#)
- [3. BNA Westside Development LOI/Lease Terms - Future Special Purpose Entity \(SPE\) for Scott Sohr \(September\)](#)
- [4. Amendment to British Airways Incentive Agreement \(London\) \(October\)](#)
- [5. Trademark License Agreement - Hotel adjacent to Terminal by Nashville Airport Hotel Partners, LLC \(October\)](#)

VI. ITEMS FOR APPROVAL

[None.](#)

VII. INFORMATION ITEMS

- [1. BNA Concessions Program Update \(including Quarterly Sales Report\)](#)
- [2. Air Service Incentive Fund Capacity](#)
- [3. Quarterly Retirement/OPEB/Treasury Investment Reports](#)

VIII. ADJOURN

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



Date: October 11, 2023

Location: Metropolitan Nashville Airport Authority
Tennessee Boardroom

Time: 9:33 a.m.

Committee Members Present:

Jack Johnson, Committee Vice Chair; Tony Giarratana;
Jimmy Granbery

Committee Members Absent:

Chair Stuart McWhorter

Others Present:

Bobby Joslin

MNAA Staff Present:

Doug Kreulen, Neale Bedrock, Lisa Lankford, Trish Saxman
Marge Basrai, Adam Floyd, Chris Davidson, Kristen Deuben,
Traci Holton, Carrie Logan, Rachel Moore, Ted Morrissey,
Stacey Nickens, Robert Ramsey, Davita Taylor and Colleen
Von Hoene

I. CALL TO ORDER

Vice Chair Johnson the Joint Meeting of the MNAA and MPC Finance, Diversity & Workforce Development (Finance) Committees to order at 9:33 a.m. pursuant to Public Notice dated October 6, 2023.

II. APPROVAL OF MINUTES

Vice Chair Johnson asked for a motion to approve the minutes from the September 13, 2023 Finance Committee meeting. Commissioner Granbery made a motion and Vice Chair Johnson seconded the motion. Vice Chair Johnson asked Ms. Saxman for a roll call:

Vice Chair Johnson - Yes

Commissioner Giarratana - Yes

Commissioner Granbery - Yes

The motion was passed with a vote of 3 to 0.

III. PUBLIC COMMENTS

Vice Chair Johnson stated there were no public comment requests received.

IV. CHAIR'S REPORT

Vice Chair Johnson had no Chair's Report.

V. ITEMS FOR APPROVAL

1. Amendment to British Airways Incentive Agreement (London)

President Kreulen introduced Josh Powell, AVP, Airline Affairs & Air Service Development, who briefed the Committee on the Amendment to British Airways Incentive Agreement (London). British Airways is currently serving London daily. Per the Incentive Package approved by the Board on November 2, 2020, MNAA entered into a new 2-year incentive with British Airways for non-stop service to London (Heathrow) effective December 9, 2021 with Year 1 – 100% abatement of landing and facility fees and \$100,000 marketing funds; and Year 2 – 100% abatement of landing and facility fees. The monetary cap approved was a maximum incentive of \$2M.

Mr. Powell recommended two incentive amendments: 1) Extend term from expiring on December 8, 2023, to February 29, 2024, to recognize the period to which no flights occurred due to the reemergence of the pandemic and subsequent related pause of service. Flights ceased January 2022 and did not resume until May 2022. 2) Raise the maximum available incentive from \$2M to \$2.5M to cover increased flight frequency; increased airport rates and charges from original approval; and extension months being at higher rates and charges than the pause in service period.

The Air Service Incentive Plan ("ASIP") is funded through the NAE Incentive Account, which has a balance of \$7.5M as of the end of September. Other MNAA Board approved incentives include Flair Airlines up to \$255K; Air Canada up to \$371K; and WestJet up to \$254K.

Mr. Powell requested the Finance Committee recommend to the Board of Commissioners that it: 1) Approve funding for the proposed amendment to British Airways Letter of Agreement ("LOA") including extending the term to February 29, 2024 and increasing the cap of landing and facility

fee abatement to \$2.5M; and 2) Authorize the Chair and President & CEO to execute the LOA Amendment by and between MNAA and British Airways outlining the specific terms of the proposed incentive amendment.

President Kreulen stated that MNAA has the funds available at \$7.5M and going up \$0.5M will not be an issue. Mr. Powell reported several other airports amended their incentive agreements with British Airways due to the reemergence of the pandemic. Both Baltimore and New Orleans amended their incentive agreements and extended 5 months and had British Airways repay the first couple of months. MNAA's plan is well within what other airports are doing. President Kreulen stated that once one airport does this to keep British Airways in the right mode/mindset, then British Airways expects it from all airports. He stated it is a good business decision.

Commissioner Joslin asked how the other airports are doing in relation to load factor compared to BNA. Mr. Powell responded definitely for BNA's size; the market reports are on the higher tier. As an airport at the lower population basis with a nonstop, BNA consistently performed at or near the top. BNA's load factor came in at 94.1% for British Airways which is very successful. Commissioner Joslin asked about Baltimore and New Orleans' load factors. Mr. Powell replied he will need to get that information. President Kreulen stated this is due to the pandemic, and starting March 1, 2024, British Airways will be paying landing and facility fees. Previously we had been paying ourselves out of the fund that we have been saving. British Airways is very healthy, and they only have a couple of empty seats every day, with 467 passengers going to Europe every day. Mr. Powell travels next week to the World Routes Conference in Istanbul. When British Airways tops out in March 2024, we hope to have a new air service that we can begin and start using the same money to incentivize them. Commissioner Granbery clarified that Commissioner Joslin's question was regarding what level we discontinue funding the incentive account. President Kreulen referenced the chart Mr. Powell presented and noted that BNA is saving \$2M per year, and two new carriers would be a spend of \$2-\$3M a year from the fund.

Commissioner Granbery asked Mr. Powell to please speak about his upcoming trip. Mr. Powell replied on Friday he is traveling to Istanbul, Turkey for a World Routes Conference and has 16 meetings scheduled, 14 of those are international carriers and the majority being European. In those scheduled meetings, there are 20-25 minutes available to give them our best pitch as far as

why we think they should serve the market. Some of those conversations are further along than others. Meetings are scheduled with two major Japanese airlines, JAL, and ANA. Commissioner Granbery said good luck! Mr. Powell replied thank you and stated one of the non-European/Asian airlines is Hawaiian Airlines.

Commissioner Granbery made a motion to approve as presented and Vice Chair Johnson seconded the motion. Vice Chair Johnson asked Ms. Saxman for a roll call:

Vice Chair Johnson - Yes

Commissioner Giarratana - Yes

Commissioner Granbery - Yes

The motion was passed with a vote of 3 to 0.

2. Trademark License Agreement – Nashville Airport Hotel Partners, LLC

President Kreulen introduced Carrie R. Logan, VP, Associate General Counsel, who briefed the Committee on the Trademark License Agreement. Ms. Logan stated this is a Trademark License Agreement between MNAA and Nashville Airport Hotel Partners, LLC., which is a special purpose entity for Chartwell Hospitality (“Chartwell”) building the hotel across the plaza and this building. The Project Lease Agreement contemplates the use of BNA in the name of the hotel and restaurant concept. The Hilton has some very prescriptive standards about how their hotels are themed. Chartwell has been negotiating with Hilton to get MNAA everything needed to build the BNA brand. The hotel official name will be “Hilton BNA Nashville Airport Terminal” and there are certain instances where we can shorten the name to “Hilton BNA”. The Hilton also has a restaurant concept that will be “BNA Sky Pavilion”. The use of the BNA word mark and logo will be submitted as support for MNAA’s application to register the BNA marks for the hotel and restaurant services. The Trademark License Agreement terms include: 1) Gratis license, based on the provisions of the existing Project Lease Agreement; 2) Seven-year terms, which auto renew; and 3) Tenant is required to follow MNAA quality and brand standards. This Trademark License Agreement will allow MNAA to file additional trademark applications and continue to build the BNA brand.

Ms. Logan requested the Finance Committee recommend to the Board of Commissioners that it:
1) Approve the terms negotiated between MNAA and Nashville Airport Hotel Partners, LLC (the “Tenant”) via the trademark license agreement; and 2) Authorize MNAA Staff and the Board of Commissioners to execute a trademark license agreement between MNAA and Tenant.

President Kreulen stated we did not own BNA trademark in years past so when the current administration took over, we fought in a couple of different court cases to get our BNA license and name back, and the legal team has been working on the federal level to be recognized to sell and market BNA merchandise. This is a big win for BNA, having a restaurant and hotel name, and a lot more ammunition to protect BNA’s trademark as we go forward. Commissioner Joslin asked about the push back a couple of years ago regarding naming rights. President Kreulen replied yes, we used outside legal counsel to help us with this. This is the cumulation of that effort and it really protects MNAA in the long range.

Commissioner Granbery made a motion to approve as presented and Vice Chair Johnson seconded the motion. Vice Chair Johnson asked Ms. Saxman for a roll call:

Vice Chair Johnson - Yes

Commissioner Giarratana - Yes

Commissioner Granbery – Abstained (Recused himself from vote.)

The motion was passed with a vote of 2 to 0.

VI. INFORMATION ITEMS

BNA Concessions Program Update

President Kreulen introduced Colleen Von Hoene, Associate Principal, Paslay Group, to brief the Committee on concessions activity. Ms. Von Hoene reported that the Fraport Terminal Concession Program opened 8 concession locations on September 25, 2023, 7 food and beverage and one shoeshine location. Fraport is moving forward with the 2 final locations which are both food and beverage and will begin construction in December 2023. Fraport recently came to MNAA with their proposal for Concourse D Extension concessions program. MNAA accepted the plan and Fraport is now working on 7 Letters of Intent to be executed by mid-October. This will require future approval for the amendment to Exhibit G to the Fraport agreement as well as the subleases. All subleases will

extend beyond Fraport's expiration date so all will require Board approval.

The Paradies Satellite Concourse Concessions Program has 7 locations under construction with 4 scheduled to open October 21, 2023. Three will open late and will be penalized \$10K/day/per location for every day they are not open beyond the October 21, 2023 date. Ms. Von Hoene presented several photos of recently opened Fraport food and beverage concessions.

Ms. Von Hoene also presented a graph of the Satellite Concourse Concessions stating the Spirit gates are to the left and the Allegiant are on the right. All of the retail, including Distillery District, Gulch Goods and Nashville Supply, are expected to be open on October 21, 2023 with enhanced food services to try to make up for the loss of some of the food locations not opening. TXMX is expected to open on time and should have inspections by Friday. The other three will open within the next month, tentatively 1) Bongo Java will open 10/31/23; 2) Jimmy John's on 11/9/23; and 3) Fat Bottom on 11/18/2023. President Kreulen met with Paradies' CEO and the MNAA staff, and Ms. Von Hoene and the legal team have also been engaged. Paradies understands the penalties and knows there is motivation to complete. Paradies lost control of Concourse D with their program management side of the house and got themselves behind and are now rapidly trying to correct.

Commissioner Joslin asked if Paradies has been on time with codes and getting their drawings and submittals back to MNAA. President Kreulen replied there was a prior issue with Paradies not following up with codes, and MNAA staff helped as best they could. Next week will be critical for them and if we find out of any problems, we will make the right calls to get people out there. Commissioner Granbery asked if concessions were able to keep up staffing with the growth. Ms. Von Hoene replied yes, she has not heard of any issues with Fraport or Paradies being able to maintain staffing. President Kreulen replied Fraport has done a great job of staffing, with some modified hours for the first week or two for people to train. Ms. Von Hoene has pushed for Paradies to train at other open locations, so they are ready when they open the satellite location. Commissioner Granbery asked if we are seeing an increase in the concession sales versus passenger volume. Ms. Von Hoene replied sales have been higher than the increase in enplanements.

VII. ADJOURN

There being no further business brought before the Finance Committee, Vice Chair Johnson adjourned the meeting at 9:55 a.m.

Andrew W. Byrd, Board Secretary

STAFF ANALYSIS

Board of Commissioners

Date: August 16, 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 Board of Commissioners:

- 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

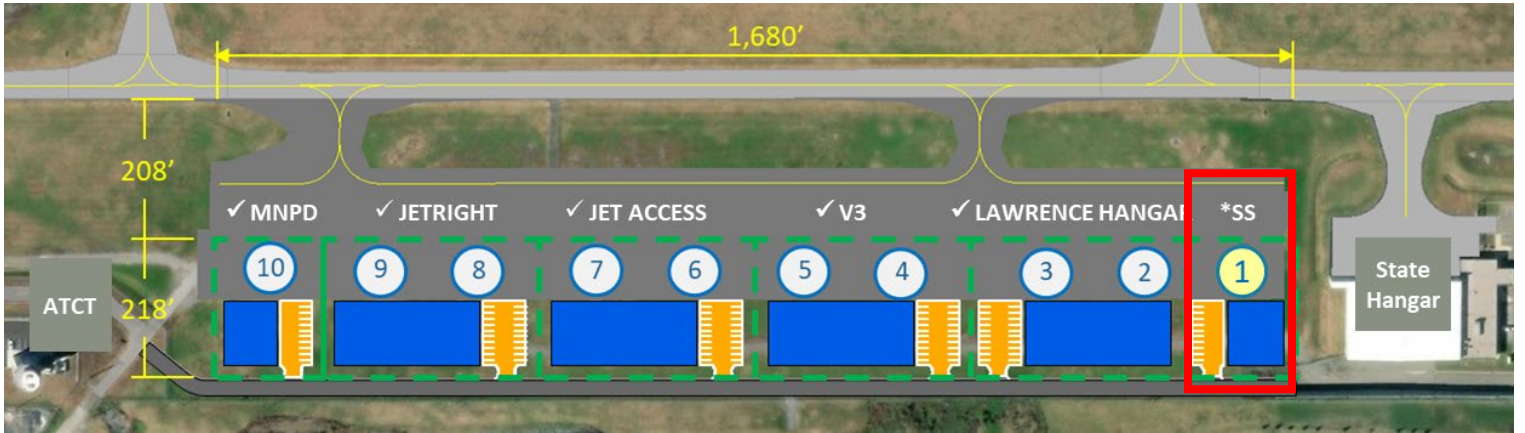
E. Options/Alternatives

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.

III. Committee Review

This item was presented to the Finance Committee on August 9, 2023. The Finance Committee voted 3 to 0 to recommend approval to the Board of Commissioners.

EXHIBIT



- ✓ Lease Executed
- LOI Executed

STAFF ANALYSIS

Boad of Commissioners

Date: August 16, 2023

Facility: Nashville International Airport

Subject: Amendment to Fraport Subleases with Ferncroft Airport, LLC

I. Recommendation

Staff requests that the Board of Commissioners:

- 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.

II. 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 attorn 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.

III. Committee Review

This item was presented to the Finance Committee on August 9, 2023. The Finance Committee voted 3 to 0 to recommend approval to the Board of Commissioners.

STAFF ANALYSIS

Board of Commissioners

Date: September 20, 2023

Facility: West Side Private or Corporate Space

Subject: Scott Sohr Future SPE Letter of Intent/Lease Terms for West Side Hangar Development

I. Recommendation

Staff requests that the Board of Commissioners:

- 1) approve the terms negotiated between MNAA and a future Special Purpose Entity for Scott Sohr (the "Tenant") via Letter of Intent (LOI).
- 2) authorize MNAA Staff and the Board of Commissioners to execute a lease agreement between MNAA and Tenant that is consistent with the LOI terms.

II. Analysis

A. Background

MNAA has received an unsolicited LOI from Scott Sohr with interest in constructing hangars on approximately 5.15 acres (224,275 SF) on the 5.97 acre tract of land and extending Taxilane B for the remainder of the tract. This property was most recently used by MNAA as a maintenance yard and has not been actively marketed. MNAA has demolished existing facilities on the parcel.

The tenants in this area, of which this is the last available tract, also construct and maintain Taxilanes A and B, as well as pay an easement fee for these taxilanes.

B. Lease Terms

1. Tenant will lease approximately 5.15 acres (224,275 SF) on the 5.97 acre tract of land and extend Taxilane B for the remainder of the tract. This parcel is highlighted 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 \$2.40 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. Tenant will also pay an easement fee of

\$0.50 beginning on the effective date of the lease for the Taxilane B extension and this tract's share of Taxilanes A and B. The easement fee will increase each year by 3%.

4. Tenant will pay a monthly fuel flowage fee for all fuels dispensed and the current rate is \$0.08 per gallon.
5. During construction, the Tenant will invest a minimum of \$14M for construction of a hangar facility, ramp/apron space and a fuel farm which will be for exclusive use of the tenant, its subtenants and its affiliates. The hangars will be a total of approximately 66,000 SF.
6. Tenant will complete the Taxilane B extension and first hangar within 18 months of the effective date and the second hangar within 30 months.
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 minus the unamortized amount of the total Capital Investment made by Tenant to the Premises. 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 \$579,590, including both the rent and easement fee, in year one and a new asset that will vest in 31.5-36.5 years.

D. Strategic Priorities

- Invest in BNA
- Plan for the future

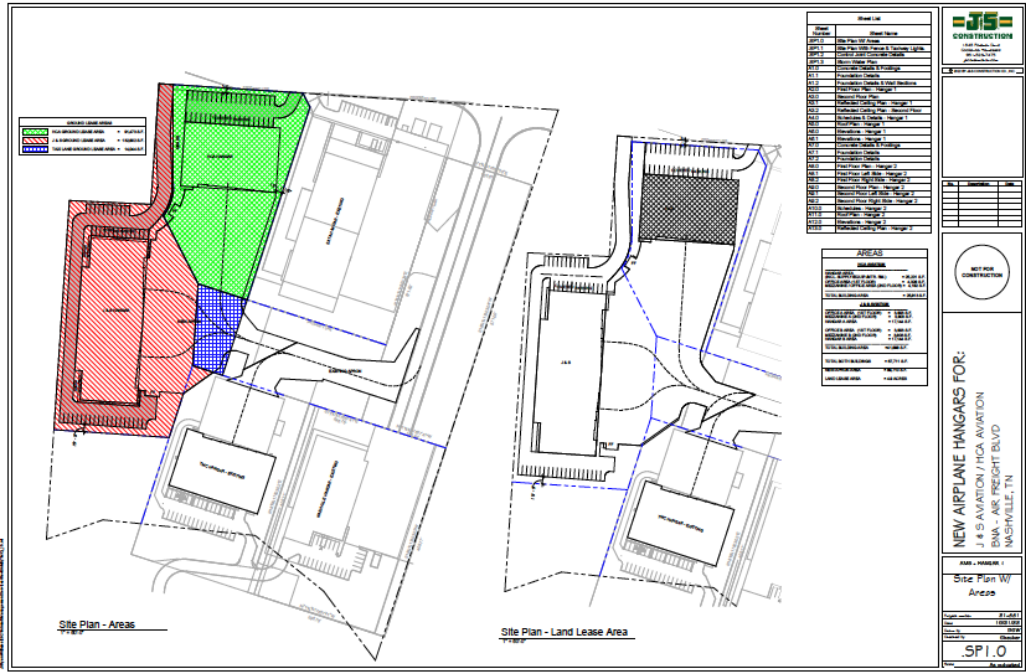
E. Options/Alternatives

The Finance Committee could decline to recommend approval of the proposed Tenant and Real Estate could release a Notice of Availability (“NOA”).

III. Committee Review

This item was presented to the Finance Committee on September 13, 2023. The Finance Committee voted 4 to 0 to recommend approval to the Board of Commissioners.

EXHIBIT



STAFF ANALYSIS

Board of Commissioners

Date: October 18, 2023
Facility: Nashville International Airport
Subject: Amendment to British Airways Incentive Agreement (London)

I. Recommendation

Staff requests that the Board of Commissioners:

- 1) Approve the Amendment to the British Airways Incentive Agreement; and
- 2) Authorize the President and CEO to execute the Amendment.

II. Analysis

A. Background

Air Service Development (ASD) is seeking approval to amend the British Airways Incentive Agreement with the following changes:

- a. increase approved funding level from the current Board approved cap of \$2M to \$2.5M
- b. extend the incentive agreement until February 29, 2024

On November 2, 2020, MNAA approved a new Air Service Incentive Plan or ASIP (Policy #61-001), which outlines incentives for "new" or resumed routes (with a 12-month gap in service) for new or incumbent airlines.

On June 16, 2021, the MNAA Board of Commissioners approved a 2-year incentive for British Airways, under this new policy, with a \$2M cap in funds (including up to \$100k in marketing funds). Any increase in funding levels under this incentive requires additional Board Approval. The current incentive is effective from December 9, 2021 - December 8, 2023. The amount spent on the incentive to date (activity ending 8/31/2023) is \$1,839,712.86, which leaves \$160,287.14 in remaining incentive. This amount will not cover the operational abatement, per the agreement, until the current expiration of December 8, 2023.

Due to the reemergence of the COVID pandemic during the incentive period, British Airways ceased flying in January 2022 and did not return until May 2022. There were 3 months in which no flying occurred (February 2022 - April 2022). British Airways has requested, and the Authority recommends that the incentive end date is adjusted to reflect the period without activity. This ask is consistent with the other U.S. airports they serve in which they have similar flight activity. BWI (Baltimore) granted a 3-month extension, while MSY (New Orleans) allowed them to pay back the December / January incentive and extended the agreement by five months.

The balance of the NAE Incentive Fund as of September 29, 2023 is \$7.5M.

B. Overview

At the existing average FY 2024 monthly abatement (approximately \$87k, based on FY 2024 rates and projected activity), the British Airways incentive will hit the approved \$2M cap before the end of October, with \$160,287.14 remaining.

MNAA staff, with concurrence of our ASD consultant firm Arthur D. Little, are recommending to extend the existing incentive from ending December 8, 2023, until February 29, 2024. This extension recognizes the three-month period in which they did not have any flights into BA due to the resurgence of the pandemic and governmental restrictions on both sides of the Atlantic. The cap would need to be raised to \$2.5M to account for the remaining approved months and the extension months.

C. Strategic Priorities

- Invest in BNA/JWN
- Plan for the Future

D. Options/Alternatives

Alternative 1. Do not extend the agreement, nor increase the cap allowing the incentive to expire early due to hitting the incentive monetary cap.

Alternative 2. Increase the incentive cap to \$2.2M but leave the incentive to expire on December 8, 2023.

Alternative 3. Extend the existing incentive ending December 8, 2023 until April 30, 2024. This recognizes the three-month period in which they did not have any flights into BA due to the resurgence of the pandemic and governmental restrictions on both sides of the Atlantic, plus two additional months. BA would pay MNAA back for the limited number of flights during those two months, December 2021 - January 2022 (\$56,118.16). The cap would need to be raised to \$2.7M to account for the remaining approved months and the extension months.

III. Committee Review

This item was presented to the Finance Committee on October 11, 2023. The Finance Committee voted 3 to 0 to recommend approval to the Board of Commissioners.

STAFF ANALYSIS

Board of Commissioners

Date: October 18, 2023

Facility: Hotel adjacent to Terminal

Subject: Trademark License Agreement

I. Recommendation

Staff requests that the Board of Commissioners:

- 1) approve the terms negotiated between MNAA and Nashville Airport Hotel Partners, LLC (the "Tenant") via the trademark license agreement.
- 2) authorize MNAA Staff and the Board of Commissioners to execute a trademark license agreement between MNAA and Tenant.

II. Analysis

A. Background

The Project Lease Agreement dated April 29, 2021 between MNAA and Tenant permits the use of BNA® in the name of the hotel. Based on Hilton's naming standards, the hotel's name is "Hilton BNA Nashville Airport Terminal," which will be shortened when possible to "Hilton BNA." The use of the BNA word mark and logo will be submitted as support for MNAA's application to register the BNA marks for the hotel class. Similarly, the Project Lease Agreement also contemplates the use of the BNA marks in a restaurant concept, now called BNA Sky Pavilion, which will be submitted as support for MNAA's application to register the BNA marks for restaurant services.

B. Trademark License Agreement Terms

1. Gratis license, based on the provisions of the existing Project Lease Agreement.
2. Seven year terms, which auto renew.
3. Tenant is required to follow MNAA quality and brand standards.

C. Impact/Findings

This trademark license agreement will allow MNAA to file additional trademark applications and continue to build the BNA brand.

D. Strategic Priorities

- Invest in BNA
- Plan for the future

E. Options/Alternatives

The Finance Committee could decline to recommend approval of the proposed trademark license agreement.

III. Committee Review

This item was presented to the Finance Committee on October 11, 2023. The Finance Committee voted 2 to 0 to recommend approval to the Board of Commissioners. Commissioner Granbery recused himself.

STAFF ANALYSIS

Finance Committee (Information Only)

Date: November 8, 2023
Facility: Nashville International Airport
Subject: FY2024 – 1st 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 1st Quarter of FY2024. The Principal report covers the period from July 1, 2023 through September 30, 2023.

II. Analysis

A. **Summary**

MNAA Retirement Plan

The quarter (three months) total portfolio return gross of fees was (3.27%) compared to the designated Composite Benchmark of (3.25%). The three-month total portfolio return net of fees was (3.31%).

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 July 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 7/31/2023 (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	\$ 2,375,374.06	2.95%	0%-3%-100%	Yes	100.00%	97.05%
Bonds and Notes	\$ 37,678,850.05	46.77%	0%-47%-57%	Yes	57.00%	10.23%
Equities - Large Cap ^(a)	\$ 6,594,360.54	8.19%	0%-8%-10.40%	Yes	10.40%	2.21%
Equities - S&P 500 Funds ^(a)	\$ 8,525,251.08	10.58%	0%-10.5%-17.40%	Yes	17.40%	6.82%
Equities - Large Cap Growth ^(a)	\$ 6,423,193.81	7.97%	0%-8%-10.40%	Yes	10.40%	2.43%
Equities - Mid Cap ^(a)	\$ 5,659,464.06	7.03%	0%-7.00%-9.10%	Yes	9.10%	2.07%
Equities - Small Cap ^(a)	\$ 3,250,458.18	4.03%	0%-4.00%-5.20%	Yes	5.20%	1.17%
Equities - International ^(a)	\$ 10,051,057.98	12.48%	0%-12.50%-16.10%	Yes	16.10%	3.62%
Total	\$ 80,558,009.76	100.00%				
(a) Total Equities	\$ 40,503,785.65	50.28%	0%-50%-60%	Yes	60.00%	9.72%

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

As of August 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 8/31/2023 (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	\$ 2,340,971.74	2.97%	0%-3%-100%	Yes	100.00%	97.03%
Bonds and Notes	\$ 37,156,769.66	47.09%	0%-47%-57%	Yes	57.00%	9.91%
Equities - Large Cap ^(a)	\$ 6,322,495.25	8.01%	0%-8%-10.40%	Yes	10.40%	2.39%
Equities - S&P 500 Funds ^(a)	\$ 8,390,299.19	10.63%	0%-10.5%-17.40%	Yes	17.40%	6.77%
Equities - Large Cap Growth ^(a)	\$ 6,389,667.36	8.10%	0%-8%-10.40%	Yes	10.40%	2.30%
Equities - Mid Cap ^(a)	\$ 5,496,061.99	6.97%	0%-7.00%-9.10%	Yes	9.10%	2.13%
Equities - Small Cap ^(a)	\$ 3,133,806.97	3.97%	0%-4.00%-5.20%	Yes	5.20%	1.23%
Equities - International ^(a)	\$ 9,676,355.42	12.26%	0%-12.50%-16.10%	Yes	16.10%	3.84%
Total	\$ 78,906,427.58	100.00%				
(a) Total Equities	\$ 39,408,686.18	49.94%	0%-50%-60%	Yes	60.00%	10.06%

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

As of September 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 9/30/2023 (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	\$ 2,192,547.20	2.89%	0%-3%-100%	Yes	100.00%	97.11%
Bonds and Notes	\$ 35,995,290.33	47.49%	0%-47%-57%	Yes	57.00%	9.51%
Equities - Large Cap ^(a)	\$ 6,042,831.73	7.97%	0%-8%-10.40%	Yes	10.40%	2.43%
Equities - S&P 500 Funds ^(a)	\$ 7,849,717.78	10.36%	0%-10.5%-17.40%	Yes	17.40%	7.04%
Equities - Large Cap Growth ^(a)	\$ 6,067,556.48	8.00%	0%-8%-10.40%	Yes	10.40%	2.40%
Equities - Mid Cap ^(a)	\$ 5,305,735.51	7.00%	0%-7.00%-9.10%	Yes	9.10%	2.10%
Equities - Small Cap ^(a)	\$ 2,955,818.84	3.90%	0%-4.00%-5.20%	Yes	5.20%	1.30%
Equities - International ^(a)	\$ 9,388,008.69	12.39%	0%-12.50%-16.10%	Yes	16.10%	3.71%
Total	\$ 75,797,506.56	100.00%				
(a) Total Equities	\$ 37,609,669.03	49.62%	0%-50%-60%	Yes	60.00%	10.38%

*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 2024.

Asset Valuation Summary – MNAA

Month	Cost	Market	Unrealized Gain/Loss
7/31/2023	\$ 69,314,232.62	\$ 80,558,009.76	\$ 11,243,777.14
8/31/2023	\$ 68,992,455.65	\$ 78,906,427.58	\$ 9,913,971.93
9/30/2023	\$ 68,688,042.08	\$ 75,797,506.56	\$ 7,109,464.48

Reconciliation Summary – Retirement Plan

Below is the Pension Reconciliation Summary for the first quarter of fiscal year 2024.

Pension Summary 1st QTR FY 2024 – MNAA (market value)

	7/31/2023	8/31/2023	9/30/2023	1Q FY-to-Date
Beginning Market Value	79,606,430.56	80,558,009.76	78,906,427.58	79,606,430.56
Total Cash Receipts	134,497.08	86,564.55	102,444.66	323,506.29
Total Cash Disbursements	(445,700.30)	(408,341.51)	(406,858.23)	(1,260,900.04)
Change in Fair Market Value	1,262,782.42	(1,329,805.22)	(2,804,507.45)	(2,871,530.25)
Ending Market Value	80,558,009.76	78,906,427.58	75,797,506.56	75,797,506.56

MNAA OPEB

The quarter (three months) total portfolio return gross of fees was (3.32%) compared to the designated Composite Benchmark of (3.29%). The three-month total portfolio return net of fees was (3.36%).

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 July 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 7/31/2023 (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	\$ 1,142,244.63	2.84%	0%-3%-100%	Yes	100.00%	97.16%
Bonds and Notes	\$ 14,805,083.01	36.84%	0%-37%-42%	Yes	42.00%	5.16%
Equities - Large Cap Value ^(a)	\$ 3,951,475.15	9.83%	0%-9.6%-10.80%	Yes	10.80%	0.97%
Equities - S&P 500 Funds ^(a)	\$ 5,095,091.81	12.68%	0%-12.60%-14.20%	Yes	14.20%	1.52%
Equities - Large Cap Growth ^(a)	\$ 3,859,807.19	9.61%	0%-9.60%-10.80%	Yes	10.80%	1.19%
Equities - Mid Cap ^(a)	\$ 3,386,866.87	8.43%	0%-8.40%-9.50%	Yes	9.50%	1.07%
Equities - Small Cap ^(a)	\$ 1,938,441.39	4.82%	0%-4.80%-5.40%	Yes	5.40%	0.58%
Equities - International ^(a)	\$ 6,003,455.07	14.94%	0%-15%-16.80%	Yes	16.80%	1.86%
Total	\$ 40,182,465.12	100.00%				
(a) Total Equities	\$ 24,235,137.48	60.31%	0%-60%-65%	Yes	65.00%	4.69%

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

As of August 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 8/31/2023 (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	\$ 1,027,969.63	2.61%	0%-3%-100%	Yes	100.00%	97.39%
Bonds and Notes	\$ 14,653,605.97	37.22%	0%-37%-42%	Yes	42.00%	4.78%
Equities - Large Cap Value ^(a)	\$ 3,802,978.59	9.66%	0%-9.6%-10.80%	Yes	10.80%	1.14%
Equities - S&P 500 Funds ^(a)	\$ 5,013,927.22	12.74%	0%-12.60%-14.20%	Yes	14.20%	1.46%
Equities - Large Cap Growth ^(a)	\$ 3,840,111.35	9.75%	0%-9.60%-10.80%	Yes	10.80%	1.05%
Equities - Mid Cap ^(a)	\$ 3,288,439.58	8.35%	0%-8.40%-9.50%	Yes	9.50%	1.15%
Equities - Small Cap ^(a)	\$ 1,868,185.10	4.75%	0%-4.80%-5.40%	Yes	5.40%	0.65%
Equities - International ^(a)	\$ 5,874,441.46	14.92%	0%-15%-16.80%	Yes	16.80%	1.88%
Total	\$ 39,369,658.90	100.00%				
(a) Total Equities	\$ 23,688,083.30	60.17%	0%-60%-65%	Yes	65.00%	4.83%

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

As of September 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 09/30/2023 (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	\$ 972,859.30	2.57%	0%-3%-100%	Yes	100.00%	97.43%
Bonds and Notes	\$ 14,229,043.00	37.60%	0%-37%-42%	Yes	42.00%	4.40%
Equities - Large Cap Value ^(a)	\$ 3,679,761.26	9.72%	0%-9.6%-10.80%	Yes	10.80%	1.08%
Equities - S&P 500 Funds ^(a)	\$ 4,712,038.64	12.45%	0%-12.60%-14.20%	Yes	14.20%	1.75%
Equities - Large Cap Growth ^(a)	\$ 3,649,584.47	9.64%	0%-9.60%-10.80%	Yes	10.80%	1.16%
Equities - Mid Cap ^(a)	\$ 3,185,727.69	8.42%	0%-8.40%-9.50%	Yes	9.50%	1.08%
Equities - Small Cap ^(a)	\$ 1,760,679.85	4.65%	0%-4.80%-5.40%	Yes	5.40%	0.75%
Equities - International ^(a)	\$ 5,650,230.32	14.93%	0%-15%-16.80%	Yes	16.80%	1.87%
Total	\$ 37,839,924.53	100.00%				
(a) Total Equities	\$ 22,638,022.23	59.83%	0%-60%-65%	Yes	65.00%	5.17%

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

Asset Valuation Summaries - OPEB

Below are the Asset Valuation Summaries for the first quarter of fiscal year 2024.

Asset Valuation Summary – OPEB

Month	Cost	Market	Unrealized Gain/Loss
7/31/2023	\$ 38,251,870.50	\$ 40,182,465.12	\$ 1,930,594.62
8/31/2023	\$ 38,173,939.93	\$ 39,369,658.90	\$ 1,195,718.97
9/30/2023	\$ 38,208,097.24	\$ 37,839,924.53	\$ (368,172.71)

Reconciliation Summary - OPEB

Below is the OPEB Reconciliation Summary for the first quarter of fiscal year 2024.

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

	7/31/2023	8/31/2023	9/30/2023	1Q FY-to-Date
Beginning Market Value	39,486,619.94	40,182,465.12	39,369,658.90	39,486,619.94
Total Cash Receipts	41,533.41	44,769.24	119,974.41	206,277.06
Realized Gain/(Loss)	44,624.66	(2,685.63)	16,097.83	58,036.86
Total Cash Disbursements	(132,365.24)	(120,014.18)	(101,914.93)	(354,294.35)
Change in Fair Market Value	742,052.35	(734,875.65)	(1,563,891.68)	(1,556,714.98)
Ending Market Value	40,182,465.12	39,369,658.90	37,839,924.53	37,839,924.53

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

Metro Nashville Airport Authority

MONTHLY CLIENT REPORT

As of September 30, 2023

Portfolio Reporting

AS OF SEPTEMBER 30, 2023

Retirement Plan for Employees of MNAA

Return Type	Return Duration								
	MTD	3Mo	FYTD	YTD	1Yr	3Yr*	5Yr*	10Yr*	SI*
Gross Return	-3.45	-3.27	-3.27	4.57	10.89	2.30	4.11	5.87	8.28
Net Return	-3.45	-3.31	-3.31	4.42	10.67	2.10	3.89	5.61	8.06
BM Return	-3.42	-3.25	-3.25	4.17	10.15	2.08	3.72	5.76	8.01
Gross Excess Return	-0.03	-0.01	-0.01	0.40	0.74	0.22	0.40	0.11	0.27
Net Excess Return	-0.03	-0.06	-0.06	0.25	0.52	0.02	0.17	-0.14	0.06

SI = 4/30/2009

MNAA OPEB

Return Type	Return Duration								
	MTD	3Mo	FYTD	YTD	1Yr	3Yr*	5Yr*	10Yr*	SI*
Gross Return	-3.65	-3.32	-3.32	5.47	12.62	3.94	4.80	6.18	6.97
Net Return	-3.65	-3.36	-3.36	5.32	12.40	3.74	4.60	5.96	6.77
BM Return	-3.69	-3.29	-3.29	6.26	12.67	3.99	4.86	6.34	7.14
Gross Excess Return	0.04	-0.03	-0.03	-0.79	-0.05	-0.05	-0.05	-0.16	-0.17
Net Excess Return	0.04	-0.08	-0.08	-0.94	-0.28	-0.25	-0.25	-0.38	-0.37

SI = 11/30/2010

Review standard quarterly report for benchmark composition and portfolio makeup.

Net return - includes investment option fees and could include investment management and custodial service fees.

*Returns are annualized

Important information

Important information

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STAFF ANALYSIS

Finance Committee (Information Only)

Date: November 8, 2023
 Facility: Nashville International Airport
 Subject: FY 2024 – 1st Quarter – Treasury Investment Report (09/30/2023)

I. Reports

The following Treasury Investment Report covers the period from 07/01/2023 through 09/30/2023.

II. Analysis

A. Summary

For FY 2024, 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 June 30, 2023, and September 30, 2023, was as follows:

	<u>6/30/2023</u>	<u>9/30/2023</u>	<u>\$ Change</u>	<u>% Change</u>
NAE Fund	\$ 202,941,166	\$ 203,649,715	\$ 708,549	0.35%
Operating Cash	169,736,255	205,374,482	35,638,227	21.00%
Construction Accounts	451,151,356	401,262,996	(49,888,360)	-11.06%
Debt Service Accounts	215,776,292	180,118,017	(35,658,275)	-16.53%
PFC Accounts	161,457,253	170,839,296	9,382,043	5.81%
CONRAC Accounts	62,670,010	63,986,541	1,316,531	2.10%
Total Funds	\$ 1,263,732,332	\$ 1,225,231,047	\$ (38,501,285)	-3.05%

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

	6/30/2023	9/30/2023	\$ Change	% Change
U.S. Treasuries	\$ 485,873,478	\$ 540,440,572	\$ 54,567,094	11.23%
Federal Agency	115,668,118	35,275,542	(80,392,576)	-69.50%
Agency Mortgage-Backed Securities	19,470,478	19,891,025	420,547	2.16%
Certificates of Deposit	1,006,804	1,006,804	-	0.00%
Commercial Paper	186,610,877	43,460,459	(143,150,418)	-76.71%
Money Market Mutual Funds	265,725,139	363,884,908	98,159,769	36.94%
Tennessee Local Government Investment Pool	183,770,984	214,593,378	30,822,394	16.77%
Cash in Demand Deposit Accounts	5,606,454	6,678,359	1,071,905	19.12%
Total Funds	\$ 1,263,732,332	\$ 1,225,231,047	\$ (38,501,285)	-3.05%

The listing of accounts on September 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 September 30, 2023, is also attached. Note the difference between these reports is due to Attachment 1 reporting investments on an accrual basis and the PFMAM report showing market values.

PFMAM portfolio yields for the quarter were 3.60% for the CORE Portfolio, 2.82% for the 2019A&B Construction Funds Portfolio, 2.65% for the Common Debt Service Reserve Portfolio (DSR), 1.73% for the 2019A&B Capitalized Interest Portfolio, 4.74% for the 2022A&B Capitalized Interest Portfolio, and 4.42% 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 5.07%. The PFMAM Common DSR, Construction Funds, and CAP-I benchmark, the ICE BofAML 3mo T-Bill, was 5.44%. The MNAA managed funds yield was 5.24% as compared to the benchmark S&P Rated GIP All Index yield of 5.27%. The combined yield for the MNAA managed and PFMAM Managed Portfolios was 4.47%.

The actual yields on the investments with PFMAM are underperforming to the benchmarks due to large increases in treasury rates in the last 18 months. The rate for a 1-year treasury note is up approximately 277bps (basis points) between 6/30/2022 to 9/30/2023, which is a similar increase in yields we’ve seen in our CORE portfolio performance over the past 18 months. The CORE portfolio yield at 6/30/2022 was 0.89% compared to the 9/30/2023 yield of 3.60%, an increase of 271bps. As investments mature, we continue to reinvest at higher yields to continue to maximize our returns.

The Authority earned a total of \$12,439,216 on cash and investments for the first quarter of FY 2024. In comparison, the income received on cash and investments for the first quarter ended September 30, 2022, was \$2,553,339. Total available funds for the first quarter of 2024 were \$1.225B vs \$699M for first quarter 2023 (\$526M more).

B. Investment Program Review

- DDA cash in 1Q FY 2024 was 0.5% of total cash, which outperforms our goal to minimize cash in Demand Deposit Accounts to no more than 8% of total funds.

- As of 1Q FY 2024, 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 July 2023, August 2023, and September 2023

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

Cash and Investment Balances 1Q24

Table with 11 columns: Bank, AccountName, Cash Balances as of 7/31/2023, % of Total Cash, Monthly Interest earned, Cash Balances as of 8/31/2023, % of Total Cash, Monthly Interest earned, Cash Balances as of 9/30/2023, % of Total Cash, Monthly Interest earned. Rows include TRUIST, US Bank, Goldman, TN LGIP, CDARS, PFMAM, and PFM EON, ending with Total MNAA Cash/Cash Equivalents in all categories and Total Interest Received for Q1 2024.

Total Interest Received for Q1 2024 12,439,215.55



METROPOLITAN NASHVILLE AIRPORT AUTHORITY

Investment Performance Review For the Quarter Ended September 30, 2023

Client Management Team

Scott Sweeten, BCM, CFS, Sr. Managing Consultant
Richard Pengelly, CFA, CIMA, CTP, Managing Director
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Current Market Themes



- ▶ The U.S. economy is characterized by:
 - ▷ Stronger than expected growth, supported by a resilient consumer
 - ▷ Inflation that remains stubbornly above the Federal Reserve's ("Fed") target range
 - ▷ Continued creation of new jobs by the labor market, albeit at a moderating pace

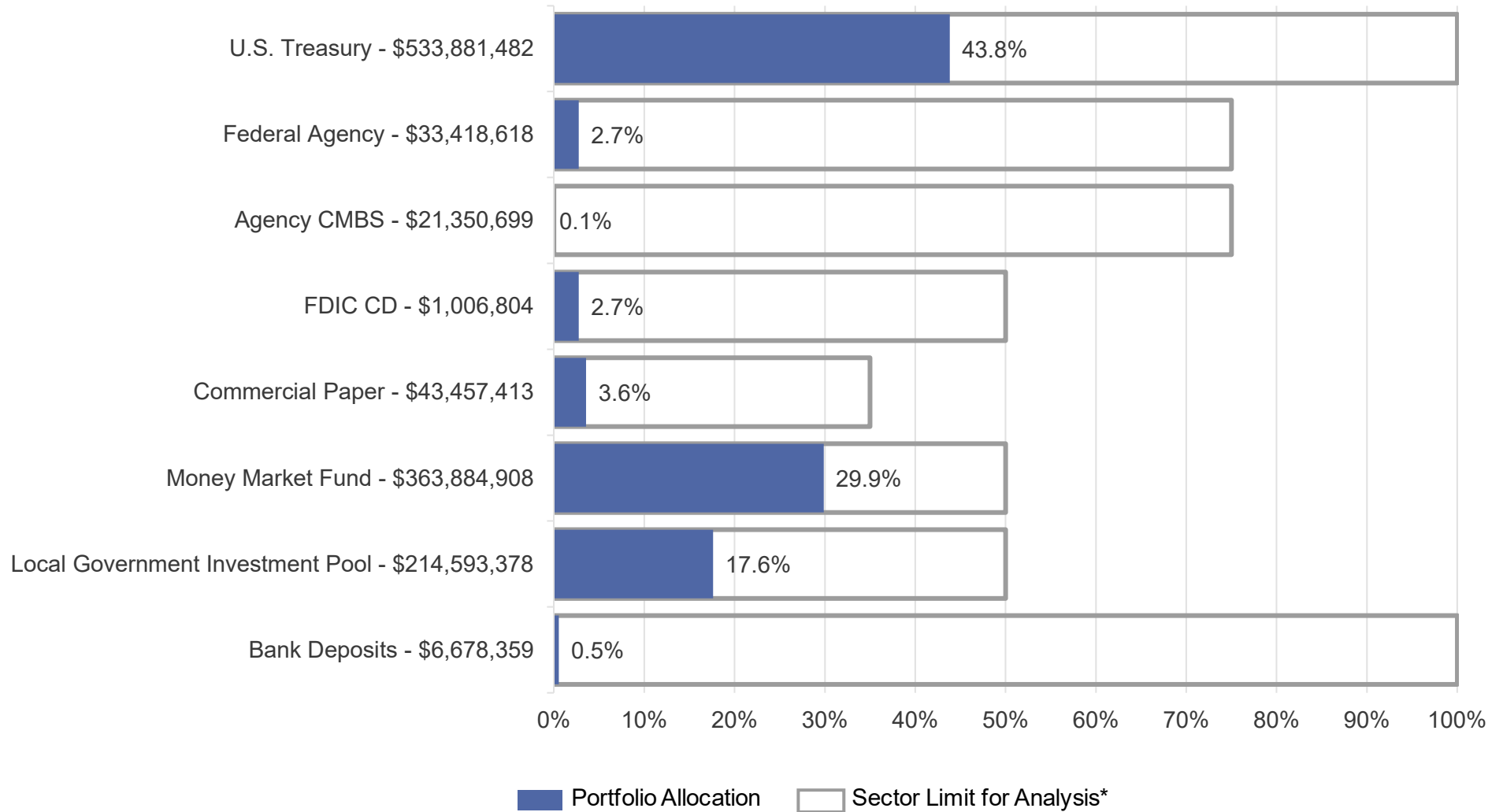


- ▶ Fed pauses again in rate hike campaign
 - ▷ After hiking in July, the Federal Reserve held rates steady at the September FOMC meeting as expected
 - ▷ The Fed's most recent "dot plot" indicated one more rate hike for 2023 and set the stage for interest rates to remain "higher-for-longer"
 - ▷ Updated FOMC economic projections point to stronger GDP growth expectations, higher inflation, and slightly lower unemployment for the remainder of 2023 and into 2024



- ▶ Interest rates reached their highest levels since 2006-7
 - ▷ The U.S. government rating downgrade by Fitch had little impact, although it highlighted growing worry about the erosion of governance standards and fiscal irresponsibility
 - ▷ Treasury yields across the curve rose during Q3. Sticky inflation, a "higher for longer" market consensus, increased Treasury borrowing, and reduced Treasury holdings by China and Japan weighed especially on the long end of the curve
 - ▷ The next concern is the annual federal budget process and potential for a government shutdown

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	89.3%	
UNITED STATES TREASURY	89.3%	AA / Aaa / AA
Federal Agency	5.6%	
FEDERAL HOME LOAN BANKS	3.4%	AA / Aaa / NR
FREDDIE MAC	2.2%	AA / Aaa / AA
Agency CMBS	3.6%	
FANNIE MAE	0.3%	AA / Aaa / AA
FREDDIE MAC	3.3%	AA / Aaa / AA
Commercial Paper	1.5%	
CAFCO LLC	1.5%	A / Aa / A
Total	100.0%	

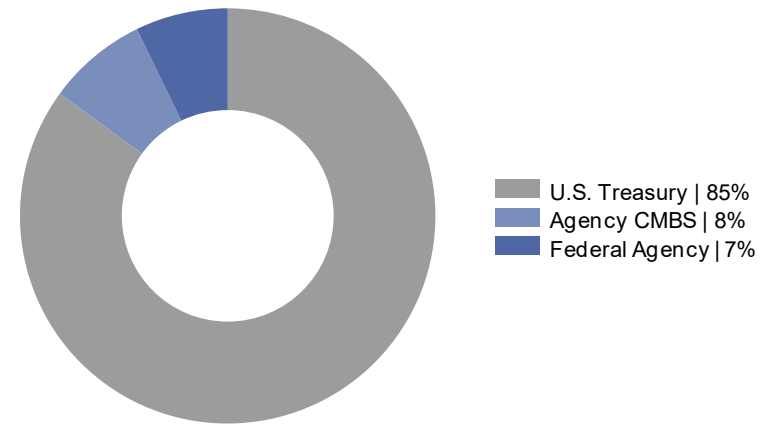
Ratings shown are calculated by assigning a numeral value to each security rating, then calculating a weighted average rating for each security type / issuer category using all available security ratings, excluding Not-Rated (NR) ratings. For security type / issuer categories where a rating from the 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

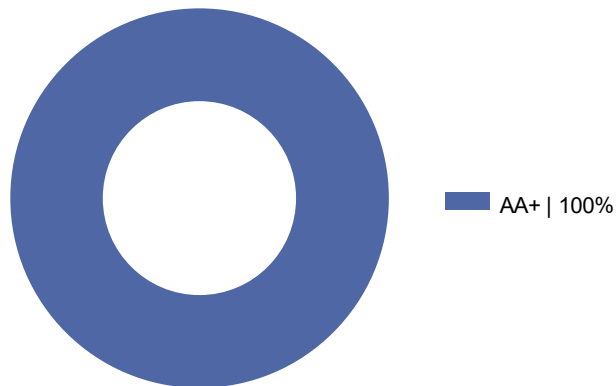
Portfolio Statistics

Total Market Value	\$276,232,996.02
<i>Securities Sub-Total</i>	\$273,842,733.42
<i>Accrued Interest</i>	\$2,042,212.53
<i>Cash</i>	\$348,050.07
Portfolio Effective Duration	1.69 years
Benchmark Effective Duration	1.75 years
Yield At Cost	3.60%
Yield At Market	5.21%
Portfolio Credit Quality	AA

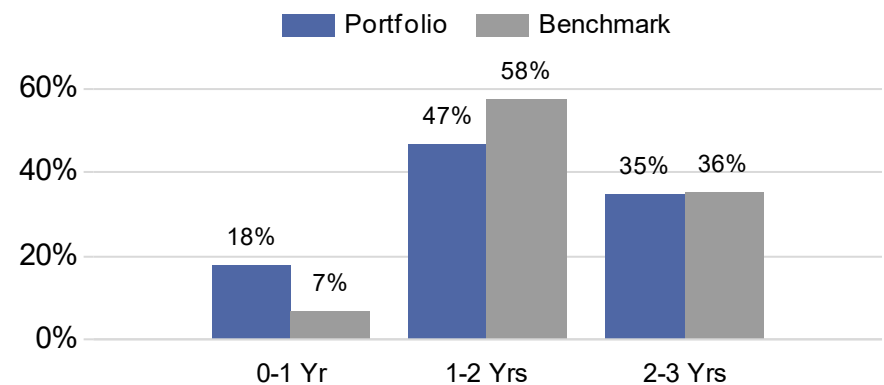
Sector Allocation



Credit Quality - S&P

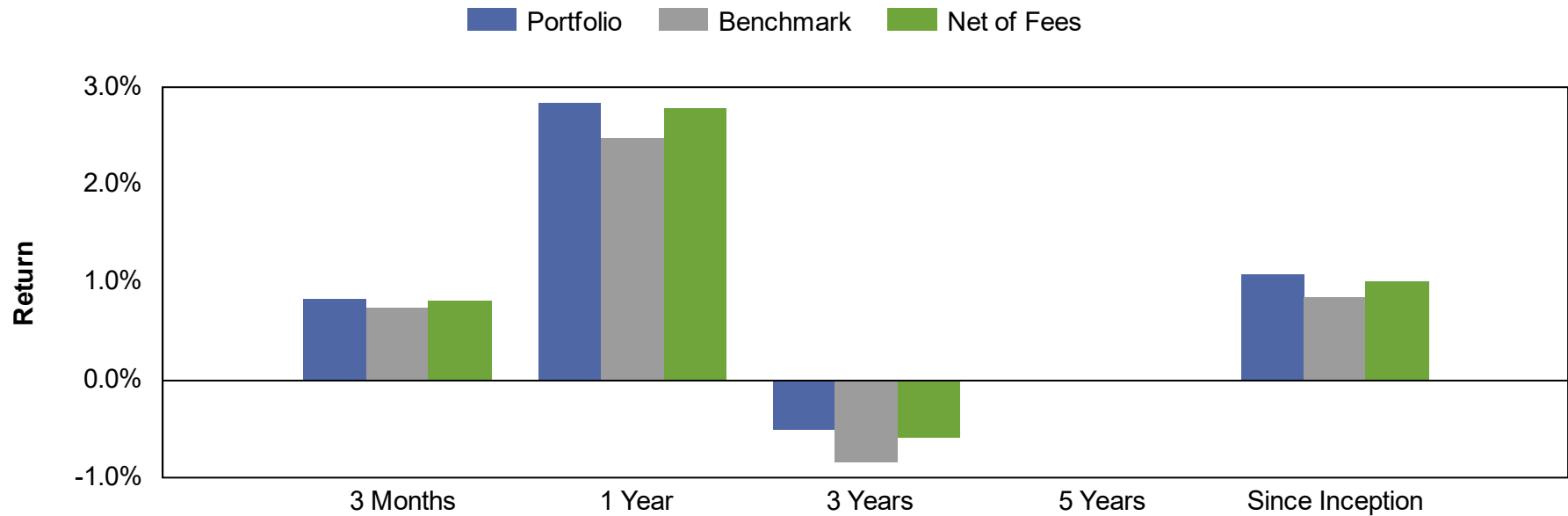


Duration Distribution



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	\$1,957,211	\$6,474,724	\$9,482,102	-	\$13,352,103
Change in Market Value	\$288,229	\$1,320,780	(\$8,587,200)	-	(\$3,816,595)
Total Dollar Return	\$2,245,440	\$7,795,504	\$894,902	-	\$9,535,509
Total Return³					
Portfolio	0.82%	2.85%	-0.52%	-	1.08%
Benchmark ⁴	0.74%	2.47%	-0.84%	-	0.84%
Basis Point Fee	0.02%	0.06%	0.06%	-	0.07%
Net of Fee Return	0.80%	2.78%	-0.58%	-	1.02%

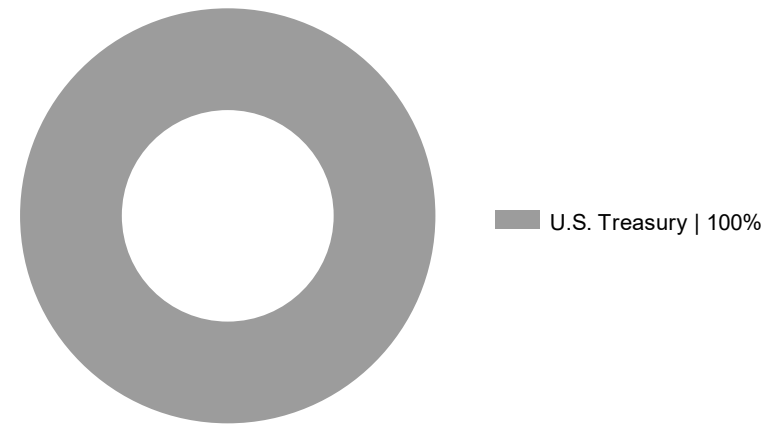
1. The lesser of 10 years or since inception is shown. Since inception returns for periods one year or less are not shown. Performance inception date is December 31, 2018.
 2. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.
 3. Returns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

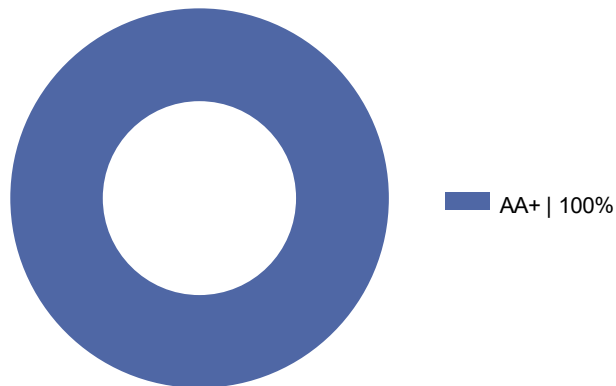
Portfolio Statistics

Total Market Value	\$4,930,362.04
<i>Securities Sub-Total</i>	\$2,444,625.00
<i>Accrued Interest</i>	\$1,550.07
<i>Cash</i>	\$2,484,186.97
Portfolio Effective Duration	0.13 years
Benchmark Effective Duration	0.16 years
Yield At Cost	2.82%
Yield At Market	5.18%
Portfolio Credit Quality	AA

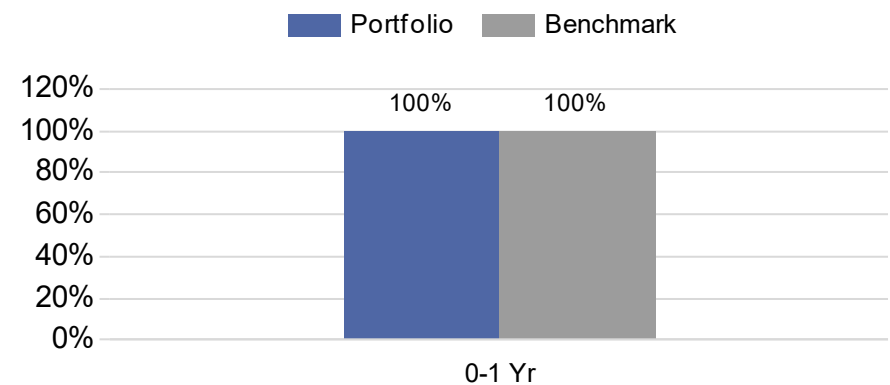
Sector Allocation



Credit Quality - S&P



Duration Distribution



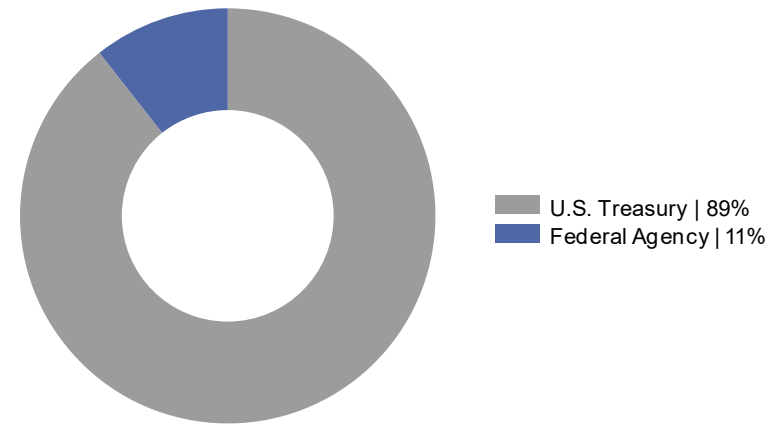
1. Yield and duration calculations exclude cash and cash equivalents. Sector allocation includes market values and accrued interest. The portfolio's benchmark is the ICE BofA 3 Month U.S. Treasury Index. Source: Bloomberg. An average of each security's credit rating was assigned a numeric value and adjusted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

Portfolio Snapshot - MNAA COMMON DSRF¹

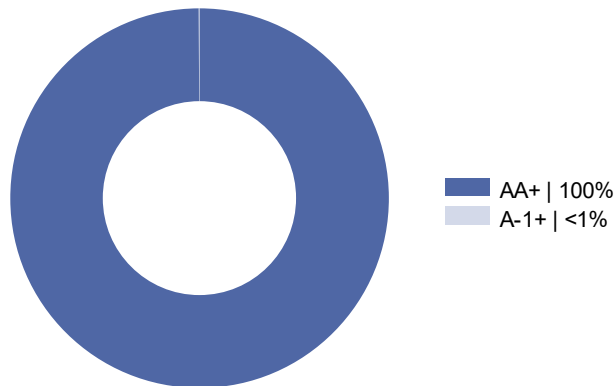
Portfolio Statistics

Total Market Value	\$128,026,365.90
Securities Sub-Total	\$127,282,034.03
Accrued Interest	\$697,039.90
Cash	\$47,291.97
Portfolio Effective Duration	1.72 years
Benchmark Effective Duration	0.16 years
Yield At Cost	2.65%
Yield At Market	5.10%
Portfolio Credit Quality	AA

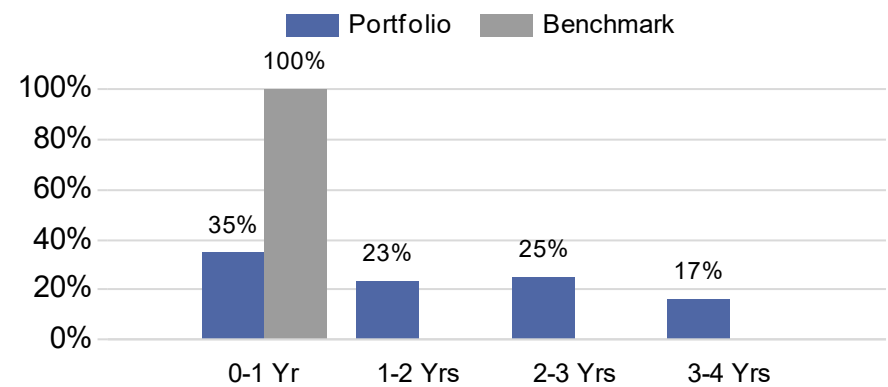
Sector Allocation



Credit Quality - S&P



Duration Distribution



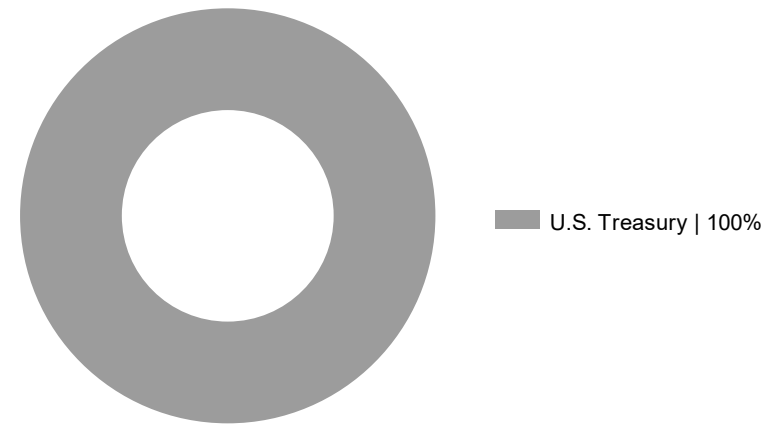
1. Yield and duration calculations exclude cash and cash equivalents. Sector allocation includes market values and accrued interest. The portfolio's benchmark is the ICE BofA 3 Month U.S. Treasury Index. Source: Bloomberg. An average of each security's credit rating was assigned a numeric value and adjusted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

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

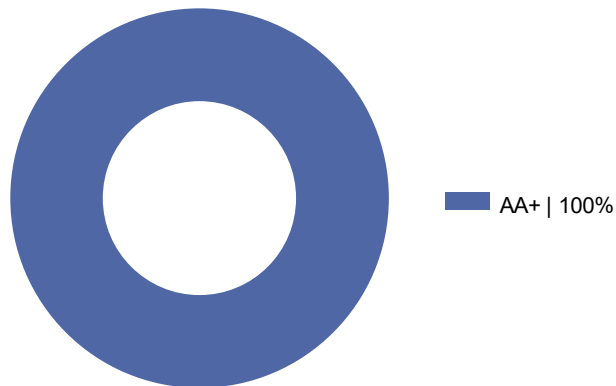
Portfolio Statistics

Total Market Value	\$3,053,060.26
<i>Securities Sub-Total</i>	\$897,117.37
<i>Accrued Interest</i>	\$7,878.80
<i>Cash</i>	\$2,148,064.09
Portfolio Effective Duration	0.15 years
Benchmark Effective Duration	0.16 years
Yield At Cost	1.73%
Yield At Market	5.32%
Portfolio Credit Quality	AA

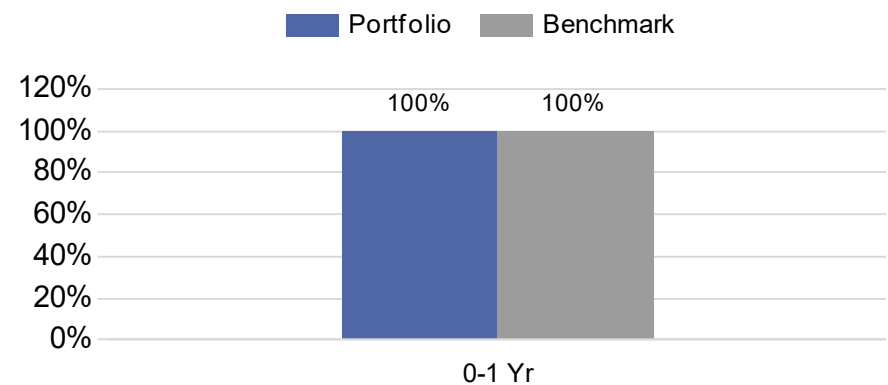
Sector Allocation



Credit Quality - S&P



Duration Distribution



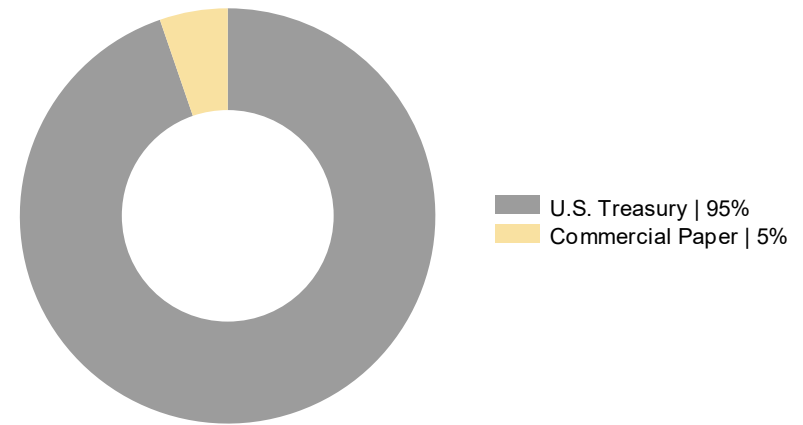
1. Yield and duration calculations exclude cash and cash equivalents. Sector allocation includes market values and accrued interest. The portfolio's benchmark is the ICE BofA 3 Month U.S. Treasury Index. Source: Bloomberg. An average of each security's credit rating was assigned a numeric value and adjusted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

Portfolio Snapshot - MNAA SERIES 2022 REVENUE BONDS¹

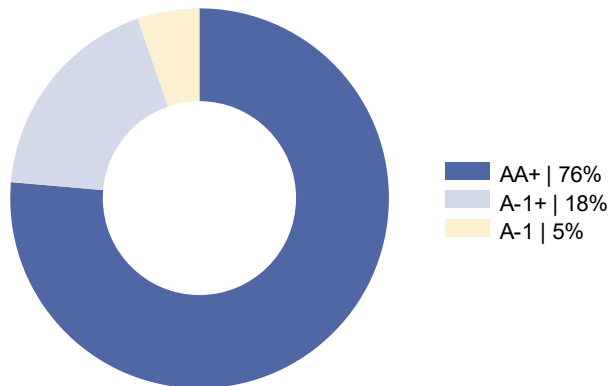
Portfolio Statistics

Total Market Value	\$316,089,849.13
Securities Sub-Total	\$171,173,481.61
Accrued Interest	\$85,062.93
Cash	\$144,831,304.59
Portfolio Effective Duration	0.29 years
Yield At Cost	4.74%
Yield At Market	5.31%
Portfolio Credit Quality	AA

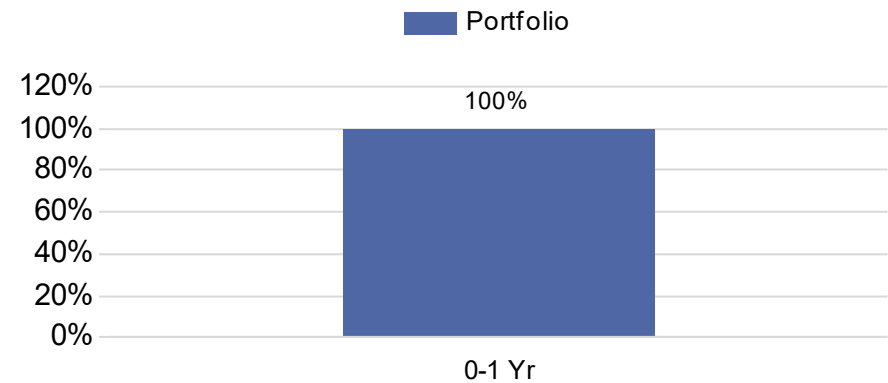
Sector Allocation



Credit Quality - S&P



Duration Distribution



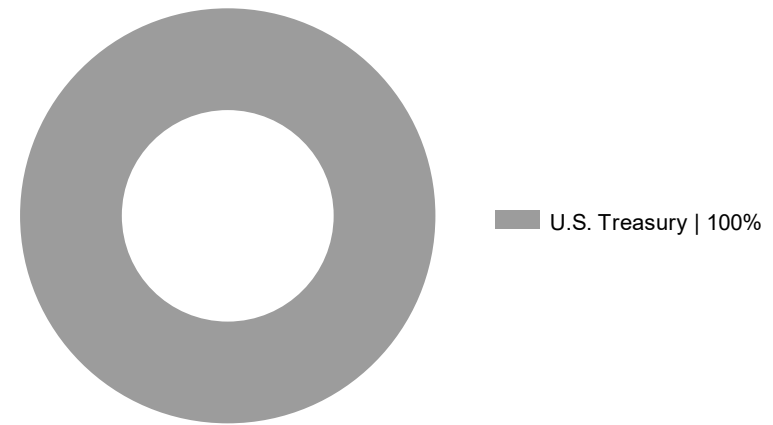
1. Yield and duration calculations exclude cash and cash equivalents. Sector allocation includes market values and accrued interest. An average of each security's credit rating was assigned a numeric value and adjusted for its relative weighting in the portfolio.

Portfolio Snapshot - MNAA SERIES 2022 CAP I¹

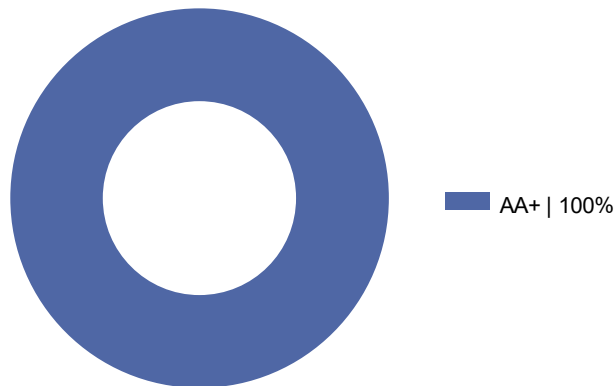
Portfolio Statistics

Total Market Value	\$23,590,172.16
<i>Securities Sub-Total</i>	\$19,203,468.76
<i>Accrued Interest</i>	\$48,300.70
<i>Cash</i>	\$4,338,402.70
Portfolio Effective Duration	0.79 years
Yield At Cost	4.42%
Yield At Market	5.41%
Portfolio Credit Quality	AA

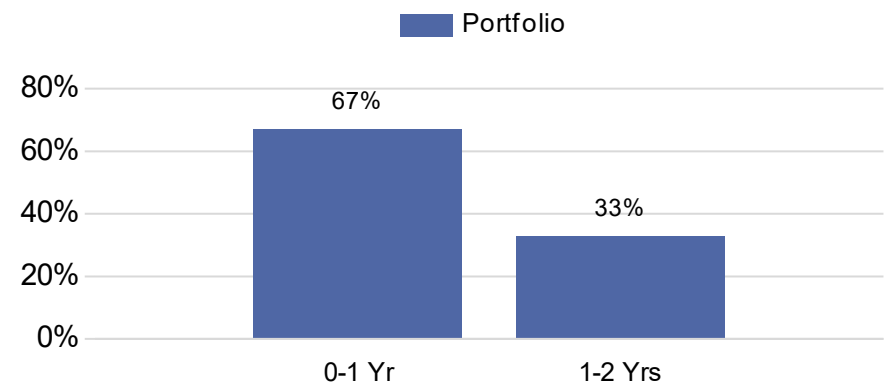
Sector Allocation



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.

Important Disclosures

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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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- Market values that include accrued interest are derived from closing bid prices as of the last business day of the month as supplied by Refinitiv, Bloomberg, or Telerate. Where prices are not available from generally recognized sources, the securities are priced using a yield-based matrix system to arrive at an estimated market value.
- 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.