

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



Date/Time: Wednesday, February 12, 2025, 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 February 10, 2025 at 9:00 a.m.

III. APPROVAL OF MINUTES

January 8, 2025 Minutes of the Joint Meeting of the MNAA and MPC Finance, Diversity & Workforce Development Committees

IV. CHAIR'S REPORT

V. ITEMS FOR APPROVAL

1. None

VI. INFORMATION ITEMS

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

VII. ADJOURN

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



Date: January 8, 2025

Location: Metropolitan Nashville Airport Authority
Tennessee Boardroom

Time: 9:19 a.m.

Committee Members Present:

Glenda Glover, Committee Vice Chair; and Glenn Farner

Committee Members Absent:

Andrew Byrd, Committee Chair

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, Kristy Bork, John Cooper, Kristen Deuben, Chief Findlen, Adam Floyd, Traci Holton, Eric Johnson, Carrie Logan, Rachel Moore, Ted Morrissey, Stacey Nickens, Brandi Porter, Josh Powell, Robert Ramsey, Davita Taylor, and Puneet Vedi

I. CALL TO ORDER

Vice Chair Glover called the Joint Meeting of the MNAA and MPC Finance, Diversity & Workforce Development (“Finance”) Committees to order at 9:19 a.m. pursuant to Public Notice dated January 3, 2025.

II. PUBLIC COMMENT

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

III. APPROVAL OF MINUTES

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

Vice Chair Glover asked Ms. Saxman for a roll call:

Vice Chair Glover – Yes

Commissioner Farner – Yes

The motion passed with a vote of 2 to 0.

IV. CHAIR'S REPORT

Vice Chair Glover thanked everyone for attending and asked for a moment of silence for President Jimmy Carter.

V. ITEMS FOR APPROVAL

1. 2nd Amendment to Advertising Concession Agreement

President Kreulen introduced Eric Johnson, SVP, Chief Revenue Officer, to brief the Commissioners on the 2nd Amendment to the Advertising Concession Agreement. Mr. Johnson stated MNAA has a Concession Agreement with Clear Channel Airports (CCA) to develop and operate the advertising program for the terminal and approved outdoor areas on the Airport campus. The term of the agreement commenced on June 30, 2017, and will expire on June 30, 2027. CCA has invested \$1.9M into the advertising program.

The Amendment will provide updates to Exhibits A and B for additional inventory added as part of the BNA Vision projects. Additionally, MNAA will extend the term 3-years, commencing July 1, 2027, through June 30, 2030, and during that period increase revenue share from 60% to 64%, effective July 1, 2027. CCA is responsible for providing MNAA with access to the iHeart Radio program that allows the airport to provide public notices. Today they provide \$75,000 worth of service for that and during the term of this commitment. CCA no longer has a program relationship with iHeart Radio and has asked to remove that program. After conversations with our Communications team, we have agreed that we still need some access to that program, so we are cutting that commitment by 50%, down to \$37,500, effective July 1, 2027. There will also be some added provisions for new Concourse A where MNAA plans to add 11 new advertising assets and CCA will only have a limited period utilizing that. The ACDBE goal for this project is 15% and the participation is 46.3%.

Mr. Johnson requested that the Finance Committee recommend to the Board of Commissioners that it accept the 2nd Amendment to the Advertising Concession Agreement between MNAA and Clear Channel Airports; and authorize the Chair and President & CEO to execute the Amendment.

Vice Chair Glover asked for the total dollars of the increase. President Kreulen replied that the increase in revenue it will generate is north of a \$1M from going from 60% to 64%.

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

Vice Chair Glover asked Ms. Saxman for a roll call:

Vice Chair Glover – Yes

Commissioner Farner – Yes

The motion passed with a vote of 2 to 0.

2. FY25/FY26 Capital Improvement Amendment (JWN Apron Pavement Rehabilitation) MNAA Resolution 2025-01

President Kreulen introduced Kristen Deuben, VP, Deputy Chief Financial Officer, to brief the Commissioners on the FY25/FY26 Capital Improvement Amendment (JWN Apron Pavement Rehabilitation). Ms. Deuben stated that on April 17, 2024, the Board adopted Resolution 2024-07 which approved the FY25-FY29 JWN Capital Improvements Plan and the FY25 JWN Capital Improvements Budget (Resolution No. 2024-07). A portion of this project is to be funded with Bipartisan Infrastructure Law (BIL) funds. In December 2024, Tennessee Department of Transportation (TDOT) notified MNAA that \$120K of the programmed federal BIL funding will expire on April 16, 2025.

To ensure this funding is not lost, a design grant for this project must be executed no later than March 19, 2025. The design contract, estimated not to exceed \$500K, will be procured through the existing Engineering On-Call Agreement (Atkins).

Ms. Deuben requested that the Finance Committee recommend to the Board of Commissioners that it authorize and approve an amendment to the FY25-FY29 Capital Improvements Plan (CIP) by transferring \$500K of the FY26 proposed project budget for the JWN Apron Pavement Rehabilitation Design (Phase 1 of 2; South Area) to FY25, and authorize and approve an amendment to the FY25 Capital Improvements Budget (CIB) by adding the \$500K project budget, and authorize the Chair and President & CEO to execute MNAA Resolution 2025-01 amending Resolution 2024-07.

Commissioner Joslin asked what pulling \$500K out of FY26 will do to FY26 budget. President Kreulen replied we reduced it by \$500K. Mainly by moving this \$500K authorization we ensure our team puts out the design contract and it gets awarded. There is \$120K of Federal money that may expire so we are moving it forward. Commissioner Joslin asked what the \$500K was for in FY26. President Kreulen replied it is for the same project, and we are moving the design contract up to FY25. Commissioner Joslin asked about the parking at JWN. Mr. Robert Ramsey, EVP, Chief Development Officer, replied they are still working and February is the target date for completion. Commissioner Joslin asked if there are 90 spots. President Kreulen replied there are approximately 75 spots, and he will get the exact number.

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

Vice Chair Glover asked Ms. Saxman for a roll call:

Vice Chair Glover – Yes

Commissioner Farner – Yes

The motion passed with a vote of 2 to 0.

VI. INFORMATION ITEMS

1. None.

President Kreulen presented the final slide and informed the Commissioners of the route of Board tour that will be held after the Board meeting next week.

President Kreulen concluded the presentation.

Vice Chair Glover thanked everyone and wanted to give special thanks to President Kreulen for the transparency he exhibits at all of the Committee and Board meetings.

VII. ADJOURN

There being no further business brought before the Finance Committee, Vice Chair Glover adjourned the meeting at 9:30 a.m.

Andrew W. Byrd, Board Secretary

STAFF ANALYSIS

Finance Committee (Information Only)

Date: February 12, 2025
Facility: Nashville International Airport
Subject: FY2025 – 2nd Quarter – MNAA Employee Retirement Plan and Other Post-Employment Benefits (OPEB) Investment Report

I. Reports

Attached is the Performance Report prepared by Principal for the 2nd Quarter of FY2025. The Principal report covers the period from October 1, 2024 through December 31, 2024.

II. Analysis

A. **Summary**

MNAA Retirement Plan

The quarter (three months) total portfolio return gross of fees was -1.93% compared to the designated Composite Benchmark of -1.62%. The three-month total portfolio return net of fees was -1.98%.

The fiscal year-to-date (six months) total portfolio return gross of fees was 3.67% compared to the designated Composite Benchmark of 4.36%. The year-to-date total portfolio return net of fees was 3.57%.

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

Pension - Asset Allocation as of 10/31/2024 (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	\$ 2,570,897.99	2.99%	0%-3%-100%	Yes	100.00%	97.01%
Bonds and Notes	\$ 40,492,635.62	47.09%	0%-47%-57%	Yes	57.00%	9.91%
Equities - Large Cap ^(a)	\$ 7,028,608.50	8.17%	0%-8%-10.40%	Yes	10.40%	2.23%
Equities - S&P 500 Funds ^(a)	\$ 9,018,386.16	10.49%	0%-10.5%-17.40%	Yes	17.40%	6.91%
Equities - Large Cap Growth ^(a)	\$ 6,900,363.21	8.02%	0%-8%-10.40%	Yes	10.40%	2.38%
Equities - Mid Cap ^(a)	\$ 6,001,400.50	6.98%	0%-7.00%-9.10%	Yes	9.10%	2.12%
Equities - Small Cap ^(a)	\$ 3,417,252.15	3.97%	0%-4.00%-5.20%	Yes	5.20%	1.23%
Equities - International ^(a)	\$ 10,567,040.35	12.29%	0%-12.50%-16.10%	Yes	16.10%	3.81%
Total	\$ 85,996,584.48	100.00%				
(a) Total Equities	\$ 42,933,050.87	49.92%	0%-50%-60%	Yes	60.00%	10.08%

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

As of November 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 11/30/2024 (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	\$ 2,790,015.00	3.17%	0%-3%-100%	Yes	100.00%	96.83%
Bonds and Notes	\$ 41,066,004.38	46.60%	0%-47%-57%	Yes	57.00%	10.40%
Equities - Large Cap ^(a)	\$ 7,072,870.01	8.03%	0%-8%-10.40%	Yes	10.40%	2.37%
Equities - S&P 500 Funds ^(a)	\$ 9,302,719.09	10.56%	0%-10.5%-17.40%	Yes	17.40%	6.84%
Equities - Large Cap Growth ^(a)	\$ 7,080,522.06	8.04%	0%-8%-10.40%	Yes	10.40%	2.36%
Equities - Mid Cap ^(a)	\$ 6,333,362.78	7.19%	0%-7.00%-9.10%	Yes	9.10%	1.91%
Equities - Small Cap ^(a)	\$ 3,616,724.43	4.10%	0%-4.00%-5.20%	Yes	5.20%	1.10%
Equities - International ^(a)	\$ 10,856,819.46	12.32%	0%-12.50%-16.10%	Yes	16.10%	3.78%
Total	\$ 88,119,037.21	100.00%				
(a) Total Equities	\$ 44,263,017.83	50.23%	0%-50%-60%	Yes	60.00%	9.77%

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

As of December 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 12/31/2024 (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	\$ 2,609,516.32	3.06%	0%-3%-100%	Yes	100.00%	96.94%
Bonds and Notes	\$ 40,455,326.73	47.43%	0%-47%-57%	Yes	57.00%	9.57%
Equities - Large Cap ^(a)	\$ 6,808,150.18	7.98%	0%-8%-10.40%	Yes	10.40%	2.42%
Equities - S&P 500 Funds ^(a)	\$ 8,853,434.86	10.38%	0%-10.5%-17.40%	Yes	17.40%	7.02%
Equities - Large Cap Growth ^(a)	\$ 6,695,423.86	7.85%	0%-8%-10.40%	Yes	10.40%	2.55%
Equities - Mid Cap ^(a)	\$ 5,881,927.38	6.90%	0%-7.00%-9.10%	Yes	9.10%	2.20%
Equities - Small Cap ^(a)	\$ 3,336,625.74	3.91%	0%-4.00%-5.20%	Yes	5.20%	1.29%
Equities - International ^(a)	\$ 10,646,326.32	12.48%	0%-12.50%-16.10%	Yes	16.10%	3.62%
Total	\$ 85,286,731.39	100.00%				
(a) Total Equities	\$ 42,221,888.34	49.51%	0%-50%-60%	Yes	60.00%	10.49%

*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 2025.

Asset Valuation Summary Pension Plan

Month	Cost	Market	Unrealized Gain/Loss
10/31/2024	\$ 68,390,906.62	\$ 85,996,584.48	\$ 17,605,677.86
11/30/2024	\$ 68,533,064.10	\$ 88,119,037.21	\$ 19,585,973.11
12/31/2024	\$ 68,575,882.50	\$ 85,286,731.39	\$ 16,710,848.89

Reconciliation Summary – Retirement Plan

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

Pension Summary 2nd QTR FY 2025 (market value)

	10/31/2024	11/30/2024	12/31/2024	2Q FY-to-Date
Beginning Market Value	88,280,705.13	85,996,584.48	88,119,037.21	88,280,705.13
Total Cash Receipts	497,206.76	568,240.57	465,866.89	1,531,314.22
Total Cash Disbursements	(466,438.89)	(426,083.09)	(423,048.49)	(1,315,570.47)
Change in Fair Market Value	(2,314,888.52)	1,980,295.25	(2,875,124.22)	(3,209,717.49)
Ending Market Value	85,996,584.48	88,119,037.21	85,286,731.39	85,286,731.39

MNAA OPEB

The quarter (three months) total portfolio return gross of fees was -1.81% compared to the designated Composite Benchmark of -1.36%. The three-month total portfolio return net of fees was -1.86%.

The fiscal year-to-date (six months) total portfolio return gross of fees was 3.83% compared to the designated Composite Benchmark of 4.81%. The year-to-date total portfolio return net of fees was 3.73%.

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

OPEB - Asset Allocation as of 10/31/2024 (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	\$ 1,130,195.83	2.55%	0%-3%-100%	Yes	100.00%	97.45%
Bonds and Notes	\$ 16,487,044.44	37.20%	0%-37%-42%	Yes	42.00%	4.80%
Equities - Large Cap Value ^(a)	\$ 4,335,404.63	9.78%	0%-9.6%-10.80%	Yes	10.80%	1.02%
Equities - S&P 500 Funds ^(a)	\$ 5,586,617.70	12.60%	0%-12.60%-14.20%	Yes	14.20%	1.60%
Equities - Large Cap Growth ^(a)	\$ 4,272,678.82	9.64%	0%-9.60%-10.80%	Yes	10.80%	1.16%
Equities - Mid Cap ^(a)	\$ 3,716,391.87	8.38%	0%-8.40%-9.50%	Yes	9.50%	1.12%
Equities - Small Cap ^(a)	\$ 2,139,250.95	4.83%	0%-4.80%-5.40%	Yes	5.40%	0.57%
Equities - International ^(a)	\$ 6,657,096.73	15.02%	0%-15%-16.80%	Yes	16.80%	1.78%
Total	\$ 44,324,680.97	100.00%				
(a) Total Equities	\$ 26,707,440.70	60.25%	0%-60%-65%	Yes	65.00%	4.75%

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

As of November 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 11/30/2024 (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	\$ 1,242,130.69	2.72%	0%-3%-100%	Yes	100.00%	97.28%
Bonds and Notes	\$ 16,719,605.14	36.59%	0%-37%-42%	Yes	42.00%	5.41%
Equities - Large Cap Value ^(a)	\$ 4,477,388.23	9.80%	0%-9.6%-10.80%	Yes	10.80%	1.00%
Equities - S&P 500 Funds ^(a)	\$ 5,785,130.14	12.66%	0%-12.60%-14.20%	Yes	14.20%	1.54%
Equities - Large Cap Growth ^(a)	\$ 4,446,166.94	9.73%	0%-9.60%-10.80%	Yes	10.80%	1.07%
Equities - Mid Cap ^(a)	\$ 3,937,603.58	8.62%	0%-8.40%-9.50%	Yes	9.50%	0.88%
Equities - Small Cap ^(a)	\$ 2,347,624.36	5.14%	0%-4.80%-5.40%	Yes	5.40%	0.26%
Equities - International ^(a)	\$ 6,743,535.46	14.76%	0%-15%-16.80%	Yes	16.80%	2.04%
Total	\$ 45,699,184.54	100.00%				
(a) Total Equities	\$ 27,737,448.71	60.70%	0%-60%-65%	Yes	65.00%	4.30%

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

As of December 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 12/31/2024 (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	\$ 1,223,239.53	2.77%	0%-3%-100%	Yes	100.00%	97.23%
Bonds and Notes	\$ 16,602,516.02	37.57%	0%-37%-42%	Yes	42.00%	4.43%
Equities - Large Cap Value ^(a)	\$ 4,283,861.01	9.69%	0%-9.6%-10.80%	Yes	10.80%	1.11%
Equities - S&P 500 Funds ^(a)	\$ 5,513,238.84	12.48%	0%-12.60%-14.20%	Yes	14.20%	1.72%
Equities - Large Cap Growth ^(a)	\$ 4,168,912.22	9.43%	0%-9.60%-10.80%	Yes	10.80%	1.37%
Equities - Mid Cap ^(a)	\$ 3,656,425.66	8.27%	0%-8.40%-9.50%	Yes	9.50%	1.23%
Equities - Small Cap ^(a)	\$ 2,118,715.80	4.79%	0%-4.80%-5.40%	Yes	5.40%	0.61%
Equities - International ^(a)	\$ 6,622,512.44	14.99%	0%-15%-16.80%	Yes	16.80%	1.81%
Total	\$ 44,189,421.52	100.00%				
(a) Total Equities	\$ 26,363,665.97	59.66%	0%-60%-65%	Yes	65.00%	5.34%

*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 2025.

Asset Valuation Summary OPEB

Month	Cost	Market	Unrealized Gain/Loss
10/31/2024	\$ 39,620,024.93	\$ 44,324,680.97	\$ 4,704,656.04
11/30/2024	\$ 39,708,959.50	\$ 45,699,184.54	\$ 5,990,225.04
12/31/2024	\$ 41,111,464.00	\$ 44,189,421.52	\$ 3,077,957.52

Reconciliation Summary - OPEB

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

OPEB Summary 2nd QTR FY 2025 (market value)

	10/31/2024	11/30/2024	12/31/2024	2Q FY-to-Date
Beginning Market Value	45,420,219.73	44,324,680.97	45,699,184.54	45,420,219.73
Total Cash Receipts	52,208.99	51,213.44	339,407.90	442,830.33
Realized Gain/(Loss)	151,833.04	135,877.03	1,216,691.90	1,504,401.97
Total Cash Disbursements	(170,065.87)	(98,155.90)	(153,595.30)	(421,817.07)
Change in Fair Market Value	(1,129,514.92)	1,285,569.00	(2,912,267.52)	(2,756,213.44)
Ending Market Value	44,324,680.97	45,699,184.54	44,189,421.52	44,189,421.52

B. Impact/Findings

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

C. Strategic Priorities

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

STAFF ANALYSIS

Finance Committee (Information Only)

Date: February 12, 2025

Facility: Nashville International Airport

Subject: FY 2025 – 2nd Quarter – Treasury Investment Report (December 31, 2024)

I. Reports

The following Treasury Investment Report covers the period from October 1, 2024, through December 31, 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 September 30, 2024, and December 31, 2024, was as follows:

	<u>9/30/2024</u>	<u>12/31/2024</u>	<u>\$ Change</u>	<u>% Change</u>
NAE Fund	\$ 310,011,915	\$ 296,806,950	\$ (13,204,965)	-4.26%
Operating Cash	218,220,105	239,408,842	21,188,737	9.71%
Construction Accounts	251,402,409	218,218,909	(33,183,500)	-13.20%
Debt Service Accounts	175,609,189	200,623,648	25,014,459	14.24%
PFC Accounts	196,881,522	202,047,009	5,165,487	2.62%
CONRAC Accounts	78,598,027	83,757,588	5,159,561	6.56%
Total Funds	<u>\$ 1,230,723,167</u>	<u>\$ 1,240,862,946</u>	<u>\$ 10,139,779</u>	<u>0.82%</u>

The asset allocation for cash and investments (not including accrued interest) at the Authority for the quarters ending September 30, 2024, and December 31, 2024, was as follows:

	9/30/2024		12/31/2024		\$ Change	% Change
U.S. Treasuries	\$ 292,759,451	\$	276,499,248	\$	(16,260,203)	-5.55%
Federal Agency	165,399,099		145,514,375		(19,884,724)	-12.02%
Agency Mortgage-Backed Securities	24,248,898		22,254,168		(1,994,730)	-8.23%
Certificates of Deposit	1,047,776		1,047,776		-	0.00%
Commercial Paper	38,502,180		65,344,130		26,841,950	69.72%
Money Market Mutual Funds	422,099,506		419,871,235		(2,228,271)	-0.53%
Tennessee Local Government Investment Pool	281,197,064		303,375,903		22,178,839	7.89%
Cash in Demand Deposit Accounts	5,469,193		6,956,111		1,486,918	27.19%
Total Funds	\$ 1,230,723,167	\$	1,240,862,946	\$	10,139,779	0.82%

The listing of accounts on December 31, 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 December 31, 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 4.31% for the CORE Portfolio, 4.22% for the Common Debt Service Reserve Portfolio (DSR), 4.16% for the 2022A&B Capitalized Interest Portfolio, and 5.04% 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 4.22%. The PFMAM Common DSR, Construction Funds, and CAP-I benchmark, the ICE BofAML 3mo T-Bill, was 4.41%.

The MNAA managed funds yield was 4.69% as compared to the benchmark S&P Rated LGIP All Index yield of 4.73%. The combined yield for the MNAA managed and PFMAM Managed Portfolios was 4.32%.

The Authority earned a total of \$13,697,566 on cash and investments for the second quarter of FY 2025. In comparison, the income received on cash and investments for the second quarter ended December 31, 2023, was \$13,196,572. Total available funds for the second quarter of 2025 were \$1.241B vs \$1.229B for first quarter 2024 (\$12M more).

B. Investment Program Review

- DDA cash in 2Q FY 2025 was 0.6% 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 2025, per the investment policy, the investment portfolio complies and meets 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 October 2024, November 2024, and December 2024

Attachment 2 – PFMAM Investment Performance Review as of December 31, 2024

Cash and Investment Balances 2Q25

Bank	AccountName	Cash Balances as of 10/31/2024	% of Total Cash	Monthly Interest earned	Cash Balances as of 11/30/2024	% of Total Cash	Monthly Interest earned	Cash Balances as of 12/31/2024	% 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	80.77	0%	2.57	35,082.12	0%	1.10	38,443.32	0%	0.99
TRUIST	PFC Revenue	1,810,697.24	0%	0.95	74,635.97	0%	1.03	373.43	0%	1.00
TRUIST	Revenue Account	1,470,187.18	0%	-	2,495,031.56	0%	-	2,906,628.39	0%	-
TRUIST	Capital Improvement	198.35	0%	-	198.35	0%	-	198.35	0%	-
TRUIST	Benefit Bd Fund	(44.44)	0%	-	-	0%	-	-	0%	-
TRUIST	Operating Fund	3,285,141.42	0%	5.82	172,696.42	0%	4.84	234,274.71	0%	8.17
TRUIST	Tune Operation	445,684.56	0%	2.68	553,476.52	0%	2.63	324,318.60	0%	3.05
TRUIST	Parking Rev Master LAZ Account	57,225.00	0%	-	251,163.88	0%	-	-	0%	-
TRUIST	Parking Rev Credit Card Account	-	0%	-	-	0%	-	-	0%	-
TRUIST	DPS Seized Funds	975,747.22	0%	8.26	975,755.22	0%	8.00	975,763.48	0%	8.26
TRUIST	Construction Payment Account	4,524,397.77	0%	6.52	14,863.03	0%	6.27	30,515.64	0%	6.61
TRUIST	Airline Facility Investment Fund	-	0%	-	-	0%	-	-	0%	-
TRUIST	NAE Cash Reserve Fund	10.31	0%	5.88	10.52	0%	0.21	10.52	0%	-
TRUIST	Authority Facility Investment Fund	-	0%	-	-	0%	-	0.11	0%	0.11
TRUIST	1% ARTS Fund	-	0%	-	-	0%	-	-	0%	-
TRUIST	DEA - State	330,192.47	0%	3.29	325,712.84	0%	2.69	312,211.38	0%	2.64
TRUIST	CONRAC Excess CFC	186.17	0%	0.35	89.49	0%	1.34	38.23	0%	0.76
TRUIST	CONRAC Discretionary Account	-	0%	-	-	0%	-	-	0%	-
TRUIST	MNAA DOJ	550,032.46	0%	4.66	564,702.25	0%	4.53	582,281.93	0%	4.69
TRUIST	CON CFC Operating Acct	1,553,135.39	0%	9.60	1,729,105.57	0%	8.72	1,429,837.48	0%	8.61
TRUIST	MP Building Operating Acct	32,517.07	0%	0.61	110,107.76	0%	0.72	9,568.18	0%	1.50
TRUIST	International Plaza Operating Acct	57,372.79	0%	0.85	268,227.16	0%	1.59	25,128.48	0%	2.99
TRUIST	MPC Global Tire	8,890.77	0%	-	8,845.02	0%	-	4,537.93	0%	-
TRUIST	MNAA Properties Corp (Parent)	18,764.44	0%	0.16	18,764.59	0%	0.15	18,764.75	0%	0.16
TRUIST	MPC Holdings LLC	-	0%	-	-	0%	-	-	0%	-
TRUIST	Arts at the Airport	55,502.34	0%	0.47	55,359.65	0%	0.45	63,217.03	0%	0.50
TRUIST	Trust Bank Cash Balances	15,175,919.28	1%	52.67	7,653,827.92	1%	44.27	6,956,111.94	1%	50.04
US Bank	Series 2010/2018 Rental Payment Fund CP SWEEP	-	0%	-	-	0%	-	30,301.43	0%	639.30
US Bank	Series 2010/2018 Bond Fund Interest Account CP SWI	169,208.28	0%	392.36	242,674.14	0%	523.25	284,976.17	0%	680.41
US Bank	Series 2010/2018 Bond Fund Serial Bond Principal CP	1,156,203.92	0%	2,681.15	1,445,203.91	0%	3,575.41	1,734,203.90	0%	4,164.99
US Bank	Series 2010/2018 Bond Reserve Fund CP SWEEP	1,890,205.41	0%	6,104.68	1,896,141.48	0%	5,936.07	1,901,603.64	0%	5,462.16
US Bank	Series 2010/2018 Coverage Fund CP SWEEP	992,871.80	0%	3,218.56	992,871.80	0%	3,120.65	992,871.80	0%	2,861.40
US Bank	Series 2010/2018 Operation & Maintenance Reserve Fd	915,098.00	0%	2,966.45	915,098.00	0%	2,876.20	915,098.00	0%	2,637.27
US Bank	Series 2010/2018 Renewal & Replacement Fund CP S	3,351,567.85	0%	10,864.66	3,351,567.85	0%	10,534.16	3,351,567.85	0%	9,659.03
US Bank	Series 2010/2018 Discretionary Fund Major Maintenananc	3,351,567.85	0%	10,864.66	3,351,567.85	0%	10,534.16	3,351,567.85	0%	9,659.03
US Bank	Series Excess CFC Funds	-	0%	-	-	0%	-	-	0%	-
US Bank	2003B P & I (Pd BNA; Mat 7/1/33)	532,951.55	0%	1,109.92	651,045.48	0%	1,485.93	769,380.92	0%	1,727.44
US Bank	2019 A Debt Service Account	5,208,851.30	0%	10,187.04	6,488,731.98	1%	14,318.68	7,771,378.80	1%	17,084.82
US Bank	2019 B Debt Service Account	13,743,012.00	1%	26,884.52	17,118,501.54	1%	37,780.54	20,501,284.90	2%	45,074.36
US Bank	2015 A Debt Service Account	2,241,296.70	0%	4,569.64	2,756,582.40	0%	6,218.70	3,272,943.95	0%	7,294.55
US Bank	2015 B Debt Service Account	2,581,573.96	0%	5,178.76	3,191,188.63	0%	7,136.67	3,802,094.47	0%	8,427.84
US Bank	MNAA AIRPORT IMP BDS SRS 2022A	2,129,778.30	0%	4,161.57	2,602,569.75	0%	5,853.45	2,929,613.22	0%	6,904.47
US Bank	MNAA AIRPORT IMP BDS SRS 2022B	9,223,330.28	1%	18,105.33	11,476,858.16	1%	25,374.88	13,735,242.83	1%	30,231.67
US Bank	US Bank Cash Balances	47,487,517.20	4%	107,289.30	56,480,602.97	5%	135,268.75	65,344,129.73	5%	152,508.74
Goldman	1% Arts Fund GS 465	207,413.64	0%	840.78	207,357.32	0%	784.46	207,358.35	0%	785.49
Goldman	2022 Construction Fund GS 465	9,273,091.27	1%	44,917.58	5,971,990.39	0%	30,960.32	3,353,185.89	0%	18,562.26
Goldman	Authority Facility Investment Fund GS 465	4,347,393.37	0%	22,185.90	2,697,040.98	0%	13,729.17	2,039,112.58	0%	8,359.64
Goldman	Conrac Excess CFC GS 465	42,230,038.99	3%	171,145.05	43,615,806.40	4%	164,267.41	45,184,107.16	4%	170,550.76
Goldman	NAE Cash Reserve GS 465	2,192,840.17	0%	8,888.87	2,192,244.43	0%	8,293.13	2,194,905.59	0%	8,312.89
Goldman	Nashville Airport Experience GS 465	90,597,176.88	7%	408,487.19	89,777,584.22	7%	340,802.53	89,776,851.75	7%	340,070.06
Goldman	PFC Revenue GS 465	4,650,610.85	0%	18,852.51	4,649,346.40	0%	17,588.06	4,649,369.86	0%	17,611.52
Goldman	Revenue Account GS 465	30,371,487.61	2%	123,162.21	29,677,055.48	2%	116,067.87	33,833,616.52	3%	121,161.04
Goldman	Sub Debt Construction Funds GS 465	78,812,115.58	6%	326,440.53	87,895,060.37	7%	304,753.19	86,302,489.92	7%	327,476.58
Goldman	Joint Marketing Fund	12,630,899.42	1%	51,415.43	12,072,975.68	1%	46,679.77	12,118,858.51	1%	45,882.83
Goldman	NAE Cash Reserve GS 468	372,759.24	0%	1,498.85	372,657.41	0%	1,397.02	372,662.96	0%	1,402.57
Goldman	Goldman Sachs Investment Balances	275,685,827.02	23%	1,177,834.90	279,129,119.08	23%	1,045,322.93	280,032,519.09	23%	1,060,175.64
TN LGIP	LGIP - Tune	9,632,906.96	1%	39,063.98	9,544,864.70	1%	37,250.78	10,240,167.27	1%	38,557.55
TN LGIP	LGIP - PFC	39,651,853.40	3%	165,667.56	39,996,949.26	3%	155,095.86	40,151,852.39	3%	154,903.13
TN LGIP	LGIP - Revenue	52,022,088.77	4%	850,063.67	55,001,814.14	4%	812,127.61	57,816,250.63	5%	836,356.27
TN LGIP	LGIP - Nashville Airport Experience	4,515,318.52	0%	-	4,677,474.88	0%	-	4,844,141.88	0%	-
TN LGIP	LGIP - Renewal and Replacement	1,340,176.15	0%	-	1,444,343.15	0%	-	1,548,510.15	0%	-
TN LGIP	LGIP - Operations & Maintenance	14,601,089.38	1%	-	15,298,107.38	1%	-	15,995,125.38	1%	-
TN LGIP	LGIP - Airline Facility	14,029,370.10	1%	-	14,985,191.54	1%	-	17,979,494.30	1%	-
TN LGIP	LGIP - Authority Facility	31,764,771.56	3%	-	33,202,606.18	3%	-	34,216,888.50	3%	-
TN LGIP	LGIP - NAE Cash Reserve	80,979,722.31	7%	-	80,979,722.31	7%	-	81,731,630.31	7%	-
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	15,311,551.13	1%	64,190.52	15,224,623.12	1%	59,632.99	15,137,006.85	1%	58,944.73
TN LGIP	LGIP - Multi-Purpose Building	2,601,357.14	0%	10,909.04	2,601,490.43	0%	10,133.29	2,601,564.42	0%	10,073.99
TN LGIP	LGIP - MPC Global Tire	3,376,432.56	0%	13,872.37	3,385,891.75	0%	13,152.27	3,595,334.48	0%	13,135.81
TN LGIP	LGIP - International Plaza Building	554,755.15	0%	2,317.80	556,916.41	0%	2,161.26	572,324.93	0%	2,158.52
TN LGIP	LGIP - CONRAC Discretionary	12,439,926.90	1%	52,321.54	12,461,292.57	1%	48,450.44	12,871,535.08	1%	48,287.22
TN LGIP	TN LGIP BALANCE	286,895,396.17	23%	1,198,406.48	293,435,363.96	24%	1,138,004.50	303,375,902.71	24%	1,162,417.22
CDARS	CITIZENS BANK CDARS - PFC	1,047,775.64	0%	3,628.11	1,047,775.64	0%	3,522.79	1,047,775.64	0%	3,652.40
CDARS	CITIZENS BANK CDARS BALANCE	1,047,775.64	0%	3,628.11	1,047,775.64	0%	3,522.79	1,047,775.64	0%	3,652.40
PFMAM	PFMAM CORE Portfolio	289,886,376.56	24%	1,128,362.96	290,834,657.61	24%	1,028,134.70	292,078,410.81	24%	1,059,897.53
PFMAM	PFMAM COMMON DEBT RESERVE Portfolio	135,269,609.70	11%	454,698.78	135,495,232.47	11%	440,032.09	137,044,790.14	11%	455,930.79
PFMAM	PFMAM 2019 A&B CAP I Portfolio	-	0%	-	-	0%	-	-	0%	-
PFMAM	PFMAM 2019A&B Construction Portfolio	8,441,954.94	1%	33,627.00	8,473,528.03	1%	31,573.09	8,505,329.49	1%	31,801.46
PFMAM	PFMAM 2022A&B CAP I Portfolio	11,657,929.94	1%	41,961.78	11,246,203.71	1%	39,945.92	10,796,918.66	1%	35,589.72
PFMAM	PFMAM 2022A&B Construction Portfolio	152,746,244.54	12%	622,233.83	144,478,216.18	12%	555,012.85	135,681,057.86	11%	550,585.02
PFMAM	PFM EON Investment Balance	598,002,115.68	49%	2,280,884.35	590,527,838.00	48%	2,094,698.65	584,106,506.96	47%	2,133,804.52
PFMAM	Total MNAA Cash/Cash Equivalents in all categories	1,224,294,550.99	100%	4,768,095.81	1,228,274,527.57	100%	4,416,861.89	1,240,862,946.07	100%	4,512,608.56

Total Interest Received for Q2 2025 **13,697,566.26**



METROPOLITAN NASHVILLE AIRPORT AUTHORITY

Investment Performance Review For the Quarter Ended December 31, 2024

Client Management Team

Leslie Weaber, Senior Managing Consultant
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Current Market Themes



- ▶ U.S. economic soft landing remains on track
 - ▶ Inflation and labor markets are in line with Fed expectations despite slower recent progress
 - ▶ Strong economic growth prospects remain intact, aided by a resilient consumer
 - ▶ Changes to fiscal policy may impact growth and inflation trajectory



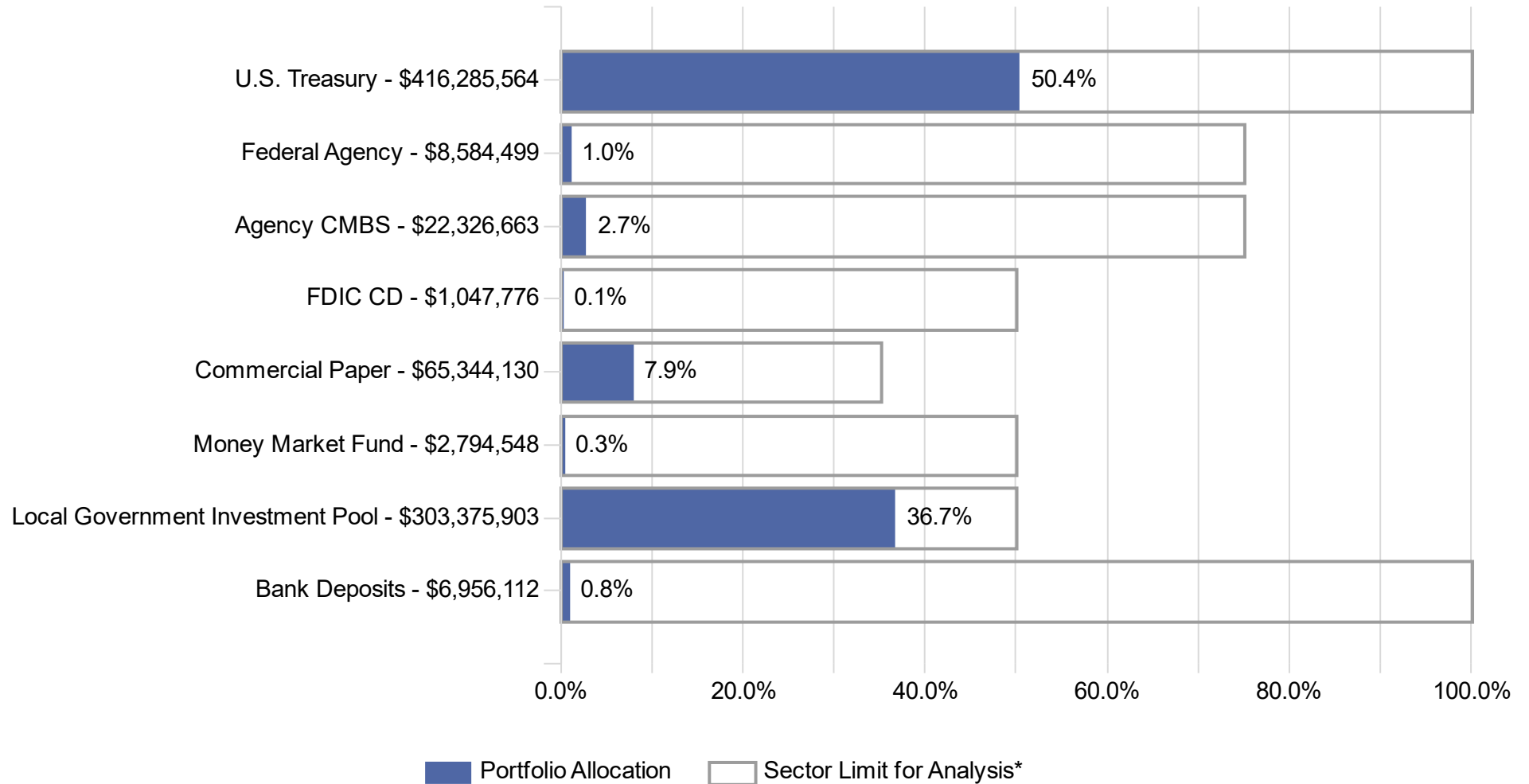
- ▶ Fed easing cycle moves forward as expected, but looks to slow in 2025
 - ▶ The Fed cut the federal funds target rate by an additional 50 basis points (bps) during the fourth quarter to 4.25% - 4.50%
 - ▶ The Fed's December "dot plot" implies another 50 bps of cuts in 2025, less than the 100 bps of cuts previously projected in September
 - ▶ Fed Chair Powell noted the slower pace of cuts reflect "stickier" inflation heading into 2025



- ▶ Treasury yields responded to expected monetary and fiscal policy
 - ▶ Yields on maturities between 2 years and 10 years rose 60-83 bps during the 4th quarter
 - ▶ The yield curve disinversion continued and was flatter at the front end and positively sloped beyond 1-year
 - ▶ Yield spreads remained near historically tight levels across most sectors aided by robust demand and strength in the economy

Source: Details on market themes and economic indicators provided throughout the body of the presentation. Bloomberg Finance L.P., as of December 31, 2024.

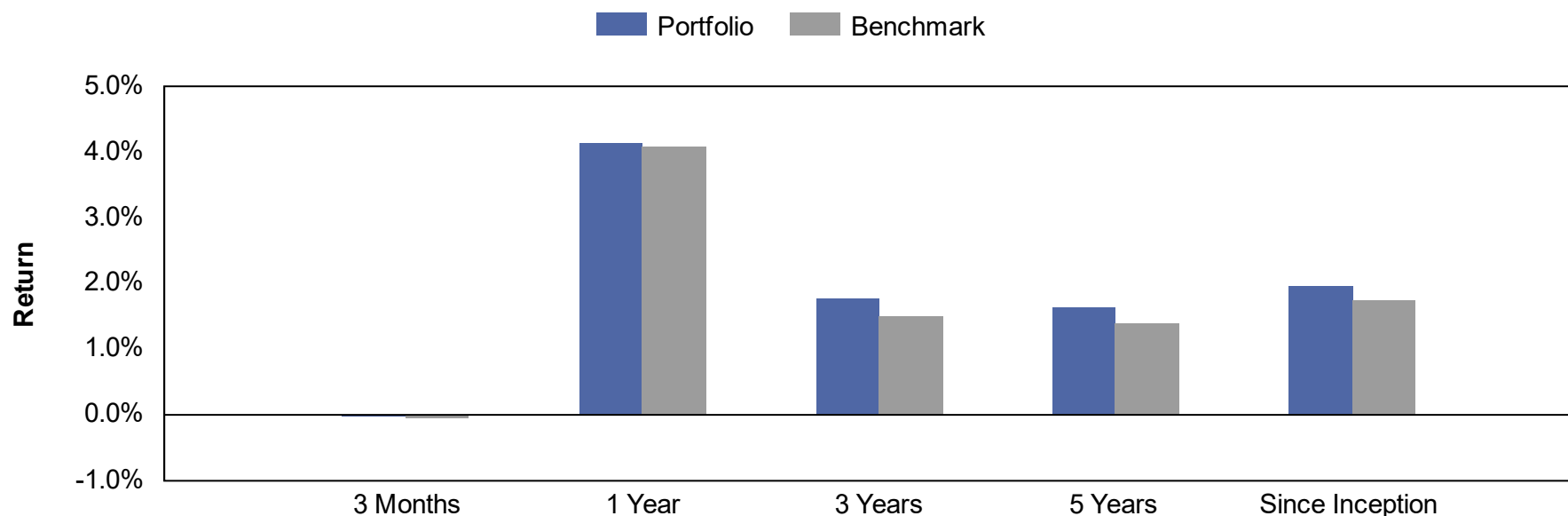
Sector Allocation Analytics



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	\$2,944,782	\$11,148,331	\$20,964,729	\$24,699,822	\$26,766,139
Change in Market Value	(\$3,023,099)	\$588,132	(\$960,049)	(\$332,954)	\$1,352,460
Total Dollar Return	(\$78,317)	\$11,736,463	\$20,004,680	\$24,366,868	\$28,118,599
Total Return³					
Portfolio	-0.03%	4.15%	1.78%	1.62%	1.95%
Benchmark ⁴	-0.06%	4.08%	1.50%	1.40%	1.75%

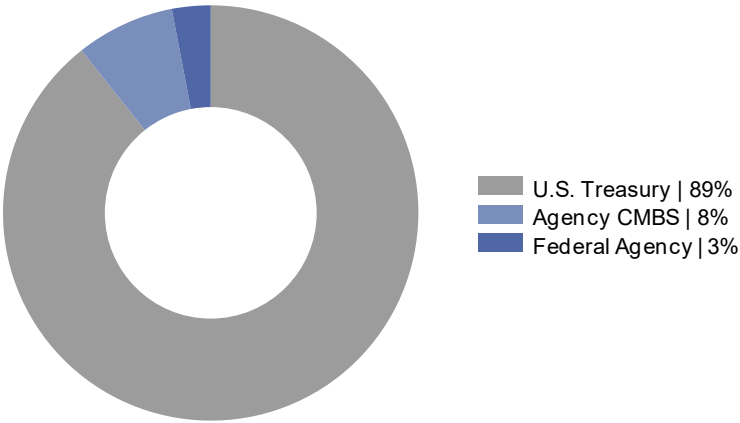
1. The lesser of 10 years or since inception is shown. Since inception returns for periods one year or less are not shown. Performance inception date is December 31, 2018.
 2. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.
 3. Returns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

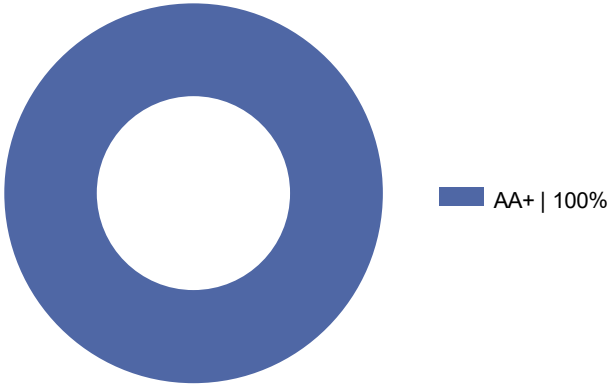
Portfolio Statistics

Total Market Value	\$294,816,086.02
<i>Securities Sub-Total</i>	\$289,297,730.77
<i>Accrued Interest</i>	\$2,723,807.01
<i>Cash</i>	\$2,794,548.24
Portfolio Effective Duration	1.75 years
Benchmark Effective Duration	1.74 years
Yield At Cost	4.31%
Yield At Market	4.30%
Portfolio Credit Quality	AA

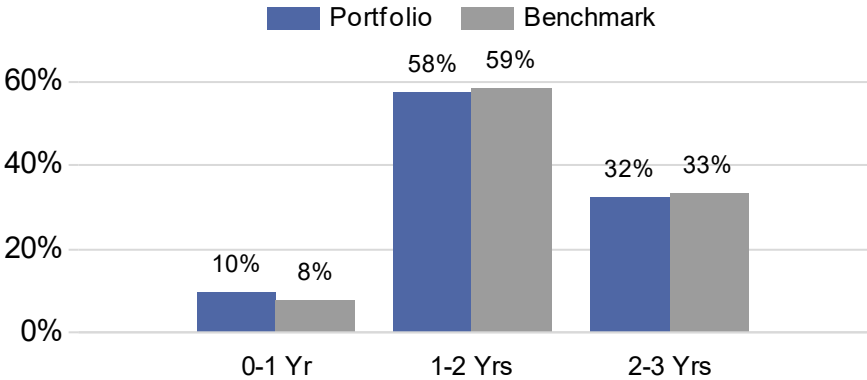
Sector Allocation



Credit Quality - S&P



Duration Distribution



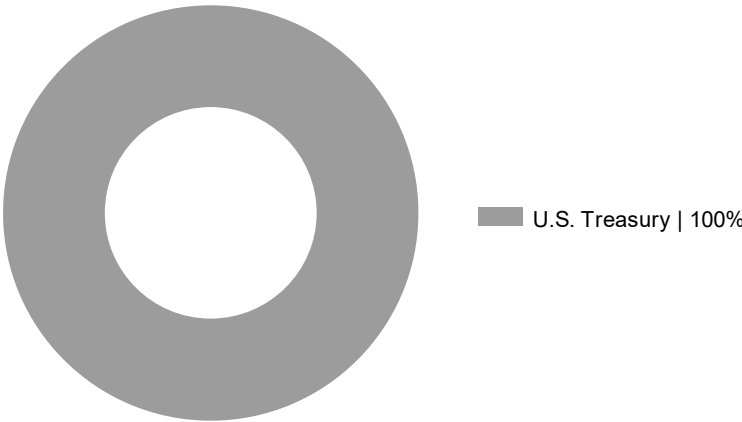
1. Yield and duration calculations exclude cash and cash equivalents. Sector allocation includes market values and accrued interest. The portfolio's benchmark is the ICE BofA 1-3 Year U.S. Treasury Index. Source: Bloomberg Financial LP. An average of each security's credit rating was assigned a numeric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

Portfolio Snapshot - MNAA COMMON DSRF¹

Portfolio Statistics

Total Market Value	\$137,100,631.99
<i>Securities Sub-Total</i>	\$137,073,229.42
<i>Accrued Interest</i>	\$7,007.57
<i>Cash</i>	\$20,395.00
Portfolio Effective Duration	1.95 years
Benchmark Effective Duration	0.15 years
Yield At Cost	4.22%
Yield At Market	4.42%
Portfolio Credit Quality	AA

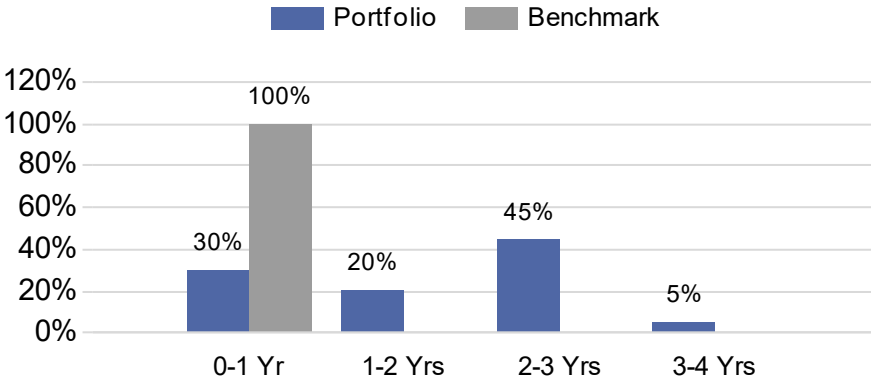
Sector Allocation



Credit Quality - S&P



Duration Distribution



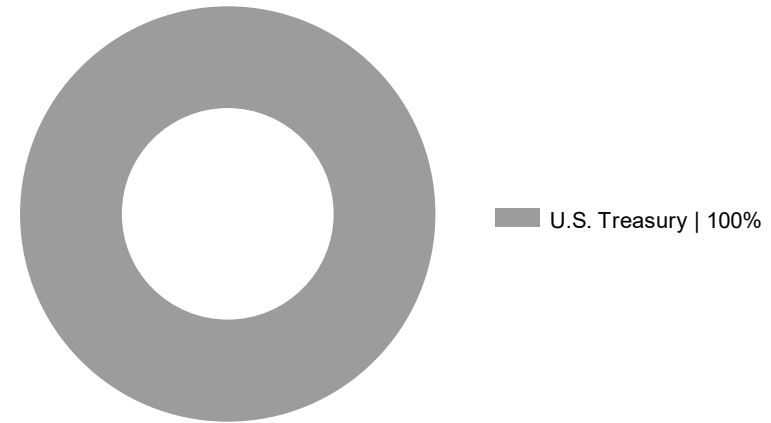
1. Yield and duration calculations exclude cash and cash equivalents. Sector allocation includes market values and accrued interest. The portfolio's benchmark is the ICE BofA 3 Month U.S. Treasury Index. Source: Bloomberg Financial LP. An average of each security's credit rating was assigned a numeric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

Portfolio Snapshot - MNAA SERIES 2022 REVENUE BONDS¹

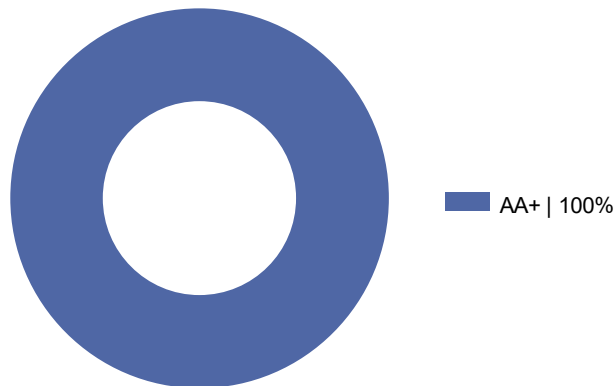
Portfolio Statistics

Total Market Value	\$135,806,081.82
Securities Sub-Total	\$15,402,663.42
Accrued Interest	\$93,130.89
Cash	\$120,310,287.51
Portfolio Effective Duration	0.33 years
Yield At Cost	5.04%
Yield At Market	4.67%
Portfolio Credit Quality	AA

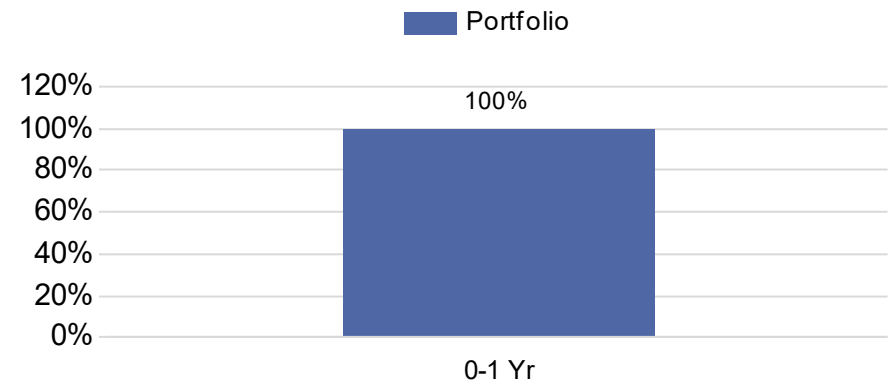
Sector Allocation



Credit Quality - S&P



Duration Distribution



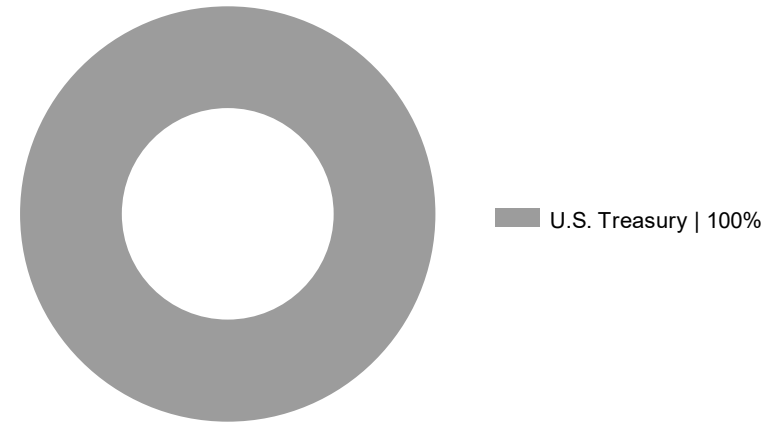
1. Yield and duration calculations exclude cash and cash equivalents. Sector allocation includes market values and accrued interest. An average of each security's credit rating was assigned a numeric value and adjusted for its relative weighting in the portfolio.

Portfolio Snapshot - MNAA SERIES 2022 CAP I¹

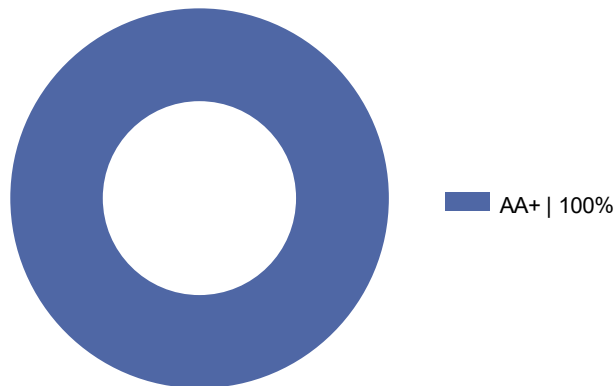
Portfolio Statistics

Total Market Value	\$10,807,312.43
<i>Securities Sub-Total</i>	\$2,587,178.82
<i>Accrued Interest</i>	\$11,977.87
<i>Cash</i>	\$8,208,155.74
Portfolio Effective Duration	0.26 years
Yield At Cost	4.16%
Yield At Market	4.68%
Portfolio Credit Quality	AA

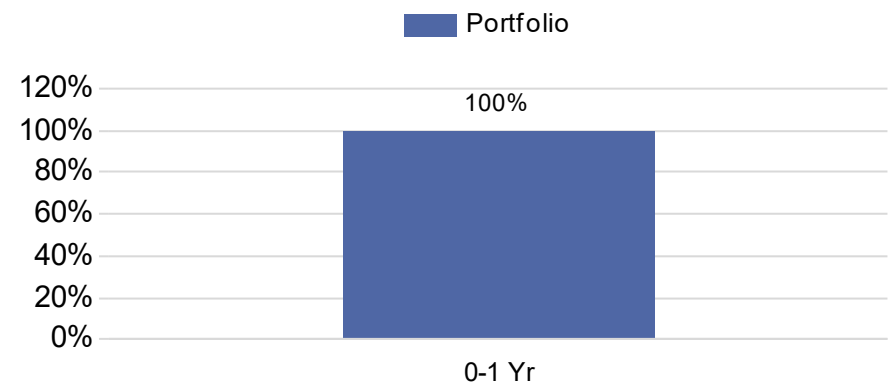
Sector Allocation



Credit Quality - S&P



Duration Distribution



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

Important Disclosures

This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation, as it was prepared without regard to any specific objectives or financial circumstances.

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- ICE Bank of America 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.