

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



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Date/Time: Wednesday, February 14, 2024, at 10:00 a.m.

Place: Nashville International Airport – Tennessee Board Room

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

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I. CALL TO ORDER

II. PUBLIC COMMENTS

No requests for public comment received to date. Deadline is February 12, 2024 at 9 p.m.

III. APPROVAL OF MINUTES

December 13, 2023 Minutes of the Joint Meeting of the MNAA and MPC Finance, Diversity & Workforce Development Committees

IV. CHAIR'S REPORT

V. ITEMS FOR APPROVAL

1. Amendment to Air Service Incentive Policy
2. FAA Contract Weather Observer (CWO) Lease Agreements
3. Subleases for Concourse D Extension Concessions (7)
4. Amendment 9 to Fraport Concessions Agreement (Exhibit G Updates)
5. Amendment 2 to the Boingo Concessions Agreement for Cellular Distributed Antenna System (DAS) and Wi-Fi Service

VI. INFORMATION ITEMS

1. BNA Concessions Program Update (Quarterly Update, Sales Report and BNA PASSport Update)
2. FY24 BNA and JWN O&M Budget Updates
3. Quarterly Retirement/OPEB/Treasury Investment Reports

VII. ADJOURN

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



Date: December 13, 2023

Location: Metropolitan Nashville Airport Authority  
Tennessee Boardroom

Time: 10:23 a.m.

Committee Members Present:

Andrew Byrd, Committee Chair; Glenda Glover,  
Committee Vice Chair, Jimmy Granbery

Committee Members Absent:

None

Others Board Members Present:

Joycelyn Stevenson, Bill Freeman, and Nancy Sullivan

MNAA Staff & Guests Present:

Doug Kreulen, Neale Bedrock, Lisa Lankford, Trish Saxman  
Marge Basrai, Daniel B. Brown, Chris Davidson, Kristen  
Deuben, Adam Floyd, Traci Holton, Ijeoma Ike, Carrie  
Logan, Rachel Moore, Ted Morrissey, Josh Powell, Stacey  
Nickens, Robert Ramsey, Davita Taylor, Colleen Von Hoene,  
George Cate (Bradley Arant), Laura Lowe (PFM) and Cory  
Czyzewski (BofA)

## I. CALL TO ORDER

Chair Byrd called the Joint Meeting of the MNAA and MPC Finance, Diversity & Workforce Development (Finance) Committees to order at 10:23 a.m. pursuant to Public Notice dated December 8, 2023.

## II. CHAIR'S REPORT

Chair Byrd stated that he is pleased to be back in this Chair and that he is looking forward to successfully resolving some issues.

## III. APPROVAL OF MINUTES

Chair Byrd asked for a motion to approve the October 11, 2023 Minutes of the Joint Meeting of the MNAA & MPC Finance, Diversity & Workforce Development ("Finance") Committees, stating on the record that per Adams and Reese, the prior minutes are approved solely for the purpose of

documenting the records of MNAA, including the date, time, location, attendance, and actions that occurred on the relevant meeting dates by the relevant body, and per Adams and Reese, such approval does not in any way comment on the legality or substance of the proceedings and actions taken or any contract considered with any such actions.

Commissioner Granbery made a motion and Vice Chair Glover seconded the motion. Chair Byrd asked Ms. Saxman for a roll call:

Chair Byrd – Yes

Vice Chair Glover – Yes

Commissioner Granbery – Yes

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

As recommended by Adams and Reese, staff provided all Commissioners affidavits from the minute taker and preparers, certifying that the prior minutes were taken and prepared in accordance with MNAA's standard meeting procedures and are an accurate record of the same.

Chair Byrd asked for a motion to approve the November 8, 2023 Minutes of the Joint Meeting of the MNAA & MPC Finance, Diversity & Workforce Development ("Finance") Committees. Commissioner Granbery made a motion and Vice Chair Glover seconded the motion. Chair Byrd asked Ms. Saxman for a roll call:

Chair Byrd – Yes

Vice Chair Glover – Yes

Commissioner Granbery – Yes

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

IV. PUBLIC COMMENTS

Chair Byrd stated the attorneys had left and there were no public comments.

V. BOARD CHAIR'S STATUS REPORT

Chair Byrd stated the Board Chair Status Report would be the July – October 2023 Finance Committee Actions (5 Items). President Kreulen replied correct, there were five items, and the plan is to ratify them in the Operations Committee. Affidavits were provided covering the five items that were all handled in accordance with the 3<sup>rd</sup> Amended and Restated Bylaws of the Board of Commissioners of

the MNAA, the Procurement Policy of the MNAA, and all applicable rules and regulations. Two of those contracts have already been executed and the others are waiting for the President and CEO, Board Chair, and Board Secretary to sign documents coming forward. Chair Byrd asked if item 13 and 14, JWN North Development LOI/Lease Terms – Parcel 1 and Amendment to Fraport Subleases, were previously approved by the Board and executed. President Kreulen replied yes, previously approved by the former Board and this Board reviewed those items on November 6, 2023 and November 8, 2023. Now we are back after those discussions and outside counsel recommended ratification to protect the airport going forward. Chair Byrd asked if any provisions were made in those contracts for potential litigation or concerns about litigation when those contracts were put into effect. President Kreulen replied not pertaining to the differences in the Boards. Chair Byrd stated there was pending litigation at the time that the Boards were meeting and when the contracts were approved, and we might ask the staff that. Mr. Neale Bedrock, General Counsel, asked if he could clarify the question, is Chair Byrd asking if any of those approved contracts have a clause in it where the parties acknowledged that there was litigation involving the State and Metropolitan Government of Nashville and Davidson County with regard to the appointing authority to the Board. Chair Byrd replied yes. Mr. Bedrock stated the answer is no, there is no clause in any of those contracts acknowledging that there was existing litigation between the Metropolitan Government and the State over the appointing authority over the Board. Chair Byrd asked if the Board counsel had any comment. Ms. Cindy Barnett, Board Counsel with Adams and Reese LLP asked if there were any type of notice provided to the contracting parties due to the ongoing litigation, and if there was any type of notice provided with regards to the litigation. Mr. Bedrock replied that he did not understand the relevance.

Vice Chair Glover asked if the financial statements reference the litigation, so that the public is aware of the lawsuit. Commissioner Granbery stated that the financial statements were reviewed by this Board last month and the audit results presented covered the period through the end of June. Ms. Marge Basrai, EVP, Chief Financial Officer, replied, yes, the disclosures were in the report. Vice Chair Glover also stated the disclosures were there.

Commissioner Granbery made a motion to approve the July – October 2023 Finance Committee Actions as presented. Commissioner Granbery added a footnote to say that two contracts were signed by Commissioner Granbery, acting as Chair of the State Board, and stated that everything that the State Board did under this Chairmanship were identical 100% to anything that was done before the State Board took over, and identical to what has happened right now and going back to Chair

Freeman and Chair Samuels. Commissioner Granbery replied that nothing changed and that has been drilled down, but he would like to make that point.

Chair Byrd stated the first two contracts, the Fraport and Steve Smith contracts, have already been approved, and the issue at hand is the three contracts: Scott Sohr, British Airways, and the Nashville Airport hotel partners. President Kreulen replied they have been approved but not yet executed because he does not have the official document to sign yet. The document with Scott Sohr is planned to be ratified in this meeting when we get to the approval items, British Airways has the document to accept the incentive program, and the hotel license agreement is waiting for final agreement between the use of Hilton BNA. Chair Byrd stated asked if the other two contracts are a matter of public record. President Kreulen replied all of these are a matter of public record. Chair Byrd asked if they are available to the Board's counsel if they request them as public records President Kreulen replied, yes, nothing is being hidden from counsel, the issue here is the ratification. Chair Byrd stated the ratification of all five actions. Mr. Bedrock asked if he could just point out for the record that Adams and Reese, LLP assisted in the negotiation of the Hilton BNA contract. Chair Byrd replied thank you.

Commissioner Granbery made a motion to ratify the 5 items, and Vice Chair Glover seconded the motion. Chair Byrd asked Ms. Saxman for a roll call:

Chair Byrd – Yes

Vice Chair Glover – Yes

Commissioner Granbery – Yes

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

The five items recommended for ratification were: 1) JWN North Development LOI/Lease Terms – Parcel 1; 2) Amendment to Fraport Subleases; 3) BNA Westside Development LOI/Lease Terms; 4) Amendment to British Airways Incentive Agreement (London); and 5) Trademark License Agreement.

Commissioner Granbery stated that Vice Chair Glover had talked about Disadvantaged Business Enterprise (“DBE”) and asked if the cumulative performance was at the 40% range. President Kreulen replied yes, the annual report speaks to it in terms of volume and last year the Authority did \$49M in Small, Minority and Women Owned Businesses (“SMWBE”). Before BNA Vision it averaged \$10M a year, and now averages \$50M a year, so 5 times the 2017 level. The original goal for BNA Vision was \$240M and we are north of \$300M SMWBE with BNA Vision and New Horizon. Some contracts have

a smaller goal and some are bigger. In Fraport's case Airport Concessions Disadvantaged Business Enterprise ("ACDBE") is near 40%. Commissioner Granbery asked if that was a cumulative number. President Kreulen replied that is correct.

Chair Byrd stated we have a motion and a second. Chair Byrd asked Ms. Saxman for a roll call:

Chair Byrd – Yes

Vice Chair Glover – Yes

Commissioner Granbery – Yes

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

President Kreulen then announced that staff would review Finance Committee approval items.

VI. ITEMS FOR APPROVAL

1. Short Term Credit Facility – 3<sup>rd</sup> Amendment to Note Purchase Agreement with Bank of America, N.A.

Ms. Basrai stated that MNAA is planning to do a third amendment to the Note Purchase Agreement with Bank of America ("BofA"). On January 7, 2019, MNAA entered into a Note Purchase Agreement ("NPA") with BofA to provide short-term cash flow to fund MNAA's capital projects during early stages of construction, and all of these draws are expected to be taken out with bonds. The terms of the NPA included a commitment to make advances up to \$300M; variable rate interest rates for both taxable and tax-exempt borrowings based on LIBOR; 5-year commitment with initial maturity of three years based on state law; and commitment fee of 15 bps until 50% is drawn.

On November 26, 2019, MNAA executed the First Amendment of the NPA with BofA that increased the commitment to \$400M, due to the addition of BNA Vision 2.0. MNAA added an accordion feature to increase/decrease the commitment amount from base amount of \$100M as needed in order to save on commitment fees.

On December 1, 2021, MNAA executed the Second Amendment of the NPA with BofA. The amendment decreased commitment to \$300M because that was really all that was needed. The accordion feature was removed because that was at the time of the pandemic and capital was very hard to get and MNAA was worried that it may not have the ability to get back up to \$300M at the time. The maturity date was extended to January 7, 2024 and LIBOR ceased on June 30, 2024 so the

interest rates and indices were updated. Ms. Basrai presented a chart with the amended interest rates in the Second Amendment. The commitment fee increased to 20 bps from 15bps until 50% is drawn.

With the maturity date of January 7, 2024 approaching, MNAA began discussions on new short-term credit facility with PFM, MNAA's financial advisor. Based on current market conditions (limited commercial banks willing to lend at the \$300M+ without other significant business relationships) and the excellent results of the current NPA and flexibility from BofA, PFM's recommendation was to begin negotiations directly with BofA for a new NPA. As MNAA was finalizing negotiations, Bond Counsel from Hawkins Delafield & Wood indicated that this new NPA would need to be treated as a new issuance of debt, which would be very time consuming to execute and likely could not be completed prior to the maturity date of January 7, 2024. In order to not lose the ability to use a credit facility, MNAA and BofA agreed to an extension of the maturity of the notes and the commitment expiration date not to exceed one year of January 7, 2025. All other terms of the NPA remain the same. This will give time to complete negotiations, prepare all the documents and resolutions, and obtain board approval for the NPA.

Chair Byrd asked will there be meetings before January 7, 2024. Ms. Basrai replied we do not have to meet before January 7, 2024, this will just give MNAA the ability to continue as an extension to the current agreement. MNAA will get back to the negotiations and work on the document, so it is possible that this spring, staff will be back to the Board to approve a new agreement.

Ms. Basrai presented the main business terms under the Third Amendment to the NPA and stated the only change is the maturity date of January 7, 2025. MNAA's Bond Counsel, who is also tax counsel, stated that MNAA does not need to hold a TEFRA hearing or have a new Authorizing Resolution for this Third Amendment. A new Authorizing Resolution will be done with the NPA next year.

Ms. Basrai requested the Finance Committee recommend to the Board of Commissioners that it approve MNAA Resolution No. 2023-12, which authorizes both the extension of the maturity of the notes and the commitment expiration date for a period not to exceed one year, in the NPA with BofA, and authorize the President and CEO to execute the Third Amendment to the NPA with BofA.

Chair Byrd asked when this will be executed. Ms. Basrai replied that it will be within the next week after the approval by the Board. Commissioner Granbery asked what the current balance is, to which Ms. Basrai replied a little over \$14M. Chair Byrd asked if there is a plan to draw on the available line of credit. Ms. Basrai replied not in the next couple of months, it will start back up in March or April when there will be some bigger draws. From the last bond issue, MNAA paid off the \$300M it had on it, except for that \$14M, which MNAA left that because it is taxable. MNAA will have some new projects starting that it will be using the credit facility for. Vice Chair Glover asked if this allows MNAA to continue to draw down. Ms. Basrai replied yes.

Vice Chair Glover made a motion and Commissioner Granbery seconded the motion. Chair Byrd asked Ms. Saxman for a roll call:

Chair Byrd – Yes

Vice Chair Glover – Yes

Commissioner Granbery – Yes

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

## 2. Amendment to Fraport Sublease

President Kreulen introduced Coleen Von Hoene, Associate Principal, Paslay Group. Ms. Von Hoene stated the Lease and Concession Agreement with Fraport Tennessee, Inc. (“Fraport”) expires on January 31, 2029. For sublease terms that extend beyond January 31, 2029, MNAA must become a party to the sublease so that all rights & obligations of the sublease attach to MNAA at the expiration of Fraport’s Lease and Concession Agreement. Fraport has a sublease with Pyramids of Nashville, Inc. for a restaurant that opened on June 5, 2021, with a term that expires on January 31, 2029. The Pyramids sublease provides an option to extend the term to a full ten years from the Date of Beneficial Occupancy, subject to Fraport and MNAA approval. Fraport has requested to exercise the extension option based on 1) the additional term provides more time for the tenant to amortize its construction costs, which were among the highest construction costs/square foot for airport food and beverage tenants; and 2) the ten-year term is consistent with industry standards for food and beverage locations.



Ms. Von Hoene requested the Finance Committee recommend to the Board of Commissioners that it approve the sublease amendment between Fraport, Pyramids of Nashville, Inc and MNAA and authorize the Chair and President & CEO to execute the sublease amendment.

Commissioner Granbery made a motion and Vice Chair Glover seconded the motion. Chair Byrd asked Ms. Saxman for a roll call:

Chair Byrd – Yes

Vice Chair Glover – Yes

Commissioner Granbery – Yes

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

3. BNA West Development – Revised LOIs – SF Aviation, LLC and HCA Management Services, L.P.

President Kreulen introduced Carrie Logan, Vice President, Deputy General Counsel. Ms. Logan stated this is a revision to an item previously approved at the September Board meeting. Ms. Logan presented an aerial of the property and a drawing of the lease, taxilane and access easement areas. The current Letter of Intent (“LOI”) is with SF Aviation, LLC for the entire parcel. The drawing showed how the property will be divided between SF Aviation, LLC and HCA Management Services, L.P. (“HCA”). MNAA is planning for two LOIs and two leases to break the previous LOI into two pieces. Previously the Board asked what aircraft SF Aviation, LLC and HCA plans to have in these hangars. HCA plans to have 2 Falcon 2000 LSF aircraft with a third on order and SF Aviation, LLC plans to have 3 Falcon 900 and 1 Falcon 2000. Ms. Logan presented the terms, which are MNAA’s standard terms, with the addition of an easement fee which is unique to this property. The property is divided between SF Aviation, LLC, and HCA. The effective date and term are standard terms, the base rent is \$2.40 sf with MNAA’s standard 3% annual escalation and FMRV adjustments in year 10 and 20 of initial term. At this property there is an easement fee of \$0.50 beginning on the effective date of the lease for the Taxilane B extension (SF Aviation, LLC) and \$0.25 for this tract’s share of Taxilane A & B (both tenants); the easement fee includes a 3% annual escalation. The Board also asked about the ability to assign the property. They do have the ability to assign to an affiliate or successor organization that is currently related to either one of these entities, any other assignment will notice to MNAA and will require prior written consent to MNAA and that is MNAA’s standard term across any of these leases. These leases provide an immediate combined revenue source of over \$500K in year 1 and new assets that will vest in 31.5 to 36.5 years. SF Aviation, LLC has also committed to

executing a lease for the entire 5.97-acre tract should the other tenant not execute a lease by January 15, 2024. If for some reason HCA cannot execute by that time it allows MNAA to have 1 tenant instead of having to break up and go find another tenant.

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

Ms. Logan requested the Finance Committee recommend to the Board of Commissioners that it approve the terms negotiated between MNAA and HCA Management Services, L.P. via Letter of Intent; and authorize the Chair and President and CEO to execute a lease agreement with HCA Management Services, L.P., consistent with these terms.

Chair Byrd asked if these are MNAA's standard commercial terms. Ms. Logan replied yes, with the addition of the easement fee which is unique to this property. Chair Byrd asked if there is any reason that MNAA should be reopening our valuation or rental rates. Ms. Logan replied Finance did validate the rental rates and it is compliant with the models that they ran. President Kreulen stated it is comparable to what has been done with John C. Tune, it is good deal for them and a good deal for the airport.

Commissioner Granbery made a motion and Vice Chair Glover seconded the motion. Chair Byrd asked Ms. Saxman for a roll call:

Chair Byrd – Yes

Vice Chair Glover – Yes

Commissioner Granbery – Yes

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

## VII. INFORMATION ITEMS

### BNA Concessions Program Update

Ms. Von Hoene updated the Committee on concessions activity. Ms. Von Hoene reported that the Fraport Terminal Concessions Program started construction on December 1, 2023 on the last 2 food

and beverage locations, Prince's Hot Chicken and Half Moon Empanadas scheduled to open in April 2024. Paradies has opened 3 retail and 3 food and beverage locations. Fat Bottom is the last one to open. They received their U&O this morning so they are allowed to stock and train and plan to open mid-December. Ms. Von Hoene presented pictures of the new locations, Bongo Java, and Jimmy Johns. Commissioner Granbery asked if there are any early sales reports for the Satellite Concession Program. Ms. Von Hoene replied there are some and she will prepare it for the Board meeting next week.

VIII. ADJOURN

There being no further business brought before the Finance Committee, Chair Byrd adjourned the meeting at 10:50 a.m.

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Andrew W. Byrd, Board Secretary

## STAFF ANALYSIS

### Finance Committee

Date: **February 14, 2024**  
Facility: **Nashville International Airport**  
Subject: **Air Service Incentive Policy 2024**

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#### I. Recommendation

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

- 1) Approve the Air Service Incentive Policy (ASIP); and
- 2) Authorize the President and CEO to execute the policy.

#### II. Analysis

##### A. Background

The Metropolitan Airport Authority's (MNA) ASIP, approved by the Board of Commissioners on November 16, 2022, is scheduled to expire on December 31, 2024. However, the FAA recently published new guidelines, "FAA Policy Regarding Air Carrier Incentive Program", that outlined new criteria for airport incentive programs. This updated policy is presented to align with these new criteria and applies to new air service that is announced between February 21, 2024 and December 31, 2025.

An ASIP is important to remain competitive with other US airports in our efforts to attract additional non-stop international and domestic service. This policy outlines marketing funds, other marketing initiatives, and landing fee & facility fee abatements available to carriers who meet the required criteria. This policy applies to all passenger airlines servicing BNA.

This policy is consistent with the new FAA Policy Regarding Air Carrier Incentive Program, the FAA Air Carrier Incentive Program Guidebook; FAA Policy and Procedures Concerning the Use of Airport Revenue 64 Fed. Reg 7696, 49 USC §§ 7107(b), 47133 Revenue Use Policy; and the FAA Policy Regarding Airport Rates and Charges.

An airline / route specific Letter of Agreement (LOA) will be executed outlining the specifics of the incentive agreement between MNA and the carrier. All proposed marketing incentives and landing fee and facility abatements, outside of the Domestic Market Agreements, require approval of the Board of Commissioners.

## **B. Overview**

### **Tiers and Types of Incentives**

- 3 tiers of incentives **(no change)**
  - Domestic Markets
  - Other Americas Markets
    - Includes any city in the Americas (Canada, Mexico, the Caribbean, the Bahamas, Bermuda, Central America, South America, etc.), to also include Alaska, Puerto Rico, and Guam.
  - Trans-Oceanic Markets (includes Hawaii)
- Types of incentives **(no change)**
  - Landing Fees
  - Facility Fees
    - Includes ticket counters, gate, ramp, baggage claim, baggage make-up, Federal Inspection Station (FIS) fees, common use fees.
    - Does not include any leased space
  - Marketing Funds
  - Marketing Initiatives
    - Includes up to press release/conference, website, billboards, and gate events

### **Funding**

The marketing incentive, and the landing fee and facility fee abatement will be funded from the NAE Incentive Fund. All proposed marketing incentives and landing fee and facility abatements, outside of the Domestic Market Agreements, require a separate approval of the Board of Commissioners.

The current planned deposits into the Nashville Airport Experience (NAE) Incentive Fund account are \$2 million per year. The balance as of February 5, 2024, is \$8.28 million.

A year-end summary for each route receiving incentive money will be provided to the Chief Financial Officer each year within 60 days of the end of the fiscal year.

### **Air Service Incentive Policy Public Postings**

The Air Service Incentive Policy, as well as a fiscal year-end annual summary of incentivized routes, airlines, and the total incentive amount will be posted online at [flynashville.com](http://flynashville.com).

### **Summary of Changes from Existing Policy**

- Revised effective period – New service announced from 2/21/2024 – 12/31/2025
- Stated the NAE Incentive Fund has no impact to Airline Rates, Fees, and Charges
- Added required language regarding seasonal service to be less than 7 months
- Reduced Year-Round Domestic Service threshold weekly frequency from 5 to 4
- Removed language regarding the ability to pause the incentive if another is awarded
- Added a public posting requirement
- Added a third year of incentives for certain seasonal routes
- Increased Seasonal Transoceanic % abatement to 100% for each year, adjusted marketing funds

The Incentive Plan Matrix from the policy is included as an attachment to this document.

### **C. Strategic Priorities**

- Invest in BNA/JWN
- Plan for the Future

### **D. Options/Alternatives**

- Do not approve the ASIP update and potentially open the Authority up to challenges from air carriers or the FAA on compliance with the new guidelines.

## Incentive Plan Matrix

### Year-Round Service

Type of Service	Landing Fees – Year 1	Landing Fees – Year 2	Facility Fees – Year 1	Facility Fees – Year 2	Marketing Incentive – Year 1	Marketing Incentive – Year 2	Marketing Initiatives
<b>New Scheduled Service to Domestic Markets:</b>	None	None	None	None	up to \$25,000	None	Press release, website splash page - up to 4 week run, Air Service Billboard - up to 4 week run
<b>New Scheduled Service to Other Americas Markets (Canada, Mexico, the Caribbean, the Bahamas, Bermuda, Central America, South America, Alaska, and Puerto Rico)</b>	100% abatement	50% abatement	None	None	up to \$150,000	up to – \$100,000	Press release, website splash page - up to 4 week run, Air Service Billboard - up to 6 week run Gate Event for inaugural flight
<b>New Scheduled Service to Trans-Oceanic Markets (Includes Hawaii)</b>	100% abatement	Year round service – 100% abatement	Year round service – 100% abatement	Year round service – 100% abatement	Year round service – Up to \$500,000	Year round service – Up to \$500,000	Press release, website splash page - up to 6 week run, Air Service Billboard - up to 8 week run Gate Event for inaugural flight

Seasonal Service

Type of Service	Landing Fees – Year 1	Landing Fees – Years 2&3	Facility Fees – Year 1	Facility Fees – Years 2&3	Marketing Incentive – Year 1	Marketing Incentive – Years 2&3	Marketing Initiatives
New Scheduled Service to Other Americas Markets (Canada, Mexico, the Caribbean, the Bahamas, Bermuda, Central America, South America, Alaska, and Puerto Rico)	75% abatement	50% abatement	None	None	up to \$75,000	up to \$15,000 / year	Press release, website splash page - up to 4 week run, Air Service Billboard - up to 6 week run Gate Event for inaugural flight
New Scheduled Service to Trans-Oceanic Markets (Includes Hawaii)	100% abatement	100% abatement	100% abatement	100% abatement	Up to \$400,000	Up to \$300,000 / year	Press release, website splash page - up to 6 week run, Air Service Billboard - up to 8 week run Gate Event for inaugural flight



## STAFF ANALYSIS

### Finance Committee

Date: February 14, 2024

Facility: Harvey P. Gassaway Building

Subject: FAA (CWO) Supplemental Agreement No. 3 to Lease Agreement No. DTFAEN-11-L-00047

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#### I. Recommendation

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

- 1) approve the Supplemental Lease Agreement No. 3 between MNAA and U.S Department of Transportation Federal Aviation Administration Contract Weather Observer (the "Tenant") for Suite 110 consisting of 385 square feet.
- 2) Authorize the Chair and President and CEO to execute a Supplemental Lease Agreement No. 3 between MNAA and Tenant.

#### II. Analysis

##### A. Background

The FAA Weather Observation (CWO) operates 24/7 and is responsible for providing critical operational data to the Air Traffic Control Tower. The critical operational data includes information from the Aviation Surface Weather Observation Network, the Next Generation Weather Radar, the Terminal Doppler Weather Radar and the Wind Shear Detection Services.

Lease Agreement No. DTFAEN-11-L-00047 (the "Lease") was executed on October 1, 2010, and options were exercised to extend the Lease until September 30, 2015. On September 10, 2015 the parties entered into Supplemental Lease Agreement No. 1 to the Lease extending the term to commence on October 1, 2015 continuing through April 30, 2016. Then on May 1, 2016 the parties entered into Supplemental Lease Agreement No. 2 to the Lease extending the term to commence on May 1, 2016 continuing through September 30, 2017.

In 2018, the FAA sent MNAA a new lease agreement for the FAA CWO at the Gassaway Building. MNAA executed this agreement and returned it to the FAA for final execution. Upon receiving the executed lease, the FAA stated that it had provided an incorrect lease template and that a new agreement would be forthcoming. MNAA diligently pursued completion of the second agreement with the FAA for this suite, going as far as sending a notice of default to the FAA in January of 2020 due to a lack of cooperation on their part.

The parties had a lease agreement ready for execution in March of 2021 until the FAA changed course and determined the parties need to execute a supplemental lease agreement, prior to a new lease agreement, to bring the Lease up to date. This Supplemental Lease Agreement No. 3 will cover the term of the lease from September 30, 2017 through September 30, 2022.

Because Supplemental Lease Agreement No. 3 will effectively extend the lease term past 8 years, it requires Board approval.

**B. Lease Terms**

1. Tenant leases 385 SF in the Harvey P. Gassaway Building. This suite is depicted in yellow on the attached exhibit.
2. Supplemental Lease Agreement No. 3 will cover the dates of October 1, 2017 through September 30, 2022.
3. Tenant will pay rent of \$575.60 (\$17.94 PSF) per month from October 1, 2017 through September 30, 2018. The rent will increase to \$628.84 (\$19.60 PSF) per month for the time period of October 1, 2018 through September 30, 2021. Rent will increase to \$647.70 (\$20.19 PSF) per month for the final year of the Supplemental Lease Agreement ending on September 30, 2022.

**C. Impact/Findings**

The Lease is currently in holdover and requires Supplemental Lease Agreement No. 3 and a new lease agreement to bring the tenant into compliance.

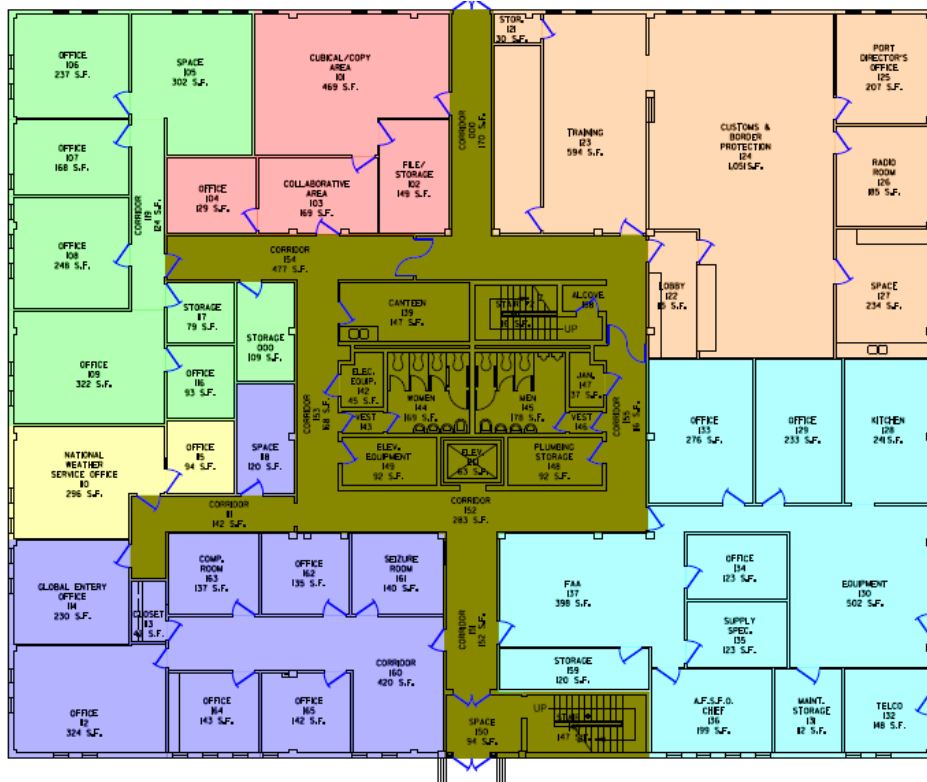
**D. Strategic Priorities**

- Plan for the Future

**E. Options/Alternatives**

The Finance Committee could decline to recommend approval of the proposed Supplemental Lease Agreement and Real Estate could proceed in negotiating only a new lease agreement, subject to the agreement of the FAA.

# EXHIBIT



## STAFF ANALYSIS

### Finance Committee

Date: February 14, 2024

Facility: BNA

Subject: Ninth Amendment to the Lease and Concession Agreement with Fraport Tennessee, Inc.

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#### I. Recommendation

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

- 1) Amend the Lease and Concession Agreement between MNA and Fraport Tennessee, Inc., for the BNA concession program; and
- 2) Authorize the Chairman and President & CEO to execute the Amendment.

#### II. Analysis

##### A. Background

MNA (the Authority) has a Lease and Concession Agreement (Agreement) with Fraport Tennessee, Inc. (Fraport), pursuant to which Fraport is authorized and obligated to develop a terminal-wide concessions program, including food, beverage, services, retail, and vending offerings. The term of the Agreement commenced on February 1, 2019, and expires on January 31, 2029. The Agreement has been amended eight times. The Eighth Amendment to the Agreement provided for Fraport to develop future Phase 4 concessions in the Concourse D Extension, identified in Sixth Amended Exhibit G.

##### B. Impact/Findings

Staff is recommending approval of the Ninth Amendment to the Agreement which includes the following key provisions:

- Updates Sixth Amended Exhibit G to incorporate subtenant names and operating concepts for eight (8) concession locations in future Concourse D, scheduled to open July 2, 2025.
- Extends the deadline for expenditure of the \$13 million Contractor Capital Investment Obligation under Section 4.2 of the Agreement, to allow for completion of projects that could not be completed by the original July 31, 2023 deadline. Fraport will have until May 31, 2024 to complete all work funded by the Capital Investment Obligation, and until July 30, 2024 to expend the remaining balance. Fraport must pay the Authority any remaining balance, plus an additional ten percent, for any Capital Investment Obligation funds remaining after the July 30, 2024 deadline.

Staff is requesting that the Board of Commissioners approve the Ninth Amendment to the Lease and Concession Agreement, which also requires the signature of Fraport USA Inc. as Guarantor. The Ninth

Amendment includes a Sixth Amended Exhibit G, which documents sublease entities and concession names for future Concourse D concession locations and provides additional time for Fraport to expend capital improvement funds in support of the concession program.

**C. Strategic Priorities**

Plan for the future

Invest in BNA/JWN

**D. Options/Alternatives**

The Board of Commissioners could decline to approve the Ninth Amendment, which could impact the timing of the concession program development in the new Concourse D extension.

## STAFF ANALYSIS Finance Committee

Date: February 14, 2024  
 Facility: BNA  
 Subject: Fraport Subleases for Concourse D extension locations

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### Recommendation

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

- 1) approve seven (7) subleases for eight (8) locations in the future Concourse D extension and
- 2) authorize the Chair and President & CEO to execute the subleases.

### Analysis

#### A. Background

MNAA has a Lease and Concession Agreement (Agreement) with Fraport, Tennessee, Inc. (Fraport) pursuant to which Fraport is authorized and obligated to develop a terminal-wide concessions program, including food, beverage, services, retail, and vending offerings. The term of the agreement commenced on February 1, 2019, and will expire on January 31, 2029. Amendment 8 of the Agreement offered Fraport rights to develop future Concourse D extension concession locations.

Fraport negotiated subleases with seven subtenants to operate eight concession locations in the Concourse D extension for terms that extend beyond the expiration of the Fraport Agreement. To permit this, MNAA must become a party to the subleases and consent to the sublease terms extending beyond January 2029, and all rights and obligations of the subleases to attorn to MNAA at the expiration of Fraport’s Lease and Concession Agreement.

The Concourse D extension subleases include the following locations:

Subtenant	Concept	Space Number	Required Opening Date	End Date
Dalmation Creative Agency, Inc.	3 <sup>rd</sup> & Broadway	Dx.01	7/2/2025	7/1/2032
3BG, LLC	Sandella’s Flatbread Café Flytes - Virtual Dining Hall	Dx.02 Dx.05	7/2/2025	7/1/2032

Subtenant	Concept	Space Number	Required Opening Date	End Date
Newslink of Nashville, LLC.	The Castle	Dx.03	7/2/2025	7/1/2035
ASG Nashville, LLC.	New Heights Cantina & Taqueria	Dx.04	7/2/2025	7/1/2035
Daniel Diamond LLC.	Daniel X Diamond	Dx.06	7/2/2025	7/1/2032
Nashville Tracks JV	Nashville Tracks by Hudson	Dx.07	7/2/2025	7/1/2032
Air Ventures Nashville, LLC.	Martini	Dx.10	7/2/2025	7/1/2035

**B. Impact/Findings**

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, which could impact the timing of development of the Concourse D extension concession program.

# STAFF ANALYSIS

## Finance Committee

Date: February 14, 2024

Facility: BNA

Subject: Second Amendment to the Concession Agreement with Boingo Wireless (Boingo).

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### I. Recommendation

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

- 1) Amend the Concession Agreement between MNA and Boingo for public cellular and WiFi service at BNA, and
- 2) Authorize the Chairman and President & CEO to execute the Amendment.

### II. Analysis

#### A. Background

MNA (the Authority) has a Concession Agreement (Agreement) with Boingo (formerly Concourse Communications), which authorizes and obligates Boingo to provide public cellular and WiFi service. The term of the Agreement commenced on December 16, 2010 and expires on February 28, 2024. The Agreement has been amended once to add rent to the Authority from Boingo's cellular carrier agreements and extend the term. Revenue from the Boingo Agreement for 2023 was \$180,259.

#### B. Impact/Findings

Staff is recommending approval of the Second Amendment to the Agreement to facilitate an orderly transition to a new business structure for cellular and WiFi service. Under the new business structure, the Authority will directly negotiate license agreements with the cellular providers, and solicit the services of a contractor to manage, monitor and maintain the cellular and Wi-Fi infrastructure that conveys to MNA at the expiration of the Agreement.

The Second Amendment includes the following key provisions:

- Extends the term to December 31, 2024.
- Amends Assigned Premises to include recently installed cellular and WiFi infrastructure

Staff is requesting that the Finance Committee recommend to the Board of Commissioners that it approve the Second Amendment to the Boingo Concession Agreement

#### C. Strategic Priorities

Plan for the future



Invest in BNA/JWN

**D. Options/Alternatives**

The Board of Commissioners could decline to approve the Second Amendment, which could disrupt continuation of public cellular and WiFi service during the transition to a new business structure.

# STAFF ANALYSIS

## Finance Committee (Information Only)

Date: February 14, 2024  
 Facility: Nashville International Airport  
 Subject: FY 2024 – 2<sup>nd</sup> Quarter – Treasury Investment Report (12/31/2023)

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### I. Reports

The following Treasury Investment Report covers the period from 10/01/2023 through 12/31/2023.

### 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 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 September 30, 2023, and December 31, 2023, was as follows:

	<u>9/30/2023</u>	<u>12/31/2023</u>	<u>\$ Change</u>	<u>% Change</u>
NAE Fund	\$ 203,649,715	\$ 203,702,685	\$ 52,970	0.03%
Operating Cash	205,374,482	239,797,806	34,423,324	16.76%
Construction Accounts	401,262,996	342,346,608	(58,916,388)	-14.68%
Debt Service Accounts	180,118,017	198,687,677	18,569,660	10.31%
PFC Accounts	170,839,296	175,966,364	5,127,068	3.00%
CONRAC Accounts	63,986,541	68,884,725	4,898,184	7.66%
Total Funds	<u>\$ 1,225,231,047</u>	<u>\$ 1,229,385,865</u>	<u>\$ 4,154,818</u>	<u>0.34%</u>

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

	<b>9/30/2023</b>	<b>12/31/2023</b>	<b>\$ Change</b>	<b>% Change</b>
U.S. Treasuries	\$ 540,440,572	\$ 372,339,736	\$ (168,100,836)	-31.10%
Federal Agency	35,275,542	142,061,971	106,786,429	302.72%
Agency Mortgage-Backed Securities	19,891,025	24,733,024	4,841,999	24.34%
Certificates of Deposit	1,006,804	1,006,804	-	0.00%
Commercial Paper	43,460,459	130,221,755	86,761,296	199.63%
Money Market Mutual Funds	363,884,908	323,777,914	(40,106,994)	-11.02%
Tennessee Local Government Investment Pool	214,593,378	229,747,577	15,154,199	7.06%
Cash in Demand Deposit Accounts	6,678,359	5,497,084	(1,181,275)	-17.69%
<b>Total Funds</b>	<b>\$ 1,225,231,047</b>	<b>\$ 1,229,385,865</b>	<b>\$ 4,154,818</b>	<b>0.34%</b>

The listing of accounts on December 31, 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 December 31, 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 3.95% for the CORE Portfolio, 3.13% for the Common Debt Service Reserve Portfolio (DSR), 4.41% for the 2022A&B Capitalized Interest Portfolio, and 5.10% 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 4.75%. The PFMAM Common DSR, Construction Funds, and CAP-I benchmark, the ICE BofAML 3mo T-Bill, was 5.33%. The MNAA managed funds yield was 5.32% as compared to the benchmark S&P Rated GIP All Index yield of 5.39%. The combined yield for the MNAA managed and PFMAM Managed Portfolios was 4.86%.

The actual yields on the investments with PFMAM are underperforming to the benchmarks due to increases in interest rates in the last 18 months. The rate for a 1-year treasury note is up approximately 210bps (basis points) between 6/30/2022 to 12/31/2023, whereas the CORE portfolio performance over the past 18 months has started to outpace this growth. The CORE portfolio yield at 6/30/2022 was 0.89% compared to the 12/31/2023 yield of 3.95%, an increase of 306bps. As investments mature, we continue to reinvest at higher yields to continue to maximize our returns, however, we have started to see a cooling of interest rate hikes by the Federal Reserve and expect yields to decrease<sup>1</sup> approximately 89 to 108bps in the next 12 months.

The Authority earned a total of \$13,196,572 on cash and investments for the second quarter of FY 2024. In comparison, the income received on cash and investments for the second quarter ended December 31, 2022, was \$3,431,946. Total available funds for the second quarter of 2024 were \$1.23B vs \$1.27B for second quarter 2023 (\$40M less).

<sup>1</sup> Source: Bloomberg, as of December 2023.

## **B. Investment Program Review**

- DDA cash in 2Q FY 2024 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 2Q 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 October 2023, November 2023, and December 2023

Attachment 2 – PFMAM Investment Performance Review as of December 31, 2023

Cash and Investment Balances 2Q24

Bank	AccountName	Cash Balances as of 10/31/2023	% of Total Cash	Monthly Interest earned	Cash Balances as of 11/30/2023	% of Total Cash	Monthly Interest earned	Cash Balances as of 12/31/2023	% of Total Cash	Monthly Interest earned
TRUIST	Tune Operation	379,084.68	0%	3.63	266,683.85	0%	3.07	476,673.00	0%	3.66
TRUIST	Operating Fund	195,447.73	0%	4.51	953,947.31	0%	5.44	376,687.48	0%	4.66
TRUIST	Capital Improvement	9,329.14	0%	0.08	198.35	0%	-	198.35	0%	-
TRUIST	Revenue Account	1,802,415.33	0%	-	556,768.96	0%	-	921,443.92	0%	-
TRUIST	PFC Revenue	480.87	0%	1.16	359.69	0%	0.62	386.37	0%	0.06
TRUIST	Benefit Bd Fund	22,690.08	0%	-	22,642.75	0%	-	22,596.22	0%	-
TRUIST	Payroll	492.85	0%	2.97	494.71	0%	1.86	19,333.18	0%	2.78
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	62,074.85	0%	0.53	61,945.26	0%	0.51	61,815.71	0%	0.53
TRUIST	MPC Holdings LLC	-	0%	-	-	0%	-	-	0%	-
TRUIST	MNAA Properties Corp (Parent)	18,762.57	0%	0.16	18,762.72	0%	0.15	18,762.88	0%	0.16
TRUIST	MPC Global Tire	43,310.50	0%	-	512.22	0%	-	4,837.12	0%	-
TRUIST	International Plaza Operating Acct	301,594.25	0%	1.76	59,322.42	0%	1.23	84,970.80	0%	1.57
TRUIST	MP Building Operating Acct	269,325.25	0%	2.21	66,972.36	0%	0.90	45,094.51	0%	0.88
TRUIST	CON CFC Operating Acct	1,476,714.08	0%	7.59	1,666,500.17	0%	9.19	1,408,084.52	0%	7.95
TRUIST	MNAA DOJ	394,043.87	0%	3.47	401,994.69	0%	3.26	400,723.08	0%	3.30
TRUIST	CONRAC Discretionary Account	-	0%	-	-	0%	-	-	0%	-
TRUIST	CONRAC Excess CFC	75.41	0%	0.32	82.15	0%	0.32	91.04	0%	1.47
TRUIST	DEA - State	572,572.52	0%	4.88	519,809.92	0%	4.54	467,699.29	0%	4.37
TRUIST	1% ARTS Fund	14.58	0%	-	-	0%	-	-	0%	-
TRUIST	Authority Facility Investment Fund	333.60	0%	-	-	0%	-	-	0%	-
TRUIST	NAE Cash Reserve Fund	24.21	0%	0.73	24.94	0%	0.73	24.94	0%	-
TRUIST	Airline Facility Investment Fund	40.43	0%	-	-	0%	-	-	0%	-
TRUIST	Construction Payment Account	281,568.90	0%	8.38	748,441.52	0%	6.29	245,849.17	0%	8.01
TRUIST	DPS Seized Funds	912,562.01	0%	7.70	912,569.51	0%	7.50	912,577.26	0%	7.75
TRUIST	Parking Rev Credit Card Account	-	0%	-	-	0%	-	-	0%	-
TRUIST	Parking Rev Account	467,508.47	0%	-	215,656.79	0%	-	29,235.00	0%	-
<b>Truist Bank Cash Balances</b>		<b>7,210,466.18</b>	<b>1%</b>	<b>50.08</b>	<b>6,473,690.29</b>	<b>1%</b>	<b>45.61</b>	<b>5,497,083.84</b>	<b>0%</b>	<b>47.15</b>
US Bank	Series 2010/2018 Rental Payment Fund	97,206.86	0%	204.17	131,822.32	0%	324.43	166,400.64	0%	425.43
US Bank	Series 2010/2018 Bond Fund Interest Account	208,027.84	0%	526.57	260,034.77	0%	719.64	312,041.70	0%	865.92
US Bank	Series 2010/2018 Bond Fund Serial Bond Principal	1,117,135.52	0%	2,827.92	1,396,368.40	0%	3,864.59	1,675,601.28	0%	4,649.92
US Bank	Series 2010/2018 Bond Reserve Fund	1,814,346.60	0%	6,097.89	1,820,671.39	0%	6,324.79	1,826,814.73	0%	6,143.34
US Bank	Series 2010/2018 Coverage Fund	992,871.80	0%	3,350.95	992,871.80	0%	3,462.64	992,871.80	0%	3,350.94
US Bank	Series 2010/2018 Operation & Maintenance Reserve Fund	915,098.00	0%	3,088.46	915,098.00	0%	3,191.41	915,098.00	0%	3,088.46
US Bank	Series 2010/2018 Renewal & Replacement Fund	3,351,567.85	0%	11,311.54	3,351,567.85	0%	11,688.59	3,351,567.85	0%	11,311.54
US Bank	Series 2010/2018 Discretionary Fund Major Maint Acct	3,351,567.85	0%	11,311.54	3,351,567.85	0%	11,688.59	3,351,567.85	0%	11,311.54
US Bank	Series Excess CFC Funds	-	0%	-	-	0%	-	-	0%	-
US Bank	2003B P & I (Pd BNA; Mat 7/1/33)	494,246.93	0%	1,105.70	608,677.26	0%	1,571.33	723,400.09	0%	1,863.83
US Bank	2019 A Debt Service Account	4,090,192.78	0%	8,733.45	5,121,561.39	0%	12,889.61	6,155,606.97	1%	15,566.58
US Bank	2019 B Debt Service Account	10,759,960.55	1%	22,982.65	13,471,579.01	1%	33,910.46	16,190,234.96	1%	40,947.95
US Bank	2015 A Debt Service Account	2,151,508.46	0%	4,724.77	2,667,541.41	0%	6,815.95	3,184,902.06	0%	8,143.65
US Bank	2015 B Debt Service Account	2,475,772.70	0%	5,356.63	3,085,819.94	0%	7,821.24	3,697,444.32	0%	9,398.38
US Bank	MNAA AIRPORT IMP BDS SRS 2022A	1,599,537.82	0%	3,414.75	2,002,996.35	0%	5,040.53	2,407,502.14	0%	6,087.79
US Bank	MNAA AIRPORT IMP BDS SRS 2022B	8,945,896.71	1%	19,098.59	11,202,239.52	1%	28,190.81	13,464,440.07	1%	34,047.55
<b>US Bank Cash Balances</b>		<b>42,364,938.27</b>	<b>3%</b>	<b>104,135.58</b>	<b>50,380,417.26</b>	<b>4%</b>	<b>137,504.61</b>	<b>58,415,494.46</b>	<b>5%</b>	<b>157,202.82</b>
Goldman	1% Arts Fund GS 465	202,137.86	0%	896.00	203,010.31	0%	872.45	203,913.74	0%	903.43
Goldman	Airline Facility Investment Fund GS 465	2,104,971.19	0%	12,457.47	554,242.43	0%	6,087.58	207,678.20	0%	2,011.94
Goldman	Authority Facility Investment Fund GS 465	12,497,162.82	1%	56,487.25	11,698,678.03	1%	52,666.94	11,750,737.61	1%	52,059.58
Goldman	Conrac Excess CFC GS 465	36,903,430.12	3%	163,254.20	38,212,783.48	3%	164,053.36	38,382,831.94	3%	170,048.46
Goldman	NAE Cash Reserve GS 465	4,350,778.47	0%	17,392.45	4,364,596.34	0%	13,817.87	4,381,357.98	0%	16,761.64
Goldman	Nashville Airport Experience GS 465	4,713,171.43	0%	20,892.09	4,733,513.42	0%	20,341.99	4,754,577.79	0%	21,064.37
Goldman	PFC Revenue GS 465	24,769,933.48	2%	94,635.61	24,612,240.74	2%	105,047.26	24,520,545.67	2%	106,144.93
Goldman	Revenue Account GS 465	119,942,425.83	10%	524,176.87	129,173,481.11	10%	531,055.28	132,256,920.78	11%	583,439.67
Goldman	Sub Debt Construction Funds GS 465	13,395,813.39	1%	60,241.21	12,987,109.99	1%	56,576.89	12,197,028.64	1%	56,366.30
Goldman	Joint Marketing Fund	2,185,709.10	0%	9,688.60	2,195,142.62	0%	9,433.52	2,204,911.10	0%	9,768.48
Goldman	NAE Cash Reserve GS 468	377,775.22	0%	1,674.18	379,407.80	0%	1,632.58	381,096.35	0%	1,687.68
<b>Goldman Sachs Investment Balances</b>		<b>221,443,308.91</b>	<b>18%</b>	<b>961,795.93</b>	<b>229,114,206.27</b>	<b>19%</b>	<b>961,585.72</b>	<b>231,241,599.80</b>	<b>19%</b>	<b>1,020,522.48</b>
TN LGIP	LGIP - Tune	8,453,313.96	1%	38,352.68	8,281,638.49	1%	36,787.72	8,437,410.37	1%	37,722.50
TN LGIP	LGIP - PFC	25,554,261.22	2%	119,209.51	25,915,714.06	2%	113,452.84	27,833,541.47	2%	124,827.41
TN LGIP	LGIP - Revenue	28,993,481.94	2%	730,196.15	28,871,456.62	2%	731,881.69	35,541,669.62	3%	770,982.63
TN LGIP	LGIP - Nashville Airport Experience	3,232,160.92	0%	-	3,263,317.16	0%	-	3,340,064.84	0%	-
TN LGIP	LGIP - Renewal and Replacement	418,887.44	0%	-	523,057.44	0%	-	627,227.44	0%	-
TN LGIP	LGIP - Operations & Maintenance	6,239,302.77	1%	-	6,931,987.77	1%	-	7,624,672.77	1%	-
TN LGIP	LGIP - Airline Facility	13,245,897.35	1%	-	14,127,918.81	1%	-	14,019,632.11	1%	-
TN LGIP	LGIP - Authority Facility	33,218,561.89	3%	-	34,466,959.55	3%	-	30,950,292.40	3%	-
TN LGIP	LGIP - NAE Cash Reserve	74,014,411.49	6%	-	74,014,411.49	6%	-	74,014,411.49	6%	-
TN LGIP	LGIP - Capital Improvement	4,210,968.55	0%	-	4,082,968.55	0%	-	4,082,968.55	0%	-
TN LGIP	LGIP - CONRAC Excess CFC	6,189,710.32	1%	28,765.10	6,078,933.80	0%	27,451.02	7,309,126.75	1%	33,070.49
TN LGIP	LGIP - Multi-Purpose Building	2,584,001.82	0%	11,819.25	2,585,468.78	0%	11,466.96	2,587,281.12	0%	11,812.34
TN LGIP	LGIP - MPC Global Tire	2,337,759.44	0%	10,668.78	2,585,867.16	0%	11,126.32	2,659,016.82	0%	11,842.74
TN LGIP	LGIP - International Plaza Building	437,328.75	0%	1,992.88	486,415.74	0%	2,086.99	488,638.32	0%	2,222.58
TN LGIP	LGIP - CONRAC Discretionary	9,787,867.75	1%	44,693.39	10,061,223.90	1%	44,244.42	10,231,622.62	1%	46,027.86
<b>TN LGIP BALANCE</b>		<b>218,917,915.61</b>	<b>18%</b>	<b>985,697.74</b>	<b>222,277,339.32</b>	<b>18%</b>	<b>978,497.96</b>	<b>229,747,576.69</b>	<b>19%</b>	<b>1,038,508.55</b>
CDARS	CITIZENS BANK CDARS - PFC	1,006,804.32	0%	3,485.46	1,006,804.32	0%	3,384.31	1,006,804.32	0%	3,508.83
<b>CITIZENS BANK CDARS BALANCE</b>		<b>1,006,804.32</b>	<b>0%</b>	<b>3,485.46</b>	<b>1,006,804.32</b>	<b>0%</b>	<b>3,384.31</b>	<b>1,006,804.32</b>	<b>0%</b>	<b>3,508.83</b>
PFMAM	PFMAM CORE Portfolio	280,927,442.34	23%	527,434.24	281,312,473.06	23%	442,901.20	281,941,127.35	23%	821,206.55
PFMAM	PFMAM COMMON DEBT RESERVE Portfolio	130,469,330.12	11%	314,672.60	130,560,881.21	11%	332,828.49	132,131,278.27	11%	339,483.73
PFMAM	PFMAM 2019 A&B CAP I Portfolio	3,056,547.16	0%	8,509.74	3,076,695.90	0%	10,418.34	3,087,110.94	0%	10,415.04
PFMAM	PFMAM 2019A&B Construction Portfolio	4,950,328.94	0%	13,698.33	4,966,843.54	0%	15,651.60	4,984,376.26	0%	17,059.43
PFMAM	PFMAM 2022A&B CAP I Portfolio	21,676,151.67	2%	81,675.63	19,684,146.15	2%	82,800.43	17,645,757.69	1%	72,842.97
PFMAM	PFMAM 2022A&B Construction Portfolio	295,546,519.41	24%	1,112,662.47	283,736,098.54	23%	1,477,729.25	263,687,655.20	21%	1,158,605.18
<b>PFM EON Investment Balance</b>		<b>736,626,319.64</b>	<b>60%</b>	<b>2,058,653.01</b>	<b>723,337,138.40</b>	<b>59%</b>	<b>2,362,329.31</b>	<b>703,477,305.71</b>	<b>57%</b>	<b>2,419,612.90</b>
<b>Total MNAA Cash/Cash Equivalents in all categories</b>		<b>1,227,569,752.93</b>	<b>100%</b>	<b>4,113,817.80</b>	<b>1,232,589,595.86</b>	<b>100%</b>	<b>4,443,347.52</b>	<b>1,229,385,864.82</b>	<b>100%</b>	<b>4,639,406.73</b>

Total Interest Received for Q2 2024 **13,196,572.05**



# METROPOLITAN NASHVILLE AIRPORT AUTHORITY

## Investment Performance Review For the Quarter Ended December 31, 2023

### Client Management Team

Scott Sweeten, BCM, CFS, Sr. Managing Consultant  
Richard Pengelly, CFA, CIMA, CTP, Managing Director  
Sean Gannon, Senior Managing Consultant

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## Current Market Themes



- ▶ The U.S. economy is characterized by:
  - ▷ Economic resilience but expectations for a slowdown
  - ▷ Cooling inflation that still remains above the Federal Reserve's ("Fed") target
  - ▷ The labor market coming into better balance
  - ▷ Consumers that continue to support growth through spending

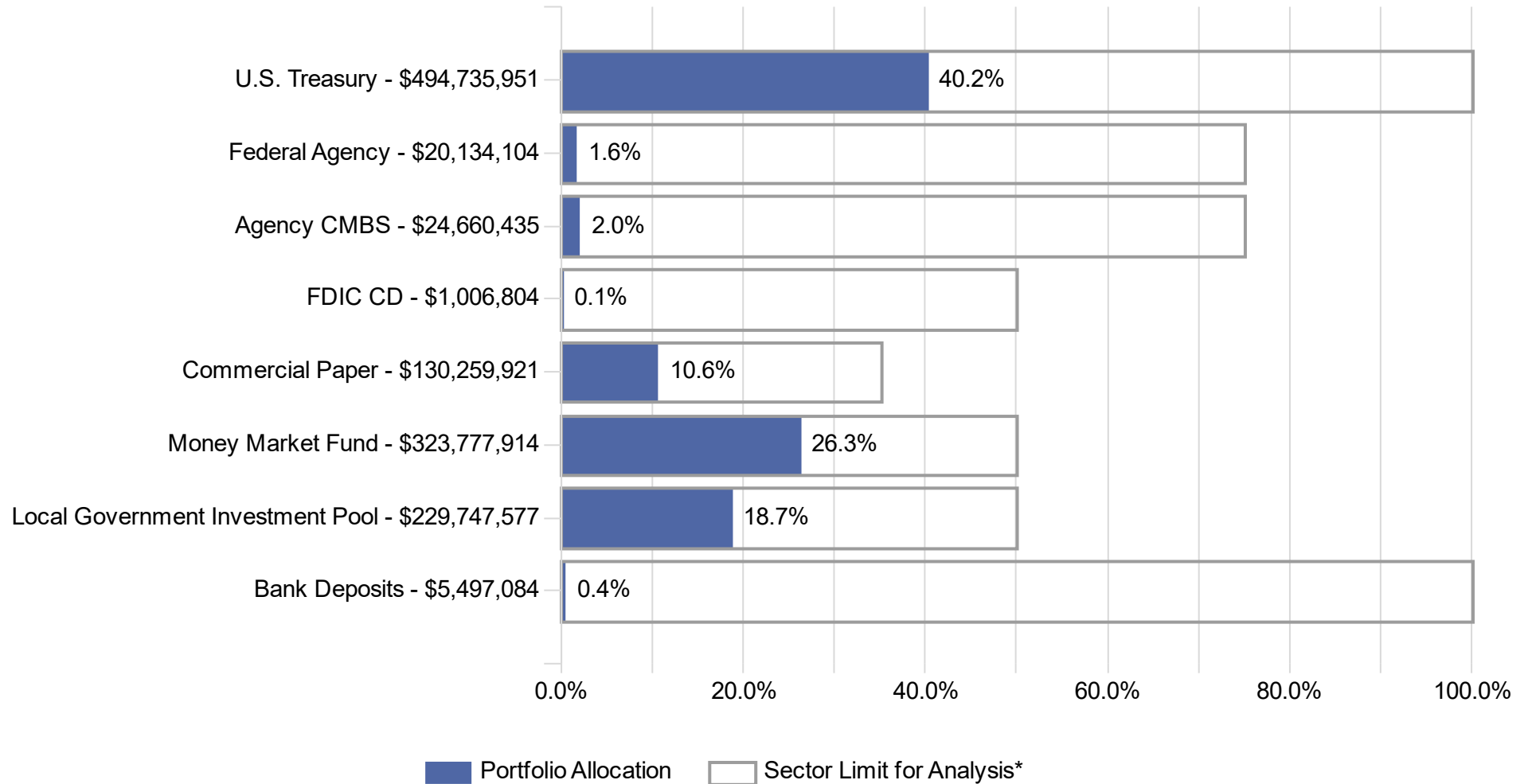


- ▶ Federal Reserve signals end to rate hiking cycle
  - ▷ Fed projected to cut the short-term Fed funds rate by 75 basis points by December 2024, with the overnight rate falling to 4.50% to 4.75%
  - ▷ Markets are pricing a more aggressive 6 rate cuts by year end
  - ▷ Fed officials reaffirm that restoring price stability is the priority



- ▶ Treasury yields ended the quarter materially lower
  - ▷ After peaking in October, yields reversed course on dovish Fed pivot
  - ▷ Yield curve inversion persisted throughout the rally
  - ▷ Credit spreads narrowed sharply on increased expectations for a soft landing

### 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
<b>U.S. Treasury</b>	<b>80.9%</b>	
UNITED STATES TREASURY	80.9%	AA / Aaa / AA
<b>Federal Agency</b>	<b>3.3%</b>	
FEDERAL HOME LOAN BANKS	3.3%	AA / Aaa / NR
<b>Agency CMBS</b>	<b>4.0%</b>	
FANNIE MAE	0.5%	AA / Aaa / AA
FREDDIE MAC	3.5%	AA / Aaa / AA
<b>Commercial Paper</b>	<b>11.8%</b>	
ABN AMRO BANK	1.4%	A / Aa / A
CREDIT AGRICOLE SA	1.4%	A / Aa / AA
FAIRWAY FINANCE COMPANY LLC	1.4%	A / Aa / NR
ING GROEP NV	1.4%	A / Aa / NR
LIBERTY STREET FUNDING LLC	1.4%	A / Aa / NR
MITSUBISHI UFJ FINANCIAL GROUP INC	1.4%	A / Aa / A
NATIXIS NY BRANCH	1.4%	A / Aa / A
RABOBANK NEDERLAND	0.3%	A / Aa / AA
ROYAL BANK OF CANADA	1.5%	AA / Aa / AA
<b>Total</b>	<b>100.0%</b>	

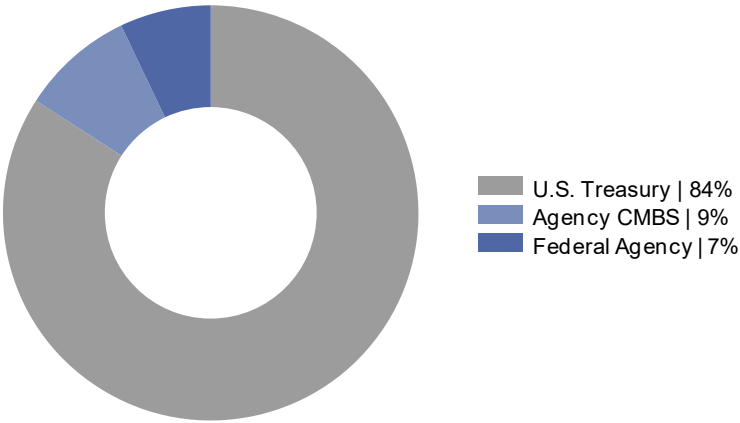
Ratings shown are calculated by assigning a numeral value to each security rating, then calculating a weighted average rating for each security type / issuer category using all available security ratings, excluding Not-Rated (NR) ratings. For security type / issuer categories where a rating from the 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 PORTFOLIO<sup>1</sup>

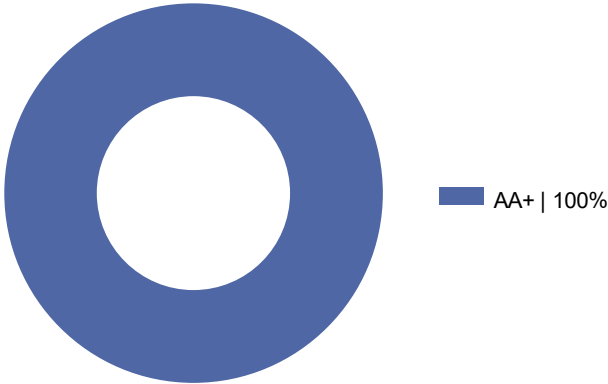
#### Portfolio Statistics

<b>Total Market Value</b>	\$283,079,621.35
<i>Securities Sub-Total</i>	\$280,052,177.04
<i>Accrued Interest</i>	\$2,192,301.44
<i>Cash</i>	\$835,142.87
<b>Portfolio Effective Duration</b>	1.70 years
<b>Benchmark Effective Duration</b>	1.76 years
<b>Yield At Cost</b>	3.95%
<b>Yield At Market</b>	4.44%
<b>Portfolio Credit Quality</b>	AA

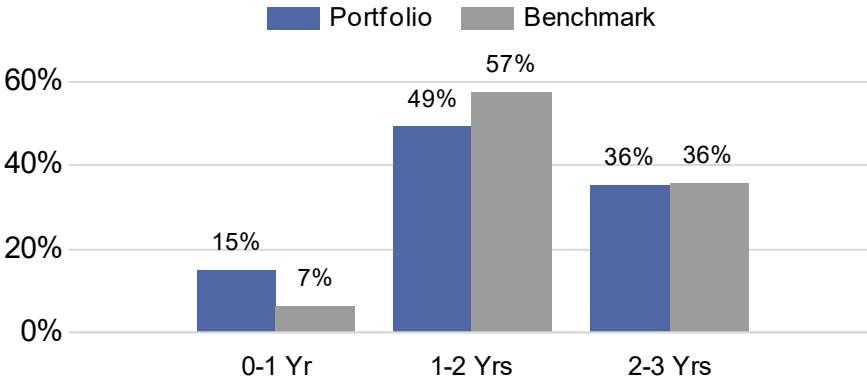
#### Sector Allocation



#### Credit Quality - S&P

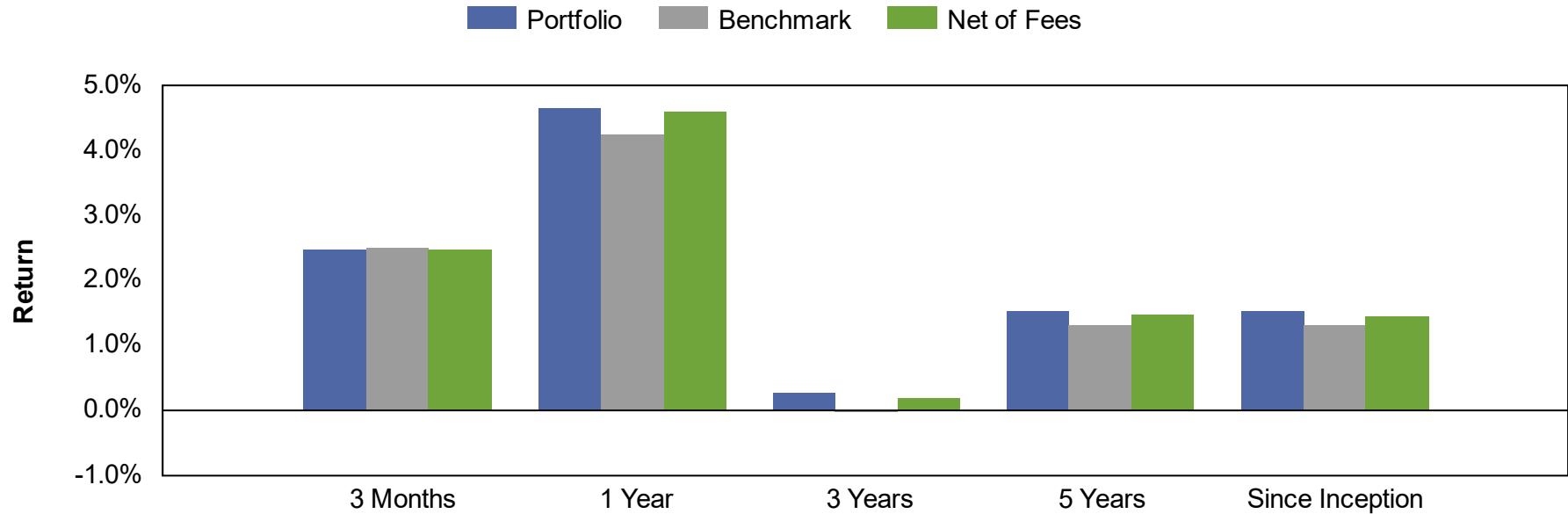


#### Duration Distribution



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 <sup>1</sup>
Interest Earned <sup>2</sup>	\$2,265,704	\$7,572,413	\$11,295,721	\$15,617,808	\$15,617,808
Change in Market Value	\$4,580,922	\$5,000,358	(\$3,711,308)	\$764,327	\$764,327
<b>Total Dollar Return</b>	<b>\$6,846,626</b>	<b>\$12,572,771</b>	<b>\$7,584,413</b>	<b>\$16,382,135</b>	<b>\$16,382,135</b>
<b>Total Return<sup>3</sup></b>					
Portfolio	2.48%	4.65%	0.26%	1.52%	1.52%
Benchmark <sup>4</sup>	2.49%	4.26%	-0.04%	1.30%	1.30%
<b>Basis Point Fee</b>	<b>0.02%</b>	<b>0.06%</b>	<b>0.06%</b>	<b>0.07%</b>	<b>0.07%</b>
<b>Net of Fee Return</b>	<b>2.46%</b>	<b>4.59%</b>	<b>0.20%</b>	<b>1.46%</b>	<b>1.46%</b>

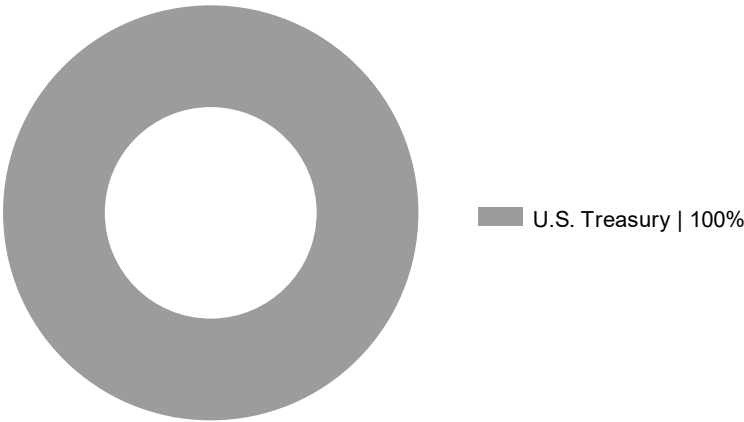
1. The lesser of 10 years or since inception is shown. Since inception returns for periods one year or less are not shown. Performance inception date is December 31, 2018.  
 2. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.  
 3.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

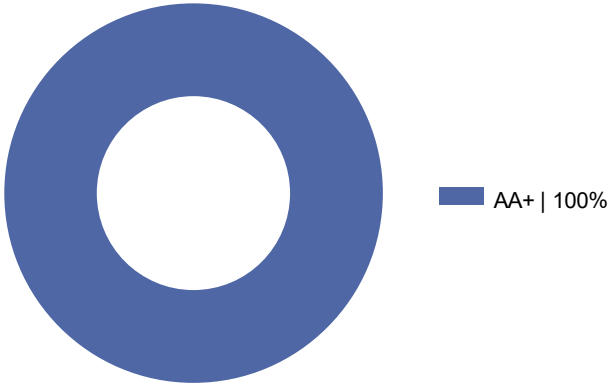
#### Portfolio Statistics

<b>Total Market Value</b>	\$131,257,274.90
<i>Securities Sub-Total</i>	\$121,246,544.63
<i>Accrued Interest</i>	\$7,987.40
<i>Cash</i>	\$10,002,742.87
<b>Portfolio Effective Duration</b>	1.83 years
<b>Benchmark Effective Duration</b>	0.16 years
<b>Yield At Cost</b>	3.13%
<b>Yield At Market</b>	4.44%
<b>Portfolio Credit Quality</b>	AA

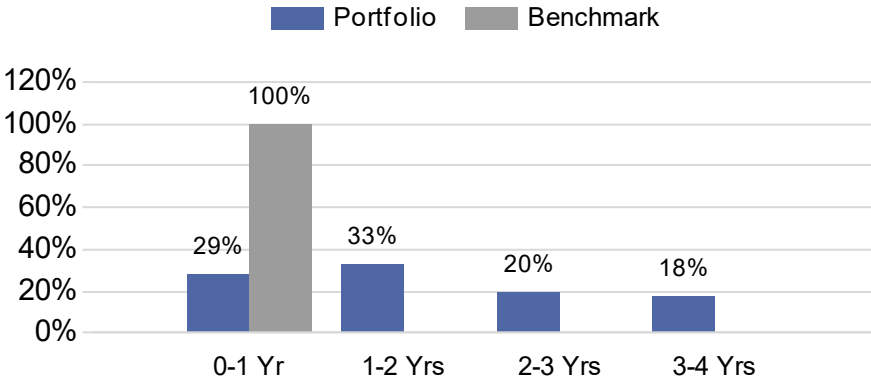
#### Sector Allocation



#### Credit Quality - S&P



#### Duration Distribution



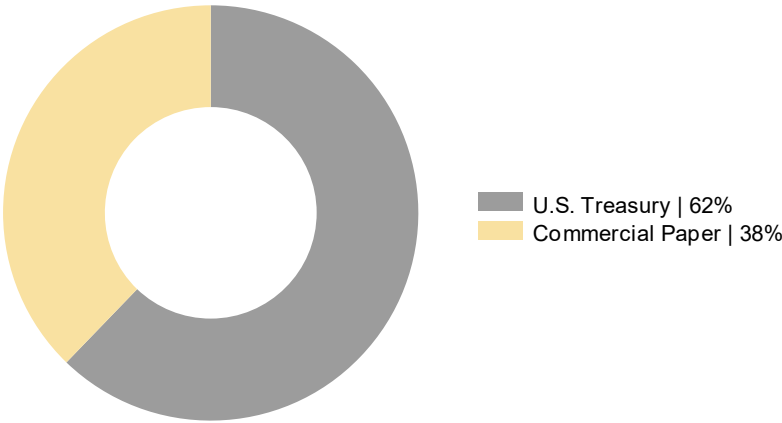
1. Yield and duration calculations exclude cash and cash equivalents. Sector allocation includes market values and accrued interest. The portfolio's benchmark is the ICE BofA 3 Month U.S. Treasury Index. Source: Bloomberg. An average of each security's credit rating was assigned a numeric value and adjusted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

### Portfolio Snapshot - MNAA SERIES 2022 REVENUE BONDS<sup>1</sup>

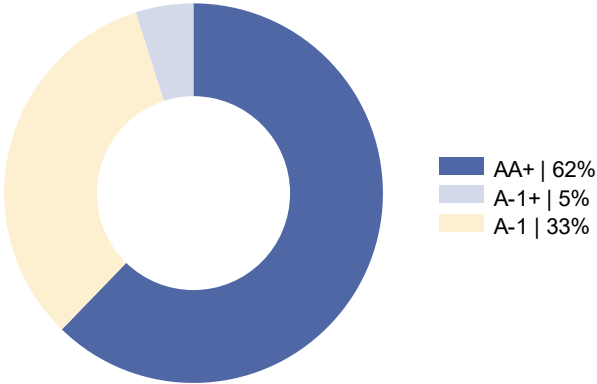
#### Portfolio Statistics

<b>Total Market Value</b>	\$263,889,197.25
<i>Securities Sub-Total</i>	\$190,296,381.98
<i>Accrued Interest</i>	\$160,116.46
<i>Cash</i>	\$73,432,698.81
<b>Portfolio Effective Duration</b>	0.45 years
<b>Yield At Cost</b>	5.10%
<b>Yield At Market</b>	5.11%
<b>Portfolio Credit Quality</b>	AA

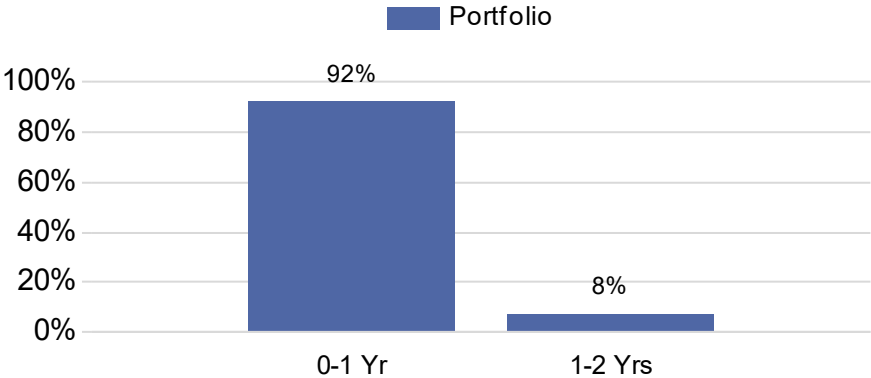
#### Sector Allocation



#### Credit Quality - S&P



#### Duration Distribution



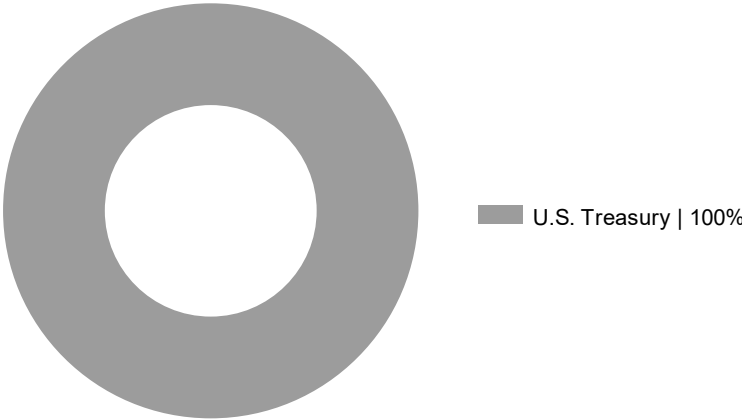
1. Yield and duration calculations exclude cash and cash equivalents. Sector allocation includes market values and accrued interest. An average of each security's credit rating was assigned a numeric value and adjusted for its relative weighting in the portfolio.

### Portfolio Snapshot - MNAA SERIES 2022 CAP I<sup>1</sup>

#### Portfolio Statistics

<b>Total Market Value</b>	\$17,613,737.06
<i>Securities Sub-Total</i>	\$17,382,798.55
<i>Accrued Interest</i>	\$36,608.61
<i>Cash</i>	\$194,329.90
<b>Portfolio Effective Duration</b>	0.61 years
<b>Yield At Cost</b>	4.41%
<b>Yield At Market</b>	4.91%
<b>Portfolio Credit Quality</b>	AA

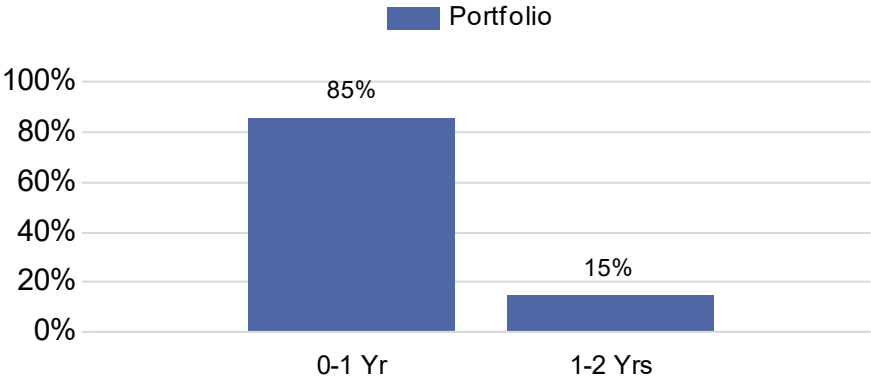
#### Sector Allocation



#### 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 or 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.

# STAFF ANALYSIS

## Finance Committee (Information Only)

Date: February 14, 2024  
Facility: Nashville International Airport  
Subject: FY2024 – 2<sup>nd</sup> Quarter – MNAA Employee Retirement Plan and Other Post-Employment Benefits (OPEB) Investment Report

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### I. Reports

Attached is the Performance Report prepared by Principal for the 2<sup>nd</sup> Quarter of FY2024. The Principal report covers the period from October 1, 2023 through December 31, 2023.

### II. Analysis

#### A. **Summary**

##### MNAA Retirement Plan

The quarter (three months) total portfolio return gross of fees was 9.10% compared to the designated Composite Benchmark of 9.02%. The three-month total portfolio return net of fees was 9.04%.

The fiscal year-to-date (six months) total portfolio return gross of fees was 5.54% compared to the designated Composite Benchmark of 5.48%. The year-to-date total portfolio return net of fees was 5.43%.

##### Asset Allocation Summaries – Retirement Plan

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

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

**Pension - Asset Allocation as of 10/31/2023 (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	\$ 2,206,447.42	3.00%	0%-3%-100%	Yes	100.00%	97.00%
Bonds and Notes	\$ 35,140,834.43	47.73%	0%-47%-57%	Yes	57.00%	9.27%
Equities - Large Cap <sup>(a)</sup>	\$ 5,894,847.21	8.01%	0%-8%-10.40%	Yes	10.40%	2.39%
Equities - S&P 500 Funds <sup>(a)</sup>	\$ 7,596,993.62	10.32%	0%-10.5%-17.40%	Yes	17.40%	7.08%
Equities - Large Cap Growth <sup>(a)</sup>	\$ 5,818,190.92	7.90%	0%-8%-10.40%	Yes	10.40%	2.50%
Equities - Mid Cap <sup>(a)</sup>	\$ 5,023,691.47	6.82%	0%-7.00%-9.10%	Yes	9.10%	2.28%
Equities - Small Cap <sup>(a)</sup>	\$ 2,872,036.69	3.90%	0%-4.00%-5.20%	Yes	5.20%	1.30%
Equities - International <sup>(a)</sup>	\$ 9,075,564.99	12.33%	0%-12.50%-16.10%	Yes	16.10%	3.77%
<b>Total</b>	<b>\$ 73,628,606.75</b>	<b>100.00%</b>				
(a) Total Equities	\$ 36,281,324.90	49.28%	0%-50%-60%	Yes	60.00%	10.72%

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

As of November 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 11/30/2023 (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	\$ 2,081,088.02	2.67%	0%-3%-100%	Yes	100.00%	97.33%
Bonds and Notes	\$ 36,850,522.03	47.22%	0%-47%-57%	Yes	57.00%	9.78%
Equities - Large Cap <sup>(a)</sup>	\$ 6,312,190.48	8.09%	0%-8%-10.40%	Yes	10.40%	2.31%
Equities - S&P 500 Funds <sup>(a)</sup>	\$ 8,185,275.79	10.49%	0%-10.5%-17.40%	Yes	17.40%	6.91%
Equities - Large Cap Growth <sup>(a)</sup>	\$ 6,291,302.00	8.06%	0%-8%-10.40%	Yes	10.40%	2.34%
Equities - Mid Cap <sup>(a)</sup>	\$ 5,450,097.59	6.98%	0%-7.00%-9.10%	Yes	9.10%	2.12%
Equities - Small Cap <sup>(a)</sup>	\$ 3,129,590.43	4.01%	0%-4.00%-5.20%	Yes	5.20%	1.19%
Equities - International <sup>(a)</sup>	\$ 9,741,086.27	12.48%	0%-12.50%-16.10%	Yes	16.10%	3.62%
<b>Total</b>	<b>\$ 78,041,152.61</b>	<b>100.00%</b>				
(a) Total Equities	\$ 39,109,542.56	50.11%	0%-50%-60%	Yes	60.00%	9.89%

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

As of December 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 12/31/2023 (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	\$ 2,251,404.36	2.77%	0%-3%-100%	Yes	100.00%	97.23%
Bonds and Notes	\$ 38,108,572.73	46.84%	0%-47%-57%	Yes	57.00%	10.16%
Equities - Large Cap <sup>(a)</sup>	\$ 6,643,756.85	8.17%	0%-8%-10.40%	Yes	10.40%	2.23%
Equities - S&P 500 Funds <sup>(a)</sup>	\$ 8,556,844.95	10.52%	0%-10.5%-17.40%	Yes	17.40%	6.88%
Equities - Large Cap Growth <sup>(a)</sup>	\$ 6,576,899.82	8.08%	0%-8%-10.40%	Yes	10.40%	2.32%
Equities - Mid Cap <sup>(a)</sup>	\$ 5,713,529.67	7.02%	0%-7.00%-9.10%	Yes	9.10%	2.08%
Equities - Small Cap <sup>(a)</sup>	\$ 3,283,000.48	4.04%	0%-4.00%-5.20%	Yes	5.20%	1.16%
Equities - International <sup>(a)</sup>	\$ 10,221,591.57	12.56%	0%-12.50%-16.10%	Yes	16.10%	3.54%
<b>Total</b>	<b>\$ 81,355,600.43</b>	<b>100.00%</b>				
(a) Total Equities	\$ 40,995,623.34	50.39%	0%-50%-60%	Yes	60.00%	9.61%

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

### Asset Valuation Summaries – Retirement Plan

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

### Asset Valuation Summary Pension Plan

Month	Cost	Market	Unrealized Gain/Loss
10/31/2023	\$ 68,388,406.72	\$ 73,628,606.75	\$ 5,240,200.03
11/30/2023	\$ 68,119,883.78	\$ 78,041,152.61	\$ 9,921,268.83
12/31/2023	\$ 68,050,252.37	\$ 81,355,600.43	\$ 13,305,348.06

### Reconciliation Summary – Retirement Plan

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

### Pension Summary 2<sup>nd</sup> QTR FY 2024 (market value)

	10/31/2023	11/30/2023	12/31/2023	2Q FY-to-Date
Beginning Market Value	75,797,506.56	73,628,606.75	78,041,152.61	75,797,506.56
Total Cash Receipts	141,978.22	129,455.29	332,125.90	603,559.41
Total Cash Disbursements	(441,613.58)	(397,978.23)	(401,757.31)	(1,241,349.12)
Change in Fair Market Value	(1,869,264.45)	4,681,068.80	3,384,079.23	6,195,883.58
Ending Market Value	73,628,606.75	78,041,152.61	81,355,600.43	81,355,600.43

### MNAA OPEB

The quarter (three months) total portfolio return gross of fees was 9.50% compared to the designated Composite Benchmark of 9.72%. The three-month total portfolio return net of fees was 9.44%.

The fiscal year-to-date (six months) total portfolio return gross of fees was 5.87% compared to the designated Composite Benchmark of 6.12%. The year-to-date total portfolio return net of fees was 5.76%.

### Asset Allocation Summaries – OPEB

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

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

**OPEB - Asset Allocation as of 10/31/2023 (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	\$ 971,443.15	2.64%	0%-3%-100%	Yes	100.00%	97.36%
Bonds and Notes	\$ 13,973,140.89	37.98%	0%-37%-42%	Yes	42.00%	4.02%
Equities - Large Cap Value <sup>(a)</sup>	\$ 3,589,409.04	9.76%	0%-9.6%-10.80%	Yes	10.80%	1.04%
Equities - S&P 500 Funds <sup>(a)</sup>	\$ 4,612,816.51	12.54%	0%-12.60%-14.20%	Yes	14.20%	1.66%
Equities - Large Cap Growth <sup>(a)</sup>	\$ 3,511,202.36	9.54%	0%-9.60%-10.80%	Yes	10.80%	1.26%
Equities - Mid Cap <sup>(a)</sup>	\$ 3,015,800.22	8.20%	0%-8.40%-9.50%	Yes	9.50%	1.30%
Equities - Small Cap <sup>(a)</sup>	\$ 1,650,676.09	4.49%	0%-4.80%-5.40%	Yes	5.40%	0.91%
Equities - International <sup>(a)</sup>	\$ 5,470,254.06	14.87%	0%-15%-16.80%	Yes	16.80%	1.93%
<b>Total</b>	<b>\$ 36,794,742.32</b>	<b>100.00%</b>				
(a) Total Equities	\$ 21,850,158.28	59.38%	0%-60%-65%	Yes	65.00%	5.62%

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

As of November 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 11/30/2023 (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	\$ 950,692.16	2.43%	0%-3%-100%	Yes	100.00%	97.57%
Bonds and Notes	\$ 14,654,302.79	37.41%	0%-37%-42%	Yes	42.00%	4.59%
Equities - Large Cap Value <sup>(a)</sup>	\$ 3,843,425.72	9.81%	0%-9.6%-10.80%	Yes	10.80%	0.99%
Equities - S&P 500 Funds <sup>(a)</sup>	\$ 4,938,453.53	12.61%	0%-12.60%-14.20%	Yes	14.20%	1.59%
Equities - Large Cap Growth <sup>(a)</sup>	\$ 3,795,527.48	9.69%	0%-9.60%-10.80%	Yes	10.80%	1.11%
Equities - Mid Cap <sup>(a)</sup>	\$ 3,271,516.32	8.35%	0%-8.40%-9.50%	Yes	9.50%	1.15%
Equities - Small Cap <sup>(a)</sup>	\$ 1,800,669.90	4.60%	0%-4.80%-5.40%	Yes	5.40%	0.80%
Equities - International <sup>(a)</sup>	\$ 5,914,783.70	15.10%	0%-15%-16.80%	Yes	16.80%	1.70%
<b>Total</b>	<b>\$ 39,169,371.60</b>	<b>100.00%</b>				
(a) Total Equities	\$ 23,564,376.65	60.16%	0%-60%-65%	Yes	65.00%	4.84%

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

As of December 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 12/31/2023 (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	\$ 1,058,951.07	2.58%	0%-3%-100%	Yes	100.00%	97.42%
Bonds and Notes	\$ 15,185,897.07	37.02%	0%-37%-42%	Yes	42.00%	4.98%
Equities - Large Cap Value <sup>(a)</sup>	\$ 3,951,282.30	9.63%	0%-9.6%-10.80%	Yes	10.80%	1.17%
Equities - S&P 500 Funds <sup>(a)</sup>	\$ 5,162,667.98	12.59%	0%-12.60%-14.20%	Yes	14.20%	1.61%
Equities - Large Cap Growth <sup>(a)</sup>	\$ 4,023,018.17	9.81%	0%-9.60%-10.80%	Yes	10.80%	0.99%
Equities - Mid Cap <sup>(a)</sup>	\$ 3,453,419.39	8.42%	0%-8.40%-9.50%	Yes	9.50%	1.08%
Equities - Small Cap <sup>(a)</sup>	\$ 1,975,919.94	4.82%	0%-4.80%-5.40%	Yes	5.40%	0.58%
Equities - International <sup>(a)</sup>	\$ 6,207,444.75	15.13%	0%-15%-16.80%	Yes	16.80%	1.67%
<b>Total</b>	<b>\$ 41,018,600.67</b>	<b>100.00%</b>				
(a) Total Equities	\$ 24,773,752.53	60.40%	0%-60%-65%	Yes	65.00%	4.60%

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

Asset Valuation Summaries - OPEB

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

**Asset Valuation Summary OPEB**

Month	Cost	Market	Unrealized Gain/Loss
10/31/2023	\$ 38,131,677.26	\$ 36,794,742.32	\$ (1,336,934.94)
11/30/2023	\$ 38,059,443.83	\$ 39,169,371.60	\$ 1,109,927.77
12/31/2023	\$ 38,873,501.66	\$ 41,018,600.67	\$ 2,145,099.01

Reconciliation Summary - OPEB

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

**OPEB Summary 2<sup>nd</sup> QTR FY 2024 (market value)**

	10/31/2023	11/30/2023	12/31/2023	2Q FY-to-Date
Beginning Market Value	37,839,924.53	36,794,742.32	39,169,371.60	37,839,924.53
Total Cash Receipts	42,145.11	45,055.06	328,265.35	415,465.52
Realized Gain/(Loss)	23,854.09	48,779.35	565,049.22	637,682.66
Total Cash Disbursements	(142,419.18)	(166,067.84)	(79,256.74)	(387,743.76)
Change in Fair Market Value	(968,762.23)	2,446,862.71	1,035,171.24	2,513,271.72
Ending Market Value	36,794,742.32	39,169,371.60	41,018,600.67	41,018,600.67

**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

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**MONTHLY CLIENT REPORT**

As of December 31, 2023



# Portfolio Reporting

AS OF DECEMBER 31, 2023

## Retirement Plan for Employees of MNAA

Return Type	Return Duration								
	MTD	3Mo	FYTD	YTD	1Yr	3Yr*	5Yr*	10Yr*	SI*
Gross Return	4.78	9.10	5.54	14.09	14.09	2.10	7.76	6.23	8.77
Net Return	4.78	9.04	5.43	13.86	13.86	1.90	7.53	5.97	8.56
BM Return	4.82	9.02	5.48	13.56	13.56	2.17	7.25	6.11	8.50
Gross Excess Return	-0.04	0.08	0.06	0.52	0.52	-0.06	0.51	0.12	0.27
Net Excess Return	-0.04	0.02	-0.04	0.30	0.30	-0.27	0.28	-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	4.92	9.50	5.87	15.49	15.49	3.12	8.73	6.59	7.57
Net Return	4.92	9.44	5.76	15.26	15.26	2.91	8.52	6.37	7.37
BM Return	4.98	9.72	6.12	16.59	16.59	3.53	8.75	6.76	7.76
Gross Excess Return	-0.06	-0.22	-0.25	-1.10	-1.10	-0.41	-0.02	-0.17	-0.18
Net Excess Return	-0.06	-0.28	-0.36	-1.33	-1.33	-0.61	-0.23	-0.39	-0.39

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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