

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



Date/Time: Wednesday, November 13, 2024, at 9:40 a.m.

Place: Nashville International Airport – Tennessee Board Room

Finance Committee Members: Andrew Byrd, Committee Chair
Dr. Glenda Glover, Committee Vice Chair
Glenn Farner

I. CALL TO ORDER

II. PUBLIC COMMENTS

No requests for public comment received to date. Deadline is November 11, at 9:00 p.m.

III. APPROVAL OF MINUTES

October 9, 2024 Minutes of the Joint Meeting of the MNAA and MPC Finance, Diversity & Workforce Development Committees

IV. CHAIR'S REPORT

V. ITEMS FOR APPROVAL

1. Customer Facility Charge ("CFC") Increase, MNAA Resolution 2024-08
2. Lease Agreement for 2nd Fixed Base Operator ("FBO") at JWN
3. Icelandair Incentive Agreement – Reykjavik
4. Aer Lingus Incentive Agreement – Dublin

VI. INFORMATION ITEMS

1. Info Only – BNA Concessions Program Quarterly Update and Sales Report
2. Info Only – Quarterly Retirement/OPEB/Treasury Investment Reports

VII. ADJOURN

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



Date: October 9, 2024

Location: Metropolitan Nashville Airport Authority
Tennessee Boardroom

Time: 9:38 a.m.

Committee Members Present:

Andrew Byrd, Committee Chair; Glenda Glover, Committee Vice Chair; and Glenn Farner

Committee Members Absent:

Other Board Members Present:

Nancy Sullivan, Bobby Joslin, and Joycelyn Stevenson

MNAA Staff & Guests Present:

Doug Kreulen, Cindy Barnett, Lisa Lankford, Trish Saxman, Marge Basrai, Neale Bedrock, John Cooper, Adam Floyd, Eric Johnson, Roman Keselman, Carrie Logan, Rachel Moore, Ted Morrissey, Stacey Nickens, Josh Powell, Robert Ramsey, and Davita Taylor;
Cory Czynewski, BofA Securities, Lauren Lowe, PFM

I. CALL TO ORDER

Chair Byrd called the Joint Meeting of the MNAA and MPC Finance, Diversity & Workforce Development (“Finance”) Committees to order at 9:41 a.m. pursuant to Public Notice dated October 4, 2024.

II. PUBLIC COMMENT

Chair Byrd stated there were no public comment requests received.

III. APPROVAL OF MINUTES

Chair Byrd asked for a motion to approve the September 11, 2024 Minutes of the Joint Meeting of the MNAA & MPC Finance Committees. Vice Chair Glover made a motion and Commissioner Farner seconded the motion.

Chair Byrd asked Ms. Saxman for a roll call:

Chair Byrd – Yes

Vice Chair Glover – Yes

Commissioner Farnier – Yes

The motion passed with a vote of 3 to 0.

IV. CHAIR'S REPORT

Chair Byrd had no Chair's report.

V. ITEMS FOR APPROVAL

1. Amended and Restated Note Purchase Agreement with Bank of America, N.A. (Finance)

MNAA Resolution 2024-09; Initial Resolution

MNAA Resolution 2024-10, Authorizing Resolution

President Kreulen introduced Marge Basrai, EVP, Chief Financial Officer, to brief the Committee on the Amended and Restated Note Purchase Agreement with Bank of America, N.A. ("BofA"). Ms. Basrai introduced Lauren Lowe with PFM, and Cory Czyzewski with BofA Securities. Ms. Basrai stated on January 7, 2019, MNAA entered into a new Note Purchase Agreement (NPA) with Bank of America (BofA) to provide short-term funding for MNAA's capital projects. Draws are expected to be refinanced with long-term bonds, and MNAA did that in 2019 and 2022. MNAA made a commitment amount of up to \$300 million for five years at variable interest rates using LIBOR (London Interbank Offered Rate) index.

On November 26, 2019, MNAA executed the First Amendment of the NPA with BofA and increased the commitment amount to \$400 million. At that point the BNA Vision was expanding, and we needed that extra \$100M to keep spending before we actually got to the bond market in 2019. MNAA added an accordion feature which set our initial commitment amount at \$100 million and gave the ability to increase/decrease the facility as needed in order to save on commitment fees. On December 1, 2021, MNAA executed the Second Amendment of the NPA with BofA, which reduced the commitment amount to \$300 million, removed the accordion feature due to pandemic volatility, and updated interest rate index to BSBY (Bloomberg Short-Term Bank Yield) due to LIBOR publication

ceasing on June 30, 2023. On December 20, 2023, MNAA executed the Third Amendment of the NPA with BofA, which extended maturity of the notes for a period not to exceed one year to allow additional time to negotiate a new NPA.

MNAA discussed our need for a new NPA with PFM, MNAA's financial advisors. 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 negotiate directly with BofA for a new NPA. In August 2024 we completed negotiations for the Amended & Restated NPA with BofA for a three-year period. Ms. Basrai asked PFM to compare the proposed pricing and terms to other similar short-term financing programs that were recently completed (airports, higher education, and state entities). From their view, the proposed pricing/terms are comparable and in many cases favorable to other programs and recommended proceeding with the renewal with BofA.

Ms. Basrai presented a table with a comparison of the pricing/terms between the current NPA and the Amended & Restated NPA. The available Commitment will go back up to \$400M. It is a 3-year commitment period that will mature on or before November 5, 2027 (trying to close before 10/31; 11/5 is the backup date). BofA offered the accordion feature back. The Initial Commitment amount on day of closing will be \$200M. From there we can request increases to the Commitment amount in increments up to the \$400M. This will save us in unused commitment fees. These requests for increase up to \$400M is subject to approval from BofA. There is slight risk that we may not get up to the \$400M; however, we believe the risk is very low. During the pandemic they kept the commitment fully open even when they technically did not have to. In the event that something does not get approved we have cash that we can temporarily use to fund our construction and then go back to the market sooner than we anticipated. The current NPA uses BSBY as the interest rate index. That will be ceasing on November 15, 2024, so we are now using the Daily SOFR (Secured Overnight Financing Rate) as the index.

Ms. Basrai showed the comparable taxable and tax-exempt rates as of 9/23/24, which are just slightly higher due to some new banking regulations in early 2024. Ms. Basrai stated the items in red are what the actual interest rate will be using both of those indexes and the formula as of 9/23/24, which is the date the staff analysis was prepared and are the rates currently today. The current NPA tax-

exempt rate will be at 4.328%, and the Amended and Restated NPA would be at 4.434%, very minimal difference. Most of our projects and bonds are issued at tax-exempt, and the interest rate difference is very minimal. Interest rates did go up slightly, and there are some charges in the formula due to some banking regulations earlier in the year. The Commitment Fee we do pay is a fee on the unused portion of 50% of the commitment amount. If we have a \$200M commitment, and we have not used up to \$100M, we pay a commitment fee on that. The commitment fee is going up 11 bps (20 to 31 bps), however, with the accordion feature we can minimize the commitment amount to keep these fees down.

Commissioner Joslin asked where we were on the tax-exempt in 2019. Ms. Basrai stated it was down 2%, so more than doubled, but interest rates are much higher. As the Fed is starting to lower, the rates are coming back down. Chair Byrd asked when the annual fee is paid. Ms. Basrai responded it is paid monthly. Chair Byrd asked if the tax-exempt interest rates and the taxable interest rates are alternative rates. Ms. Basrai responded yes, most of our projects are considered tax-exempt projects. The parking garage that the hotel rents from us had to be issued taxable. It depends on whatever project we are drawing money on and how it is treated as tax-exempt or taxable. Most of our debt is tax-exempt. Chair Byrd asked if the tax-exempt interest rate is reset weekly or monthly. Ms. Lowe stated it resets monthly.

Vice Chair Glover asked what MNAA's exposure is in dollars. Ms. Basrai replied the only exposure could be that we have a \$300M commitment right now and asking for an initial commitment of \$200M, so there could be \$100M that the bank decides not to give to us, but that is not likely at all. MNAA has cash that can be used as backup. Vice Chair Glover asked the timeline, and to go over the accordion feature and why we got rid of it. Ms. Basrai responded in November 2019 we went up to the \$400M and they gave us an accordion feature that allowed us to start at the \$100M and increase as needed. Vice Chair Glover asked by any amount. Ms. Basrai replied yes, by any increment. MNAA never started using it, we had \$100M commitment and the pandemic happened and we had just gone to the bond market so we had construction funds to spend and we actually never needed to physically increase that commitment. BofA internally marked that \$400M for us so if we needed it, we would have it. As part of the pandemic this is something that went away and she wanted to make sure that we had that \$300M commitment because of the pandemic. When we came back for the amendment, we removed that part. Chair Byrd asked if the source of repayment is long-term bond.

Ms. Basrai replied yes. President Kreulen stated as long as this agreement is good; from 2024 - 2027, when Ms. Basrai goes to the bond market in 2025, she can pay that \$400M down and start over again. Commissioner Farner asked for a definition of commitment in the context of this. Ms. Basrai responded in this case, it is a legal commitment that the bank says when you sign the NPA they are committing to providing you a certain dollar amount for us to draw on.

Interruption by Unrecognized Speaker, Simon Haber, representing Tennessee Drivers Union

President Kreulen asked to not interrupt the meeting and we can explain all to him after the meeting.

Ms. Basrai requested the Finance Committee recommend to the Board of Commissioners that it:

- 1) Approve MNAA Resolution No. 2024-09, Initial Resolution, pertaining to an additional issuance under the Authority's Amended and Restated NPA to finance a portion of the Authority's Capital Improvement Program not to exceed \$400 million; and
- 2) Approve MNAA Resolution 2024-10, Authorizing Resolution, for an Amended and Restated NPA to finance a portion of the Authority's Capital Improvement Program, to consolidate the NPAs into a single document, and establish an initial available commitment of \$200 million; and
- 3) Authorize the President and CEO to execute the Amended and Restated NPA with BofA

Chair Byrd asked for a motion to approved as presented. Vice Chair Glover made a motion and Commissioner Farner seconded the motion.

Chair Byrd asked Ms. Saxman for a roll call:

Chair Byrd – Yes

Vice Chair Glover – Yes

Commissioner Farner – Yes

The motion passed with a vote of 3 to 0.

2. Contract for Human Capital Management System (Finance)

President Kreulen introduced Randy Dorsten, AVP, Human Resources, to brief the Board on the Contract for Human Capital Management System. Mr. Dorsten stated this contract is for the replacement of the current UKG HCMS (Human Resources and Payroll System). This system helps us recruit, train, payroll, and benefits. MNAA has been on the UKG for approximately 20 years. UKG is planning to sunset their current system and move to a new system, so we decided to send out Request for Information (“RFI”) to look at new opportunities. Through the RFI, MNAA received responses from four different systems; of those systems two are on current Cooperative Contracts, ADP and Workday. We evaluated those systems, knowing that our current system will run out of contract in March 2026, with the idea that we would have a pretty extensive implementation time period. The Selection Committee reviewed and recommended that we go with ADP as a solution, with the cost for 5 years is approximately \$2.3M. For reference, if we stay with our current system, it would be a pretty comparable number, but do not know what the pricing would be for UKG’s new product.

Vice Chair Glover asked if the MNAA payroll is contracted out. President Kreulen replied no, and explained this is for a new software system. It takes approximately one year to get everything changed over. Chair Byrd asked what purpose this serves. Mr. Dorsten replied our Human Capital Management System has our payroll, benefits administration, recruiting, and learning management. Chair Byrd asked if it is an online system. Mr. Dorsten replied yes, cloud based. Vice Chair Glover asked if MNAA determined the one we had was insufficient. President Kreulen replied yes, we have had UKG for many years and the HR team performed benchmarking to determine what is best. Vice Chair Glover asked if there is a clause that will let us out of the contract in case we are not satisfied. Ms. Davita Taylor, VP, Procurement and Business Diversity, replied yes, we do. It is standard practice in all of our contracts, 30 days and may be up to 60 days. Commissioner Farner asked if it was fully vetted, the customer service portion. From his personal experience, the customer service was located overseas and became very difficult with state tax remissions and working out issues. Mr. Dorsten replied ADP now has a more local customer service with a point of contact in Nashville.

Mr. Dorsten requested the Finance Committee recommend to the Board of Commissioners that it accept the proposal by ADP for Workforce Now and authorize the Chair and President and CEO to execute the contract for \$2,300,000 NTE.

Chair Byrd asked for a motion to approved as presented. Vice Chair Glover made a motion and Commissioner Farner seconded the motion.

Chair Byrd asked Ms. Saxman for a roll call:

Chair Byrd – Yes

Vice Chair Glover – Yes

Commissioner Farner – Yes

The motion passed with a vote of 3 to 0.

VI. INFORMATION ITEMS

None.

VII. ADJOURN

There being no further business brought before the Finance Committee, Chair Byrd adjourned the meeting at 10:03 a.m.

Andrew W. Byrd, Board Secretary

STAFF ANALYSIS

Finance Committee

Date: November 13, 2024
Facility: MNAA
Subject: Customer Facility Charge ("CFC") Increase
MNAA Resolution 2024-08

I. Recommendation

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

- 1) authorize the Chair and President and CEO to adopt MNAA Resolution 2024-08, which amends MNAA Resolution 2009-14, to increase the CFC from \$4.50 per transaction day to \$10.00 per transaction day to fund costs associated with the current and future CONRAC Facility.

II. Analysis

A. Background

The Authority is authorized to impose rates and charges, such as Customer Facility Charges ("CFCs"), by its enabling statute, T.C.A. § 42-4-101, et seq. Pursuant to T.C.A. § 52-4-107(10), the Authority has "the right and duty to establish and charge fees, rentals, rates and other charges, and collect revenues there from, not inconsistent with the rights of the holders of its bonds ...".

In November 2007, the Board approved MNAA Resolution 2007-21 to authorize the imposition by the Authority of a CFC on the customers of on-airport car rental companies in the amount of \$4.00 per transaction day. Under this Enabling Resolution, CFCs are to be used to pay or to reimburse the Authority for the costs associated with the planning, design, construction, financing, and operation of the Consolidated Rental Car Facility (the "CONRAC Facility") on BNA. The CFC became effective January 1, 2008. The car rental companies are required to collect the CFCs from their customers and remit the CFCs to MNAA on a monthly basis.

In September 2008, the Board approved MNAA Resolution 2008-15, which amended and restated MNAA Resolution 2007-21 as follows:

- CFCs collected by on-Airport car rental companies from each of its customers shall remain the property of the Authority only. The Authority shall have the right to pledge the CFC proceeds as collateral security for the payment of any debt obligations incurred by the Authority in connection with the planning, design, construction, financing, maintenance and operation of the CONRAC Facility.
- The CFC proceeds shall be used to pay, or reimburse the Authority for, the costs, fees and expenses associated with the planning, design, construction, financing, maintenance and operation of the CONRAC Facility and other costs, fees and expenses that may be paid from CFC proceeds.

In November 2009, the Board approved MNAA Resolution 2009-14, which amended MNAA Resolution 2008-15, to increase the amount of the CFC imposed by MNAA on customers of on-Airport rental companies from \$4.00 per transaction day to \$4.50 per transaction day. This became effective on November 18, 2009. The increase in the CFC rate was determined to be necessary to provide additional funding for the financing of the CONRAC Facility and to enhance the financial viability of the CONRAC Facility.

During January 2010, MNAA issued \$66,300,000 in Special Facility Revenue Bonds Series 2010 Bonds. The Series 2010 Bonds were issued in order to provide certain financing for the construction of the CONRAC Facility. MNAA pledged CFC proceeds for the payment of and as collateral security for the Series 2010 Bonds.

In May 2018, MNAA issued Direct Placement CONRAC Refunding Series 2018 Bonds in the principal amount of \$27,358,295 to SunTrust Bank. The Series 2018 Refunding Bonds were issued to pay off the remaining Series 2010 Bonds and reduce the interest rate on the remaining debt for the CONRAC. CFC proceeds are pledged for the payment of and as collateral security for the Series 2018 Refunding Bonds. As of October 31, 2024, the outstanding amount on these bonds were \$14,605,562. The bonds mature on July 1, 2028.

As presented to the Board at the Retreat on October 16, 2024, based on forecasting by Operations, Planning, and multiple consultants, the demand for the CONRAC Facility will be approximately 4,700 spaces. Currently the facility has 2,870 spaces. MNAA is in the planning stages of a new Garage and Rental Car Complex, which will hold a new CONRAC Facility. Preliminary high-level estimates for a new CONRAC Facility are between \$564M - \$663M.

In order to start discussions on the financing of a new CONRAC Facility, MNAA tasked Landrum & Brown to conduct a preliminary CONRAC Affordability Analysis. The following assumptions were made for the analysis:

- 1) Three traffic projections:
 - Conservative – 3% annual enplanement growth
 - Baseline - annual growth of 590,000 enplanements (declining growth)
 - Moderate – 7% annual enplanement growth
- 2) CFC rate remains at \$4.50
- 3) CFCs will be needed to pay for:
 - a) Debt on the current facility (through July 1, 2028)
 - b) O&M expenses of the current facility until closed
 - c) Debt on the new facility (assumes bond issuance in FY27; cash used for construction prior to bond issuance)
 - d) O&M expenses of the new facility once opened (assumes opening 7/1/28)

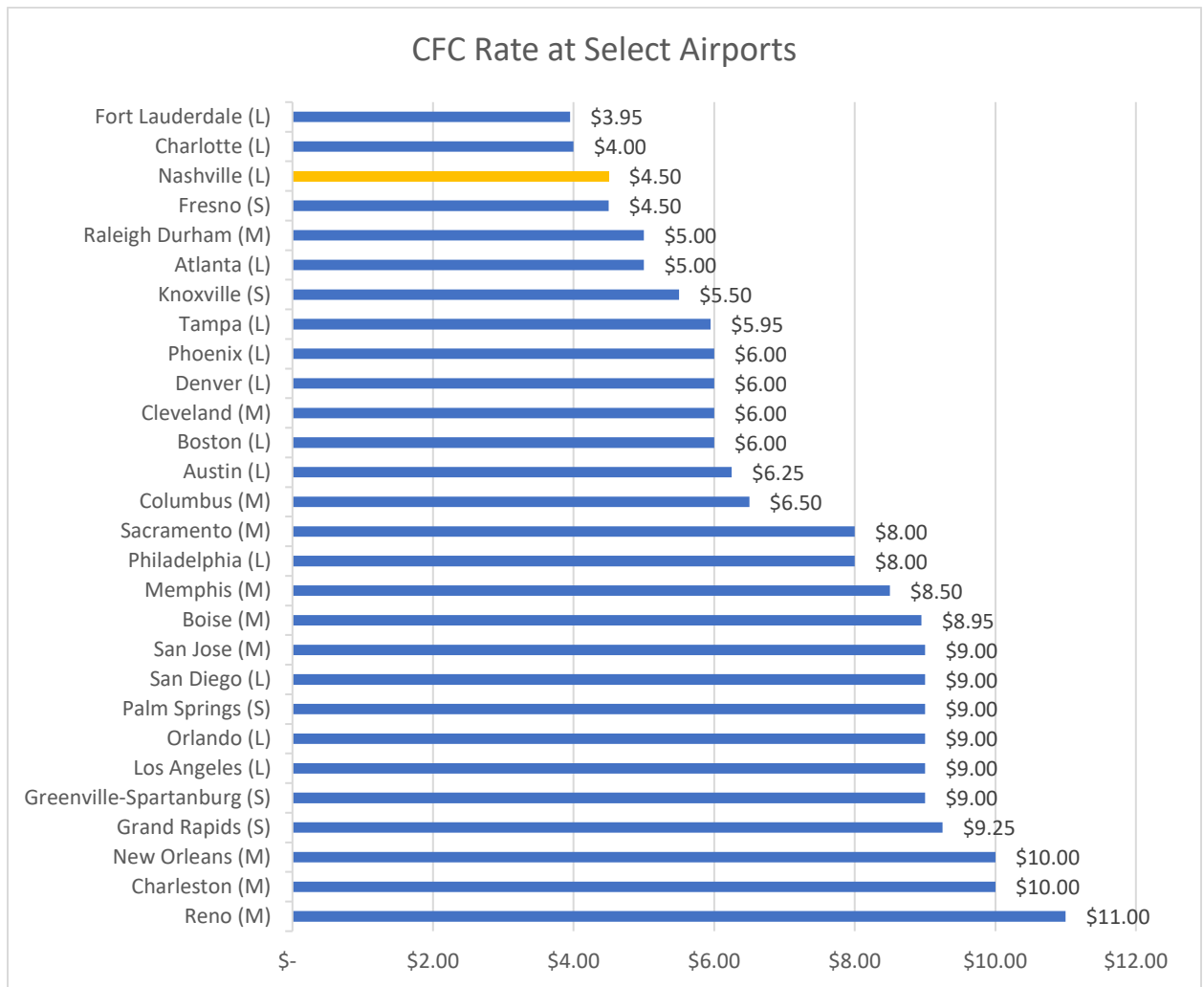
Based on these assumptions, the total CFC project funding available would be as follows:

Air Traffic Scenario	CFC Rate	Project Costs from Financing	Project Costs from CFC Cash	Total CFC Project Funding Available
Conservative	\$4.50	\$99.4M	\$89.3M	\$188.7M
Baseline	\$4.50	\$107.8M	\$92.6M	\$200.4M
Moderate	\$4.50	\$120.6M	\$98.6M	\$219.2M

The funding availability range of \$188.7M - \$219.2M is significantly under the projected estimates for the new CONRAC Facility of \$564M - \$663M. An increase in the CFC rate is necessary in order to afford a new CONRAC Facility.

B. Impact/Findings

MNAA started the process of establishing a CFC increase by researching current CFC rates at other airports. A listing of approved CFC rates effective for 2025 by airport hub size was provided by BofA Securities. The chart below does not include every airport on this list, but it does include many of the airports that have outstanding debt on a CONRAC Facility or are collecting CFCs with the intent to issue debt to build a new facility:



As shown above, BNA is at the low end of the range, and a \$9-\$10 CFC rate is reasonable given the current market.

MNAA asked Landrum & Brown to run a new affordability analysis using a \$10 CFC rate effective January 1, 2025 (all other assumptions to remain the same). The results of the analysis are shown

below:

Air Traffic Scenario	CFC Rate	Project Costs from Financing	Project Costs from CFC Cash	Total CFC Project Funding Available
Conservative	\$10.00	\$230.2M	\$167.0M	\$397.2M
Baseline	\$10.00	\$249.0M	\$173.9M	\$422.9M
Moderate	\$10.00	\$280.2M	\$183.1M	\$463.3M

The funding availability range of \$397.2M - \$463.3M is over \$200M more than previously shown, however, it's still less than the projected estimates of \$564M - \$663M. In order to afford the estimated project costs, it is most likely that MNAA will need to increase the CFC rate above \$10 in the future, however, it is still very early in the planning process and more information is needed to make that determination. Setting a CFC rate at \$10 now will allow time for:

- Evaluation of impacts related to price elasticity
- Evaluation of long-term rental car market demand
- Flexibility in evaluating further increases based on actual traffic growth
- Flexibility in design of CONRAC Facility to reduce project costs
- Negotiations on a new CONRAC Agreement with the rental cars

Landrum & Brown also indicated to MNAA that the timing of the increase in the CFC rate has a significant impact on overall affordability. They ran another analysis still using a \$10 CFC rate but made the new rate effective on January 1, 2026. The funding availability range decreased by ~ \$20M to \$375.7M - \$440.4M. Therefore, both MNAA and Landrum & Brown believe it is prudent to act timely and start the \$10 CFC rate as soon as possible.

C. Strategic Priorities

- Plan for the Future

D. Options/Alternatives

- Make no recommendation for approval or recommend approval of a lower CFC rate. The CFC rate and the timing of the increase can have a significant impact on overall affordability of a new CONRAC Facility. This could delay the timing and scope of the project.

MNAA RESOLUTION 2024-08

A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE METROPOLITAN NASHVILLE AIRPORT AUTHORITY TO AMEND MNAA RESOLUTION 2009-14 INCREASING THE CUSTOMER FACILITY CHARGE CURRENTLY IMPOSED ON CUSTOMERS OF ON-AIRPORT CAR RENTAL COMPANIES TO FUND COSTS ASSOCIATED WITH THE CURRENT AND FUTURE CONRAC FACILITY

WHEREAS, the Board has previously approved and authorized the development of a Consolidated Rental Car Facility (CONRAC Facility) at the Nashville International Airport (BNA) to accommodate car rental companies and airline passengers who rent vehicles at BNA; and

WHEREAS the Metropolitan Nashville Airport Authority (MNAA) is obligated to pay certain costs, fees and expenses associated with the planning, design, construction, financing, maintenance and operation of the CONRAC Facility, and other costs, fees and expenses; and

WHEREAS the MNAA is authorized to impose rates and charges by its enabling statute, T.C.A. § 42-4-101, *et seq.*; and

WHEREAS, pursuant to MNAA Resolution 2007-21, which was amended and restated by MNAA Resolution 2008-15, the Board previously approved and authorized the collection of a customer facility charge (CFC) from customers of on-airport rental car companies in the amount of \$4.00 per transaction day as an appropriate means to fund costs, fees and expenses associated with or related to the CONRAC Facility; and

WHEREAS, pursuant to MNAA Resolution 2009-14, which amended MNAA Resolution 2008-15 to increase the CFC from \$4.00 per transaction day to \$4.50 per transaction day, and

WHEREAS the Board has concurred with the recommendation of the MNAA staff to start planning for the development of a new CONRAC Facility; and

WHEREAS, the Board has determined to amend MNAA Resolution 2009-14 to increase the CFC from \$4.50 per transaction day to \$10.00 per transaction day:

BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE METROPOLITAN NASHVILLE AIRPORT AUTHORITY (THE "AUTHORITY") AS FOLLOWS:

SECTION 1 The foregoing recitals are hereby made a part of this Resolution and adopted as findings and conclusions of the Board.

SECTION 2 The amount of the CFC imposed by the MNAA on customers of on-airport car rental companies shall be increased from \$4.50 per transaction day to \$10.00 per transaction day. The increase in the CFC effected by this Resolution is presently considered to be reasonable in light of the estimated costs, fees and expenses associated with the planning, design, construction, financing, maintenance and operation of the current and future CONRAC Facility, and other costs, fees and expenses that may be paid from CFC proceeds.

SECTION 3 The CFC proceeds collected by on-airport car rental companies from each of its customers shall remain the property of the MNAA only. The MNAA shall continue to have the right to pledge the CFC proceeds as collateral security for the payment of any debt obligations incurred by the

MNAA in connection with the planning, design, construction, financing, maintenance and operation of the current and future CONRAC Facility.

SECTION 4 The CFC proceeds shall be used to pay, or to reimburse the MNAA for, the costs, fees and expenses associated with the planning, design, construction, financing, maintenance and operation of the current and future CONRAC Facility and other costs, fees and expenses that may be paid from CFC proceeds.

SECTION 5 The collection of the CFC shall continue, uninterrupted, on and after the date hereof.

SECTION 6 This Resolution shall take effect upon adoption.

Approved this 20th day of December, 2024.

RECOMMENDED:

ADOPTED:

Douglas E. Kreulen, President & CEO

Nancy B. Sullivan, P.E., Chair

APPROVED AS TO FORM AND LEGALITY:

ATTEST:

MNAA Legal Counsel

Andrew W. Byrd, Secretary

STAFF ANALYSIS

Finance Committee

DATE: November 13, 2024

FACILITY: John C. Tune Airport

SUBJECT: 2nd Fixed Base Operator (FBO) at JWN

I. **RECOMMENDATION:**

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

- 1) Approve the terms negotiated between MNAA and Atlantic Aviation Nashville LLC (Atlantic Aviation) for the 2nd FBO at John C. Tune Airport; and
- 2) authorize the Chair and President & CEO to execute a lease agreement between MNAA and Atlantic Aviation that is consistent with these terms, as well as materially consistent with the RFP and Atlantic Aviation Nashville LLC's proposal.

II. **ANALYSIS:**

A. **Background:**

On July 17, 2024, MNAA issued an RFP accepting proposals from qualified Fixed Based Operators for the development and operation of the 2nd FBO at John C. Tune Airport. Proposers were asked to bid on the opportunity to design, build and operate a world class FBO to include terminal, hangars, ramp space, fuel storage and other amenities to serve the private aviation community. A mandatory Pre-proposal meeting was held on Thursday, August 8, 2024, at the Tennessee Department of Transportation Aeronautics Division Building in Nashville.

The RFP required minimum qualifications of five (5) years of airport experience operating a Fixed Based Operation at an airport with general aviation traffic.

Four (4) proposals were received on September 27, 2024. Of the four proposals, one proposal was deemed non-responsive. The internal selection committee, comprised of SVP and Senior Leadership representatives from Operations, Finance, Legal, and Airport Revenue (with support from an advisory panel of Design/Engineering, Real Estate and JWN Manager) reviewed the remaining 3 proposals and scored the proposals using the following criteria: 1) management experience; 2) concepts and designs; 3) management, customer service, innovation and operations plan; 4) financial offer/Proposed Supplemental rent.

The selection committee interviewed the two (2) remaining firms Signature Aviation and Atlantic Aviation, on October 17, 2024. Atlantic Aviation was unanimously selected, and Procurement issued a Notice of Intent to Award contract with lease agreement and development planning starting in November 2024.

A summary of proposal highlights is as follows:

Firm	Score
Atlantic Aviation	369
Jet Access	239
Signature Aviation	329

After 45-min interviews were conducted for both Atlantic Aviation and Signature Aviation, the final scores were finalized by the voting committee:

Firm	Score
Atlantic Aviation	561
Signature Aviation	447

The selection committee determined that Atlantic Aviation offered the best proposal to MNAA based upon the following:

- 1) Experience of the Proposer, and of its key employees proposed to manage the FBO at John C. Tune Airport.
- 2) Proposed development, services provided (maintenance, hangar development, etc.), operating, marketing, safety and security plan(s).
- 3) Financial condition of the Proposer and its ability to finance development and ongoing
- 4) References and past performance at other general aviation airports in U.S.
- 5) Proposed rents and fees to Authority.

CAPEX:

MNAA required that proposers commit to a minimum capital buildout investment of \$35M to develop a new FBO and supporting infrastructure.

FINANCIAL PROPOSAL:

Atlantic Aviation has proposed a two phased development plan for a total investment of **\$66.7M**. Phase 1 includes \$35.6M investment to be completed by November 2027. Proposed two phase development includes:

1. 68,000 sq/ft of hangar space
2. 7,500 sq/ft for FBO Terminal
3. 70,000-gallon fuel farm
4. 306,000 sq/ft of additional apron space
5. 240 (appx.) vehicle parking spaces

*Final layout and land use will be based upon survey data and FAA approval

LOCAL AND ACDBE OPERATORS:

The Atlantic Aviation proposal was not scored as this was not a requirement in the RFP.

CONCEPT:

The proposed development by Atlantic Aviation provides a world class FBO that will transform John C. Tune into the premier general aviation airport in the region. The facilities and services that are proposed will allow the airport to continue to grow and serve business aviation while ensuring current stakeholders continue to receive exceptional service.

B. IMPACT/FINDINGS

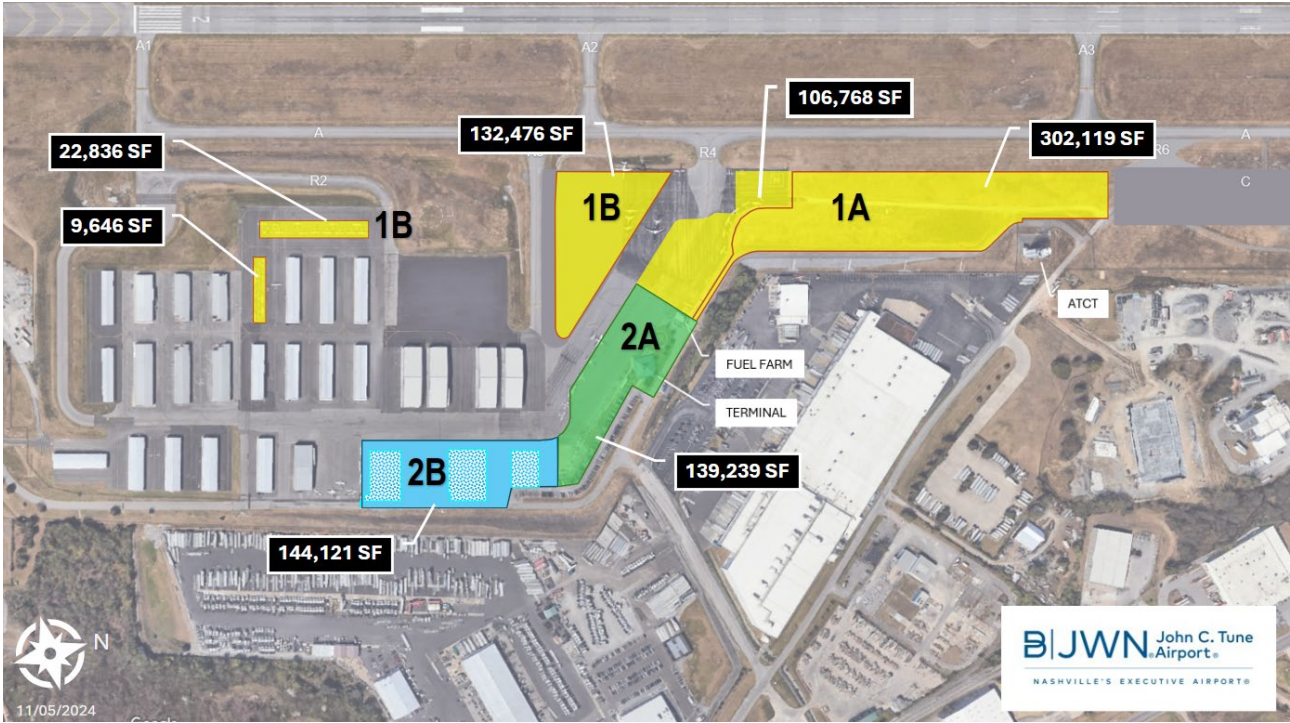
Anticipated Agreement Start Date:	By December 31, 2024
Lease Term:	Three (3) year construction term; Thirty (30) year lease term beginning after construction term; five (5) year extension option.
Capital Investment by Atlantic:	\$66.7 Million minimum
Minimum Base Rent to MNAA:	\$83.9 Million
Supplemental Rent:	<u>\$231.7 Million</u>
Total Revenue to MNAA over 38-year lease	\$315.6 Million

C. STRATEGIC PRIORITIES

- Invest in JWN
- Plan for the Future

D. OPTIONS/ALTERNATIVES

Option 1) Cancel this solicitation and issue a new RFP.



Areas to be leased/developed – 19.6 acres

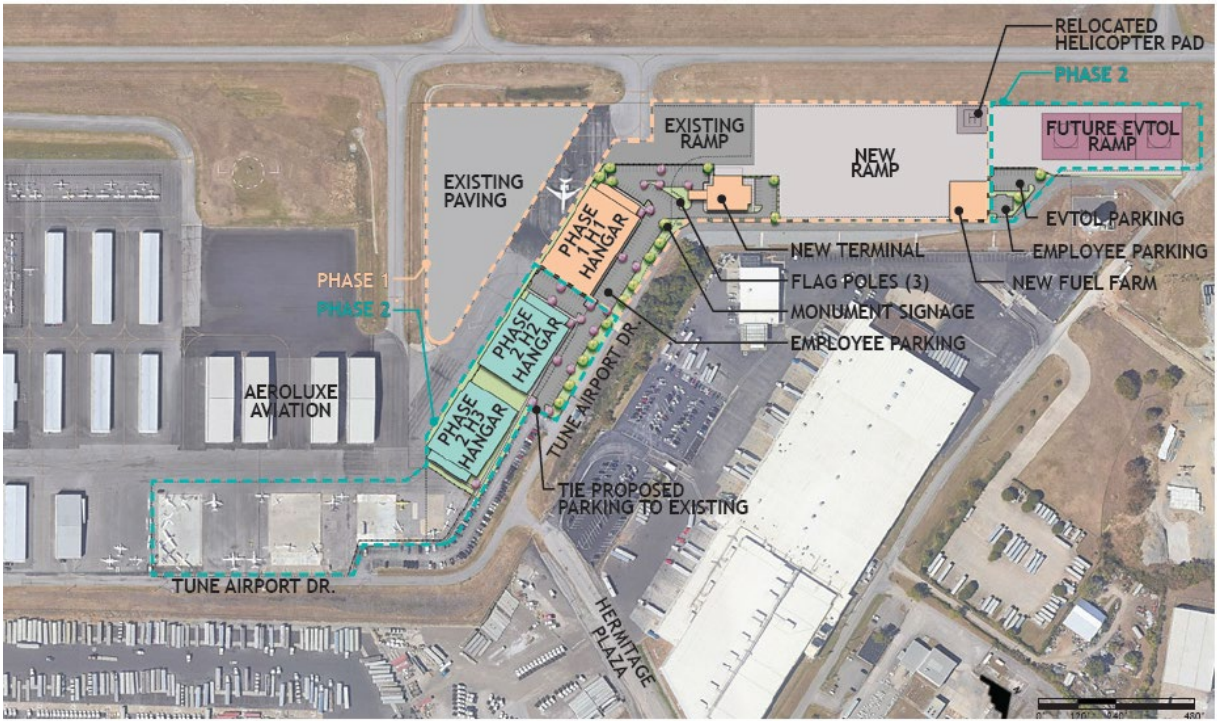


Figure 8. JWN Phase 1 and Phase 2 site map

STAFF ANALYSIS

Finance Committee

Date: November 13, 2024
Facility: Nashville International Airport
Subject: Icelandair Incentive Agreement - Reykjavik

I. Recommendation

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

- 1) approve the funding for the proposed marketing incentives and landing fee abatements, as provided by the Air Service Incentive Plan (ASIP), for the nonstop BNA – Reykjavik International Airport (airport code - KEF) route operated by Icelandair, with a not-to-exceed amount of \$2,300,000, and
- 2) authorize the Chair and President and CEO to execute the Letter of Agreement (LOA) by and between MNA and Icelandair outlining the specific terms of the proposed incentive with Icelandair for their BNA-KEF route, to begin on April 10, 2025.

II. Analysis

A. Background

On February 21, 2024, the MNA Board of Commissioners approved an updated Air Service Incentive Plan (“ASIP”, Policy #61-001), effective February 21, 2024, which outlines incentives for new routes from BNA. This plan is designed to help MNA stay competitive among peer airports in attracting new service to BNA.

Icelandair will begin service on April 10th, 2025, with 4x weekly service, to Reykjavik (KEF) from BNA which meets the requirements of the ASIP.

For new scheduled Trans-Oceanic seasonal service, at the required minimum of 2x weekly, the approved ASIP allows for three years of Landing Fee and Facility Fee abatement at 100% and up to \$1,000,000 in marketing funds [Year 1 - \$400,000; Years 2&3 - \$300,000 each].

The ASIP requires that all proposed marketing incentives and landing fee and facility abatements, outside of the Domestic Market Agreements, require approval of the Board of Commissioners.

B. Impact/Findings

Term: 3 years from the start of service; April 10, 2025 – April 9, 2028

Financial
Impact:

Estimated financial value of the incentive over the three-year period for landing and facility fee abatement plus marketing is \$1,945,219 based on the initial planned 4x per week operation with a 737-Max8 aircraft - \$1,000,000 in marketing and \$945,219 in landing and facility fee abatement. Actual incentives could vary based on the actual calculated landing and facility fees in future fiscal years as well as number of operations per week, not to exceed 7x per week.

Incentive range – Initial frequency incentive \$1,945,219 @ 4x weekly, maximum incentive \$2,654,134 at 7x weekly.

Recommended incentive not-to-exceed \$2,300,000 (mid-range). Any amount exceeding \$2,300,000 requires additional approval by the MNA Board of Commissioners. Additionally, if the level of service exceeds seasonal service, which is defined as less than seven months per year, an amendment to this incentive would be brought to the Board of Commissioners for approval.

Funding Source: The ASIP is funded through the NAE Airline Incentive Account. The balance, as of September 30, 2024, is \$9.10M.
Note: The ASIP is funded at \$2M per year.

Other Board approved active incentives:
WestJet (Vancouver) – 5/19/2023 – 5/18/2025

C. Strategic Priorities

- Plan for the Future – Expand Air Service

D. Options/Alternatives

- Do not approve the funding for the Icelandair Incentive. This could jeopardize the launch in Nashville. It also may impact future airlines / routes that would qualify for a potential incentive under the approved ASIP.

STAFF ANALYSIS

Finance Committee

Date: November 13, 2024
Facility: Nashville International Airport
Subject: Aer Lingus Incentive Agreement - Dublin

I. Recommendation

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

- 1) approve the funding for the proposed marketing incentives and landing fee abatements, as provided by the Air Service Incentive Plan (ASIP), for the nonstop BNA – Dublin International Airport (airport code - DUB) route operated by Aer Lingus, with a not-to-exceed amount of \$2,750,000, and
- 2) authorize the Chair and President and CEO to execute the Letter of Agreement (LOA) by and between MNA and Aer Lingus outlining the specific terms of the proposed incentive with Aer Lingus for their BNA-DUB route, to begin on April 12, 2025.

II. Analysis

A. **Background**

On February 21, 2024, the MNA Board of Commissioners approved an updated Air Service Incentive Plan (“ASIP”, Policy #61-001), effective February 21, 2024, which outlines incentives for new routes from BNA. This plan is designed to help MNA stay competitive among peer airports in attracting new service to BNA.

Aer Lingus will begin service on April 12th, 2025, with 4x weekly service, to Dublin (DUB) from BNA which meets the requirements of the ASIP.

For new scheduled Trans-Oceanic Year-Round service, at the required minimum of 3x weekly or 156 annual flights, the approved ASIP allows for two years of Landing Fee and Facility Fee abatement at 100% and up to \$1,000,000 in marketing funds (Years 1&2 - \$500,000). Additionally, in recognition of the flight’s ability to pre-clear U.S. Customs in Dublin, staff is requesting an additional \$500,000 in marketing funds (\$250,000 per year) to recognize the additional cost to Aer Lingus of customs fees in Dublin that would otherwise be abated as part of the incentive if they utilized the FIS (Customs) facilities at BNA.

The ASIP requires that all proposed marketing incentives and landing fee and facility abatements, outside of the Domestic Market Agreements, require approval of the Board of Commissioners.

B. Impact/Findings

Term: 2 years from the start of service; April 12, 2025 – April 11, 2027

Financial

Impact: Estimated financial value of the incentive over the two-year period for landing and facility fee abatement plus marketing is \$2,405,916 based on the initial planned 4x per week operation with a A321 XLR aircraft - \$1,500,000 in marketing and \$905,916 in landing and facility fee abatement. Actual incentives could vary based on the actual calculated landing and facility fees in future fiscal years as well as number of operations per week, not to exceed 7x per week.

Incentive range – Initial frequency incentive \$2,405,916 @ 4x weekly, maximum incentive \$3,085,353 at 7x weekly.

Recommended incentive not-to-exceed \$2,750,000 (mid-range). Any amount exceeding \$2,750,000 requires additional approval by the MNA Board of Commissioners.

Funding Source: The ASIP is funded through the NAE Airline Incentive Account. The balance, as of September 30, 2024, is \$9.10M.

Note: The ASIP is funded at \$2M per year.

Other Board approved active incentives:

WestJet (Vancouver) – 5/19/2023 – 5/18/2025

C. Strategic Priorities

- Plan for the Future – Expand Air Service

D. Options/Alternatives

- Do not approve the funding for the Aer Lingus Incentive. This could jeopardize the launch in Nashville. It also may impact future airlines / routes that would qualify for a potential incentive under the approved ASIP.

STAFF ANALYSIS

Finance Committee (Information Only)

Date: November 13, 2024
Facility: Nashville International Airport
Subject: FY2025 – 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 FY2025. The Principal report covers the period from July 1, 2024 through September 30, 2024.

II. Analysis

A. Summary

MNAA Retirement Plan

The quarter (three months) total portfolio return gross of fees was 5.71% compared to the designated Composite Benchmark of 6.07%. The three-month total portfolio return net of fees was 5.65%.

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, 2024, all asset classes are in compliance with the Retirement Plan Investment Policy 41-011, effective July 22, 2021.

Pension - Asset Allocation as of 7/31/2024 (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	\$ 2,680,323.27	3.10%	0%-3%-100%	Yes	100.00%	96.90%
Bonds and Notes	\$ 41,089,756.06	47.56%	0%-47%-57%	Yes	57.00%	9.44%
Equities - Large Cap ^(a)	\$ 6,905,364.49	7.99%	0%-8%-10.40%	Yes	10.40%	2.41%
Equities - S&P 500 Funds ^(a)	\$ 8,885,167.84	10.28%	0%-10.5%-17.40%	Yes	17.40%	7.12%
Equities - Large Cap Growth ^(a)	\$ 6,645,524.09	7.69%	0%-8%-10.40%	Yes	10.40%	2.71%
Equities - Mid Cap ^(a)	\$ 6,042,384.84	6.99%	0%-7.00%-9.10%	Yes	9.10%	2.11%
Equities - Small Cap ^(a)	\$ 3,525,468.94	4.08%	0%-4.00%-5.20%	Yes	5.20%	1.12%
Equities - International ^(a)	\$ 10,618,923.90	12.29%	0%-12.50%-16.10%	Yes	16.10%	3.81%
Total	\$ 86,392,913.43	100.00%				
(a) Total Equities	\$ 42,622,834.10	49.34%	0%-50%-60%	Yes	60.00%	10.66%

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

As of August 31, 2024, all asset classes are in compliance with the Retirement Plan Investment Policy 41-011, effective July 22, 2021.

Pension - Asset Allocation as of 8/31/2024 (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	\$ 2,898,392.98	3.31%	0%-3%-100%	Yes	100.00%	96.69%
Bonds and Notes	\$ 40,706,306.68	46.55%	0%-47%-57%	Yes	57.00%	10.45%
Equities - Large Cap ^(a)	\$ 7,080,288.14	8.10%	0%-8%-10.40%	Yes	10.40%	2.30%
Equities - S&P 500 Funds ^(a)	\$ 9,231,428.30	10.56%	0%-10.5%-17.40%	Yes	17.40%	6.84%
Equities - Large Cap Growth ^(a)	\$ 6,896,814.91	7.89%	0%-8%-10.40%	Yes	10.40%	2.51%
Equities - Mid Cap ^(a)	\$ 6,204,841.65	7.10%	0%-7.00%-9.10%	Yes	9.10%	2.00%
Equities - Small Cap ^(a)	\$ 3,527,729.51	4.03%	0%-4.00%-5.20%	Yes	5.20%	1.17%
Equities - International ^(a)	\$ 10,899,897.86	12.46%	0%-12.50%-16.10%	Yes	16.10%	3.64%
Total	\$ 87,445,700.03	100.00%				
(a) Total Equities	\$ 43,841,000.37	50.14%	0%-50%-60%	Yes	60.00%	9.86%

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

As of September 30, 2024, all asset classes are in compliance with the Retirement Plan Investment Policy 41-011, effective July 22, 2021.

Pension - Asset Allocation as of 9/30/2024 (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	\$ 2,591,595.49	2.94%	0%-3%-100%	Yes	100.00%	97.06%
Bonds and Notes	\$ 41,087,499.22	46.54%	0%-47%-57%	Yes	57.00%	10.46%
Equities - Large Cap ^(a)	\$ 7,105,211.48	8.05%	0%-8%-10.40%	Yes	10.40%	2.35%
Equities - S&P 500 Funds ^(a)	\$ 9,428,299.57	10.68%	0%-10.5%-17.40%	Yes	17.40%	6.72%
Equities - Large Cap Growth ^(a)	\$ 7,130,801.73	8.08%	0%-8%-10.40%	Yes	10.40%	2.32%
Equities - Mid Cap ^(a)	\$ 6,275,871.21	7.11%	0%-7.00%-9.10%	Yes	9.10%	1.99%
Equities - Small Cap ^(a)	\$ 3,576,407.22	4.05%	0%-4.00%-5.20%	Yes	5.20%	1.15%
Equities - International ^(a)	\$ 11,085,019.21	12.56%	0%-12.50%-16.10%	Yes	16.10%	3.54%
Total	\$ 88,280,705.13	100.00%				
(a) Total Equities	\$ 44,601,610.42	50.52%	0%-50%-60%	Yes	60.00%	9.48%

*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 2025.

Asset Valuation Summary Pension Plan

Month	Cost	Market	Unrealized Gain/Loss
7/31/2024	\$ 69,068,566.15	\$ 86,392,913.43	\$ 17,324,347.28
8/31/2024	\$ 68,728,891.22	\$ 87,445,700.03	\$ 18,716,808.81
9/30/2024	\$ 68,360,138.75	\$ 88,280,705.13	\$ 19,920,566.38

Reconciliation Summary – Retirement Plan

Below is the Pension Reconciliation Summary for the first quarter of fiscal year 2025.

Pension Summary 1st QTR FY 2025 (market value)

	7/31/2024	8/31/2024	9/30/2024	1Q FY-to-Date
Beginning Market Value	84,799,539.68	86,392,913.43	87,445,700.03	84,799,539.68
Total Cash Receipts	106,088.15	86,620.00	51,675.24	244,383.39
Total Cash Disbursements	(462,257.84)	(426,294.93)	(420,427.71)	(1,308,980.48)
Change in Fair Market Value	1,949,543.44	1,392,461.53	1,203,757.57	4,545,762.54
Ending Market Value	86,392,913.43	87,445,700.03	88,280,705.13	88,280,705.13

MNAA OPEB

The quarter (three months) total portfolio return gross of fees was 5.74% compared to the designated Composite Benchmark of 6.26%. The three-month total portfolio return net of fees was 5.69%.

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, 2024, all asset classes are in compliance with the Retirement Plan Investment Policy, 41-011, effective July 22, 2021.

OPEB - Asset Allocation as of 7/31/2024 (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	\$ 1,337,637.21	3.02%	0%-3%-100%	Yes	100.00%	96.98%
Bonds and Notes	\$ 16,609,902.71	37.56%	0%-37%-42%	Yes	42.00%	4.44%
Equities - Large Cap Value ^(a)	\$ 4,306,304.97	9.74%	0%-9.6%-10.80%	Yes	10.80%	1.06%
Equities - S&P 500 Funds ^(a)	\$ 5,466,826.80	12.36%	0%-12.60%-14.20%	Yes	14.20%	1.84%
Equities - Large Cap Growth ^(a)	\$ 4,088,130.95	9.24%	0%-9.60%-10.80%	Yes	10.80%	1.56%
Equities - Mid Cap ^(a)	\$ 3,719,170.97	8.41%	0%-8.40%-9.50%	Yes	9.50%	1.09%
Equities - Small Cap ^(a)	\$ 2,148,764.70	4.86%	0%-4.80%-5.40%	Yes	5.40%	0.54%
Equities - International ^(a)	\$ 6,544,899.74	14.80%	0%-15%-16.80%	Yes	16.80%	2.00%
Total	\$ 44,221,638.05	100.00%				
(a) Total Equities	\$ 26,274,098.13	59.41%	0%-60%-65%	Yes	65.00%	5.59%

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

As of August 31, 2024, all asset classes are in compliance with the Retirement Plan Investment Policy, 41-011, effective July 22, 2021.

OPEB - Asset Allocation as of 8/31/2024 (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	\$ 1,456,677.77	3.24%	0%-3%-100%	Yes	100.00%	96.76%
Bonds and Notes	\$ 16,445,329.49	36.61%	0%-37%-42%	Yes	42.00%	5.39%
Equities - Large Cap Value ^(a)	\$ 4,415,031.21	9.83%	0%-9.6%-10.80%	Yes	10.80%	0.97%
Equities - S&P 500 Funds ^(a)	\$ 5,679,678.96	12.64%	0%-12.60%-14.20%	Yes	14.20%	1.56%
Equities - Large Cap Growth ^(a)	\$ 4,242,886.92	9.45%	0%-9.60%-10.80%	Yes	10.80%	1.35%
Equities - Mid Cap ^(a)	\$ 3,817,660.15	8.50%	0%-8.40%-9.50%	Yes	9.50%	1.00%
Equities - Small Cap ^(a)	\$ 2,149,091.88	4.78%	0%-4.80%-5.40%	Yes	5.40%	0.62%
Equities - International ^(a)	\$ 6,711,681.18	14.94%	0%-15%-16.80%	Yes	16.80%	1.86%
Total	\$ 44,918,037.56	100.00%				
(a) Total Equities	\$ 27,016,030.30	60.15%	0%-60%-65%	Yes	65.00%	4.85%

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

As of September 30, 2024, all asset classes are in compliance with the Retirement Plan Investment Policy, 41-011, effective July 22, 2021.

OPEB - Asset Allocation as of 09/30/2024 (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	\$ 1,292,112.99	2.84%	0%-3%-100%	Yes	100.00%	97.16%
Bonds and Notes	\$ 16,570,143.64	36.48%	0%-37%-42%	Yes	42.00%	5.52%
Equities - Large Cap Value ^(a)	\$ 4,400,253.80	9.69%	0%-9.6%-10.80%	Yes	10.80%	1.11%
Equities - S&P 500 Funds ^(a)	\$ 5,800,679.08	12.77%	0%-12.60%-14.20%	Yes	14.20%	1.43%
Equities - Large Cap Growth ^(a)	\$ 4,385,319.71	9.65%	0%-9.60%-10.80%	Yes	10.80%	1.15%
Equities - Mid Cap ^(a)	\$ 3,860,286.99	8.50%	0%-8.40%-9.50%	Yes	9.50%	1.00%
Equities - Small Cap ^(a)	\$ 2,177,846.76	4.79%	0%-4.80%-5.40%	Yes	5.40%	0.61%
Equities - International ^(a)	\$ 6,933,576.76	15.27%	0%-15%-16.80%	Yes	16.80%	1.53%
Total	\$ 45,420,219.73	100.00%				
(a) Total Equities	\$ 27,557,963.10	60.67%	0%-60%-65%	Yes	65.00%	4.33%

*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 2025.

Asset Valuation Summary OPEB

Month	Cost	Market	Unrealized Gain/Loss
7/31/2024	\$ 39,653,905.22	\$ 44,221,638.05	\$ 4,567,732.83
8/31/2024	\$ 39,598,506.13	\$ 44,918,037.56	\$ 5,319,531.43
9/30/2024	\$ 39,586,048.77	\$ 45,420,219.73	\$ 5,834,170.96

Reconciliation Summary - OPEB

Below is the OPEB Reconciliation Summary for the first quarter of fiscal year 2025.

OPEB Summary 1st QTR FY 2025 (market value)

	7/31/2024	8/31/2024	9/30/2024	1Q FY-to-Date
Beginning Market Value	43,170,107.24	44,221,638.05	44,918,037.56	43,170,107.24
Total Cash Receipts	53,564.74	52,774.55	128,882.65	235,221.94
Realized Gain/(Loss)	37,208.80	(41,690.10)	(1,709.32)	(6,190.62)
Total Cash Disbursements	(21,241.55)	(66,483.54)	(139,630.69)	(227,355.78)
Change in Fair Market Value	981,998.82	751,798.60	514,639.53	2,248,436.95
Ending Market Value	44,221,638.05	44,918,037.56	45,420,219.73	45,420,219.73

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, 2024

Portfolio Reporting

AS OF SEPTEMBER 30, 2024

Retirement Plan for Employees of MNAA

Return Type	Return Duration								
	MTD	3Mo	FYTD	YTD	1Yr	3Yr*	5Yr*	10Yr*	SI*
Gross Return	1.44	5.71	5.71	11.03	21.13	3.64	7.31	7.02	9.07
Net Return	1.44	5.65	5.65	10.87	20.89	3.44	7.09	6.76	8.85
BM Return	1.65	6.07	6.07	11.02	21.04	3.89	6.85	6.78	8.81
Gross Excess Return	-0.21	-0.37	-0.37	0.01	0.10	-0.24	0.46	0.24	0.26
Net Excess Return	-0.21	-0.42	-0.42	-0.16	-0.14	-0.45	0.24	-0.01	0.04

SI = 4/30/2009

MNAA OPEB

Return Type	Return Duration								
	MTD	3Mo	FYTD	YTD	1Yr	3Yr*	5Yr*	10Yr*	SI*
Gross Return	1.43	5.74	5.74	12.10	22.74	4.32	8.42	7.47	8.04
Net Return	1.43	5.69	5.69	11.93	22.50	4.11	8.21	7.25	7.83
BM Return	1.72	6.26	6.26	12.36	23.02	4.88	8.44	7.55	8.22
Gross Excess Return	-0.29	-0.52	-0.52	-0.26	-0.27	-0.56	-0.02	-0.08	-0.18
Net Excess Return	-0.29	-0.57	-0.57	-0.42	-0.52	-0.77	-0.22	-0.30	-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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STAFF ANALYSIS

Finance Committee (Information Only)

Date: November 13, 2024

Facility: Nashville International Airport

Subject: FY 2025 – 1st Quarter – Treasury Investment Report (September 30, 2024)

I. Reports

The following Treasury Investment Report covers the period from July 1, 2024 through September 30, 2024.

II. Analysis

A. Summary

For FY 2025, 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 June 30, 2024, and September 30, 2024, was as follows:

	<u>6/30/2024</u>		<u>9/30/2024</u>		<u>\$ Change</u>	<u>% Change</u>
NAE Fund	\$ 311,232,523	\$	310,011,915	\$	(1,220,608)	-0.39%
Operating Cash	183,202,595		218,220,105		35,017,510	19.11%
Construction Accounts	275,195,407		251,402,409		(23,792,998)	-8.65%
Debt Service Accounts	200,027,881		175,609,189		(24,418,692)	-12.21%
PFC Accounts	188,990,194		196,881,522		7,891,328	4.18%
CONRAC Accounts	76,964,928		78,598,027		1,633,099	2.12%
Total Funds	<u>\$ 1,235,613,528</u>	<u>\$</u>	<u>1,230,723,167</u>	<u>\$</u>	<u>(4,890,361)</u>	<u>-0.40%</u>

The asset allocation for cash and investments (not including accrued interest) at the Authority for the quarters ending June 30, 2024, and September 30, 2024, was as follows:

	6/30/2024	9/30/2024	\$ Change	% Change
U.S. Treasuries	\$ 286,295,002	\$ 292,759,451	\$ 6,464,449	2.26%
Federal Agency	226,845,705	165,399,099	(61,446,606)	-27.09%
Agency Mortgage-Backed Securities	27,302,704	24,248,898	(3,053,806)	-11.18%
Certificates of Deposit	1,047,776	1,047,776	-	0.00%
Commercial Paper	99,828,953	38,502,180	(61,326,773)	-61.43%
Money Market Mutual Funds	333,208,574	422,099,506	88,890,932	26.68%
Tennessee Local Government Investment Pool	256,262,257	281,197,064	24,934,807	9.73%
Cash in Demand Deposit Accounts	4,822,557	5,469,193	646,636	13.41%
Total Funds	\$ 1,235,613,528	\$ 1,230,723,167	\$ (4,890,361)	-0.40%

The listing of accounts on September 30, 2024, 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, 2024, 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 4.37% for the CORE Portfolio, 4.02% for the Common Debt Service Reserve Portfolio (DSR), 4.23% for the 2022A&B Capitalized Interest Portfolio, and 5.17% 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 4.02%. The PFMAM Common DSR, Construction Funds, and CAP-I benchmark, the ICE BofAML 3mo T-Bill, was 4.94%.

The MNAA managed funds yield was 5.20% as compared to the benchmark S&P Rated LGIP All Index yield of 5.28%. The combined yield for the MNAA managed and PFMAM Managed Portfolios was 4.39%.

The Authority earned a total of \$14,425,453 on cash and investments for the first quarter of FY 2025. In comparison, the income received on cash and investments for the first quarter ended September 30, 2023, was \$12,439,216. Total available funds for the first quarter of 2025 were \$1.230B vs \$1.225B for first quarter 2024 (\$5.5M more).

B. Investment Program Review

- DDA cash in 1Q FY 2025 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 1Q FY 2025, per the investment policy, the investment portfolio complies and is meeting the investment policy objectives in all areas.

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 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 2024, August 2024, and September 2024

Attachment 2 – PFMAM Investment Performance Review as of September 30, 2024

Cash and Investment Balances 1Q25

Bank	AccountName	Cash Balances as of 7/31/2025	% of Total Cash	Monthly Interest earned	Cash Balances as of 8/31/2024	% of Total Cash	Monthly Interest earned	Cash Balances as of 9/30/2024	% of Total Cash	Monthly Interest earned
TRUIST	CIP - Construction Payment ZBA	-	0%	-	-	0%	-	-	0%	-
TRUIST	MP Building CPR Acct	-	0%	-	-	0%	-	-	0%	-
TRUIST	International Plaza CPR Acct	-	0%	-	-	0%	-	-	0%	-
TRUIST	Operating Fd CPR	-	0%	-	-	0%	-	-	0%	-
TRUIST	John C. Tune Airport CPR	-	0%	-	-	0%	-	-	0%	-
TRUIST	Payroll	1,080.50	0%	2.12	5,484.16	0%	2.16	109.34	0%	1.36
TRUIST	PFC Revenue	51.21	0%	1.10	2,168,243.23	0%	1.07	2,282.35	0%	1.02
TRUIST	Revenue Account	2,447,273.08	0%	-	1,521,562.73	0%	-	1,324,852.58	0%	-
TRUIST	Capital Improvement	198.35	0%	-	198.35	0%	-	198.35	0%	-
TRUIST	Benefit Bd Fund	22,282.78	0%	-	22,238.35	0%	-	(44.44)	0%	-
TRUIST	Operating Fund	154,058.36	0%	7.27	394,662.56	0%	11.45	130,740.95	0%	5.25
TRUIST	Tune Operation	192,387.49	0%	2.34	218,667.86	0%	1.98	299,168.73	0%	2.43
TRUIST	Parking Rev Master LAZ Account	1,671,578.41	0%	-	331,063.78	0%	-	54,600.00	0%	-
TRUIST	Parking Rev Credit Card Account	-	0%	-	-	0%	-	-	0%	-
TRUIST	DPS Seized Funds	1,004,074.27	0%	8.47	1,006,304.79	0%	8.52	975,738.96	0%	8.17
TRUIST	Construction Payment Account	81,227.77	0%	10.35	24,001.36	0%	8.56	13,602.50	0%	5.95
TRUIST	Airline Facility Investment Fund	-	0%	-	-	0%	-	-	0%	-
TRUIST	NAE Cash Reserve Fund	2.77	0%	0.13	3.10	0%	0.33	3.43	0%	0.33
TRUIST	Authority Facility Investment Fund	-	0%	-	-	0%	-	-	0%	-
TRUIST	1% ARTS Fund	-	0%	-	-	0%	-	-	0%	-
TRUIST	DEA - State	383,626.36	0%	3.40	372,986.41	0%	3.17	392,767.49	0%	3.08
TRUIST	CONRAC Excess CFC	60.73	0%	0.32	90.31	0%	0.47	-	0%	-
TRUIST	CONRAC Discretionary Account	-	0%	-	-	0%	-	-	0%	-
TRUIST	MNAA DOJ	477,087.72	0%	3.91	480,398.61	0%	4.05	550,027.80	0%	4.03
TRUIST	CON CFC Operating Acct	1,696,079.38	0%	8.74	1,628,864.78	0%	9.33	1,565,141.79	0%	9.11
TRUIST	MP Building Operating Acct	112,186.93	0%	0.73	28,759.92	0%	0.64	28,858.06	0%	0.81
TRUIST	International Plaza Operating Acct	315,732.29	0%	2.16	126,168.26	0%	1.62	56,657.71	0%	1.84
TRUIST	MPC Global Tire	4,459.74	0%	-	4,624.84	0%	-	79.52	0%	-
TRUIST	MNAA Properties Corp (Parent)	18,763.97	0%	0.16	18,764.13	0%	0.16	18,764.28	0%	0.15
TRUIST	MPC Holdings LLC	-	0%	-	-	0%	-	-	0%	-
TRUIST	Arts at the Airport	55,930.48	0%	0.47	55,787.75	0%	0.47	55,645.03	0%	0.46
Truist Bank Cash Balances		8,638,142.59	1%	51.67	8,408,875.28	1%	53.98	5,469,194.43	0%	43.99
US Bank	Series 2010/2018 Rental Payment Fund CP SWEEP	318,002.03	0%	1,051.23	-	0%	1,109.03	-	0%	-
US Bank	Series 2010/2018 Bond Fund Interest Account CP SWI	42,302.19	0%	1,030.12	84,604.22	0%	142.77	126,906.25	0%	261.74
US Bank	Series 2010/2018 Bond Fund Serial Bond Principal CP	289,203.95	0%	11,246.80	578,203.94	0%	976.08	867,203.93	0%	1,788.90
US Bank	Series 2010/2018 Bond Reserve Fund CP SWEEP	1,871,031.18	0%	6,290.59	1,877,555.69	0%	6,524.51	1,884,100.73	0%	6,545.04
US Bank	Series 2010/2018 Coverage Fund CP SWEEP	992,871.80	0%	3,350.95	992,871.80	0%	3,462.64	992,871.80	0%	3,462.64
US Bank	Series 2010/2018 Operation & Maintenance Reserve Fd	915,098.00	0%	3,088.46	915,098.00	0%	3,191.40	915,098.00	0%	3,191.40
US Bank	Series 2010/2018 Renewal & Replacement Fund CP S	3,351,567.85	0%	11,311.54	3,351,567.85	0%	11,688.59	3,351,567.85	0%	11,688.59
US Bank	Series 2010/2018 Discretionary Fund Major Maintenananc	3,351,567.85	0%	11,311.54	3,351,567.85	0%	11,688.59	3,351,567.85	0%	11,688.59
US Bank	Series Excess CFC Funds	-	0%	-	-	0%	-	-	0%	-
US Bank	2003B P & I (Pd N/A; Mat 7/1/33)	180,833.55	0%	3,607.41	297,862.32	0%	420.77	415,233.63	0%	763.31
US Bank	2019 A Debt Service Account	1,393,104.62	0%	19,499.32	2,661,248.05	0%	2,580.43	3,933,102.26	0%	6,291.21
US Bank	2019 B Debt Service Account	3,679,564.67	0%	51,288.10	7,024,098.28	1%	6,824.61	10,378,418.48	1%	16,611.20
US Bank	2015 A Debt Service Account	704,947.30	0%	13,843.15	1,215,556.48	0%	1,542.18	1,727,660.06	0%	3,036.58
US Bank	2015 B Debt Service Account	764,033.23	0%	16,259.71	1,368,091.34	0%	1,580.11	1,973,917.20	0%	3,347.86
US Bank	MNAA AIRPORT IMP BDS SRS 2022A	567,533.29	0%	7,626.18	1,086,593.88	0%	1,046.59	1,607,459.73	0%	2,565.85
US Bank	MNAA AIRPORT IMP BDS SRS 2022B	2,504,782.62	0%	42,651.11	4,737,660.37	0%	4,724.75	6,977,071.95	1%	11,258.58
US Bank Cash Balances		20,926,444.13	2%	203,456.21	29,542,723.07	2%	57,503.05	38,502,179.72	3%	82,501.49
Goldman	1% Arts Fund GS 465	207,485.70	0%	912.84	207,483.17	0%	910.31	207,428.16	0%	855.30
Goldman	2022 Construction Fund GS 465	6,135,548.26	1%	30,292.61	5,978,599.64	0%	25,412.12	11,323,174.25	1%	25,395.01
Goldman	Authority Facility Investment Fund GS 465	7,948,211.73	1%	37,442.97	7,119,603.26	1%	32,078.80	6,765,445.27	1%	28,787.37
Goldman	Conrac Excess CFC GS 465	40,457,700.64	3%	177,995.68	40,556,760.67	3%	177,973.03	42,058,893.94	3%	172,463.12
Goldman	NAE Cash Reserve GS 465	2,187,414.86	0%	9,606.31	2,187,403.84	0%	9,595.29	2,189,781.58	0%	9,018.57
Goldman	Nashville Airport Experience GS 465	106,168,426.30	9%	468,073.53	104,963,526.70	9%	463,897.93	104,934,335.83	9%	434,707.06
Goldman	PFC Revenue GS 465	4,652,225.98	0%	20,467.64	4,652,168.44	0%	20,410.10	4,650,935.64	0%	19,177.30
Goldman	Revenue Account GS 465	33,284,311.52	3%	147,522.41	30,935,867.15	3%	142,755.63	30,811,325.40	3%	131,958.25
Goldman	Sub Debt Construction Funds GS 465	59,450,146.29	5%	250,914.88	64,269,557.27	5%	281,281.01	80,092,172.00	7%	294,102.94
Goldman	Joint Marketing Fund	12,554,690.94	1%	55,312.14	12,605,374.80	1%	55,305.12	12,639,586.96	1%	52,082.16
Goldman	NAE Cash Reserve GS 468	372,887.07	0%	1,626.68	372,879.75	0%	1,619.36	372,782.52	0%	1,522.13
Goldman Sachs Investment Balances		273,419,049.29	23%	1,200,167.69	273,849,224.69	23%	1,211,238.70	296,045,861.55	24%	1,170,069.21
TN LGIP	LGIP - Tune	10,127,991.40	1%	45,465.46	8,991,496.14	1%	43,141.45	9,064,894.11	1%	38,077.69
TN LGIP	LGIP - PFC	33,968,132.60	3%	143,510.66	35,850,604.34	3%	155,021.74	39,486,185.84	3%	153,621.16
TN LGIP	LGIP - Revenue	50,871,331.70	4%	862,777.71	48,642,460.76	4%	869,508.77	51,071,493.33	4%	833,840.37
TN LGIP	LGIP - Nashville Airport Experience	4,110,159.63	0%	-	4,184,801.91	0%	-	4,348,651.52	0%	-
TN LGIP	LGIP - Renewal and Replacement	1,027,675.15	0%	-	1,131,842.15	0%	-	1,236,009.12	0%	-
TN LGIP	LGIP - Operations & Maintenance	12,510,035.38	1%	-	13,207,053.38	1%	-	13,904,071.38	1%	-
TN LGIP	LGIP - Airline Facility	15,991,460.74	1%	-	14,468,022.83	1%	-	15,290,535.40	1%	-
TN LGIP	LGIP - Authority Facility	24,422,195.98	2%	-	28,561,966.71	2%	-	29,887,144.74	2%	-
TN LGIP	LGIP - NAE Cash Reserve	79,318,124.31	7%	-	79,778,999.31	7%	-	79,778,999.31	6%	-
TN LGIP	LGIP - Capital Improvement	4,074,076.14	0%	-	4,074,076.14	0%	-	4,074,076.14	0%	-
TN LGIP	LGIP - CONRAC Excess CFC	12,560,567.64	1%	56,861.95	14,199,231.53	1%	61,891.43	14,121,088.15	1%	60,084.16
TN LGIP	LGIP - Multi-Purpose Building	2,597,820.91	0%	11,750.55	2,599,446.36	0%	11,625.45	2,600,448.10	0%	11,001.74
TN LGIP	LGIP - MPC Global Tire	3,001,297.46	0%	13,540.22	3,176,488.11	0%	13,883.73	3,286,253.27	0%	13,458.24
TN LGIP	LGIP - International Plaza Building	539,202.89	0%	2,429.89	545,627.14	0%	2,424.25	552,437.35	0%	2,310.21
TN LGIP	LGIP - CONRAC Discretionary	11,791,487.25	1%	53,273.86	12,244,396.72	1%	53,931.25	12,494,776.06	1%	51,849.48
TN LGIP BALANCE		266,911,559.18	22%	1,189,610.30	271,656,513.53	23%	1,211,428.07	281,197,063.85	23%	1,164,243.05
CDARS	CITIZENS BANK CDARS - PFC	1,047,775.64	0%	3,591.71	1,047,775.64	0%	3,603.91	1,047,775.64	0%	3,499.34
CITIZENS BANK CDARS BALANCE		1,047,775.64	0%	3,591.71	1,047,775.64	0%	3,603.91	1,047,775.64	0%	3,499.34
PFMAM	PFMAM CORE Portfolio	286,959,158.84	24%	995,065.15	288,050,682.13	24%	917,333.70	288,676,312.73	23%	997,390.28
PFMAM	PFMAM COMMON DEBT RESERVE Portfolio	134,578,911.09	11%	499,914.80	134,810,840.27	11%	453,485.47	136,494,567.23	11%	664,733.90
PFMAM	PFMAM 2019 A&B CAP I Portfolio	3,195,667.54	0%	13,942.34	3,209,616.57	0%	13,949.03	-	0%	-
PFMAM	PFMAM 2019A&B Construction Portfolio	5,157,956.07	0%	22,503.59	5,180,470.45	0%	22,514.38	8,408,327.94	1%	24,076.89
PFMAM	PFMAM 2022A&B CAP I Portfolio	12,965,326.19	1%	46,259.79	12,534,906.83	1%	45,803.29	12,101,759.11	1%	59,244.86
PFMAM	PFMAM 2022A&B Construction Portfolio	193,825,031.51	16%	885,757.14	176,820,532.57	15%	672,942.64	162,780,125.43	13%	589,473.21
PFM EON Investment Balance		636,682,051.24	53%	2,463,442.81	620,607,048.82	51%	2,126,028.51	608,461,092.44	49%	2,334,919.14
Total MNAA Cash/Cash Equivalents in all categories		1,207,625,022.07	100%	5,060,320.39	1,205,112,161.03	100%	4,609,856.22	1,230,723,167.63	100%	4,755,276.22

Total Interest Received for Q1 2025 **14,425,452.83**



METROPOLITAN NASHVILLE AIRPORT AUTHORITY

Investment Performance Review For the Quarter Ended September 30, 2024

Client Management Team

Scott Sweeten, BCM, CFS, Sr. Managing Consultant
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Current Market Themes



- ▶ The U.S. economy is characterized by:
 - ▶ A labor market that reached better balance and support consumer activity
 - ▶ Inflation that has made meaningful progress towards the Federal Reserve's (Fed) 2% target, although shelter costs remain a headwind
 - ▶ Resilient economic growth and consumer spending that support the 'soft landing' scenario



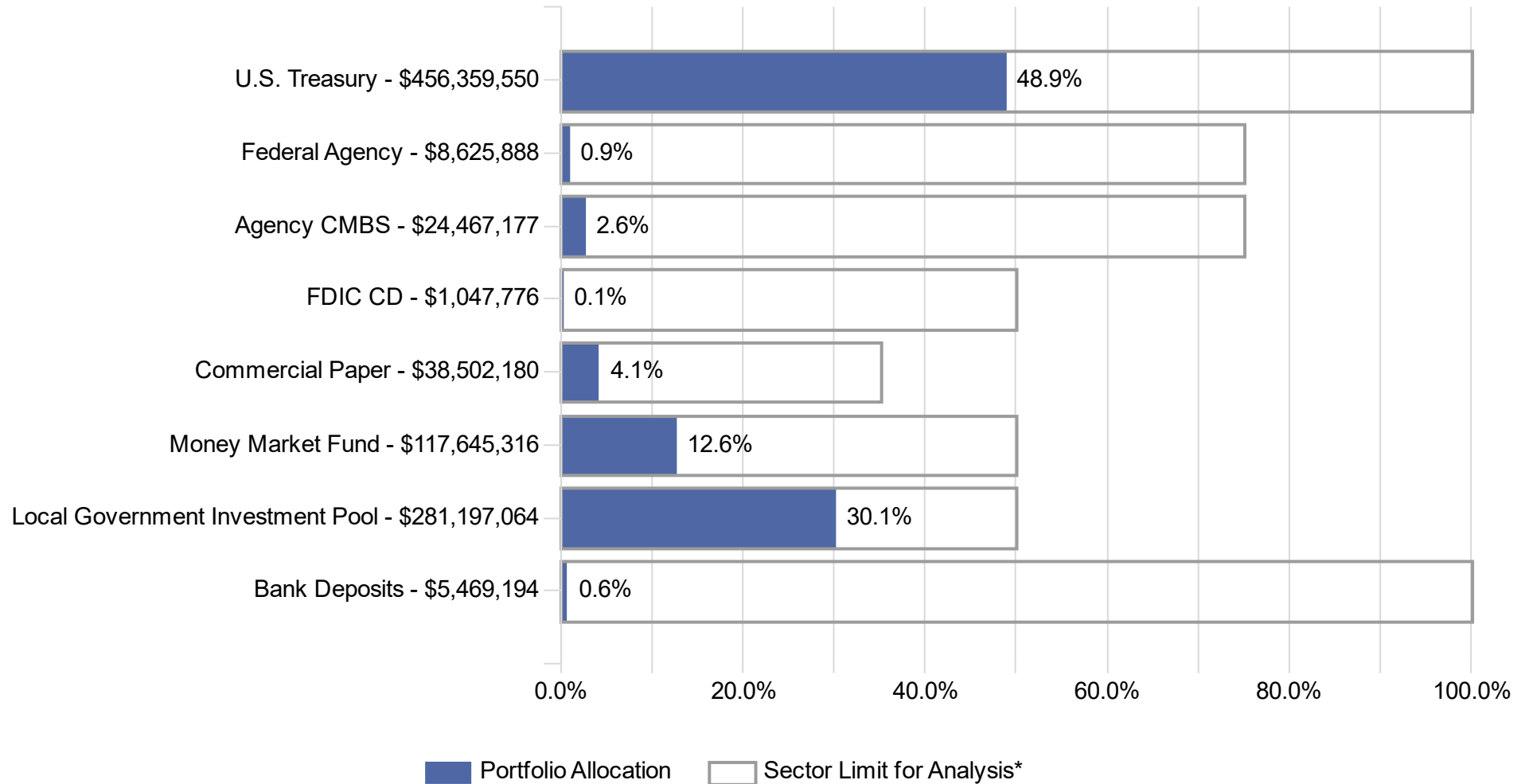
- ▶ Fed begins the easing cycle
 - ▶ The Fed cut the federal funds target rate by 50 basis points (bps) to 4.75% - 5.00% at its September FOMC meeting
 - ▶ Fed officials note they have gained greater confidence the risks to their dual mandate are "roughly" in balance
 - ▶ The Fed's September "dot plot" implies 50 bps of additional cuts in 2024 and 100 bps through 2025



- ▶ Treasury yields continued their descent
 - ▶ Yields on maturities between 3 months and 10 years fell 62-112 bps during the 3rd quarter
 - ▶ The yield curve began to disinvert in the 3rd quarter as the spread between the 2-year and 10-year Treasury reached positive territory for the first time in over 2 years
 - ▶ Despite intra-quarter spread widening, yield spreads across most credit sectors were range bound at tight levels, reflecting the strength of the economy

Source: Bloomberg Finance L.P., as of September 30, 2024.

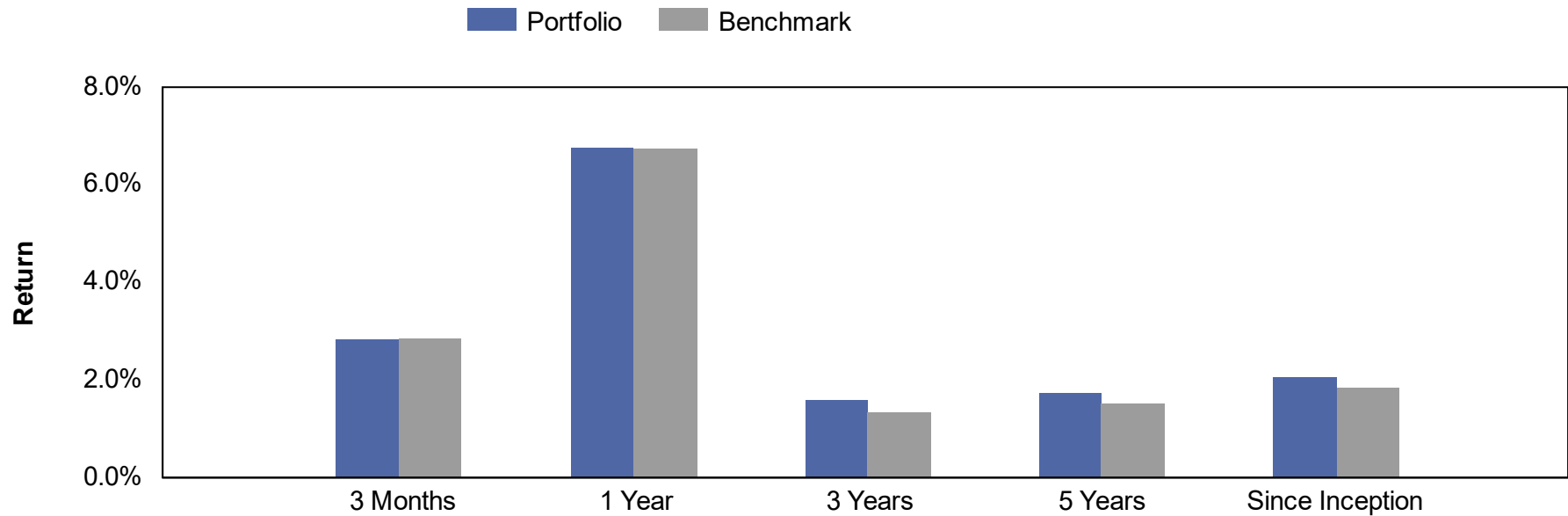
Sector Allocation Analytics



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.

Portfolio Performance



Market Value Basis Earnings	3 Months	1 Year	3 Years	5 Years	Since Inception ¹
Interest Earned ²	\$2,924,214	\$10,469,848	\$18,346,513	\$22,302,250	\$23,821,951
Change in Market Value	\$5,222,280	\$8,192,153	\$905,236	\$2,770,687	\$4,375,559
Total Dollar Return	\$8,146,494	\$18,662,001	\$19,251,749	\$25,072,937	\$28,197,510
Total Return³					
Portfolio	2.84%	6.76%	1.61%	1.74%	2.04%
Benchmark ⁴	2.87%	6.74%	1.33%	1.52%	1.84%

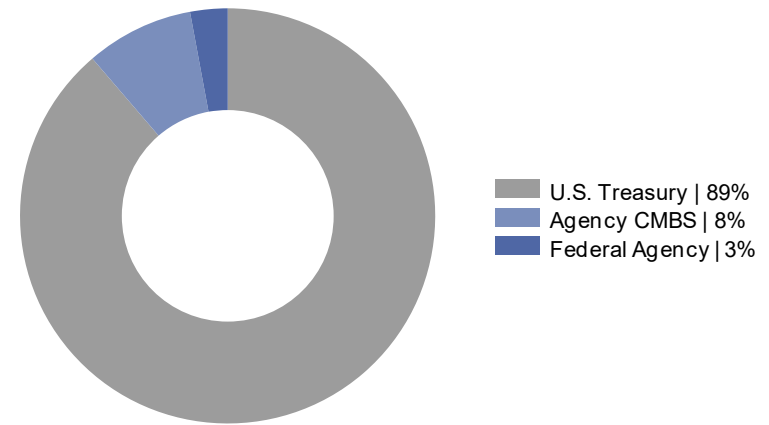
1. The lesser of 10 years or since inception is shown. Since inception returns for periods one year or less are not shown. Performance inception date is December 31, 2018.
 2. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.
 3. Returns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

Portfolio Snapshot - MNA OPERATING CORE PORTFOLIO¹

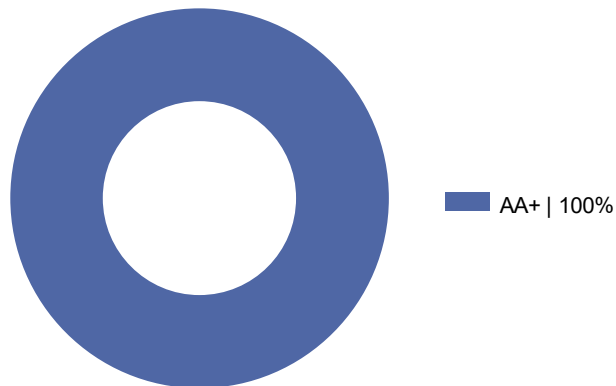
Portfolio Statistics

Total Market Value	\$294,894,997.16
<i>Securities Sub-Total</i>	\$290,265,559.31
<i>Accrued Interest</i>	\$2,910,831.22
<i>Cash</i>	\$1,718,707.06
Portfolio Effective Duration	1.75 years
Benchmark Effective Duration	1.83 years
Yield At Cost	4.37%
Yield At Market	3.71%
Portfolio Credit Quality	AA

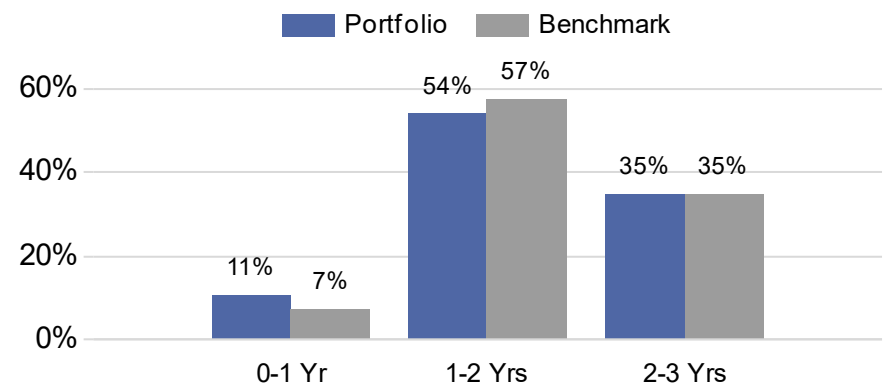
Sector Allocation



Credit Quality - S&P



Duration Distribution



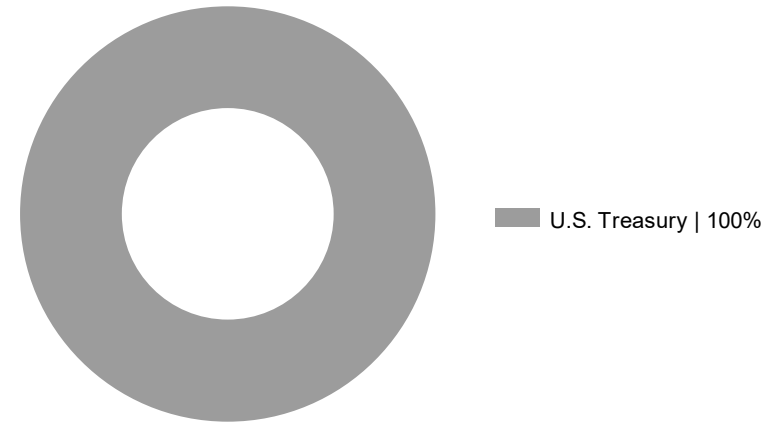
1. Yield and duration calculations exclude cash and cash equivalents. Sector allocation includes market values and accrued interest. The portfolio's benchmark is the ICE BofA 1-3 Year U.S. Treasury Index. Source: Bloomberg Financial LP. An average of each security's credit rating was assigned a numeric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

Portfolio Snapshot - MNAA COMMON DSRF¹

Portfolio Statistics

Total Market Value	\$137,136,119.81
<i>Securities Sub-Total</i>	\$136,455,528.98
<i>Accrued Interest</i>	\$664,668.85
<i>Cash</i>	\$15,921.98
Portfolio Effective Duration	1.84 years
Benchmark Effective Duration	0.23 years
Yield At Cost	4.02%
Yield At Market	4.01%
Portfolio Credit Quality	AA

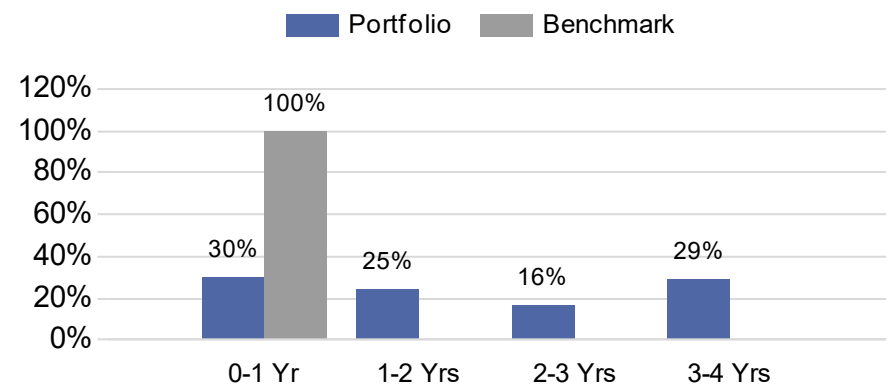
Sector Allocation



Credit Quality - S&P



Duration Distribution



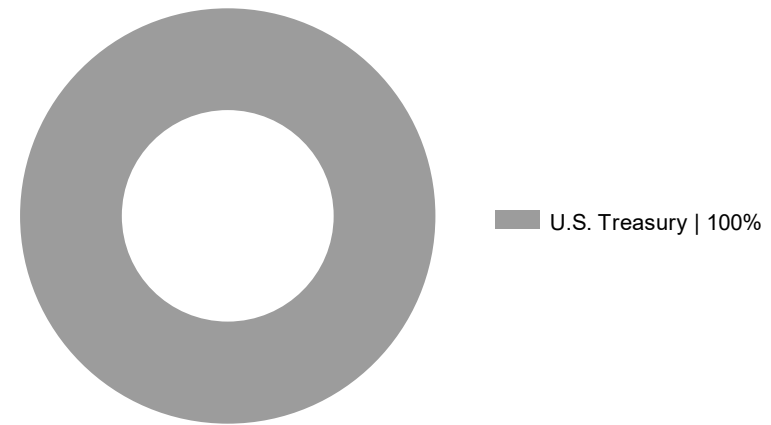
1. Yield and duration calculations exclude cash and cash equivalents. Sector allocation includes market values and accrued interest. The portfolio's benchmark is the ICE BofA 3 Month U.S. Treasury Index. Source: Bloomberg Financial LP. An average of each security's credit rating was assigned a numeric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

Portfolio Snapshot - MNAA SERIES 2022 REVENUE BONDS¹

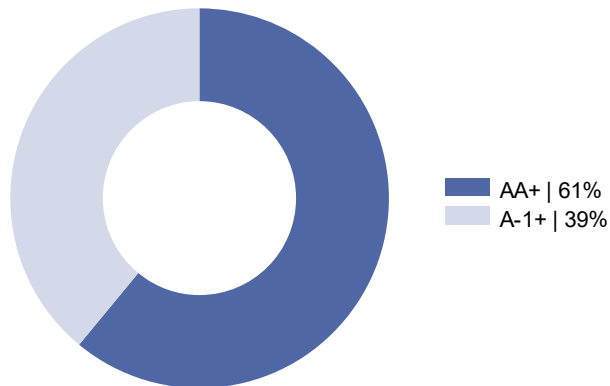
Portfolio Statistics

Total Market Value	\$162,927,122.11
<i>Securities Sub-Total</i>	\$52,444,630.25
<i>Accrued Interest</i>	\$146,906.38
<i>Cash</i>	\$110,335,585.48
Portfolio Effective Duration	0.23 years
Yield At Cost	5.17%
Yield At Market	4.94%
Portfolio Credit Quality	AA

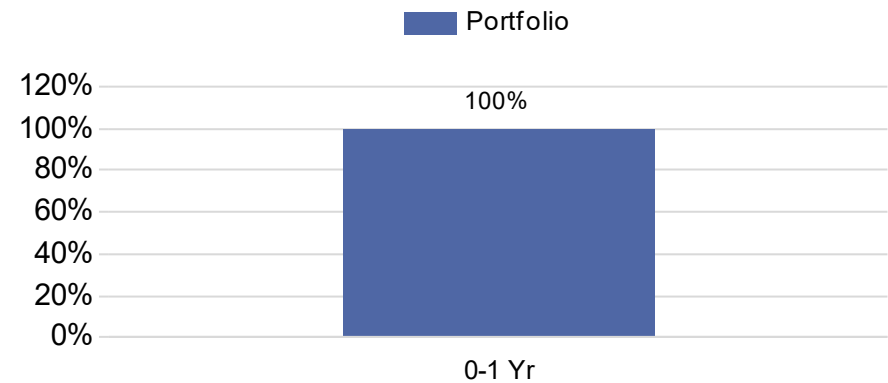
Sector Allocation



Credit Quality - S&P



Duration Distribution



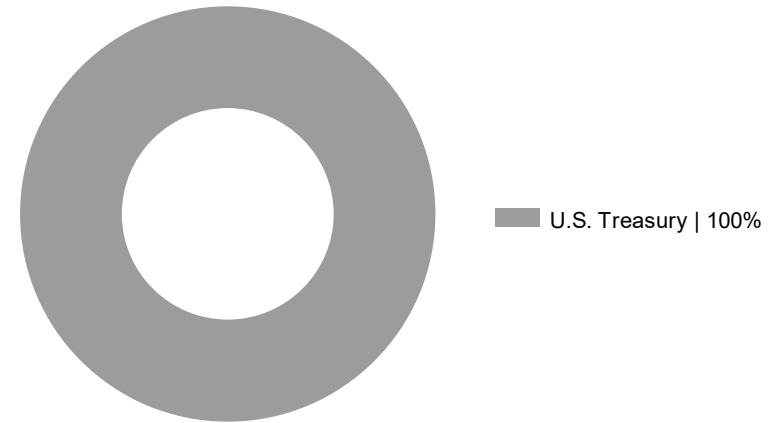
1. Yield and duration calculations exclude cash and cash equivalents. Sector allocation includes market values and accrued interest. An average of each security's credit rating was assigned a numeric value and adjusted for its relative weighting in the portfolio.

Portfolio Snapshot - MNAA SERIES 2022 CAP I¹

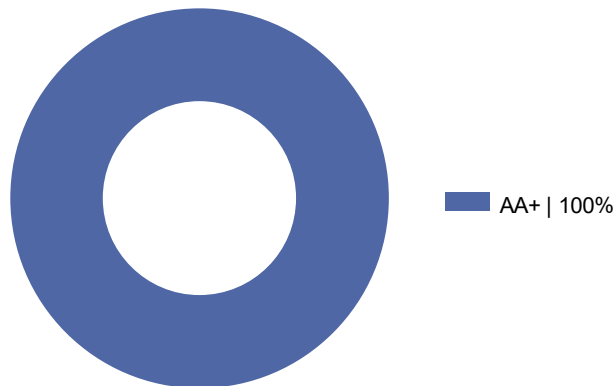
Portfolio Statistics

Total Market Value	\$12,139,691.79
<i>Securities Sub-Total</i>	\$6,526,680.87
<i>Accrued Interest</i>	\$37,909.41
<i>Cash</i>	\$5,575,101.51
Portfolio Effective Duration	0.28 years
Yield At Cost	4.23%
Yield At Market	4.68%
Portfolio Credit Quality	AA

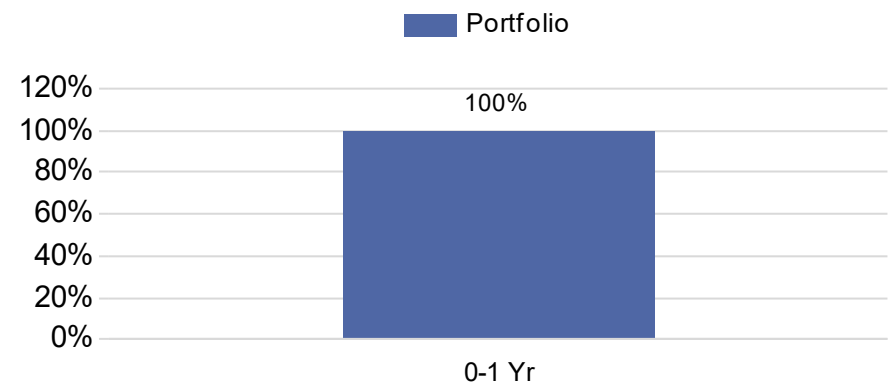
Sector Allocation



Credit Quality - S&P



Duration Distribution



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

Glossary

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

Glossary

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