

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



Date/Time: Wednesday, May 14, 2025, at 10:00 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 May 12, 2025 at 9:00 a.m.

III. APPROVAL OF MINUTES

April 9, 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. Revisions to Investment Policy for Retirement Plan for MNAA Employees and OPEB Plan, MNAA Resolution 2025-08

VI. INFORMATION ITEMS

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

VII. ADJOURN

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



Date: April 9, 2025

Location: Metropolitan Nashville Airport Authority
Tennessee Boardroom

Time: 9:00 a.m.

Committee Members Present:

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

Committee Members Absent:

None

Other Board Members Present:

Nancy Sullivan, Jimmy Granbery, Bobby Joslin, and
Joycelyn Stevenson

MNAA Staff & Guests Present:

Doug Kreulen, Cindy Barnett, Lisa Lankford, Trish Saxman,
Marge Basrai, Kristy Bork, Daniel B. Brown, John Cooper,
Ben Dearman, Kristen Deuben, Adam Floyd, Traci Holton,
Eric Johnson, Carrie Logan, Rachel Moore, Brandi Porter,
Josh Powell, and Robert Ramsey

I. CALL TO ORDER

Chair Byrd called the Joint Meeting of the MNAA and MPC Finance, Diversity & Workforce Development ("Finance") Committees to order at 9:00 a.m. pursuant to Public Notice dated April 4, 2025.

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 March 12, 2025, Minutes of the Joint Meeting of the MNAA & MPC Finance Committees. Commissioner Farner made a motion, and Vice Chair Glover seconded the motion.

Chair Byrd asked Ms. Saxman for a roll call:

Chair Byrd – Yes

Vice Chair Glover – Yes

Commissioner Farner – Yes

The motion passed with a vote of 3 to 0.

IV. CHAIR'S REPORT

Chair Byrd thanked all for attending and also thanked the Jackson Municipal Airport Authority ("JMAA") for visiting. Vice Chair Glover also thanked JMAA and introduced the visiting members: Vice Chair Rickey Jones, Samuel Washington, and Jerome Benjamin. She mentioned she once served on the Board at JMAA and expressed that it is a great airport. She stated Jackson is a great city and is amazed at how much the Jackson airport has grown.

V. ITEMS FOR APPROVAL

1. FY25 BNA CIP Budget Amendment, MNAA Resolution No. 2025-02

President Kreulen introduced Marge Basrai, EVP, Chief Financial Officer, to brief the Committee on the FY25 BNA CIP Budget Amendment. Ms. Basrai stated she has 8 budgets for approval and will go through each one. Ms. Basrai started with the amended FY25 BNA CIP Budget. The original budget for FY25 is \$1.27B, and the amended budget is \$1.494B, an overall increase of \$225.9M. The first 3 changes are the Westside Development Study, Snow Equipment Building, & Gassaway Parking Lot Rehab, which were all canceled until Terminal II planning is further along. Terminal Access Roadway Improvements (TARI) Phase II and III added \$133.5M to match what was approved by the Board (\$300M) as part of New Horizon II in January 2025. The next 3 had no change in cost, only funding changes. Deicing Storage Modifications (\$2M) will not be bond funded, it will be charged directly to airlines in 2025. Airport Master Plan & Rehabilitate Taxiway projects now have Federal Grants secured. Central Ramp Expansion added \$88.1M to agree to updated budget of \$242.4M in New Horizon I, which was briefed to the Board in March 2025. Administration Building Reconfiguration added \$1.3M cost, due to added scope that the Board approved in November 2024. Gassaway roof replacement is \$1M, and the project moved from FY27 due to current roof leaks. Taxiway Design Group 6 was added at \$14M as the project was needed to address airfield needs. It will be paid with a combination of Federal grants and PFCs.

Vice Chair Glover asked if the snow equipment building was not needed. Ms. Basrai replied that we had taken it off for now, instead of building it and then having to remove it when we build Terminal II. Wherever we move the Consolidated Services Facility (CSF) building (maintenance building), we will also build the snow equipment building. Chair Byrd asked what TARI stands for. Ms. Basrai replied Terminal Access Roadway Improvements.

Vice Chair Glover asked if some costs were shifted. Ms. Basrai replied that MNAA took \$1M out of FY27 and moved it over to FY25 for the roof replacement. All of this will be updated again, when she presents the FY26 CIP budget. Commissioner Joslin asked if Group 6 will start, and if it is in the design phase now. President Kreulen replied that it is in the design phase now and may be completed by April 1, 2026, to allow British Airways to bring in the 736.

Ms. Basrai requested the Finance Committee recommend to the Board that it approve the amended FY25-FY29 BNA 5-year Capital Improvement Plan; amended FY25 BNA Capital Improvement Budget; and authorize the Chair and President & CEO to execute MNAA Resolution No. 2025-02.

Chair Byrd asked for a motion to approve 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. FY26 BNA Amended O&M Budget, MNAA Resolution No. 2025-03

Ms. Basrai presented a chart of the amended FY26 BNA O&M Budget with financial metrics highlighted. All of the numbers are still very strong. Debt Service Coverage (DSC), Signatory Landing Fees, Cost per Enplanement (CPE) are all lower due to less Airline revenue collected primarily from canceled CIP projects. DSC & Days Cash on Hand metrics exceed Board-approved requirements.

Ms. Basrai reported that total operating revenue decreased by \$17M. There are two main categories of operating revenue: Signatory Airline Revenue and Non-Airline Revenue. Signatory Airline Revenue decreased \$9M. The landing fees decreased \$7.3M; a \$5.1M reduction is due to the cancellation of the Virtual Ramp Control Tower FY24 project (\$5.4M) after the budget was approved, which lowered the rate from \$3.75 to \$3.38. The Airlines were informed of the change in the landing fee and have been paying the \$3.38 rate since the beginning of the year. This is adjusting the budget to what the airlines have actually been paying us this year. An additional decrease of \$2.2M was made due to the changes in funding for 3 projects approved in the FY25 BNA CIP Amendment (Deicing Storage Modifications, Airport Master Plan, and Rehabilitate TW S/S6/S7/T4), offset by a decrease in projected landed weights. Other signatory fees decreased by \$1.7M due to the projected airline year-end true-up where a refund is expected. Terminal rental rates, baggage fees, and terminal ramp fees are projected to decrease related to less operating expenses allocated to the terminal cost center. Non-Airline revenue will decrease by \$8M. Concessions decreased \$7.7M due to the anticipated receipt of federal relief funds (ARPA Concessions Grant) for concessions. This results in a reclassification of revenue, a decrease in concessions revenue, and an increase in other non-operating revenue. Non-signatory landing fees decreased \$300K due to the cancellation of the Virtual Ramp Control Tower project.

Vice Chair Glover asked if there is Non-Operating Revenue on the chart. Ms. Basrai explained that this is an accounting re-class, and that the last grant made a significant impact on concessions revenue. She showed Vice Chair Glover the Non-Operating Revenue on page 2 of the staff analysis.

Ms. Basrai presented a summary of the adjusted budget: Total operating revenue \$324.7M, Total operating expense \$195.7M, and Net Income before depreciation and capital grants \$141.6M.

Ms. Basrai requested the Finance Committee recommend to the Board that it approve the amended FY25 BNA operating budget and authorize the Chair and President & CEO to execute MNAA Resolution No. 2025-03.

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

Chair Byrd asked Ms. Saxman for a roll call:

Chair Byrd – Yes

Vice Chair Glover – Yes

Commissioner Farner – Yes

The motion passed with a vote of 3 to 0.

Ms. Basrai stated she will now present the 6 budgets for FY26.

3. FY26 BNA O&M Budget, MNAA Resolution No. 2025-04

Ms. Basrai presented a chart of BNA FY26 Passenger Projections. The FY25 budget was approved on April 17, 2024, at 24.8M passengers. The FY25 projection for year-end is 25-25.1M passengers (1% above the budgeted amount). The FY26 Budget is using the moderate forecast of 25.99M passengers (4% increase over the FY25 year-end projection). Overall passenger projections are estimated at a 5% increase over our FY25 budgeted amount.

Ms. Basrai reported the financial metrics with the proposed BNA budget are: DSC 3.11x Senior; DSC 2.03x Senior/Subordinate combined; Landing Fee \$3.50; CPE \$10.76; Days cash as of 3/31 is 939 days; DSC and Days Cash exceed Board Approved Requirements.

Ms. Basrai stated that the Operating Revenue increased \$34.0M, and the two main categories of Operating Revenue are the Non-Airline Revenue and Signatory Airline Revenue. The Non-Airline Revenue is Concessions \$11.3M increase with food & retail \$8.0M and \$7.7M related to reversal of one-time reclass of Federal Relief Grant (made FY25 Amended Budget). The remaining \$300K related to increased passengers. Rental Car Concessions increased \$2.1M and TNCs/Ground Transportation increased \$700K due to higher expected passengers. Advertising increased \$500K due to the updated advertising contract. Space Rent & Other Operating Revenues increased \$3.8M. Higher non-signatory airline per use fees. Increased rental rates and Increased Reimbursable Services (Utilities passthrough are expected to be higher). Take out \$7.7M reclass, non-airline revenue is only increasing 3.7% over prior year with the largest non-airline revenue Parking (\$113.7M) staying relatively flat and anticipating it to be below budget in FY25.

Vice Chair Glover asked if this is not parking, are passengers just getting dropped off. Ms. Basrai replied it is a combination of all those things. May be having family drop off, using the TNC or

using some other mode, other airports were seeing this a year or two ago. Vice Chair Glover asked how we compare with Memphis. President Kreulen replied Memphis is about 1/5th our size, Memphis has about 5M passengers, BNA has 25M. Memphis built more garage spaces years ago and because of that, they under-charge for the value of parking and they do not have any operable competition. BNA has under 20K spaces today and has approximately 10K spaces off airport. Ms. Basrai reported that she attended the Airport CFO Summit, and all the CFOs were discussing that their non-airline revenue was decreasing and they were looking for other ways to generate non-airline revenue.

Ms. Basrai stated the Signatory Airline Revenue (second Operating Revenue category) increased \$18.8M. She reminded the Commissioners that our Airline Agreement with our Signatory Airlines dictates how we set the rates each year. There are contractual calculations within each one of these cost centers, which are based on operating expenses, debt service, and capital projects that are actually charged to each one of those cost centers. The main terminal rent increased \$8.8M. Rental rate increased by ~ \$27 per sq ft due to an increase in debt service with the completion of Concourse D Extension opening in July 2025. The first principal payment of 2022 bonds is also due in FY26. Baggage fees increased \$3M due to the increase in terminal rental rates allocated to the baggage area. Landing fees increased \$4.5M due to a slight increase in debt service and capital projects charged to airlines. Also, there was a small increase in landed weights. Terminal Ramp Fees, Signatory Per Use Fees, and Passenger Boarding Bridges increased by \$1.4M, due to increases in O&M expenses and debt service. The Airline Revenue Sharing Credit (revenue we share with the airlines) decreased \$900k due to a decrease in the Airline Use and Lease Agreement (AULA) contractual calculation. Each year, we contractually share less and less revenue with the airlines, so it is going down.

Ms. Basrai reported that the Operating Expenses increased \$3.1M, which is 1.6% over the prior year, and we are trying to keep that below the non-airline revenue increase. MNAA was able to put in all of our contractual increases from our agreements. MNAA opened a Satellite Concourse, International Arrivals Facility, and the Terminal Grand Hall. The prior 2 years had estimates for the new facilities and we were able to adjust these to the actual in FY26. Salaries & benefits increased \$616K, with 10-15 potential new positions, upgrades, contract staff conversions, and COLA coupled with results of the compensation study. This is offset by a decrease in salaries due

to the creation of a vacancy allowance of approximately 6% (28 positions). MNAA never had a vacancy analysis, it was never a lot because we had a lot fewer employees, and now we have 530 positions. When you look at this vacancy analysis, we are running millions of dollars under budget in salaries. We created a 6% vacancy allowance, which is a couple of million dollars, and we will keep track of what our actual vacancy rate is and see how that compares against what we budgeted. With the number of people we have, putting that in there helps keep the cost contained. Contractual services decreased \$860K, including shuttle bus services decreased \$1.7M due to revised assumptions of TARI construction impact. Less usage for Satellite Concourse. Elevator and Escalator Maintenance increased \$400K. New contract that provides more coverage (24/7). Landscaping increased \$300K due to a new contract.

Ms. Basrai stated the Material and Supplies increased \$370K, with Snow and Ice Removal supplies increased \$250K to adjust to the cost of recent snow events. Passenger Boarding Bridges and Baggage Handling Systems increased \$100K (maintaining aging infrastructure). Utilities increased \$1.9M (finance performed additional usage analysis) due to an estimated increase in usage and rates. Electricity increased \$800K due to a 6.5% increase in usage and a 3.3% increase in rates primarily in the terminal. Natural Gas increased \$250K due a 7% rate increase. Water and Sewer increased \$750K due to an increase in usage and a 2.6% rate increase. Other Operating Expenses increased \$1M. Airport Promotions and Memberships increased \$700K mainly due to approved airline incentives (Icelandair and Aer Lingus). Insurance increased \$300K due to expected increases in rates.

Ms. Basrai reported that the Net Non-Operating Revenue decreased \$39.7M and is now a net non-operating expense. Non-Operating Revenue increased \$12.9M. Customer Facility Charges increased \$21.9M due to a rate increase from \$4.50 to \$10.00 on Feb 1, 2025. Passenger Facility Charges increased \$4.6M due to expected passenger increases. Interest Income increased \$800K due to higher expected rates than our FY25 estimates. Other Non-Operating Revenue decreased \$14.2M due to exhaustion of all federal relief funds by June 30, 2025. Non-Operating Expense increased \$52.6M. Interest Expense increased \$50.0M due to expected bond issuance in December 2025. Bond Issuance Costs increased \$3.0M for anticipated bond issuance of \$1.3B in December 2025.

Ms. Basrai presented the summary on FY26 BNA O&M Budget, stating the Total Operating Revenue is \$358.6M, Total Operating Expense \$198.8M, and Net Income before depreciation and capital grants \$132.7M.

Ms. Basrai requested the Finance Committee recommend to the Board that it approve the FY26 BNA operating budget and authorize the Chair and President & CEO to execute MNAA Resolution No. 2025-04.

Vice Chair Glover inquired about the Operating Revenue year to year. Ms. Basrai replied that Operating Revenue is going up by \$34M. Commissioner Stevenson asked if the 30-minute free parking had an impact on the budget. President Kreulen replied yes, there are a lot of people using the 30 minutes free and also reduced rate on the increments up to 1 hour. MNAA has a CARES program that must be assessed to the grant assurances, and we may wind that program down; it has been a couple of million dollars per year. The Finance team has been working hard reviewing budgets and looking at parking. It is nice giving people 30 minutes free and getting cars off the curb, but now we must adjust our practices. Vice Chair Glover stated that 30 minutes free is a lot, and she remembers debating around the Board table.

President Kreulen stated there are more people taking advantage of the BNA CARES program than was intended, so we are taking a look at that. The other side is on enplanements, this is MNAA being good fiduciaries, and we were at 23.9M passengers last year, and we are on the same track and about 2M bigger this year. Chair Byrd agreed with President Kreulen, stating BNA parking revenue is a very important feature in our ability to service our debt and is a lynch pin to our success. President Kreulen stated that we may adjust some of our ground transportation fees and adjust our parking fee by \$1, and that will make a big difference. Vice Chair Glover asked if we adjust the ground transportation fees if there will be blowback from the drivers and if they will be back. President Kreulen replied that we may hear some of it, but for instance, we had our rental cars come in when we went up to \$10.00 for CFCs, and there have been no complaints. We have good benchmarks and have talked with our business partners and have not heard anything back.

Commissioner Granbery stated we announced the TDOT incentive and asked how quickly we could get back to a normal operation, no 30 minutes free, no 60 minutes for \$10. If we could get

an announcement of when we think that number will get back to normal, then we may make the call. Commissioner Joslin stated we do not want to get out of it and have it backfire and still have all the traffic issues. Commissioner Granbery stated that we would hope that by then we would have the lanes widened. President Kreulen stated the Board has been very supportive of the MNAA staff and we widened the exit 2 lanes and we are going to get TDOT to widen the actual interstate. Next will be a new garage and new rental car facility, and a parking rate increase may be necessary to pay for another 3K parking spaces coming in the next year. Chair Byrd stated that the budget is in line and the Finance team has done an excellent job. Ms. Basrai replied that is why we are looking at the expenses, and what the airlines are doing, and the impact of the economy softening for this coming fiscal year, and all are reasons we want to keep costs down this year.

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

Chair Byrd asked Ms. Saxman for a roll call:

Chair Byrd – Yes

Vice Chair Glover – Yes

Commissioner Farner – Yes

The motion passed with a vote of 3 to 0.

4. FY26 BNA Capital Improvements Budget & FY26-30 Capital Improvements Plan, MNAA Resolution No. 2025-05

Ms. Basrai presented a summary of the 5-year CIP and stated that the details were included in the staff analysis. The total FY26 CIP is \$1.1B and the total 5-year CIP \$2.3B. Major projects for FY26 (~94%) include: CONRAC/Public Parking Garage for \$877.5M will be Bond/CFC funded; Surface Parking Lot for employees will be \$95M and will be Bond funded; Taxiway T4/T5 Reconstruction/Repairs will be \$30M (\$11M Fed Grants, \$19M Bonds). FY26 funding of the \$1.1B includes: \$835M bonds; \$26M Federal; \$25M Authority Fund; \$17M Airline Funds; \$171M CFC's; and \$665K other sources. Projects for FY27-FY30 are just a planning tool and only show estimates. These will be updated and brought back to the Board next year. The approval of the CIP does not

mean you are approving these projects. Individual projects/contracts will be brought back to the Board for approval.

Ms. Basrai requested the Finance Committee recommend to the Board that it approve BNAs FY26-FY30 5-year Capital Improvement Plan; FY26 BNA Capital Improvement Budget; authorize MNAA to accept any grants and designate the President & CEO (or designee) as the authorized representative of the Authority; and authorize the Chair and President & CEO to execute MNAA Resolution No. 2025-05.

Vice Chair Glover asked what the expectations are for the Federal cuts. President Kreulen replied the good news is that all of the money from the previous Administration, government, the CARES, CARISA, ARFA, all of it we had the ability to execute through 2025. There are no extra covid funds, it has all been spent.

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

Chair Byrd asked Ms. Saxman for a roll call:

Chair Byrd – Yes

Vice Chair Glover – Yes

Commissioner Farner – Yes

The motion passed with a vote of 3 to 0.

Commissioner Sullivan left the meeting at 9:44 AM.

5. FY26 JWN O&M Budget, MNAA Resolution No. 2025-06

Ms. Basrai reported that the FY26 JWN O&M Budget Operating Revenue increased \$918K. Land and hangar rent increased \$902K; the MNPd lease added \$801K, and hangar rent increase was effective July 1, 2025 (4%). Space rental increased \$6K due to contractual increases for the Fixed Base Operator (FBO). Flowage fees increased \$10K due to an increase in aviation fuel sales. Operating Expenses increased \$219K. Salaries and benefits increased \$106K as a result of the

Cost-of-Living Adjustment (COLA) and Compensation Study. Contractual services decreased \$3K due to a reduction in landscaping services (\$29K), offset by increases in various repairs/maintenance (\$18K) and janitorial services (\$8K). Materials & supplies increased \$35K due to increases in various supplies: Electrical, Machinery & Equipment, Mobile Equipment Supplies, and Janitorial. Other Operating Expense increased \$80K, primarily due to increases in JWN's allocation of BNA administrative expenses (\$70K) and insurance expense (\$15K). Non-Operating Revenue increased \$156K. Interest Income increased \$169K due to increases in cash balances, which is offset by Grant Revenue decrease of \$13K (received FY24 & FY25 equipment grants in FY25; will receive FY26 grant in FY26).

Ms. Basrai presented a summary of the FY26 JWN O&M Budget. Total Operating Revenue is \$3.9M and total Operating Expense \$2.5M. Net Income before depreciation, capital grants, and Transfers to/from MNAA is \$1.7M. The \$1.7M net income will pay JWN's funding portion of the FY26 CIP projects.

Ms. Basrai requested the Finance Committee recommend to the Board that it approve the FY26 JWN operating budget and authorize the Chair and President & CEO to execute MNAA Resolution No. 2025-06.

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

Chair Byrd asked Ms. Saxman for a roll call:

Chair Byrd – Yes

Vice Chair Glover – Yes

Commissioner Farner – Yes

The motion passed with a vote of 3 to 0.

6. FY26 JWN Capital Improvements Budget & FY26-30 Capital Improvements Plan, MNAA Resolution No. 2025-07

Ms. Basrai presented a summary of the 5-year CIP (details included with staff analysis). Total FY26 CIP is \$3.3M and total 5-year CIP is \$19M. Major projects for FY26 (82%) include: Apron Rehab South Area for \$2.1M (Phase 1 of 2) funded with all Federal Grants; Engineered Materials Arresting System (“EMAS”) Rehab for \$300K will be JWN Funded; and Precision Approach Path Indicator (“PAPI”) Replacement for \$500k will be funded by all Federal Grants. FY26 Funding of the \$3.3M includes: \$1.7M JWN funding and \$1.6M in federal grants.

Ms. Basrai stated that the projects for FY27-FY30 are just a planning tool and only show estimates. These will be updated and brought back to the Board next year. The approval of the CIP does not mean you are approving these projects. Individual projects/contracts will be brought back to the Board for approval.

Ms. Basrai requested the Finance Committee recommend to the Board that it approve JWN's FY26-FY30 5-year Capital Improvement Plan; FY26 JWN Capital Improvement Budget; authorize MNAA to accept any grants and designate the President & CEO (or designee) as the authorized representative of the Authority; and authorize the Chair and President & CEO to execute MNAA Resolution No. 2025-07.

Commissioner Joslin asked for more information about the EMAS rehab. Ms. Basrai stated it was installed in 2015, and the FAA recommends it be rehabbed every 10-12 years. Vice Chair Glover asked how many MNAA employees there are at JWN now. President Kreulen replied 6.

Chair Byrd asked for a motion to approve 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.

7. FY26 MPC O&M Budget, MPC Resolution No. 2025-01

Operating Revenue decreased \$382K to account for revisions to prior-year revenue assumptions. Operating expenses decreased \$9K: Utilities decreased \$15K – electricity and water are expected to rise \$85K but be offset by a reduction in Natural Gas and Trash Removal of \$100K. Contractual services increased in elevator and escalator maintenance services by \$6K. Non-Operating Revenue. Interest Income increased \$5K due to projected interest income increases. Non-Operating Expenses. Inter-Company Expenses decreased \$206K due to revisions in prior-year estimates.

Ms. Basrai presented the summary of the FY26 MPC O&M Budget. Total Operating Revenue \$4.96M. Total Operating Expense \$1.84M. Net Income before depreciation \$3.27M.

Ms. Basrai requested the MPC Finance Committee recommend to the MPC Board of Directors that it approve the FY26 MPC operating budget and authorize the Chair and President & CEO to execute MPC Resolution No. 2025-01.

Commissioner Joslin asked if there is a decrease in the Gold building. President Kreulen replied that we budgeted last year for 100% occupancy, and we are now at 95%. Commissioner Granbery asked where we see this in the next 5 years. President Kreulen replied that we have done analysis and the Gold building will likely go away around 2030 because the expenses of it will be so monumental for a 30-year-old building. It will need a new HVAC system, new roof, new windows, and other things and the money that needs to be put in would force us to keep it for another 20 years or so. Commissioner Granbery stated it is a situation that is happening all through industry and that the land and building area is in long-range plan and the land is worth more.

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

Chair Byrd asked Ms. Saxman for a roll call:

Chair Byrd – Yes

Vice Chair Glover – Yes

Commissioner Farner – Yes

The motion passed with a vote of 3 to 0.

8. FY26 MPC Special Projects Budget & FY26-30 Special Projects Plan, MPC Resolution No. 2025-02

Ms. Basrai presented a summary of the MPC 5-year CIP and stated that the details were included in the staff analysis. FY26 CIP is \$800K. The total 5-year CIP is \$4.1M. Only one project for FY26 for International Plaza Building (“IPB”). There are \$800K of tenant improvements for VA and FAA, and they will pay us back. Will be funded by their cash balance, which is \$13M.

Ms. Basrai stated that the projects for FY27-FY30 are just a planning tool and only show estimates. These will be updated and brought back to the Board next year. The approval of the CIP does not mean you are approving these projects. Individual projects/contracts will be brought back to the Board for approval.

Ms. Basrai requested the Finance Committee recommend to the MPC Board of Directors that it approve MPC's FY26-FY30 5-year Special Projects Plan; FY26 MPC Special Projects Budget; authorize MPC to accept any grants and designate the President & CEO (or designee) as the authorized representative of the Authority; and authorize the Chair and President & CEO to execute MPC Resolution No. 2025-02.

Commissioner Granbery asked regarding the analysis on the revenue side, what the longest lease terms are, and if there are any options in our favor. President Kreulen replied that all leases in the Gold building are aligned to end in the 2030 time period, and we are trying not to go beyond that date.

Chair Byrd asked for a motion to approve 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.

I. INFORMATION ITEMS

None.

President Kreulen concluded the presentation.

Commissioner Farner thanked Ms. Basrai and the Finance team for all their hard work and the many hours that went into these budgets. Ms. Basrai said thank you and introduced several members of the Finance team that spent multiple hours putting all this information together: Ms. Kristen Deuben, VP, Finance Deputy; Ms. Kristy Bork, AVP, Finance; and Mr. Ben Dearman, Director, Budget & Treasury. The Commissioners thanked all of the Finance team. Round of applause.

Vice Chair Glover asked if we could add percentages to the slides and staff summaries for year-to-year for the Board meeting.

1) ADJOURN

There being no further business brought before the Finance Committee, Chair Byrd adjourned the meeting at 9:58 a.m.

Andrew W. Byrd, Board Secretary

STAFF ANALYSIS

Finance Committee

Date: May 14, 2025

Facility: Metropolitan Nashville Airport Authority (MNAA)

Subject: MNAA Resolution 2025-08
Revision of the Investment Policy for the Retirement Plan for Employees of the Metropolitan Nashville Airport Authority and the Metropolitan Nashville Airport Authority Other Post-Employment Benefits Plan (Policy 41-011)

I. Recommendation

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

- 1) approve the revision of MNAA Policy 41-011, Investment Policy for the Retirement Plan for Employees of the MNAA, and the MNAA Other Post-Employment Benefits Plan ("the Policy"); and
- 2) authorize the Chair and President and CEO to execute MNAA Resolution No. 2025-08

II. Analysis

A. Background

On February 5, 2025, the Authority's Retirement Committee ("the Committee") met with MNAA's Investment Advisor, Principal Asset Management ("Principal"), and the Actuary, USI Consulting Group ("USI"), to discuss risk reduction, asset allocation, and the discount rate used in the Retirement and OPEB plans. USI provided the current allocations and discount rates for both plans:

Retirement Plan:	OPEB:
50% Equity/50% Fixed Income	60% Equity/40% Fixed Income
5.5% Return	6% Return

USI and Principal discussed future asset return expectations with the Committee and indicated that future return expectations have increased over recent years. The long-term rate of return (discount rate) for equity allocations ranging from 50-65% are now as follows:

Equity Allocation	Discount Rate/ Long-Term Rate of Return
65%	6.28%
60%	6.21%
50%	6.07%

Based on this information, USI and Principal asked the Committee to consider increasing the return expectation for the Retirement Plan, in addition to a portfolio asset allocation change for OPEB. After detailed discussions, the following changes were approved by the Committee (vote of 5-0) on February 5, 2025, for the Retirement and OPEB Plans:

1. Increase the Retirement Plan's discount rate from 5.5% to 6.0%, to match the new long-term rate of return on a 50/50 asset allocation (50% Equities/50% Fixed Income).
 - The discount rate is the interest rate used to value the liabilities of the Retirement Plan. Because MNAA follows an established funding policy and the plan assets are expected to cover benefit payments for the duration of the plan, governmental accounting standards allow the plan to use the long term expected rate of return on the asset portfolio as the discount rate. The Committee approved the recommendation to increase the discount rate from 5.5% to 6.0% to correlate with the long-term rate of return based on a 50/50 allocation of assets. An increase in the discount rate decreases the liability, but the actual funded amount depends on market performance. USI estimated on December 31, 2024, that the Retirement Plan would have been overfunded by \$0.4M (100% funded status) at the current 5.5% discount rate, versus overfunded by \$3.6M (104% funded status) at a 6% discount rate.
2. Change the OPEB Plan's portfolio asset allocation from a 60/40 (60% Equities/40% Fixed Income) to a 50/50 asset allocation (50% Equities/50% Fixed Income). The OPEB Plan's discount rate is already at a 6% discount rate which matches the long-term rate of return on a 50/50 asset allocation, therefore no changes are recommended to the discount rate.
 - The OPEB Plan was over 100% funded on an actuarial basis as of June 30, 2024 (\$17.7M, 169%). As a well-funded plan with a closed group of employees, it was prudent for the Committee to consider a more conservative asset allocation to help offset market volatility. Just as was done with the Retirement Plan when it became fully funded, the move to a more conservative asset allocation was planned to be done in two stages. In 2021 the Board approved the first allocation change to move from a 65/35 allocation to a 60/40 allocation. Principal has recommended that with higher interest rates, and a rising long-term expected rate of return over the past three years for similar equity allocations, the timing is right to make the second planned shift to the 50/50 allocation.
 - The discount rate is the interest rate used to value the liabilities of the OPEB plan. Because MNAA follows an established funding policy and the plan assets are expected to cover benefit payments for the duration of the plan, governmental accounting standards allow the plan to use the long term expected rate of return on the asset portfolio as the discount rate. In 2021 the Committee approved a change to increase the OPEB discount rate from 5.0% to 6.0% to correlate with the long-term rate of return based on a 60/40 allocation of assets. The current rate of return for a 50/50 allocation of assets, as noted above, is at 6%. Therefore, no change is being proposed in the rate of return used for the OPEB Plan. USI estimated at December 31, 2024, the OPEB Plan would have been overfunded by \$18.7M (173% funded status) at a 6% discount rate.

Based on these approvals, the allocations and discount rates for both plans going forward will be:

Retirement Plan:	OPEB:
50% Equity/50% Fixed Income	50% Equity/50% Fixed Income
6% Return	6% Return

B. Impact/Findings

Based on the approved changes from the Committee, there are proposed updates to the Policy that need to be made. The discount rates used for each plan are considered actuarial assumptions and are not included in the Policy. Board approval for the changes in the discount rates are not required but are included in the staff analysis for informational purposes.

The following are the proposed changes to the Policy requiring Board approval:

- Page 5, Part VII, Section E, Asset Allocation, is revised to update the table for the OPEB Plan discussed above (50/50 allocation). This table shows the Asset Allocation category and subcategory ranges for the OPEB Plan.

Asset Category	Minimum %	Neutral Target %	Maximum %	Composite Benchmark
Stock	0.00%	50.00%	60.00%	
Large Cap Value	0.00%	8.00%	10.40%	8.00% Russell 1000 Value Index
S&P 500 Funds	0.00%	10.50%	17.40%	10.50% S&P 500 Index
Large Cap Growth	0.00%	8.00%	10.40%	8.00% Russell 1000 Growth Index
Mid Cap	0.00%	7.00%	9.10%	7.00% S&P 400 Mid Cap Index
Small Cap	0.00%	4.00%	5.20%	4.00% Russell 2000 Index
International Equities	0.00%	12.50%	16.10%	12.50% MSCI ACWI ex-US Index
Fixed Income	0.00%	47.00%	57.00%	
Total Return Bonds	0.00%	47.00%	57.00%	47.00% BBgBarclays US Aggregate Bond Index
Cash Equivalents	0.00%	3.00%	100.00%	
Money Market	0.00%	3.00%	100.00%	3.00% 3-Month T-Bill

- Minor wording changes were also made to this policy:
 - Deletes a duplicate sentence on Page 1 – “The Retirement Committee of the MNAA administers the Plan on behalf of the MNAA.”
 - Changed “Director of Treasury” and “Treasury staff” to “Finance Designee” and “Finance staff”, respectively, throughout the document.
 - Updated the name of the MNAA Board Finance Committee to: “Finance, Diversity & Workforce Development Committee” on Page 6.

C. Strategic Priorities

- Invest in BNA/JWN
- Plan for the Future

D. Options/Alternatives

1. Do nothing and make no revision to existing Policy.
2. The Board can revise the Policy as it deems appropriate.

MNAA RESOLUTION NO. 2025-08

REVISION OF THE MNAA INVESTMENT POLICY FOR RETIREMENT PLAN AND OTHER POST EMPLOYMENT BENEFITS (OPEB) INVESTMENT POLICY

WHEREAS the Board of Commissioners (the “Board”) of the Metropolitan Nashville Airport Authority adopted Policy 3-903 (updated to Policy 41-011), Investment Policy of the Retirement Plan and Other Post-Employment Benefits, last amended July 21, 2021;

WHEREAS, the Authority’s Retirement Committee recommended changes to the Investment Policy for the Retirement Plan and OPEB based on recommendations from MNAA’s Investment Advisor, Principal Asset Management, and the Actuary, USI Consulting Group;

WHEREAS, the Policy requires any modifications thereto be approved by the Board as the Chief Governing Body of the Metropolitan Nashville Airport Authority;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE METROPOLITAN NASHVILLE AIRPORT AUTHORITY AS FOLLOWS:

Section 1. That the Board of Commissioners hereby authorizes the amendment of Policy 41-011, Investment Policy of the Retirement Plan and Other Post-Employment Benefits by revising page 5, Part VII, Section E, Asset Allocation, to update the Asset Allocation category and subcategory ranges and Composite Benchmark for the OPEB Plan. The following table was added for the OPEB Plan:

Asset Category	Minimum %	Neutral Target %	Maximum %	Composite Benchmark
Stock	0.00%	50.00%	60.00%	
Large Cap Value	0.00%	8.00%	10.40%	8.00% Russell 1000 Value Index
S&P 500 Funds	0.00%	10.50%	17.40%	10.50% S&P 500 Index
Large Cap Growth	0.00%	8.00%	10.40%	8.00% Russell 1000 Growth Index
Mid Cap	0.00%	7.00%	9.10%	7.00% S&P 400 Mid Cap Index
Small Cap	0.00%	4.00%	5.20%	4.00% Russell 2000 Index
International Equities	0.00%	12.50%	16.10%	12.50% MSCI ACWI ex-US Index
Fixed Income	0.00%	47.00%	57.00%	
Total Return Bonds	0.00%	47.00%	57.00%	47.00% BBgBarclays US Aggregate Bond Index
Cash Equivalents	0.00%	3.00%	100.00%	
Money Market	0.00%	3.00%	100.00%	3.00% 3-Month T-Bill

Also authorizes the deletion of a duplicate sentence on Page 1 – “The Retirement Committee of the MNAA administers the Plan on behalf of the MNAA.”

MNAA RESOLUTION NO. 2025-08

Also authorizes the change of Directory of Treasury to Finance Designee and Treasury Staff to Finance Staff by revising page 6, Part VII, Section F and Section G (ii); and page 7, Part VII, Section G (iii).

Also authorizes the update of the name of the MNAA Board Finance Committee to “Finance, Diversity & Workforce Development Committee” on page 6, Part VII, Section G (ii).

Section 2. This Resolution shall take effect from and after its adoption and be made a part of the Board of Commissioners official Minutes of Record.

RECOMMENDED:

ADOPTED:

Douglas E. Kreulen, President & CEO

Nancy B. Sullivan, Board Chair

APPROVED AS TO FORM AND LEGALITY: ATTEST:

Legal Counsel

Andrew W. Byrd, Board Secretary

This 21st day of May 2025

Policy ID: 41-011

Title: Investment Policy for the Retirement Plan for Employees of the Metropolitan Nashville Airport Authority and the Metropolitan Nashville Airport Authority Other Post-Employment Benefits Plan

Effective Date: May 21, 2025

Purpose: The purpose of this policy and process is to set forth guidelines for the investment of the assets of the Retirement Plan for Employees of Metropolitan Nashville Airport Authority (the "Plan") and the Metropolitan Nashville Airport Authority Other Post-Employment Benefits ("OPEB") for the benefit of the participants and beneficiaries in accordance with the provisions of the Plan and OPEB.

Scope: This policy applies to the Finance Department and the MNAA Retirement Committee

Responsibility: The Chief Financial Officer is responsible for oversight.

Approvals:

Marge Basrai, EVP, CFO

Date

Legal Counsel

Date

Background:

The Metropolitan Nashville Airport Authority (MNAA) has maintained the Plan since 1989 to provide retirement benefits for participants and beneficiaries in accordance with the provisions of the Plan. The Retirement Committee of the MNAA administers the Plan on behalf of the MNAA and serves as the "Retirement Committee" under the Plan and as the "Investment Committee" under the 2009 Amended and Restated Trust Agreement (the Trust Agreement), by and between the MNAA and the Trustee under the Plan (the Trustee). By its adoption of this policy, the MNAA reaffirms the appointment of the Retirement Committee as the "Retirement Committee" under the Plan and as the "Investment Committee" under the Trust Agreement.

MNAA provides post-employment healthcare benefits under single-employer post-employment benefits to all employees who retire under either the Authority's public employee retirement system (PERS) or the Metropolitan Government's PERS. The eligibility for Other Post-Employment Benefits (OPEB) was closed to new entrants on January 1, 2009, for employees hired after that date.

On April 22, 2009, the Board of Commissioners approved MNAA Resolution 2009-07 establishing an investment trust for the purpose of funding the OPEB. Cash contributions will be made to the trust periodically to help offset the anticipated increased cash outflows in future years to cover retiree benefits. The assets held in the OPEB Trust will be under the same oversight from the Retirement Committee as the assets of the Plan and will be subject to the same investment and reporting criteria as set forth in this policy.

In addition to meeting the requirements of this Policy 41-011, investments in the OPEB Trust shall meet the requirements of TCA 8-50-1203 and the "Other Post-Employment Benefits (OPEB) Trust Investment Policy", Policy 3-904. Should Policy 41-011 be determined to conflict with Policy 3-904, Policy 3-904 shall control.

Policy:

- I. The Retirement Committee shall retain an investment advisor (the Advisor) to advise the Retirement Committee with respect to the investment of the Plan's and OPEB's assets and the selection of investment managers (individually, an Investment Manager) under the Trust Agreement and the Plan. The retention of the Advisor by the Retirement Committee must be accomplished by the execution of a written agreement by and between such Advisor and the MNAA pursuant to which such Advisor agrees to comply with this policy, as it may be amended from time to time, and other instructions and directives from the Retirement Committee and to perform the duties and obligations as set forth therein.
- II. The Advisor will be responsible for coordinating, on a quarterly or other periodic basis designated by the Retirement Committee, any rebalancing of the Plan's and OPEB's assets necessary to cause such asset allocation to be in accordance with the terms of this policy, monitoring investment performance, determining adherence to this policy by the Trustee and each Investment Manager, assisting in drafting statements of objectives and performance measurement standards, advising the Retirement Committee of pertinent information affecting the Plan's and OPEB's assets, and recommending changes to the investment strategy for the Plan's and OPEB's assets.
- III. In monitoring and rebalancing the Plan's and OPEB's assets as provided in this policy, the Advisor shall have the responsibility, on behalf of the Retirement Committee, to adjust the allocation of the Plan's and OPEB's assets on a quarterly basis among Investment Managers approved by the Retirement Committee so long as such allocation complies with the asset allocation guidelines set forth in this policy.
- IV. Based on its evaluation of investment objectives, assets under management, fees, regulatory compliance, expertise and performance analysis, the Advisor will recommend to the Retirement Committee that it retain the services of one or more Investment Managers to manage such portion(s) of the Plan's and OPEB's assets as the Retirement Committee shall designate. Each Investment Manager must have a minimum of \$500,000,000 of assets under management and a minimum of five years in business and must comply with the eligibility requirements of the Trust Agreement for appointment as an Investment Manager.
- V. Each Investment Manager must enter into a written agreement with the Investment Advisor, or a third party used by the Investment Advisor, that designates such Investment Manager as a fiduciary with respect to the Plan's and OPEB's assets under its management, specifies the duties and responsibilities of such Investment Manager and otherwise complies with the requirements of the Trust Agreement, and includes the following requirements in addition to other provisions deemed necessary or advisable by the Retirement Committee and/or the Advisor from time to time:

- A. Each Investment Manager shall promptly disclose to the Advisor and the Retirement Committee all commissions and other fees and expenses paid, and any consideration received from a party other than the Plan and OPEB, regarding the management of any of the Plan's and OPEB's Assets.
 - B. In placing transaction orders on behalf of the Plan and OPEB, each Investment Manager shall use its best efforts to obtain the best execution of orders. Each Investment Manager must adhere to its portfolio manager investment guidelines that such Investment Manager presented to the Retirement Committee and the Advisor at the time it was retained as an Investment Manager. The Retirement Committee must grant its prior written approval to any changes to an Investment Manager's portfolio manager investment guidelines after such Investment Manager commences the investment of any of the Plan's and OPEB's assets.
 - C. No Investment Manager may assign or delegate any of its duties to another party without the prior written consent of the Advisor and the Retirement Committee. An Investment Manager shall promptly notify the Advisor and Retirement Committee of any change in ownership or control of its organization or change in any key personnel or other personnel that are regularly involved in such Investment Manager's investment activities on behalf of the Plan and OPEB.
- VI. Each Investment Manager must provide to the Advisor a written acknowledgement that it is qualified to serve as an Investment Manager under the terms of the Trust Agreement, and must comply with this policy, as it may be amended from time to time, and all applicable laws, including, without limitation, federal and state securities laws. Upon request, the Advisor shall promptly provide such acknowledgement to the Retirement Committee. No Investment Manager shall make, or direct the making of, any investment of any of the Plan's and OPEB's assets that constitutes a prohibited transaction within the meaning of the Internal Revenue Code or that is not permitted by the terms of the Trust Agreement or the Plan or OPEB.
- VII. Processes
 - A. Modifications to Policy

The Retirement Committee may change this policy from time to time with Board of Commissioners' approval. All modifications to this policy shall be in writing and must be approved by the Board of Commissioners.
 - B. Basic Investment Premises

Because the Plan is a defined benefit pension plan, a long-term investment horizon is warranted. Moderate short-term fluctuations in the market value of the Plan's and OPEB's assets should not influence the investment structure under normal circumstances. The investment of the Plan's and OPEB's assets will focus primarily upon total growth of capital and secondarily upon preserving capital and protecting against negative results. Returns under the Plan and OPEB should be achieved without undue investment risk.
 - C. Review of Investment Returns

The Retirement Committee shall be provided the quarterly investment results of the Plan's and OPEB's assets for their review in accordance with Section G of this Policy.

The Advisor will regularly (i) review each Investment Manager's investment performance and monitor the Plan's and OPEB's assets to ensure that the Plan's and OPEB's assets are invested only in investments permitted under this policy, as amended from time to time, the Trust Agreement and the Plan are held under the Plan and OPEB, (ii) calculate total rates of return on market value, and (iii) make comparisons of rates with the appropriate market indices. Each Advisor shall report the results of its review to the Retirement Committee not less than quarterly. The Retirement Committee's review and discussion of the investment results will be documented in the Retirement Committee meeting minutes.

D. Investment Objectives

- i. The Plan's and OPEB's total return is expected:
To achieve an annualized rate of return that meets or exceeds the rate of return produced by the suitable Composite Benchmark.
- ii. The Domestic Large Capitalization Value Investment portfolio is expected:
To achieve an annualized rate of return that meets or exceeds the rate of return produced by the Russell 1000 Value Index, before fees are deducted.
- iii. The Domestic Large Capitalization Core Investment portfolio is expected:
To achieve an annualized rate of return that meets or exceeds the rate of return produced by the S&P 500 Index, before fees are deducted.
- iv. The Domestic Large Capitalization Growth Investment portfolio is expected:
To achieve an annualized rate of return that meets or exceeds the rate of return produced by the Russell 1000 Growth Index, before fees are deducted.
- v. The Domestic Mid Capitalization Investment portfolio is expected:
To achieve an annualized rate of return that meets or exceeds the rate of return produced by the S&P MidCap 400 Index, before fees are deducted.
- vi. The Domestic Small Capitalization Investment portfolio is expected:

To achieve an annualized rate of return that meets or exceeds the rate of return produced by the Russell 2000 Index, before fees are deducted.
- vii. The Foreign Equity Investment portfolio is expected:
To achieve an annualized rate of return that meets or exceeds the rate of return produced by the MSCI ACWI ex-US Index, before fees are deducted.
- viii. The Fixed Income Investment portfolio is expected:
To achieve an annualized rate of return that meets or exceeds the rate of return produced by the BBg Barclays US Aggregate Bond Index, before fees are deducted.
- ix. The Cash Equivalents Investment portfolio is expected:

To achieve an annualized rate of return that meets or exceeds the rate of return produced by the 3-Month Treasury-Bill Index, before fees are deducted.

E. Asset Allocation

The Asset Allocation category and subcategory ranges and Composite Benchmark for the Plan is:

Asset Category	Minimum%	Neutral Target %	Maximum %	Composite Benchmark
Stock	0.00%	50.00%	60.00%	
Large Cap Value	0.00%	8.00%	10.40%	8.00% Russell 1000 Value Index
S&P 500 Funds	0.00%	10.50%	17.40%	10.50% S&P 500 Index
Large Cap Growth	0.00%	8.00%	10.40%	8.00% Russell 1000 Growth Index
Mid Cap	0.00%	7.00%	9.10%	7.00% S&P 400 Mid Cap Index
Small Cap	0.00%	4.00%	5.20%	4.00% Russell 2000 Index
International Equities	0.00%	12.50%	16.10%	12.50% MSCI ACWI ex-US Index
Fixed Income	0.00%	47.00%	57.00%	
Total Return Bonds	0.00%	47.00%	57.00%	47.00% BBgBarclays US Aggregate Bond Index
Cash Equivalents	0.00%	3.00%	100.00%	
Money Market	0.00%	3.00%	100.00%	3.00% 3-Month T-Bill

The Asset Allocation category and subcategory ranges and Composite Benchmark for the OPEB Plan is:

Asset Category	Minimum %	Neutral Target %	Maximum %	Composite Benchmark
Stock	0.00%	50.00%	60.00%	
Large Cap Value	0.00%	8.00%	10.40%	8.00% Russell 1000 Value Index
S&P 500 Funds	0.00%	10.50%	17.40%	10.50% S&P 500 Index
Large Cap Growth	0.00%	8.00%	10.40%	8.00% Russell 1000 Growth Index
Mid Cap	0.00%	7.00%	9.10%	7.00% S&P 400 Mid Cap Index
Small Cap	0.00%	4.00%	5.20%	4.00% Russell 2000 Index
International Equities	0.00%	12.50%	16.10%	12.50% MSCI ACWI ex-US Index
Fixed Income	0.00%	47.00%	57.00%	
Total Return Bonds	0.00%	47.00%	57.00%	47.00% BBgBarclays US Aggregate Bond Index
Cash Equivalents	0.00%	3.00%	100.00%	
Money Market	0.00%	3.00%	100.00%	3.00% 3-Month T-Bill

- i. The Advisor shall not exceed the Asset Category maximum % allocation for Stock, Fixed Income or Cash Equivalents. The Advisor should not exceed the maximum % allocation for any Subcategory at the time of the initial investment or when re-balancing. The Advisor is permitted to temporarily exceed the maximum % allocation as a result of investment earnings. However, the Advisor should review each Subcategory at the mid- point of each monthly period and re-balance funds to bring each Subcategory within the minimum and maximum allocation limits.

- ii. If the maximum allocation % is exceeded for any Asset Category or Subcategory, the Advisor shall provide an explanation of the circumstances causing the asset allocation to be out of compliance with the next report as required per Section G of this Policy.
- iii. Upon recommendation of the Advisor, the Retirement Committee shall review the appropriate asset allocation ranges and targets for the Plan's and OPEB's assets. Asset Allocation targets for the Plan's and OPEB's assets are established in the latest version of the asset allocation study. Not less than annually, the Advisor shall prepare and present to the Retirement Committee an asset allocation study that describes the goals, risk tolerances and acceptable investments for the Plan and OPEB. The Investment Advisor will notify management when market changes result in asset allocations exceeding approved ranges on a timely basis.
- iv. The Advisor will prepare an analysis that will be presented to the Retirement Committee, so that the Committee can make a determination on whether to rebalance the investment allocation. The Retirement Committee's discussions and decisions will be documented in the Retirement Committee meeting minutes.

F. Compliance

Neither the Retirement Committee, the Advisor, any designee of the Retirement Committee nor any Investment Manager shall undertake any actions with respect to the investment of the Plan's and OPEB's assets that do not comply with the provisions of the Plan and the Trust Agreement. Each Investment Manager and the Advisor must acknowledge, in writing, its receipt of and intent to comply with this policy. An annual compliance review of the Investment Advisor and Investment Managers will be performed by the CFO and/or Finance Designee each year to ensure all files are being maintained properly.

G. Reporting Requirements

i. Monthly Reporting

Within 15 days after the end of each month, the Advisor shall supply monthly account statements to the MNAA Finance Department.

ii. Quarterly Reporting

Within 45 days after the end of each calendar quarter, the Advisor shall provide to the CFO and/or designated Finance staff, a report reviewing the investment performance and investment strategy of the Plan.

Within 60 days after quarter end of the **MNAA**, designated Finance staff shall prepare and submit a report for review by the CFO that summarizes the investment results of assets held in the Plan and OPEB for such preceding quarter. Upon approval by the CFO, the report shall be submitted to the President and members of the Retirement Committee and the Finance, Diversity & Workforce Development Committee of the Board of Commissioners. The report may be submitted by any reasonable means, including email or other method of electronic delivery.

If the report cannot be completed within this 60-day period, Finance staff will advise the CFO who will communicate to the President the reasons for the delay.

iii. Annual Reporting

Annually, the Investment Advisor will provide the Retirement Committee a copy of its most recent ADV-Parts 1 and 2 and Statement on Standards for Attestation Engagements No. 16 (SSAE 16), if available. A review of these documents will be performed, and the results will be documented by the CFO and/or Finance Designee. A report will be made to the Retirement Committee of the findings of the review.

Annually, each Investment Manager shall provide a copy of its form ADV-Parts 1 and 2 and SSAE 16, to the Investment Advisor, if available. Upon request of the Retirement Committee, the Advisor shall provide copies of these documents. A review of these documents will be performed, and the results will be documented by the CFO and/or Finance Designee. A report will be made to the Retirement Committee of the findings of the review.

VIII. Appointment of Designee:

Pursuant to the terms of the Trust Agreement, the Retirement Committee hereby designates the CFO of **MNAA** as its designee for purposes of receiving any notifications, reports, disclosures or other communications required to be given to the Retirement Committee by the Advisor or any Investment Manager under the terms of this policy.

Records / Related Forms:

Monthly, Quarterly and Annual Reporting
Retirement Committee Meeting Minutes

References:

Resolution 2016-05, April 17, 2016
Resolution 2018-06, April 18, 2018
Resolution 2019-10, August 28, 2019
Resolution 2021-09, July 21, 2021
Resolution 2025-08, May 21, 2025
Retirement Plan for Employees of Metropolitan Nashville airport Authority
Restated Retirement Plan for Employees of Metropolitan Nashville Airport Authority Trust Agreement

Revision History:

Nov 19, 2014:	Revision history 2014 and prior available in Pension Committee archives
Aug 17, 2016:	Quarterly investment results of the Plan's and OPEB's assets provided to Pension Committee; Explanation added for exceeding maximum % allocations; Maximum % for Money Market category revised from 5.00% to 100%; Clarified reporting roles and responsibilities.
Mar 28, 2018:	Revised Policy ID from 3-903 to 41-011; Updated format; Revised name "Pension Committee" to "Retirement Committee" to be in alignment with the Retirement Plan for Employees of MNAA and the Trust Agreement; Updated tables in Part VII, Section E; Updated name in Part VII, Section D; Updated Part VII, Section to mid-month rebalancing
Aug 17, 2018:	Issue of Mar 28, 2018, revised policy- Date corrected based on Audit Finding
Aug 28, 2019:	Revised Policy; Updated tables in Part VII Section E
July 21, 2021:	Revised Policy; Updated tables in Part VII Section E; Changes "Assistant Treasurer" to "Director of Treasury" in Part VII, Sections F and G
May 21, 2025:	Revised Policy: Removed duplicate sentence on Page 1; Updated tables in Part VII, Section E; Changes "Director of Treasury" and "Treasury Staff" to "Finance Designee" and "Finance Staff", respectively, throughout document; Updated the name of the Finance Committee on Page 6.

STAFF ANALYSIS

Finance Committee (Information Only)

Date: May 14, 2025

Facility: Nashville International Airport

Subject: FY2025 – 3rd 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 3rd Quarter of FY2025. The Principal report covers the period from January 1, 2025 through March 31, 2025.

II. Analysis

A. Summary

MNAA Retirement Plan

The quarter (three months) total portfolio return gross of fees was 0.55% compared to the designated Composite Benchmark of 0.10%. The three-month total portfolio return net of fees was 0.50%.

The fiscal year-to-date (nine months) total portfolio return gross of fees was 4.24% compared to the designated Composite Benchmark of 4.46%. The year-to-date total portfolio return net of fees was 4.09%.

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 January 31, 2025, all asset classes are in compliance with the Retirement Plan Investment Policy 41-011, effective July 22, 2021.

Pension - Asset Allocation as of 1/31/2025 (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	\$ 2,559,856.46	2.96%	0%-3%-100%	Yes	100.00%	97.04%
Bonds and Notes	\$ 40,773,709.72	47.07%	0%-47%-57%	Yes	57.00%	9.93%
Equities - Large Cap ^(a)	\$ 7,029,797.51	8.12%	0%-8%-10.40%	Yes	10.40%	2.28%
Equities - S&P 500 Funds ^(a)	\$ 9,009,927.12	10.40%	0%-10.5%-17.40%	Yes	17.40%	7.00%
Equities - Large Cap Growth ^(a)	\$ 6,919,483.40	7.99%	0%-8%-10.40%	Yes	10.40%	2.41%
Equities - Mid Cap ^(a)	\$ 5,999,162.78	6.93%	0%-7.00%-9.10%	Yes	9.10%	2.17%
Equities - Small Cap ^(a)	\$ 3,454,576.23	3.99%	0%-4.00%-5.20%	Yes	5.20%	1.21%
Equities - International ^(a)	\$ 10,871,195.43	12.55%	0%-12.50%-16.10%	Yes	16.10%	3.55%
Total	\$ 86,617,708.65	100.00%				
(a) Total Equities	\$ 43,284,142.47	49.97%	0%-50%-60%	Yes	60.00%	10.03%

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

As of February 28, 2025, all asset classes are in compliance with the Retirement Plan Investment Policy 41-011, effective July 22, 2021.

Pension - Asset Allocation as of 2/28/2025 (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	\$ 2,468,357.33	2.85%	0%-3%-100%	Yes	100.00%	97.15%
Bonds and Notes	\$ 40,906,349.15	47.19%	0%-47%-57%	Yes	57.00%	9.81%
Equities - Large Cap ^(a)	\$ 7,003,320.65	8.08%	0%-8%-10.40%	Yes	10.40%	2.32%
Equities - S&P 500 Funds ^(a)	\$ 9,082,522.68	10.48%	0%-10.5%-17.40%	Yes	17.40%	6.92%
Equities - Large Cap Growth ^(a)	\$ 6,912,822.26	7.98%	0%-8%-10.40%	Yes	10.40%	2.42%
Equities - Mid Cap ^(a)	\$ 6,053,831.26	6.98%	0%-7.00%-9.10%	Yes	9.10%	2.12%
Equities - Small Cap ^(a)	\$ 3,448,218.10	3.98%	0%-4.00%-5.20%	Yes	5.20%	1.22%
Equities - International ^(a)	\$ 10,804,291.16	12.46%	0%-12.50%-16.10%	Yes	16.10%	3.64%
Total	\$ 86,679,712.59	100.00%				
(a) Total Equities	\$ 43,305,006.11	49.96%	0%-50%-60%	Yes	60.00%	10.04%

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

As of March 31, 2025, all asset classes are in compliance with the Retirement Plan Investment Policy 41-011, effective July 22, 2021.

Pension - Asset Allocation as of 3/31/2025 (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	\$ 2,564,318.30	3.04%	0%-3%-100%	Yes	100.00%	96.96%
Bonds and Notes	\$ 40,367,390.32	47.83%	0%-47%-57%	Yes	57.00%	9.17%
Equities - Large Cap ^(a)	\$ 6,858,353.27	8.13%	0%-8%-10.40%	Yes	10.40%	2.27%
Equities - S&P 500 Funds ^(a)	\$ 8,720,241.13	10.33%	0%-10.5%-17.40%	Yes	17.40%	7.07%
Equities - Large Cap Growth ^(a)	\$ 6,370,146.69	7.55%	0%-8%-10.40%	Yes	10.40%	2.85%
Equities - Mid Cap ^(a)	\$ 5,722,592.84	6.78%	0%-7.00%-9.10%	Yes	9.10%	2.32%
Equities - Small Cap ^(a)	\$ 3,243,519.04	3.84%	0%-4.00%-5.20%	Yes	5.20%	1.36%
Equities - International ^(a)	\$ 10,545,061.81	12.50%	0%-12.50%-16.10%	Yes	16.10%	3.60%
Total	\$ 84,391,623.40	100.00%				
(a) Total Equities	\$ 41,459,914.78	49.13%	0%-50%-60%	Yes	60.00%	10.87%

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

Asset Valuation Summaries – Retirement Plan

Below are the Asset Valuation Summaries for the third quarter of fiscal year 2025.

Asset Valuation Summary Pension Plan

Month	Cost	Market	Unrealized Gain/Loss
1/31/2025	\$ 68,294,047.19	\$ 86,617,708.65	\$ 18,323,661.46
2/28/2025	\$ 68,073,419.47	\$ 86,679,712.59	\$ 18,606,293.12
3/31/2025	\$ 67,736,508.73	\$ 84,391,623.40	\$ 16,655,114.67

Reconciliation Summary – Retirement Plan

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

Pension Summary 3rd QTR FY 2025 (market value)

	1/31/2025	2/28/2025	3/31/2025	3Q FY-to-Date
Beginning Market Value	85,286,731.39	86,617,708.65	86,679,712.59	85,286,731.39
Total Cash Receipts	203,099.52	228,100.50	107,716.23	538,916.25
Total Cash Disbursements	(484,934.83)	(448,728.22)	(444,626.97)	(1,378,290.02)
Change in Fair Market Value	1,612,812.57	282,631.66	(1,951,178.45)	(55,734.22)
Ending Market Value	86,617,708.65	86,679,712.59	84,391,623.40	84,391,623.40

MNAA OPEB

The quarter (three months) total portfolio return gross of fees was 0.13% compared to the designated Composite Benchmark of -0.43%. The three-month total portfolio return net of fees was 0.08%.

The fiscal year-to-date (nine months) total portfolio return gross of fees was 3.97% compared to the designated Composite Benchmark of 4.36%. The year-to-date total portfolio return net of fees was 3.82%.

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 January 31, 2025, all asset classes are in compliance with the Retirement Plan Investment Policy, 41-011, effective July 22, 2021.

OPEB - Asset Allocation as of 1/31/2025 (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	\$ 1,241,728.01	2.75%	0%-3%-100%	Yes	100.00%	97.25%
Bonds and Notes	\$ 16,740,551.73	37.07%	0%-37%-42%	Yes	42.00%	4.93%
Equities - Large Cap Value ^(a)	\$ 4,387,579.74	9.71%	0%-9.6%-10.80%	Yes	10.80%	1.09%
Equities - S&P 500 Funds ^(a)	\$ 5,666,519.80	12.55%	0%-12.60%-14.20%	Yes	14.20%	1.65%
Equities - Large Cap Growth ^(a)	\$ 4,299,979.48	9.52%	0%-9.60%-10.80%	Yes	10.80%	1.28%
Equities - Mid Cap ^(a)	\$ 3,797,736.80	8.41%	0%-8.40%-9.50%	Yes	9.50%	1.09%
Equities - Small Cap ^(a)	\$ 2,193,998.90	4.86%	0%-4.80%-5.40%	Yes	5.40%	0.54%
Equities - International ^(a)	\$ 6,835,013.49	15.13%	0%-15%-16.80%	Yes	16.80%	1.67%
Total	\$ 45,163,107.95	100.00%				
(a) Total Equities	\$ 27,180,828.21	60.18%	0%-60%-65%	Yes	65.00%	4.82%

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

As of February 28, 2025, all asset classes are in compliance with the Retirement Plan Investment Policy, 41-011, effective July 22, 2021.

OPEB - Asset Allocation as of 2/28/2025 (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	\$ 1,283,702.06	2.84%	0%-3%-100%	Yes	100.00%	97.16%
Bonds and Notes	\$ 16,802,047.99	37.21%	0%-37%-42%	Yes	42.00%	4.79%
Equities - Large Cap Value ^(a)	\$ 4,373,006.22	9.68%	0%-9.6%-10.80%	Yes	10.80%	1.12%
Equities - S&P 500 Funds ^(a)	\$ 5,678,111.19	12.58%	0%-12.60%-14.20%	Yes	14.20%	1.62%
Equities - Large Cap Growth ^(a)	\$ 4,320,737.91	9.57%	0%-9.60%-10.80%	Yes	10.80%	1.23%
Equities - Mid Cap ^(a)	\$ 3,783,286.66	8.38%	0%-8.40%-9.50%	Yes	9.50%	1.12%
Equities - Small Cap ^(a)	\$ 2,134,724.52	4.73%	0%-4.80%-5.40%	Yes	5.40%	0.67%
Equities - International ^(a)	\$ 6,777,217.48	15.01%	0%-15%-16.80%	Yes	16.80%	1.79%
Total	\$ 45,152,834.03	100.00%				
(a) Total Equities	\$ 27,067,083.98	59.95%	0%-60%-65%	Yes	65.00%	5.05%

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

As of March 31, 2025, all asset classes are in compliance with the Retirement Plan Investment Policy, 41-011, effective July 22, 2021.

OPEB - Asset Allocation as of 3/31/2025 (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	\$ 1,219,904.10	2.78%	0%-3%-100%	Yes	100.00%	97.22%
Bonds and Notes	\$ 16,748,820.47	38.12%	0%-37%-42%	Yes	42.00%	3.88%
Equities - Large Cap Value ^(a)	\$ 4,282,527.28	9.75%	0%-9.6%-10.80%	Yes	10.80%	1.05%
Equities - S&P 500 Funds ^(a)	\$ 5,466,984.43	12.44%	0%-12.60%-14.20%	Yes	14.20%	1.76%
Equities - Large Cap Growth ^(a)	\$ 4,081,169.49	9.29%	0%-9.60%-10.80%	Yes	10.80%	1.51%
Equities - Mid Cap ^(a)	\$ 3,624,254.68	8.25%	0%-8.40%-9.50%	Yes	9.50%	1.25%
Equities - Small Cap ^(a)	\$ 2,004,615.04	4.56%	0%-4.80%-5.40%	Yes	5.40%	0.84%
Equities - International ^(a)	\$ 6,513,304.69	14.82%	0%-15%-16.80%	Yes	16.80%	1.98%
Total	\$ 43,941,580.18	100.00%				
(a) Total Equities	\$ 25,972,855.61	59.11%	0%-60%-65%	Yes	65.00%	5.89%

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

Asset Valuation Summaries - OPEB

Below are the Asset Valuation Summaries for the third quarter of fiscal year 2025.

Asset Valuation Summary OPEB

Month	Cost	Market	Unrealized Gain/Loss
1/31/2025	\$ 41,083,368.67	\$ 45,163,107.95	\$ 4,079,739.28
2/28/2025	\$ 41,014,441.34	\$ 45,152,834.03	\$ 4,138,392.69
3/31/2025	\$ 41,100,416.09	\$ 43,941,580.18	\$ 2,841,164.09

Reconciliation Summary - OPEB

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

OPEB Summary 3rd QTR FY 2025 (market value)

	1/31/2025	2/28/2025	3/31/2025	3Q FY-to-Date
Beginning Market Value	44,189,421.52	45,163,107.95	45,152,834.03	44,189,421.52
Total Cash Receipts	48,034.10	45,835.34	128,309.52	222,178.96
Realized Gain/(Loss)	27,813.65	27,420.24	27,874.79	83,108.68
Total Cash Disbursements	(103,943.08)	(142,182.91)	(70,209.56)	(316,335.55)
Change in Fair Market Value	1,001,781.76	58,653.41	(1,297,228.60)	(236,793.43)
Ending Balance	45,163,107.95	45,152,834.03	43,941,580.18	43,941,580.18

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 MARCH 31, 2025

Portfolio Reporting

AS OF MARCH 31, 2025

Retirement Plan for Employees of MNAA

Return Type	Return Duration								
	MTD	3Mo	FYTD	YTD	1Yr	3Yr*	5Yr*	10Yr*	SI*
Gross Return	-2.13	0.55	4.24	0.55	5.09	4.25	8.51	6.31	8.67
Net Return	-2.13	0.50	4.09	0.50	4.88	4.04	8.29	6.07	8.46
BM Return	-2.16	0.10	4.46	0.10	5.27	3.99	8.00	6.09	8.41
Gross Excess Return	0.02	0.45	-0.22	0.45	-0.18	0.27	0.50	0.22	0.26
Net Excess Return	0.02	0.40	-0.37	0.40	-0.39	0.06	0.29	-0.03	0.05

SI = 4/30/2009

MNAA OPEB

Return Type	Return Duration								
	MTD	3Mo	FYTD	YTD	1Yr	3Yr*	5Yr*	10Yr*	SI*
Gross Return	-2.53	0.13	3.97	0.13	4.86	4.64	10.27	6.74	7.62
Net Return	-2.53	0.08	3.82	0.08	4.65	4.43	10.06	6.52	7.41
BM Return	-2.59	-0.43	4.36	-0.43	5.31	4.60	10.26	6.83	7.79
Gross Excess Return	0.07	0.57	-0.39	0.57	-0.44	0.04	0.01	-0.09	-0.17
Net Excess Return	0.07	0.52	-0.54	0.52	-0.65	-0.17	-0.20	-0.31	-0.37

SI = 11/30/2010

Review standard quarterly report for benchmark composition and portfolio makeup.

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

*Returns are annualized

Important information

Important information

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STAFF ANALYSIS

Finance Committee

(Information Only)

Date: May 14, 2025

Facility: Nashville International Airport

Subject: FY 2025 – 3rd Quarter – Treasury Investment Report (March 31, 2025)

I. Reports

The following Treasury Investment Report covers the period from January 1, 2025, through March 31, 2025.

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 December 31, 2024, and March 31, 2025, was as follows:

	12/31/2024	3/31/2025	\$ Change	% Change
NAE Fund	\$ 296,806,950	\$ 296,789,686	\$ (17,264)	-0.01%
Operating Cash	239,408,842	250,568,952	11,160,110	4.66%
Construction Accounts	218,218,909	165,523,779	(52,695,130)	-24.15%
Debt Service Accounts	200,623,648	183,081,876	(17,541,772)	-8.74%
PFC Accounts	202,047,009	205,389,809	3,342,800	1.65%
CONRAC Accounts	83,757,588	88,070,646	4,313,058	5.15%
Total Funds	\$ 1,240,862,946	\$ 1,189,424,748	\$ (51,438,198)	-4.15%

The asset allocation for cash and investments (not including accrued interest) at the Authority for the quarters ending December 31, 2024, and March 31, 2025, was as follows:

	12/31/2024	3/31/2025	\$ Change	% Change
U.S. Treasuries	\$ 276,499,248	\$ 268,677,940	\$ (7,821,308)	-2.83%
Federal Agency	145,514,375	166,845,413	21,331,038	14.66%
Agency Mortgage-Backed Securities	22,254,168	8,532,489	(13,721,679)	-61.66%
Certificates of Deposit	1,047,776	1,047,776	-	0.00%
Commercial Paper	65,344,130	49,129,352	(16,214,778)	-24.81%
Money Market Mutual Funds	419,871,235	375,806,106	(44,065,129)	-10.49%
Tennessee Local Government Investment Pool	303,375,903	314,118,087	10,742,184	3.54%
Cash in Demand Deposit Accounts	6,956,111	5,267,585	(1,688,526)	-24.27%
Total Funds	\$ 1,240,862,946	\$ 1,189,424,748	\$ (51,438,198)	-4.15%

The listing of accounts on March 31, 2025, is shown in Attachment 1, which also shows the ending balances for each month in the quarter. PFMAM's Investment Performance Review Report for the quarter ended March 31, 2025, 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), 4.14% for the 2022A&B Capitalized Interest Portfolio, and 4.99% 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 4.06%. The PFMAM Common DSR, Construction Funds, and CAP-I benchmark, the ICE BofAML 3mo T-Bill, was 4.29%.

The MNAA managed funds yield was 4.31% as compared to the benchmark S&P Rated LGIP All Index yield of 4.37%. The combined yield for the MNAA managed and PFMAM Managed Portfolios was 4.15%.

The Authority earned a total of \$12,913,222 on cash and investments for the third quarter of FY 2025. In comparison, the income received on cash and investments for the second quarter ended December 31, 2024, was \$13,697,566. Total available funds for the third quarter of 2025 were \$1.189B vs \$1.240B for second quarter 2025 (\$51M less).

B. Investment Program Review

- DDA cash in 3Q 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 3Q 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 January 2025, February 2025, and March 2025

Attachment 2 – PFMAM Investment Performance Review as of March 31, 2025

Cash and Investment Balances 3Q25

Bank	AccountName	Cash Balances as of 1/31/2025	% of Total Cash	Monthly Interest earned	Cash Balances as of 2/28/2025	% of Total Cash	Monthly Interest earned	Cash Balances as of 3/31/2025	% 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	234.29	0%	1.43	235.26	0%	0.97	38,446.61	0%	0.89
TRUIST	PFC Revenue	2,862,986.95	0%	1.55	14,423.85	0%	2.32	91.41	0%	0.30
TRUIST	Revenue Account	2,245,654.96	0%	-	502,024.36	0%	-	909,153.59	0%	-
TRUIST	Capital Improvement	198.35	0%	-	198.35	0%	-	198.35	0%	-
TRUIST	Operating Fund	2,110,351.09	0%	7.83	184,162.63	0%	12.66	278,530.45	0%	8.59
TRUIST	Tune Operation	166,435.66	0%	2.44	121,666.15	0%	2.20	19,877.97	0%	1.13
TRUIST	Parking Rev Master LAZ Account	334,839.36	0%	-	75,371.00	0%	-	50,595.00	0%	-
TRUIST	Parking Rev Credit Card Account	-	0%	-	-	0%	-	-	0%	-
TRUIST	DPS Seized Funds	964,096.76	0%	8.28	958,808.13	0%	7.37	958,816.27	0%	8.14
TRUIST	Construction Payment Account	3,850,615.39	0%	8.00	50,301.04	0%	14.83	92,200.16	0%	10.42
TRUIST	Airline Facility Investment Fund	-	0%	-	-	0%	-	-	0%	-
TRUIST	NAE Cash Reserve Fund	10.52	0%	-	10.52	0%	-	10.52	0%	-
TRUIST	Authority Facility Investment Fund	0.11	0%	-	0.11	0%	-	0.11	0%	-
TRUIST	1% ARTS Fund	-	0%	-	-	0%	-	-	0%	-
TRUIST	DEA - State	308,414.03	0%	2.65	266,666.20	0%	2.17	107,114.51	0%	1.11
TRUIST	CONRAC Excess CFC	70.33	0%	-	70.80	0%	-	431.55	0%	0.40
TRUIST	CONRAC Discretionary Account	-	0%	-	-	0%	-	-	0%	-
TRUIST	MNAA DOJ	605,187.70	0%	4.96	605,192.34	0%	4.64	597,307.46	0%	5.12
TRUIST	CON CFC Operating Acct	1,289,453.77	0%	7.29	1,056,954.23	0%	5.76	1,961,627.76	0%	10.03
TRUIST	MP Building Operating Acct	95,069.52	0%	0.67	80,520.04	0%	1.11	53,091.58	0%	0.83
TRUIST	International Plaza Operating Acct	196,384.03	0%	1.01	76,069.97	0%	2.30	114,061.87	0%	1.59
TRUIST	MPC Global Tire	8,986.03	0%	-	5,428.41	0%	-	4,495.90	0%	-
TRUIST	MNAA Properties Corp (Parent)	18,764.91	0%	0.16	18,765.05	0%	0.14	18,765.21	0%	0.16
TRUIST	MPC Holdings LLC	-	0%	-	-	0%	-	-	0%	-
TRUIST	Arts at the Airport	63,072.72	0%	0.54	62,920.95	0%	0.48	62,769.25	0%	0.53
Truist Bank Cash Balances		15,120,826.48	1%	46.81	4,079,789.39	0%	56.95	5,267,585.53	0%	49.24
US Bank	Series 2010/2018 Rental Payment Fund CP SWEEP	29,662.13	0%	72.96	29,662.13	0%	80.46	56,559.84	0%	42.67
US Bank	Series 2010/2018 Bond Fund Interest Account CP SW	72,776.30	0%	804.63	114,388.63	0%	212.34	156,000.96	0%	262.05
US Bank	Series 2010/2018 Bond Fund Serial Bond Principal CF	2,023,203.89	0%	4,893.51	2,312,203.88	0%	5,437.36	2,601,203.87	0%	5,538.46
US Bank	Series 2010/2018 Bond Reserve Fund CP SWEEP	1,906,997.89	0%	5,394.25	1,912,169.68	0%	5,171.79	1,916,852.23	0%	4,682.55
US Bank	Series 2010/2018 Coverage Fund CP SWEEP	992,871.80	0%	2,817.27	992,871.80	0%	2,693.17	992,871.80	0%	2,432.53
US Bank	Series 2010/2018 Operation & Maintenance Reserve F	915,098.00	0%	2,596.59	915,098.00	0%	2,482.20	915,098.00	0%	2,241.99
US Bank	Series 2010/2018 Renewal & Replacement Fund CP	3,351,567.85	0%	9,510.08	3,351,567.85	0%	9,091.13	3,351,567.85	0%	8,211.34
US Bank	Series 2010/2018 Discretionary Fund Major Maintenan	3,351,567.85	0%	9,510.08	3,351,567.85	0%	9,091.13	3,351,567.85	0%	8,211.34
US Bank	Series Excess CFC Funds	-	0%	-	-	0%	-	-	0%	-
US Bank	2003B P & I (Pd BNA; Mat 7/1/33)	613,397.30	0%	1,984.88	731,540.12	0%	1,534.82	849,736.33	0%	1,588.21
US Bank	2019 A Debt Service Account	2,945,965.63	0%	19,899.83	4,218,392.21	0%	6,864.58	5,492,074.54	0%	8,210.33
US Bank	2019 B Debt Service Account	7,825,241.18	1%	52,498.28	11,181,200.21	1%	18,251.03	14,540,460.16	1%	21,552.95
US Bank	2015 A Debt Service Account	1,863,531.51	0%	8,421.56	2,377,152.79	0%	4,555.28	2,891,151.96	0%	4,933.17
US Bank	2015 B Debt Service Account	2,186,976.32	0%	9,764.23	2,794,787.64	0%	5,336.32	3,403,056.53	0%	5,792.89
US Bank	MNAA AIRPORT IMP BDS SRS 2022A	867,014.52	0%	7,768.55	1,189,294.28	0%	2,140.76	1,511,786.81	0%	2,353.53
US Bank	MNAA AIRPORT IMP BDS SRS 2022B	2,629,662.97	0%	35,185.89	4,863,194.26	0%	5,378.29	7,099,362.82	1%	8,015.56
US Bank Cash Balances		31,575,535.14	3%	171,122.59	40,335,091.33	3%	78,320.66	49,129,351.55	4%	84,069.57
Goldman	1% Arts Fund GS 465	205,677.64	0%	750.99	205,479.39	0%	672.74	205,340.78	0%	738.63
Goldman	2022 Construction Fund GS 465	4,005,081.08	0%	16,547.32	3,068,660.07	0%	11,524.86	15,837,103.59	1%	14,148.39
Goldman	Authority Facility Investment Fund GS 465	2,038,185.46	0%	7,432.52	1,602,330.14	0%	6,179.96	1,601,912.73	0%	5,762.55
Goldman	Conrac Excess CFC GS 465	46,483,231.47	4%	169,124.31	47,624,836.86	4%	155,290.39	48,525,012.60	4%	174,175.74
Goldman	NAE Cash Reserve GS 465	2,208,109.36	0%	8,018.43	2,210,467.31	0%	7,227.93	2,211,193.31	0%	7,953.93
Goldman	Nashville Airport Experience GS 465	89,764,101.86	7%	327,320.17	89,730,533.32	7%	293,751.63	89,759,660.33	8%	322,878.64
Goldman	PFC Revenue GS 465	4,648,709.62	0%	16,951.28	4,646,971.17	0%	15,212.83	4,648,479.62	0%	16,721.28
Goldman	Revenue Account GS 465	31,455,363.58	3%	118,747.06	38,347,785.32	3%	112,471.74	39,682,745.29	3%	137,959.97
Goldman	Sub Debt Construction Funds GS 465	84,262,715.07	7%	315,456.75	91,381,247.69	8%	284,807.61	89,079,665.86	7%	333,957.69
Goldman	Joint Marketing Fund	12,147,345.96	1%	44,283.75	11,204,618.71	1%	37,360.53	11,743,929.63	1%	41,194.21
Goldman	NAE Cash Reserve GS 468	372,608.04	0%	1,347.65	372,471.28	0%	1,210.89	372,590.67	0%	1,330.28
Goldman Sachs Investment Balances		277,591,129.14	23%	1,025,980.23	290,395,401.26	24%	925,711.11	303,667,634.41	26%	1,056,821.31
TN LGIP	LGIP - Tune	10,409,287.72	1%	38,541.79	10,092,911.39	1%	34,359.25	10,218,433.76	1%	37,039.84
TN LGIP	LGIP - PFC	40,302,581.22	3%	150,728.83	37,947,091.58	3%	131,550.72	36,355,935.25	3%	134,198.79
TN LGIP	LGIP - Revenue	63,265,651.92	5%	846,158.48	60,632,212.65	5%	851,917.51	63,276,914.53	5%	841,147.18
TN LGIP	LGIP - Nashville Airport Experience	5,010,808.88	0%	-	5,177,475.88	0%	-	5,344,142.88	0%	-
TN LGIP	LGIP - Renewal and Replacement	1,652,677.15	0%	-	1,756,844.15	0%	-	1,861,011.15	0%	-
TN LGIP	LGIP - Operations & Maintenance	16,692,143.38	1%	-	17,389,159.38	1%	-	18,086,177.38	2%	-
TN LGIP	LGIP - Airline Facility	19,042,706.07	2%	-	19,306,093.53	2%	-	20,664,114.12	2%	-
TN LGIP	LGIP - Authority Facility	34,305,734.50	3%	-	36,177,452.88	3%	-	37,434,564.66	3%	-
TN LGIP	LGIP - NAE Cash Reserve	81,731,630.31	7%	-	81,731,630.31	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	15,047,251.96	1%	56,806.11	14,950,769.79	1%	50,078.83	14,730,055.67	1%	54,155.88
TN LGIP	LGIP - Multi-Purpose Building	2,601,329.40	0%	9,764.98	2,599,988.72	0%	8,659.32	2,599,460.88	0%	9,472.16
TN LGIP	LGIP - MPC Global Tire	3,605,135.94	0%	13,494.54	3,713,478.78	0%	12,035.92	3,773,319.86	0%	13,534.16
TN LGIP	LGIP - International Plaza Building	574,473.42	0%	2,148.49	584,388.85	0%	1,915.43	591,893.76	0%	2,129.91
TN LGIP	LGIP - CONRAC Discretionary	12,891,752.10	1%	48,302.35	13,256,490.97	1%	43,028.06	13,376,356.75	1%	48,296.49
TN LGIP BALANCE		311,207,240.11	26%	1,165,945.57	309,390,065.00	26%	1,133,545.04	314,118,087.10	26%	1,139,974.41
CDARS	CITIZENS BANK CDARS - PFC	1,047,775.64	0%	3,664.86	1,047,775.64	0%	3,320.94	1,047,775.64	0%	3,688.61
CITIZENS BANK CDARS BALANCE		1,047,775.64	0%	3,664.86	1,047,775.64	0%	3,320.94	1,047,775.64	0%	3,688.61
PFMAM	PFMAM CORE Portfolio	292,894,496.66	24%	1,068,909.78	295,058,943.81	25%	960,012.04	295,044,579.72	25%	1,138,514.92
PFMAM	PFMAM COMMON DEBT RESERVE Portfolio	137,319,741.74	11%	492,186.02	137,568,104.17	11%	444,574.16	137,843,061.66	12%	492,191.93
PFMAM	PFMAM 2019A&B Construction Portfolio	8,536,149.50	1%	30,820.01	8,563,942.80	1%	27,793.30	8,594,570.73	1%	30,627.93
PFMAM	PFMAM 2022A&B CAP I Portfolio	10,346,805.54	1%	39,469.51	9,901,352.35	1%	35,439.02	9,451,184.36	1%	31,527.23
PFMAM	PFMAM 2022A&B Construction Portfolio	122,796,193.17	10%	508,934.01	105,980,380.02	9%	459,559.79	65,260,917.29	5%	360,344.61
PFM EON Investment Balance		571,893,386.61	47%	2,140,319.33	557,072,723.15	46%	1,927,378.31	516,194,313.76	43%	2,053,206.62
Total MNAA Cash/Cash Equivalents in all categories		1,208,435,893.12	100%	4,507,079.39	1,202,320,845.77	100%	4,068,333.01	1,189,424,747.99	100%	4,337,809.76

Total Interest Received for Q3 2025 12,913,222.16



METROPOLITAN NASHVILLE AIRPORT AUTHORITY

Investment Performance Review For the Quarter Ended March 31, 2025

Client Management Team

Leslie Weaber, Institutional Sales and Relationship Manager
Richard Pengelly, CFA, CIMA, CTP, Managing Director
Sean Gannon, CTP, Institutional Sales and Relationship Manager

PFM Asset Management A division of U.S. Bancorp Asset Management, Inc

225 E. Robinson Street
Orlando, FL 32801
407-406-5754

213 Market Street
Harrisburg, PA 17101-2141
717-232-2723

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Current Market Themes



- ▶ U.S. economy is clouded by tariff and policy uncertainty
 - ▶ Labor market continues to serve as backbone
 - ▶ Goods inflation weighs on progress towards Fed's 2% inflation target
 - ▶ Fiscal policy uncertainty and volatile tariff rollouts weigh on consumer sentiment



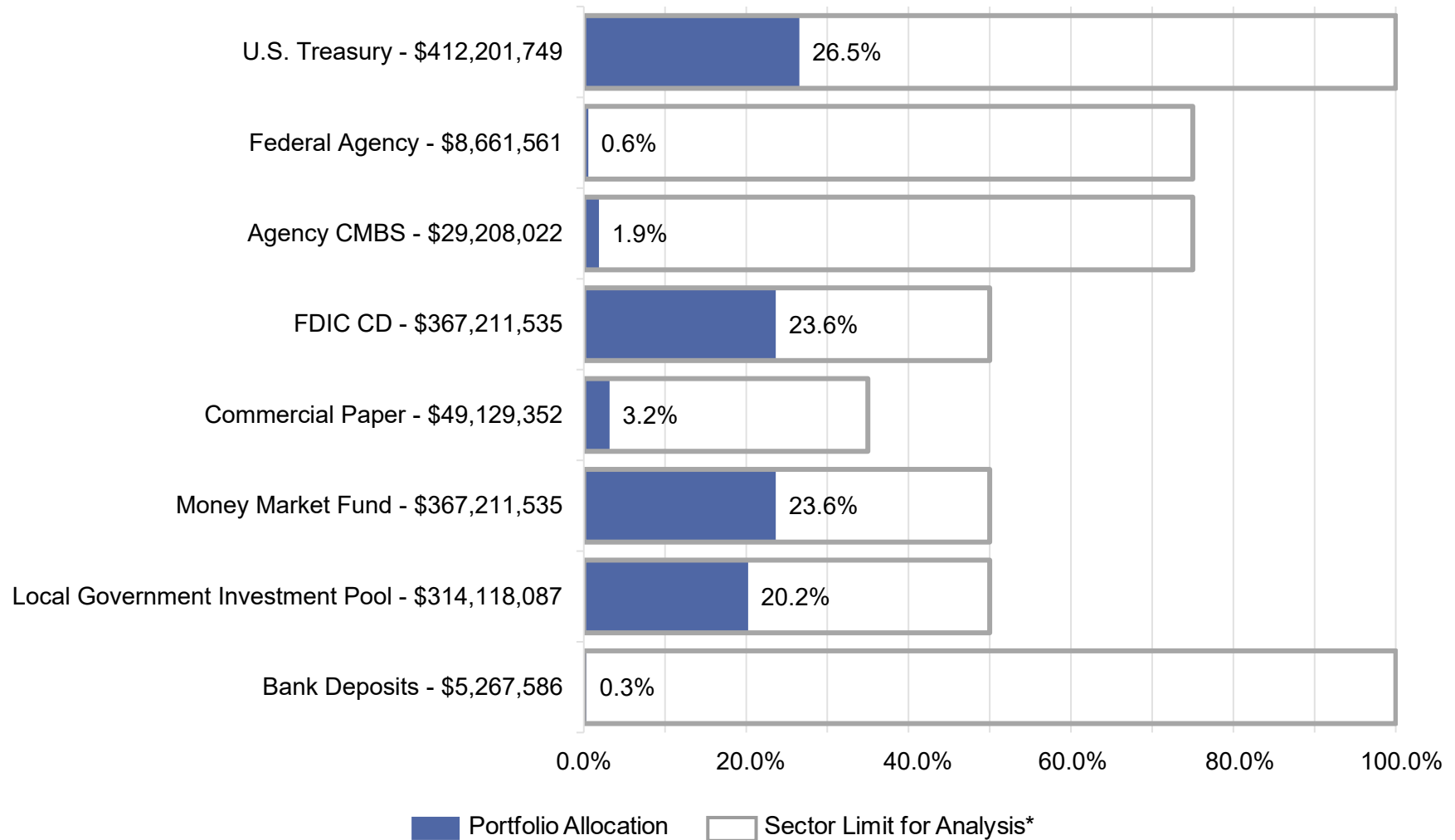
- ▶ Fed takes a pause from easing but looks to continue cutting later this year
 - ▶ The Fed kept the federal funds target rate unchanged at 4.25% - 4.50%
 - ▶ The Fed's March "dot plot" implies another 50 bps of cuts in 2025
 - ▶ Fed Chair Powell stated the administration's "significant policy changes" relating to trade, immigration, fiscal policy, and regulation is creating "considerable uncertainty"



- ▶ Treasury yields fall on growing uncertainty
 - ▶ Yields on maturities between 2 years and 10 years fell 35-43 bps during the 1st quarter
 - ▶ The yield curve reinverted on the front end while the steepness of the curve between 2 years and 10 years was unchanged
 - ▶ Yield spreads widened off their historically low levels given growing economic concerns but still remain tight

Source: Details on market themes and economic indicators provided throughout the body of the presentation. Bloomberg Finance L.P., as of March 31, 2025.

Sector Allocation Analytics



For informational/analytical purposes only and is not provided for compliance assurance. Includes accrued interest.

*Sector Limit for Analysis is as derived from our interpretation of your most recent Investment Policy as provided.

Issuer Diversification

Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
U.S. Treasury	91.6%	
United States Treasury	91.6%	AA / Aaa / AA
Federal Agency	1.9%	
Federal Home Loan Banks	1.0%	AA / Aaa / NR
Federal National Mortgage Association	0.9%	AA / Aaa / AA
Agency CMBS	6.5%	
Federal Home Loan Mortgage Corp	5.4%	AA / Aaa / AA
Federal National Mortgage Association	1.1%	AA / Aaa / AA
Total	100.0%	

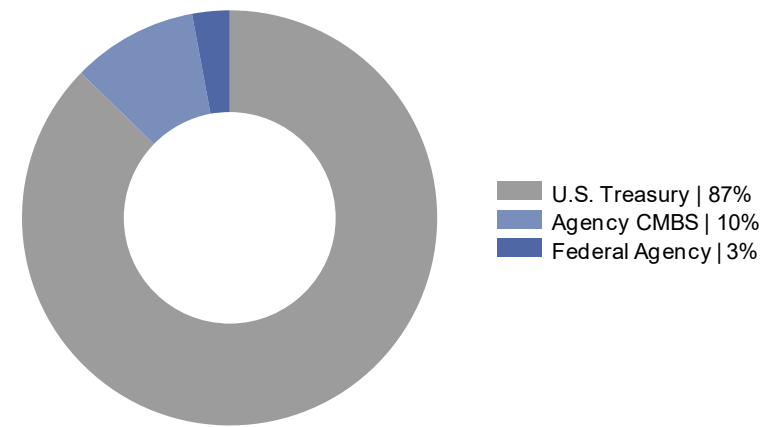
Ratings shown are calculated by assigning a numeral value to each security rating, then calculating a weighted average rating for each security type / issuer category using all available security ratings, excluding Not-Rated (NR) ratings. For security type / issuer categories where a rating from the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

Portfolio Snapshot - MNAA OPERATING CORE PORTFOLIO¹

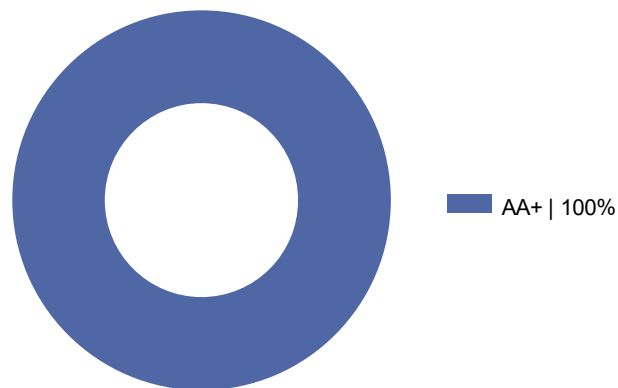
Portfolio Statistics

Total Market Value	\$299,478,837.36
Securities Sub-Total	\$296,435,138.12
Accrued Interest	\$2,925,344.18
Cash	\$118,355.06
Portfolio Effective Duration	1.76 years
Benchmark Effective Duration	1.75 years
Yield At Cost	4.31%
Yield At Market	4.01%
Portfolio Credit Quality	AA

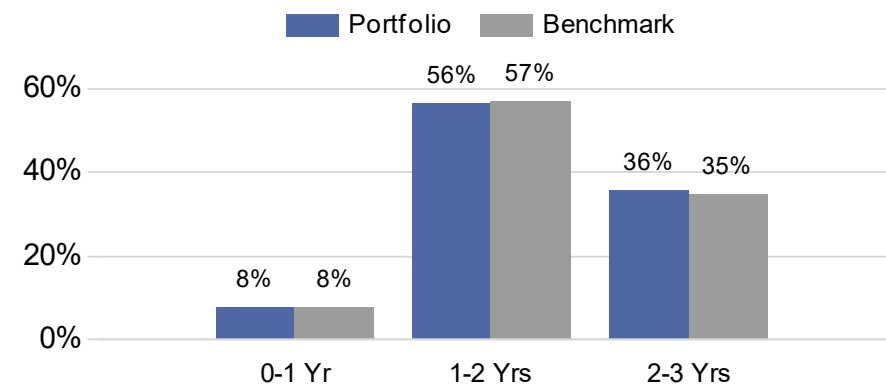
Sector Allocation



Credit Quality - S&P

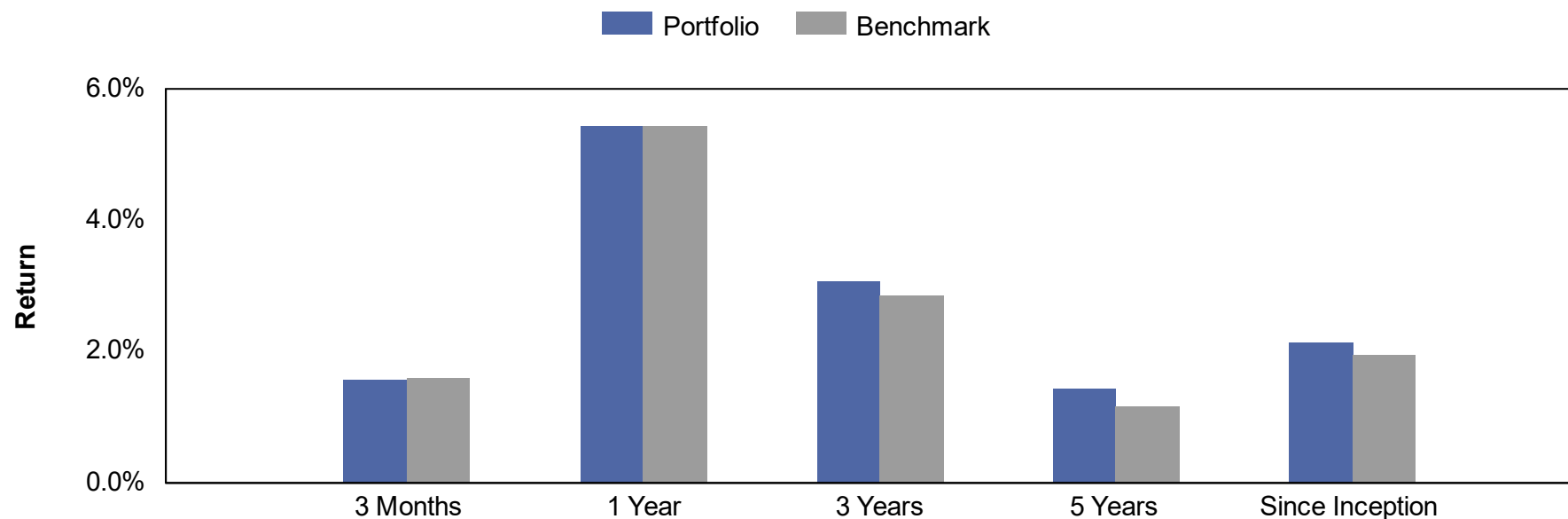


Duration Distribution



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 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 Performance



Market Value Basis Earnings	3 Months	1 Year	3 Years	5 Years	Since Inception ¹
Interest Earned ²	\$2,940,875	\$11,569,525	\$23,613,106	\$26,915,885	\$29,707,015
Change in Market Value	\$1,721,876	\$3,854,247	\$4,594,873	(\$1,702,180)	\$3,074,335
Total Dollar Return	\$4,662,751	\$15,423,772	\$28,207,979	\$25,213,705	\$32,781,350
Total Return³					
Portfolio	1.58%	5.43%	3.08%	1.45%	2.13%
Benchmark ⁴	1.59%	5.43%	2.84%	1.16%	1.94%
Basis Point Fee	0.02%	0.06%	0.06%	0.06%	0.06%

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.

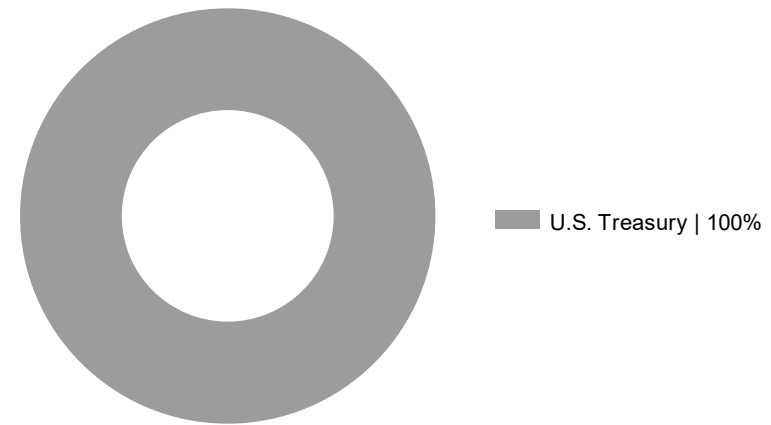
4. The portfolio's benchmark is the ICE BofA 1-3 Year U.S. Treasury Index. Source: Bloomberg Financial LP.

Portfolio Snapshot - MNAA COMMON DSRF¹

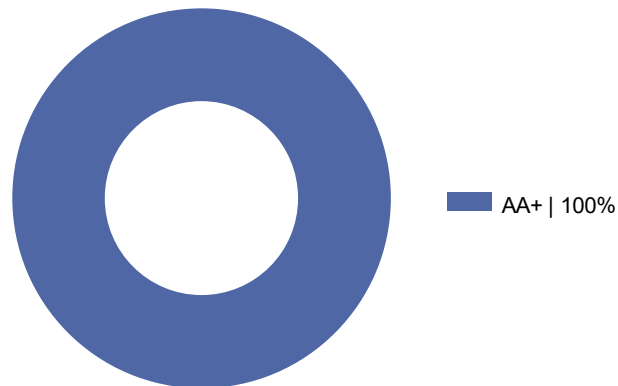
Portfolio Statistics

Total Market Value	\$139,317,375.20
Securities Sub-Total	\$138,659,090.08
Accrued Interest	\$637,688.16
Cash	\$20,596.96
Portfolio Effective Duration	1.72 years
Benchmark Effective Duration	0.15 years
Yield At Cost	4.22%
Yield At Market	4.14%
Portfolio Credit Quality	AA

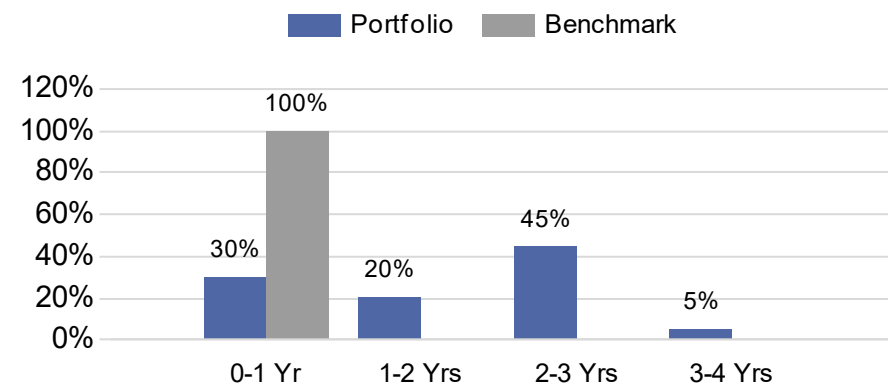
Sector Allocation



Credit Quality - S&P



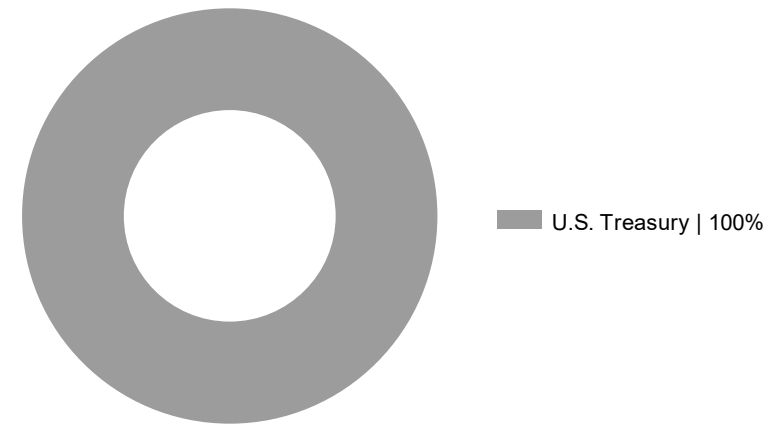
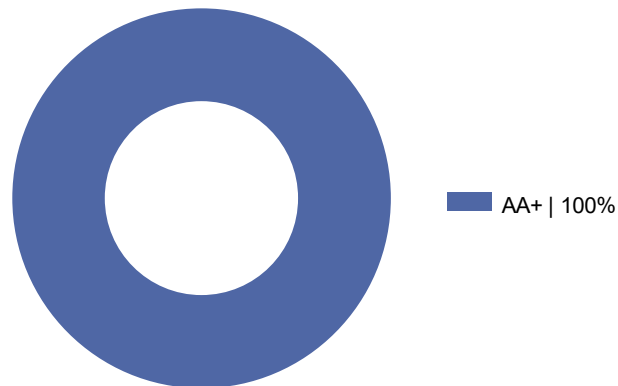
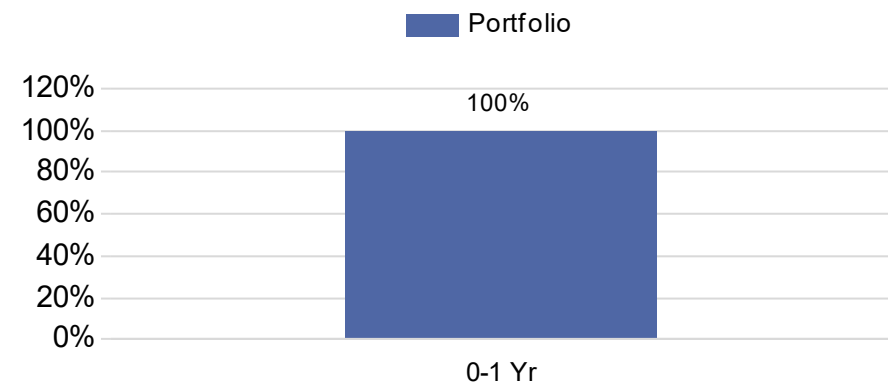
Duration Distribution



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	\$65,359,033.87
Securities Sub-Total	\$10,239,678.81
Accrued Interest	\$87,865.51
Cash	\$55,031,489.55
Portfolio Effective Duration	0.19 years
Yield At Cost	4.99%
Yield At Market	4.78%
Portfolio Credit Quality	AA

Sector Allocation**Credit Quality - S&P****Duration Distribution**

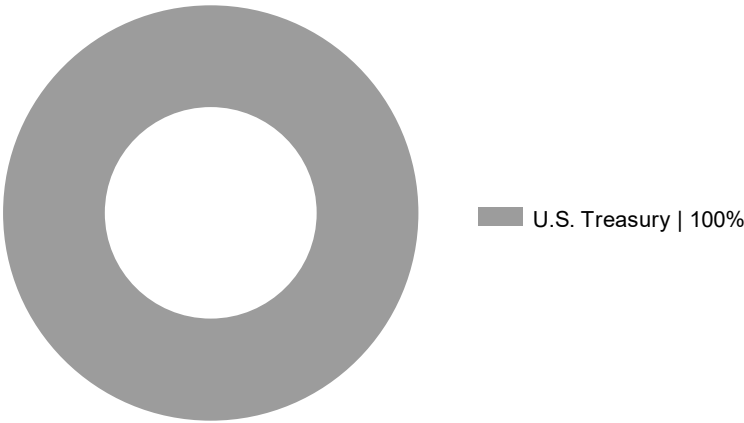
1. Yield and duration calculations exclude cash and cash equivalents. Sector allocation includes market values and accrued interest. An average of each security's credit rating was assigned a numeric value and adjusted for its relative weighting in the portfolio.

Portfolio Snapshot - MNAA SERIES 2022 CAP I¹

Portfolio Statistics

Total Market Value	\$9,460,241.39
Securities Sub-Total	\$1,077,172.42
Accrued Interest	\$9,609.93
Cash	\$8,373,459.04
Portfolio Effective Duration	0.15 years
Yield At Cost	4.14%
Yield At Market	4.65%
Portfolio Credit Quality	AA

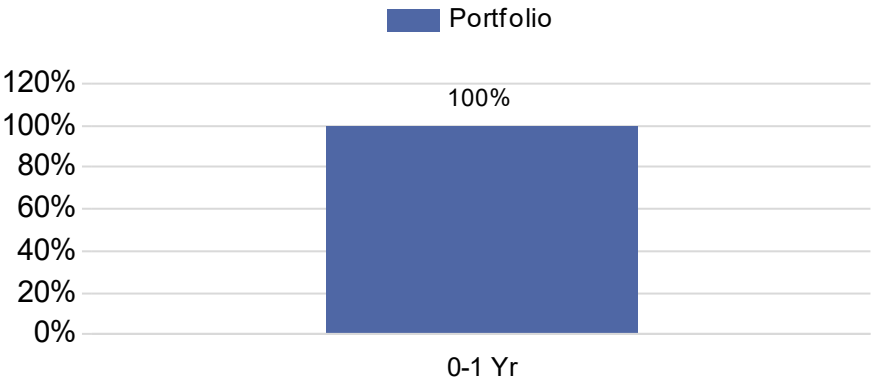
Sector Allocation



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

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- In accordance with generally accepted accounting principles, information is presented on a trade date basis; forward settling purchases are included in the monthly balances, and forward settling sales are excluded.
- Performance is presented in accordance with the CFA Institute's Global Investment Performance Standards (GIPS). Unless otherwise noted, performance is shown gross of fees. Quarterly returns are presented on an unannualized basis. Returns for periods greater than one year are presented on an annualized basis. **Past performance is not indicative of future returns.**
- 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 or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill as well as the insurer.
- **Commercial Paper:** An unsecured obligation issued by a corporation or bank to finance its short-term credit needs, such as accounts receivable and inventory.
- **Contribution to Total Return:** The weight of each individual security multiplied by its return, then summed for each sector to determine how much each sector added or subtracted from the overall portfolio performance.
- **Effective Duration:** A measure of the sensitivity of a security's price to a change in interest rates, stated in years.
- **Effective Yield:** The total yield an investor receives in relation to the nominal yield or coupon of a bond. Effective yield takes into account the power of compounding on investment returns, while nominal yield does not.
- **FDIC:** Federal Deposit Insurance Corporation. A federal agency that insures bank deposits to a specified amount.
- **Interest Rate:** Interest per year divided by principal amount and expressed as a percentage.
- **Market Value:** The value that would be received or paid for an investment in an orderly transaction between market participants at the measurement date.
- **Maturity:** The date upon which the principal or stated value of an investment becomes due and payable.
- **Negotiable Certificates of Deposit:** A CD with a very large denomination, usually \$1 million or more, that can be traded in secondary markets.
- **Par Value:** The nominal dollar face amount of a security.
- **Pass-through Security:** A security representing pooled debt obligations that passes income from debtors to its shareholders. The most common type is the mortgage-backed security.

Glossary

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